

1 **SENATE FLOOR VERSION**

February 22, 2022

2 **AS AMENDED**

3 SENATE BILL NO. 1126

By: Garvin of the Senate

4 and

5 McEntire of the House

6
7
8 **[school funding - School District Transparency Act -**
9 **post on a website the amount of carryover -**
10 **limitations on school district general fund carryover**
11 **- effective date -**
12 **emergency]**

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

14 SECTION 1. AMENDATORY 70 O.S. 2021, Section 5-135.4, is
15 amended to read as follows:

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

18 B. The State Department of Education shall make school district
19 and school site expenditure data available on its website. Data
20 shall be made available in an open-structured data format that may
21 be downloaded by the public and that allows the user to
22 systematically sort, search, and access all data without any fee or
23 charge for access. Prior to the beginning of the 2019-2020 school
24 year, if a school district has a website, the district shall provide
a link on its home page to the State Department of Education's

1 Oklahoma Cost Accounting System and School District Financial
2 Information website, or the district shall provide the information
3 required by subsection C of this section within one click of the
4 home page of the school district's website.

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

11 1. Identification of the school district;

12 2. The Oklahoma Cost Accounting System (OCAS) code designation
13 for each expenditure;

14 3. The name and principal location of the entity or recipient
15 of the funds, excluding release of information relating to an
16 individual's place of residence and release of information
17 prohibited by subsection D of Section 24A.7 of Title 51 of the
18 Oklahoma Statutes or by federal law relating to privacy rights;

19 4. The amount of funds expended;

20 5. The type of transaction;

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

22 7. The budgeted and audited actual expenditure figures for each
23 fiscal year, ensuring each set of figures can be identified as
24 budgeted or audited figures;

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

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

10 10. The amount of carryover in a school district's general fund
11 as of June 30 of the preceding fiscal year. Federal revenue shall
12 not be included in calculating the amount of carryover in the
13 general fund.

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

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

19 F. If a school district maintains a website, the district shall
20 provide the information required in subsection C of this section in
21 the manner prescribed in subsection B of this section on the
22 district website.

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

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

9 I. The Department shall undertake activities annually to inform
10 parents, schools, and other stakeholders about the availability of
11 school district and school site expenditure data on its website and
12 how to use the website.

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

16 Section 18-200.1. A. Beginning with the 2022-2023 school year,
17 and each school year thereafter, each school district shall have its
18 initial allocation of State Aid calculated based on the state
19 dedicated revenues actually collected during the preceding fiscal
20 year, the adjusted assessed valuation of the preceding year, and the
21 weighted average daily membership for the school district of the
22 preceding school year. Each school district shall submit the
23 following data based on the first nine (9) weeks, to be used in the
24 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 C 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 and 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~~ motor vehicle
 4 collections, and
 5 (4) ~~Gross Production Tax~~ gross production tax, and
 6 (5) ~~State Apportionment~~ state apportionment, and
 7 (6) R.E.A. ~~Tax~~ tax.

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

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

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

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

	PER CAPITA		PER CAPITA
DENSITY FIGURE	ALLOWANCE	DENSITY FIGURE	ALLOWANCE
.3000 - .3083	\$167.00	.9334 - .9599	\$99.00

1	.3084 - .3249	\$165.00	.9600 - .9866	\$97.00
2	.3250 - .3416	\$163.00	.9867 - 1.1071	\$95.00
3	.3417 - .3583	\$161.00	1.1072 - 1.3214	\$92.00
4	.3584 - .3749	\$158.00	1.3215 - 1.5357	\$90.00
5	.3750 - .3916	\$156.00	1.5358 - 1.7499	\$88.00
6	.3917 - .4083	\$154.00	1.7500 - 1.9642	\$86.00
7	.4084 - .4249	\$152.00	1.9643 - 2.1785	\$84.00
8	.4250 - .4416	\$150.00	2.1786 - 2.3928	\$81.00
9	.4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00
10	.4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00
11	.4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00
12	.4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00
13	.5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00
14	.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
15	.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
16	.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
17	.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
18	.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
19	.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
20	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
21	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
22	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
23	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
24	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00

1	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
2	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
3	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
4	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
5	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
6	.9067 - .9333	\$101.00	9.6668 or more	\$33.00

7 c. The formula transportation factor shall be 1.39.

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

9 a. Multiply the Incentive Aid guarantee by the district's
10 higher weighted average daily membership based on the
11 first 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, 4
15 and 4 of subsection B of Section 18-201.1 of this
16 title.

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

1 c. Multiply the number of mills levied for general fund
2 purposes above the fifteen (15) mills required to
3 support Foundation Aid pursuant to division (1) of
4 subparagraph b of paragraph 1 of this subsection, not
5 including the county four-mill levy, by the remainder
6 of subparagraph b of this paragraph. The product
7 shall be the Salary Incentive Aid of the district.

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

1 a separate line item in the allocation section of the appropriation
2 bill for the State Board of Education for each year.

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

19 2. In the event that the amount of funds a school district
20 receives for reimbursement from the Ad Valorem Reimbursement Fund is
21 less than the amount of funds claimed for reimbursement by the
22 school district due to insufficiency of funds as provided in Section
23 193 of Title 62 of the Oklahoma Statutes, then the school district's
24 assessed valuation for the school year that such ad valorem

1 reimbursement is calculated in the State Aid Formula shall be
2 adjusted accordingly.

3 G. ~~1. Notwithstanding the provisions of Section 18-112.2 of~~
4 ~~this title, a school district shall have its State Aid reduced by an~~
5 ~~amount equal to the amount of carryover in the general fund of the~~
6 ~~district as of June 30 of the preceding fiscal year, that is in~~
7 ~~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%

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20 ~~2. By February 1 the State Department of Education shall send~~
21 ~~by certified mail, with return receipt requested, to each School~~
22 ~~District Superintendent, Auditor and Regional Accreditation Officer~~
23 ~~a notice of and calculation sheet reflecting the general fund~~
24 ~~balance penalty to be assessed against that school district.~~

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

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

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

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

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

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

22 ~~8. Any school district which receives proceeds from a sales tax~~
23 ~~levied by a municipality pursuant to Section 22-159 of Title 11 of~~
24 ~~the Oklahoma Statutes or proceeds from a sales tax levied by a~~

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

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

12 ~~10. For purposes of calculating the general fund balance~~
13 ~~penalty, the terms "carryover" and "general fund balance" shall not~~
14 ~~include federal revenue.~~

15 ~~H.~~ In order to provide startup funds for the implementation of
16 early childhood programs, State Aid may be advanced to school
17 districts that initially start early childhood instruction at a
18 school site. School districts that desire such advanced funding
19 shall make application to the State Department of Education no later
20 than September 15 of each year and advanced funding shall be awarded
21 to the approved districts no later than October 30. The advanced
22 funding shall not exceed the per pupil amount of State Aid as
23 calculated in subsection D of this section per anticipated Head
24 Start eligible student. The total amount of advanced funding shall

1 be proportionately reduced from the monthly payments of the
2 district's State Aid payments during the last six (6) months of the
3 same fiscal year.

4 ~~F.~~ H. 1. Beginning July 1, 1996, the Oklahoma Tax Commission,
5 notwithstanding any provision of law to the contrary, shall report
6 monthly to the State Department of Education the monthly
7 apportionment of the following information:

- 8 a. the assessed valuation of property,
- 9 b. motor vehicle collections,
- 10 c. R.E.A. tax collected, and
- 11 d. gross productions tax collected.

12 2. Beginning July 1, 1997, the State Auditor and Inspector's
13 Office, notwithstanding any provision of law to the contrary, shall
14 report monthly to the State Department of Education the monthly
15 apportionment of the proceeds of the county levy.

16 3. Beginning July 1, 1996, the Commissioners of the Land
17 Office, notwithstanding any provision of law to the contrary, shall
18 report monthly to the State Department of Education the monthly
19 apportionment of state apportionment.

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

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

6 SECTION 3. This act shall become effective July 1, 2022.

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

11 COMMITTEE REPORT BY: COMMITTEE ON EDUCATION
12 February 22, 2022 - DO PASS AS AMENDED
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