

1 ENGROSSED SENATE  
2 BILL NO. 192

By: Stanislawski of the Senate

3 and

4 Nollan of the House  
5

6 An Act relating to school funding; amending 70 O.S.  
7 2011, Section 18-200.1, which relates to the State  
8 Aid formula; prohibiting school districts that do not  
9 receive the Foundation Aid or the Salary Incentive  
10 Aid from receiving the Transportation Supplement on  
11 and after certain date; and prohibiting school  
12 districts that have per pupil revenue in excess of  
13 certain percentage from receiving State Aid or  
14 certain Supplement.

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

16 SECTION 1. AMENDATORY 70 O.S. 2011, Section 18-200.1, is  
17 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  
school year. Each school district shall submit the following data

1 based on the first nine (9) weeks, to be used in the calculation of  
2 the average daily membership of the school district:

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

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

23 B. The State Department of Education shall retain not less than  
24 one and one-half percent (1 1/2%) of the total funds appropriated

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

9 C. On and after July 1, 1997, the amount of State Aid each  
10 district shall receive shall be the sum of the Foundation Aid, the  
11 Salary Incentive Aid and the Transportation Supplement, as adjusted  
12 pursuant to the provisions of subsection G of this section and  
13 Section 18-112.2 of this title; provided, no district having per  
14 pupil revenue in excess of three hundred percent (300%) of the  
15 average per pupil revenue of all districts shall receive any State  
16 Aid or Supplement in State Aid. On and after July 1, 2019, the  
17 amount of State Aid each district shall receive shall be the sum of  
18 the Foundation Aid, the Salary Incentive Aid and the Transportation  
19 Supplement, as adjusted pursuant to the provisions of subsection G  
20 of this section and Section 18-112.2 of this title; provided,  
21 however, a district that does not receive Foundation Aid or Salary  
22 Incentive Aid shall not receive the Transportation Supplement.  
23 Provided further, no district having per pupil revenue in excess of  
24

1 three hundred percent (300%) of the average per pupil revenue of all  
2 districts shall receive any State Aid or Supplement in State Aid.

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

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

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

23 a. The Foundation Program shall be a district's highest  
24 weighted average daily membership based on the first

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

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

20 (1) The adjusted assessed valuation of the current  
21 school year of the school district, minus the  
22 previous year protested ad valorem tax revenues  
23 held as prescribed in Section 2884 of Title 68 of  
24 the Oklahoma Statutes, multiplied by the mills

1                   levied pursuant to subsection (c) of Section 9 of  
2                   Article X of the Oklahoma Constitution, if  
3                   applicable, as adjusted in subsection (c) of  
4                   Section 8A of Article X of the Oklahoma  
5                   Constitution. For purposes of this subsection,  
6                   the "adjusted assessed valuation of the current  
7                   school year" shall be the adjusted assessed  
8                   valuation on which tax revenues are collected  
9                   during the current school year, and

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

19                   The items listed in divisions (3), (4), (5), and (6)  
20                   of this subparagraph shall consist of the amounts  
21                   actually collected from such sources during the  
22                   preceding fiscal year calculated on a per capita basis  
23                   on the unit provided for by law for the distribution  
24                   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:

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

1	.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
2	.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
3	.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
4	.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
5	.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
6	.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
7	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
8	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
9	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
10	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
11	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
12	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
13	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
14	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
15	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
16	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
17	.9067 - .9333	\$101.00	9.6668 or more	\$33.00

18           c.    The formula transportation factor shall be 1.39.

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

20           a.   Multiply the Incentive Aid guarantee by the district's  
21               highest weighted average daily membership based on the  
22               first nine (9) weeks of the current school year, the  
23               preceding school year or the second preceding school  
24               year of a school district, as determined by the



1 provisions of subsection A of Section 18-201.1 of this  
2 title and paragraphs 1, 2, 3 and 4 of subsection B of  
3 Section 18-201.1 of this title.

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

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

18 E. By June 30, 1998, the State Department of Education shall  
19 develop and the Department and all school districts shall have  
20 implemented a student identification system which is consistent with  
21 the provisions of subsections C and D of Section 3111 of Title 74 of  
22 the Oklahoma Statutes. The student identification system shall be  
23 used specifically for the purpose of reporting enrollment data by  
24 school sites and by school districts, the administration of the

1 Oklahoma School Testing Program Act, the collection of appropriate  
2 and necessary data pursuant to the Oklahoma Educational Indicators  
3 Program, determining student enrollment, establishing a student  
4 mobility rate, allocation of the State Aid Formula and mid-year  
5 adjustments in funding for student growth. This enrollment data  
6 shall be submitted to the State Department of Education in  
7 accordance with rules promulgated by the State Board of Education.  
8 Funding for the development, implementation, personnel training and  
9 maintenance of the student identification system shall be set out in  
10 a separate line item in the allocation section of the appropriation  
11 bill for the State Board of Education for each year.

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

1 Finance of the State Department of Education the net assessed  
2 valuation of the property upon which taxes were determined  
3 uncollectible.

4 2. In the event that the amount of funds a school district  
5 receives for reimbursement from the Ad Valorem Reimbursement Fund is  
6 less than the amount of funds claimed for reimbursement by the  
7 school district due to insufficiency of funds as provided in Section  
8 193 of Title 62 of the Oklahoma Statutes, then the school district's  
9 assessed valuation for the school year that such ad valorem  
10 reimbursement is calculated in the State Aid Formula shall be  
11 adjusted accordingly.

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

17	Total Amount of	Amount of
18	General Fund Collections,	General Fund
19	Excluding Previous Year	Balance
20	Cash Surplus as of June 30	Allowable
21	Less than \$1,000,000	40%
22	\$1,000,000 - \$2,999,999	35%
23	\$3,000,000 - \$3,999,999	30%
24	\$4,000,000 - \$4,999,999	25%

1	\$5,000,000 - \$5,999,999	20%
2	\$6,000,000 - \$7,999,999	18%
3	\$8,000,000 - \$9,999,999	16%
4	\$10,000,000 or more	14%

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

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

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

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

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

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

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

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

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

18        H. In order to provide startup funds for the implementation of  
19 early childhood programs, State Aid may be advanced to school  
20 districts that initially start early childhood instruction at a  
21 school site. School districts that desire such advanced funding  
22 shall make application to the State Department of Education no later  
23 than September 15 of each year and advanced funding shall be awarded  
24 to the approved districts no later than October 30. The advanced

1 funding shall not exceed the per pupil amount of State Aid as  
2 calculated in subsection D of this section per anticipated Head  
3 Start eligible student. The total amount of advanced funding shall  
4 be proportionately reduced from the monthly payments of the  
5 district's State Aid payments during the last six (6) months of the  
6 same fiscal year.

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

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

15 2. Beginning July 1, 1997, the State Auditor and Inspector's  
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 the proceeds of the county levy.

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

23 4. Beginning July 1, 1997, the county treasurers' offices,  
24 notwithstanding any provision of law to the contrary, shall report

1 monthly to the State Department of Education the ad valorem tax  
2 protest amounts for each county.

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

8 Passed the Senate the 13th day of March, 2019.

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10 \_\_\_\_\_  
11 Presiding Officer of the Senate

12 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
13 2019.

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16 Presiding Officer of the House  
17 of Representatives  
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