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February 27, 2019

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 362

By: Stanislawski of the Senate

and

Baker of the House

[State Aid Formula - school district budgets -
average daily membership - withholding of State Aid -
calculation of State Aid - effective date]

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

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

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

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

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

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

19 D. The adopted budget shall be in effect no later than the
20 first day of the fiscal year to which it applies. The budget as
21 adopted and filed with the State Auditor and Inspector shall
22 constitute an appropriation for each fund, and the appropriation
23 thus made shall not be used for any other purpose except as provided
24 by law.

1 E. Each school district shall amend the original budget after
2 June 30 of each year after the June financial activity has been
3 recorded, the annual Foundation ~~and Salary Incentive Aid~~ allocation
4 has been released, and the property tax valuations have been
5 certified for all affected counties within the school district. The
6 amended budget shall include all of the following information which
7 is applicable:

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

10 2. Bonded debt and judgments outstanding, including interest
11 rates by maturity;

12 3. Matured debt and judgments;

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

14 5. Sinking fund levy calculations, including surplus/deficit,
15 principal accrual, annual interest, judgment installment and
16 interest, total net levy and delinquency;

17 6. Levies in millage for general fund, building fund and
18 sinking fund;

19 7. Millage adjustment factor, if applicable;

20 8. Previous year sinking fund collections, including total
21 proceeds as certified, additions or deductions, reserve for
22 delinquent tax, reserve for protest pending, tax apportioned, net
23 balance in process of collection, and excess collections; and
24

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

3 F. At the time required by law, the county excise board shall
4 levy the taxes necessary for the school district general fund,
5 building fund and sinking fund for the budget year pursuant to
6 Sections 397 and 399 of Title 62 of the Oklahoma Statutes, and for
7 the school district general and building funds for the budget year
8 pursuant to Section 9 of Article X of the Oklahoma Constitution.

9 SECTION 2. AMENDATORY 70 O.S. 2011, Section 18-109.5, as
10 amended by Section 1, Chapter 228, O.S.L. 2018 (70 O.S. Supp. 2018,
11 Section 18-109.5), is amended to read as follows:

12 Section 18-109.5. A. As used in Section 18-201.1 of this
13 title:

14 1. "Visual impairment" means an impairment in vision that, even
15 with correction, adversely affects a child's educational
16 performance. This includes both partial sight and blindness;

17 2. "Specific learning disability" means a disorder in one or
18 more of the basic psychological processes involved in understanding
19 or in using language, spoken or written, that may manifest itself in
20 the imperfect ability to listen, think, speak, read, write, spell or
21 to do mathematical calculations, including conditions such as
22 perceptual disabilities, brain injury, minimal brain dysfunction,
23 dyslexia and developmental aphasia. The term does not include
24 learning problems that are primarily the result of visual, hearing

1 or motor disabilities, of intellectual disability, of emotional
2 disturbance or of environmental, cultural or economic disadvantage;

3 3. "Deafness" means a hearing impairment that is so severe that
4 the child is impaired in processing linguistic information through
5 hearing, with or without amplification, that adversely affects a
6 child's educational performance;

7 4. "Economically disadvantaged" means all children who qualify
8 for free or reduced lunches;

9 5. "Intellectual disability" means significantly subaverage
10 general intellectual functioning, existing concurrently with
11 deficits in adaptive behavior and manifested during the development
12 period, that adversely affects a child's educational performance;

13 6. "Emotional disturbance" means a condition exhibiting one or
14 more of the following characteristics over a long period of time and
15 to a marked degree that adversely affects a child's educational
16 performance:

17 a. an inability to learn which cannot be explained by
18 intellectual, sensory or health factors,

19 b. an inability to build or maintain satisfactory
20 interpersonal relationships with peers and teachers,

21 c. inappropriate types of behavior or feelings under
22 normal circumstances,

23 d. a general pervasive mood of unhappiness or depression,
24 or

1 e. a tendency to develop physical symptoms or fears
2 associated with personal or school problems.

3 The term includes children who are schizophrenic. The term does
4 not include children who are socially maladjusted, unless it is
5 determined that they are seriously emotionally disturbed;

6 7. "Gifted" means identified students as outlined in Section
7 1210.301 of this title;

8 8. "Hearing impairment" means an impairment in hearing, whether
9 permanent or fluctuating, that adversely affects a child's
10 educational performance but that is not included under the
11 definition of "deafness";

12 9. "Multiple disabilities" means concomitant impairments, such
13 as intellectual disability-blindness or intellectual disability-
14 orthopedic impairment, the combination of which causes such severe
15 educational needs that they cannot be accommodated in special
16 education programs solely for one of the impairments. The term does
17 not include deaf-blindness;

18 10. "Orthopedic impairment" means a severe orthopedic
19 impairment that adversely affects a child's educational performance.
20 The term includes impairments caused by a congenital anomaly,
21 impairments caused by disease such as poliomyelitis and bone
22 tuberculosis, and impairments from other causes such as cerebral
23 palsy, amputations and fractures or burns that cause contractures;

1 11. "Other health impairment" means having limited strength,
2 vitality or alertness, including a heightened alertness to
3 environmental stimuli, that results in limited alertness with
4 respect to the educational environment that adversely affects a
5 child's educational performance and is due to chronic or acute
6 health problems such as asthma, attention deficit disorder or
7 attention deficit hyperactivity disorder, diabetes, epilepsy, a
8 heart condition, hemophilia, lead poisoning, leukemia, nephritis,
9 rheumatic fever, sickle cell anemia and Tourette syndrome;

10 12. "Speech or language impairment" means a communication
11 disorder, such as stuttering, impaired articulation, a language
12 impairment, or a voice impairment, that adversely affects a child's
13 educational performance;

14 13. "Deaf-blindness" means concomitant hearing and visual
15 impairments, the combination of which causes such severe
16 communication and other developmental and educational problems that
17 they cannot be accommodated in special education programs solely for
18 children with deafness or children with blindness;

19 14. "Autism" means a developmental disability significantly
20 affecting verbal and nonverbal communication and social interaction,
21 generally evident before age three (3), that adversely affects a
22 child's educational performance. Other characteristics often
23 associated with autism are engagement in repetitive activities and
24 stereotyped movements, resistance to environmental change or change

1 in daily routines, and unusual responses to sensory experiences.
2 Autism does not apply if a child's educational performance is
3 adversely affected primarily because the child has an emotional
4 disturbance, as defined in this subsection;

5 15. "Traumatic brain injury" means an acquired injury to the
6 brain caused by an external physical force, resulting in total or
7 partial functional disability or psychosocial impairment, or both,
8 that adversely affects a child's educational performance. Traumatic
9 brain injury applies to open or closed head injuries resulting in
10 impairments in one or more areas such as cognition; language;
11 memory; attention; reasoning; abstract thinking; judgment; problem-
12 solving; sensory, perceptual, and motor abilities; psychosocial
13 behavior; physical functions; information processing; and speech.
14 Traumatic brain injury does not apply to brain injuries that are
15 congenital or degenerative or to brain injuries induced by birth
16 trauma;

17 16. ~~"Bilingual" "English learner" means those students a~~
18 ~~student who have limited English speaking abilities or who come from~~
19 ~~homes where English is not the dominant language as reported on the~~
20 ~~current year application for accreditation:~~

21 a. (1) was not born in the United States or whose native
22 language is a language other than English,
23 (2) is a Native American or Alaska Native or a native
24 resident of the outlying areas and who comes from

1 an environment where a language other than
2 English has had a significant impact on the
3 individual's level of English language
4 proficiency, or

5 (3) is migratory, whose native language is a language
6 other than English and who comes from an
7 environment where a language other than English
8 is dominant, and

9 b. whose difficulties in speaking, reading, writing or
10 understanding the English language may be sufficient
11 to deny the individual the ability to meet the subject
12 matter standards adopted pursuant to Section 11-103.6
13 of this title, the ability to successfully achieve in
14 classrooms where the language of instruction is
15 English or the opportunity to participate fully in
16 society;

17 17. "Special Education Summer Program" means those summer
18 school programs which school districts may provide for children who
19 are severely or profoundly multiple-handicapped if their
20 individualized education program states the need for a continuing
21 educational experience to prevent loss of educational achievement or
22 basic life skills. Any school district receiving funds for such
23 special education summer programs shall provide services as provided
24 in Section 13-101 of this title; and

1 18. "Optional Extended School Year Program" means the program
2 defined in Section 1-109.1 of this title.

3 B. The State Board of Education is hereby authorized to modify
4 and redefine by rule the definitions set out in this section
5 whenever such modification is required to receive federal assistance
6 therefor.

7 SECTION 3. AMENDATORY 70 O.S. 2011, Section 18-112.2, is
8 amended to read as follows:

9 Section 18-112.2. A. ~~For the 1987-88 school year and for each~~
10 ~~school year thereafter, each school district which, pursuant to the~~
11 ~~provisions of Section 18-112 of Title 70 of the Oklahoma Statutes,~~
12 ~~received funding for the 1986-87 school year in excess of the sum of~~
13 ~~Foundation Aid, Salary Incentive Aid, and Transportation Supplement~~
14 ~~otherwise authorized pursuant to Section 18-109.2 of Title 70 of the~~
15 ~~Oklahoma Statutes shall receive a Supplement in State Aid: For the~~
16 ~~1987-88 school year, said Supplement shall be equal to sixty-seven~~
17 ~~percent (67%) of the amount of said excess funding, less the amount~~
18 ~~by which the sum of Foundation Aid, Salary Incentive Aid, and~~
19 ~~Transportation Supplement exceeds said sum for the preceding school~~
20 ~~year; for the 1988-89 2020-2021 school year and thereafter, the~~
21 Supplement in State Aid shall be an amount equal to the previous
22 year's Supplement less the amount by which the sum of Foundation
23 Aid, ~~Salary Incentive Aid,~~ and Transportation Supplement for the
24 school year being considered exceeds said sum for the preceding

1 school year. No school district shall receive for any school year
2 subsequent to the 1987-88 school year a Supplement in State Aid
3 larger than said Supplement received for the year preceding the
4 subsequent year. Districts ~~must~~ shall levy thirty-five (35) General
5 Fund mills to receive this Supplement.

6 B. Eligibility of a district for a Supplement in State Aid
7 shall not cause the district to be exempt from penalties required by
8 the provisions of Section 18-113.1 of ~~Title 70 of the Oklahoma~~
9 ~~Statutes~~ this title. Calculation of the Supplement in State Aid
10 shall be based on use of unreduced average daily ~~attendance~~
11 membership for determination of the sum of Foundation Aid, ~~Salary~~
12 ~~Incentive Aid~~, and Transportation Supplement. The actual amount of
13 Foundation Aid, ~~Salary Incentive Aid~~, and Transportation Supplement
14 to be paid, however, shall be subject to the provisions of Section
15 18-113.1 of ~~Title 70 of the Oklahoma Statutes~~ this title.

16 SECTION 4. AMENDATORY 70 O.S. 2011, Section 18-124, is
17 amended to read as follows:

18 Section 18-124. A. Any school district with an average daily
19 attendance (ADA) of more than one thousand five hundred (1,500)
20 students for the preceding year which expends for administrative
21 services in the 2005-06 school year or any school year thereafter,
22 less expenditures for legal services, more than five percent (5%) of
23 the amount it expends for total expenditures, less expenditures for
24 legal services, shall have the amount which exceeds the five percent

1 (5%) withheld the following year from the Foundation ~~and Salary~~
2 ~~Incentive~~ Aid for the school district.

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

13 C. Any school district with an average daily attendance (ADA)
14 of five hundred (500) or fewer students for the preceding year which
15 expends for administrative services in the 2005-06 school year or
16 any school year thereafter, less expenditures for legal services,
17 more than eight percent (8%) of the amount it expends for total
18 expenditures, less expenditures for legal services, shall have the
19 amount which exceeds the eight percent (8%) withheld the following
20 year from the Foundation ~~and Salary Incentive~~ Aid for the school
21 district.

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

24 1. Staff for the board of education;

1 2. The secretary/clerk for the board of education;

2 3. Staff relations;

3 4. Negotiations staff;

4 5. Immediate staff of the superintendent, any elementary
5 superintendent or any assistant superintendent;

6 6. Any superintendent, elementary superintendent, or assistant
7 superintendent;

8 7. Any employee of a school district employed as a director,
9 coordinator, supervisor, or who has responsibility for
10 administrative functions of a school district; and

11 8. Any consultant hired by the school district.

12 E. If an employee of a school district is employed in a
13 position where part of the employee's time is spent as an
14 administrator and part of the time is spent in nonadministrative
15 functions, the percentage of time spent as an administrator shall be
16 included as administrative services. A superintendent who spends
17 part of the time performing exempted nonadministrative services such
18 as teaching in the classroom, serving as a principal, counselor, or
19 library media specialist, can code up to forty percent (40%) of
20 their salary to other nonadministrative functions. The total amount
21 of time a superintendent of a school district spends performing
22 services for a school district shall be included as administrative
23 services even if part of the time the superintendent is performing
24 nonexempted nonadministrative service functions. The total amount

1 received by a superintendent from the school district as salary, for
2 the performance of administrative and nonexempted nonadministrative
3 services, shall be recorded under the code for superintendent salary
4 as provided for in the Oklahoma Cost Accounting System.

5 F. Each school site within a school district shall take steps
6 to ensure that the administrative costs for the school comply with
7 the expenditure limits established for school districts in this
8 section.

9 G. Funds withheld pursuant to the provisions of this section
10 shall be distributed through the State Aid formula to the districts
11 not so penalized.

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

16 SECTION 5. 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~~ 2020-2021
19 school year, and each school year thereafter, each school district
20 shall have its initial allocation of State Aid calculated based on
21 the state dedicated revenues actually collected during the preceding
22 fiscal year, the adjusted assessed valuation of the preceding year
23 and the highest weighted average daily membership for the school
24 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;
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, pupil
category counts and transportation supplement data to be used in the
State Aid Formula pursuant to subsection D of this section by
December 1 and by January 15 shall notify each school district of
the district's final State Aid allocation for the current school
year. The January payment of State Aid and each subsequent payment
for the remainder of the school year shall be based on the final
State Aid allocation as calculated in subsection D of this section.
Except for reductions made due to the assessment of penalties by the
State Department of Education according to law, the January payment
of State Aid and each subsequent payment for the remainder of the

1 school year shall not decrease by an amount more than the amount
2 that the current chargeable revenue increases for that district.

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

13 C. On and after ~~July 1, 1997~~ July 1, 2020, the amount of State
14 Aid each district shall receive shall be the sum of the Foundation
15 Aid, ~~the Salary Incentive Aid~~ and the Transportation Supplement, as
16 adjusted pursuant to the provisions of subsection G of this section
17 and Section 18-112.2 of this title; provided, no district having per
18 pupil revenue in excess of three hundred percent (300%) of the
19 average per pupil revenue of all districts shall receive any State
20 Aid or Supplement in State Aid.

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

1 payments, reimbursements, recovery of overpayments and refunds,
2 unused reserves, prior expenditures recovered, prior year surpluses,
3 and less the amount of any transfer fees paid in that year.

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

11 D. For the ~~1997-98~~ 2020-2021 school year, and each school year
12 thereafter, Foundation Aid, and the Transportation Supplement ~~and~~
13 ~~Salary Incentive Aid~~ shall be calculated as follows:

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

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

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

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

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

1 the current school year" shall be the adjusted
2 assessed valuation on which tax revenues are
3 collected during the current school year, and
4 (2) Seventy-five percent (75%) of the amount received
5 by the school district from the proceeds of the
6 county levy during the preceding fiscal year, as
7 levied pursuant to subsection (b) of Section 9 of
8 Article X of the Oklahoma Constitution, and
9 (3) Motor Vehicle Collections, and
10 (4) Gross Production Tax, and
11 (5) State Apportionment, and
12 (6) R.E.A. Tax.

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

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

22 a. The average daily haul shall be the number of children
23 in a district who are legally transported and who live
24 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

c. The formula transportation factor shall be 1.39.

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

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

~~b. Divide the district's adjusted assessed valuation of the current school year minus the previous year's 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:

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

1 School District Superintendent, Auditor and Regional Accreditation
2 Officer a notice of and calculation sheet reflecting the general
3 fund 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.

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

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

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

1 I. 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 6. AMENDATORY 70 O.S. 2011, Section 18-201.1, as
4 amended by Section 2, Chapter 228, O.S.L. 2018 (70 O.S. Supp. 2018,
5 Section 18-201.1), is amended to read as follows:

6 Section 18-201.1. A. Beginning with the 1997-98 school year,
7 and each school year thereafter, the weighted membership of a school
8 district for calculation of Foundation Aid purposes pursuant to
9 ~~paragraph 1 of subsection D of Section 18-200.1 of this title shall~~
10 be the sum of the weighted pupil grade level calculation, the
11 weighted pupil category calculation, the weighted district
12 calculation and the weighted teacher experience and degree
13 calculation. ~~The weighted membership of a school district for~~
14 ~~calculation of Salary Incentive Aid purposes pursuant to paragraph 3~~
15 ~~of subsection D of Section 18-200.1 of this title shall be the sum~~
16 ~~of the weighted pupil grade level calculation, the weighted pupil~~
17 ~~category calculation, the weighted district calculation and the~~
18 ~~weighted teacher experience and degree calculation.~~

19 B. The weighted calculations provided for in subsection A of
20 this section shall be based on the highest weighted average daily
21 membership of the first nine (9) weeks of the current school year,
22 the preceding school year or the second preceding school year of a
23 school district, unless otherwise specified. The highest of the
24 three (3) weighted average daily memberships shall be used

1 consistently in all of the calculations; ~~however, the portion of~~
2 ~~weighted membership derived from nonresident, transferred pupils~~
3 ~~enrolled in online courses shall be based on the weighted average~~
4 ~~daily membership of the first nine (9) weeks of the current school~~
5 ~~year.~~ The average daily membership data used for all calculations
6 in paragraphs 1, 2, 3 and 4 of this subsection shall be the same as
7 used in the calculation of the State Aid Formula. The weighted
8 calculations provided for in subsection A of this section shall be
9 determined as follows:

10 1. The weighted pupil grade level calculation shall be
11 determined by taking the highest average daily membership and
12 assigning weights to the pupils according to grade attended as
13 follows:

14	GRADE LEVEL	WEIGHT
15	a. Half-day early childhood programs	.7 <u>.6</u>
16	b. Full-day early childhood programs	1.3 <u>1.2</u>
17	c. Half-day kindergarten	1.3 <u>.6</u>
18	d. Full-day kindergarten	1.5 <u>1.0</u>
19	e. First and second grade	1.35 <u>1</u>
20	f. Third grade	1.05 <u>1</u>
21	g. Fourth through sixth grade	1.0
22	h. Seventh through twelfth grade	1.2 <u>1.0</u>
23	i. f. Out-of-home placement	1.50

24

1 Multiply the membership of each subparagraph of this paragraph by
2 the weight assigned to such subparagraph of this paragraph and add
3 the totals together to determine the weighted pupil grade level
4 calculation for a school district. Determination of the pupils
5 eligible for the early childhood program weight shall be pursuant to
6 the provisions of Section 1-114 of this title. The pupils eligible
7 for the out-of-home placement pupil weight shall be students who are
8 not residents of the school district in which they are receiving
9 education pursuant to the provisions of subsection D of Section 1-
10 113 of this title. Such weight may be claimed by the district
11 providing educational services to such student for the days that
12 student is enrolled in that district. If claimed, the out-of-home
13 placement weight shall be in lieu of the pupil grade level and any
14 pupil category weights for that student. Provided, if a student
15 resides in a juvenile detention center that is restricted to less
16 than twelve (12) beds, the out-of-home placement pupil weight for
17 such students shall be calculated as follows: for a center with six
18 (6) beds - 3.0; for a center with eight (8) beds - 2.3 and for a
19 center with ten (10) beds - 1.80.

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

	CATEGORY	WEIGHT
23	a. Visual Impairment	3.8
24	b. Specific Learning Disability	.4

1	c. Deafness or Hearing Impairment	2.9
2	d. Deaf-Blindness	3.8
3	e. Intellectual Disability	1.3
4	f. Emotional Disturbance	2.5
5	g. Gifted	.34
6	h. Multiple Disabilities	2.4
7	i. Orthopedic Impairment	1.2
8	j. Speech or Language Impairment	.05 <u>.15</u>
9	k. Bilingual <u>English learner</u>	.25 <u>.42</u>
10	l. Special Education Summer Program	1.2
11	m. Economically Disadvantaged	.25 <u>.30</u>
12	n. Optional Extended School Year	
13	Program	As determined by
14		the State Board
15		of Education
16	o. Autism	2.4
17	p. Traumatic Brain Injury	2.4
18	q. Other Health Impairment	1.2

19 Except as otherwise provided, multiply the number of pupils approved
20 in the school year with the highest average daily membership in each
21 category by the weight assigned to such category and add the totals
22 together to determine the weighted pupil category calculation for a
23 school district. ~~For the 1996-97 school year, the number to be~~
24 ~~multiplied by the weight assigned to the gifted category in~~

~~subparagraph g of this paragraph shall be the lesser of (1) the sum of the number of students who scored in the top three percent (3%) on any national standardized test of intellectual ability plus the number of students identified as gifted pursuant to subparagraphs a through d of paragraph 1 of Section 1210.301 of this title or (2) the sum of the number of students who scored in the top three percent (3%) on any national standardized test of intellectual ability plus eight percent (8%) of the total average daily membership of the school district for the preceding school year.~~

For the 1997-98 school year and subsequent school years, the number to be multiplied by the weight assigned to the gifted category in subparagraph g of this paragraph shall be the lesser of (1) the sum of the number of students who scored in the top three percent (3%) on any national standardized test of intellectual ability plus the number of students identified as gifted pursuant to subparagraphs a through d of paragraph 1 of Section 1210.301 of this title, or (2) the sum of the number of students who scored in the top three percent (3%) on any national standardized test of intellectual ability plus eight percent (8%) of the total average daily membership of the school district for the first nine (9) weeks of the school year.

3. The weighted district calculation shall be determined by determining the calculations for each school district for both the small school district formula and the district sparsity - isolation

1 formula, applying whichever is the greater of the calculations of
2 the two formulas and then applying the restrictions pursuant to
3 subparagraph c of this paragraph.

4 a. Small school district formula: 529 minus the average
5 daily membership divided by 529 times .2 times total
6 average daily membership.

7 The small school district formula calculation shall apply
8 only to school districts whose highest average daily
9 membership is less than 529 pupils. School districts which
10 are consolidated or annexed after July 1, 2003, pursuant to
11 the Oklahoma School Voluntary Consolidation and Annexation
12 Act shall have the weighted district size calculation for
13 the three (3) school years following the fiscal year in
14 which such consolidation occurred calculated to be the sum
15 of the individual consolidated districts computed as if the
16 consolidation had not taken place. Thereafter, any such
17 district which is consolidated pursuant to the Oklahoma
18 School Voluntary Consolidation and Annexation Act shall not
19 qualify for the weighted district calculation unless the
20 district can satisfy the specifications herein. Subject to
21 the provisions of subparagraph c of this paragraph, the
22 resulting number shall be counted as additional students
23 for the purpose of calculating State Aid.

24 b. District sparsity - isolation formula:

1 The district sparsity - isolation formula calculation shall
2 apply only to school districts:

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

6 (2) whose areal density is less than one-fourth (1/4)
7 of the state average areal density. Areal
8 density shall be determined by dividing the
9 school district's average daily membership by the
10 school district's total area in square miles.

11 The district sparsity - isolation formula calculation shall
12 be calculated as follows:

13 The school district student cost factor multiplied by
14 the school district area factor. The resulting
15 product shall be multiplied by the school district's
16 average daily membership. Subject to the provisions
17 of subparagraph c of this paragraph, the resulting
18 number shall be counted as additional students for the
19 purpose of calculating State Aid.

20 The school district student cost factor shall be calculated
21 as follows:

22 The school district's average daily membership shall
23 be categorized into the following grade level groups
24

1 and applied to the appropriate formulas as computed
2 below:

3 Grade Level Group

4 Grades K-5 Divide 74 by the sum of the Grade
5 Level ADM plus 23,
6 add .85 to the quotient, then
7 multiply the sum by the Grade
8 Level ADM.

9 Grades 6-8 Divide 122 by the sum of the Grade
10 Level ADM plus 133,
11 add .85 to the quotient, then
12 multiply the sum by the Grade
13 Level ADM.

14 Grades 9-12 Divide 292 by the sum of the Grade
15 Level ADM plus 128,
16 add .78 to the quotient, then
17 multiply the sum by the Grade
18 Level ADM.

19 The sum of the grade level group's average daily
20 membership shall be divided by the school district's
21 average daily membership. The number one (1.0) shall
22 be subtracted from the resulting quotient.

23 The school district area cost factor shall be calculated as
24 follows:

1 Subtract the state average district area from the
2 district area, then divide the remainder by the state
3 average district area;

4 however, the district area cost factor shall not exceed one
5 (1.0).

6 The State Board of Education shall define geographical barriers
7 whose location in a school district would inhibit the district from
8 consolidation or annexation. The Board shall make available an
9 application process, review applications, and for districts the
10 Board deems necessary allow additional square miles to be used for
11 the purposes of calculations used for the weighted district sparsity
12 - isolation formula. Provided, that the additional square miles
13 allowed for geographical barriers shall not exceed thirty percent
14 (30%) of the district's actual size.

15 c. State Aid funds which a district is calculated to
16 receive as a result of the weighted district
17 calculation shall be restricted as follows:

18 If, after the weighted district calculation is
19 applied, the district's projected per pupil
20 revenue exceeds one hundred fifty percent (150%)
21 of the projected state average per pupil revenue,
22 then the district's State Aid shall be reduced by
23 an amount that will restrict the district's
24 projected per pupil revenue to one hundred fifty

1 percent (150%) of the projected state average per
2 pupil revenue. Provided, in applying the
3 restriction provided in this division, the
4 district's State Aid shall not be reduced by an
5 amount greater than by the amount of State Aid
6 which was generated by the weighted district
7 calculation.

8 The July calculation of the projected per pupil
9 revenue shall be determined by dividing the highest of
10 the district's preceding two (2) years average daily
11 membership (ADM) as weighted by the pupil grade level,
12 the pupil category, the district and the teacher
13 experience degree index calculations for projected
14 State Aid into the district's projected total revenues
15 including projected funds for the State Aid Formula
16 for the preceding year, net assessed valuation for the
17 preceding calendar year times thirty-nine (39) mills,
18 county revenues excluding the county four-mills
19 revenues for the second preceding year, other state
20 appropriations for the preceding year and the
21 collections for the preceding year of state
22 apportionment, motor vehicle revenue, gross production
23 tax and R.E.A. tax.

1 The December calculation of the projected per pupil
2 revenue shall be determined by dividing the highest of
3 the district's first nine (9) weeks of the current
4 school year or the two (2) preceding school years
5 average daily membership (ADM) as weighted by the
6 pupil grade level, the pupil category, the district
7 and the teacher experience degree index calculations
8 for projected State Aid into the district's projected
9 total revenues including funds for the December
10 calculation of the current year State Aid Formula, net
11 assessed valuation for the current calendar year times
12 thirty-nine (39) mills, county revenues excluding the
13 county four-mills revenue for the preceding year,
14 other state appropriations for the preceding year and
15 the collections for the preceding year of state
16 apportionment, motor vehicle revenue, gross production
17 tax and R.E.A. tax.

18 The district's projected total revenues for each
19 calculation shall exclude the following collections
20 for the second preceding year: federal revenue,
21 insurance loss payments, reimbursements, recovery of
22 overpayments and refunds, unused reserves, prior
23 expenditures recovered, prior year surpluses, and
24 other local miscellaneous revenues.

1 4. The weighted teacher experience and degree calculation shall
2 be determined in accordance with the teacher experience and degree
3 index. The State Department of Education shall determine an index
4 for each state teacher by using data supplied in the school
5 district's teacher personnel reports of the preceding year and
6 utilizing the index as follows:

7 TEACHER EXPERIENCE - DEGREE INDEX

8 EXPERIENCE	BACHELOR'S	MASTER'S	DOCTOR'S
9	DEGREE	DEGREE	DEGREE
10 0 - 2	.7	.9	1.1
11 3 - 5	.8	1.0	1.2
12 6 - 8	.9	1.1	1.3
13 9 - 11	1.0	1.2	1.4
14 12 - 15	1.1	1.3	1.5
15 Over 15	1.2	1.4	1.6

16 The school district teacher index for each school district shall
17 be determined by subtracting the weighted average state teacher from
18 the weighted average district teacher. Multiply the school district
19 teacher index if greater than zero by .7 and then multiply that
20 product by the sum of the district's weighted pupil grade level
21 calculation provided in paragraph 1 of this subsection and the
22 weighted pupil category calculation provided in subparagraph m of
23 paragraph 2 of this subsection to determine the weighted teacher
24 experience and degree calculation.

SECTION 7. This act shall become effective July 1, 2020.

COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
February 27, 2019 - DO PASS AS AMENDED