

1 ENGROSSED SENATE
2 BILL NO. 80

By: Stanislawski, Fields and
Brecheen of the Senate

3 and

4 Jordan of the House
5

6
7 An Act relating to school funding; amending 70 O.S.
8 2001, Section 18-200.1, as last amended by Section 2,
9 Chapter 478, O.S.L. 2010 (70 O.S. Supp. 2010, Section
10 18-200.1), which relates to the state aid formula;
11 removing limit on school district carryover funds and
12 associated penalty; providing effective date; and
13 declaring an emergency.

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

15 SECTION 1. AMENDATORY 70 O.S. 2001, Section 18-200.1, as
16 last amended by Section 2, Chapter 478, O.S.L. 2010 (70 O.S. Supp.
17 2010, Section 18-200.1), is amended to read as follows:

18 Section 18-200.1. A. Beginning with the 1997-98 school year,
19 and each school year thereafter, each school district shall have its
20 initial allocation of State Aid calculated based on the state
21 dedicated revenues actually collected during the preceding fiscal
22 year, the adjusted assessed valuation of the preceding year and the
23 highest weighted average daily membership for the school district of
24 the two (2) preceding school years; however, the weighted membership
of nonresident, transferred pupils enrolled in online courses shall
be based on the weighted average daily membership of the preceding

1 school year. Each school district shall submit the following data
2 based on the first nine (9) weeks, to be used in the calculation of
3 the average daily membership of the school district:

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

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

24

1 B. The State Department of Education shall retain not less than
2 one and one-half percent (1 1/2%) of the total funds appropriated
3 for financial support of schools, to be used to make midyear
4 adjustments in State Aid and which shall be reflected in the final
5 allocations. If the amount of appropriated funds, including the one
6 and one-half percent (1 1/2%) retained, remaining after January 1 of
7 each year is not sufficient to fully fund the final allocations, the
8 Department shall recalculate each school district's remaining
9 allocation pursuant to subsection D of this section using the
10 reduced amount of appropriated funds.

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

19 The July calculation of per pupil revenue shall be determined by
20 dividing the district's second preceding year's total weighted
21 average daily membership (ADM) into the district's second preceding
22 year's total revenues excluding federal revenue, insurance loss
23 payments, reimbursements, recovery of overpayments and refunds,
24

1 unused reserves, prior expenditures recovered, prior year surpluses,
2 and less the amount of any transfer fees paid in that year.

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

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

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

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

1 weighted membership derived from nonresident,
2 transferred pupils enrolled in online courses, the
3 Foundation Program shall be a district's weighted
4 average daily membership of the preceding school year
5 or the first nine (9) weeks of the current school
6 year, whichever is greater, 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, multiplied by the Base
10 Foundation Support Level.

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

13 (1) The adjusted assessed valuation of the current
14 school year of the school district, minus the
15 previous year protested ad valorem tax revenues
16 held as prescribed in Section 2884 of Title 68 of
17 the Oklahoma Statutes, multiplied by the mills
18 levied pursuant to subsection (c) of Section 9 of
19 Article X of the Oklahoma Constitution, if
20 applicable, as adjusted in subsection (c) of
21 Section 8A of Article X of the Oklahoma
22 Constitution. For purposes of this subsection,
23 the "adjusted assessed valuation of the current
24 school year" shall be the adjusted assessed

1 valuation on which tax revenues are collected
2 during the current school year, and

- 3 (2) Seventy-five percent (75%) of the amount received
4 by the school district from the proceeds of the
5 county levy during the preceding fiscal year, as
6 levied pursuant to subsection (b) of Section 9 of
7 Article X of the Oklahoma Constitution, and
8 (3) Motor Vehicle Collections, and
9 (4) Gross Production Tax, and
10 (5) State Apportionment, and
11 (6) R.E.A. Tax.

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

18 2. The Transportation Supplement shall be equal to the average
19 daily haul times the per capita allowance times the appropriate
20 transportation factor.

- 21 a. The average daily haul shall be the number of children
22 in a district who are legally transported and who live
23 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	

1	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
2	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
3	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
4	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
5	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
6	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
7	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
8	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
9	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
10	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
11	.9067 - .9333	\$101.00	9.6668 or more	\$33.00

12 c. The formula transportation factor shall be 1.39.

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

14 a. Multiply the Incentive Aid guarantee by the district's
15 highest weighted average daily membership based on the
16 first 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.

22 b. Divide the district's adjusted assessed valuation of
23 the current school year minus the previous year's
24 protested ad valorem tax revenues held as prescribed

1 in Section 2884 of Title 68 of the Oklahoma Statutes,
2 by one thousand (1,000) and subtract the quotient from
3 the product of subparagraph a of this paragraph. The
4 remainder shall not be less than zero (0).

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

12 E. By June 30, 1998, the State Department of Education shall
13 develop and the Department and all school districts shall have
14 implemented a student identification system which is consistent with
15 the provisions of subsections C and D of Section 3111 of Title 74 of
16 the Oklahoma Statutes. The student identification system shall be
17 used specifically for the purpose of reporting enrollment data by
18 school sites and by school districts, the administration of the
19 Oklahoma School Testing Program Act, the collection of appropriate
20 and necessary data pursuant to the Oklahoma Educational Indicators
21 Program, determining student enrollment, establishing a student
22 mobility rate, allocation of the State Aid Formula and mid-year
23 adjustments in funding for student growth. This enrollment data
24 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
24 less than the amount of funds claimed for reimbursement by the

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

6 ~~G. 1. Notwithstanding the provisions of Section 18-112.2 of~~
 7 ~~this title, a school district shall have its State Aid reduced by an~~
 8 ~~amount equal to the amount of carryover in the general fund of the~~
 9 ~~district as of June 30 of the preceding fiscal year, that is in~~
 10 ~~excess of the following standards for two (2) consecutive years:~~

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	18%
\$8,000,000 — \$9,999,999	16%
\$10,000,000 or more	14%

23 ~~2. By February 1 the State Department of Education shall send~~
 24 ~~by certified mail, with return receipt requested, to each School~~

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

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

21 ~~4. Any school district which receives an increase in State Aid~~
22 ~~because of a change in Foundation and/or Salary Incentive Aid~~
23 ~~factors during the last two (2) months of the preceding fiscal year~~
24 ~~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.~~

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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. G. In order to provide startup funds for the implementation
13 of 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
23 district's State Aid payments during the last six (6) months of the
24 same fiscal year.

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

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

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

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

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

21 5. The information reported by the Tax Commission, the State
22 Auditor and Inspector's Office, the county treasurers' offices and
23 the Commissioners of the Land Office, pursuant to this subsection
24

1 shall be reported by school district on forms developed by the State
2 Department of Education.

3 SECTION 2. This act shall become effective July 1, 2011.

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

8 Passed the Senate the 14th day of March, 2011.

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Presiding Officer of the Senate

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12 Passed the House of Representatives the ____ day of _____,
13 2011.

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Presiding Officer of the House
of Representatives

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