

1 **SENATE FLOOR VERSION**

2 March 1, 2023

3 SENATE BILL NO. 112

By: Thompson (Roger)

4  
5  
6 [ State Aid Formula - transportation factor -  
7 effective date - emergency ]  
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10 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

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

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

1           3. Transportation supplement data.

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

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

1 each year is not sufficient to fully fund the final allocations, the  
2 Department shall recalculate each school district's remaining  
3 allocation pursuant to subsection D of this section using the  
4 reduced amount of appropriated funds.

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

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

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

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

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

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

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

1 paragraphs 1, 2, 3 and 4 of subsection B of Section  
2 18-201.1 of this title, multiplied by the Base  
3 Foundation Support Level.

4 b. The Foundation Program Income shall be the sum of the  
5 following:

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

20 (2) Seventy-five percent (75%) of the amount received  
21 by the school district from the proceeds of the  
22 county levy during the preceding fiscal year, as  
23 levied pursuant to subsection (b) of Section 9 of  
24 Article X of the Oklahoma Constitution, and

- (3) ~~Motor Vehicle Collections~~ motor vehicle collections, and
- (4) ~~Gross Production Tax~~ gross production tax, and
- (5) ~~State Apportionment~~ state apportionment, and
- (6) R.E.A. ~~Tax~~ 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.

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

- a. The average daily haul shall be the number of children in a district who are legally transported and who live one and one-half (1 1/2) miles or more from school.
- b. The per capita allowance shall be determined using the following chart:

	PER CAPITA		PER CAPITA	
DENSITY FIGURE	ALLOWANCE	DENSITY FIGURE	ALLOWANCE	
.3000 - .3083	\$167.00	.9334 - .9599	\$99.00	
.3084 - .3249	\$165.00	.9600 - .9866	\$97.00	
.3250 - .3416	\$163.00	.9867 - 1.1071	\$95.00	

1	.3417 - .3583	\$161.00	1.1072 - 1.3214	\$92.00
2	.3584 - .3749	\$158.00	1.3215 - 1.5357	\$90.00
3	.3750 - .3916	\$156.00	1.5358 - 1.7499	\$88.00
4	.3917 - .4083	\$154.00	1.7500 - 1.9642	\$86.00
5	.4084 - .4249	\$152.00	1.9643 - 2.1785	\$84.00
6	.4250 - .4416	\$150.00	2.1786 - 2.3928	\$81.00
7	.4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00
8	.4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00
9	.4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00
10	.4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00
11	.5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00
12	.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
13	.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
14	.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
15	.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
16	.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
17	.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
18	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
19	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
20	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
21	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
22	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
23	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
24	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00

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

5 c. The formula transportation factor shall be ~~1.39~~ 3.0.

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

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

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

22 c. Multiply the number of mills levied for general fund  
23 purposes above the fifteen (15) mills required to  
24 support Foundation Aid pursuant to division (1) of



1           subparagraph b of paragraph 1 of this subsection, not  
2           including the county four-mill levy, by the remainder  
3           of subparagraph b of this paragraph. The product  
4           shall be the Salary Incentive Aid of the district.

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

23          F. 1. In the event that ad valorem taxes of a school district  
24          are determined to be uncollectible because of bankruptcy, clerical

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

15 2. In the event that the amount of funds a school district  
16 receives for reimbursement from the Ad Valorem Reimbursement Fund is  
17 less than the amount of funds claimed for reimbursement by the  
18 school district due to insufficiency of funds as provided in Section  
19 193 of Title 62 of the Oklahoma Statutes, then the school district's  
20 assessed valuation for the school year that such ad valorem  
21 reimbursement is calculated in the State Aid Formula shall be  
22 adjusted accordingly.

23 G. 1. Notwithstanding the provisions of Section 18-112.2 of  
24 this title, a school district shall have its State Aid reduced by an

1 amount equal to the amount of carryover in the general fund of the  
2 district as of June 30 of the preceding fiscal year, that is in  
3 excess of the following standards for two (2) consecutive years:

4	Total Amount of	Amount of
5	General Fund Collections,	General Fund
6	Excluding Previous Year	Balance
7	Cash Surplus as of June 30	Allowable
8	Less than \$1,000,000	48%
9	\$1,000,000 - \$2,999,999	42%
10	\$3,000,000 - \$3,999,999	36%
11	\$4,000,000 - \$4,999,999	30%
12	\$5,000,000 - \$5,999,999	24%
13	\$6,000,000 - \$7,999,999	22%
14	\$8,000,000 - \$9,999,999	19%
15	\$10,000,000 or more	17%

16 2. By February 1 the State Department of Education shall send  
17 by certified mail, with return receipt requested, to each School  
18 District Superintendent, Auditor and Regional Accreditation Officer  
19 a notice of and calculation sheet reflecting the general fund  
20 balance penalty to be assessed against that school district.  
21 Calculation of the general fund balance penalty shall not include  
22 federal revenue. Within thirty (30) days of receipt of this written  
23 notice the school district shall submit to the Department a written  
24 reply either accepting or protesting the penalty to be assessed

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

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

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

20 5. If a school district does not receive Foundation and/or  
21 Salary Incentive Aid during the preceding fiscal year, the State  
22 Board of Education may waive the penalty assessed in this subsection  
23 if the penalty would result in a loss of more than forty percent  
24 (40%) of the remaining State Aid to be allocated to the school

1 district between April 1 and the remainder of the school year and if  
2 the Board determines the penalty will cause the school district not  
3 to meet remaining financial obligations.

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

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

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

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

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

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

23          I. 1. Beginning July 1, 1996, the Oklahoma Tax Commission,  
24 notwithstanding any provision of law to the contrary, shall report

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

- 3 a. the assessed valuation of property,
- 4 b. motor vehicle collections,
- 5 c. R.E.A. tax collected, and
- 6 d. gross productions tax collected.

7 2. Beginning July 1, 1997, the State Auditor and Inspector's  
8 Office, notwithstanding any provision of law to the contrary, shall  
9 report monthly to the State Department of Education the monthly  
10 apportionment of the proceeds of the county levy.

11 3. Beginning July 1, 1996, the Commissioners of the Land  
12 Office, notwithstanding any provision of law to the contrary, shall  
13 report monthly to the State Department of Education the monthly  
14 apportionment of state apportionment.

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

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

24 SECTION 2. This act shall become effective July 1, 2023.

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

5 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS  
6 March 1, 2023 - DO PASS  
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