

STATE OF OKLAHOMA

2nd Session of the 43rd Legislature (1992)

COMMITTEE SUBSTITUTE
FOR ENGROSSED
SENATE BILL NO. 722

BY: TAYLOR and HANEY of the
SENATE

and

HAMILTON (James) and
STEIDLEY of the HOUSE

COMMITTEE SUBSTITUTE AN ACT RELATING TO THE STATE BOARD OF EDUCATION;
MAKING APPROPRIATIONS THERETO; DESIGNATING CERTAIN APPROPRIATIONS;
PROVIDING FOR THE DISTRIBUTION OF CERTAIN APPROPRIATED MONIES;
REQUIRING CERTAIN COUNSELING PROGRAMS; REQUIRING CERTAIN EXPENDITURE
REPORTS; SPECIFYING SUCH REPORTS; PROVIDING FOR THE DISBURSEMENT AND
POSTING OF SUCH REPORTS; PROVIDING FOR THE CATEGORIZATION OF CERTAIN
EXPENDITURES; AMENDING 70 O.S. 1991, SECTION 18-200, WHICH RELATES
TO THE STATE AID FORMULA; MODIFYING BASE FOUNDATION SUPPORT LEVEL;
MODIFYING THE INCENTIVE AID GUARANTEE; MODIFYING CALCULATION FOR
STATE AID ADJUSTMENTS; STATING LEGISLATIVE INTENT RELATING TO
SALARIES OF TEACHERS AND SUPPORT PERSONNEL; PROHIBITING THE
REDUCTION OF CERTAIN SALARIES EXCEPT UNDER CERTAIN CONDITIONS;
REQUIRING REDUCTION OR WITHHOLDING OF CERTAIN FUNDS FOR CERTAIN
PURPOSES; PROVIDING FOR CERTAIN PROPORTIONATE REDUCTION IN SUCH
FUNDS; MAKING CERTAIN APPROPRIATIONS NONFISCAL; PROVIDING EFFECTIVE
DATES; AND DECLARING AN EMERGENCY.

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

STATE BOARD OF EDUCATION

SECTION 1. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 1993, the sum of One Billion One Hundred Eighty-two Million Sixty-eight Thousand Fifty-five Dollars (\$1,182,068,055.00) or so much thereof as may be necessary to accomplish the support of public school activities by law as provided for in paragraph 1 of Section 8 of this act.

SECTION 2. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the Mineral Leasing Fund of the State Treasury for the fiscal year ending June 30, 1993, the sum of One Million Seven Hundred Fifty-seven Thousand Five Hundred Dollars (\$1,757,500.00) or so much thereof as may be necessary to accomplish the support of public school activities by law as provided for in paragraph 1 of Section 8 of this act.

SECTION 3. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the Mineral Leasing Fund of the State Treasury for the fiscal year ending June 30, 1991, the sum of One Hundred Eighty-eight Thousand One Hundred Ninety-one Dollars (\$188,191.00) or so much thereof as may be necessary to accomplish the support of public school activities by law as provided for in paragraph 1 of Section 8 of this act.

SECTION 4. The State Board of Education is hereby authorized to expend an amount not in excess of Thirty-three Million Six Hundred Eighty-seven Thousand Eight Hundred Fifty-two Dollars (\$33,687,852.00) from the Education Reform Revolving Fund created in Section 18-400 of Title 70 of the Oklahoma Statutes, for the purpose of implementing reforms contained in Enrolled House Bill No. 1017 of the First Extraordinary Session of the 42nd Oklahoma Legislature, by

providing for the accomplishment of the support of public school activities by law as provided for in paragraph 1 of Section 8 of this act.

SECTION 5. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 1993, the amount of Twenty-four Million Eight Hundred Ninety Thousand Ninety-four Dollars (\$24,890,094.00) to be transferred to the Education Reform Revolving Fund created pursuant to Section 18-400 of Title 70.

SECTION 6. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 1993, the sum of One Million One Hundred Thousand Dollars (\$1,100,000.00) or so much thereof as may be necessary for continued implementation of the Parent Training Program.

SECTION 7. Of the funds appropriated in Section 1 of this act, the sum of Two Hundred Thirty-five Million Four Hundred Forty-three Thousand Four Hundred Thirteen Dollars (\$235,443,413.00) is from fiscal year 1993 revenues certified for appropriation by the State Board of Equalization pursuant to the provisions of Section 41.29a of Title 62 of the Oklahoma Statutes.

SECTION 8. Beginning July 1, 1992, the support of public school activities by the State Board of Education payable from monies appropriated and authorized for expenditure by Sections 1 through 4 of this act shall be subject to the following schedule:

Funds appropriated and authorized by Sections 1 through 4 of this act:

Local and State-Supported	
Financial Support of	
Public Schools	\$1,217,701,598.00
TOTAL STATE SCHOOL AID	\$1,217,701,598.00

SECTION 9. School districts shall continue to establish and maintain elementary counseling programs with a portion of the funds such districts receive as State Aid pursuant to the provisions of this act.

SECTION 10. At the conclusion of the school year the board of education of each school district shall prepare a report which outlines the expenditures made by the district during that year and shall compare said expenditures with those made by such school district during the previous school year. The report shall identify expenditures by major object codes and program classifications pursuant to the Oklahoma Cost Accounting System, as adopted by the State Board of Education pursuant to Section 5-135 of Title 70 of the Oklahoma Statutes. The report shall list dollar and percentage changes for each of the included items.

Prior to September 15 of each year, copies of the report shall be sent to the State Department of Education, which shall forward a copy to the Office of Accountability. In addition, a copy of the report shall be posted in each public school library in the school district. For those school districts not operating on the Oklahoma Cost Accounting System for the 1991-92 school year, expenditures for that year shall be categorized according to guidelines developed by the State Department of Education.

SECTION 11. 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~~ 1992-93 school year, the Base Foundation Support Level shall be ~~One Thousand Sixty-four Dollars (\$1,064.00)~~ One Thousand Ninety-nine Dollars (\$1,099.00).

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:

	PER CAPITA		PER CAPITA
DENSITY FIGURE	ALLOWANCE	DENSITY FIGURE	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~~ 1992-93 school year, the Incentive Aid guarantee shall be

~~Fifty-one Dollars and eight cents (\$51.08)~~ Fifty-three Dollars and twenty cents (\$53.20).

- 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 <u>General Fund</u>	Amount of General Fund Balance <u>Allowable</u>
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%

F. For the purposes of paying State Aid for the ~~1991-92~~ 1992-93 school year, no child shall be included in the average daily membership of a school district for the ~~1989-90~~ 1990-91 or ~~1990-91~~ 1991-92 school year if the child is being served during the ~~1991-92~~ 1992-93 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.

G. 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 12. The Legislature intends that each board of education make a good faith effort to increase the salary and

benefits for teachers and support personnel. Such efforts shall be on an annual basis.

SECTION 13. The salary level of certified instructional staff employed in the same school district in the 1991-92 school year shall not be reduced for the 1992-93 school year unless the hours or the duties of the employee are reduced proportionately.

SECTION 14. State Aid funds shall be reduced or withheld by the State Board of Education in an amount necessary to require compliance with the provisions of this act.

SECTION 15. If funds appropriated in this act are not sufficient to fully fund the provisions of this act, each school district which qualifies for funds pursuant to the provisions of this act shall take a proportionate reduction in funds.

SECTION 16. The appropriations made by Sections 1 through 3, and 6 of this act shall not be subject to fiscal year limitations and shall be available for encumbrance and expenditure purposes for a period of thirty (30) months from the effective date of this act.

SECTION 17. The appropriations made by Sections 1 through 3 of this act shall become effective August 1, 1992.

SECTION 18. This act shall become effective July 1, 1992.

SECTION 19. 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.

43-2-9489

JB