

CS for EHB 1627

1 THE STATE SENATE  
2 Wednesday, April 13, 2005

3 Committee Substitute for  
4 ENGROSSED

5 House Bill No. 1627

6 COMMITTEE SUBSTITUTE FOR ENGROSSED HOUSE BILL NO. 1627 - By: WILT,  
7 BRADDOCK and BANZ of the House and RILEY of the Senate.

8 [ schools - State Aid Formula - general fund carryover  
9 balance allowable - school district elections - legal notice  
10 and press release requirements - effective date -  
11 emergency ]

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

13 SECTION 1. AMENDATORY 70 O.S. 2001, Section 18-200.1, as  
14 last amended by Section 2, Chapter 533, O.S.L. 2004 (70 O.S. Supp.  
15 2004, Section 18-200.1), is amended to read as follows:

16 Section 18-200.1 A. Beginning with the 1997-98 school year,  
17 and each school year thereafter, each school district shall have its  
18 initial allocation of State Aid calculated based on the state  
19 dedicated revenues actually collected during the preceding fiscal  
20 year, the adjusted assessed valuation of the preceding year and the  
21 highest weighted average daily membership for the school district of  
22 the two (2) preceding school years. Each school district shall  
23 submit the following data based on the first nine (9) weeks, to be  
24 used in the calculation of the average daily membership of the  
25 school district:

- 1        1. Student enrollment by grade level;
- 2        2. Pupil category counts; and
- 3        3. Transportation supplement data.

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

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

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

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

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

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

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

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

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

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

1 (5) State Apportionment, and

2 (6) R.E.A. Tax.

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

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

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

15 b. The per capita allowance shall be determined using the  
16 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	

1	.3750 - .3916	\$156.00	1.5358 - 1.7499	\$88.00
2	.3917 - .4083	\$154.00	1.7500 - 1.9642	\$86.00
3	.4084 - .4249	\$152.00	1.9643 - 2.1785	\$84.00
4	.4250 - .4416	\$150.00	2.1786 - 2.3928	\$81.00
5	.4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00
6	.4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00
7	.4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00
8	.4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00
9	.5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00
10	.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
11	.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
12	.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
13	.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
14	.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
15	.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
16	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
17	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
18	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
19	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
20	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
21	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
22	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
23	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00

1	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
2	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
3	.9067 - .9333	\$101.00	9.6668 or more	\$33.00

4           c.    The formula transportation factor shall be 1.39.

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

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

14          b.   Divide the district's adjusted assessed valuation of  
15                  the current school year minus the previous year's  
16                  protested ad valorem tax revenues held as prescribed  
17                  in Section 2884 of Title 68 of the Oklahoma Statutes,  
18                  by one thousand (1,000) and subtract the quotient from  
19                  the product of subparagraph a of this paragraph. The  
20                  remainder shall not be less than zero (0).

21          c.   Multiply the number of mills levied for general fund  
22                  purposes above the fifteen (15) mills required to  
23                  support Foundation Aid pursuant to division (1) of

1                   subparagraph b of paragraph 1 of this subsection, not  
2                   including the county four-mill levy, by the remainder  
3                   of subparagraph b of this paragraph. The product  
4                   shall be the Salary Incentive Aid of the district.

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

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

17 2. In the event that the amount of funds a school district  
18 receives for reimbursement from the Ad Valorem Reimbursement Fund is  
19 less than the amount of funds claimed for reimbursement by the  
20 school district due to insufficiency of funds as provided in Section  
21 193 of Title 62 of the Oklahoma Statutes, then the school district's  
22 assessed valuation for the school year that such ad valorem

1 reimbursement is calculated in the State Aid Formula shall be  
 2 adjusted accordingly.

3 G. 1. Notwithstanding the provisions of Section 18-112.2 of  
 4 this title, a school district shall have its State Aid reduced by an  
 5 amount equal to the amount of carryover in the general fund of the  
 6 district as of June 30 of the preceding fiscal year, that is in  
 7 excess of the following standards for two consecutive years:

8	Total Amount of	Amount of
9	General Fund Collections,	General Fund
10	Excluding Previous Year	Balance
11	Cash Surplus as of June 30	Allowable
12	Less than \$1,000,000	40%
13	\$1,000,000 - \$2,999,999	35%
14	\$3,000,000 - \$3,999,999	30%
15	\$4,000,000 - \$4,999,999	25%
16	\$5,000,000 - \$5,999,999	20%
17	\$6,000,000 - \$7,999,999	<del>16%</del> <u>18%</u>
18	\$8,000,000 - \$9,999,999	16%
19	<del>\$10,000,000 - \$11,999,999</del>	<del>15%</del>
20	<del>\$12,000,000 - \$13,999,999</del>	<del>14%</del>
21	<del>\$14,000,000 - \$15,999,999</del>	<del>13%</del>
22	<del>\$16,000,000 - \$17,999,999</del>	<del>12%</del>
23	<del>\$18,000,000 - \$19,999,999</del>	<del>11%</del>

1	<del>\$20,000,000 — \$21,999,999</del>	<del>10%</del>
2	<del>\$22,000,000 — \$23,999,999</del>	<del>9%</del>
3	<del>More than \$24,000,000</del> <u>or more</u>	<del>8%</del> <u>14%</u>

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

20           3. Any school district which receives proceeds from a tax  
21 settlement or a Federal Emergency Management Agency settlement  
22 during the last two (2) months of the preceding fiscal year shall be  
23 exempt from the penalties assessed in this subsection, if the

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

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

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

17 6. Any school district which receives gross production revenue  
18 apportionment during the 2002-2003 school year or in any subsequent  
19 school year that is greater than the gross production revenue  
20 apportionment of the preceding school year shall be exempt from the  
21 penalty assessed in this subsection, if the penalty would occur  
22 solely as a result of the gross production revenue apportionment, as  
23 determined by the State Board of Education.

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

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

15           9. For purposes of calculating the general fund balance  
16 penalty, the terms "carryover" and "general fund balance" shall not  
17 include federal revenue.

18           H. In order to provide startup funds for the implementation of  
19 early childhood programs, State Aid may be advanced to school  
20 districts that initially start early childhood instruction at a  
21 school site. School districts that desire such advanced funding  
22 shall make application to the State Department of Education no later  
23 than September 15 of each year and advanced funding shall be awarded

1 to the approved districts no later than October 30. The advanced  
2 funding shall not exceed the per pupil amount of State Aid as  
3 calculated in subsection D of this section per anticipated Head  
4 Start eligible student. The total amount of advanced funding shall  
5 be proportionately reduced from the monthly payments of the  
6 district's State Aid payments during the last six (6) months of the  
7 same fiscal year.

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

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

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

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

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

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

10       SECTION 2.        AMENDATORY        26 O.S. 2001, Section 13A-109, as  
11 amended by Section 8, Chapter 369, O.S.L. 2004 (26 O.S. Supp. 2004,  
12 Section 13A-109), is amended to read as follows:

13       Section 13A-109. A. The board of education of every school  
14 district and technology center school district shall notify, by  
15 resolution, the secretary of the county election board responsible  
16 for certifying its election of any regular or special election.

17       B. The resolution calling for an election or elections shall  
18 include, but shall not be limited to, the following information:

19       1. Date or dates of the election or elections;

20       2. Identification of the office or offices to be filled,  
21 qualifications of candidates for office and the length of term of  
22 each;

1           3. Information describing election districts within the school  
2 district, if applicable;

3           4. Ballot titles of the question or questions to be voted upon;

4           5. Information describing the persons eligible to vote in the  
5 election; and

6           6. All other information necessary for conducting the election  
7 or elections.

8           C. Resolutions calling for regular elections shall be delivered  
9 to the secretary of the county election board no fewer than fifteen  
10 (15) days preceding the first day of the filing period. The  
11 resolution shall contain all questions to be voted upon at the  
12 election to be held on the day as required in Section 13A-103 of  
13 this title.

14           D. Resolutions calling for special elections shall be delivered  
15 to the secretary of the county election board no fewer than sixty  
16 (60) days preceding the election.

17           E. ~~For elections of members of the board of education of a~~  
18 ~~school district and technology center school district, in~~ In  
19 addition to notifying the secretary of the county election board of  
20 the election by resolution as required in this section:

21           1. For elections of members of the board of education of a  
22 school district, the board shall also publish a legal notice for  
23 each regular and special election in one issue of a legal newspaper

1 of the county, as defined by Section 106 of Title 25 of the Oklahoma  
2 Statutes, in ~~each~~ the county wherein the school district  
3 administrative office is located at least ten (10) days prior to the  
4 filing period and shall issue a news release of the upcoming filing  
5 period and election to a newspaper of general circulation in ~~each~~  
6 the county wherein the school district administrative office is  
7 located. The legal notice and press release shall include, but  
8 shall not be limited to, the dates of the filing period for the  
9 election or elections and ~~all information contained in the~~  
10 ~~resolution describing the election as provided for in subsection B~~  
11 ~~of this section~~ the office or offices to be filled. The notice  
12 shall also be posted at the school district administrative offices  
13 and county election board offices; and

14 2. For elections of members of the board of education of a  
15 technology center school district, the board shall also publish a  
16 legal notice for each regular and special election in one issue of a  
17 legal newspaper of the county, as defined by Section 106 of Title 25  
18 of the Oklahoma Statutes, in each county wherein the school district  
19 board of education has elected to participate in the technology  
20 center district at least ten (10) days prior to the filing period.  
21 Additionally, the technology center school district shall issue a  
22 news release of the upcoming filing period and election to a  
23 newspaper of general circulation in each county wherein the school

1 district board of education has elected to participate in the  
2 technology center district. The legal notice and press release  
3 shall include, but shall not be limited to, the dates of the filing  
4 period for the election or elections and the office or offices to be  
5 filled. The notice shall also be posted in each county at the  
6 technology center school district administrative offices, if such  
7 office exists in the county, and county election board office in  
8 each county.

9 SECTION 3. This act shall become effective July 1, 2005.

10 SECTION 4. It being immediately necessary for the preservation  
11 of the public peace, health and safety, an emergency is hereby  
12 declared to exist, by reason whereof this act shall take effect and  
13 be in full force from and after its passage and approval.

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