

CS for SB 531

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THE STATE SENATE
Wednesday, March 2, 2005

Committee Substitute for
Senate Bill No. 531

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 531 - By: PRUITT and GUMM
of the Senate and WILT of the House.

[schools - State Aid Formula - allowable general fund
carryover amounts - 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;
- 2. Pupil category counts; and

1 3. Transportation supplement data.

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

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

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

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

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

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

1 preceding year's total revenues excluding federal revenue, insurance
2 loss payments, reimbursements, recovery of overpayments and refunds,
3 unused reserves, prior expenditures recovered, prior year surpluses,
4 and less the amount of any transfer fees paid in that year.

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

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

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

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

22 (1) The adjusted assessed valuation of the current
23 school year of the school district, minus the

1 previous year protested ad valorem tax revenues
2 held as prescribed in Section 2884 of Title 68 of
3 the Oklahoma Statutes, multiplied by the mills
4 levied pursuant to subsection (c) of Section 9 of
5 Article X of the Oklahoma Constitution, if
6 applicable, as adjusted in subsection (c) of
7 Section 8A of Article X of the Oklahoma
8 Constitution. For purposes of this subsection,
9 the "adjusted assessed valuation of the current
10 school year" shall be the adjusted assessed
11 valuation on which tax revenues are collected
12 during the current school year, and

13 (2) Seventy-five percent (75%) of the amount received
14 by the school district from the proceeds of the
15 county levy during the preceding fiscal year, as
16 levied pursuant to subsection (b) of Section 9 of
17 Article X of the Oklahoma Constitution, and

18 (3) Motor Vehicle Collections, and

19 (4) Gross Production Tax, and

20 (5) State Apportionment, and

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

22 The items listed in divisions (3), (4), (5), and (6)
23 of this subparagraph shall consist of the amounts

1 actually collected from such sources during the
 2 preceding fiscal year calculated on a per capita basis
 3 on the unit provided for by law for the distribution
 4 of each such revenue.

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

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

11 b. The per capita allowance shall be determined using the
 12 following chart:

		PER CAPITA		PER CAPITA	
DENSITY FIGURE	ALLOWANCE	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		

1	.4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00
2	.4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00
3	.4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00
4	.4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00
5	.5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00
6	.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
7	.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
8	.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
9	.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
10	.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
11	.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
12	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
13	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
14	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
15	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
16	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
17	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
18	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
19	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
20	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
21	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
22	.9067 - .9333	\$101.00	9.6668 or more	\$33.00

23 c. The formula transportation factor shall be 1.39.

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

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

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

17 c. Multiply the number of mills levied for general fund
18 purposes above the fifteen (15) mills required to
19 support Foundation Aid pursuant to division (1) of
20 subparagraph b of paragraph 1 of this subsection, not
21 including the county four-mill levy, by the remainder
22 of subparagraph b of this paragraph. The product
23 shall be the Salary Incentive Aid of the district.

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

19 F. 1. In the event that ad valorem taxes of a school district
20 are determined to be uncollectible because of bankruptcy, clerical
21 error, or a successful tax protest, and the amount of such taxes
22 deemed uncollectible exceeds Fifty Thousand Dollars (\$50,000.00) or
23 an amount greater than twenty-five percent (25%) of ad valorem taxes

1 per tax year, or the valuation of a district is lowered by order of
2 the State Board of Equalization, the school district's State Aid,
3 for the school year that such ad valorem taxes are calculated in the
4 State Aid Formula, shall be determined by subtracting the net
5 assessed valuation of the property upon which taxes were deemed
6 uncollectible from the assessed valuation of the school district and
7 the state. Upon request of the local board of education, it shall
8 be the duty of the county assessor to certify to the Director of
9 Finance of the State Department of Education the net assessed
10 valuation of the property upon which taxes were determined
11 uncollectible.

12 2. In the event that the amount of funds a school district
13 receives for reimbursement from the Ad Valorem Reimbursement Fund is
14 less than the amount of funds claimed for reimbursement by the
15 school district due to insufficiency of funds as provided in Section
16 193 of Title 62 of the Oklahoma Statutes, then the school district's
17 assessed valuation for the school year that such ad valorem
18 reimbursement is calculated in the State Aid Formula shall be
19 adjusted accordingly.

20 G. 1. Notwithstanding the provisions of Section 18-112.2 of
21 this title, a school district shall have its State Aid reduced by an
22 amount equal to the amount of carryover in the general fund of the

1 district as of June 30 of the preceding fiscal year, that is in
 2 excess of the following standards for two consecutive years:

3	Total Amount of	Amount of
4	General Fund Collections,	General Fund
5	Excluding Previous Year	Balance
6	Cash Surplus as of June 30	Allowable
7	Less than \$1,000,000	40%
8	\$1,000,000 - \$2,999,999	35%
9	\$3,000,000 - \$3,999,999	30%
10	\$4,000,000 - \$4,999,999	25%
11	\$5,000,000 - \$5,999,999	20%
12	\$6,000,000 - \$7,999,999	16% <u>18%</u>
13	\$8,000,000 - \$9,999,999	16%
14	\$10,000,000 - \$11,999,999 <u>or more</u>	15% <u>14%</u>
15	\$12,000,000 - \$13,999,999	14%
16	\$14,000,000 - \$15,999,999	13%
17	\$16,000,000 - \$17,999,999	12%
18	\$18,000,000 - \$19,999,999	11%
19	\$20,000,000 - \$21,999,999	10%
20	\$22,000,000 - \$23,999,999	9%
21	More than \$24,000,000	8%

22 2. By February 1 the State Department of Education shall send
 23 by certified mail, with return receipt requested, to each School
 24 District Superintendent, Auditor and Regional Accreditation Officer

1 a notice of and calculation sheet reflecting the general fund
2 balance penalty to be assessed against that school district.
3 Calculation of the general fund balance penalty shall not include
4 federal revenue. Within thirty (30) days of receipt of this written
5 notice the school district shall submit to the Department a written
6 reply either accepting or protesting the penalty to be assessed
7 against the district. If protesting, the school district shall
8 submit with its reply the reasons for rejecting the calculations and
9 documentation supporting those reasons. The Department shall review
10 all school district penalty protest documentation and notify each
11 district by March 15 of its finding and the final penalty to be
12 assessed to each district. General fund balance penalties shall be
13 assessed to all school districts by April 1.

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

20 4. Any school district which receives an increase in State Aid
21 because of a change in Foundation and/or Salary Incentive Aid
22 factors during the last two (2) months of the preceding fiscal year
23 shall be exempt from the penalties assessed in this subsection, if

1 the penalty would occur solely as a result of receiving funds from
2 the increase in State Aid.

3 5. If a school district does not receive Foundation and/or
4 Salary Incentive Aid during the preceding fiscal year, the State
5 Board of Education may waive the penalty assessed in this subsection
6 if the penalty would result in a loss of more than forty percent
7 (40%) of the remaining State Aid to be allocated to the school
8 district between April 1 and the remainder of the school year and if
9 the Board determines the penalty will cause the school district not
10 to meet remaining financial obligations.

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

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

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

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

12 H. In order to provide startup funds for the implementation of
13 early childhood programs, State Aid may be advanced to school
14 districts that initially start early childhood instruction at a
15 school site. School districts that desire such advanced funding
16 shall make application to the State Department of Education no later
17 than September 15 of each year and advanced funding shall be awarded
18 to the approved districts no later than October 30. The advanced
19 funding shall not exceed the per pupil amount of State Aid as
20 calculated in subsection D of this section per anticipated Head
21 Start eligible student. The total amount of advanced funding shall
22 be proportionately reduced from the monthly payments of the

1 district's State Aid payments during the last six (6) months of the
2 same fiscal year.

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

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

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

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

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

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

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

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

11 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 2-23-05 - DO
12 PASS, As Amended and Coauthored.