

1 STATE OF OKLAHOMA

2 2nd Session of the 56th Legislature (2018)

3 SENATE BILL 1015

By: Stanislawski

6 AS INTRODUCED

7 An Act relating to school funding; amending 70 O.S.  
8 2011, Section 5-155, which relates to school district  
9 budgets; removing reference to the Salary Incentive  
10 Aid; amending 70 O.S. 2011, Section 18-112.2, which  
11 relates to the Supplement in State Aid; removing  
12 obsolete language; removing references to the Salary  
13 Incentive Aid and the Transportation Supplement;  
14 amending 70 O.S. 2011, Section 18-124, which relates  
15 to caps on administrative service expenditures;  
16 removing references to Salary Incentive Aid; amending  
17 70 O.S. 2011, Section 18-200.1, which relates to the  
18 State Aid formula; removing references to  
19 transportation supplement data; removing references  
20 to the Salary Incentive Aid and the Transportation  
21 Supplement; removing language providing for  
22 calculation of the Transportation Supplement and the  
23 Salary Incentive Aid; amending 70 O.S. 2011, Section  
24 18-201.1, which relates to calculating the weighted  
membership of a school district; removing language  
providing for calculation of weighted membership for  
Salary Incentive Aid purposes; 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. 2011, Section 5-155, is  
amended to read as follows:

Section 5-155. A. The school district budget shall represent a  
complete plan for the school district and shall present information

1 necessary and proper to disclose the financial position and  
2 condition of the school district and the revenues and expenditures  
3 thereof, both past and anticipated.

4 B. A school district budget shall contain a budget summary. It  
5 shall also be accompanied by a budget message which shall explain  
6 the budget and describe its important features. It shall contain at  
7 least the following in tabular form for each fund:

8 1. Actual revenues and expenditures for the immediate prior  
9 fiscal year;

10 2. Revenues and expenditures for the current fiscal year as  
11 shown by the budget for the current year as adopted or amended; and

12 3. Estimates of revenues and expenditures for the budget year.

13 C. The school district governing body shall hold a public  
14 hearing on the proposed budget within forty-five (45) days preceding  
15 the beginning of the budget year. Notice of the date, time and  
16 place of the hearing, together with the proposed budget summary,  
17 shall be published in a newspaper of general circulation in the  
18 school district not less than five (5) days before the date of the  
19 hearing. The clerk of the board shall make available a sufficient  
20 number of copies of the proposed budget as the governing body shall  
21 determine and shall have them available for review or for  
22 distribution at the office of the chief financial officer. At the  
23 public hearing on the budget any person may present to the governing  
24

1 body comments, recommendations or information on any part of the  
2 proposed budget.

3 D. The adopted budget shall be in effect no later than the  
4 first day of the fiscal year to which it applies. The budget as  
5 adopted and filed with the State Auditor and Inspector shall  
6 constitute an appropriation for each fund, and the appropriation  
7 thus made shall not be used for any other purpose except as provided  
8 by law.

9 E. Each school district shall amend the original budget after  
10 June 30 of each year after the June financial activity has been  
11 recorded, the annual Foundation ~~and Salary Incentive Aid~~ allocation  
12 has been released, and the property tax valuations have been  
13 certified for all affected counties within the school district. The  
14 amended budget shall include all of the following information which  
15 is applicable:

16 1. Valuation of the school district by county and  
17 classification, excluding homestead exemptions;

18 2. Bonded debt and judgments outstanding, including interest  
19 rates by maturity;

20 3. Matured debt and judgments;

21 4. Sinking fund balance, including cash and investments;

22 5. Sinking fund levy calculations, including surplus/deficit,  
23 principal accrual, annual interest, judgment installment and  
24 interest, total net levy and delinquency;

1       6. Levies in millage for general fund, building fund and  
2 sinking fund;

3       7. Millage adjustment factor, if applicable;

4       8. Previous year sinking fund collections, including total  
5 proceeds as certified, additions or deductions, reserve for  
6 delinquent tax, reserve for protest pending, tax apportioned, net  
7 balance in process of collection, and excess collections; and

8       9. Surplus analysis, including itemized sources of excess and  
9 deductions.

10       F. At the time required by law, the county excise board shall  
11 levy the taxes necessary for the school district general fund,  
12 building fund and sinking fund for the budget year pursuant to  
13 Sections 397 and 399 of Title 62 of the Oklahoma Statutes, and for  
14 the school district general and building funds for the budget year  
15 pursuant to Section 9 of Article X of the Oklahoma Constitution.

16       SECTION 2.       AMENDATORY       70 O.S. 2011, Section 18-112.2, is  
17 amended to read as follows:

18       Section 18-112.2. A. ~~For the 1987-88 school year and for each~~  
19 ~~school year thereafter, each school district which, pursuant to the~~  
20 ~~provisions of Section 18-112 of Title 70 of the Oklahoma Statutes,~~  
21 ~~received funding for the 1986-87 school year in excess of the sum of~~  
22 ~~Foundation Aid, Salary Incentive Aid, and Transportation Supplement~~  
23 ~~otherwise authorized pursuant to Section 18-109.2 of Title 70 of the~~  
24 ~~Oklahoma Statutes shall receive a Supplement in State Aid: For the~~

1 ~~1987-88 school year, said Supplement shall be equal to sixty-seven~~  
2 ~~percent (67%) of the amount of said excess funding, less the amount~~  
3 ~~by which the sum of Foundation Aid, Salary Incentive Aid, and~~  
4 ~~Transportation Supplement exceeds said sum for the preceding school~~  
5 ~~year; for the 1988-89 school year and thereafter, the Supplement in~~  
6 State Aid shall be an amount equal to the previous year's Supplement  
7 less the amount by which the ~~sum of~~ Foundation Aid, ~~Salary Incentive~~  
8 ~~Aid, and Transportation Supplement~~ for the school year being  
9 considered exceeds said ~~sum~~ amount for the preceding school year.  
10 No school district shall receive for any school year subsequent to  
11 the 1987-88 school year a Supplement in State Aid larger than said  
12 Supplement received for the year preceding the subsequent year.  
13 Districts ~~must~~ shall levy thirty-five (35) General Fund mills to  
14 receive this Supplement.

15 B. Eligibility of a district for a Supplement in State Aid  
16 shall not cause the district to be exempt from penalties required by  
17 the provisions of Section 18-113.1 of ~~Title 70 of the Oklahoma~~  
18 ~~Statutes~~ this title. Calculation of the Supplement in State Aid  
19 shall be based on use of unreduced average daily attendance for  
20 determination of the ~~sum of~~ Foundation Aid, ~~Salary Incentive Aid,~~  
21 ~~and Transportation Supplement~~. The actual amount of Foundation Aid,  
22 ~~Salary Incentive Aid, and Transportation Supplement~~ to be paid,  
23 however, shall be subject to the provisions of Section 18-113.1 of  
24 ~~Title 70 of the Oklahoma Statutes~~ this title.

SECTION 3. AMENDATORY 70 O.S. 2011, Section 18-124, is amended to read as follows:

Section 18-124. A. Any school district with an average daily attendance (ADA) of more than one thousand five hundred (1,500) students for the preceding year which expends for administrative services in the 2005-06 school year or any school year thereafter, less expenditures for legal services, more than five percent (5%) of the amount it expends for total expenditures, less expenditures for legal services, shall have the amount which exceeds the five percent (5%) withheld the following year from the Foundation ~~and Salary Incentive~~ Aid for the school district.

B. Any school district with an average daily attendance (ADA) of more than five hundred (500) students but not more than one thousand five hundred (1,500) students for the preceding year which expends for administrative services in the 2005-06 school year or any school year thereafter, less expenditures for legal services, more than seven percent (7%) of the amount it expends for total expenditures, less expenditures for legal services, shall have the amount which exceeds the seven percent (7%) withheld the following year from the Foundation ~~and Salary Incentive~~ Aid for the school district.

C. Any school district with an average daily attendance (ADA) of five hundred (500) or fewer students for the preceding year which expends for administrative services in the 2005-06 school year or

1 any school year thereafter, less expenditures for legal services,  
2 more than eight percent (8%) of the amount it expends for total  
3 expenditures, less expenditures for legal services, shall have the  
4 amount which exceeds the eight percent (8%) withheld the following  
5 year from the Foundation ~~and Salary Incentive~~ Aid for the school  
6 district.

7 D. For purposes of this section, "administrative services"  
8 means costs associated with:

- 9 1. Staff for the board of education;
- 10 2. The secretary/clerk for the board of education;
- 11 3. Staff relations;
- 12 4. Negotiations staff;
- 13 5. Immediate staff of the superintendent, any elementary  
14 superintendent or any assistant superintendent;
- 15 6. Any superintendent, elementary superintendent, or assistant  
16 superintendent;
- 17 7. Any employee of a school district employed as a director,  
18 coordinator, supervisor, or who has responsibility for  
19 administrative functions of a school district; and
- 20 8. Any consultant hired by the school district.

21 E. If an employee of a school district is employed in a  
22 position where part of the employee's time is spent as an  
23 administrator and part of the time is spent in nonadministrative  
24 functions, the percentage of time spent as an administrator shall be

1 included as administrative services. A superintendent who spends  
2 part of the time performing exempted nonadministrative services such  
3 as teaching in the classroom, serving as a principal, counselor, or  
4 library media specialist, can code up to forty percent (40%) of  
5 their salary to other nonadministrative functions. The total amount  
6 of time a superintendent of a school district spends performing  
7 services for a school district shall be included as administrative  
8 services even if part of the time the superintendent is performing  
9 nonexempted nonadministrative service functions. The total amount  
10 received by a superintendent from the school district as salary, for  
11 the performance of administrative and nonexempted nonadministrative  
12 services, shall be recorded under the code for superintendent salary  
13 as provided for in the Oklahoma Cost Accounting System.

14 F. Each school site within a school district shall take steps  
15 to ensure that the administrative costs for the school comply with  
16 the expenditure limits established for school districts in this  
17 section.

18 G. Funds withheld pursuant to the provisions of this section  
19 shall be distributed through the State Aid formula to the districts  
20 not so penalized.

21 H. For the 2003-04 and 2004-05 school year, school districts  
22 shall report to the State Department of Education the costs  
23 associated with administrative services for the school district as  
24 defined in subsection D of this section.



SECTION 4. AMENDATORY 70 O.S. 2011, 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; however, the weighted membership of nonresident, transferred pupils enrolled in online courses shall be based on the weighted average daily membership of the preceding school year. 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; and
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, and pupil category counts ~~and transportation supplement data~~ to be used in the State Aid Formula pursuant to subsection D of this section by

1 December 1 and by January 15 shall notify each school district of  
2 the district's final State Aid allocation for the current school  
3 year. The January payment of State Aid and each subsequent payment  
4 for the remainder of the school year shall be based on the final  
5 State Aid allocation as calculated in subsection D of this section.  
6 Except for reductions made due to the assessment of penalties by the  
7 State Department of Education according to law, the January payment  
8 of State Aid and each subsequent payment for the remainder of the  
9 school year shall not decrease by an amount more than the amount  
10 that the current chargeable revenue increases for that district.

11 B. The State Department of Education shall retain not less than  
12 one and one-half percent (1 1/2%) of the total funds appropriated  
13 for financial support of schools, to be used to make midyear  
14 adjustments in State Aid and which shall be reflected in the final  
15 allocations. If the amount of appropriated funds, including the one  
16 and one-half percent (1 1/2%) retained, remaining after January 1 of  
17 each year is not sufficient to fully fund the final allocations, the  
18 Department shall recalculate each school district's remaining  
19 allocation pursuant to subsection D of this section using the  
20 reduced amount of appropriated funds.

21 C. On and after July 1, 1997, the amount of State Aid each  
22 district shall receive shall be the ~~sum~~ amount of the Foundation  
23 Aid, ~~the Salary Incentive Aid and the Transportation Supplement,~~ as  
24 adjusted pursuant to the provisions of subsection G of this section

1 and Section 18-112.2 of this title; provided, no district having per  
2 pupil revenue in excess of three hundred percent (300%) of the  
3 average per pupil revenue of all districts shall receive any State  
4 Aid or Supplement in State Aid.

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

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

19 D. For the 1997-98 school year, and each school year  
20 thereafter, Foundation Aid, ~~the Transportation Supplement and Salary~~  
21 ~~Incentive Aid~~ shall be calculated as follows:

22 ~~1. Foundation Aid shall be determined~~ by subtracting the amount  
23 of the Foundation Program Income from the cost of the Foundation  
24 Program ~~and adding to this difference the Transportation Supplement.~~

1           ~~a.~~

2           1. The Foundation Program shall be a district's highest  
3 weighted average daily membership based on the first nine (9) weeks  
4 of the current school year, the preceding school year or the second  
5 preceding school year of a school district, as determined by the  
6 provisions of subsection A of Section 18-201.1 of this title and  
7 paragraphs 1, 2, 3 and 4 of subsection B of Section 18-201.1 of this  
8 title, multiplied by the Base Foundation Support Level. However,  
9 for the portion of weighted membership derived from nonresident,  
10 transferred pupils enrolled in online courses, the Foundation  
11 Program shall be a district's weighted average daily membership of  
12 the preceding school year or the first nine (9) weeks of the current  
13 school year, whichever is greater, as determined by the provisions  
14 of subsection A of Section 18-201.1 of this title and paragraphs 1,  
15 2, 3 and 4 of subsection B of Section 18-201.1 of this title,  
16 multiplied by the Base Foundation Support Level.

17           ~~b.~~

18           2. The Foundation Program Income shall be the sum of the  
19 following:

20                   ~~(1)~~

21           a. The adjusted assessed valuation of the current school  
22 year of the school district, minus the previous year  
23 protested ad valorem tax revenues held as prescribed  
24 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)~~

b. 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)~~

c. Motor Vehicle Collections, and

~~(4)~~

d. Gross Production Tax, and

~~(5)~~

e. State Apportionment, and

~~(6)~~

f. R.E.A. Tax.

The items listed in ~~divisions (3), (4), (5), and (6)~~  
subparagraphs c, d, e and f of this ~~subparagraph~~ paragraph  
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:~~

<del>PER CAPITA</del>			<del>PER CAPITA</del>		
<del>DENSITY FIGURE</del>	<del>ALLOWANCE</del>		<del>DENSITY FIGURE</del>	<del>ALLOWANCE</del>	
<del>.3000 - .3083</del>	<del>\$167.00</del>		<del>.9334 - .9599</del>	<del>\$99.00</del>	
<del>.3084 - .3249</del>	<del>\$165.00</del>		<del>.9600 - .9866</del>	<del>\$97.00</del>	
<del>.3250 - .3416</del>	<del>\$163.00</del>		<del>.9867 - 1.1071</del>	<del>\$95.00</del>	
<del>.3417 - .3583</del>	<del>\$161.00</del>		<del>1.1072 - 1.3214</del>	<del>\$92.00</del>	
<del>.3584 - .3749</del>	<del>\$158.00</del>		<del>1.3215 - 1.5357</del>	<del>\$90.00</del>	
<del>.3750 - .3916</del>	<del>\$156.00</del>		<del>1.5358 - 1.7499</del>	<del>\$88.00</del>	
<del>.3917 - .4083</del>	<del>\$154.00</del>		<del>1.7500 - 1.9642</del>	<del>\$86.00</del>	
<del>.4084 - .4249</del>	<del>\$152.00</del>		<del>1.9643 - 2.1785</del>	<del>\$84.00</del>	

1	<del>.4250</del>	<del>.4416</del>	<del>\$150.00</del>	<del>2.1786</del>	<del>2.3928</del>	<del>\$81.00</del>
2	<del>.4417</del>	<del>.4583</del>	<del>\$147.00</del>	<del>2.3929</del>	<del>2.6249</del>	<del>\$79.00</del>
3	<del>.4584</del>	<del>.4749</del>	<del>\$145.00</del>	<del>2.6250</del>	<del>2.8749</del>	<del>\$77.00</del>
4	<del>.4750</del>	<del>.4916</del>	<del>\$143.00</del>	<del>2.8750</del>	<del>3.1249</del>	<del>\$75.00</del>
5	<del>.4917</del>	<del>.5083</del>	<del>\$141.00</del>	<del>3.1250</del>	<del>3.3749</del>	<del>\$73.00</del>
6	<del>.5084</del>	<del>.5249</del>	<del>\$139.00</del>	<del>3.3750</del>	<del>3.6666</del>	<del>\$70.00</del>
7	<del>.5250</del>	<del>.5416</del>	<del>\$136.00</del>	<del>3.6667</del>	<del>3.9999</del>	<del>\$68.00</del>
8	<del>.5417</del>	<del>.5583</del>	<del>\$134.00</del>	<del>4.0000</del>	<del>4.3333</del>	<del>\$66.00</del>
9	<del>.5584</del>	<del>.5749</del>	<del>\$132.00</del>	<del>4.3334</del>	<del>4.6666</del>	<del>\$64.00</del>
10	<del>.5750</del>	<del>.5916</del>	<del>\$130.00</del>	<del>4.6667</del>	<del>4.9999</del>	<del>\$62.00</del>
11	<del>.5917</del>	<del>.6133</del>	<del>\$128.00</del>	<del>5.0000</del>	<del>5.5000</del>	<del>\$59.00</del>
12	<del>.6134</del>	<del>.6399</del>	<del>\$125.00</del>	<del>5.5001</del>	<del>6.0000</del>	<del>\$57.00</del>
13	<del>.6400</del>	<del>.6666</del>	<del>\$123.00</del>	<del>6.0001</del>	<del>6.5000</del>	<del>\$55.00</del>
14	<del>.6667</del>	<del>.6933</del>	<del>\$121.00</del>	<del>6.5001</del>	<del>7.0000</del>	<del>\$53.00</del>
15	<del>.6934</del>	<del>.7199</del>	<del>\$119.00</del>	<del>7.0001</del>	<del>7.3333</del>	<del>\$51.00</del>
16	<del>.7200</del>	<del>.7466</del>	<del>\$117.00</del>	<del>7.3334</del>	<del>7.6667</del>	<del>\$48.00</del>
17	<del>.7467</del>	<del>.7733</del>	<del>\$114.00</del>	<del>7.6668</del>	<del>8.0000</del>	<del>\$46.00</del>
18	<del>.7734</del>	<del>.7999</del>	<del>\$112.00</del>	<del>8.0001</del>	<del>8.3333</del>	<del>\$44.00</del>
19	<del>.8000</del>	<del>.8266</del>	<del>\$110.00</del>	<del>8.3334</del>	<del>8.6667</del>	<del>\$42.00</del>
20	<del>.8267</del>	<del>.8533</del>	<del>\$108.00</del>	<del>8.6668</del>	<del>9.0000</del>	<del>\$40.00</del>
21	<del>.8534</del>	<del>.8799</del>	<del>\$106.00</del>	<del>9.0001</del>	<del>9.3333</del>	<del>\$37.00</del>
22	<del>.8800</del>	<del>.9066</del>	<del>\$103.00</del>	<del>9.3334</del>	<del>9.6667</del>	<del>\$35.00</del>
23	<del>.9067</del>	<del>.9333</del>	<del>\$101.00</del>	<del>9.6668</del>	<del>or more</del>	<del>\$33.00</del>

24           ~~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  
24 per tax year, or the valuation of a district is lowered by order of

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

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

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

24	Total Amount of	Amount of
----	-----------------	-----------

1	General Fund Collections,	General Fund
2	Excluding Previous Year	Balance
3	Cash Surplus as of June 30	Allowable
4	Less than \$1,000,000	40%
5	\$1,000,000 - \$2,999,999	35%
6	\$3,000,000 - \$3,999,999	30%
7	\$4,000,000 - \$4,999,999	25%
8	\$5,000,000 - \$5,999,999	20%
9	\$6,000,000 - \$7,999,999	18%
10	\$8,000,000 - \$9,999,999	16%
11	\$10,000,000 or more	14%

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

1 district by March 15 of its finding and the final penalty to be  
2 assessed to each district. General fund balance penalties shall be  
3 assessed to all school districts by April 1.

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

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

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

1       6. Any school district which receives gross production revenue  
2 apportionment during the 2002-2003 school year or in any subsequent  
3 school year that is greater than the gross production revenue  
4 apportionment of the preceding school year shall be exempt from the  
5 penalty assessed in this subsection, if the penalty would occur  
6 solely as a result of the gross production revenue apportionment, as  
7 determined by the State Board of Education.

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

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

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

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

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

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

22 2. Beginning July 1, 1997, the State Auditor and Inspector's  
23 Office, notwithstanding any provision of law to the contrary, shall  
24

1 report monthly to the State Department of Education the monthly  
2 apportionment of the proceeds of the county levy.

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

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

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

16 SECTION 5. AMENDATORY 70 O.S. 2011, Section 18-201.1, is  
17 amended to read as follows:

18 Section 18-201.1. A. Beginning with the 1997-98 school year,  
19 and each school year thereafter, the weighted membership of a school  
20 district for calculation of Foundation Aid purposes pursuant to  
21 ~~paragraph 1 of~~ subsection D of Section 18-200.1 of this title shall  
22 be the sum of the weighted pupil grade level calculation, the  
23 weighted pupil category calculation, the weighted district  
24 calculation and the weighted teacher experience and degree

1 calculation. ~~The weighted membership of a school district for~~  
2 ~~calculation of Salary Incentive Aid purposes pursuant to paragraph 3~~  
3 ~~of subsection D of Section 18-200.1 of this title shall be the sum~~  
4 ~~of the weighted pupil grade level calculation, the weighted pupil~~  
5 ~~category calculation, the weighted district calculation, and the~~  
6 ~~weighted teacher experience and degree calculation.~~

7 B. The weighted calculations provided for in subsection A of  
8 this section shall be based on the highest weighted average daily  
9 membership of the first nine (9) weeks of the current school year,  
10 the preceding school year or the second preceding school year of a  
11 school district, unless otherwise specified. The highest of the  
12 three (3) weighted average daily memberships shall be used  
13 consistently in all of the calculations; however, the portion of  
14 weighted membership derived from nonresident, transferred pupils  
15 enrolled in online courses shall be based on the weighted average  
16 daily membership of the first nine (9) weeks of the current school  
17 year. The average daily membership data used for all calculations  
18 in paragraphs 1, 2, 3 and 4 of this subsection shall be the same as  
19 used in the calculation of the State Aid Formula. The weighted  
20 calculations provided for in subsection A of this section shall be  
21 determined as follows:

22 1. The weighted pupil grade level calculation shall be  
23 determined by taking the highest average daily membership and  
24



1 assigning weights to the pupils according to grade attended as  
2 follows:

3	GRADE LEVEL	WEIGHT
4	a. Half-day early childhood programs	.7
5	b. Full-day early childhood programs	1.3
6	c. Half-day kindergarten	1.3
7	d. Full-day kindergarten	1.5
8	e. First and second grade	1.351
9	f. Third grade	1.051
10	g. Fourth through sixth grade	1.0
11	h. Seventh through twelfth grade	1.2
12	i. Out-of-home placement	1.50

13 Multiply the membership of each subparagraph of this paragraph by  
14 the weight assigned to such subparagraph of this paragraph and add  
15 the totals together to determine the weighted pupil grade level  
16 calculation for a school district. Determination of the pupils  
17 eligible for the early childhood program weight shall be pursuant to  
18 the provisions of Section 1-114 of this title. The pupils eligible  
19 for the out-of-home placement pupil weight shall be students who are  
20 not residents of the school district in which they are receiving  
21 education pursuant to the provisions of subsection D of Section 1-  
22 113 of this title. Such weight may be claimed by the district  
23 providing educational services to such student for the days that  
24 student is enrolled in that district. If claimed, the out-of-home

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

8 2. The weighted pupil category calculation shall be determined  
9 by assigning a weight to the pupil category as follows:

10	CATEGORY	WEIGHT
11	a. Vision Impaired	3.8
12	b. Learning Disabilities	.4
13	c. Deaf or Hard-of-Hearing	2.9
14	d. Deaf and Blind	3.8
15	e. Educable Mentally Handicapped	1.3
16	f. Emotionally Disturbed	2.5
17	g. Gifted	.34
18	h. Multiple Handicapped	2.4
19	i. Physically Handicapped	1.2
20	j. Speech Impaired	.05
21	k. Trainable Mentally Handicapped	1.3
22	l. Bilingual	.25
23	m. Special Education Summer Program	1.2
24	n. Economically Disadvantaged	.25

1           o.   Optional Extended School Year

2                   Program

As determined by  
3                   the State Board  
4                   of Education

5 Except as otherwise provided, multiply the number of pupils approved  
6 in the school year with the highest average daily membership in each  
7 category by the weight assigned to such category and add the totals  
8 together to determine the weighted pupil category calculation for a  
9 school district. For the 1996-97 school year, the number to be  
10 multiplied by the weight assigned to the gifted category in  
11 subparagraph g of this paragraph shall be the lesser of (1) the sum  
12 of the number of students who scored in the top three percent (3%)  
13 on any national standardized test of intellectual ability plus the  
14 number of students identified as gifted pursuant to subparagraphs a  
15 through d of paragraph 1 of Section 1210.301 of this title or (2)  
16 the sum of the number of students who scored in the top three  
17 percent (3%) on any national standardized test of intellectual  
18 ability plus eight percent (8%) of the total average daily  
19 membership of the school district for the preceding school year.  
20 For the 1997-98 school year and subsequent school years, the number  
21 to be multiplied by the weight assigned to the gifted category in  
22 subparagraph g of this paragraph shall be the lesser of (1) the sum  
23 of the number of students who scored in the top three percent (3%)  
24 on any national standardized test of intellectual ability plus the

1 number of students identified as gifted pursuant to subparagraphs a  
2 through d of paragraph 1 of Section 1210.301 of this title, or (2)  
3 the sum of the number of students who scored in the top three  
4 percent (3%) on any national standardized test of intellectual  
5 ability plus eight percent (8%) of the total average daily  
6 membership of the school district for the first nine (9) weeks of  
7 the school year.

8 3. The weighted district calculation shall be determined by  
9 determining the calculations for each school district for both the  
10 small school district formula and the district sparsity - isolation  
11 formula, applying whichever is the greater of the calculations of  
12 the two formulas and then applying the restrictions pursuant to  
13 subparagraph c of this paragraph.

14 a. Small school district formula: 529 minus the average  
15 daily membership divided by 529 times .2 times total  
16 average daily membership.

17 The small school district formula calculation shall apply  
18 only to school districts whose highest average daily  
19 membership is less than 529 pupils. School districts which  
20 are consolidated or annexed after July 1, 2003, pursuant to  
21 the Oklahoma School Voluntary Consolidation and Annexation  
22 Act shall have the weighted district size calculation for  
23 the three (3) school years following the fiscal year in  
24 which such consolidation occurred calculated to be the sum

1 of the individual consolidated districts computed as if the  
2 consolidation had not taken place. Thereafter, any such  
3 district which is consolidated pursuant to the Oklahoma  
4 School Voluntary Consolidation and Annexation Act shall not  
5 qualify for the weighted district calculation unless the  
6 district can satisfy the specifications herein. Subject to  
7 the provisions of subparagraph c of this paragraph, the  
8 resulting number shall be counted as additional students  
9 for the purpose of calculating State Aid.

10 b. District sparsity - isolation formula:

11 The district sparsity - isolation formula calculation shall  
12 apply only to school districts:

13 (1) whose total area in square miles is greater than  
14 the average number of square miles for all school  
15 districts in this state; and

16 (2) whose areal density is less than one-fourth (1/4)  
17 of the state average areal density. Areal  
18 density shall be determined by dividing the  
19 school district's average daily membership by the  
20 school district's total area in square miles.

21 The district sparsity - isolation formula calculation shall  
22 be calculated as follows:

23 The school district student cost factor multiplied by  
24 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,

1                   add .78 to the quotient, then  
2                   multiply the sum by the Grade  
3                   Level ADM.

4           The sum of the grade level group's average daily  
5           membership shall be divided by the school district's  
6           average daily membership. The number one (1.0) shall  
7           be subtracted from the resulting quotient.

8           The school district area cost factor shall be calculated as  
9           follows:

10           Subtract the state average district area from the  
11           district area, then divide the remainder by the state  
12           average district area;

13           however, the district area cost factor shall not exceed one  
14           (1.0).

15           The State Board of Education shall define geographical barriers  
16           whose location in a school district would inhibit the district from  
17           consolidation or annexation. The Board shall make available an  
18           application process, review applications, and for districts the  
19           Board deems necessary allow additional square miles to be used for  
20           the purposes of calculations used for the weighted district sparsity  
21           - isolation formula. Provided, that the additional square miles  
22           allowed for geographical barriers shall not exceed thirty percent  
23           (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



1 including projected funds for the State Aid Formula  
2 for the preceding year, net assessed valuation for the  
3 preceding calendar year times thirty-nine (39) mills,  
4 county revenues excluding the county four-mills  
5 revenues for the second preceding year, other state  
6 appropriations for the preceding year and the  
7 collections for the preceding year of state  
8 apportionment, motor vehicle revenue, gross production  
9 tax and R.E.A. tax.

10 The December calculation of the projected per pupil  
11 revenue shall be determined by dividing the highest of  
12 the district's first nine (9) weeks of the current  
13 school year or the two preceding school years average  
14 daily membership (ADM) as weighted by the pupil grade  
15 level, the pupil category, the district and the  
16 teacher experience degree index calculations for  
17 projected State Aid into the district's projected  
18 total revenues including funds for the December  
19 calculation of the current year State Aid Formula, net  
20 assessed valuation for the current calendar year times  
21 thirty-nine (39) mills, county revenues excluding the  
22 county four-mills revenue for the preceding year,  
23 other state appropriations for the preceding year and  
24 the collections for the preceding year of state

1           apportionment, motor vehicle revenue, gross production  
2           tax and R.E.A. tax.

3           The district's projected total revenues for each  
4           calculation shall exclude the following collections  
5           for the second preceding year: federal revenue,  
6           insurance loss payments, reimbursements, recovery of  
7           overpayments and refunds, unused reserves, prior  
8           expenditures recovered, prior year surpluses, and  
9           other local miscellaneous revenues.

10          4. The weighted teacher experience and degree calculation shall  
11          be determined in accordance with the teacher experience and degree  
12          index. The State Department of Education shall determine an index  
13          for each state teacher by using data supplied in the school  
14          district's teacher personnel reports of the preceding year and  
15          utilizing the index as follows:

16          TEACHER EXPERIENCE - DEGREE INDEX

17   EXPERIENCE	BACHELOR'S	MASTER'S	DOCTOR'S
	DEGREE	DEGREE	DEGREE
19   0 - 2	.7	.9	1.1
20   3 - 5	.8	1.0	1.2
21   6 - 8	.9	1.1	1.3
22   9 - 11	1.0	1.2	1.4
23   12 - 15	1.1	1.3	1.5
24   Over 15	1.2	1.4	1.6

1       The school district teacher index for each school district shall  
2 be determined by subtracting the weighted average state teacher from  
3 the weighted average district teacher. Multiply the school district  
4 teacher index if greater than zero by .7 and then multiply that  
5 product by the sum of the district's weighted pupil grade level  
6 calculation provided in paragraph 1 of this subsection and the  
7 weighted pupil category calculation provided in subparagraph n of  
8 paragraph 2 of this subsection to determine the weighted teacher  
9 experience and degree calculation.

10       SECTION 6. This act shall become effective July 1, 2018.

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

15  
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