

**EHB 1344**

**THE STATE SENATE**  
**Monday, April 11, 2005**

**ENGROSSED**

**House Bill No. 1344**

**As Amended**

ENGROSSED HOUSE BILL NO. 1344 - By: BANZ, BLACKWELL, McCARTER,  
BRADDOCK and WALKER of the House and CRUTCHFIELD of the Senate.

**[ schools - State Aid Formula - modifying carryover amount -  
effective date - emergency ]**

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

SECTION 1. AMENDATORY 70 O.S. 2001, Section 18-200.1, as  
last amended by Section 2, Chapter 533, O.S.L. 2004 (70 O.S. Supp.  
2004, 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. 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;

- 1        2. Pupil category counts; and
- 2        3. Transportation supplement data.

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

20        B. The State Department of Education shall retain not less than  
21 one and one-half percent (1 1/2%) of the total funds appropriated  
22 for financial support of schools, to be used to make midyear  
23 adjustments in State Aid and which shall be reflected in the final

1 allocations. If the amount of appropriated funds, including the one  
2 and one-half percent (1 1/2%) retained, remaining after January 1 of  
3 each year is not sufficient to fully fund the final allocations, the  
4 Department shall recalculate each school district's remaining  
5 allocation pursuant to subsection D of this section using the  
6 reduced amount of appropriated funds.

7 C. On and after July 1, 1997, the amount of State Aid each  
8 district shall receive shall be the sum of the Foundation Aid, the  
9 Salary Incentive Aid and the Transportation Supplement, as adjusted  
10 pursuant to the provisions of subsection G of this section and  
11 Section 18-112.2 of this title; provided, no district having per  
12 pupil revenue in excess of three hundred percent (300%) of the  
13 average per pupil revenue of all districts shall receive any State  
14 Aid or Supplement in State Aid.

15 The July calculation of per pupil revenue shall be determined by  
16 dividing the district's second preceding year's total weighted  
17 average daily membership (ADM) into the district's second preceding  
18 year's total revenues excluding federal revenue, insurance loss  
19 payments, reimbursements, recovery of overpayments and refunds,  
20 unused reserves, prior expenditures recovered, prior year surpluses,  
21 and less the amount of any transfer fees paid in that year.

22 The December calculation of per pupil revenue shall be  
23 determined by dividing the district's preceding year's total

1 weighted average daily membership (ADM) into the district's  
2 preceding year's total revenues excluding federal revenue, insurance  
3 loss payments, reimbursements, recovery of overpayments and refunds,  
4 unused reserves, prior expenditures recovered, prior year surpluses,  
5 and less the amount of any transfer fees paid in that year.

6 D. For the 1997-98 school year, and each school year  
7 thereafter, Foundation Aid, the Transportation Supplement and Salary  
8 Incentive Aid shall be calculated as follows:

9 1. Foundation Aid shall be determined by subtracting the amount  
10 of the Foundation Program Income from the cost of the Foundation  
11 Program and adding to this difference the Transportation Supplement.

12 a. The Foundation Program shall be a district's highest  
13 weighted average daily membership based on the first  
14 nine (9) weeks of the current school year, the  
15 preceding school year or the second preceding school  
16 year of a school district, as determined by the  
17 provisions of subsection A of Section 18-201.1 of this  
18 title and paragraphs 1, 2, 3 and 4 of subsection B of  
19 Section 18-201.1 of this title, multiplied by the Base  
20 Foundation Support Level.

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

- 1 (1) The adjusted assessed valuation of the current  
2 school year of the school district, minus the  
3 previous year protested ad valorem tax revenues  
4 held as prescribed in Section 2884 of Title 68 of  
5 the Oklahoma Statutes, multiplied by the mills  
6 levied pursuant to subsection (c) of Section 9 of  
7 Article X of the Oklahoma Constitution, if  
8 applicable, as adjusted in subsection (c) of  
9 Section 8A of Article X of the Oklahoma  
10 Constitution. For purposes of this subsection,  
11 the "adjusted assessed valuation of the current  
12 school year" shall be the adjusted assessed  
13 valuation on which tax revenues are collected  
14 during the current school year, and
- 15 (2) Seventy-five percent (75%) of the amount received  
16 by the school district from the proceeds of the  
17 county levy during the preceding fiscal year, as  
18 levied pursuant to subsection (b) of Section 9 of  
19 Article X of the Oklahoma Constitution, and
- 20 (3) Motor Vehicle Collections, and  
21 (4) Gross Production Tax, and  
22 (5) State Apportionment, and  
23 (6) R.E.A. Tax.

1           The items listed in divisions (3), (4), (5), and (6)  
2           of this subparagraph shall consist of the amounts  
3           actually collected from such sources during the  
4           preceding fiscal year calculated on a per capita basis  
5           on the unit provided for by law for the distribution  
6           of each such revenue.

7           2. The Transportation Supplement shall be equal to the average  
8           daily haul times the per capita allowance times the appropriate  
9           transportation factor.

10           a. The average daily haul shall be the number of children  
11           in a district who are legally transported and who live  
12           one and one-half (1 1/2) miles or more from school.

13           b. The per capita allowance shall be determined using the  
14           following chart:

	PER CAPITA
DENSITY FIGURE	ALLOWANCE
17   .3000 - .3083	\$167.00
18   .3084 - .3249	\$165.00
19   .3250 - .3416	\$163.00
20   .3417 - .3583	\$161.00
21   .3584 - .3749	\$158.00
22   .3750 - .3916	\$156.00
23   .3917 - .4083	\$154.00

1	.4084 - .4249	\$152.00
2	.4250 - .4416	\$150.00
3	.4417 - .4583	\$147.00
4	.4584 - .4749	\$145.00
5	.4750 - .4916	\$143.00
6	.4917 - .5083	\$141.00
7	.5084 - .5249	\$139.00
8	.5250 - .5416	\$136.00
9	.5417 - .5583	\$134.00
10	.5584 - .5749	\$132.00
11	.5750 - .5916	\$130.00
12	.5917 - .6133	\$128.00
13	.6134 - .6399	\$125.00
14	.6400 - .6666	\$123.00
15	.6667 - .6933	\$121.00
16	.6934 - .7199	\$119.00
17	.7200 - .7466	\$117.00
18	.7467 - .7733	\$114.00
19	.7734 - .7999	\$112.00
20	.8000 - .8266	\$110.00
21	.8267 - .8533	\$108.00
22	.8534 - .8799	\$106.00
23	.8800 - .9066	\$103.00

1	.9067 - .9333	\$101.00
2	.9334 - .9599	\$99.00
3	.9600 - .9866	\$97.00
4	.9867 - 1.1071	\$95.00
5	1.1072 - 1.3214	\$92.00
6	1.3215 - 1.5357	\$90.00
7	1.5358 - 1.7499	\$88.00
8	1.7500 - 1.9642	\$86.00
9	1.9643 - 2.1785	\$84.00
10	2.1786 - 2.3928	\$81.00
11	2.3929 - 2.6249	\$79.00
12	2.6250 - 2.8749	\$77.00
13	2.8750 - 3.1249	\$75.00
14	3.1250 - 3.3749	\$73.00
15	3.3750 - 3.6666	\$70.00
16	3.6667 - 3.9999	\$68.00
17	4.0000 - 4.3333	\$66.00
18	4.3334 - 4.6666	\$64.00
19	4.6667 - 4.9999	\$62.00
20	5.0000 - 5.5000	\$59.00
21	5.5001 - 6.0000	\$57.00
22	6.0001 - 6.5000	\$55.00
23	6.5001 - 7.0000	\$53.00

1	7.0001 - 7.3333	\$51.00
2	7.3334 - 7.6667	\$48.00
3	7.6668 - 8.0000	\$46.00
4	8.0001 - 8.3333	\$44.00
5	8.3334 - 8.6667	\$42.00
6	8.6668 - 9.0000	\$40.00
7	9.0001 - 9.3333	\$37.00
8	9.3334 - 9.6667	\$35.00
9	9.6668 or more	\$33.00

10           c.    The formula transportation factor shall be 1.39.

11           3.    Salary Incentive Aid shall be determined as follows:

12           a.    Multiply the Incentive Aid guarantee by the district's  
13                   highest weighted average daily membership based on the  
14                   first nine (9) weeks of the current school year, the  
15                   preceding school year or the second preceding school  
16                   year of a school district, as determined by the  
17                   provisions of subsection A of Section 18-201.1 of this  
18                   title and paragraphs 1, 2, 3 and 4 of subsection B of  
19                   Section 18-201.1 of this title.

20           b.    Divide the district's adjusted assessed valuation of  
21                   the current school year minus the previous year's  
22                   protested ad valorem tax revenues held as prescribed  
23                   in Section 2884 of Title 68 of the Oklahoma Statutes,

1 by one thousand (1,000) and subtract the quotient from  
2 the product of subparagraph a of this paragraph. The  
3 remainder shall not be less than zero (0).

4 c. Multiply the number of mills levied for general fund  
5 purposes above the fifteen (15) mills required to  
6 support Foundation Aid pursuant to division (1) of  
7 subparagraph b of paragraph 1 of this subsection, not  
8 including the county four-mill levy, by the remainder  
9 of subparagraph b of this paragraph. The product  
10 shall be the Salary Incentive Aid of the district.

11 E. By June 30, 1998, the State Department of Education shall  
12 develop and the Department and all school districts shall have  
13 implemented a student identification system which is consistent with  
14 the provisions of subsections C and D of Section 3111 of Title 74 of  
15 the Oklahoma Statutes. The student identification system shall be  
16 used specifically for the purpose of reporting enrollment data by  
17 school sites and by school districts, the administration of the  
18 Oklahoma School Testing Program Act, the collection of appropriate  
19 and necessary data pursuant to the Oklahoma Educational Indicators  
20 Program, determining student enrollment, establishing a student  
21 mobility rate, allocation of the State Aid Formula and mid-year  
22 adjustments in funding for student growth. This enrollment data  
23 shall be submitted to the State Department of Education in

1 accordance with rules promulgated by the State Board of Education.  
2 Funding for the development, implementation, personnel training and  
3 maintenance of the student identification system shall be set out in  
4 a separate line item in the allocation section of the appropriation  
5 bill for the State Board of Education for each year.

6 F. 1. In the event that ad valorem taxes of a school district  
7 are determined to be uncollectible because of bankruptcy, clerical  
8 error, or a successful tax protest, and the amount of such taxes  
9 deemed uncollectible exceeds Fifty Thousand Dollars (\$50,000.00) or  
10 an amount greater than twenty-five percent (25%) of ad valorem taxes  
11 per tax year, or the valuation of a district is lowered by order of  
12 the State Board of Equalization, the school district's State Aid,  
13 for the school year that such ad valorem taxes are calculated in the  
14 State Aid Formula, shall be determined by subtracting the net  
15 assessed valuation of the property upon which taxes were deemed  
16 uncollectible from the assessed valuation of the school district and  
17 the state. Upon request of the local board of education, it shall  
18 be the duty of the county assessor to certify to the Director of  
19 Finance of the State Department of Education the net assessed  
20 valuation of the property upon which taxes were determined  
21 uncollectible.

22 2. In the event that the amount of funds a school district  
23 receives for reimbursement from the Ad Valorem Reimbursement Fund is

1 less than the amount of funds claimed for reimbursement by the  
 2 school district due to insufficiency of funds as provided in Section  
 3 193 of Title 62 of the Oklahoma Statutes, then the school district's  
 4 assessed valuation for the school year that such ad valorem  
 5 reimbursement is calculated in the State Aid Formula shall be  
 6 adjusted accordingly.

7 G. 1. Notwithstanding the provisions of Section 18-112.2 of  
 8 this title, a school district shall have its State Aid reduced by an  
 9 amount equal to the amount of carryover in the general fund of the  
 10 district as of June 30 of the preceding fiscal year, that is in  
 11 excess of the following standards:

Total Amount of	Amount of
General Fund Collections,	General Fund
Excluding Previous Year	Balance
Cash Surplus as of June 30	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	<del>16%</del> <u>18%</u>
\$8,000,000 - \$9,999,999	16%
\$10,000,000 - <del>\$11,999,999</del> <u>or more</u>	15%

1	<del>\$12,000,000 — \$13,999,999</del>	14%
2	<del>\$14,000,000 — \$15,999,999</del>	13%
3	<del>\$16,000,000 — \$17,999,999</del>	12%
4	<del>\$18,000,000 — \$19,999,999</del>	11%
5	<del>\$20,000,000 — \$21,999,999</del>	10%
6	<del>\$22,000,000 — \$23,999,999</del>	9%
7	<del>More than \$24,000,000</del>	8%

8           2. By February 1 the State Department of Education shall send  
9 by certified mail, with return receipt requested, to each School  
10 District Superintendent, Auditor and Regional Accreditation Officer  
11 a notice of and calculation sheet reflecting the general fund  
12 balance penalty to be assessed against that school district.  
13 Calculation of the general fund balance penalty shall not include  
14 federal revenue. Within thirty (30) days of receipt of this written  
15 notice the school district shall submit to the Department a written  
16 reply either accepting or protesting the penalty to be assessed  
17 against the district. If protesting, the school district shall  
18 submit with its reply the reasons for rejecting the calculations and  
19 documentation supporting those reasons. The Department shall review  
20 all school district penalty protest documentation and notify each  
21 district by March 15 of its finding and the final penalty to be  
22 assessed to each district. General fund balance penalties shall be  
23 assessed to all school districts by April 1.

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

7           4. Any school district which receives an increase in State Aid  
8 because of a change in Foundation and/or Salary Incentive Aid  
9 factors during the last two (2) months of the preceding fiscal year  
10 shall be exempt from the penalties assessed in this subsection, if  
11 the penalty would occur solely as a result of receiving funds from  
12 the increase in State Aid.

13           5. If a school district does not receive Foundation and/or  
14 Salary Incentive Aid during the preceding fiscal year, the State  
15 Board of Education may waive the penalty assessed in this subsection  
16 if the penalty would result in a loss of more than forty percent  
17 (40%) of the remaining State Aid to be allocated to the school  
18 district between April 1 and the remainder of the school year and if  
19 the Board determines the penalty will cause the school district not  
20 to meet remaining financial obligations.

21           6. Any school district which receives gross production revenue  
22 apportionment during the 2002-2003 school year or in any subsequent  
23 school year that is greater than the gross production revenue

1 apportionment of the preceding school year shall be exempt from the  
2 penalty assessed in this subsection, if the penalty would occur  
3 solely as a result of the gross production revenue apportionment, as  
4 determined by the State Board of Education.

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

11 8. Any school district which receives proceeds from a sales tax  
12 levied by a municipality pursuant to Section 22-159 of Title 11 of  
13 the Oklahoma Statutes or proceeds from a sales tax levied by a  
14 county pursuant to Section 1370 of Title 68 of the Oklahoma Statutes  
15 during the 2003-2004 school year or the 2004-2005 school year shall  
16 be exempt from the penalties assessed in this subsection, if the  
17 penalty would occur solely as a result of receiving funds from the  
18 sales tax levy.

19 9. For purposes of calculating the general fund balance  
20 penalty, the terms "carryover" and "general fund balance" shall not  
21 include federal revenue.

22 H. In order to provide startup funds for the implementation of  
23 early childhood programs, State Aid may be advanced to school

1 districts that initially start early childhood instruction at a  
2 school site. School districts that desire such advanced funding  
3 shall make application to the State Department of Education no later  
4 than September 15 of each year and advanced funding shall be awarded  
5 to the approved districts no later than October 30. The advanced  
6 funding shall not exceed the per pupil amount of State Aid as  
7 calculated in subsection D of this section per anticipated Head  
8 Start eligible student. The total amount of advanced funding shall  
9 be proportionately reduced from the monthly payments of the  
10 district's State Aid payments during the last six (6) months of the  
11 same fiscal year.

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

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

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

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

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

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

14           SECTION 2. This act shall become effective July 1, 2005.

15           SECTION 3. It being immediately necessary for the preservation  
16 of the public peace, health and safety, an emergency is hereby  
17 declared to exist, by reason whereof this act shall take effect and  
18 be in full force from and after its passage and approval.

19 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 4-6-05 - DO  
20 PASS, As Amended.