

1. The Legislature expressed its intent that the state support through the funding formula should assure equal educational opportunities and provide for as large a measure of equalization as possible. *See* 70 O.S. §18-101.

2. The Legislature, at 70 O.S. §3-132, also expressed its intent that charter schools are public schools. *See* 70 O.S. §3-132.

3. Charter schools in Oklahoma receive State-Appropriated Revenue, but do not receive Local Revenue or State-Dedicated Revenue as defined herein.

4. The Parties agree that the Local sources of revenue at issue in this case are: (1) General Fund levies of 35 mills (the "General Fund"), as provided in Article X, §9 of the Oklahoma Constitution; (2) Building Fund levies of 5 mills (the "Building Fund"), as provided in Article X, §10 of the Oklahoma Constitution; (3) County 4-mill, as provided in Article X, §9 of the Oklahoma Constitution; (4) County apportionment; and (5) other local miscellaneous revenues (collectively, "Local Revenue").

5. The Parties agree that the State-dedicated sources of revenue at issue in this case are: (1) Gross Production Tax ("GPT"), as provided in 68 O.S. §1004; (2) Motor Vehicle Collections ("MVC"), as provided in 47 O.S. §1104; (3) Rural Electrification Association (R.E.A.) tax ("REA Tax"); and (4) State School Land Earnings ("Land Earnings"), as provided in Article XI, §3 of the Oklahoma Constitution, (collectively "State-Dedicated Revenue").

6. The Parties agree that state-appropriated revenue may generally include: (1) Foundation and Salary incentive aid (i.e., State Aid) distributed through the state funding formula; (2) flexible benefit allowance (collectively "State-Appropriated Revenue"); (3) Advanced Placement; (4) Textbooks; (5) School Consolidation Assistance; (6) National Board Certified Bonus; (7) Driver Education, Vehicle Tax Stamp; (8) Alternative and At-Risk

Education; (9) Instructional, Cooperative and Technology Education; (10) Arts-in-Education; (11) Child Nutrition State-Match Programs; and, (12) Staff Development.

7. The Oklahoma Charter Schools Act (the "Act") provides, in part, that charter schools shall be eligible to receive any other aid, grants or revenues allowed to other schools. *See* 70 O.S. §3-142. The Act also provides that a charter school, in addition to money received from the State of Oklahoma, may receive money from any other source. *Id.*

8. The Act provides that charter schools sponsored by a local school district board of education shall be considered a site within the school district in which the charter school is located for the purposes of funding except for federal programs ("District Sponsored Charter Schools"). *Id.* The student membership of District Sponsored Charter Schools are to be separate from the student membership of the districts in which the charter school is located. *Id.*

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that as a site within the school district in which the charter school is located, the school district sponsoring the District Sponsored Charter School may claim students attending the District Sponsored Charter School for purposes of enrollment and state reporting; however, the school district shall not be required to do any such reporting for or on behalf of the District Sponsored Charter School;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that unless otherwise voluntarily agreed to between applicable parties, because the Charter Schools Act expressly provided that a District Sponsored Charter School shall be considered a local education agency for purposes of federal funding, a school district sponsoring a District Sponsored Charter School shall not be responsible, directly or indirectly, for charter school compliance with federal programs and funding in accordance therewith, and shall be entirely exempt from any liability relating directly or indirectly with a charter school's performance, including compliance or non-compliance, of a federal program.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that as a site within the school district in which the charter school is located, a District Sponsored Charter School shall receive from its sponsoring local school district board of education its proportionate share of the General Fund, the Building Fund, all other Local Revenue and all State Dedicated Revenue;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that a District Sponsored Charter School shall receive from its sponsoring local school district board of

education its proportionate share of the General Fund and the Building Fund revenues based on the proportion of the charter school's separate student _____ in relation to the total student _____ within the same tax base;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that a District Sponsored Charter School shall receive from its sponsoring local school district board of education its proportionate share of the remaining Local Revenue based on the proportion of the charter school's average daily attendance to the total student average daily attendance within the same tax base;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that a District Sponsored Charter School shall receive from its sponsoring local school district board of education its proportionate share of the State-Dedicated Revenue based on the proportion of the charter school's average daily attendance;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to Defendant's administrative rules at OAC 210:40-87-3, any funds received by a sponsoring local school district board of education that is attributable to the student membership or average daily attendance of a District Charter School's students, as set forth herein, shall be paid to the appropriate District Sponsored Charter School within ten (10) days of receipt of said funds;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that to provide the administrative time necessary to fully and properly implement this Judgment, state and county officials are directed to comply with this Journal Entry as of July 1, 2018 such that District Sponsored Charter Schools shall receive the additional sources of funds provided for herein by said date;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that by July 1, 2018, for purposes of fully and properly complying with the terms of this Judgment and in consideration of being a site within the sponsoring school district, a District Sponsored Charter School shall renegotiate, in good faith, with the sponsor of the District Sponsored Charter School any charter school sponsorship contract.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that by agreement of the parties, Plaintiff waives, releases and forever foregoes any all actions, causes of action, claims and demands whatsoever, whether or not well founded in fact or in law, and from all suits, debts, dues, sums of money, accounts, reckoning, covenants, damages, judgments, executions, claims and demands whatsoever, at law or in equity that undersigned ever had, now has, or hereafter may have against the Claimant by reason of any matter for the period of time through July 1, 2018 so long as this Judgment is fully implemented by Defendant. This release does not include actions brought to enforce the terms of this AGREEMENT; and,

IT IS FURTHER ORDERED, ADJUDGED and DECREED that to the full extent permitted by Oklahoma law, by agreement of the parties, Plaintiff shall indemnify and hold harmless Defendant in the event of any claim by a charter school for funds prior to July 1, 2018 as provided for herein.