

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 SENATE BILL 1510

By: Murdock

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5
6 AS INTRODUCED

7 An Act relating to school funding; amending 70 O.S.
8 2021, Section 18-200.1, as last amended by Section 2,
9 Chapter 488, O.S.L. 2021, which relates to State Aid;
10 removing language prohibiting school districts with
11 certain total amount of general fund collections from
12 exceeding certain carryover amounts; providing an
13 effective date; and declaring an emergency.

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

15 SECTION 1. AMENDATORY 70 O.S. 2021, Section 18-200.1, as
16 last amended by Section 2, Chapter 488, O.S.L. 2021, is amended to
17 read as follows:

18 Section 18-200.1. A. Beginning with the 2022-2023 school year,
19 and each school year thereafter, each school district shall have its
20 initial allocation of State Aid calculated based on the state
21 dedicated revenues actually collected during the preceding fiscal
22 year, the adjusted assessed valuation of the preceding year, and the
23 weighted average daily membership for the school district of the
24 preceding school year. Each school district shall submit the
25 following data based on the first nine (9) weeks, to be used in the
26 calculation of the average daily membership of the school district:

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

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

21 B. The State Department of Education shall retain not less than
22 one and one-half percent (1 1/2%) of the total funds appropriated
23 for financial support of schools, to be used to make midyear
24 adjustments in State Aid and which shall be reflected in the final

1 allocations. If the amount of appropriated funds, including the one
2 and one-half percent (1 1/2%) retained, remaining after January 1 of
3 each year is not sufficient to fully fund the final allocations, the
4 Department shall recalculate each school district's remaining
5 allocation pursuant to subsection D of this section using the
6 reduced amount of appropriated funds.

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

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

22 The December calculation of per pupil revenue shall be
23 determined by dividing the district's preceding year's total
24 weighted average daily membership (ADM) into the district's

1 preceding year's total revenues excluding federal revenue, insurance
2 loss payments, reimbursements, recovery of overpayments and refunds,
3 unused reserves, prior expenditures recovered, prior year surpluses,
4 and less the amount of any transfer fees paid in that year.

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

8 1. Foundation Aid shall be determined by subtracting the amount
9 of the Foundation Program Income from the cost of the Foundation
10 Program and adding to this difference the Transportation Supplement.

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

1 is greater, as determined by the provisions of
2 subsection A of Section 18-201.1 of this title and
3 paragraphs 1, 2, 3, and 4 of subsection B of Section
4 18-201.1 of this title, multiplied by the Base
5 Foundation Support Level.

6 b. The Foundation Program Income shall be the sum of the
7 following:

8 (1) The adjusted assessed valuation of the current
9 school year of the school district, minus the
10 previous year protested ad valorem tax revenues
11 held as prescribed in Section 2884 of Title 68 of
12 the Oklahoma Statutes, multiplied by the mills
13 levied pursuant to subsection (c) of Section 9 of
14 Article X of the Oklahoma Constitution, if
15 applicable, as adjusted in subsection (c) of
16 Section 8A of Article X of the Oklahoma
17 Constitution. For purposes of this subsection,
18 the "adjusted assessed valuation of the current
19 school year" shall be the adjusted assessed
20 valuation on which tax revenues are collected
21 during the current school year, and

22 (2) Seventy-five percent (75%) of the amount received
23 by the school district from the proceeds of the
24 county levy during the preceding fiscal year, as

1 levied pursuant to subsection (b) of Section 9 of
 2 Article X of the Oklahoma Constitution, and
 3 (3) Motor Vehicle Collections, and
 4 (4) Gross Production Tax, and
 5 (5) State Apportionment, and
 6 (6) R.E.A. Tax.

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

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

16 a. The average daily haul shall be the number of children
 17 in a district who are legally transported and who live
 18 one and one-half (1 1/2) miles or more from school.

19 b. The per capita allowance shall be determined using the
 20 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

1	.3250 - .3416	\$163.00	.9867 - 1.1071	\$95.00
2	.3417 - .3583	\$161.00	1.1072 - 1.3214	\$92.00
3	.3584 - .3749	\$158.00	1.3215 - 1.5357	\$90.00
4	.3750 - .3916	\$156.00	1.5358 - 1.7499	\$88.00
5	.3917 - .4083	\$154.00	1.7500 - 1.9642	\$86.00
6	.4084 - .4249	\$152.00	1.9643 - 2.1785	\$84.00
7	.4250 - .4416	\$150.00	2.1786 - 2.3928	\$81.00
8	.4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00
9	.4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00
10	.4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00
11	.4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00
12	.5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00
13	.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
14	.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
15	.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
16	.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
17	.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
18	.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
19	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
20	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
21	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
22	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
23	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
24	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00

1	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
2	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
3	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
4	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
5	.9067 - .9333	\$101.00	9.6668 or more	\$33.00

6 c. The formula transportation factor shall be 1.39.

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

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

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

23 c. Multiply the number of mills levied for general fund
24 purposes above the fifteen (15) mills required to

1 support Foundation Aid pursuant to division (1) of
2 subparagraph b of paragraph 1 of this subsection, not
3 including the county four-mill levy, by the remainder
4 of subparagraph b of this paragraph. The product
5 shall be the Salary Incentive Aid of the district.

6 E. By June 30, 1998, the State Department of Education shall
7 develop and the Department and all school districts shall have
8 implemented a student identification system which is consistent with
9 the provisions of subsections C and D of Section 3111 of Title 74 of
10 the Oklahoma Statutes. The student identification system shall be
11 used specifically for the purpose of reporting enrollment data by
12 school sites and by school districts, the administration of the
13 Oklahoma School Testing Program Act, the collection of appropriate
14 and necessary data pursuant to the Oklahoma Educational Indicators
15 Program, determining student enrollment, establishing a student
16 mobility rate, allocation of the State Aid Formula, and midyear
17 adjustments in funding for student growth. This enrollment data
18 shall be submitted to the State Department of Education in
19 accordance with rules promulgated by the State Board of Education.
20 Funding for the development, implementation, personnel training, and
21 maintenance of the student identification system shall be set out in
22 a separate line item in the allocation section of the appropriation
23 bill for the State Board of Education for each year.

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

17 2. In the event that the amount of funds a school district
18 receives for reimbursement from the Ad Valorem Reimbursement Fund is
19 less than the amount of funds claimed for reimbursement by the
20 school district due to insufficiency of funds as provided in Section
21 193 of Title 62 of the Oklahoma Statutes, then the school district's
22 assessed valuation for the school year that such ad valorem
23 reimbursement is calculated in the State Aid Formula shall be
24 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 General Fund Collections, Excluding Previous Year Cash Surplus as of June 30	Amount of General Fund Balance Allowable
Less than \$1,000,000	48%
\$1,000,000 - \$2,999,999	42%
\$3,000,000 - \$3,999,999	36%
\$4,000,000 - \$4,999,999	30%
\$5,000,000 - \$5,999,999	24%
\$6,000,000 - \$7,999,999	22%
\$8,000,000 - \$9,999,999	19%
\$10,000,000 or more	17%

2. By February 1 the State Department of Education shall send by certified mail, with return receipt requested, to 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

1 notice the school district shall submit to the Department a written
2 reply either accepting or protesting the penalty to be assessed
3 against the district. If protesting, the school district shall
4 submit with its reply the reasons for rejecting the calculations and
5 documentation supporting those reasons. The Department shall review
6 all school district penalty protest documentation and notify each
7 district by March 15 of its finding and the final penalty to be
8 assessed to each district. General fund balance penalties shall be
9 assessed to all school districts by April 1.

10 3. Any school district which receives proceeds from a tax
11 settlement or a Federal Emergency Management Agency settlement
12 during the last two (2) months of the preceding fiscal year shall be
13 exempt from the penalties assessed in this subsection, if the
14 penalty would occur solely as a result of receiving funds from the
15 tax settlement.

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

22 5. If a school district does not receive Foundation and/or
23 Salary Incentive Aid during the preceding fiscal year, the State
24 Board of Education may waive the penalty assessed in this subsection

1 if the penalty would result in a loss of more than forty percent
2 (40%) of the remaining State Aid to be allocated to the school
3 district between April 1 and the remainder of the school year and if
4 the Board determines the penalty will cause the school district not
5 to meet remaining financial obligations.

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

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

19 8. Any school district which receives proceeds from a sales tax
20 levied by a municipality pursuant to Section 22-159 of Title 11 of
21 the Oklahoma Statutes or proceeds from a sales tax levied by a
22 county pursuant to Section 1370 of Title 68 of the Oklahoma Statutes
23 during the 2003-2004 school year or the 2004-2005 school year shall
24 be exempt from the penalties assessed in this subsection, if the

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

3 9. Any school district which has an amount of carryover in the
4 general fund of the district in excess of the limits established in
5 paragraph 1 of this subsection during the fiscal years beginning
6 July 1, 2020, July 1, 2021, July 1, 2022, and July 1, 2023, shall
7 not be assessed a general fund balance penalty as provided for in
8 this subsection.

9 10. 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 2. This act shall become effective July 1, 2022.

4 SECTION 3. It being immediately necessary for the preservation
5 of the public peace, health or safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval.

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