

ENGROSSED HOUSE
BILL NO. 2250

BY: THOMPSON and FERGUSON of
the HOUSE

and

SHEDRICK of the SENATE

(SCHOOLS - AMENDING 68 O.S. 1991, SECTION 1004 -
APPORTIONMENT OF THE GROSS PRODUCTION TAX -
AMENDING 70 O.S. 1991, SECTIONS 7-203 AND
18-201 - WEIGHTED AVERAGE DAILY MEMBERSHIP
CALCULATION -

EMERGENCY)

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

SECTION 1. AMENDATORY 68 O.S. 1991, Section 1004, is
amended to read as follows:

Section 1004. The gross production tax provided for in this
article is hereby levied and shall be collected and apportioned as
follows, to wit:

1. Eighty percent (80%) of all monies collected hereunder from
the tax levied on oil, asphalt or ores bearing uranium, lead, zinc,
jack, gold, silver or copper shall be paid to the State Treasurer of
the state to be placed in the General Revenue Fund of the state and
used for the general expense of state government, to be paid out
pursuant to direct appropriation by the Legislature;

2. Seventy-eight percent (78%) of all monies levied and
collected under this article from the tax on natural gas and/or

casinghead gas shall be paid to the State Treasurer of the state and by him distributed as follows:

- a. the first One Hundred Seventy-five Million Dollars (\$175,000,000.00) received by the State Treasurer during each fiscal year shall be distributed among the funds referred to in Section 17-108 of Title 70 of the Oklahoma Statutes, as directed by the Board of Trustees of the Oklahoma Teachers' Retirement System, and
- b. the balance thereof shall be distributed to and deposited in the Pension Systems Reserve Fund, to be paid out pursuant to direct appropriation by the Legislature;

3. One-tenth (1/10th) of the sum collected from each county whence the oil or natural gas and/or casinghead gas or asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper was produced shall be paid to the county treasurer of such county, to be credited by said county treasurer of such county to the County Highway Fund;

4. a. Except as provided in subparagraph b of this paragraph, one-tenth (1/10th) of the sum collected from each county whence the oil or natural gas and/or casinghead gas or asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper or other mineral or substance covered hereby was produced shall be apportioned, on an average daily attendance per capita distribution basis, as certified by the ~~county superintendent of schools~~ State Department of Education to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current

year and maintains ~~twelve (12) years of~~ instruction
through the twelfth grade; and

- b. ~~Beginning July 1, 1991, if the amendment to Section 12a of Article X of the Constitution of the State of Oklahoma contained in Enrolled House Joint Resolution No. 1005 of the 1st Extraordinary Session of the 42nd Oklahoma Legislature is approved by the people, one-tenth (1/10th) of the sum collected from the gross production of oil or natural gas and/or casinghead gas or asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper or other mineral or substance covered hereby shall be remitted to the State Treasurer to be deposited in the Common School Fund; and~~

Those school districts which vote to change county of supervision pursuant to Section 5-105 of Title 70 of the Oklahoma Statutes after July 1, 1992, one-tenth (1/10th) of the sum collected from each county whence the oil or natural gas and/or casinghead gas or asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper or other mineral or substance covered hereby was produced shall be apportioned, on an average daily attendance per capita distribution basis for each pupil residing in the county of production, as certified by the State Department of Education to the school districts where such pupils attend school, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current year and maintains instruction through the twelfth grade; and

5. Two percent (2%) of all monies collected from the tax upon natural gas and casinghead gas shall be placed to the credit of the General Revenue Fund of the State Treasury.

SECTION 2. 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 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 from the School Consolidation Assistance Fund an amount which 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 3. 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 of this act 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 <u>June 30</u> | Amount of General Fund Balance Plus Weighted District Calculation <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% |

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 4. 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 26th day of February, 1992.

Speaker of the House of Representatives

Passed the Senate the ____ day of _____, 1992.

President of the Senate