

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 1193

By: Pugh

AS INTRODUCED

An Act relating to school funding; amending 70 O.S. 2021, Section 18-200.1, as last amended by Section 2, Chapter 285, O.S.L. 2025 (70 O.S. Supp. 2025, Section 18-200.1), which relates to State Aid; removing limitations on school district general fund carryover, method for calculating carryover amount, and penalties for exceeding limitations; updating statutory language; repealing 70 O.S. 2021, Section 18-200.1, as amended by Section 1, Chapter 488, O.S.L. 2021, which relates to State Aid; 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 18-200.1, as last amended by Section 2, Chapter 285, O.S.L. 2025 (70 O.S. Supp. 2025, Section 18-200.1), is amended to read as follows:

Section 18-200.1. A. Beginning with the 2022-2023 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 weighted average daily membership for the school district of the

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

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

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

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 Section 18-112.2 of this title;
15 provided, no district having per pupil revenue in excess of three
16 hundred percent (300%) of the average per pupil revenue of all
17 districts shall receive any State Aid or Supplement in State Aid.

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

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

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

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

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

23 b. The Foundation Program Income shall be the sum of the
24 following:

- 1 (1) the adjusted assessed valuation of the current
2 school year of the school district, minus the
3 previous year protested ad valorem tax revenues
4 held as prescribed in Section 2884 of Title 68 of
5 the Oklahoma Statutes, multiplied by the mills
6 levied pursuant to subsection (c) of Section 9 of
7 Article X of the Oklahoma Constitution, if
8 applicable, as adjusted in subsection (c) of
9 Section 8A of Article X of the Oklahoma
10 Constitution. For purposes of this subsection,
11 the "adjusted assessed valuation of the current
12 school year" shall be the adjusted assessed
13 valuation on which tax revenues are collected
14 during the current school year,
- 15 (2) seventy-five percent (75%) of the amount received
16 by the school district from the proceeds of the
17 county levy during the preceding fiscal year, as
18 levied pursuant to subsection (b) of Section 9 of
19 Article X of the Oklahoma Constitution,
- 20 (3) motor vehicle collections,
21 (4) gross production tax,
22 (5) state apportionment, and
23 (6) R.E.A. tax.
24

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
.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

1	.4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00
2	.4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00
3	.4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00
4	.4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00
5	.5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00
6	.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
7	.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
8	.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
9	.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
10	.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
11	.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
12	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
13	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
14	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
15	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
16	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
17	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
18	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
19	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
20	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
21	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
22	.9067 - .9333	\$101.00	9.6668 or more	\$33.00

c. The formula transportation factor shall be 2.0.

3. Salary Incentive Aid shall be determined as follows:

- 1 a. Multiply the Incentive Aid guarantee by the district's
2 higher weighted average daily membership based on the
3 first nine (9) weeks of the current school year or the
4 preceding school year of a school district, as
5 determined by the provisions of subsection A of
6 Section 18-201.1 of this title and paragraphs 1, 2, 3,
7 and 4 of subsection B of Section 18-201.1 of this
8 title.
- 9 b. Divide the district's adjusted assessed valuation of
10 the current school year minus the previous year's
11 protested ad valorem tax revenues held as prescribed
12 in Section 2884 of Title 68 of the Oklahoma Statutes,
13 by one thousand (1,000) and subtract the quotient from
14 the product of subparagraph a of this paragraph. The
15 remainder shall not be less than zero (0).
- 16 c. Multiply the number of mills levied for general fund
17 purposes above the fifteen (15) mills required to
18 support Foundation Aid pursuant to division (1) of
19 subparagraph b of paragraph 1 of this subsection, not
20 including the county four-mill levy, by the remainder
21 of subparagraph b of this paragraph. The product
22 shall be the Salary Incentive Aid of the district.

23 E. By June 30, 1998, the State Department of Education shall
24 develop and the Department and all school districts shall have

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

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

1 State Aid Formula, shall be determined by subtracting the net
2 assessed valuation of the property upon which taxes were deemed
3 uncollectible from the assessed valuation of the school district and
4 the state. Upon request of the local board of education, it shall
5 be the duty of the county assessor to certify to the Director of
6 Finance of the State Department of Education the net assessed
7 valuation of the property upon which taxes were determined
8 uncollectible.

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

17 G. ~~1. Notwithstanding the provisions of Section 18-112.2 of~~
18 ~~this title, a school district shall have its State Aid reduced by an~~
19 ~~amount equal to the amount of carryover in the general fund of the~~
20 ~~district as of June 30 of the preceding fiscal year, that is in~~
21 ~~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	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 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~~

1 ~~assessed to each district. General fund balance penalties shall be~~
2 ~~assessed to all school districts by April 1.~~

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

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

15 ~~5. If a school district does not receive Foundation and/or~~
16 ~~Salary Incentive Aid during the preceding fiscal year, the State~~
17 ~~Board of Education may waive the penalty assessed in this subsection~~
18 ~~if the penalty would result in a loss of more than forty percent~~
19 ~~(40%) of the remaining State Aid to be allocated to the school~~
20 ~~district between April 1 and the remainder of the school year and if~~
21 ~~the Board determines the penalty will cause the school district not~~
22 ~~to meet remaining financial obligations.~~

23 ~~6. Any school district which receives gross production revenue~~
24 ~~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 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. Any school district which has an amount of carryover in the general fund of the district in excess of the limits established in paragraph 1 of this subsection during the fiscal years beginning July 1, 2020, July 1, 2021, July 1, 2022, July 1, 2023, and July 1,~~

1 ~~2024, shall not be assessed a general fund balance penalty as~~
2 ~~provided for in this subsection.~~

3 ~~10. For purposes of calculating the general fund balance~~
4 ~~penalty, the terms "carryover" and "general fund balance" shall not~~
5 ~~include federal revenue.~~

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

19 ~~H.~~ H. 1. Beginning July 1, 1996, the Oklahoma Tax Commission,
20 notwithstanding any provision of law to the contrary, shall report
21 monthly to the State Department of Education the monthly
22 apportionment of the following information:

- 23 a. the assessed valuation of property,
24 b. motor vehicle collections,

1 c. R.E.A. tax collected, and

2 d. gross productions tax collected.

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

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

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

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

21 SECTION 2. REPEALER 70 O.S. 2021, Section 18-200.1, as
22 amended by Section 1, Chapter 488, O.S.L. 2021, is hereby repealed.

23 SECTION 3. This act shall become effective July 1, 2026.
24
25

1 SECTION 4. 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.

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