

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

SENATE BILL 192

By: Stanislawski

AS INTRODUCED

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

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

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

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

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

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

1 Provided further, no district having per pupil revenue in excess of
2 three hundred percent (300%) of the average per pupil revenue of all
3 districts shall receive any State Aid or Supplement in State Aid.

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

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

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

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

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

22 (1) The adjusted assessed valuation of the current
23 school year of the school district, minus the
24 previous year protested ad valorem tax revenues

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

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

17 (3) Motor Vehicle Collections, and

18 (4) Gross Production Tax, and

19 (5) State Apportionment, and

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

21 The items listed in divisions (3), (4), (5), and (6)
22 of this subparagraph shall consist of the amounts
23 actually collected from such sources during the
24 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:

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

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

1 preceding school year or the second preceding school
2 year of a school district, as determined by the
3 provisions of subsection A of Section 18-201.1 of this
4 title and paragraphs 1, 2, 3 and 4 of subsection B of
5 Section 18-201.1 of this title.

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

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

20 E. By June 30, 1998, the State Department of Education shall
21 develop and the Department and all school districts shall have
22 implemented a student identification system which is consistent with
23 the provisions of subsections C and D of Section 3111 of Title 74 of
24 the Oklahoma Statutes. The student identification system shall be

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

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

1 the state. Upon request of the local board of education, it shall
2 be the duty of the county assessor to certify to the Director of
3 Finance of the State Department of Education the net assessed
4 valuation of the property upon which taxes were determined
5 uncollectible.

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

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

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

1	\$3,000,000 - \$3,999,999	30%
2	\$4,000,000 - \$4,999,999	25%
3	\$5,000,000 - \$5,999,999	20%
4	\$6,000,000 - \$7,999,999	18%
5	\$8,000,000 - \$9,999,999	16%
6	\$10,000,000 or more	14%

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

23 3. Any school district which receives proceeds from a tax
24 settlement or a Federal Emergency Management Agency settlement

1 during the last two (2) months of the preceding fiscal year shall be
2 exempt from the penalties assessed in this subsection, if the
3 penalty would occur solely as a result of receiving funds from the
4 tax settlement.

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

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

19 6. Any school district which receives gross production revenue
20 apportionment during the 2002-2003 school year or in any subsequent
21 school year that is greater than the gross production revenue
22 apportionment of the preceding school year shall be exempt from the
23 penalty assessed in this subsection, if the penalty would occur
24

1 solely as a result of the gross production revenue apportionment, as
2 determined by the State Board of Education.

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

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

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

20 H. In order to provide startup funds for the implementation of
21 early childhood programs, State Aid may be advanced to school
22 districts that initially start early childhood instruction at a
23 school site. School districts that desire such advanced funding
24 shall make application to the State Department of Education no later
25

1 than September 15 of each year and advanced funding shall be awarded
2 to the approved districts no later than October 30. The advanced
3 funding shall not exceed the per pupil amount of State Aid as
4 calculated in subsection D of this section per anticipated Head
5 Start eligible student. The total amount of advanced funding shall
6 be proportionately reduced from the monthly payments of the
7 district's State Aid payments during the last six (6) months of the
8 same fiscal year.

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

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

17 2. Beginning July 1, 1997, the State Auditor and Inspector's
18 Office, notwithstanding any provision of law to the contrary, shall
19 report monthly to the State Department of Education the monthly
20 apportionment of the proceeds of the county levy.

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

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

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

10 SECTION 2. This act shall become effective July 1, 2019.

11 SECTION 3. 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.

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