

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

HOUSE BILL NO. 2402

By: Weese

AS INTRODUCED

An Act relating to schools; amending 70 O.S. 1991, Sections 18-107, as amended by Section 3, Chapter 111, O.S.L. 1992, 18-200, as last amended by Section 31, Chapter 267, O.S.L. 1995, and 18-201, as last amended by Section 1, Chapter 359, O.S.L. 1994 (70 O.S. Supp. 1995, Sections 18-107, 18-200 and 18-201), which relate to the State Aid Formula; modifying definitions; modifying the Base Foundation Support Level; modifying the Incentive Aid guarantee; modifying the midterm supplement in State Aid, and procedures and computations related thereto; requiring certain membership reports; specifying certain data; modifying and providing for procedures and calculations relating to the student growth funding supplement in State Aid; requiring certain notification to school districts; modifying for the purpose of student growth funding the weighted average daily membership of a school district for calculation of Foundation Aid and Salary and Incentive 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 18-107, as amended by Section 3, Chapter 111, O.S.L. 1992 (70 O.S. Supp. 1995, 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)~~ without excuse five (5) consecutive school days shall be taken off the roll beginning the ~~21st~~ sixth 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; and

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 2. AMENDATORY 70 O.S. 1991, Section 18-200, as last amended by Section 31, Chapter 267, O.S.L. 1995 (70 O.S. Supp. 1995, 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~~ F 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 ~~1995-96~~ 1996-97 school year, the Base Foundation Support Level shall be ~~One Thousand One Hundred Sixty-five Dollars~~ ~~(\$1,165.00)~~ _____ Dollars (\$0.00).

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 ~~1995-96~~ 1996-97 school year, the Incentive Aid guarantee shall be ~~Fifty-six Dollars and fifty-one cents (\$56.51)~~

Dollars (\$0.00).

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 each~~ Until the 1996-97 school year, any school district with a membership that is at least one and one-half percent (1 1/2%) greater than the highest average daily 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 each school year, for each additional pupil in membership which equals or exceeds the one and one-half percent (1 1/2%) increase over the highest average daily 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 average daily membership 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. 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~~ F 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. For the 1996-97 school year, and each school year thereafter, any school district with a membership increase greater than twenty (20) or an average daily membership that is more than two percent (2%) greater than the average daily membership of the

preceding year of the school district shall receive a student growth supplement in State Aid to be determined as follows:

1. For each school year, for each additional average daily membership over the average daily membership of the preceding school year, the school district shall receive funding to be determined as follows:

- a. add the increase in unweighted average daily membership that is greater than the average daily membership of the preceding year to the weighted average daily membership which was used to calculate the State Aid Formula allocation for the school district for the current school year, and
- b. recalculate the school district's State Aid Formula allocation pursuant to subsection B of this section.

Each school district shall submit to the State Department of Education a quarterly membership report as developed by the State Department of Education. These reports shall be submitted on October 15, December 15, March 15 and at the end of the school district's school year. The quarterly membership report shall be received by the State Department of Education no later than fifteen (15) days after the required submission dates. State Aid Formula payments for the month following the report deadline shall be withheld until the State Department of Education receives the report. The State Department of Education shall submit a report to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate by April 15 of each year. The report shall include the projected average daily membership for the next school year based on the average daily membership of the first three quarters of the current school year.

Data used for the calculation for the student growth funding supplement shall be that which is submitted to the State Department of Education for the first and second quarters of the current school

year for which the student growth funding supplement is to be paid as compared to the average daily membership of the preceding school year.

The data contained in the first two (2) quarterly membership reports for all school districts which qualify for student growth funding shall be audited by the State Department of Education. If a district does not qualify for student growth funding using the quarterly membership reports, it may request an audit of the data by the State Department of Education no later than January 20. If, based on the postaudit data, the school district is entitled to receive student growth funding, the State Department of Education shall adjust the school district's State Aid payments during the remainder of the school year.

The student growth funding supplement shall be allocated to qualifying school districts beginning with the month following the month in which the audit is completed and each month thereafter for the remainder of the fiscal year for which the supplement is to be paid. Each monthly payment shall be approximately equal in amount.

If a school district that qualified for student growth funding has an average daily membership as determined by the end-of-year membership audit which is less than the average daily membership that was used in the calculation to determine qualification for student growth funding, the audited end-of-year average daily membership figure shall be used to recalculate the supplement level pursuant to subparagraphs a and b of this paragraph. Any monies paid for a student growth funding supplement which is more than the newly calculated supplement level for which the school district qualifies shall be subtracted from the State Aid calculation for the next school year.

2. Pupils shall not be included in the average daily 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 student growth funding supplement is to be calculated, or in the preceding school year, shall qualify for student growth funding as if annexed or consolidated membership had been enrolled in the current district for the preceding year.

4. For any district qualifying for the student growth funding 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 school district shall receive no student growth funding 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 student growth funding supplement shall be the difference between these two amounts.

5. Any school district which qualifies for a student growth funding supplement shall have deducted for the supplement an amount equal to the amount of carryover in the district's general fund as of June 30 of the preceding school year that is in excess of the standards set out in subsection F of this section.

6. If funds appropriated to the State Board of Education, and as set out in a separate line item in the allocation section of the appropriation bill for each year, for the purpose of paying the student growth funding 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.

7. Within ten (10) days after the effective date of this act, the State Department of Education shall notify each school district

in writing concerning the changes in student growth funding as provided for in this subsection.

E. 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, 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, 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.~~ F. 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. For the 1995-96 school year, any school district which receives proceeds from a tax settlement during the last two (2) months of the fiscal year ending June 30, 1995, shall be exempt from the penalties assessed in this paragraph,

if the penalty would occur solely as a result of receiving funds from the tax settlement.

~~F.~~ G. For the purposes of paying State Aid for the 1995-96 school year, no child shall be included in the average daily membership of a school district for the 1993-94 or 1994-95 school year if the child is being served during the 1995-96 school year through the provisions of the Oklahoma Early Intervention Act.

~~G.~~ H. 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 Forty-seven Dollars and sixty cents (\$1,147.60) 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 3. AMENDATORY 70 O.S. 1991, Section 18-201, as last amended by Section 1, Chapter 359, O.S.L. 1994 (70 O.S. Supp. 1995, Section 18-201), is amended to read as follows:

Section 18-201. A. ~~The 1.~~ Except as otherwise provided, 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 18-200 of this 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.

2. Beginning with the 1996-97 school year for the purpose of providing student growth funding, the weighted average daily membership of a school district for calculation of Foundation Aid and Salary Incentive Aid pursuant to Section 18-200 of this title shall be the sum of the weighted pupil grade level calculation, the weighted pupil category calculation, the weighted district calculation plus the unweighted average daily membership of the first two quarterly membership reports which is greater than the average daily membership of the preceding year.

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

Except as otherwise provided, 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. For the 1995-96 school year the number to be multiplied by the weight assigned to the gifted category in subparagraph g of this paragraph shall be the lesser of (1) the sum of the number of students who scored in the top three percent (3%) on any national standardized test of intellectual ability plus the number of students identified

as gifted pursuant to subparagraphs a through d of paragraph 1 of Section 1210.301 of this title or (2) the sum of the number of students who scored in the top three percent (3%) on any national standardized test of intellectual ability plus twelve percent (12%) of the total average daily membership of the school district for the preceding school year. For the 1996-97 school year and subsequent school years the number to be multiplied by the weight assigned to the gifted category in subparagraph g of this paragraph shall be the lesser of (1) the sum of the number of students who scored in the top three percent (3%) on any national standardized test of intellectual ability plus the number of students identified as gifted pursuant to subparagraphs a through d of paragraph 1 of Section 1210.301 of this title or (2) the sum of the number of students who scored in the top three percent (3%) on any national standardized test of intellectual ability plus eight percent (8%) of the total average daily membership of the school district for the preceding school year.

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: $529 \text{ minus total average daily membership divided by } 529 \text{ times } .2 \text{ times total average daily membership.}$

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.

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. This act shall become effective July 1, 1996.

SECTION 5. 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.

45-2-15400 PC