

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

SENATE BILL 1

By: Garvin

AS INTRODUCED

An Act relating to school funding; amending 70 O.S. 2021, Section 5-135.4, which relates to the School District Transparency Act; requiring school districts to submit and the State Department of Education to post on a website the amount of carryover in a school district's general fund and certain descriptive purpose on certain date; amending 70 O.S. 2021, Section 18-200.1, as last amended by Section 2, Chapter 488, O.S.L. 2021, which relates to State Aid; removing limitations on school district general fund carryover, method for calculating carryover amount, and penalties for exceeding limitations; 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. 2021, Section 5-135.4, is amended to read as follows:

Section 5-135.4. A. This section shall be known and may be cited as the "School District Transparency Act".

B. The State Department of Education shall make school district and school site expenditure data available on its website. Data shall be made available in an open-structured data format that may be downloaded by the public and that allows the user to

1 systematically sort, search, and access all data without any fee or  
2 charge for access. Prior to the beginning of the 2019-2020 school  
3 year, if a school district has a website, the district shall provide  
4 a link on its home page to the State Department of Education's  
5 Oklahoma Cost Accounting System and School District Financial  
6 Information website, or the district shall provide the information  
7 required by subsection C of this section within one click of the  
8 home page of the school district's website.

9 C. The website shall provide information on school district and  
10 school site expenditures of state, federal, and local funds, whether  
11 appropriated or nonappropriated, excluding payments of voluntary  
12 payroll deductions for employees to receiving parties. The website  
13 shall further provide information, including, but not limited to,  
14 the following:

- 15 1. Identification of the school district;
- 16 2. The Oklahoma Cost Accounting System (OCAS) code designation  
17 for each expenditure;
- 18 3. The name and principal location of the entity or recipient  
19 of the funds, excluding release of information relating to an  
20 individual's place of residence and release of information  
21 prohibited by subsection D of Section 24A.7 of Title 51 of the  
22 Oklahoma Statutes or by federal law relating to privacy rights;
- 23 4. The amount of funds expended;
- 24 5. The type of transaction;

1 6. A descriptive purpose of the funding action or expenditure;

2 7. The budgeted and audited actual expenditure figures for each  
3 fiscal year, ensuring each set of figures can be identified as  
4 budgeted or audited figures;

5 8. The per-pupil expenditure as defined in Section 1-124 of  
6 this title; ~~and~~

7 9. The total compensation package of the superintendent as  
8 defined by the requirements of the OCAS including a listing of the  
9 base salary, insurance, retirement, and other fringe benefits  
10 including exempted nonadministrative services such as teaching in  
11 the classroom or serving as a principal, counselor, or library media  
12 specialist pursuant to subsection E of Section 18-124 of this title;  
13 and

14 10. The amount of carryover in a school district's general fund  
15 as of June 30 of the preceding fiscal year including a descriptive  
16 purpose of the funding action or expenditure for which the carryover  
17 funds may be used, as approved by the school district board of  
18 education. Federal revenue shall not be included in calculating the  
19 amount of carryover in the general fund.

20 D. The Department shall make the data available on its website  
21 within one hundred twenty (120) days of transmission of the  
22 expenditures to the Department by the school district.

23 E. School districts shall provide information requested by the  
24 Department to accomplish the purposes of this section.

1 F. If a school district maintains a website, the district shall  
2 provide the information required in subsection C of this section in  
3 the manner prescribed in subsection B of this section on the  
4 district website.

5 G. Nothing in this section shall require the disclosure of  
6 information which is required to be kept confidential by state or  
7 federal law.

8 H. The disclosure of information required by this section shall  
9 create no liability whatsoever, civil or criminal, to the State of  
10 Oklahoma, the State Department of Education, school districts, or  
11 any employee thereof for disclosure of required information or for  
12 any error or omission in the disclosure.

13 I. The Department shall undertake activities annually to inform  
14 parents, schools, and other stakeholders about the availability of  
15 school district and school site expenditure data on its website and  
16 how to use the website.

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

20 Section 18-200.1. A. Beginning with the 2022-2023 school year,  
21 and each school year thereafter, each school district shall have its  
22 initial allocation of State Aid calculated based on the state  
23 dedicated revenues actually collected during the preceding fiscal  
24 year, the adjusted assessed valuation of the preceding year, and the

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

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

1 reserves, prior expenditures recovered, prior year surpluses, and  
2 less the amount of any transfer fees paid in that year.

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

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

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

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

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

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

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

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

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

20 2. The Transportation Supplement shall be equal to the average  
21 daily haul times the per capita allowance times the appropriate  
22 transportation factor.  
23  
24  
25

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

b. The per capita allowance shall be determined using the following chart:

	PER CAPITA		PER CAPITA	
DENSITY FIGURE	ALLOWANCE	DENSITY FIGURE	ALLOWANCE	
.3000 - .3083	\$167.00	.9334 - .9599	\$99.00	
.3084 - .3249	\$165.00	.9600 - .9866	\$97.00	
.3250 - .3416	\$163.00	.9867 - 1.1071	\$95.00	
.3417 - .3583	\$161.00	1.1072 - 1.3214	\$92.00	
.3584 - .3749	\$158.00	1.3215 - 1.5357	\$90.00	
.3750 - .3916	\$156.00	1.5358 - 1.7499	\$88.00	
.3917 - .4083	\$154.00	1.7500 - 1.9642	\$86.00	
.4084 - .4249	\$152.00	1.9643 - 2.1785	\$84.00	
.4250 - .4416	\$150.00	2.1786 - 2.3928	\$81.00	
.4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00	
.4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00	
.4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00	
.4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00	
.5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00	
.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00	
.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00	
.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00	

1	.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
2	.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
3	.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
4	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
5	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
6	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
7	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
8	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
9	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
10	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
11	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
12	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
13	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
14	.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 higher weighted average daily membership based on the first nine (9) weeks of the current school year or the 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.

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

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

15          E. By June 30, 1998, the State Department of Education shall  
16          develop and the Department and all school districts shall have  
17          implemented a student identification system which is consistent with  
18          the provisions of subsections C and D of Section 3111 of Title 74 of  
19          the Oklahoma Statutes. The student identification system shall be  
20          used specifically for the purpose of reporting enrollment data by  
21          school sites and by school districts, the administration of the  
22          Oklahoma School Testing Program Act, the collection of appropriate  
23          and necessary data pursuant to the Oklahoma Educational Indicators  
24          Program, determining student enrollment, establishing a student

1 mobility rate, allocation of the State Aid Formula, and midyear  
2 adjustments in funding for student growth. This enrollment data  
3 shall be submitted to the State Department of Education in  
4 accordance with rules promulgated by the State Board of Education.  
5 Funding for the development, implementation, personnel training, and  
6 maintenance of the student identification system shall be set out in  
7 a separate line item in the allocation section of the appropriation  
8 bill for the State Board of Education for each year.

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

<del>Total Amount of</del>	<del>Amount of</del>
<del>General Fund Collections,</del>	<del>General Fund</del>
<del>Excluding Previous Year</del>	<del>Balance</del>
<del>Cash Surplus as of June 30</del>	<del>Allowable</del>
<del>Less than \$1,000,000</del>	<del>48%</del>
<del>\$1,000,000 - \$2,999,999</del>	<del>42%</del>
<del>\$3,000,000 - \$3,999,999</del>	<del>36%</del>
<del>\$4,000,000 - \$4,999,999</del>	<del>30%</del>
<del>\$5,000,000 - \$5,999,999</del>	<del>24%</del>
<del>\$6,000,000 - \$7,999,999</del>	<del>22%</del>
<del>\$8,000,000 - \$9,999,999</del>	<del>19%</del>

~~\$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 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.~~

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

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

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

22       ~~7. Beginning July 1, 2003, school districts that participate in~~  
23 ~~consolidation or annexation pursuant to the provisions of the~~  
24 ~~Oklahoma School Voluntary Consolidation and Annexation Act shall be~~

1 ~~exempt from the penalty assessed in this subsection for the school~~  
2 ~~year in which the consolidation or annexation occurs and for the~~  
3 ~~next three (3) fiscal years.~~

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

12 ~~9. Any school district which has an amount of carryover in the~~  
13 ~~general fund of the district in excess of the limits established in~~  
14 ~~paragraph 1 of this subsection during the fiscal years beginning~~  
15 ~~July 1, 2020, July 1, 2021, July 1, 2022, and July 1, 2023, shall~~  
16 ~~not be assessed a general fund balance penalty as provided for in~~  
17 ~~this subsection.~~

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

21 ~~H.~~ In order to provide startup funds for the implementation of  
22 early childhood programs, State Aid may be advanced to school  
23 districts that initially start early childhood instruction at a  
24 school site. School districts that desire such advanced funding

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

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

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

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

22 3. Beginning July 1, 1996, the Commissioners of the Land  
23 Office, notwithstanding any provision of law to the contrary, shall  
24

1 report monthly to the State Department of Education the monthly  
2 apportionment of state apportionment.

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

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

12 SECTION 3. This act shall become effective July 1, 2023.

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

17  
18 59-1-218 EB 11/22/2022 4:41:17 PM