ENGROSSED HOUSE AMENDMENT
TO
ENGROSSED SENATE BILL NO. 741

BY: TAYLOR, MUEGGE and LONG (Ed) of the SENATE

and

VOSKUHL of the HOUSE

AN ACT RELATING TO SCHOOLS; AMENDING 70 O.S. 1991, SECTIONS 7-203 AND 18-201, WHICH RELATE TO THE SCHOOL CONSOLIDATION ASSISTANCE FUND AND THE WEIGHTED AVERAGE DAILY MEMBERSHIP CALCULATION; # # # PROVIDING FOR CODIFICATION; AND DECLARING AN EMERGENCY.

AUTHORS: Add the following House Coauthors: WIDENER, MADDUX (Elmer), LUCAS, REESE and WEAVER

AMENDMENT NO. 1. Strike the title, enacting clause and entire bill and insert

"AN ACT RELATING TO SCHOOLS; AMENDING 70 O.S. 1991, SECTIONS 7-203, 5-117, 18-107, 18-200 AND 18-201, WHICH RELATE TO THE SCHOOL CONSOLIDATION ASSISTANCE FUND DEFINITIONS, POWERS OF BOARDS OF EDUCATION OF SCHOOL DISTRICTS, STATE AID FORMULA AND THE WEIGHTED AVERAGE DAILY MEMBERSHIP CALCULATION; MODIFYING DATE FOR NOTIFYING STATE BOARD OF EDUCATION OF INTENT TO ANNEX OR CONSOLIDATE; ALLOWING CERTAIN SCHOOL DISTRICTS CERTAIN AMOUNTS FROM FUND; MODIFYING POWER OF BOARDS OF EDUCATION; ADDING DEFINITION OF CERTAIN TERM; MODIFYING STANDARD FOR CALCULATING STATE AID REDUCTION; PROVIDING FOR NOTICE AND PROTEST OF GENERAL FUND BALANCE PENALTY; PRESCRIBING CALCULATION OF STATE AID FOR CERTAIN CONSOLIDATED DISTRICTS; DELETING STATE AID REDUCTION PENALTY; AMENDING 70 O.S. 1991, SECTIONS 614 AND 615, WHICH RELATE TO FUNDS APPORTIONMENT BY THE COMMISSIONERS OF THE LAND OFFICE; MODIFYING METHOD OF APPORTIONMENT; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 70 O.S. 1991, Section 7-203, is amended to read as follows:

Section 7-203. A. There is hereby created in the State Treasury a fund to be designated the "School Consolidation Assistance Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of any monies the Legislature may appropriate or transfer to the fund and any monies contributed for the fund from any other source, public or private.

B. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the State Board of Education for the purposes established by the Legislature herein and in accordance with rules and regulations promulgated by the State Board of Education. The purposes shall be to provide voluntarily consolidated school districts or districts who have received part or all of the territory and part or all of the students of a school district dissolved by voluntary annexation, during the first year of consolidation or annexation, with a single one-year allocation of funds needed for:

1. Purchase of uniform textbooks in cases where the several districts were not using the same textbooks prior to consolidation or annexation;

2. Employment of certified personnel required to teach courses of the district for which personnel from the districts consolidated or annexed are not certified and available;

3. Employment assistance for personnel of the several districts who are not employed by the consolidated or annexing district. Employment assistance may include provision of a severance allowance for administrators, teachers and support personnel not to exceed eighty percent (80%) of the individual's salary or wages, exclusive of fringe benefits, for the school year preceding the consolidation

or annexation. Personnel receiving such severance pay may accumulate one (1) year of creditable service for retirement purposes. Employment assistance may also include the payment of unemployment compensation benefits. The State Board of Education shall provide a severance allowance to employees dismissed from employment due to annexation or consolidation of a school district in the year of the annexation or consolidation and who were denied a severance allowance or unemployment compensation benefits and the voluntary consolidation funding of the annexing or consolidating district or districts has been paid prior to July 1, ~~1991~~ 1992 at the maximum allowable amount. Application for a severance allowance shall be made to the Finance Division of the State Department of Education by the dismissed employee no later than September 1, 1991;

4. Furnishing and equipping classrooms and laboratories;

5. Purchase of additional transportation equipment; and

6. When deemed essential by the State Board of Education to achieve consolidation or combination by annexation, renovation of existing school buildings and construction or other acquisition of school buildings; provided, a consolidated district or annexing district shall not be eligible for any monies for renovation or construction or other acquisition of school buildings pursuant to Section 7-201 et seq. of this title until the board of education and the electors of the newly formed district or annexing district approve all the maximum levies allowable pursuant to subsections (a), (c), (d) and (d-1) of Section 9 of Article X of the Oklahoma Constitution and Section 10 of Article X of the Oklahoma Constitution and until the newly formed district or annexing district incurs at least eighty-five percent (85%) of the maximum indebtedness, including existing indebtedness, allowable under Section 26 of Article X of the Oklahoma Constitution.

C. The State Board of Education shall only make allocations from the fund to school districts formed from the combination of two

or more of the districts whose boards of education notify the State Board of Education on or before ~~July 1, 1991~~ June 30, 1992, of their intent to annex or consolidate and are subsequently combined by such means. If the boards of education of more than two hundred fifty such districts apply, allocations will be made only to districts formed from the combination of two or more of the first two hundred fifty such districts making application.

D. Allocations will be made to school districts formed by consolidation or which have received part or all of the territory and students of a school district by annexation on the basis of combined average daily membership (ADM) of the second school year preceding the first year of operation of the school district resulting from the consolidation or annexation; provided, not more than five hundred ADM of any one school district shall be counted in determining the combined ADM of any district formed by consolidation or which has received part or all of the territory and students of a school district by annexation. ~~In no event shall~~ Except as provided for in subsection H of this section, the ADM of any one school district shall not be considered more than once for allocations from the fund when the school district annexes to or consolidates with two or more school districts.

E. To calculate combined ADM in cases where a school district annexes to two or more school districts, allocations from the fund shall be based on the lesser of:

1. The annexing school district's ADM as limited by this section plus the number of students from the annexed school district that the annexing school district will gain; or

2. The ADM as limited by this section that the annexing school district is gaining from the annexed school district plus the annexing school district's ADM as multiplied by the percentage of students the annexing school district is receiving from the annexed school district of all annexing school districts; provided the

annexing school district's ADM thus calculated shall not exceed five hundred (500).

F. Allocations from the fund shall be calculated by multiplying the combined ADM by:

1. Five Hundred Dollars ($500.00) when two districts are combined;

2. Six Hundred Dollars ($600.00) when three districts are combined;

3. Seven Hundred Dollars ($700.00) when four districts are combined; and

4. Eight Hundred Dollars ($800.00) when five or more districts are combined.

Allocations, nevertheless, shall be limited to the amount justified for meeting eligible needs as set forth in paragraphs 1 through 6 of subsection B of this section. If monies in the School Consolidation Assistance Fund are insufficient to make allocations to all qualified combined districts, allocations shall be made based upon earliest date of application.

G. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

H. Any school district which was consolidated or which participated in an annexation after October 31, 1989, and before August 20, 1991, shall be eligible to receive an amount of funds from the School Consolidation Assistance Fund. The amount of funds shall be calculated for the eligible school districts by the State Department of Education in the same manner as if the small school district formula in subparagraph a of paragraph 3 of subsection B of Section 18-201 of this title had been in effect for fiscal years 1991 and 1992 for those eligible school districts.

SECTION 2. AMENDATORY 70 O.S. 1991, Section 5-117, is amended to read as follows:

Section 5-117. A. The board of education of each school district shall have power to:

1. elect its own officers;

2. make rules and regulations, not inconsistent with the law or rules and regulations of the State Board of Education, governing the board and the school system of the district;

3. maintain and operate a complete public school system of such character as the board of education shall deem best suited to the needs of the school district;

4. designate the schools to be attended by the children of the district;

5. provide and operate, when deemed advisable, cafeterias or other eating accommodations, thrift banks or other facilities for the teaching and practice of thrift and economy, bookstores, print shops, and vocational and other shops;

6. provide informational material concerning school bond elections and millage elections, including but not limited to all pertinent financial information relative to the bond issue, a statement of revenue sources necessary to retire proposed bonds, a statement of current bonded indebtedness of the school district, and a statement of proposed use of funds to be generated by the proposed bond issue. The informational material shall not contain the words "vote yes" or "vote no" or any similar words or statement any place on such informational material;

7. purchase, construct or rent, and operate and maintain, classrooms, libraries, auditoriums, gymnasiums, stadiums, recreation places and playgrounds, teacherages, school bus garages, laboratories, administration buildings, and other schoolhouses and school buildings, and acquire sites and equipment therefor;

8. have school district property insured;

9. acquire property by condemnation proceedings in the same manner as land is condemned for railroad purposes. School district

funds may be used to erect buildings on leased land on which other buildings have been erected prior to April 3, 1969, or on land which is leased from a governmental entity;

10. lease real or personal property to the state or any political subdivision thereof for nominal cash consideration for so long as the use of the property by the lessee substantially benefits, in whole or in part, the same public served by the school district;

11. dispose of personal or real property no longer needed by the district by sale, exchange, lease, lease-purchase, sale and partial lease back, or otherwise. Real property shall be conveyed pursuant to a public sale, public bid, or private sale, provided however, unless otherwise prohibited by law, the board of education of a consolidated school district may convey real property to a local political subdivision without consideration. Prior to the sale of any real property, the board of education shall have the real property appraised. The appraisal shall be confidential until the real property is sold. When the real property is sold the board of education shall make the appraisal available for public inspection. Prior to the conveyance of any real property by private sale, the board of education shall have offered the real property for sale by public sale or public bid. Any conveyance of real property by private sale to a nonprofit organization, association, or corporation to be used for public purposes, unless for exchange, shall contain a reversionary clause which returns the real property to the board of education upon the cessation of the use without profit or for public purposes by the purchaser or the assigns of the purchaser;

12. purchase necessary property, equipment, furniture, and supplies necessary to maintain and operate an adequate school system;

13. incur all expenses, within the limitations provided for by law, necessary to perform all powers granted by the provisions of this section;

14. contract with and fix the duties and compensation of physicians, dentists, optometrists, nurses, attorneys, superintendents, principals, teachers, bus drivers, janitors, and other necessary employees of the district and pay their necessary itemized and documented travel expenses, and pay necessary itemized and documented travel expenses of members of the board of education;

15. pay necessary itemized and documented travel expenses and other related expenses of prospective employees for sponsored visits to the school district;

16. provide for employees' leaves of absence without pay;

17. exercise sole control over all the schools and property of the district, subject to other provisions of the Oklahoma School Code; and

18. allow district-owned school buses to be used for transportation of students from other districts or educational institutions while within the district on educational tours. This shall not restrict the authority of the board to authorize any other use of such buses which may now be permitted by law or regulation of the State Board of Education.

B. The board of education of any school district may rent, on a monthly basis, equipment and furniture, if such items are necessary for the operation of the school, and pay the rental charges for said usage during any fiscal year, or portion thereof, out of appropriations made and approved for current expense purposes during said fiscal year. Any such rental contract extending beyond June 30 of such fiscal year shall be void unless it contains provisions for mutual ratification of renewal pursuant to the conditions provided for in this subsection. It is the intent of this subsection to authorize boards of education to enter into lease contracts but not

to incur any obligation against the school district in excess of the income and revenue provided for such purposes for the fiscal year in which such lease contract is operative. Any lease agreement entered into by any board of education shall state the purchase price of equipment or furniture so leased. The lease shall not be extended so as to cause payment of more than the original purchase price of said equipment or furniture, plus interest not to exceed the legal rate. When said purchase price plus interest has been paid, the property shall belong to the lessee and the lessor shall deliver a deed or bill of sale to said property to the lessee. When any equipment or furniture has been leased or rented during any fiscal year pursuant to the provisions of any contract which permits continuance of such rental for the remainder of such fiscal year, the renting or leasing thereof must be continued for the remainder of said fiscal year unless the board of education renting or leasing the same certifies by proper resolution entered in the minutes of said board of education that the continuance of such rental is unnecessary and contrary to the public interest.

C. The boards of education of two or more school districts may enter into cooperative agreements and maintain joint programs including but not limited to, courses of instruction for handicapped children, courses of instruction in music and other subjects, practical instruction for trades and vocations, practical instruction in driver training courses, and health programs including visual care by persons legally licensed for such purpose, without favoritism as to either profession. The revenues necessary to operate a joint program approved in cooperative agreements, whether from federal, state or local sources, including the individual contributions of participating school districts, shall be deposited into a fund separate from all other appropriated funds. The beginning fund balance each year, combined with all actual revenues, including collected and estimated revenues, must be

appropriated before being expended. Purchase orders shall be issued against available appropriations and, once goods or services have been received, either payable or nonpayable warrants shall be issued in payment of all purchase orders. The fund shall be reported as a separate appropriated fund in all the financial reports of the school district which is chosen by the other school districts to keep the accounting records of the joint program.

D. Any school district may operate or maintain a school or schools on any military reservation which is within the boundaries of the school district or which is adjacent to the school district, and provide the instruction in the school or schools to children of personnel on the military reservation and, in doing so, shall conform to all federal laws and requirements.

E. The board of education of each school district shall adopt and maintain on file in the office of the superintendent of schools appropriate personnel policy and sick leave guide. The guide shall be made available to the public.

SECTION 3. AMENDATORY 70 O.S. 1991, Section 18-107, is amended to read as follows:

Section 18-107. As used in this title:

1. "Average Daily Attendance" (ADA) means the legal average number of pupils, kindergarten through grade twelve, in a school district during a school year as determined pursuant to the provisions of Section 18-111 of this title. A day of school for kindergarten shall be two and one-half (2 1/2) hours.

2. "Average Daily Membership" (ADM) means the average number of pupils present and absent in a school district during a school year. Average Daily Membership shall be calculated by dividing the sum of the pupil's total days present and total days absent by the number of days taught. Provided, a pupil who has been absent twenty (20) consecutive days shall be taken off the roll beginning the 21st day and thereafter shall not be considered in a district's average daily

membership calculation until the pupil is placed on the roll in the district.

3. "Total Adjusted Assessed Valuation" means the sum of public service property assessed valuation, personal property assessed valuation and real property assessed valuation as adjusted pursuant to the provisions of Section 18-109.1 of this title.

4. "Eighty-five percent (85%) of maximum allowable", for the purpose of assessing class size penalty pursuant to Sections 18-113.1 and 18-113.2 of this title, means eighty-five percent (85%) of ten percent (10%) of the preceding year's net assessed valuation of a school district. The calculation of indebtedness as provided for in paragraph a of subsection G of Section 18-113.1 and subparagraph a of paragraph 4 of subsection A of Section 18-113.2 of this title shall include the outstanding principal amount of bonds issued by the school district plus the principal amount of any bonds authorized by a vote of the people for issuance but not yet issued by the school district.

SECTION 4. AMENDATORY 70 O.S. 1991, Section 18-200, is amended to read as follows:

Section 18-200. A. It is the intent of the Legislature that the sole purpose of this section is to provide an equitable funding formula for all the school districts of this state. The Legislature, recognizing the responsibility to guarantee an adequate and equitable educational program for the school children of this state, declares that on and after July 1, 1990, the amount of State Aid each district shall receive shall be the sum of the Foundation Aid, the Salary Incentive Aid and the Transportation Supplement, as adjusted pursuant to the provisions of subsection E of this section and Section 18-112.2 of Title 70 of the Oklahoma Statutes; provided, no district having per pupil revenue in excess of three hundred percent (300%) of the average per pupil revenue of all districts shall receive any State Aid or Supplement in State Aid. Per pupil

revenue shall be determined by dividing the district's second preceding year's total weighted average daily membership (ADM) into the district's second preceding year total revenues excluding federal revenue, insurance loss payments, reimbursements, recovery of overpayments and refunds, unused reserves, prior expenditures recovered, prior year surpluses, and less the amount of any transfer fees paid in that year.

B. Foundation Aid, the Transportation Supplement and Salary Incentive Aid shall be calculated as follows:

1. Foundation Aid shall be determined by subtracting the amount of the Foundation Program Income from the cost of the Foundation Program and adding to this difference the Transportation Supplement.

a. The Foundation Program shall be a district's weighted average daily membership as determined by the provisions of subsection A of Section 18-201 of this title and paragraphs 1, 2 and 3 of subsection B of Section 18-201 of this title, multiplied by the Base Foundation Support Level. For the 1991-92 school year, the Base Foundation Support Level shall be One Thousand Sixty-four Dollars ($1,064.00).

b. The Foundation Program Income shall be the sum of the following:

(1) The adjusted assessed valuation of the school district during the next preceding year multiplied by fifteen (15) mills, and

(2) Seventy-five percent (75%) of the amount received by the school district from the proceeds of the county levy during the second preceding fiscal year, as levied pursuant to subsection (b) of Section 9 of Article X of the Oklahoma Constitution, and

(3) Motor Vehicle Collections, and

(4) Gross Production Tax, and

(5) State Apportionment, and

(6) R.E.A. Tax.

The items listed in divisions (3), (4), (5), and (6) shall consist of the amounts actually collected from such sources during the second preceding fiscal year calculated on a per capita basis on the unit provided for by law for the distribution of each such revenue.

2. The Transportation Supplement shall be equal to the average daily haul times the per capita allowance times the appropriate transportation factor.

a. The average daily haul shall be the number of children in a district who are legally transported and who live one and one-half (1 1/2) miles or more from school;

b. The per capita allowance shall be determined using the following chart:

DENSITY FIGURE	PER CAPITA ALLOWANCE	DENSITY FIGURE	PER CAPITA ALLOWANCE
.3000 - .3083	$167.00	.9334 - .9599	$99.00
.3084 - .3249	$165.00	.9600 - .9866	$97.00
.3250 - .3416	$163.00	.9867 - 1.1071	$95.00
.3417 - .3583	$161.00	1.1072 - 1.3214	$92.00
.3584 - .3749	$158.00	1.3215 - 1.5357	$90.00
.3750 - .3916	$156.00	1.5358 - 1.7499	$88.00
.3917 - .4083	$154.00	1.7500 - 1.9642	$86.00
.4084 - .4249	$152.00	1.9643 - 2.1785	$84.00
.4250 - .4416	$150.00	2.1786 - 2.3928	$81.00
.4417 - .4583	$147.00	2.3929 - 2.6249	$79.00
.4584 - .4749	$145.00	2.6250 - 2.8749	$77.00
.4750 - .4916	$143.00	2.8750 - 3.1249	$75.00
.4917 - .5083	$141.00	3.1250 - 3.3749	$73.00
.5084 - .5249	$139.00	3.3750 - 3.6666	$70.00

.5250 - .5416	$136.00	3.6667 - 3.9999	$68.00
.5417 - .5583	$134.00	4.0000 - 4.3333	$66.00
.5584 - .5749	$132.00	4.3334 - 4.6666	$64.00
.5750 - .5916	$130.00	4.6667 - 4.9999	$62.00
.5917 - .6133	$128.00	5.0000 - 5.5000	$59.00
.6134 - .6399	$125.00	5.5001 - 6.0000	$57.00
.6400 - .6666	$123.00	6.0001 - 6.5000	$55.00
.6667 - .6933	$121.00	6.5001 - 7.0000	$53.00
.6934 - .7199	$119.00	7.0001 - 7.3333	$51.00
.7200 - .7466	$117.00	7.3334 - 7.6667	$48.00
.7467 - .7733	$114.00	7.6668 - 8.0000	$46.00
.7734 - .7999	$112.00	8.0001 - 8.3333	$44.00
.8000 - .8266	$110.00	8.3334 - 8.6667	$42.00
.8267 - .8533	$108.00	8.6668 - 9.0000	$40.00
.8534 - .8799	$106.00	9.0001 - 9.3333	$37.00
.8800 - .9066	$103.00	9.3334 - 9.6667	$35.00
.9067 - .9333	$101.00	9.6668 or more	$33.00

c. The formula transportation factor shall be 1.39.

3. Salary Incentive Aid shall be determined as follows:

a. Multiply the Incentive Aid guarantee by the district's weighted average daily membership as determined by the provisions of subsection A of Section 18-201 of this title and paragraphs 1, 2, 3 and 4 of subsection B of Section 18-201 of this title. For the 1991-92 school year, the Incentive Aid guarantee shall be Fifty-one Dollars and eight cents ($51.08).

b. Divide the district's adjusted assessed valuation by one thousand (1,000) and subtract the quotient from the product of subparagraph a. The remainder shall not be less than zero (0).

c. Multiply the number of mills levied for general fund purposes above the fifteen (15) mills required to

support Foundation Aid, not including the county four-mill levy, by the remainder of subparagraph b. The product shall be the Salary Incentive Aid of the district.

C. For the 1990-91 school year, and for each school year thereafter, any school district with a membership that is at least one and one-half percent (1 1/2%) greater than the higher membership of the preceding two (2) years of the school district shall receive a midterm supplement in State Aid to be determined as follows:

1. For the 1990-91 school year, and for each school year thereafter, for each additional pupil in membership which equals or exceeds the one and one-half percent (1 1/2%) increase over the higher number of pupils in membership of the preceding two years, the district shall receive funding to be determined as follows:

a. Multiply each additional pupil in membership as provided in this paragraph by the Base Foundation Support Level for the current school year, and

b. Multiply each additional pupil in membership as provided in this paragraph by the Incentive Aid guarantee for the current school year times twenty (20), and

c. Sum the products of subparagraphs a and b of this paragraph.

Data used for the calculation for the midterm supplement shall be that which is reported on the Accrediting Report of the school district on September 15th and received by the State Department of Education by October 1st of the school year for which the midterm supplement is to be paid as compared to the Accrediting Report data for the higher of the two (2) preceding years.

The data contained in the Accrediting Report for all qualifying school districts shall be audited by the State Department of Education. If a district does not qualify for a midterm supplement

using the Accrediting Report data they may request an audit of the data by the State Department of Education. If, based on the post-audit data, the district is entitled to receive a midterm supplement, or if any school district's post-audit midterm supplement calculation differs from the amount of the supplement paid, the State Department of Education shall adjust the district's State Aid payments during the remainder of the school year for which the midterm supplement was paid in order to reconcile the supplement with the post-audit calculation.

2. Pupils shall not be included in the membership calculation if such pupils are enrolled for the current year in a grade level which was not taught in that school district during the preceding school year.

3. School districts which have been involved in any annexation or consolidation with other school districts during the school year for which the midterm supplement is to be calculated, or in the preceding school year, shall qualify for midterm growth as if annexed or consolidated membership had been enrolled in the current district for the preceding two (2) years.

4. For any district qualifying for the midterm supplement, if the funds received pursuant to the provisions of Section 18-112.2 of Title 70 of the Oklahoma Statutes are in excess of the funds to be received pursuant to the provisions of this subsection, the district shall receive no midterm supplement. If the funds received pursuant to the provisions of Section 18-112.2 of Title 70 of the Oklahoma Statutes are less than the funds to be received pursuant to the provisions of this subsection, the midterm supplement shall be the difference between these two amounts.

5. Beginning with the 1992-93 school year, and for each year thereafter, any district which qualifies for a midterm supplement shall have deducted from the supplement an amount equal to the amount of carryover in the district's general fund as of June 30 of

the preceding fiscal year that is in excess of the standards set out in subsection E of this section.

6. If funds appropriated to the State Board of Education for the purpose of paying the midterm supplement in State Aid are not sufficient to fully fund the amount determined by this subsection, each school district which qualifies for such funding shall receive a proportionate reduction in funding.

D. In the event that ad valorem taxes of a school district are determined to be uncollectible because of bankruptcy, clerical error, or a successful tax protest, and the amount of such taxes deemed uncollectible exceeds Fifty Thousand Dollars ($50,000.00) or an amount greater than twenty-five percent (25%) of ad valorem taxes per tax year, the school district's State Aid shall be determined by subtracting the net assessed valuation of the property upon which taxes were deemed uncollectible from the assessed valuation of the school district and the state. Upon request of the local board of education, it shall be the duty of the county assessor to certify to the Director of Finance of the State Department of Education the net assessed valuation of the property upon which taxes were determined uncollectible.

E. Beginning with the 1992-93 school year, and for each year thereafter, notwithstanding the provisions of Section 18-112.2 of this title, a school district shall have its State Aid reduced by an amount equal to the amount of carryover in the district's general fund as of June 30 of the preceding fiscal year, that is in excess of the following standards:

Total Amount of General Fund Collections, Excluding Previous Year Cash Surplus as of June 30	Amount of General Fund Balance Allowable
Less than $1,000,000	40%
$1,000,000 - $2,999,999	35%

$3,000,000 - $3,999,999	30%
$4,000,000 - $4,999,999	25%
$5,000,000 - $5,999,999	20%
$6,000,000 - $7,999,999	16%
$8,000,000 - $10,000,000	12%
More than $10,000,000	8%

By February 1 the State Department of Education shall send by certified mail, with return receipt requested, to each School District Superintendent, Auditor and Regional Accreditation Officer a notice of and calculation sheet reflecting the general fund balance penalty to be assessed against that school district. Within thirty (30) days of receipt of this written notice the school district shall submit to the Department a written reply either accepting or protesting the penalty to be assessed against the district. If protesting, the school district shall submit with its reply the reasons for rejecting the calculations and documentation supporting those reasons. The Department shall review all school district penalty protest documentation and notify each district by March 15 of its finding and the final penalty to be assessed to each district. General fund balance penalties shall be assessed to all school districts by April 1.

F. For the purposes of paying State Aid for the 1991-92 school year, no child shall be included in the average daily membership of a school district for the 1989-90 or 1990-91 school year if the child is being served during the 1991-92 school year through the provisions of the Oklahoma Early Intervention Act. Funds generated by the State Aid Formula on behalf of students who are served through the provisions of the Oklahoma Early Intervention Act shall be transferred from Financial Support of Public Schools to the

Oklahoma Early Intervention Revolving Fund created pursuant to Section 13-124.1 of this title.

~~C. State Aid shall be reallocated after the first nine (9) weeks of the 1990-91 school year based upon child counts for early childhood education programs pursuant to Section 1-114 of this title.~~

SECTION 5. AMENDATORY 70 O.S. 1991, Section 18-201, is amended to read as follows:

Section 18-201. A. On and after July 1, 1990, the weighted average daily membership of a school district for calculation of Foundation Aid purposes pursuant to Section 18-200 of this title shall be the sum of the weighted pupil grade level calculation, the weighted pupil category calculation and the weighted district calculation. The weighted average daily membership of a school district for calculation of Salary Incentive Aid purposes pursuant to Section ~~107~~ 18-200 of this ~~act~~ title shall be the sum of the weighted pupil grade level calculation, the weighted pupil category calculation, the weighted district calculation, and the weighted teacher experience and degree calculation.

B. The weighted calculations provided for in subsection A of this section shall be determined as follows:

1. The weighted pupil grade level calculation shall be determined by taking the highest average daily membership of the preceding two (2) years of a school district and assigning weights to the pupils according to grade attended as follows:

GRADE LEVEL	WEIGHT
a. Early childhood programs	.5
b. Kindergarten	1.3
c. First and second grade	1.351
d. Third grade	1.051
e. Fourth through sixth grade	1.0

f. Seventh through twelfth grade 1.2

Multiply the membership of each grade by the weight assigned to such grade and add the totals together to determine the weighted pupil grade level calculation for a school district. Determination of the pupils eligible for the early childhood program weight shall be pursuant to the provisions of Section 1-114 of this title. No child for whom tuition is paid pursuant to the provisions of Section 1-114 of this title may be included in the average daily membership of the district providing the early childhood program.

2. The weighted pupil category calculation shall be determined by assigning a weight to the pupil category as follows:

CATEGORY	WEIGHT
a. Vision Impaired	3.8
b. Learning Disabilities	.4
c. Hearing Impaired	2.9
d. Deaf and Blind	3.8
e. Educable Mentally Handicapped	1.3
f. Emotionally Disturbed	2.5
g. Gifted	.34
h. Multiple Handicapped	2.4
i. Physically Handicapped	1.2
j. Speech Impaired	.05
k. Trainable Mentally Handicapped	1.3
l. Bilingual	.25
m. Special Education Summer Program	1.2
n. Economically Disadvantaged	.25
o. Optional Extended School Year Program	As determined by the State Board of Education

Multiply the number of pupils approved in the preceding school year in each category by the weight assigned to such category and add the totals together to determine the weighted pupil category calculation for a school district.

3. The weighted district calculation shall be determined by determining the calculations for each school district for both the small school district formula and the district sparsity - isolation formula, applying whichever is the greater of the calculations of the two formulas and then applying the restrictions pursuant to subparagraph c of this paragraph.

a. Small school district formula: 529 minus total average daily membership divided by 529 times .2 times total average daily membership.

The small school district formula calculation shall apply only to school districts whose highest average daily membership of the preceding two (2) years is less than 529 pupils. School districts which are consolidated or annexed after August 19, 1991, pursuant to the Oklahoma School Consolidation and Annexation Act shall have the weighted district size calculation for the two (2) school years following the fiscal year in which such consolidation occurred calculated to be the sum of the individual consolidated districts computed as if the consolidation had not taken place. Thereafter, any such district which is consolidated pursuant to the Oklahoma School Consolidation and Annexation Act shall not qualify for the weighted district calculation unless the district can satisfy the specifications herein. Subject to the provisions of subparagraph c of this paragraph, the resulting number shall be counted as additional students for the purpose of calculating State Aid.

b. District sparsity - isolation formula:

The district sparsity - isolation formula calculation shall apply only to school districts:

(1) whose total area in square miles is greater than the average number of square miles for all school districts in this state; and

(2) whose areal density is less than one-fourth (1/4) of the state average areal density. Areal density shall be determined by dividing the school district's average daily membership by the school district's total area in square miles.

The district sparsity - isolation formula calculation shall be calculated as follows:

The school district student cost factor multiplied by the school district area factor. The resulting product shall be multiplied by the school district's average daily membership. Subject to the provisions of subparagraph c of this paragraph, the resulting number shall be counted as additional students for the purpose of calculating State Aid.

The school district student cost factor shall be calculated as follows:

The school district's average daily membership shall be categorized into the following grade level groups and applied to the appropriate formulas as computed below:

Grade Level Group	
Grades K-5	Divide 74 by the sum of the Grade Level ADM plus 23, add .85 to the quotient, then multiply the sum by the Grade Level ADM.
Grades 6-8	Divide 122 by the sum of the Grade Level ADM plus 133, add .85 to the

quotient, then multiply the sum by the Grade Level ADM.

Grades 9-12 Divide 292 by the sum of the Grade Level ADM plus 128, add .78 to the quotient, then multiply the sum by the Grade Level ADM.

The sum of the grade level group's average daily membership shall be divided by the school district's average daily membership. The number one (1.0) shall be subtracted from the resulting quotient.

The school district area cost factor shall be calculated as follows:

Subtract the state average district area from the district area, then divide the remainder by the state average district area;

however, the district area cost factor shall not exceed one (1.0).

The State Board of Education shall define geographical barriers whose location in a school district would inhibit the district from consolidation or annexation. The Board shall make available an application process, review applications, and for districts the Board deems necessary allow additional square miles to be used for the purposes of calculations used for the weighted district sparsity - isolation formula. Provided that the additional square miles allowed for geographical barriers shall not exceed thirty percent (30%) of the district's actual size.

c. State Aid funds which a district is calculated to receive as a result of the weighted district calculation shall be restricted as follows:

(1) If after the weighted district calculation is applied, the district's projected per pupil revenue exceeds one hundred fifty percent (150%)

of the projected state average per pupil revenue then the district's State Aid shall be reduced by an amount that will restrict the district's projected per pupil revenue to one hundred fifty percent (150%) of the projected state average per pupil revenue. Provided, in applying the restriction provided in this division, the district's State Aid shall not be reduced by an amount greater than by the amount of State Aid which was generated by the weighted district calculation.

Projected per pupil revenue shall be determined by dividing the highest of the district's preceding two years average daily membership (ADM) as weighted by the pupil grade level, the pupil category, the district and the teacher experience degree index calculations for projected State Aid into the district's projected total revenues including projected funds for the current State Aid Formula, net assessed valuation for the preceding calendar year times thirty-nine (39) mills, county revenues of the second preceding year, other state appropriations for the preceding year and the collections for the second preceding year of state apportionment, motor vehicle revenue, gross production tax and R.E.A. tax. The district's projected total revenues shall exclude the following collections for the second preceding year: federal revenue, insurance loss payments, reimbursements, recovery of overpayments and refunds, unused reserves, prior expenditures recovered, prior year surpluses, and other local miscellaneous revenues.

~~If, after calculation of the restriction to State Aid generated from the weighted district calculation provided in division (1) of this subparagraph, a district is still determined to be in receipt of State Aid generated from the weighted district calculation, a second restriction shall apply:~~

~~(2) Beginning July 1, 1991, if the sum of the district's general fund carryover as of June 30, of the preceding fiscal year plus the amount of State Aid generated by the weighted district calculation exceeds the following standards:~~

~~Total Amount of General Fund as of~~	~~Amount of General Fund Balance Plus Weighted District Calculation~~
~~Less than $1,000,000~~	~~40%~~
~~$1,000,000 - $2,999,999~~	~~35%~~
~~$3,000,000 - $3,999,999~~	~~30%~~
~~$4,000,000 - $4,999,999~~	~~25%~~
~~$5,000,000 - $5,999,999~~	~~20%~~
~~$6,000,000 - $7,999,999~~	~~16%~~
~~$8,000,000 - $10,000,000~~	~~12%~~
~~More than $10,000,000~~	~~8%~~

~~then the district's State Aid shall be reduced by an amount that will restrict the district's carryover plus State Aid generated from the weighted district calculation to the limitation provided herein. Provided, in applying the restriction provided in this division, the district's State Aid shall not be reduced by an amount greater than by the amount of State Aid which was generated by the weighted district calculation.~~

4. The weighted teacher experience and degree calculation shall be determined in accordance with the teacher experience and degree index. The State Department of Education shall determine an index for each state teacher by using data supplied in the school district's teacher personnel reports of the preceding year and utilizing the index as follows:

TEACHER EXPERIENCE - DEGREE INDEX

EXPERIENCE	BACHELOR'S DEGREE	MASTER'S DEGREE	DOCTOR'S DEGREE
0 - 2	.7	.9	1.1
3 - 5	.8	1.0	1.2
6 - 8	.9	1.1	1.3
9 - 11	1.0	1.2	1.4
12 - 15	1.1	1.3	1.5
Over 15	1.2	1.4	1.6

The school district teacher index for each school district shall be determined by subtracting the weighted average state teacher from the weighted average district teacher. Multiply the school district teacher index if greater than zero by .7 and then multiply that product by the sum of the district's weighted pupil grade level calculation provided in paragraph 1 of this subsection and the weighted pupil category calculation provided in subparagraph n of paragraph 2 of this subsection to determine the weighted teacher experience and degree calculation.

SECTION 6. AMENDATORY 70 O.S. 1991, Section 614, is amended to read as follows:

Section 614. The Commissioners of the Land Office shall apportion the income accruing from the Permanent School Fund and the ad valorem taxes collected by the state from which proper reports have been received by the Superintendent of Public Instruction. All such monies remaining in the hands of the Commissioners of the Land Office and in the State Treasury at the close of each calendar month

shall be apportioned and paid over to the ~~several counties~~ schools within fifteen (15) days following the close of each such month.

SECTION 7. AMENDATORY 70 O.S. 1991, Section 615, is amended to read as follows:

Section 615. The apportionment ~~to each county~~ shall be made to the school districts of the county ~~by the county treasurer~~ on the basis of school population as determined pursuant to the provisions of Section 56 of this act for the preceding school year as certified by the State Board of Education. The Commissioners of the Land Office, in distributing all funds mentioned in this section, shall draw their order on the State Treasurer or other officer having custody of such funds, in favor of the ~~county treasurers~~ schools of the counties respectively, entitled to school monies, ~~for the amount of such monies apportioned to his county, and certify the amount, of such order to the State Treasurer, and also to the county clerk and superintendent of the proper county~~ using electronic funds transfer as defined by the Office of the Oklahoma State Treasurer: Provided, that the federal appropriation made shall be apportioned by said Commissioners, to the several ~~counties~~ schools, entitled to the same under Act of Congress providing for said appropriation, in proportion to the number of children of school age shown by the last federal census.

SECTION 8. Section 3 of this act shall become effective July 1, 1992.

SECTION 9. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval."

Passed the House of Representatives the 13th day of April, 1992.

Speaker of the House of Representatives

Passed the Senate the ____ day of _____, 1992.

President of the Senate