

STATE OF OKLAHOMA

1st Session of the 49th Legislature (2003)

CONFERENCE COMMITTEE SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 1153

By: Pettigrew of the House

and

Ford of the Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to schools; amending 70 O.S. 2001, Sections 7-201, 7-202, 7-203 and 7-204, which relate to the Oklahoma School Consolidation and Annexation Act; changing name of act; clarifying statutory reference; establishing new dates for access to the School Consolidation Assistance Fund; modifying timetable for allocations from the Fund by the State Board of Education; deleting obsolete provision for funding from the School Consolidation Assistance Fund for certain school districts; changing certain funds for which schools districts consolidating or annexing pursuant to the Oklahoma School Consolidation and Annexation Act may have preference; amending 70 O.S. 2001, Section 18-113.4, which relates to penalties for violation of class size limitations; providing certain exception for schools that consolidate or annex pursuant to the Oklahoma School Consolidation and Annexation Act; amending 70 O.S. 2001, Section 18-200.1, as amended by Section 1, Chapter 228, O.S.L. 2002 (70 O.S. Supp. 2002, Section 18-200.1), which relates to the State Aid formula; providing certain exception to penalty on excessive carryover for schools that consolidate or annex pursuant the Oklahoma School Consolidation and Annexation Act; amending 70 O.S. 2001, Section 18-201.1, which relates to State Aid formula weights; allowing certain school districts that consolidate or annex pursuant to the Oklahoma School Consolidation and Annexation Act to continue to receive funding generated by the small school weight or by the district sparsity-isolation weight; 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. 2001, Section 7-201, is amended to read as follows:

Section 7-201. ~~Section~~ Sections 7-201 through ~~Section~~ 7-205 of this title shall be known and may be cited as the "Oklahoma School Voluntary Consolidation and Annexation Act".

SECTION 2. AMENDATORY 70 O.S. 2001, Section 7-202, is amended to read as follows:

Section 7-202. The provisions of ~~Section 7-201 through Section 7-205 of this title~~ the Oklahoma School Voluntary Consolidation and Annexation Act shall apply only to school districts whose entire territory has been annexed to one or more existing school districts or which have been created by the consolidation of two or more existing school districts in accordance with the provisions of Section 7-101 et seq. of Title 70 of the Oklahoma Statutes.

SECTION 3. AMENDATORY 70 O.S. 2001, Section 7-203, is amended to read as follows:

Section 7-203. A. There is hereby created in the State Treasury a fund to be designated the "School Consolidation Assistance Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of any monies the Legislature may appropriate or transfer to the fund and any monies contributed for the fund from any other source, public or private.

B. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the State Board of Education for the purposes established by this section, the Legislature and in accordance with rules promulgated by the State Board of Education. The purposes shall be to provide voluntarily consolidated school districts or districts who have received part or all of the territory and part or all of the students of a school district dissolved by voluntary annexation, during the first year of consolidation or annexation, with a single one-year allocation of funds needed for:

1. Purchase of uniform textbooks in cases where the several districts were not using the same textbooks prior to consolidation or annexation;

2. Employment of certified personnel required to teach courses of the district for which personnel from the districts consolidated or annexed are not certified and available;

3. Employment assistance for personnel of the several districts who are not employed by the consolidated or annexing district.

Employment assistance may include provision of a severance allowance for administrators, teachers and support personnel not to exceed eighty percent (80%) of the individual's salary or wages, exclusive of fringe benefits, for the school year preceding the consolidation or annexation. Personnel receiving such severance pay may accumulate one (1) year of creditable service for retirement purposes. Employment assistance may also include the payment of unemployment compensation benefits. The State Board of Education shall provide a severance allowance to employees dismissed from employment due to annexation or consolidation of a school district in the year of the annexation or consolidation and who were denied a severance allowance or unemployment compensation benefits and the voluntary consolidation funding of the annexing or consolidating district or districts has been paid ~~prior to July 1, 1992~~ on or after July 1, 2003, at the maximum allowable amount. Application for a severance allowance shall be made to the Finance Division of the State Department of Education by the dismissed employee no later than ~~September 1, 1991~~, of the fiscal year immediately following the fiscal year in which the annexation or consolidation occurred;

4. Furnishing and equipping classrooms and laboratories;

5. Purchase of additional transportation equipment; and

6. When deemed essential by the State Board of Education to achieve consolidation or combination by annexation, renovation of existing school buildings and construction or other acquisition of

school buildings; provided, a consolidated district or annexing district shall not be eligible for any monies for renovation or construction or other acquisition of school buildings pursuant to ~~Section 7-201 et seq. of this title~~ the Oklahoma School Voluntary Consolidation and Annexation Act until the board of education and the electors of the newly formed district or annexing district approve all the maximum levies allowable pursuant to subsections (a), (c), (d) and (d-1) of Section 9 of Article X of the Oklahoma Constitution and Section 10 of Article X of the Oklahoma Constitution and until the newly formed district or annexing district incurs at least eighty-five percent (85%) of the maximum indebtedness, including existing indebtedness, allowable under Section 26 of Article X of the Oklahoma Constitution.

C. The State Board of Education shall only make allocations from the fund to school districts formed from the combination of two or more of the districts whose boards of education notify the State Board of Education on or before June 30, ~~1992~~, of their intent to annex or consolidate and are subsequently combined by such means by January 1, ~~1994~~ of the second year following the notification of intent. If the boards of education of more than two hundred fifty such districts apply, allocations will be made only to districts formed from the combination of two or more of the first two hundred fifty such districts making application.

D. Allocations will be made to school districts formed by consolidation or which have received part or all of the territory and students of a school district by annexation on the basis of combined average daily membership (ADM) of the second school year preceding the first year of operation of the school district resulting from the consolidation or annexation; provided, not more than five hundred ADM of any one school district shall be counted in determining the combined ADM of any district formed by consolidation or which has received part or all of the territory and students of a

school district by annexation. Except as provided for in subsection H of this section, the ADM of any one school district shall not be considered more than once for allocations from the fund when the school district annexes to or consolidates with two or more school districts.

E. To calculate combined ADM in cases where a school district annexes to two or more school districts, allocations from the fund shall be based on the lesser of:

1. The annexing school district's ADM as limited by this section plus the number of students from the annexed school district that the annexing school district will gain; or

2. The ADM as limited by this section that the annexing school district is gaining from the annexed school district plus the annexing school district's ADM as multiplied by the percentage of students the annexing school district is receiving from the annexed school district of all annexing school districts; provided the annexing school district's ADM thus calculated shall not exceed five hundred (500).

F. Allocations from the fund shall be calculated by multiplying the combined ADM by:

1. Five Hundred Dollars (\$500.00) when two districts are combined;

2. Six Hundred Dollars (\$600.00) when three districts are combined;

3. Seven Hundred Dollars (\$700.00) when four districts are combined; and

4. Eight Hundred Dollars (\$800.00) when five or more districts are combined.

Allocations, nevertheless, shall be limited to the amount justified for meeting eligible needs as set forth in paragraphs 1 through 6 of subsection B of this section. If monies in the School Consolidation Assistance Fund are insufficient to make allocations to all

qualified combined districts, allocations shall be made based upon earliest date of application.

G. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

~~H. Any school district which was consolidated or which participated in an annexation after October 31, 1989, and before August 20, 1991, shall be eligible to receive an amount of funds from the School Consolidation Assistance Fund. The amount of funds shall be calculated for the eligible school districts by the State Department of Education in the same manner as if the small school district formula in subparagraph a of paragraph 3 of subsection B of Section 18-201 of this title had been in effect for fiscal years 1991 and 1992 for those eligible school districts.~~

SECTION 4. AMENDATORY 70 O.S. 2001, Section 7-204, is amended to read as follows:

Section 7-204. Consolidated districts and districts combined by annexation which are created pursuant to the Oklahoma School Voluntary Consolidation and Annexation Act shall have for three (3) subsequent consecutive years after consolidation or annexation preference for allocations from funds appropriated to the State Board of Education for ~~Library Resources~~, Community Education, ~~Early Childhood~~, Alternative and High Challenge Schools, ~~Career Education~~, School/Community Network for Arts-in-Education, Instructional Cooperative and Technical Education, Advanced Placement Incentives, and for all other allocations made by the ~~board~~ Board on a competitive basis.

SECTION 5. AMENDATORY 70 O.S. 2001, Section 18-113.4, is amended to read as follows:

Section 18-113.4 A. Beginning with the 1997-98 school year, the penalties for exceeding class size limitations established in Sections 18-113.1, 18-113.2 and 18-113.3 of this title shall not

apply if the class size limitations, as set forth in said sections, are exceeded beginning after the first nine (9) weeks of the school year. If the class size limitations are exceeded during the first nine (9) weeks, the penalties shall apply.

B. For the purposes of calculating class size penalties established in Sections 18-113.1, 18-113.2 and 18-113.3 of this title, school districts shall use only the full-time-equivalency of the instructional staff who are under contract to work the full school year in question.

C. Beginning July 1, 2003, school districts that participate in consolidation or annexation pursuant to the provisions of the Oklahoma School Voluntary Consolidation and Annexation Act shall be exempt from the provisions of Sections 18-113.1, 18-113.2 and 18-113.3 of this title for the year in which the consolidation or annexation occurs and for the next five (5) fiscal years.

SECTION 6. AMENDATORY 70 O.S. 2001, Section 18-200.1, as amended by Section 1, Chapter 228, O.S.L. 2002 (70 O.S. Supp. 2002, Section 18-200.1), is amended to read as follows:

Section 18-200.1 A. Beginning with the 1997-98 school year, and each school year thereafter, each school district shall have its initial allocation of State Aid calculated based on the state dedicated revenues actually collected during the preceding fiscal year, the adjusted assessed valuation of the preceding year and the highest weighted average daily membership for the school district of the two (2) preceding school years. The State Department of Education shall notify each school district by July 15 of the district's initial allocation level. Each school district shall submit the following data based on the first nine (9) weeks, to be used in the calculation of the average daily membership of the school district:

1. Student enrollment by grade level;
2. Pupil category counts; and

3. Transportation supplement data.

On or before December 30, the State Department of Education shall determine each school district's current year allocation pursuant to subsection D of this section. The State Department of Education shall complete an audit, using procedures established by the Department, of the student enrollment by grade level data, pupil category counts and transportation supplement data to be used in the State Aid Formula pursuant to subsection D of this section by December 1 and by January 15 shall notify each school district of the district's final State Aid allocation for the current school year. The January payment of State Aid and each subsequent payment for the remainder of the school year shall be based on the final State Aid allocation as calculated in subsection D of this section. Except for reductions made due to the assessment of penalties by the State Department of Education according to law, the January payment of State Aid and each subsequent payment for the remainder of the school year shall not decrease by an amount more than the amount that the current chargeable revenue increases for that district.

B. The State Department of Education shall retain not less than one and one-half percent (1 1/2%) of the total funds appropriated for financial support of schools, to be used to make midyear adjustments in State Aid and which shall be reflected in the final allocations. If the amount of appropriated funds, including the one and one-half percent (1 1/2%) retained, remaining after January 1 of each year is not sufficient to fully fund the final allocations, each school district shall receive a proportionate reduction in funding.

C. On and after July 1, 1997, 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 G 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.

The July calculation of 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's 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.

The December calculation of per pupil revenue shall be determined by dividing the district's preceding year's total weighted average daily membership (ADM) into the district's preceding year's 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.

D. For the 1997-98 school year, and each school year thereafter, 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 highest weighted average daily membership based on the first nine (9) weeks of the current school year, the preceding school year or the second preceding school year of a school district, as determined by the provisions of subsection A of Section 18-201.1 of this title and paragraphs 1, 2, 3 and 4 of subsection B of Section 18-201.1 of this title, multiplied by the Base Foundation Support Level.

b. The Foundation Program Income shall be the sum of the following:

- (1) The adjusted assessed valuation of the current school year of the school district, minus the previous year protested ad valorem tax revenues held as prescribed in Section 2884 of Title 68 of the Oklahoma Statutes, multiplied by the mills levied pursuant to subsection (c) of Section 9 of Article X of the Oklahoma Constitution, if applicable, as adjusted in subsection (c) of Section 8A of Article X of the Oklahoma Constitution. For purposes of this subsection, the "adjusted assessed valuation of the current school year" shall be the adjusted assessed valuation on which tax revenues are collected during the current school year, and
- (2) Seventy-five percent (75%) of the amount received by the school district from the proceeds of the county levy during the 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 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 highest weighted average daily membership based on the first nine (9) weeks of the current school year, the preceding school year or the second preceding school year of a school district, as determined by the provisions of subsection A of Section 18-201.1 of this title and paragraphs 1, 2, 3 and 4 of subsection B of Section 18-201.1 of this title.
- b. Divide the district's adjusted assessed valuation of the current school year minus the previous year's protested ad valorem tax revenues held as prescribed in Section 2884 of Title 68 of the Oklahoma Statutes, 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 pursuant to division (1) of subparagraph b of paragraph 1 of this subsection, 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.

E. By June 30, 1998, the State Department of Education shall develop and the Department and all school districts shall have implemented a student identification system which is consistent with the provisions of subsections C and D of Section 3111 of Title 74 of the Oklahoma Statutes. The student identification system shall be used specifically for the purpose of reporting enrollment data by school sites and by school districts, the administration of the Oklahoma School Testing Program Act, the collection of appropriate and necessary data pursuant to the Oklahoma Educational Indicators Program, determining student enrollment, establishing a student mobility rate, allocation of the State Aid Formula and mid-year adjustments in funding for student growth. This enrollment data shall be submitted to the State Department of Education in accordance with rules promulgated by the State Board of Education. Funding for the development, implementation, personnel training and maintenance of the student identification system shall be set out in a separate line item in the allocation section of the appropriation bill for the State Board of Education for each year.

F. 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.

For the 1997-98 school year, school districts who had over One Hundred Fifty Thousand Dollars (\$150,000.00) held in protest by a commercial entity as part of the 1995 assessed valuation shall have the protested amount subtracted from the current year assessed valuation as used for the purposes of calculating State Aid.

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.

G. 1. 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 general fund of the district 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 - \$9,999,999	16%
\$10,000,000 - \$11,999,999	15%
\$12,000,000 - \$13,999,999	14%
\$14,000,000 - \$15,999,999	13%
\$16,000,000 - \$17,999,999	12%
\$18,000,000 - \$19,999,999	11%
\$20,000,000 - \$21,999,999	10%
\$22,000,000 - \$23,999,999	9%
More than \$24,000,000	8%

2. 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.

3. Any school district which receives proceeds from a tax settlement or a Federal Emergency Management Agency settlement during the last two (2) months of the preceding fiscal year shall be exempt from the penalties assessed in this subsection, if the penalty would occur solely as a result of receiving funds from the tax settlement.

4. Any school district which receives an increase in State Aid because of a change in Foundation and/or Salary Incentive Aid

factors during the last two (2) months of the preceding fiscal year shall be exempt from the penalties assessed in this subsection, if the penalty would occur solely as a result of receiving funds from the increase in State Aid.

5. If a school district does not receive Foundation and/or Salary Incentive Aid during the preceding fiscal year, the State Board of Education may waive the penalty assessed in this subsection if the penalty would result in a loss of more than forty percent (40%) of the remaining State Aid to be allocated to the school district between April 1st and the remainder of the school year and if the Board determines the penalty will cause the school district to not meet remaining financial obligations.

6. On or before June 30, 2001, the State Board of Education shall restore to a school district any State Aid penalty assessed pursuant to this subsection during the fiscal year ending June 30, 2001.

7. Any school district which receives gross production revenue apportionment during the 2000-2001 school year that is greater than the gross production revenue apportionment of the preceding school year shall be exempt from the penalty assessed in this subsection, if the penalty would occur solely as a result of the gross production revenue apportionment, as determined by the State Board of Education.

8. Any school district which receives proceeds from the School District Utility Assistance Program during the 2000-2001 school year shall be exempt from the penalty assessed in this subsection, if the penalty would occur solely as a result of receiving funds from the Program, as determined by the State Board of Education.

9. The State Board of Education shall waive for all school districts the penalty assessed in this subsection during the fiscal year ending June 30, 2002 and the fiscal year ending June 30, 2003.

10. Beginning July 1, 2003, school districts that participate in consolidation or annexation pursuant to the provisions of the Oklahoma School Voluntary Consolidation and Annexation Act shall be exempt from the penalty assessed in this subsection for the school year in which the consolidation or annexation occurs and for the next three (3) fiscal years.

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. The advanced funding shall not exceed the per pupil amount of State Aid as calculated in subsection D of this section 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.

I. 1. Beginning July 1, 1996, the Oklahoma Tax Commission, notwithstanding any provision of law to the contrary, shall report monthly to the Oklahoma State Department of Education the monthly apportionment of the following information:

- a. the assessed valuation of property,
- b. motor vehicle collections,
- c. R.E.A. tax collected, and
- d. gross productions tax collected.

2. Beginning July 1, 1997, the State Auditor and Inspector's Office, notwithstanding any provision of law to the contrary, shall report monthly to the Oklahoma State Department of Education the monthly apportionment of the proceeds of the county levy.

3. Beginning July 1, 1996, the Commissioners of the Land Office, notwithstanding any provision of law to the contrary, shall report monthly to the State Department of Education the monthly apportionment of state apportionment.

4. Beginning July 1, 1997, the county treasurers' offices, notwithstanding any provision of law to the contrary, shall report monthly to the Oklahoma State Department of Education the ad valorem tax protest amounts for each county.

5. The information reported by the Tax Commission, the State Auditor and Inspector's Office, the county treasurers' offices and the Commissioners of the Land Office, pursuant to this subsection shall be reported by school district on forms developed by the State Department of Education.

SECTION 7. AMENDATORY 70 O.S. 2001, Section 18-201.1, is amended to read as follows:

Section 18-201.1 A. Beginning with the 1997-98 school year, and each school year thereafter, the weighted membership of a school district for calculation of Foundation Aid purposes pursuant to paragraph 1 of subsection D of Section 18-200.1 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. The weighted membership of a school district for calculation of Salary Incentive Aid purposes pursuant to paragraph 3 of subsection D of Section 18-200.1 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.

B. The weighted calculations provided for in subsection A of this section shall be based on the highest weighted average daily membership of the first nine (9) weeks of the current school year, the preceding school year or the second preceding school year of a

school district, unless otherwise specified. The highest of the three (3) weighted average daily memberships shall be used consistently in all of the calculations. The average daily membership data used for all calculations in paragraphs 1, 2, 3 and 4 of this subsection shall be the same as used in the calculation of the State Aid Formula. 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 and assigning weights to the pupils according to grade attended as follows:

	GRADE LEVEL	WEIGHT
a.	Half-day early childhood programs	.7
b.	Full-day early childhood programs	1.3
c.	Kindergarten	1.3
d.	First and second grade	1.351
e.	Third grade	1.051
f.	Fourth through sixth grade	1.0
g.	Seventh through twelfth grade	1.2
h.	Out-of-home placement	1.50

Multiply the membership of each subparagraph of this paragraph by the weight assigned to such subparagraph of this paragraph 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. The pupils eligible for the out-of-home placement pupil weight shall be students who are not residents of the school district in which they are receiving education pursuant to the provisions of subsection D of Section 1-113 of this title. Such weight may be claimed by the district providing educational services to such student for the days that student is enrolled in that district. If claimed, the out-of-home

placement weight shall be in lieu of the pupil grade level and any pupil category weights for that student. Provided, if a student resides in a juvenile detention center that is restricted to less than twelve (12) beds, the out-of-home placement pupil weight for such students shall be calculated as follows: for a center with six (6) beds - 3.0; for a center with eight (8) beds - 2.3 and for a center with ten (10) beds - 1.80.

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. Deaf or Hard-of-Hearing	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 school year with the highest average daily membership 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 1996-97 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 eight percent (8%) of the total average daily membership of the school district for the preceding school year. For the 1997-98 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 first nine (9) weeks of the 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: $529 \text{ minus the average daily membership divided by } 529 \text{ times } .2 \text{ times total average daily membership.}$

The small school district formula calculation shall apply only to school districts whose highest average daily membership is less than 529 pupils. School districts which are consolidated or annexed after ~~August 19, 1991~~ July 1, 2003, pursuant to the Oklahoma School Voluntary Consolidation and Annexation Act shall have the weighted district size calculation for the ~~two (2)~~ three (3) 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 Voluntary 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:

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.

The July calculation of the 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 State Aid Formula for the preceding year, net assessed valuation for the preceding calendar year times thirty-nine (39) mills, county revenues excluding the county four-mills revenues for the second preceding year, other state appropriations for the preceding year and the collections for the preceding year of state apportionment, motor vehicle revenue, gross production tax and R.E.A. tax.

The December calculation of the projected per pupil revenue shall be determined by dividing the highest of the district's first nine (9) weeks of the current school year or the two preceding school 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 funds for the December calculation of the current year State Aid Formula, net assessed valuation for the current calendar year times thirty-nine (39) mills, county revenues excluding the county four-mills revenue for the preceding year,

other state appropriations for the preceding year and the collections for the preceding year of state apportionment, motor vehicle revenue, gross production tax and R.E.A. tax.

The district's projected total revenues for each calculation 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 8. This act shall become effective July 1, 2003.

SECTION 9. 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.

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