

**TITLE 210. STATE DEPARTMENT OF EDUCATION
CHAPTER 40. GRANTS AND PROGRAMS-IN-AID
SUBCHAPTER 87. CHARTER SCHOOLS**

210:40-87-3. Distribution and reporting of state appropriated funds to charter school sponsors and charter schools

(a) **Distribution and disbursement.** Distribution and disbursement of all State Aid allocations and any other state appropriated revenue to a charter school and its sponsor in accordance with the requirements of 70 O.S. § 3-142 shall be conducted in accordance with the following provisions:

(1) **Requirements for distribution of funds; sponsor administrative costs.** The State Department of Education (OSDE) shall not distribute state appropriated funds to a charter school sponsor for disbursement to its charter school until all of the following requirements have been met:

(A) The charter school sponsor must provide the State Department of Education with financial records documenting any state funds retained by the sponsor for administrative services rendered during the previous fiscal year. Fees for administrative services shall comply with the provisions of 70 O.S. § 3-142, not to exceed three percent (3%) of the charter school's State Aid allocation. A sponsor of a charter school shall not retain any additional State Aid allocation or charge the charter school any additional fee above the amounts allowed under 70 O.S. § 3-142(A), unless the additional fees are for services rendered, as evidenced by itemized records detailing the additional services provided and the actual costs of providing the services.

(B) Financial transactions for all state appropriated funds for the previous fiscal year have been reported to the State Department of Education by the charter school sponsor and/or the charter school in accordance with the requirements of 70 O.S. § 5-135.2, with all reports submitted on time and as required by subsection (b) of this Section.

(C) In addition to the above requirements, prior to the charter school's initial year of operation, the charter school sponsor shall ensure that the charter school has met all of the following requirements no later than June 30 prior to the charter school's initial year of operation:

- (i) The charter school shall submit a copy of the approved and executed charter school charter and a copy of the approved and executed contract with the sponsor to the State Department of Education;
- (ii) The charter school shall provide the State Department of Education with documentation that it has established and will maintain a student information system that meets the requirements of 70 O.S. § 18-200.1;
- (iii) The charter school shall provide the State Department of Education with documentation that it has established an approved financial accounting system that meets the requirements of the Oklahoma Cost Accounting System (OCAS); and
- (iv) The charter school shall have been issued a county and district identification number from the Accreditation Division of the State Department of Education.

(2) **Distribution to charter school.** A charter school sponsor shall distribute state flow-through funding to the charter school within ten (10) business days from the date of receipt of funds by electronic transfer from the State Department of Education.

(3) **Effect of disbursement.** Disbursement of funds to a charter school from the charter school's sponsor shall result in the charter school having fiscal control over the funds received.

(b) **Reporting requirements.** In addition to any other requirements imposed by statute or rule, including but not limited to 70 O.S. § 5-200, Charter charter school sponsors and charter schools shall meet the following reporting requirements:

(1) **Annual statement of income and expenditures.** Every sponsor of a charter school and every charter school shall annually prepare and submit a statement of actual income and ~~expendures~~ expenditures as follows, in accordance with Oklahoma Administrative Code 210:25-5-4:

(A) **Charter school sponsors.** No later than September 1 of each year, every sponsor of a charter school shall prepare a statement of actual income and expenditures of the sponsor for the fiscal year that ended on the preceding June 30 and transmit the income and expenditure data to the State Department of Education in accordance with the requirements of 70 O.S. § 5-135.2. At the time of submitting the statement of actual income and expenditures, and upon request at any time by the OSDE or the State Board of Education, the charter school sponsor shall submit financial records documenting any state funds retained by the sponsor for administrative services rendered for the previous year. A sponsor of a charter school shall not retain any additional State Aid allocation or charge the charter school any additional fee above the percentage provided for in the charter sponsorship contract, not to exceed three percent (3%) of the charter school's State Aid appropriation, unless the additional fees are for services rendered.

Documentation for any additional fees above three percent (3%) charged to a charter school by its sponsor shall include the parties' written agreement, itemized records detailing the additional services provided, and the actual costs of providing the services. The State Department of Education (OSDE) shall post the income and expenditure data and the administrative services data on the Department's website in a form that is accessible to the public.

(B) **Charter schools.** No later than September 1 of each year, every charter school shall prepare a statement of actual income and expenditures for the fiscal year that ended on the preceding June 30 and transmit the income and expenditure data to the ~~Department of Education~~ OSDE in accordance with the requirements of 70 O.S. § 5-135, ~~and 70 O.S. § 5-135.2, and Oklahoma Administrative Code 210:25-5-4.~~ The ~~Department of Education~~ OSDE shall post the income and expenditure data and the administrative services data on the Department's website in a form that is accessible to the public. In all financial operations and reporting, each charter school shall be separate and distinct from every other charter school, including those charter schools sponsored by the same entity.

(2) **Financial statement and estimate of needs.** No later than October 1 of each year, every charter school shall prepare and submit the following to its sponsor and the State Department of Education:

(A) A sworn financial statement showing the true fiscal condition of the charter school as of the close of the previous fiscal year ended June 30 that meets the requirements of 68 O.S. § 3002; and

(B) A written itemized statement of estimated needs and probable income from all sources for the current fiscal year that meets the requirements of 68 O.S. § 3002.

(3) **Amendments to charter school charter or sponsorship contract affecting state funding.** Within thirty (30) calendar days of the date of execution of any amendment of a charter school's charter and/or contract for sponsorship, the charter school shall notify the State Department of Education in writing of any modifications to terms of the charter/contract that could affect or potentially affect calculation and/or distribution of state funding. Examples of modifications include, but shall not be limited to amendments to the following terms:

- (A) Requirements and procedures for program and financial audits;
- (B) Grade levels served by the charter school;
- (C) School day of early childhood and kindergarten programs (e.g., half-day or full-day);
- (D) Minimum or maximum numbers of pupils served;
- (E) Participation in state employee benefit programs (e.g., OTRS); and
- (F) Provisions specifying disposition of property acquired by the charter school upon expiration or termination of a contract for sponsorship.

(4) **Required reports upon closure of a charter school.** Upon expiration or termination of contract for charter school sponsorship, or upon failure of the charter school to continue operations, the charter school sponsor shall be responsible for ensuring that the State Department of Education is provided with a final audit that complies with the annual audit requirements of the Oklahoma Public School Audit Law and accompanying regulations, and an itemized statement detailing the disposition of all charter school real and personal property. All statements required pursuant to the provisions of this paragraph shall be provided to the State Department of Education no later than ninety (90) days from the date of termination or expiration of the contract for sponsorship or the last date classes are held by the charter school, whichever occurs first. Eligibility for Charter School Closure Fund reimbursement to a sponsor for costs incurred due to the closure of a charter school shall be governed by 70 O.S. § 3-134 and Oklahoma Administrative Code 210:40-87-10.

210:40-87-10. Charter School Closure Fund

(a) Purpose. This Section lays out contribution requirements, and sponsor reimbursement eligibility provisions, for the Charter School Closure Fund established pursuant to 70 O.S. § 3-142.

(b) Contributions by charter schools. As required under the Oklahoma Charter Schools Act, every school year each charter school shall pay to the Charter School Closure Fund five dollars (\$5) per student, based on Average Daily Membership (ADM) as defined by 70 O.S. § 18-107. This payment must be submitted within thirty (30) days of the end of the first nine (9) weeks of the applicable school year. If the Charter School Closure Fund has a balance of one million dollars (\$1,000,000) or more on July 1, no payments to the fund will be required for the upcoming school year.

(c) Eligibility for reimbursement to a sponsor from the Charter School Closure Fund. Prior to filing claims with the Office of Management and Enterprise Services (OMES) for reimbursement of costs incurred due to the closure of a charter school under its sponsorship, a charter school sponsor must document that it has fulfilled all duties of a sponsor under the Oklahoma Charter Schools Act and associated rules. Evidence of proper execution of the duties of charter school sponsorship shall be submitted to the State Department of Education (OSDE) for verification and must include all of the following:

- (1) A copy of the charter school sponsor's procedure for accepting, approving, and disapproving charter school applications in accordance with 70 O.S. § 3-134(E).
- (2) As required by 70 O.S. § 3-134(K), a copy of the charter school sponsor's policies and practices consistent with recognized principles and standards for quality charter authorizing, including:
- (A) Organizational capacity and infrastructure;
 - (B) Soliciting and evaluating charter applications;
 - (C) Performance contracting;
 - (D) Ongoing charter school oversight and evaluation; and
 - (E) Charter renewal decision-making.
- (3) Beginning with school year 2020-2021, financial records documenting any state funds retained by the sponsor for administrative services rendered to the charter school. If the state funds retained by the sponsor exceed three percent (3%) of the charter school's State Aid for any school year after 2020-2021, this documentation must include itemized records detailing what additional services were provided by the sponsor and the actual costs of providing the additional services to the charter school.