

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 359

6 By: Pugh of the Senate

7 and

8 Lowe (Dick) of the House

9 COMMITTEE SUBSTITUTE

10 An Act relating to school funding; amending 70 O.S.
11 2021, Section 18-200.1, as last amended by Section 2,
12 Chapter 488, O.S.L. 2021, which relates to the
13 allocation of State Aid; increasing percentage of
14 certain funds to be retained; modifying calculations
15 of foundation program income and salary incentive
16 aid; amending 70 O.S. 2021, Section 18-107, which
17 relates to State Aid definitions; deleting certain
18 definition; updating statutory language; and
19 providing an effective date.

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

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

24 Section 18-200.1. A. Beginning with the ~~2022-2023~~ 2024-2025
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

1 ~~fiscal year, the adjusted assessed valuation of the preceding year~~
2 and the weighted average daily membership for the school district of
3 the preceding school year. Each school district shall submit the
4 following data based on the first nine (9) weeks, to be used in the
5 calculation of the average daily membership of the school district:

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

9 On or before December 30, the State Department of Education
10 shall determine each school district's current year allocation
11 pursuant to subsection D of this section. The State Department of
12 Education shall complete an audit, using procedures established by
13 the Department, of the student enrollment by grade level data, pupil
14 category counts, and transportation supplement data to be used in
15 the State Aid Formula pursuant to subsection D of this section by
16 December 1 and by January 15 shall notify each school district of
17 the district's final State Aid allocation for the current school
18 year. The January payment of State Aid and each subsequent payment
19 for the remainder of the school year shall be based on the final
20 State Aid allocation as calculated in subsection D of this section.
21 Except for reductions made due to the assessment of penalties by the
22 State Department of Education according to law, the January payment
23 of State Aid and each subsequent payment for the remainder of the

24

1 school year shall not decrease by an amount more than the amount
2 that the current chargeable revenue increases for that district.

3 B. The State Department of Education shall retain not less than
4 ~~one and one-half percent (1 1/2%)~~ four percent (4%) of the total
5 funds appropriated for financial support of schools, to be used to
6 make midyear adjustments in State Aid and which shall be reflected
7 in the final allocations. If the amount of appropriated funds,
8 including the ~~one and one-half percent (1 1/2%)~~ four percent (4%)
9 retained, remaining after January 1 of each year is not sufficient
10 to fully fund the final allocations, the Department shall
11 recalculate each school district's remaining allocation pursuant to
12 subsection D of this section using the reduced amount of
13 appropriated funds.

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

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

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

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

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

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

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

1 title, multiplied by the Base Foundation Support
2 Level. However, for the portion of weighted
3 membership derived from nonresident, transferred
4 pupils enrolled in online courses, the Foundation
5 Program shall be a district's weighted average daily
6 membership of the preceding school year or the first
7 nine (9) weeks of the current school year, whichever
8 is greater, as determined by the provisions of
9 subsection A of Section 18-201.1 of this title and
10 paragraphs 1, 2, 3, and 4 of subsection B of Section
11 18-201.1 of this title, multiplied by the Base
12 Foundation Support Level.

13 b. The Foundation Program Income shall be the sum of the
14 following:

15 (1) ~~The adjusted assessed valuation of the current~~
16 ~~school year of the school district, minus the~~
17 ~~previous year protested ad valorem tax revenues~~
18 ~~held as prescribed in Section 2884 of Title 68 of~~
19 ~~the Oklahoma Statutes, multiplied by the mills~~
20 ~~levied~~ the amount received by the school district
21 during the preceding fiscal year from the
22 proceeds of the mills levied pursuant to
23 subsection (c) of Section 9 of Article X of the
24 Oklahoma Constitution, if applicable, ~~as adjusted~~

1 ~~in subsection (c) of Section 8A of Article X of~~
2 ~~the Oklahoma Constitution. For purposes of this~~
3 ~~subsection, the "adjusted assessed valuation of~~
4 ~~the current school year" shall be the adjusted~~
5 ~~assessed valuation on which tax revenues are~~
6 ~~collected during the current school year, and~~

7 (2) ~~Seventy-five~~ seventy-five percent (75%) of the
8 amount received by the school district from the
9 proceeds of the county levy during the preceding
10 fiscal year, as levied pursuant to subsection (b)
11 of Section 9 of Article X of the Oklahoma
12 Constitution, ~~and~~

13 (3) ~~Motor Vehicle Collections~~ motor vehicle
14 collections, ~~and~~

15 (4) ~~Gross Production Tax~~ gross production tax, ~~and~~

16 (5) ~~State Apportionment~~ state apportionment, ~~and~~

17 (6) R.E.A. ~~Tax~~ tax.

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

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

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

7 b. The per capita allowance shall be determined using the
 8 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	

1	.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
2	.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
3	.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
4	.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
5	.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
6	.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
7	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
8	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
9	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
10	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
11	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
12	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
13	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
14	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
15	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
16	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
17	.9067 - .9333	\$101.00	9.6668 or more	\$33.00

18 c. The formula transportation factor shall be 1.39.

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

20 a. Multiply the Incentive Aid guarantee by the district's
21 higher weighted average daily membership based on the
22 first nine (9) weeks of the current school year or the
23 preceding school year of a school district, as
24 determined by the provisions of subsection A of

1 Section 18-201.1 of this title and paragraphs 1, 2, 3,
2 and 4 of subsection B of Section 18-201.1 of this
3 title.

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

11 e. ~~Multiply the number of~~ Subtract the amount received by
12 the school district from the proceeds of the mills
13 levied for general fund purposes above the fifteen
14 (15) mills required to support Foundation Aid pursuant
15 to division (1) of subparagraph b of paragraph 1 of
16 this subsection, not including the county four-mill
17 levy, by the remainder product of subparagraph ~~b~~ a of
18 this paragraph. The ~~product~~ remainder shall be the
19 Salary Incentive Aid of the district.

20 E. By June 30, 1998, the State Department of Education shall
21 develop and the Department and all school districts shall have
22 implemented a student identification system which is consistent with
23 the provisions of subsections C and D of Section 3111 of Title 74 of
24 the Oklahoma Statutes. The student identification system shall be

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

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

1 the state. Upon request of the local board of education, it shall
2 be the duty of the county assessor to certify to the Director of
3 Finance of the State Department of Education the net assessed
4 valuation of the property upon which taxes were determined
5 uncollectible.

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

14 G. 1. Notwithstanding the provisions of Section 18-112.2 of
15 this title, a school district shall have its State Aid reduced by an
16 amount equal to the amount of carryover in the general fund of the
17 district as of June 30 of the preceding fiscal year, that is in
18 excess of the following standards for two (2) consecutive years:

19	Total Amount of	Amount of
20	General Fund Collections,	General Fund
21	Excluding Previous Year	Balance
22	Cash Surplus as of June 30	Allowable
23	Less than \$1,000,000	48%
24	\$1,000,000 - \$2,999,999	42%

1	\$3,000,000 - \$3,999,999	36%
2	\$4,000,000 - \$4,999,999	30%
3	\$5,000,000 - \$5,999,999	24%
4	\$6,000,000 - \$7,999,999	22%
5	\$8,000,000 - \$9,999,999	19%
6	\$10,000,000 or more	17%

7 2. By February 1 the State Department of Education shall send
8 by certified mail, with return receipt requested, to each ~~School~~
9 ~~District Superintendent, Auditor and Regional Accreditation Officer~~
10 school district superintendent, auditor, and regional accreditation
11 officer a notice of and calculation sheet reflecting the general
12 fund balance penalty to be assessed against that school district.
13 Calculation of the general fund balance penalty shall not include
14 federal revenue. Within thirty (30) days of receipt of this written
15 notice the school district shall submit to the Department a written
16 reply either accepting or protesting the penalty to be assessed
17 against the district. If protesting, the school district shall
18 submit with its reply the reasons for rejecting the calculations and
19 documentation supporting those reasons. The Department shall review
20 all school district penalty protest documentation and notify each
21 district by March 15 of its finding and the final penalty to be
22 assessed to each district. General fund balance penalties shall be
23 assessed to all school districts by April 1.

24

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

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

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

21 6. Any school district which receives gross production revenue
22 apportionment during the 2002-2003 school year or in any subsequent
23 school year that is greater than the gross production revenue
24 apportionment of the preceding school year shall be exempt from the

1 penalty assessed in this subsection, if the penalty would occur
2 solely as a result of the gross production revenue apportionment, as
3 determined by the State Board of Education.

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

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

18 9. Any school district which has an amount of carryover in the
19 general fund of the district in excess of the limits established in
20 paragraph 1 of this subsection during the fiscal years beginning
21 July 1, 2020, July 1, 2021, July 1, 2022, and July 1, 2023, shall
22 not be assessed a general fund balance penalty as provided for in
23 this subsection.

24

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

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

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

- 21 a. the assessed valuation of property,
- 22 b. motor vehicle collections,
- 23 c. R.E.A. tax collected, and
- 24 d. gross productions tax collected.

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

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

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

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

18 SECTION 2. AMENDATORY 70 O.S. 2021, Section 18-107, is
19 amended to read as follows:

20 Section 18-107. As used in this title:

21 1. "Average Daily Attendance" (ADA) means the legal average
22 number of pupils, early childhood education programs through grade
23 twelve, in a school district during a school year as determined
24 pursuant to the provisions of Section 18-111 of this title. A day

1 of school for early childhood education programs and kindergarten
2 shall be at least two and one-half (2 1/2) hours and, for early
3 childhood education, may be six (6) hours-; i

4 2. "Average Daily Membership" (ADM) means the average number of
5 pupils present and absent in a school district during a school year.
6 ~~Average Daily Membership~~ daily membership shall be calculated by
7 dividing the sum of the pupil's total days present and total days
8 absent by the number of days taught.

9 a. A pupil who has been absent without excuse ten (10)
10 consecutive days shall be taken off the roll beginning
11 the eleventh day and thereafter shall not be
12 considered in a district's ~~average daily membership~~
13 ADM calculation until the pupil is placed on the roll
14 in the district. For the purpose of this paragraph,
15 consecutive days means days for which enrollment is
16 recorded.

17 b. A pupil enrolled in a statewide virtual charter school
18 who is behind pace and has not completed instructional
19 activity as defined by Section 3-145.8 of this title
20 for a fifteen-school-day period, without excuse as
21 authorized by Section 10-105 of this title, shall be
22 taken off the roll beginning the sixteenth day and
23 thereafter shall not be considered in the virtual
24 charter school's ~~Average Daily Membership~~ ADM

1 calculation until the pupil is placed on the roll in
2 the virtual charter school; and

3 3. ~~"Total Adjusted Assessed Valuation" means the sum of public~~
4 ~~service property assessed valuation, personal property assessed~~
5 ~~valuation and real property assessed valuation as adjusted pursuant~~
6 ~~to the provisions of Section 18-109.1 of this title.~~

7 4. "Eighty-five percent (85%) of maximum allowable", for the
8 purpose of assessing class size penalty pursuant to Sections 18-
9 113.1 and 18-113.2 of this title, means eighty-five percent (85%) of
10 ten percent (10%) of the preceding year's net assessed valuation of
11 a school district. The calculation of indebtedness as provided for
12 in paragraph a of subsection G of Section 18-113.1 and subparagraph
13 a of paragraph 4 of subsection A of Section 18-113.2 of this title
14 shall include the outstanding principal amount of bonds issued by
15 the school district plus the principal amount of any bonds
16 authorized by a vote of the people for issuance but not yet issued
17 by the school district.

18 SECTION 3. This act shall become effective September 1, 2023.

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