STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

SENATE BILL 362 By: Stanislawski

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AS INTRODUCED

An Act relating to the State Aid Formula; amending 70 O.S. 2011, Section 5-155, which relates to school district budgets; removing reference to salary incentive aid; amending 70 O.S. 2011, Section 18-109.5, as amended by Section 1, Chapter 228, O.S.L. 2018 (70 O.S. Supp. 2018, Section 18-109.5), which relates to definitions; updating definition; amending 70 O.S. 2011, Section 18-112.2, which relates to the Supplement in State Aid; removing language providing for calculation of certain supplement; updating reference to average daily membership; removing reference to Salary Incentive Aid; amending 70 O.S. 2011, Section 18-124, which relates to the withholding of State Aid if certain expenditure limits are exceeded; removing reference to Salary Incentive Aid; amending 70 O.S. 2011, Section 18-200.1, which relates to calculation of State Aid; removing language regarding nonresident pupils in online courses; removing reference to Salary Incentive Aid; removing method of calculating Salary Incentive Aid; updating method of notifying certain school district personnel; amending 70 O.S. 2011, Section 18-201.1, as amended by Section 2, Chapter 228, O.S.L. 2018 (70 O.S. Supp. 2018, Section 18-201.1), which relates to calculation of weighted membership of a school district; removing language regarding certain calculation of Salary Incentive Aid; removing language regarding nonresident pupils in online courses; modifying weights assigned to certain grade levels; modifying certain weights for pupil categories; removing language regarding the calculation of certain weight for certain category; modifying calculation of weighted teacher experience; and providing an effective date.

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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. Actual revenues and expenditures for the immediate prior fiscal year;
- Revenues and expenditures for the current fiscal year as shown by the budget for the current year as adopted or amended; and
 - Estimates of revenues and expenditures for the budget year.
- The school district governing body shall hold a public hearing on the proposed budget within forty-five (45) days preceding the beginning of the budget year. Notice of the date, time and place of the hearing, together with the proposed budget summary, shall be published in a newspaper of general circulation in the

school district not less than five (5) days before the date of the hearing. The clerk of the board shall make available a sufficient number of copies of the proposed budget as the governing body shall determine and shall have them available for review or for distribution at the office of the chief financial officer. At the public hearing on the budget any person may present to the governing body comments, recommendations or information on any part of the proposed budget.

- D. The adopted budget shall be in effect no later than the first day of the fiscal year to which it applies. The budget as adopted and filed with the State Auditor and Inspector shall constitute an appropriation for each fund, and the appropriation thus made shall not be used for any other purpose except as provided by law.
- E. Each school district shall amend the original budget after June 30 of each year after the June financial activity has been recorded, the annual Foundation and Salary Incentive Aid allocation has been released, and the property tax valuations have been certified for all affected counties within the school district. The amended budget shall include all of the following information which is applicable:
- 1. Valuation of the school district by county and classification, excluding homestead exemptions;

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

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Matured debt and judgments;

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Sinking fund balance, including cash and investments; 4.

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

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

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Millage adjustment factor, if applicable; 7.

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8. Previous year sinking fund collections, including total proceeds as certified, additions or deductions, reserve for delinquent tax, reserve for protest pending, tax apportioned, net

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Surplus analysis, including itemized sources of excess and deductions.

balance in process of collection, and excess collections; and

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

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

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

- 1. "Visual impairment" means an impairment in vision that, even with correction, adversely affects a child's educational performance. This includes both partial sight and blindness;
- 2. "Specific learning disability" means a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, that may manifest itself in the imperfect ability to listen, think, speak, read, write, spell or to do mathematical calculations, including conditions such as perceptual disabilities, brain injury, minimal brain dysfunction, dyslexia and developmental aphasia. The term does not include learning problems that are primarily the result of visual, hearing or motor disabilities, of intellectual disability, of emotional disturbance or of environmental, cultural or economic disadvantage;
- 3. "Deafness" means a hearing impairment that is so severe that the child is impaired in processing linguistic information through hearing, with or without amplification, that adversely affects a child's educational performance;
- 4. "Economically disadvantaged" means all children who qualify for free or reduced lunches;

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

- 6. "Emotional disturbance" means a condition exhibiting one or more of the following characteristics over a long period of time and to a marked degree that adversely affects a child's educational performance:
 - a. an inability to learn which cannot be explained by intellectual, sensory or health factors,
 - b. an inability to build or maintain satisfactory interpersonal relationships with peers and teachers,
 - c. inappropriate types of behavior or feelings under normal circumstances,
 - d. a general pervasive mood of unhappiness or depression, or
 - e. a tendency to develop physical symptoms or fears associated with personal or school problems.

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

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

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- "Hearing impairment" means an impairment in hearing, whether permanent or fluctuating, that adversely affects a child's educational performance but that is not included under the definition of "deafness";
- 9. "Multiple disabilities" means concomitant impairments, such as intellectual disability-blindness or intellectual disabilityorthopedic impairment, the combination of which causes such severe educational needs that they cannot be accommodated in special education programs solely for one of the impairments. The term does not include deaf-blindness;
- "Orthopedic impairment" means a severe orthopedic impairment that adversely affects a child's educational performance. The term includes impairments caused by a congenital anomaly, impairments caused by disease such as poliomyelitis and bone tuberculosis, and impairments from other causes such as cerebral palsy, amputations and fractures or burns that cause contractures;
- "Other health impairment" means having limited strength, vitality or alertness, including a heightened alertness to environmental stimuli, that results in limited alertness with respect to the educational environment that adversely affects a child's educational performance and is due to chronic or acute health problems such as asthma, attention deficit disorder or attention deficit hyperactivity disorder, diabetes, epilepsy, a

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heart condition, hemophilia, lead poisoning, leukemia, nephritis, rheumatic fever, sickle cell anemia and Tourette syndrome;

- 12. "Speech or language impairment" means a communication disorder, such as stuttering, impaired articulation, a language impairment, or a voice impairment, that adversely affects a child's educational performance;
- 13. "Deaf-blindness" means concomitant hearing and visual impairments, the combination of which causes such severe communication and other developmental and educational problems that they cannot be accommodated in special education programs solely for children with deafness or children with blindness;
- 14. "Autism" means a developmental disability significantly affecting verbal and nonverbal communication and social interaction, generally evident before age three (3), that adversely affects a child's educational performance. Other characteristics often associated with autism are engagement in repetitive activities and stereotyped movements, resistance to environmental change or change in daily routines, and unusual responses to sensory experiences. Autism does not apply if a child's educational performance is adversely affected primarily because the child has an emotional disturbance, as defined in this subsection;
- 15. "Traumatic brain injury" means an acquired injury to the brain caused by an external physical force, resulting in total or partial functional disability or psychosocial impairment, or both,

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1 that adversely affects a child's educational performance. Traumatic 2 brain injury applies to open or closed head injuries resulting in 3 impairments in one or more areas such as cognition; language; 4 memory; attention; reasoning; abstract thinking; judgment; problem-5 solving; sensory, perceptual, and motor abilities; psychosocial 6 behavior; physical functions; information processing; and speech. 7 Traumatic brain injury does not apply to brain injuries that are 8 congenital or degenerative or to brain injuries induced by birth 9 trauma; 10 "Bilingual" "English learner" means those students a 16. 11 student who have limited English speaking abilities or who come from

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

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- a. (1) was not born in the United States or whose native language is a language other than English,
 - is a Native American or Alaska Native or a native
 resident of the outlying areas and who comes from
 an environment where a language other than
 English has had a significant impact on the
 individual's level of English language
 proficiency, or
 - (3) is migratory, whose native language is a language other than English and who comes from an

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environment where a language other than English is dominant, and

- whose difficulties in speaking, reading, writing or understanding the English language may be sufficient to deny the individual the ability to meet the subject matter standards adopted pursuant to Section 11-103.6 of this title, the ability to successfully achieve in classrooms where the language of instruction is English or the opportunity to participate fully in society;
- 17. "Special Education Summer Program" means those summer school programs which school districts may provide for children who are severely or profoundly multiple-handicapped if their individualized education program states the need for a continuing educational experience to prevent loss of educational achievement or basic life skills. Any school district receiving funds for such special education summer programs shall provide services as provided in Section 13-101 of this title; and
- 18. "Optional Extended School Year Program" means the program defined in Section 1-109.1 of this title.
- B. The State Board of Education is hereby authorized to modify and redefine by rule the definitions set out in this section whenever such modification is required to receive federal assistance therefor.

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

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Section 18-112.2. A. For the 1987-88 school year and for each school year thereafter, each school district which, pursuant to the provisions of Section 18-112 of Title 70 of the Oklahoma Statutes, received funding for the 1986-87 school year in excess of the sum of Foundation Aid, Salary Incentive Aid, and Transportation Supplement otherwise authorized pursuant to Section 18-109.2 of Title 70 of the Oklahoma Statutes shall receive a Supplement in State Aid: For the 1987-88 school year, said Supplement shall be equal to sixty-seven percent (67%) of the amount of said excess funding, less the amount by which the sum of Foundation Aid, Salary Incentive Aid, and Transportation Supplement exceeds said sum for the preceding school year; for the 1988-89 2020-2021 school year and thereafter, the Supplement in State Aid shall be an amount equal to the previous year's Supplement less the amount by which the sum of Foundation Aid, Salary Incentive Aid, and Transportation Supplement for the school year being considered exceeds said sum for the preceding school year. No school district shall receive for any school year subsequent to the 1987-88 school year a Supplement in State Aid larger than said Supplement received for the year preceding the subsequent year. Districts must shall levy thirty-five (35) General Fund mills to receive this Supplement.

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

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

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

B. Any school district with an average daily attendance (ADA) of more than five hundred (500) students but not more than one thousand five hundred (1,500) students for the preceding year which

expends for administrative services in the 2005-06 school year or any school year thereafter, less expenditures for legal services, more than seven percent (7%) of the amount it expends for total expenditures, less expenditures for legal services, shall have the amount which exceeds the seven percent (7%) withheld the following year from the Foundation and Salary Incentive Aid for the school district.

- C. Any school district with an average daily attendance (ADA) of five hundred (500) or fewer students for the preceding year which expends for administrative services in the 2005-06 school year or any school year thereafter, less expenditures for legal services, more than eight percent (8%) of the amount it expends for total expenditures, less expenditures for legal services, shall have the amount which exceeds the eight percent (8%) withheld the following year from the Foundation and Salary Incentive Aid for the school district.
- D. For purposes of this section, "administrative services" means costs associated with:
 - 1. Staff for the board of education;
 - 2. The secretary/clerk for the board of education;
 - 3. Staff relations;

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

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

- 7. Any employee of a school district employed as a director, coordinator, supervisor, or who has responsibility for administrative functions of a school district; and
 - 8. Any consultant hired by the school district.

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If an employee of a school district is employed in a position where part of the employee's time is spent as an administrator and part of the time is spent in nonadministrative functions, the percentage of time spent as an administrator shall be included as administrative services. A superintendent who spends part of the time performing exempted nonadministrative services such as teaching in the classroom, serving as a principal, counselor, or library media specialist, can code up to forty percent (40%) of their salary to other nonadministrative functions. The total amount of time a superintendent of a school district spends performing services for a school district shall be included as administrative services even if part of the time the superintendent is performing nonexempted nonadministrative service functions. The total amount received by a superintendent from the school district as salary, for the performance of administrative and nonexempted nonadministrative services, shall be recorded under the code for superintendent salary as provided for in the Oklahoma Cost Accounting System.

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- F. Each school site within a school district shall take steps to ensure that the administrative costs for the school comply with the expenditure limits established for school districts in this section.
- G. Funds withheld pursuant to the provisions of this section shall be distributed through the State Aid formula to the districts not so penalized.
- H. For the 2003-04 and 2004-05 school year, school districts shall report to the State Department of Education the costs associated with administrative services for the school district as defined in subsection D of this section.
- SECTION 5. 70 O.S. 2011, Section 18-200.1, is AMENDATORY amended to read as follows:

Section 18-200.1. A. Beginning with the 1997-98 2020-2021 school year, and each school year thereafter, each school district shall have its initial allocation of State Aid calculated based on the state dedicated revenues actually collected during the preceding fiscal year, the adjusted assessed valuation of the preceding year and the highest weighted average daily membership for the school district of the two (2) preceding school years; however, the weighted membership of nonresident, transferred pupils enrolled in online courses shall be based on the weighted average daily membership of the preceding school year. Each school district shall submit the following data based on the first nine (9) weeks, to be

used in the calculation of the average daily membership of the school district:

- 1. Student enrollment by grade level;
- 2. Pupil category counts; and

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

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

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

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

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

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

- D. For the 1997-98 2020-2021 school year, and each school year thereafter, Foundation Aid, and the Transportation Supplement and Salary Incentive Aid shall be calculated as follows:
- 1. Foundation Aid shall be determined by subtracting the amount of the Foundation Program Income from the cost of the Foundation Program and adding to this difference the Transportation Supplement.
 - a. The Foundation Program shall be a 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, multiplied by the Base Foundation Support Level. However, for the portion of weighted membership derived from nonresident, transferred pupils enrolled in online courses, the

Foundation Program shall be a district's weighted average daily membership of the preceding school year or the first nine (9) weeks of the current school year, whichever is greater, 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, multiplied by the Base Foundation Support Level.

- b. The Foundation Program Income shall be the sum of the following:
 - (1) The adjusted assessed valuation of the current school year of the school district, minus the previous year protested ad valorem tax revenues held as prescribed in Section 2884 of Title 68 of the Oklahoma Statutes, multiplied by the general fund mills levied pursuant to subsection (c) of Section 9 of Article X of the Oklahoma

 Constitution, if applicable, as adjusted in subsection (c) of Section 8A of Article X of the Oklahoma Constitution. For purposes of this subsection, the "adjusted assessed valuation of the current school year" shall be the adjusted assessed valuation on which tax revenues are collected during the current school year, and

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

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

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

1	DENSITY FIGURE	ALLOWANCE	DENSITY FIGURE	ALLOWANCE
2	.30003083	\$167.00	.93349599	\$99.00
3	.30843249	\$165.00	.96009866	\$97.00
4	.32503416	\$163.00	.9867 - 1.1071	\$95.00
5	.34173583	\$161.00	1.1072 - 1.3214	\$92.00
6	.35843749	\$158.00	1.3215 - 1.5357	\$90.00
7	.37503916	\$156.00	1.5358 - 1.7499	\$88.00
8	.39174083	\$154.00	1.7500 - 1.9642	\$86.00
9	.40844249	\$152.00	1.9643 - 2.1785	\$84.00
10	.42504416	\$150.00	2.1786 - 2.3928	\$81.00
11	.44174583	\$147.00	2.3929 - 2.6249	\$79.00
12	.45844749	\$145.00	2.6250 - 2.8749	\$77.00
13	.47504916	\$143.00	2.8750 - 3.1249	\$75.00
14	.49175083	\$141.00	3.1250 - 3.3749	\$73.00
15	.50845249	\$139.00	3.3750 - 3.6666	\$70.00
16	.52505416	\$136.00	3.6667 - 3.9999	\$68.00
17	.54175583	\$134.00	4.0000 - 4.3333	\$66.00
18	.55845749	\$132.00	4.3334 - 4.6666	\$64.00
19	.57505916	\$130.00	4.6667 - 4.9999	\$62.00
20	.59176133	\$128.00	5.0000 - 5.5000	\$59.00
21	.61346399	\$125.00	5.5001 - 6.0000	\$57.00
22	.64006666	\$123.00	6.0001 - 6.5000	\$55.00
23	.66676933	\$121.00	6.5001 - 7.0000	\$53.00
24	.69347199	\$119.00	7.0001 - 7.3333	\$51.00

1	.72007466	\$117.00	7.3334 - 7.6667	\$48.00
2	.74677733	\$114.00	7.6668 - 8.0000	\$46.00
3	.77347999	\$112.00	8.0001 - 8.3333	\$44.00
4	.80008266	\$110.00	8.3334 - 8.6667	\$42.00
5	.82678533	\$108.00	8.6668 - 9.0000	\$40.00
6	.85348799	\$106.00	9.0001 - 9.3333	\$37.00
7	.88009066	\$103.00	9.3334 - 9.6667	\$35.00
8	.90679333	\$101.00	9.6668 or more	\$33.00
9	с т	he formula trans	mortation factor shall be	<u> </u>

The formula transportation factor shall be 1.39.

Salary Incentive Aid shall be determined as follows:

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- 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.
- 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 in Section 2884 of Title 68 of the Oklahoma Statutes, by one thousand (1,000) and subtract the quotient from

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the product of subparagraph a of this paragraph. The remainder shall not be less than zero (0).

- purposes above the fifteen (15) mills required to
 support Foundation Aid pursuant to division (1) of
 subparagraph b of paragraph 1 of this subsection, not
 including the county four-mill levy, by the remainder
 of subparagraph b of this paragraph. The product
 shall be the Salary Incentive Aid of the district.
- By June 30, 1998, the State Department of Education shall Ε. develop and the Department and all school districts shall have implemented a student identification system which is consistent with the provisions of subsections C and D of Section 3111 of Title 74 of the Oklahoma Statutes. The student identification system shall be used specifically for the purpose of reporting enrollment data by school sites and by school districts, the administration of the Oklahoma School Testing Program Act, the collection of appropriate and necessary data pursuant to the Oklahoma Educational Indicators Program, determining student enrollment, establishing a student mobility rate, allocation of the State Aid Formula and mid-year adjustments in funding for student growth. This enrollment data shall be submitted to the State Department of Education in accordance with rules promulgated by the State Board of Education. Funding for the development, implementation, personnel training and

maintenance of the student identification system shall be set out in a separate line item in the allocation section of the appropriation bill for the State Board of Education for each year.

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- In the event that ad valorem taxes of a school district are determined to be uncollectible because of bankruptcy, clerical error, or a successful tax protest, and the amount of such taxes deemed uncollectible exceeds Fifty Thousand Dollars (\$50,000.00) or an amount greater than twenty-five percent (25%) of ad valorem taxes per tax year, or the valuation of a district is lowered by order of the State Board of Equalization, the school district's State Aid, for the school year that such ad valorem taxes are calculated in the State Aid Formula, shall be determined by subtracting the net assessed valuation of the property upon which taxes were deemed uncollectible from the assessed valuation of the school district and the state. Upon request of the local board of education, it shall be the duty of the county assessor to certify to the Director of Finance of the State Department of Education the net assessed valuation of the property upon which taxes were determined uncollectible.
- 2. In the event that the amount of funds a school district receives for reimbursement from the Ad Valorem Reimbursement Fund is less than the amount of funds claimed for reimbursement by the school district due to insufficiency of funds as provided in Section 193 of Title 62 of the Oklahoma Statutes, then the school district's

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assessed valuation for the school year that such ad valorem
reimbursement is calculated in the State Aid Formula shall be
adjusted accordingly.

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

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

2. By February 1 the State Department of Education shall send by certified mail, with return receipt requested, to notify each School District Superintendent, Auditor and Regional Accreditation Officer a notice of and calculation sheet reflecting the general

fund balance penalty to be assessed against that school district. Calculation of the general fund balance penalty shall not include federal revenue. Within thirty (30) days of receipt of this written notice the school district shall submit to the Department a written reply either accepting or protesting the penalty to be assessed against the district. If protesting, the school district shall submit with its reply the reasons for rejecting the calculations and documentation supporting those reasons. The Department shall review all school district penalty protest documentation and notify each district by March 15 of its finding and the final penalty to be assessed to each district. General fund balance penalties shall be assessed to all school districts by April 1.

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

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- 5. If a school district does not receive Foundation and/or Salary Incentive Aid during the preceding fiscal year, the State Board of Education may waive the penalty assessed in this subsection if the penalty would result in a loss of more than forty percent (40%) of the remaining State Aid to be allocated to the school district between April 1 and the remainder of the school year and if the Board determines the penalty will cause the school district not to meet remaining financial obligations.
- 6. Any school district which receives gross production revenue apportionment during the 2002-2003 school year or in any subsequent school year that is greater than the gross production revenue apportionment of the preceding school year shall be exempt from the penalty assessed in this subsection, if the penalty would occur solely as a result of the gross production revenue apportionment, as determined by the State Board of Education.
- 7. Beginning July 1, 2003, school districts that participate in consolidation or annexation pursuant to the provisions of the Oklahoma School Voluntary Consolidation and Annexation Act shall be exempt from the penalty assessed in this subsection for the school year in which the consolidation or annexation occurs and for the next three (3) fiscal years.
- 8. Any school district which receives proceeds from a sales tax levied by a municipality pursuant to Section 22-159 of Title 11 of the Oklahoma Statutes or proceeds from a sales tax levied by a

county pursuant to Section 1370 of Title 68 of the Oklahoma Statutes during the 2003-2004 school year or the 2004-2005 school year shall be exempt from the penalties assessed in this subsection, if the penalty would occur solely as a result of receiving funds from the sales tax levy.

- 9. For purposes of calculating the general fund balance penalty, the terms "carryover" and "general fund balance" shall not include federal revenue.
- H. In order to provide startup funds for the implementation of early childhood programs, State Aid may be advanced to school districts that initially start early childhood instruction at a school site. School districts that desire such advanced funding shall make application to the State Department of Education no later than September 15 of each year and advanced funding shall be awarded to the approved districts no later than October 30. The advanced funding shall not exceed the per pupil amount of State Aid as calculated in subsection D of this section per anticipated Head Start eligible student. The total amount of advanced funding shall be proportionately reduced from the monthly payments of the district's State Aid payments during the last six (6) months of the same fiscal year.
- I. 1. Beginning July 1, 1996, the Oklahoma Tax Commission, notwithstanding any provision of law to the contrary, shall report

monthly to the State Department of Education the monthly apportionment of the following information:

- a. the assessed valuation of property,
- b. motor vehicle collections,
- c. R.E.A. tax collected, and
- d. gross productions tax collected.
- 2. Beginning July 1, 1997, the State Auditor and Inspector's Office, notwithstanding any provision of law to the contrary, shall report monthly to the State Department of Education the monthly apportionment of the proceeds of the county levy.
- 3. Beginning July 1, 1996, the Commissioners of the Land Office, notwithstanding any provision of law to the contrary, shall report monthly to the State Department of Education the monthly apportionment of state apportionment.
- 4. Beginning July 1, 1997, the county treasurers' offices, notwithstanding any provision of law to the contrary, shall report monthly to the State Department of Education the ad valorem tax protest amounts for each county.
- 5. The information reported by the Tax Commission, the State Auditor and Inspector's Office, the county treasurers' offices and the Commissioners of the Land Office, pursuant to this subsection shall be reported by school district on forms developed by the State Department of Education.

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

Section 18-201.1. A. Beginning with the 1997-98 school year, and each school year thereafter, the weighted membership of a school district for calculation of Foundation Aid purposes pursuant to paragraph 1 of subsection D of Section 18-200.1 of this title shall be the sum of the weighted pupil grade level calculation, the weighted pupil category calculation, the weighted district calculation and the weighted teacher experience and degree calculation. The weighted membership of a school district for calculation of Salary Incentive Aid purposes pursuant to paragraph 3 of subsection D of Section 18-200.1 of this title shall be the sum of the weighted pupil grade level calculation, the weighted pupil category calculation, the weighted district calculation and the weighted teacher experience and degree calculation.

B. The weighted calculations provided for in subsection A of this section shall be based on the highest weighted average daily membership of the first nine (9) weeks of the current school year, the preceding school year or the second preceding school year of a school district, unless otherwise specified. The highest of the three (3) weighted average daily memberships shall be used consistently in all of the calculations; however, the portion of weighted membership derived from nonresident, transferred pupils

enrolled in online courses shall be based on the weighted average
daily membership of the first nine (9) weeks of the current school
year. The average daily membership data used for all calculations
in paragraphs 1, 2, 3 and 4 of this subsection shall be the same as
used in the calculation of the State Aid Formula. The weighted
calculations provided for in subsection A of this section shall be
determined as follows:

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

	GRADE LEVEL	WEIGHT
a.	Half-day early childhood programs	.7 <u>.6</u>
b.	Full-day early childhood programs	1.3 <u>1.2</u>
С.	Half-day kindergarten	1.3 <u>.6</u>
d.	Full-day kindergarten	1.5 <u>1.0</u>
е.	First and second grade	1.351
f.	Third grade	1.051
g.	Fourth through sixth eighth grade	1.0
h.	Seventh f. Ninth through twelfth grade	1.2
<u>i.</u> g	Out-of-home placement	1.50

Multiply the membership of each subparagraph of this paragraph by the weight assigned to such subparagraph of this paragraph and add the totals together to determine the weighted pupil grade level

calculation for a school district. Determination of the pupils eligible for the early childhood program weight shall be pursuant to the provisions of Section 1-114 of this title. The pupils eligible for the out-of-home placement pupil weight shall be students who are not residents of the school district in which they are receiving education pursuant to the provisions of subsection D of Section 1-113 of this title. Such weight may be claimed by the district providing educational services to such student for the days that student is enrolled in that district. If claimed, the out-of-home placement weight shall be in lieu of the pupil grade level and any pupil category weights for that student. Provided, if a student resides in a juvenile detention center that is restricted to less than twelve (12) beds, the out-of-home placement pupil weight for such students shall be calculated as follows: for a center with six (6) beds - 3.0; for a center with eight (8) beds - 2.3 and for a center with ten (10) beds - 1.80.

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

19		CATEGORY	WEIGHT
20	a.	Visual Impairment	3.8
21	b.	Specific Learning Disability	.4
22	С.	Deafness or Hearing Impairment	2.9
23	d.	Deaf-Blindness	3.8
24	е.	Intellectual Disability	1.3

1	f	. Em	notional Disturbance	2.5
2	g	. Gi	fted	.34
3	h	. Mu	altiple Disabilities	2.4
4	i	. Or	thopedic Impairment	1.2
5	j.	. (1	.) Speech or Language Impairment, fo	or the 2019-2020
6			school year	.05
7		(2	Speech or Language Impairment, fo	or the 2020-2021
8			school year and thereafter	.15
9	k	. Bi	lingual (1) English learner, for the	ne 2019-2020 school
LO			<u>year</u>	.25
11		(2	2) English learner, for the 2020-202	21 school year and
L2			thereafter	<u>.50</u>
L3	1	. Sp	pecial Education Summer Program	1.2
L 4	m	. (1	.) Economically Disadvantaged, for	the 2019-2020
L5			school year	.25
16		(2	2) Economically Disadvantaged, for	the 2020-2021
L7			school year	<u>.33</u>
18		(3	B) Economically Disadvantaged, for	the 2021-2022
L 9			school year	<u>.41</u>
20		(4	Economically Disadvantaged, for	the 2022-2023
21			school year and thereafter	<u>.50</u>
22	n	. Op	tional Extended School Year	
23		Pr	rogram	As determined by
24				the State Board

1	of Education
2	o. Autism 2.4
3	p. Traumatic Brain Injury 2.4
4	q. Other Health Impairment 1.2
5	Except as otherwise provided, multiply the number of pupils approved
6	in the school year with the highest average daily membership in each
7	category by the weight assigned to such category and add the totals
8	together to determine the weighted pupil category calculation for a
9	school district. For the 1996-97 school year, the number to be
10	multiplied by the weight assigned to the gifted category in
11	subparagraph g of this paragraph shall be the lesser of (1) the sum
12	of the number of students who scored in the top three percent (3%)
13	on any national standardized test of intellectual ability plus the
14	number of students identified as gifted pursuant to subparagraphs a
15	through d of paragraph 1 of Section 1210.301 of this title or (2)
16	the sum of the number of students who scored in the top three
17	percent (3%) on any national standardized test of intellectual
18	ability plus eight percent (8%) of the total average daily
19	membership of the school district for the preceding school year.
20	For the 1997-98 school year and subsequent school years, the number
21	to be multiplied by the weight assigned to the gifted category in
22	subparagraph g of this paragraph shall be the lesser of (1) the sum
23	of the number of students who scored in the top three percent (3%)
24	on any national standardized test of intellectual ability plus the

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 formula, applying whichever is the greater of the calculations of the two formulas and then applying the restrictions pursuant to subparagraph c of this paragraph.
 - a. Small school district formula: 529 minus the average daily membership divided by 529 times .2 times total average daily membership.

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

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

- b. District sparsity isolation formula:The district sparsity isolation formula calculation shall apply only to school districts:
 - (1) whose total area in square miles is greater than
 the average number of square miles for all school
 districts in this state; and
 - (2) whose areal density is less than one-fourth (1/4) of the state average areal density. Areal density shall be determined by dividing the school district's average daily membership by the school district's total area in square miles.

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

The school district student cost factor multiplied by the school district area factor. The resulting

1	product si	hall be multiplied by the school district's
2	average d	aily membership. Subject to the provisions
3	of subpar	agraph c of this paragraph, the resulting
4	number sh	all be counted as additional students for the
5	purpose o	f calculating State Aid.
6	The school dis	trict student cost factor shall be calculated
7	as follows:	
8	The school	l district's average daily membership shall
9	be catego:	rized into the following grade level groups
10	and applic	ed to the appropriate formulas as computed
11	below:	
12	Grade Level Group	
13	Grades K-5	Divide 74 by the sum of the Grade
14		Level ADM plus 23,
15		add .85 to the quotient, then
16		multiply the sum by the Grade
17		Level ADM.
18	Grades 6-8	Divide 122 by the sum of the Grade
19		Level ADM plus 133,
20		add .85 to the quotient, then
21		multiply the sum by the Grade
22		Level ADM.
23	Grades 9-12	Divide 292 by the sum of the Grade
24		Level ADM plus 128,
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add .78 to the quotient, then multiply the sum by the Grade Level ADM.

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

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

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

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

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

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

If, after the weighted district calculation is applied, the district's projected per pupil revenue exceeds one hundred fifty percent (150%) of the projected state average per pupil revenue, then the district's State Aid shall be reduced by an amount that will restrict the district's projected per pupil revenue to one hundred fifty percent (150%) of the projected state average per pupil revenue. Provided, in applying the restriction provided in this division, the district's State Aid shall not be reduced by an amount greater than by the amount of State Aid which was generated by the weighted district calculation.

The July calculation of the projected per pupil revenue shall be determined by dividing the highest of the district's preceding two (2) years average daily membership (ADM) as weighted by the pupil grade level, the pupil category, the district and the teacher experience degree index calculations for projected State Aid into the district's projected total revenues

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

The December calculation of the projected per pupil revenue shall be determined by dividing the highest of the district's first nine (9) weeks of the current school year or the two (2) preceding school years average daily membership (ADM) as weighted by the pupil grade level, the pupil category, the district and the teacher experience degree index calculations for projected State Aid into the district's projected total revenues including funds for the December calculation of the current year State Aid Formula, net assessed valuation for the current calendar year times thirty-nine (39) mills, county revenues excluding the county four-mills revenue for the preceding year, other state appropriations for the preceding year and the collections for the preceding year of state

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

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

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

TEACHER EXPERIENCE - DEGREE INDEX

EXPERIENCE	BACHELOR'S	MASTER'S	DOCTOR'S
	DEGREE WEIGHT	DEGREE	DEGREE
0 - 2 9	.7 <u>1.0</u>	.9	1.1
3 - 5 <u>10 - 19</u>	.8 <u>1.1</u>	1.0	1.2
6 - 8 <u>20 or more</u>	.9 <u>1.2</u>	1.1	1.3
9 - 11	1.0	1.2	1.4
12 - 15	1.1	1.3	1.5
Over 15	1.2	1.4	1.6

1	The school district teacher index for each school district shall
2	be determined by subtracting the weighted average state teacher from
3	the weighted average district teacher. Multiply the school district
4	
5	teacher index if greater than zero by .7 and then multiply that
	product by the sum of the district's weighted pupil grade level
6	calculation provided in paragraph 1 of this subsection and the
7	weighted pupil category calculation provided in subparagraph m of
8	paragraph 2 of this subsection to determine the weighted teacher
9	experience and degree calculation Multiply the number of teachers in
10	each experience category by the weight assigned to each experience
11	category and add the totals together to determine the teacher index
12	calculation for a school district.
13	SECTION 7. This act shall become effective July 1, 2020.
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