

STATE OF OKLAHOMA

2nd Session of the 43rd Legislature (1992)

HOUSE BILL NO. 2232

BY: CAMPBELL

AS INTRODUCED

AN ACT RELATING TO SCHOOLS; AMENDING 70 O.S. 1991,  
SECTIONS 18-200 AND 18-201, WHICH RELATE TO THE  
STATE AID FORMULA; MODIFYING METHOD OF CALCULATION  
OF STATE AID; 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 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)~~ attendance (ADA) 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~~ attendance 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:

| 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~~ attendance 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~~ an attendance that is at least one and one-half percent (1 1/2%) greater than the higher ~~membership~~ attendance 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~~ attendance which equals or exceeds the one and one-half percent (1 1/2%) increase over the higher number of pupils in ~~membership~~ attendance of the preceding two years, the district shall receive funding to be determined as follows:

- a. Multiply each additional pupil in ~~membership~~ attendance as provided in this paragraph by the Base Foundation Support Level for the current school year, and
- b. Multiply each additional pupil in ~~membership~~ attendance 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~~ attendance 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~~ attendance 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<br><u>General Fund</u> | Amount of<br>General Fund<br>Balance<br><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 school year, no child shall be included in the average daily ~~membership~~ attendance 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.

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 2. 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~~ attendance 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~~ attendance 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~~ attendance 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<br>sixth grade    | 1.0    |
| f. Seventh through<br>twelfth grade | 1.2    |

Multiply the ~~membership~~ attendance 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~~ attendance 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<br>Year Program | As determined by<br>the State Board<br>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. 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~~ attendance (~~ADM~~ ADA) 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<br>General Fund as of<br><u>June 30</u> | Amount of General<br>Fund Balance Plus<br>Weighted District<br>Calculation<br><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 3. This act shall become effective July 1, 1992.

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.

43-2-7700

KB