

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

HOUSE BILL NO. 2884

By: Reese

AS INTRODUCED

An Act relating to schools funds; making an appropriation to the State Board of Education; stating purpose; amending 70 O.S. 1991, Sections 18-107, as amended by Section 3, Chapter 111, O.S.L. 1992 and 18-200, as last amended by Section 31, Chapter 267, O.S.L. 1995 (70 O.S. Supp. 1995, Sections 18-107 and 18-200), which relate to State Aid; modifying allowed absence figure which is used to calculate average daily membership; providing for selection of date used to calculate midterm supplement; providing for noncodification; and declaring an emergency.

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

SECTION 1. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury, the sum of \_\_\_\_\_ Dollars (\$0.00) or so much thereof as may be necessary to the State Board of Education for supplements in State Aid to school districts for the 1995-96 school year.

SECTION 2. 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)~~ five (5) consecutive days shall be taken off the roll beginning the ~~21st~~ 6th 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.

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 3. 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 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 school year, the Base Foundation Support Level shall be One Thousand One Hundred Sixty-five Dollars (\$1,165.00).

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 school year, the Incentive Aid guarantee shall be Fifty-six Dollars and fifty-one cents (\$56.51).

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 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~~ The State Superintendent of Public Instruction shall, on or after October 15th of each year, determine the date on which the average daily membership data is to be collected which shall be 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. The date used shall fall between September 15th and October 15th 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 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, 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. 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>General Fund Collections,<br>Excluding Previous Year<br>Cash Surplus as of June 30 | Amount of<br>General Fund<br>Balance<br>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. 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. 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 4. NONCODIFICATION Section 1 of this act shall not be codified in the Oklahoma Statutes.

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.

45-2-8679

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