

ENGROSSED SENATE AMENDMENT
TO
ENGROSSED HOUSE BILL NO. 2355

By: Kinnamon of the House
and
Haney of the Senate

An Act relating to performance bonds for school district officers and employees; providing for certain type of bond in the event of requirement imposed by law; stating characteristics of bond; authorizing posting of certain type of bond; defining term; imposing requirements for company to furnish bond; requiring purchase of bond by school district; providing for payment of bond to school district; providing for faithful performance under prescribed circumstances; providing for codification; and providing an effective date.

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

"An Act relating to schools; amending 70 O.S. 1991, Section 18-200, as last amended by Section 40, Chapter 242, O.S.L. 1993 (70 O.S. Supp. 1993, Section 18-200), which relates to school funding formula; authorizing posting of certain bond for certain school district officers and employees; stating characteristics of bond; imposing certain qualifications on companies issuing certain bond; requiring purchase of bond by school district; providing for payment of bond to school district; stating conditions of bond; providing for adjustment in State Aid funding to certain school districts if ad valorem taxes are reduced under certain conditions; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-116a of Title 70, unless there is created a duplication in numbering, reads as follows:

Whenever, by any state law, now existing or later enacted, any officer or employee of a school district is required to furnish bond as a prerequisite to employment, the requirements as to terms, conditions, and penalty of the bond and the amount, quality, or type of surety may be satisfied by the furnishing of a separate bond or surety contract for each individual officer or employee or the furnishing of a school district officers and employees blanket position bond which covers all officers and employees up to the penalty required for each officer and employee. The bond shall provide that the full penalty of the bond shall always be in force during its term, that no restoration is necessary, and that no additional premium will be required after a loss is paid. Such bond shall be furnished by a company duly qualified under the laws of this state and shall be purchased by the school district. The bond shall be payable to the school district and, whenever appropriate, conditioned on the faithful performance of their duties by the covered employees or officers during their employment or term of office and on their properly accounting for all monies and property received by virtue of their position or employment.

SECTION 2. AMENDATORY 70 O.S. 1991, Section 18-200, as last amended by Section 40, Chapter 242, O.S.L. 1993 (70 O.S. Supp. 1993, 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 this title; 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 1993-94 school year, the Base Foundation Support Level shall be One Thousand One Hundred Thirty-nine Dollars (\$1,139.00).
- 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) of this subparagraph 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 1993-94 school year, the Incentive Aid guarantee shall be Fifty-five Dollars and twelve cents (\$55.12).

- b. Divide the district's adjusted assessed valuation by one thousand (1,000) and subtract the quotient from the product of subparagraph a of this paragraph. 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 of this paragraph. 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

this title 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 this title 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. 1. 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, or a district's ad valorem taxes are reduced as a result of discontinuance of operation by an entity because of a lack of a license required by the United States government, and the amount of such taxes deemed uncollectible or the reduction in ad valorem taxes resulting from discontinuance of operation of an entity as provided in this subsection exceeds Fifty Thousand Dollars (\$50,000.00) or an amount greater than twenty-five percent (25%) of ad valorem taxes per tax year, or the valuation of a district is lowered by order of the State Board of Equalization, the school district's State Aid, for the school year that such ad valorem taxes are calculated in the State Aid Formula, 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.

2. In the event that the amount of funds a school district receives for reimbursement from the Ad Valorem Reimbursement Fund is less than the amount of funds claimed for reimbursement by the school district due to insufficiency of funds as provided in Section 193 of Title 62 of the Oklahoma Statutes, then the school district's assessed valuation for the school year that such ad valorem reimbursement is calculated in the State Aid Formula shall be adjusted accordingly.

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 1993-94 school year, no child shall be included in the average daily membership of a school district for the 1991-92 or 1992-93 school year if the child is being served during the 1993-94 school year through the provisions of the Oklahoma Early Intervention Act.

G. In order to provide startup funds for the implementation of early childhood programs, State Aid may be advanced to school districts that initially start early childhood instruction at a school site. School districts that desire such advanced funding shall make application to the State Department of Education no later than September 15 of each year and advanced funding shall be awarded to the approved districts no later than October 30. Such advanced funding shall not exceed One Thousand One Hundred Twenty Dollars (\$1,120.00) per anticipated Head Start eligible student. The total amount of advanced funding shall be proportionately reduced from the

monthly payments of the district's State Aid payments during the last six (6) months of the same fiscal year.

SECTION 2. This act shall become effective September 1, 1994."

Passed the Senate the 12th day of April, 1994.

President of the Senate

Passed the House of Representatives the ____ day of

_____, 1994.

Speaker of the House of Representatives