OKLAHOMA SCHOOL FINANCE

Technical Assistance Document

OKLAHOMA STATE DEPARTMENT OF
EDUCATION
JANET BARRESI
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

SOURCES OF REVENUE
STATE AID FORMULA
PENALTIES/ADJUSTMENTS

FINANCIAL SERVICES DIVISION
Revised
January 2014

It is the policy of the Oklahoma State Department of Education (OSDE) not to discriminate on the basis of race, color, religion, gender, national origin, age, or disability in its programs or employment practices as required by Title VI and VII of the Civil Rights Act of 1964, Title 1X of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973.

Civil rights compliance inquires related to the OSDE may be directed to the Affirmative Action Officer, Room 111, 2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105-4599, telephone number (405) 522-4930; or the United States Department of Education's Assistant Secretary for Civil Rights.

Inquires or concerns regarding compliance with the Title IX by local school districts should be presented to the local school district Title IX coordinator.

This publication is issued by the OSDE as authorized by 70 O.S. § 3-104. Copies have not been printed but are available through the agency website.

PREFACE

Pursuant to the Oklahoma statutes and State Board of Education regulations, certain individuals are appointed or designated by the local board of education to be responsible for proper receipting and disbursement of public funds within the public school districts in Oklahoma. Periodically, statutory provisions or board regulations are amended to meet current financial or administrative situations.

This Technical Assistance Document for School Finance should be utilized to complement the statutes and regulations. It is presented in an easy-to-use format using a combination of actual statutory/regulatory provisions and an easy-to-understand narrative.

The document provides an overview of revenues for local school districts and provides an explanation of the various sources. Typically, the State Aid Formula is the prominent source of funding for the average school district. The formula with its weighted components is explained in detail.

Various penalties/adjustments that affect school district funding are outlined and defined to allow school district personnel to monitor the local district's compliance with statutory provisions or board regulations. Policies/procedures governing school finance are also presented in an understandable manner.

Members of the local board of education, superintendents, business office personnel, budget makers, independent auditors, and others who have the responsibility for school district funds, preparation of school district budgets, and the administration of local school districts should become familiar with this Technical Assistance Document for School Finance - January 2014.

Janet C. Barresi

State Superintendent of Public Instruction

TABLE OF CONTENTS

Preface i
Table of Contents . . . . . ii-iii

SECTION I—Sources of Revenue for Oklahoma School Districts

Revenues-State Totals, Chart No. 1 1
Local Sources of Revenue for School Districts 2
The Ad Valorem Tax Levy 2
Separate Tax Levies 3
General Fund Levies 4
Building Fund Levy 4
County 4-mill Levy 4
Sinking Fund Levy. 4
County Apportionment and Other Local Miscellaneous Revenues 4
Ad Valorem Property Classifications and Tax Levies, Chart No. 2 5
Ad Valorem Levies by Jurisdiction, Chart No. 3 6
State Sources of Revenues for School Districts 7
State-Dedicated Revenues 7
Gross Production Tax. 7
Motor Vehicle Collections. 7
Rural Electric Association Cooperative Tax (R.E.A. Tax) 8
School Land Earnings 8
State-Appropriated Revenues. 9
Principal Sources. 9-11
"State Aid" In the Bank 12
Tentative Payment Schedule (State Aid) 13
Common Education Appropriations, Chart No. 4 14

SECTION II—State Aid Formula for Oklahoma School Districts.

State Aid Formula Calculation 15
Changes in Formula and Pupil Weighting 15
State Aid Formula Components 16
Changes in State Aid Formula 16
Foundation and Salary Incentive Aid Components 16
Formula Weighted Average Daily Membership (ADM) by Year. 17
Foundation Aid, Salary Incentive Aid, and Transportation Calculation 18-21
Total Weighted Average Daily Membership (ADM). 22
Raw "ADM" Weighted Grade Level Calculation 23
Weights for Weighted Pupil Categories Calculation 24
Weighted District Calculation 25
Weighted Teacher Index Calculation. 26
Form for Calculating the State Aid Formula 27

SECTION III—Penalties/Adjustments for Oklahoma School Districts

Schedule of Penalties/Adjustments 28
Per Pupil Revenue in Excess of 150 Percent 29-30
Per Pupil Revenue in Excess of 300 Percent 31
Maintenance of Effort Penalty 32
Minimum Teacher Salaries 33
Noncertified Teachers 34
Oklahoma Cost Accounting System Penalty for Noncompliance 35
Penalty for Insufficient Days or Hours 36
Delinquent Final Certified and Support Personnel Reports 36
Noncompliance Penalty on Late Audits 36
Class Size Instructions and Penalty Examples
Class Size Audit Instructions/Penalties Grades K through 6. 37-40
Instructions/Penalties *(Secondary)* Grades 7 through 12 41-43
General Fund Carryover Penalty. 44-47
Administrative Cost Penalty 48
Penalty for Decreasing Salary and Benefits 49
Underpaid Teacher Penalty. 50
State Aid Funds May be Withheld 50
Noncompliance Penalty on Late Audits 51
State Aid Withheld for Failure to Comply 51
Gifted and Talented Penalty 51
State Student Record System Noncompliance 51
Special Student Adjustments and Information
Procedures and Weights for Out-of-Home Placement Students. 52

SECTION IV —School Consolidation and Annexation in Oklahoma

Preface 53
Voluntary Annexation 55
Mandatory Annexation 56
Voluntary Consolidation 57
Teacher Status Because of Annexation or Consolidation 58
Dispensing of School 58
Petitions for Annexation or Consolidation 59
Requirements of Election 59
Legal Election Days 60
Cost of Elections 60

Accountability at a Glance 61

SECTION I

SOURCES OF REVENUE
for
OKLAHOMA SCHOOL DISTRICTS

CHART #1

Revenues--State Totals

This chart reflects state totals for collections from the various sources for General Fund revenue and the amount collected by source among the common schools of Oklahoma for the 2012-13 fiscal year as reported by the Oklahoma Cost Accounting System. State totals for Building Fund and Sinking Fund collections are also included.

		AMOUNT	PERCENT (%) OF TOTAL
LOCAL AND COUNTY SOURCES			
35-mill Ad Valorem Tax……	$	1,002,283,704	
County 4-mill……	$	112,715,050	
County Apportionment……	$	23,312,203	
Resale Property Fund……..	$	2,145,900	
Miscellaneous……	$	81,371,681	
Total Local and County……	**$**	**1,221,828,538**	**27.61%**
STATE SOURCES (Dedicated and Appropriated)			
Gross Production Tax……	$	60,498,956	
Motor Vehicle Collections……	$	236,921,141	
Rural Electrification Assoc. Cooperative Tax (R.E.A.)….	$	35,044,429	
State School Land Earnings……	$	93,479,897	
State Aid Allocations……..	$	1,827,647,640.60	
Driver Education……	$	900,000	
Vehicle Tax Stamp……	$	1,141,167	
Farm Implement Tax Stamp……	$	215,874	
Other Dedicated Revenue……	$	324,017	
Flexible Benefit Allowance……	$	339,243,280	
Alternative and At-Risk Education……	$	12,184,285	
Instructional, Cooperative and Tech. Educ. (I.C.T.E.)……	$	9,052	
Arts-in-Education……	$	2,176	
State-Categorical……..	$	52,783,545	
Special Programs……	$	925,032	
Other State Sources……..	$	14,538,518	
Child Nutrition Programs……	$	763,704	
Career-Technology Programs……	$	19,057,978	
Total State……	**$**	**2,695,680,692**	**60.91%**
FEDERAL SOURCES			
Capital Outlay……	$	71,942,547	
Disadvantaged Students……	$	215,006,143	
Individuals with Disabilities……	$	129,089,273	
Minority……...	$	15,975,336	
Operations……	$	8,074,201	
Other Federal Sources……	$	24,413,623	
Child Nutrition Programs……	$	37,239,899	
Federal Vocational Education……	$	6,318,254	
Total Federal……	**$**	**508,059,276**	**11.48%**
GENERAL FUND TOTAL……	**$**	**4,425,568,506**	**100.00%**
Building Fund Total……	**$**	**165,377,776**	
Sinking Fund Total……	**$**	**524,859,526**	
GRAND TOTAL……	**$**	**5,115,805,808**	

LOCAL SOURCES OF REVENUE FOR SCHOOL DISTRICTS

The principal sources of local revenue are as follows:

General Fund Levies
Building Fund Levy
County 4-mill Levy
Sinking Fund Levy
County Apportionment
Other Local Miscellaneous Revenues

The Ad Valorem Tax Levy

The property tax (ad valorem tax) is the traditional source of local revenue for schools throughout the United States. In Oklahoma, this tax is levied in mills (1 mill is 1/1000 of a dollar or .001) against real, personal and public service property. Ten mills equal one penny. Stated another way, a mill is a tax of one dollar per thousand dollars of property valuation subject to taxation.

Real property is the land itself and all rights and privileges that add value to the property, such as irrigation, mines, minerals, quarries, and trees on or under the same, and all buildings, structures, and improvements of any kind. Excluded are machinery and fixtures, which are defined as personal property. Property owners receive a tax exemption of $1,000 if the property is claimed as a homestead. **Personal property** includes all goods, chattels and effects; all improvements made by others upon lands; all stock of nurserymen; all horses, cattle, mules, sheep, swine, goats, and other livestock; all household furniture, and personal libraries; wagons, vehicles, or carriages; machinery and materials used by manufacturers and all manufactured articles; all goods and capital used in merchandising; all abstractors' books and records; all agriculture implements and machinery; all tanks and containers used to hold or store oil or any of its by-products; all gas, oil, water or other pipelines; telephone or telegraph lines, railroad tracks, oil and petroleum products; and all other property having an actual, constructive or taxable situs in this state and not included within the definition of real property. **Public service property** is that property used to provide services, usually utility services, for the public in general. This includes oil and gas pipelines, generating plants for electricity, railroads and other such utilities.

Taxes are not levied on the full value of properties. The Constitution limits taxation to 35 percent of the fair cash value of the property. Fair cash value is the value and price at which a willing buyer would purchase property, and a willing seller would sell property, if both parties are knowledgeable about the property and its uses, and if neither party is under any undue pressure to buy or sell. Some percentage of full value is established which is called an assessment ratio. This percentage, when applied to the fair cash value, determines the assessed value at which property will be taxed. Real and personal property are assessed by a county official, the county assessor. Public service property is assessed by the state. The State Board of Equalization, with recommendations from the Oklahoma Tax Commission, Ad Valorem Division, orders equalization of locally assessed property when counties are not in compliance and ultimately approves all property value assessment, including public service property. The ratio used for public service property is 22.85 percent (22.85%), which is higher than the ratio that is used at the local level. Chart No. 2 (page 8) summarizes the various property classifications and school tax levies.

Separate Tax Levies

There are seven different ad valorem tax levies that are used in Oklahoma for the support of the public schools at the local level. The state Constitution provides for each levy, which in one way or another is constrained by the constitutional provisions. Three of the seven require direct authorization by a majority of electors in the school district at the annual school election. Chart No. 3 (page 9) illustrates the constitutional levies for taxing jurisdictions in Oklahoma.

Each levy is listed below with an explanation of the specific provisions of each:

General Fund Levies

MILLAGE LEVY	AUTHORITY
Certification of Need **15 mills**	**Resolution by Board of Education**

Each board of education in Oklahoma is authorized to levy up to 15 mills (plus increased millage because of personal property tax adjustment) on the property in the district based on certification of need for the financial support of the schools. **School districts should be aware that when this millage is increased, the higher millage rate will be used when calculating the amount of adjusted valuation that will be used as a chargeable in the Foundation Aid portion of the State Aid formula (70 O.S. § 18-200.1).** The board is required to file a "Preliminary Estimate of Needs" that is published in a local newspaper no later than December 31 specifying a proposed budget for the coming year that demonstrates the need for the levy. The election for such levies and board member elections occur in school districts annually.

County Levy **5 mills (minimum)**	**County Excise Board**

There is a 15-mill county levy over which the county excise board has jurisdiction. The law requires that at least 5 mills of that 15 must be allocated to the schools. For all practical purposes, the other 10 mills are allotted to the support of county government, but technically, the law would allow the excise board to allocate a portion of the 10 mills to municipalities and/or school districts.

Emergency Levy **5 mills (maximum)**	**Majority of voters in** **annual school election**

This levy was an amendment to the Constitution. Originally, criteria constituting an emergency had to be met in order for a school district to ask for approval. Those emergency criteria were abandoned many years ago, and it is now a routine supporting levy for every school district in the state.

Local Support Levy **10 mills (maximum)**	**Majority of voters in** **annual school election**

This levy was another amendment to the Constitution of the state. As in the case of the emergency levy, it has become a routine tax issue that every district in the state levies every year.

These four levies add up to a total of 35 mills (plus increased millage because of personal property tax adjustment) for the General Fund. The system has evolved to the point that these millage levies are not really optional. They are also interrelated with state aid to the point that no district, even one with considerable property wealth, can afford not to levy the maximum. In effect, there is no constitutionally permissible way for districts, even by approval of voters, to raise additional ad valorem levies to support the general operation of the schools.

Building Fund Levy

Building Fund Levy **5 mills (maximum)**	**Majority of voters in** **annual school election**

The Constitution provides that each school district may levy up to 5 mills for the purpose of erecting, remodeling, and repairing school buildings, or for purchasing furniture. In the early history of the state, it was envisioned that the 5 mills might be sufficient to provide the money necessary for building facilities for the many school districts. However, it became unrealistic for most districts a long time ago.

Through various legal interpretations, the use of money in the Building Fund levy has been liberalized so that it can be used not only for maintenance, but also for the purchase of equipment. In some cases, it is used even for operational expenses. The Attorney General has ruled that payment of property and casualty insurance can be made from this fund.

County 4-mill Levy

4-mill Countywide Levy	**Constitutional**

During the days of the so-called "separate" schools in Oklahoma, this levy was provided as a means of raising money to support those schools. When desegregation was implemented in Oklahoma in the mid-fifties, this 4-mill levy became a countywide source to be divided among the school districts within the county. This is the only school support levy that is countywide and is divided among the school districts in each county on the basis of each district's average daily attendance. In some counties, this contributes to a much more equal distribution of at least these 4 mills of the money derived from a single piece of valuable industrial or public service property.

Sinking Fund Levy

Sinking Fund Levy	**Through bond issue election** **with 60 percent (60%) majority** **vote and judgments against** **the district**

Each school district in Oklahoma is authorized to borrow money up to an amount that does not exceed 10 percent of its total assessed valuation. Money is borrowed through the issuance of bonds after the bond issue has been approved by the voters. **The issue does not carry unless 60 percent of those voting in the election vote "yes."**

A Sinking Fund levy is determined following the approval of the bond issue to yield enough money to pay the principal and the interest on the bond issue. In other words, the number of mills levied will vary from district to district in terms of the size of the bond issue, the term of the bonds (how long until they are paid off), and the interest rate. Many districts have no Sinking Fund levy, and others have levies exceeding 30 mills. Additionally, Sinking Fund levies may be ordered by the court to fund debts of the school district when the district has unlawfully expended beyond its appropriation.

County Apportionment and Other Local Miscellaneous Revenues

There is a county apportionment that comes from revenue from a mortgage tax in each county. It is distributed among the school districts on an average daily attendance basis. Other miscellaneous revenues, such as interest income, gifts, student fees, the sale of property, transfer fees, tuition, rental, and refunds are collected locally.

CHART NO. 2

Summary of
Ad Valorem Property Classifications
and Tax Levies for School Districts

Ad Valorem Property includes these classifications:

I. Real Property
   A. Residential
   B. Commercial/Industrial
   C. Agricultural
II. Personal Property**
III. Public Service Property

Ad Valorem Tax Levies for School Purposes

General Fund:

15-mill Levy	15 mills**	Certification of Need
County 4-mill Levy	4 mills	Constitutional
County 15-mill Levy	5 mills	Constitutional
Emergency Levy	5 mills	Majority Vote
Local Support Levy	10 mills	Majority Vote
General Fund =	39 mills	

Building Fund: 5 mills Majority Vote

Sinking Fund: As voted for Bond Issues and levied for Judgments

** Counties who have done away with their individual personal property tax have been allowed to raise their 15-mill Levy based on a formula in Article X, Section 8A, Paragraph (b) of the Constitution.

CHART NO. 3

Ad Valorem Levies by Jurisdiction

Constitutional Authority	Levy by Jurisdictional Category	Current Mill Levy Limitation
	School Districts	
Art. X, Sec. 9(a)	15-mill County Levy	5
Art. X, Sec. 9(b)	County 4-mill Levy	4
Art. X, Sec. 9(c)	School District Levy (Board Certified)	15+
Art. X, Sec. 9(d)	Emergency Levy	5
Art. X, Sec. 9(d-1)	Local Support Levy	10
Art. X, Sec. 10	Building Fund Levy	5
Art. X, Sec. 26, 28	Sinking Fund Levy	10% NAV*
	County Government	
Art. X, Sec. 9(a)	15-mill County Levy	10
Art. X, Sec. 9A	Health Department Levy	2.5
Art. X, Sec. 10	Building Fund Levy	5
Art. X, Sec. 35	Industry Development Incentive Bond Levy	5
Art. X, Sec. 26, 28	Sinking Fund Levy	10% NAV*
	Municipal Government	
Art. X, Sec. 10	Building Fund Levy	5
Art. X, Sec. 35	Industry Development Incentive Bond Levy	5
Art. X, Sec. 26, 27, 28	Sinking Fund Levy	10% NAV*
	Special Districts	
Art. X, Sec. 9B(A)	Career Tech/Community College School Levy	5
Art. X, Sec. 9B(B)	Career Tech Local Incentive Levy	5
Art. X, Sec. 10	Career Tech Building Fund Levy	5
Art. X, Sec. 9B(C)	Career Tech Sinking Fund Levy	5% NAV*
Art. X, Sec. 10A	County and City-County Library Fund Levy	1-4
Art. X, Sec. 9C(a)	Emergency Medical Service District Levy	3
Art. X, Sec. 9C(d)	Emergency Medical Service District Sinking Fund Levy	3
Art. X, Sec. 9D(A)	Solid Waste Management District Levy	3
Art. X, Sec. 9D(G)	Solid Waste Management District Sinking Fund Levy	3
Art. X, Sec. 7[1]	Fire Protection District Levy	7
Art. X, Sec. 7, 26	Fire Protection District Sinking Fund Levy	10% NAV*
Art. X, Sec. 7[2]	Sewer Improvement District Levy	10
Art. X, Sec. 7, 26	Sewer Improvement District Sinking Fund Levy (on real property only)[3]	10% NAV*
Art. X, Sec. 7[4]	Rural Road Improvement District Levy	3
Art. X, Sec. 7	Rural Road Improvement District Sinking Fund Levy	5

[1] See also 19 O.S., Sec. 901.1 et seq.
[2] See also 19 O.S., Sec. 871 et seq.
[3] Tax base limitation also applies to jurisdictional general fund.
[4] See also 19 O.S., Sec. 902.1 et seq
* NAV: Net assessed valuation

STATE SOURCES OF REVENUE FOR SCHOOL DISTRICTS

Most school districts in Oklahoma receive more money from the state for the support of their schools than from any other source. However, the money comes in a number of different ways.

The two major categories of state money are the monies that come from dedicated revenues and those that come from appropriations by the Legislature. In the case of the former, from time to time during the years since the state came into existence, certain portions of certain taxes or other revenue sources have been earmarked for use by the schools. These provisions have been incorporated in the statutes, and there is usually little or no discussion about them each year as the Legislature meets. However, use of these earmarked taxes occurs when the state aid formula is calculated for state appropriation purposes.

The second category, the money that is received by the schools from appropriations by the Legislature, is the largest single revenue source for almost all public schools in Oklahoma. Appropriated revenue is debated each time the Legislature meets. The debate centers not only on how much money will be provided, but on how the money will be distributed among school districts. The common school appropriation is by far the largest single appropriation that the Legislature makes each year. Since it affects every school district in the state, the concerns about how many dollars are spent and where the dollars go are universal and intense. Either directly or indirectly, almost every person in Oklahoma is affected by the decisions the Legislature makes about how much money is to be appropriated for the schools and how that money is to be distributed.

STATE-DEDICATED REVENUES

The principal sources of state-dedicated revenues are established in law and are very rarely changed by the legislature. These revenue sources are:

Gross Production Tax
Motor Vehicle Collections
Rural Electrification Association (R.E.A.) Tax
State School Land Earnings

Gross Production Tax

Since Oklahoma is an energy state, a major source of tax revenue has been the tax on oil, gas and other minerals as they are produced. This tax is called gross production tax. A portion of the tax generated from production in each county is allocated back to the county for distribution on an average daily attendance basis among the county's independent school districts (68 O.S. § 1004). Since some counties have large amounts of production, and others very little, there is substantial variation in the revenues received by school districts from the portion of the gross production tax that is dedicated to the public schools.

Motor Vehicle Collections

Revenues generated by all motor vehicle taxes and fees now go into one fund at the state level and are apportioned to the recipients, including schools, from that fund. The money for schools is remitted to the respective county and independent treasurers, but the amount of money received depends on the allocations from the state to the respective school districts--not on the sales of tags in the respective counties. Effective October 1, 2000, and approved by a popular vote of the people, registration fees for car tags were significantly reduced and a new fee schedule went into effect. The most expensive car tag for Oklahoma residents is $91, excluding related fees; however, those purchasing used vehicles now pay a higher excise tax fee than under the former schedule. Under the updated fee schedule, funds collected for schools should remain constant with no adverse effect to school funding.

The percentage that comes to the schools is 36.2 percent (36.2%) of this total state fund (47 O.S. § 1104 B[1][c]). There is also a provision in the law, which states that all school districts receive the same amount of money per month as they did in the same month of the previous year. In effect, it is a guarantee provision of these collections. Money collected above what is necessary to meet the monthly guarantee provision will be distributed statewide on the basis of average daily attendance. If the monies fall below the monthly guarantee, all school districts are reduced proportionately.

A separate allocation of money to schools for boat and motor fees and for manufactured (mobile) homes no longer exists. They are combined with the other vehicle fees and registrations, which also include those for motorcycles, recreational vehicles, ambulances, and travel trailers.

A separate statute for manufactured homes requires that such homes be initially registered for one year with subsequent placement on the ad valorem tax rolls as either real or personal property.

Rural Electrification Association Cooperative Tax (R.E.A. Tax)

A tax is levied on rural electric cooperatives in accordance to property valuation and distributed in proportion to the number of miles of transmission lines within each district served. Such money is considered in lieu of property tax and goes to the schools in the respective counties.

School Land Earnings

When Oklahoma came into the union, a substantial amount of federal lands were granted to Oklahoma from the federal government. The federal requirement was that the revenue from those lands must be used for the benefit of the public schools. The land is administered by the Commissioners of the Land Office and the revenue derived from it, whether it be interest or rent, for example, is distributed to school districts across the state on the basis of average daily attendance. The money derived from the selling of this property must go into what is called the "Permanent School Fund." Only interest from the investment of that money can be distributed to the schools. The principal must be permanently maintained.

STATE-APPROPRIATED REVENUES

In the 2013 legislative session, the Legislature appropriated more than $2.4 billion for elementary and secondary schools of Oklahoma.

A major function of the Legislature is to allocate the monies available to the state from taxes; the tax proceeds go into the state's general revenue fund. Higher education, career and technology education, highways, corrections, and other state agencies compete with the schools to receive what they consider their share of the available money.

The principal sources of appropriated revenues are as follows:

ACE Remediation
ACE Technology
Advanced Placement Incentives
Alternative and High Challenge Education
Driver Education
Flexible Benefit Allowance – Certified/Support
Foundation and Salary Incentive Aid
Oklahoma Parents as Teachers
Purchase of Textbooks
School Consolidation Assistance Fund
School Lunch – State Matching
National Board Certified Bonus

ACE Remediation

During 2013-14, $8,000,000 will be allocated to school districts for costs associated with providing remediation to students on a per-student basis (see 70 O.S. § 1210.522). The per-student rate shall be based on the most current test results with a maximum of $240 for each student scoring "Unsatisfactory" on a qualifying test and a maximum of $180 for each student scoring "Limited Knowledge" on a qualifying test (see 70 O.S. § 1210.526). Funds for remediation shall be used to provide intervention and/or remediation to any student in grade 6 through grade 12 who has been determined to be in need of remediation or intervention, including but not limited to those students who have scored at the unsatisfactory or limited knowledge level. Allowable expenditures include salaries and stipends for highly qualified teachers and tutors under the supervision of highly qualified teachers; instructional materials such as textbooks, workbooks, teacher-made materials, computer-assisted instructional software, manipulatives, and classroom instructional tools necessary to provide remediation; assessments designed to monitor the progress of students in remediation programs; transportation to and from tutoring sessions held outside of the school day; and training in best practices for providing remediation. Funds for remediation may not be used for salaries, materials, or administrative services not directly related to remediation or intervention or for students who do not qualify for remediation as described in this section" (OAC 210:10-13-2).

ACE Technology

When the *School Consolidation and Assistance Fund* equals $5 Million dollars, monies above that limit are allocated to school districts based upon the audited end-of-year Average Daily Membership (ADM) in Grades 8 through 12 of the preceding fiscal year. Schools with Grades 8-12 are to use the ACE Technology funds to purchase technology equipment *(primarily computers, computer wiring)* in order to conduct on-line student testing required by the *Achieving Classroom Excellence Act of 2005.*

Advanced Placement Incentives

During 2013-14, $3,500,000 will be available for the purpose of expanding the Advanced Placement program in Oklahoma. Funds will be used for professional development, course materials, and school incentives.

Alternative and High Challenge Education

Revenue is distributed through the Oklahoma State Board of Education (OSBE) for students who are at-risk of not completing a high school education. For 2013-14, the OSBE approved $15,027,366 for Alternative Education Academy programs. Programs include stand-alone schools, multidistrict cooperatives, evening programs, partnerships with career technology centers and community colleges, and alternative classrooms.

Driver Education

Revenue is appropriated by the Legislature and allocated to school districts as a reimbursement for providing a driver education program during the preceding school year. Courses offered during (1) the regular school day, (2) the summer, or (3) on Saturday will be reimbursed at $82.50 per pupil. Courses offered before or after the regular school day will be reimbursed at $95 per pupil.

Flexible Benefit Allowance (Certified and Support Personnel)

The purpose of the Flexible Benefit Allowance (FBA) is to furnish school district employees with choices about insurance benefits or cash compensation. Flexible benefit allowance means amounts credited by the school district for each school district employee for the purpose of benefits under the cafeteria plan. For the 2013-14 school year, the FBA for certified personnel taking insurance with the district will be equal to 100 percent (100%) of the HealthChoice (Hi) option; but, for certified employees not taking insurance, the "In Lieu of FBA" amount is $69.71 a month. The FBA for full-time support employees taking insurance with the district will be equal to 100 percent (100%) of the HealthChoice (Hi) option; but, for full-time support employees not taking insurance, the "In Lieu of FBA" amount is $189.69 a month. The 2013-14 appropriation for certified staff exceeded $244 million; the appropriation for support staff exceeded $123 million.

Foundation and Salary Incentive Aid

Revenue is distributed through the state aid formula as administered by the OSBE. This source of appropriated funding is the primary funding provided to Oklahoma school districts.

Oklahoma Parents as Teachers

For 2013-14, $1,000,000 was approved by the OSBE for the Parent Training Program (Oklahoma Parents as Teachers [OPAT] – 70 O.S. § 10-105.3). The OPAT program is designed to foster an early partnership between home and school to support parents in preparation for their children's formal years of schooling. The program serves families with children from birth to aged three and is designed to maximize a child's overall development.

Reading Sufficiency Act

The OSBE also approved funds under the Reading Sufficiency Act (RSA). Under this act, students enrolled in the first, second, and third grades shall be assessed at the beginning of the school year and throughout the school year for the acquisition of reading skills. Students not reading at the appropriate grade level will be provided with a program of reading instruction and will be provided reading remediation.

To determine a per-student allocation amount, the total amount of funds available for allocation each year shall be divided by the total number of students in the state identified as in need of remediation or intervention in reading. Each school district shall be allocated an amount equal to the per-student allocation amount multiplied by the number of identified students enrolled in the school district. Beginning with the 2013-14 school year, the RSA funds will be allocated directly to the districts. The SDE will no longer hold back a percentage to allocate later in the year for the Summer Academy Reading Programs. This allows school districts to budget RSA funds at the local level.

Purchase of Textbooks

Purchase of textbooks is an operating expense, and the amount of funds available to a particular school district through the appropriations for textbook support is unrelated to its revenue-raising capacity, types of pupils, or other characteristics. Textbook monies are sent directly to schools based upon a district's Average Daily Attendance multiplied by $55 (70 O.S. § 16-114a). If sufficient funding is not available, the $55 amount will be prorated. One percent (1%) of the Textbook appropriation will be retained by the Oklahoma State Department of Education (SDE) to increase funding for growth districts in January. If the increased ADA times $55 is greater than the retained amount, the additional allocation for the growth districts will be prorated. School districts are faced with ever-increasing costs of textbooks annually. The funds allocated for textbooks in Section 16-114a of this title may be used by a school district for supplementary textbooks and other instructional materials other than those selected and listed by the State Textbook Committee.

School Consolidation Assistance Fund

For 2013-14, from the Oklahoma Education Lottery Trust Fund, $3,416,940 or so much thereof as necessary for transfer to the School Consolidation Assistance Fund. School districts that consolidate or annex are provided additional funds to ease the transition and costs incurred by the act. Once a capped amount of $5 Million is reached in this fund, excess monies are allocated for ACE Technology.

School Lunch—State Matching

Revenue is appropriated by the Legislature for the purpose of matching a portion of the federal funds expended by school districts for student lunches.

OKLAHOMA
STATE DEPARTMENT of EDUCATION
JANET BARRESI
STATE SUPERINTENDENT of PUBLIC INSTRUCTION

"STATE AID" IN THE BANK

(Foundation and Salary Incentive Aid)
Electronic Funds Transfer Dates

*(Target Date for Payment is **Bold** and Outlined)*

JULY 2013*

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

(No Scheduled State Aid Payments in July)

AUGUST 2013

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	**15**	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

SEPTEMBER 2013

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	**12**	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

OCTOBER 2013

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	**17**	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

NOVEMBER 2013

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	**14**	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

DECEMBER 2013

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	**12**	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

JANUARY 2014

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	**16**	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

FEBRUARY 2014

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	**13**	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

MARCH 2014

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	**13**	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

APRIL 2014

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	**17**	18	19
20	21	22	23	24	25	26
27	28	29	30			

MAY 2014

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	**15**	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JUNE 2014

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	**12**	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Tentative Payment Schedule
Foundation and Salary Incentive Aid (State Aid)

Month	Percentage	Accumulated Percentage	Month	Percentage	Accumulated Percentage
July	0%	0%	January	9%	54%
August	8%	8%	February	9%	63%
September	10%	18%	March	9%	72%
October	9%	27%	April	9%	81%
November	9%	36%	May	10%	91%
December	9%	45%	June	9%	100%

To calculate the state aid payment each month, multiply the accumulated percentage (see chart above) by the most recent allocation, then subtract the amount paid to date. The result is the amount of payment for any given month.

Example: The accumulated percentage for September's state aid is 18 percent (18%); (August 8% + September 10%). Multiply your district's most recent allocation x 18%, subtract the amount already paid to date, and the result will be the payment amount for September.

CHART NO. 4

OKLAHOMA STATE DEPARTMENT OF EDUCATION
COMMON EDUCATION APPROPRIATIONS

ACTIVITY	2012-13	2013-14
Adult Education Matching	-	$ 750,000
AG in the Classroom	$ 38,675	$ 38,675
Alternative and High Challenge Education	$ 14,877,366	$ 15,027,366
*****Driver Education	-	-
Early Childhood Initiative	$ 10,000,000	$ 10,500,000
Early Intervention	$ 14,417,922	$ 14,417,922
Education Leadership Oklahoma (National Board Cert. Bonus)	$ 14,942,350	$ 14,942,350
Financial Support of Schools	$ 1,816,091,355	$ 1,837,570,779
Flexible Benefit Allowance - Certified Personnel	$ 226,842,833	$ 244,347,203
Flexible Benefit Allowance - Support Personnel	$ 117,321,148	$ 123,433,659
Instructional Materials	$ 33,000,000	$ 33,000,000
Oklahoma Arts Institute	$ 350,000	$ 350,000
Oklahoma Parents as Teachers	$ 1,000,000	$ 1,000,000
Personal Financial Literacy	$ -	$ 150,000
Reform Implementation		
ACE Remediation	$ 6,696,577	$ 8,000,000
AP Teacher Training and Test Fee Assistance	$ 3,236,700	$ 3,500,000
Charter Schools Incentive Fund	$ 50,000	$ 50,000
K-20 Center Okla C3 Standards Implementation	$ 564,000	$ 564,000
K-2- Center Getting STEM Ready Elem Schools	$ 300,000	$ 300,000
Think Through Math	$ 1,500,000	$ 1,800,000
Reading Sufficiency	$ -	$ 6,500,000
Reward Schools Competitive Grant	$ 400,000	-
TLE Development of Value Added Component	$ 500,000	$ 2,000,000
3rd Grade Reading Readiness Support Teams	$ 500,000	$ 500,000
Staff Development for Schools	$ -	$ 4,250,000
Okla Student Information System Data	$ -	$ 2,000,000
REACH3 Coaches	$ -	$ 4,250,000
Testing	$ -	$ 3,000,000
Teach for America	$ -	$ 2,500,000
***School Reforms Competitive Grants Pool	$ 1,212,948	$ 2,800,000
Rural Infant Stimulation Environment Program	$ 529,943	$ 529,943
School Lunch Matching	$ 4,600,425	$ 4,600,395
******School Lunch Programs	$ 359,863	$ 359,893
School Consolidation Assistance Fund	$ 3,266,980	$ 3,416,940
State Dept. of Education (Agency operations, testing contracts)	$ 22,426,642	$ 22,426,642
Teachers' Retirement Credit	$ 35,311,375	$ 35,311,375
Teachers' Retirement System of Oklahoma (TRS)	$ 3,266,980	$ 3,416,940
SUBTOTAL	$ 2,333,604,082	$ 2,407,604,082
**** Driver Education (Revolving Fund)***	*$ 900,000*	*$ 900,000*
BUDGET TOTAL	$ 2,334,504,082	$ 2,408,504,082

*****House Bill 1420 (1997-98) initiated a revolving fund for Driver Education.

******The amount shown for School Lunch Programs is for SDE use only: Maintenance of Effort.

*****T**o include but not limited to: Robotics, Okla A+ Schools, Payne Education Center, Great Expectations, Street School, Literacy First, Science Fair. (Part of Reform Implementation.)

SECTION II

STATE AID FORMULA
for
OKLAHOMA SCHOOL DISTRICTS

SECTION II

STATE AID FORMULA CALCULATION

When the Legislature adopted new formulas for the distribution of state money in 1981, and amended those formulas in 1989 and 1996, it committed itself to several principles. One of these is often called "vertical equity." That principle is simply an effort to recognize that the costs of providing education vary with students and with districts. Some students, who have one or more disabilities, may not receive an equal educational opportunity unless more money is spent on them than for nondisabled students. Such a need has long been recognized in Oklahoma through special supplements that school districts have received to support special education services.

It is equally true that various conditions within many school districts lead to higher expenses in the delivery of education to their pupils than in other districts. For example, the costs of education are greater in a district with a small number of pupils for each teacher. Additionally, if teachers' salaries are inordinately high due to a concentration of salaries at the high end of the salary schedule, the costs for the school district are greater than would be the case in a district which has a high percentage of its teachers at the lower levels of its salary schedule.

Pupil Weighting

The Legislature chose to consider the cost factors through pupil weighting. This concept has been around for more than 60 years. Many states adopted pupil weighting systems in the 1970s and on into the 1980s. Actually, Oklahoma has had a limited form of pupil weighting for many years. Prior to the adoption of new formulas, secondary pupils were weighted at 1.2 as opposed to 1.0 for elementary pupils. The assumption of such weight was that secondary education is somewhat more expensive to provide than is elementary education.

If the weighting system considered the varying conditions in each school district in the state regarding both pupils and districts, then all that would remain would be to apply the formulas that consider the wealth of the various districts. In a perfect equalization program, the revenue of every school district would be identical per weighted pupil unit. Such a program would mean that the weighting system was taking into full account the differences in the kinds of pupils in each district as well as individual district characteristics. It would not mean rigidity because the variation in revenue per pupil in average daily attendance or membership might well be substantial. It would simply mean that some districts would have greater numbers of weighted pupil units than others.

Whatever the theoretical base, the present formula calls for the determination of numbers of weighted pupil units as the first step in determining a given district's eligibility for state-appropriated money. What follows is a description of the weights used in Oklahoma at the present time, along with an explanation of how the number of weighted pupils in a given district is determined. The complexity of the formula makes it difficult for a local school district to easily calculate state aid at the district level. However, the formula has been presented in the next few pages using a step-by-step format to make the calculations easier to understand.

STATE AID FORMULA COMPONENTS

CHANGES IN STATE AID FORMULA

FROM: 2011-12 (End of year)			*TO: 2012-13 (August 2013)*		
Foundation Aid:			*Foundation Aid:-*		
Weighted ADM	*Factor*	*$1,578.00*	*Weighted ADM*	*Factor*	*$1,583.00*
Transportation Factor		1.39	Transportation Factor		1.39
Salary Incentive Aid:			Salary Incentive Aid:		
Weighted ADM	Factor	$73.11	Weighted ADM	Factor	$72.60

ADM = Average Daily Membership

FOUNDATION AND SALARY INCENTIVE AID COMPONENTS: STATE AID FORMULA 2013-14

The same components are used in both the Foundation and Salary Incentive Aid parts of the State Aid Formula. Weighted ADM is based on the following:

1. Raw Average Daily Membership

2. Weighted ADM Calculation

   a. Pupil Grade Level
   b. Pupil Category
   c. District Calculation
      1. Small school district formula
      or
      2. District sparsity-isolation formula
   d. Teacher Index

Once a Weighted ADM is calculated for the 2011-12 data and for the 2012-13 data, whichever Weighted ADM is higher will be used for the initial, tentative allocation. The components will be collected and calculated again after the first nine weeks for a new nine-week Weighted ADM during the 2013-14 school year. Whichever year has the highest of the three Weighted ADMs will be used for the January final, tentative allocation.

2013-14 State Aid Formula

2011-12 Weighted ADM*

FY12 Raw ADM x Grade Level Weight

Student Category Weights:

Special Education	=	October 1, 2011
Gifted	=	October 1, 2011
Bilingual	=	October 1, 2011
Econ. Disadv.	=	October 2011

Teacher Index = November 2011

District Weights:

Small School Weight
using final 2012 Raw ADM
or
Isolation Weight
using final 2012 Raw ADM

Total 2011-12 Weighted ADM**

2012-13 Weighted ADM

FY13 Raw ADM x Grade Level Weight

Student Category Weights:

Special Education	=	October 1, 2012
Gifted	=	October 1, 2012
Bilingual	=	October 1, 2012
Econ. Disadv.	=	October 2012

Teacher Index = November 2012

District Weights:

Small School Weight
using final 2013 Raw ADM
or
Isolation Weight
using final 2013 Raw ADM

Total 2012-13 Weighted ADM**

*ADM=Average Daily Membership
**The higher of the two totals is to be used for the 2013-14 initial allocation in July.

2013-14 Weighted ADM

First Nine-Week Raw ADM x Grade Level Weight

Student Category Weights:

Special Education	=	October 1, 2013
Gifted	=	October 1, 2013
Bilingual	=	October 1, 2013
Econ. Disadv.	=	October 2013

Teacher Index = November 2013

District Weights:

Small School Weight using 2013-14 First Nine-Week Raw ADM
or
Isolation Weight using 2013-14 First Nine-Week Raw ADM

Total 2013-14 First Nine-Week WeightedADM***

***The highest of the three totals is to be used for the 2013-14 allocation in January 2014.

FOUNDATION AND SALARY INCENTIVE AID CALCULATION

A. Calculation of Weighted ADM for each year to be considered.

1. Pupil Grade Level Weight Calculation

a. Raw ADM Calculation

Source: State Department of Education Audit.

(1) Review Audits.

(2) Using the Days of membership on audit, divide each grade's membership by the number of days taught.

(3) Add each grade average to compile Raw ADM.

b. Weighted Pupil Grade Level Calculation

Source: Utilize computation of original ADM from Audit.

Procedure: (1) Total each grade average based on the following categories and multiply (x) grade totals by the following weights.

Early Childhood/PK 3*	1.2	Out of Home Placement (OHP):	
Early Childhood/PK(Half Day)	0.7	OHP1	1.5
Early Childhood/PK (Full Day)	1.3	OHP2	1.8
Kindergarten (Half Day)	1.3	OHP3	2.3
Kindergarten (Full Day) Beg. FY2006	1.5	OHP4	3.0
1st – 2nd grade	1.351		
3rd grade	1.051	*3-year-olds with an "IEP"	
4th – 6th grade	1.0	Note: PK = Prekindergarten	
7th – 12th grade	1.2		

(2) Add each weighted pupil grade level category computed above. This figure will be the Weighted Pupil Grade Level Calculation.

Weighted Pupil Category Calculation

Source: The Special Education Child Count form (October 1) and the Gifted and Talented Education Child Count Report (due by October 1) are collected each year. The students approved for free and reduced-price lunches in October are also considered. Bilingual counts are obtained from the October Accreditation Report.

Procedure: (1) Multiply the number of students counted in each category by the weight assigned to those categories in the law. The weights are as follows:

LD	.40	MR (EMH+TMR)	1.30
HI (D+HH)	2.90	ED	2.50
VI	3.80	PH (OI + OHI)	1.20
MH	2.40	Gifted	.34
SI	.05	D/B	3.80
Bilingual	.25	Spec. Ed. Summer	1.20
TBI	2.40	Economically Disadvantaged	.25
Autism	2.40		

(2) Add the weighted categories computed above. This figure will be the Weighted Pupil Category calculation.

Weighted District Calculation

Source: Utilize the same year ADM to determine if district qualifies at less than 529 ADM.

Procedure: (1) If ADM is less than 529, the following formula is used to compute this area. If district ADM is 529 or greater, go to Step 2.

$$\frac{529 - \text{Same Year Raw ADM}}{529} = _____ \times .2 = _____ \times _____ = _____$$

Same Year Raw ADM — Small School District Weight

(2) District may qualify for district sparsity-isolation formula. Compute the following:

(a) If school district's total area in square miles_____is greater than the state average area in square miles (134), go to next step and compute areal density. If district has less than state average area in square miles (132), go to paragraph "d" at the end of the Weighted District Calculation.

(b) Compute areal density: School district's same year Raw ADM _____ divided by district's total area in square miles_____= _____
District's Areal Density

If school district's Areal Density is less than 2.40, calculate the District Sparsity-Isolation Formula as follows in the next step. If district has an areal density of 2.40 or greater, proceed to paragraph "d" at the end of the Weighted District Calculation.

(c) Group the subtotals of the same year Raw ADM (unweighted) as follows:

Grades EC-5 _____+ 23 =_____(Ca)

Grades 6-8 _____+ 133 =

_____(Cb) Grades 9-OHP

_____+ 128 =_____(Cc) Use these Grade Level Group

amounts in the following formula:

1) 74 divided by ("Ca" from_____=_____+ .85 =_____x_____=_____
above) EC-5 ADM EC-5 Cost Factor

2) 122 divided by ("Cb" from_____=_____+ .85 =_____x_____= _____
above) 6-8 ADM 6-8 Cost Factor

3) 292 divided by ("Cc" from_____=_____+ .78 =_____x_____=_____
above) 9-OHP ADM 9-OHP Cost Factor

4) Sum 1 + 2 + 3 from above_____divided by district's same year RAW ADM_____=_____- 1.00 = _____
District Cost Factor

5) (District's Square Miles_____- 134) divided by 134 =_____
Area Factor

6) Multiply District Cost Factor (Line 4 above)_____by the lesser of the Area Factor (Line 5 above)_____or 1.00 =_____
Isolation Factor

7) Multiply the Isolation Factor on line 6 times the same year Raw ADM _____=_____
Isolation Weight

(d) Select the greater weight of the Small School District Weight or the Isolation Weight and use that weight for the Weighted District Weight.

_____
Weighted District Weight

4. Weighted Teacher Index Calculation

Source: Refer to the latest Teacher Personnel Report to determine the number of teachers, degrees held, and total years of experience.

Procedure:

(1) Compile information on each teacher by type of degree held and years of experience.

(2) Add the total number of teachers within each degree level (Bachelor's, Master's, Doctorate) and group them by the following years of experience.

Years of Experience	"B" Degree	"M" or "MT" Degree	"D" Degree
0-2	.7	.9	1.1
3-5	.8	1.0	1.2
6-8	.9	1.1	1.3
9-11	1.0	1.2	1.4
12-15	1.1	1.3	1.5
Over 15	1.2	1.4	1.6

(3) Multiply (x) the total number of teachers in each degree and years of experience level by the following weights assigned by law.

(4) Add (+) all of the weights computed for a total Degree Index.

(5) Divide (÷) this total Degree Index by the total number of teachers (not FTE). This equals the Weighted Average District Teacher.

(6) Subtract (-) the Weighted Average State Teacher from Weighted Average District Teacher. This equals the School District Teacher Index.

(7) Multiply (x) School District Teacher Index times 0.7. This computation (School District Factor) is then multiplied (x) by a partial Weighted ADM. (This partial Weighted ADM is the total of Grade Level Weight and Pupil Category Weight for Economically Disadvantaged.)

(8) The final figure is the Teacher Index Weighted Calculation. The following formula is used for this computation.

Degree Index_____

÷ No. of Teachers_____= Weighted Average District Teacher_____

(Round to 4 places)

Weighted Average District Teacher_____(from above)

(–) Weighted Average State Teacher 1.0806

= School District Tchr. Index_____x .7 =_____x (_____+_____) =

Grd. Wtd. ADM Econ. Dis. Wtd.

_____

Weighted Teacher Index

B. Compiling Individual Weighted Calculations to determine Total Weighted ADM.

Source: Use weighted totals compiled for Pupil Grade Level, Pupil Category, District Calculation, and Teacher Index.

Procedure: Add each of these weighted areas together. This figure is the Total Weighted ADM for computing the Foundation Program and the Salary Incentive Program in the State Aid Formula.

C. The Total Weighted ADM for 2013-14 is then multiplied by the Base Support Level of $1,574 for the Foundation Program in the State Aid Formula.

D. The *Transportation Supplement* shall be equal to the average daily haul (ADH) times the per capita allowance times the appropriate transportation factor. **The ADH is the number of children in a district who are legally transported and who live one and one-half (1 ½) miles or more by commonly traveled road from the school attended.** Students living less than one and one-half (1½) miles from school may be transported, but shall not be counted in determining state aid.

The *Area Served*, which is the total square miles in each school district, is required for calculating the transportation supplement. For independent districts with an elementary transportation area, the area served is the total square miles in the district plus the total square miles in the assigned transportation area outside the independent district.

The district ADH of the preceding year, divided by the district Area Served will provide a Density Figure*. Use the density figure in the chart below to determine the Per Capita Allowance.

ADH_____x Per Capita Allowance_____x Transportation Factor____1.39___(an appropriation level [factor] set by the Legislature) = Transportation Aid (transportation supplement)_____for a school. The current formula transportation factor is 1.39 and has been unchanged in statute for many years.

The Per Capital Allowance is determined using the following chart (70 O.S. § 18-200.1 [D-2]):

DENSITY *FIGURE	PER CAPITA ALLOWANCE	DENSITY *FIGURE	PER CAPITA ALLOWANCE
.3000 - .3083	$167.00	.9334 - .9599	$99.00
.3084 - .3249	$165.00	.9600 - .9866	$97.00
.3250 - .3416	$163.00	.9867 - 1.1071	$95.00
.3417 - .3583	$161.00	1.1072 - 1.3214	$92.00
.3584 - .3749	$158.00	1.3215 - 1.5357	$90.00
.3750 - .3916	$156.00	1.5358 - 1.7499	$88.00
.3917 - .4083	$154.00	1.7500 - 1.9642	$86.00
.4084 - .4249	$152.00	1.9643 - 2.1785	$84.00
.4250 - .4416	$150.00	2.1786 - 2.3928	$81.00
.4417 - .4583	$147.00	2.3929 - 2.6249	$79.00
.4584 - .4749	$145.00	2.6250 - 2.8749	$77.00
.4750 - .4916	$143.00	2.8750 - 3.1249	$75.00
.4917 - .5083	$141.00	3.1250 - 3.3749	$73.00
.5084 - .5249	$139.00	3.3750 - 3.6666	$70.00
.5250 - .5416	$136.00	3.6667 - 3.9999	$68.00
.5417 - .5583	$134.00	4.0000 - 4.3333	$66.00
.5584 - .5749	$132.00	4.3334 - 4.6666	$64.00
.5750 - .5916	$130.00	4.6667 - 4.9999	$62.00
.5917 - .6133	$128.00	5.0000 - 5.5000	$59.00
.6134 - .6399	$125.00	5.5001 - 6.0000	$57.00
.6400 - .6666	$123.00	6.0001 - 6.5000	$55.00
.6667 - .6933	$121.00	6.5001 - 7.0000	$53.00
.6934 - .7199	$119.00	7.0001 - 7.3333	$51.00
.7200 - .7466	$117.00	7.3334 - 7.6667	$48.00
.7467 - .7733	$114.00	7.6668 - 8.0000	$46.00
.7734 - .7999	$112.00	8.0001 - 8.3333	$44.00
.8000 - .8266	$110.00	8.3334 - 8.6667	$42.00
.8267 - .8533	$108.00	8.6668 - 9.0000	$40.00
.8534 - .8799	$106.00	9.0001 - 9.3333	$37.00
.8800 - .9066	$103.00	9.3334 - 9.6667	$35.00
.9067 - .9333	$101.00	9.6668 or more	$33.00

Note: If annexation or annexations or area served makes necessary an additional unit of transportation, adjustments may be made upon the basis of ADH and Area Served during the first one-half of the current school year. School districts becoming eligible for transportation aid for the first time will be calculated on the basis of an adjustment at midyear. (OAC 210: 25-3-5)

E. Total Weighted ADM is then multiplied by the Incentive Aid Factor of $72.90 for the Salary Incentive Aid in the State Aid Formula.

TOTAL WEIGHTED ADM*

Foundation and Salary Incentive Aid Components

Raw ADM	_____
ADM Grade Weight	_____
Special Education Weight	_____
Gifted Weight	_____
Bilingual Weight	_____
Summer Program Weight	_____
Economically Disadvantaged Weight	_____
Small School Weight (#)	_____
Isolation Weight (#)	_____
Teacher Index	_____
TOTAL WEIGHTED ADM	_____

*ADM = Average Daily Membership
Uses Higher of Small School Weight or Isolation Weight in the Total Weighted ADM Formula

RAW ADM
WEIGHTED PUPIL GRADE LEVEL CALCULATION

EC/PK 3*	_____	EC/PK 3*	_____	x	1.2	= _____
EC/PK (Half Day)	_____	EC/PK (Half Day)	_____	x	.7	= _____
EC/PK (Full Day)	_____	EC/PK (Full Day)	_____	x	1.3	= _____
KG (Half Day)	_____	KG (Half Day)	_____	x	1.3	= _____
KG (Full Day)	_____	KG (Full Day)	_____	x	1.5	= _____
01	_____	01	_____			
02	_____	02	_____			
		Total	_____	x	1.351	= _____
03	_____	03	_____	x	1.051	= _____
04	_____	04	_____			
05	_____	05	_____			
06	_____	06	_____			
		Total	_____	x	1.0	= _____
07	_____	07	_____			
08	_____	08	_____			
09	_____	09	_____			
10	_____	10	_____			
11	_____	11	_____			
12	_____	12	_____			
		Total	_____	x	1.2	= _____
OHP1	_____	OHP1	_____	x	1.5	= _____
OHP2	_____	OHP2	_____	x	1.8	= _____
OHP3	_____	OHP3	_____	x	2.3	= _____
OHP4	_____	OHP4	_____	x	3.0	= _____
Original Raw ADM	_____		Grade Level Weighted ADM			_____
Grade Level Weight	_____					

*3-year-olds with an Individualized Education Program (IEP)

WEIGHTS FOR WEIGHTED PUPIL CATEGORIES
(70 O.S. § 18-109.5 and 70 O.S. 18-201.1)

Learning Disabilities (LD)	x	.40	=	_____
Hearing Impaired (HI) _____ (D	x	2.90	=	_____
Vision Impaired (VI)	x	3.80	=	_____
Multiple Handicapped (MH)	x	2.40	=	_____
Speech Impaired (SI)	x	.05	=	_____
Mentally Retarded (MR) (Educable Mentally Handicapped [EMH] + Trainable Mentally Retarded [TMR])	x	1.30	=	_____
Emotionally Disturbed (ED)_____	x	2.50	=	_____
Physically Handicapped (PH)_____ (Orthopedically Impaired [OI] + Other Health Impaired [OHI])	x	1.20	=	_____
Autism _____	x	2.40	=	_____
Traumatic Brain Injury (TBI)_____	x	2.40	=	_____
Deaf-Blind (D/B)_____	x	3.80	=	_____
Special Education Summer Program _____	x	1.20	=	_____
Total Special Education Weight Calculation				_____
plus				
Gifted_____	x	.34	=	_____
Bilingual _____	x	.25	=	_____
Economically Disadvantaged _____	x	.25	=	_____
TOTAL WEIGHTED PUPIL CATEGORY CALCULATION				_____

WEIGHTED DISTRICT CALCULATION
SIZE OF DISTRICT
SMALL SCHOOL FORMULA

$$\frac{529 - \text{Raw ADM}}{529} = _____ \times .2 _____ \times \underset{\text{Same Year Raw ADM}}{_____} = \underset{\text{Small School District Weight}}{_____}$$

DISTRICT SPARSITY-ISOLATION FORMULA

A. If school district's total area in square miles_____is greater than the state average area in square miles (134), go to next step and compute areal density. If district has less than state average area in square miles (134), go to paragraph "D" at the end of the Weighted District Calculation.

B. Compute areal density: School district's Raw ADM_____divided by district's total area in square miles _____= District's Areal Density _____

If school district's areal density is less than 2.40, calculate the District Sparsity-Isolation Formula as follows in the next step. If district has an areal density of 2.40 or greater, proceed to Paragraph "D" at the end of the Weighted District Calculation

C. Group the subtotals of the Raw ADM (unweighted) as follows:

Grades EC-5	_____	+	23	=	_____(Ca)
Grades 6-8	_____	+	133	=	_____(Cb)
Grades 9-OHP	_____	+	128	=	_____ (Cc)

<u>Use these Grade Level Group amounts in the following formula</u>:

1) 74 divided by "Ca" from above
_____ =_____+ .85 =_____x _____ = _____
EC-5 ADM EC-5 Cost Factor

2) 122 divided by "Cb" from above
_____ =_____+ .85 =_____x _____ = _____
6-8 ADM 6-8 Cost Factor

3) 292 divided by "Cc" from above
_____ =_____+ .78 =_____x _____ = _____
9-0HP ADM 9-OHP Cost Factor

4) Sum 1+2+3 from above_____divided by district's Raw ADM_____=
_____– 1.00 = District Cost Factor _____

5) (District's Square Miles_____– 134) divided by 134 = Area Factor _____

6) Multiply District Cost Factor (Line 4 above)_____by lesser of the Area Factor (Line 5 above)
_____or 1.00 = Isolation Factor _____

7) Multiply the Isolation Factor on line 6 times the Raw ADM_____= Isolation Weight _____

D. Select the greater weight of the Small School District Weight or the Isolation Weight and use that weight for the Weighted District Weight_____.

WEIGHTED TEACHER INDEX

	1.1			1.2			1.3			1.4			1.5				1.6	
Experience	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16+**	**TOTAL**
"D" Degree																		

	0.9			1.0			1.1			1.2			1.3				1.4	
Experience	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16+**	
"M" or "MT' Degree																		

	0.7			0.8			0.9			1.0			1.1				1.2	
Experience	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16+**	
"B" Degree																		

Degree Index _____
÷ No. of Teachers_____= Weighted Avg. Dist. Tchr. _____ (Round to 4 places)
– Weighted Avg. State Tchr. 1.0806 (based on FY13 data)
= School Dist. Tchr. Index_____x .7_____x (_____+_____) = _____
Grade Weight ADM Econ. Disadv. Wt. **Weighted Teacher**

CALCULATING THE STATE AID FORMULA

FOUNDATION AID

Weighted ADM _____ x Foundation Aid Factor = _____ (1)

SUBTRACT CHARGEABLE INCOME

(Valuations: Up to 11% - Down to 11%)

Prior Year Net Assessed Valuation (In January: Current Year Net Assessed Valuation)

Adjusted Valuation x 15 Mills: _____ x .015 * = _____

*plus increased millage because of personal property tax adjustment

(Prior Year Collections of:)

75% of County 4-Mill Levy x .75 = _____

School Land _____

Gross Production _____

Motor Vehicle Collections _____

R.E.A. Tax _____

TOTAL CHARGEABLES *TOTAL* = _____ (2)

FOUNDATION AID TOTAL **(Amount [1] Less Amount [2])** = _____ (3)

(Zero if Less Than Zero)

TRANSPORTATION:

(Average Daily Haul x Per Capita x Transportation Factor)

_____ x _____ x **1.39** **TOTAL** = _____ (4)

ADH *Per Capita* *Transp. Factor*

SALARY INCENTIVE AID

A _____ Incentive Aid Factor x _____ = _____

(Weighted ADM)

B._____ Adjusted District Assessed Valuation / 1000 = _____

C Step A (-) Step B = _____

Step C x 20 Mills = **SALARY INCENTIVE AID** = _____ (5)

TOTAL STATE AID **(Amount 3 + 4 + 5)** = _____

**Stabilization Component of the American Recovery and Reinvestment Act (ARRA)*

SECTION III

PENALTIES/ADJUSTMENTS
for
OKLAHOMA SCHOOL DISTRICTS

SCHEDULE OF PENALTIES/ADJUSTMENTS

Reports Must Be Filed: ..... Assessed as Needed

September 1	–	Expenditure and Revenue Reports for Previous Fiscal Year
(No later than 10 days after the end of the first nine weeks)	–	First Quarter Statistical Report
February 1	–	Annual Final Personnel Reports for Certified and Support Personnel
(No later than 10 days after the close of school)	–	Annual Statistical Report

Per Pupil Revenue in Excess of 150 Percent ..... Assessed on Original Allocation in July

Per Pupil Revenue in Excess of 300 Percent ..... Assessed on Original Allocation in July

Maintenance of Effort Penalty ..... Assessed on October Payment of State Aid

Minimum Teacher Salaries Penalty ..... Assessed on October Payment of State Aid

Noncertified Teacher Penalty ..... Assessed on October Payment of State Aid

Oklahoma Cost Accounting System Penalty

for Noncompliance ..... Assessed on the November Payment of State Aid

Delinquent Final Certified and Support Personnel Reports ..... Assessed on February Payment of State Aid

Class Size Penalties ..... Assessed on March Payment of State Aid

General Fund Carryover Penalty ..... Assessed on March Payment of State Aid

Administrative Cost Penalty ..... Assessed on March Payment of State Aid

Noncompliance Penalty on Late Audits ..... Assessed on August Payment of State Aid

Penalty for Insufficient Days or Hours (per school year) ..... Assessed on a case-by-case basis

Gifted and Talanted Penalty ..... Assessed in September

State Student Record System Noncompliance

PER PUPIL REVENUE IN EXCESS OF 150 PERCENT FOR SCHOOL DISTRICTS RECEIVING FUNDS THROUGH THE WEIGHTED DISTRICT CALCULATION

SMALL SCHOOL WEIGHT OR ISOLATION WEIGHT

Pursuant to 70 O.S. § 18-201.1 . . . *If after the weighted district calculation is applied, the district's projected per pupil revenue exceeds one hundred fifty percent (150%) of the projected state average per pupil revenue then the district's State Aid shall be reduced by an amount that will restrict the district's projected per pupil revenue to one hundred fifty percent (150%) of the projected state average per pupil revenue. Provided, in applying the restriction provided in this division, the district's State Aid shall not be reduced by an amount greater than by the amount of State Aid which was generated by the weighted district calculation.*

The July calculation of the projected per pupil revenue shall be determined by dividing the highest of the district's preceding two years average daily membership (ADM) as weighted by the pupil grade level, the pupil category, the district and the teacher experience degree index calculations for projected State Aid into the district's projected total revenue including projected funds for the State Aid Formula for the preceding year, net assessed valuation for the preceding calendar year times thirty-nine (39) mills, county revenues excluding the county four-mills revenues for the second preceding year, other state appropriations for the preceding year and the collections for the preceding year of state apportionment, motor vehicle revenue, gross production tax and R.E.A. tax.

The December calculation of the projected per pupil revenue shall be determined by dividing the highest of the district's first nine (9) weeks of the current school year or the two preceding school years average daily membership (ADM) as weighted by the pupil grade level, the pupil category, the district and the teacher experience degree index calculations for projected State Aid into the district's projected total revenues including funds for the December calculation of the current year State Aid Formula, net assessed valuation for the current calendar year times thirty-nine (39) mills, county revenues excluding the county four-mills revenue for the preceding year, other state appropriations for the preceding year and the collections for the preceding year of state apportionment, motor vehicle revenue, gross production tax and R.E.A. tax.

The district's projected total revenues for each calculation shall exclude the following collections for the preceding year: federal revenue, insurance loss payments, reimbursements, recovery of overpayments and refunds, unused reserves, prior expenditures recovered, prior year surpluses, and other local miscellaneous revenues.

If the School District Per Pupil Revenue exceeds the State Average Per Pupil Revenue at 150 percent (150%), calculate the difference and multiply by the *highest year* Weighted ADM. This calculated product is the amount of revenue which the school district has in excess of 150 percent (150%) of the State Average Per Pupil Revenue. This amount in excess will be assessed as a penalty in state aid. However, the amount calculated as a penalty cannot be greater than the amount generated by the small school or isolation weight. Whichever is the smaller dollar amount will be the actual penalty amount. If required, such penalty will be assessed at the time of the initial and final allocation of state aid formula funds.

The 150 percent (150%) calculation is determined as follows:

July Initial Allocation		**January Final Allocation**		
2012-13	State Aid Formula	2013-14	State Aid Formula	_____
2012-13	Full Valuation times .039	2013-14	Full Valuation times .039	_____
2012-13	School Land Revenue	2012-13	School Land Revenue	_____
2012-13	Gross Production Revenue	2012-13	Gross Production Revenue	_____
2012-13	Motor Vehicle Revenue	2012-13	Motor Vehicle Revenue	_____
2012-13	R.E.A. Revenue	2012-13	R.E.A. Revenue	_____
2011-12	County Revenue Excluding Co. 4-mill*	2012-13	County Revenue Excluding Co. 4-mill*	_____
2012-13	State Appropriations**	2012-13	State Appropriations**	_____
	Projected Total Revenue		Projected Total Revenue	_____
	Divided by Weighted ADM		Divided by Weighted ADM	_____
	(Higher of two [2] Years Weighed ADM)		(Highest of three [3] Years Weighed ADM)	

Initial School District Per Pupil Revenue = _____

Initial State Average Per Pupil Revenue at 150% = _____

*** County Revenue includes the following:**

County Apportionment	_____
Resale Property Fund	_____
Other County Miscellaneous Revenue	_____
TOTAL COUNTY REVENUE	_____

****State Appropriations include the following:**

2012-13

Academic Achievement Awards	_____
ACE Remediation	_____
Advanced Placement Vertical Team Grants	_____
Adult Education Matching	_____
Advanced Placement Grant	_____
Advanced Placement Incentives	_____
Alternative Education Statewide Program	_____
Alternative Education Technology Grant	_____
Certified Employee Health Allowance	_____
Certified Employee Health Allowance in Lieu of FBA	_____
Driver Education	_____
High Challenge Grant	_____
I.B. Incentive	_____
ICTE - Special Projects	_____
Mentor Teacher Stipend	_____
Oklahoma Parents as Teachers	_____
Professional (Staff) Development - ADA Basis	_____
Purchase of Textbooks	_____
Reading Proficiency Act	_____
School/Community Network for Arts-in-Education	_____
School Consolidation Assistance Fund	_____
Staff Development/Reading Sufficiency Act (carryover)	_____
Staff Development/Reading Sufficiency Act	_____
Summer Reading Academy	_____
Support Personnel Health Allowance	_____
Support Personnel Health Allowance In Lieu of FBA	_____
Teachers' Retirement (TRS) Contribution Rate Increase	_____
School Lunch--State Reimbursement/Matching	_____

PLUS 2011-12 ALLOCATIONS OF: _____

TOTAL STATE APPROPRIATIONS* _____

PER PUPIL REVENUE IN EXCESS OF 300 PERCENT

Pursuant to 70 O.S. § 18-200.1 . . . no district having per pupil revenue in excess of three hundred percent (300%) of the average per pupil revenue of all districts shall receive any State Aid or Supplement in State Aid.

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

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

For the 2014 school year, the per pupil revenue will be calculated using data taken from the 2012 and the 2013 School District Revenue and Expenditure Reports as reported by the Oklahoma Cost Accounting System (OCAS). The July calculation will use 2012 OCAS data and the 2012 Weighted Average Daily Membership (ADM). The December calculation will use 2013 OCAS data and the 2013 Weighted ADM.

The calculation is determined as follows:

DISTRICT TOTAL				Source of Revenue
Total Receipts			_____	1000-4000
	Less:			
Total Federal Revenue			_____	4000
Insurance Loss Payments			_____	1510
Reimbursements			_____	1590
Overpayment/Refunds (Rebates/Refunds)			_____	1680
				Function/ Object
Transfer Fees Paid	(Expenditure)		_____	1000 560
Total Adjusted Revenue	**OCAS** (2012)	**OCAS** (2013)	_____	(A)
(A) Divided by July:			_____ 2012 Weighted ADM	
December:			_____ 2013 Weighted ADM	
		=	_____ School District Per Pupil Revenue	(B)
(B) Divided by July:			_____ 2012 State Average Pupil Per Cap	(C)
December:			_____ 2013 State Average Pupil Per Cap	
		=	_____ **Percent (%) of District Per Cap vs. State Per Cap**	(B)/(C)

MAINTENANCE OF EFFORT PENALTY

The Policies and Procedures for Special Education in Oklahoma (2007), states:

"In the spring of the subsequent fiscal year, the Oklahoma Cost Accounting System (OCAS) will compare the MOE for special education from state and local funds to the previous fiscal year. Each LEA that fails to meet maintenance of effort will receive a written notice from the SEA requesting the submission of any documentation of exceptions to MOE that would allow the LEA to reduce the state and local expenditures, in accordance with 34 CFR 300.204.

Following the submission of documentation regarding these exceptions, the SEA will review the status of each LEA for failure to meet MOE. If the LEA does not meet maintenance of effort, the SEA will reduce the LEA's state funding in the amount not met, as a sanction for noncompliance."

MOE=Maintenance of Effort
LEA=Local Educational Agency
SEA=State Educational Agency

Note: Phone Number for Special Education: (405) 521-3351

MINIMUM TEACHER SALARIES—2013-14 SCHOOL YEAR

Pursuant to 70 O.S. § 18-114.7, the Annual Certified Personnel Report from each school district is verified for compliance with the "State Minimum Teacher Salary Schedule." For the 2013-14 school year *(no change from 2011-12)*, teachers in the public schools of Oklahoma shall receive in salary and/or fringe benefits not less than the amounts specified in the following schedule. When determining minimum salary, "fringe benefits" shall mean only the employee's share of retirement, if paid by the district.

YEARS OF EXPERIENCE	BACHELOR'S DEGREE	MASTER'S DEGREE	DOCTOR'S DEGREE
0	$31,600	$32,800	$34,000
1	$31,975	$33,175	$34,375
2	$32,350	$33,550	$34,750
3	$32,725	$33,925	$35,125
4	$33,100	$34,300	$35,500
5	$33,500	$34,700	$35,900
6	$33,900	$35,100	$36,300
7	$34,300	$35,500	$36,700
8	$34,700	$35,900	$37,100
9	$35,100	$36,300	$37,500
10	$35,950	$37,575	$39,625
11	$36,375	$38,000	$40,050
12	$36,800	$38,425	$40,475
13	$37,225	$38,850	$40,900
14	$37,650	$39,275	$41,325
15	$38,075	$39,700	$41,750
16	$38,500	$40,125	$42,175
17	$38,925	$40,550	$42,600
18	$39,350	$40,975	$43,025
19	$39,775	$41,400	$43,450
20	$40,200	$41,825	$43,875
21	$40,625	$42,250	$44,300
22	$41,050	$42,675	$44,725
23	$41,475	$43,100	$45,150
24	$41,900	$43,525	$45,575
25+	$42,325	$43,950	$46,000

To verify compliance with the State Minimum Teacher Salary Schedule, compare the individual teacher's base salary, fringe benefits, degree, and total years of experience. If the base salary and fringe benefits are equal to or exceed the required salary as indicated by the State Minimum Teacher Salary Schedule, the school district is considered to be in compliance with the statutory requirements and no penalty is assessed. However, if the base salary and fringe benefits for the certified employee are less than the statutory amount, a penalty may be assessed equal to the difference between the statutory amount and the actual amount paid for the base salary plus fringe benefits, unless the employee's salary and fringe benefits are adjusted to meet the state minimum salary requirements.

NOTE: Extra-duty pay and Flexible Benefit Allowance <u>cannot</u> be used in meeting State Minimum Teacher Salary.

Pursuant to OAC Title 210, 25-3-4 [h] (Finance) . . . *If the district pays a teacher less than the minimum salary required by law, the difference will be deducted from the next payment of state aid. . . .*

NOTE: Teachers employed that are drawing retirement pay from the Oklahoma Teachers' Retirement System are <u>not</u> subject to the above minimum salary schedule. (70 O.S. § 18-114.7)

NONCERTIFIED TEACHERS

Pursuant to 70 O.S. § 6-101, the statute provides in part:

. . . B. Except as otherwise provided by law, no board of education shall have authority to enter into any written contract with a teacher who does not hold a valid certificate issued or recognized by the State Board of Education authorizing said teacher to teach the grades or subject matter for which the teacher is employed. Any board of education paying or authorizing the payment of the salary of any teacher not holding a certificate, as required herein, shall be adjudged to be guilty of a fraudulent expenditure of public funds . . .

Pursuant to 70 O.S. § 6-101, local boards of education are authorized to enter into written contracts with persons who are not certified or licensed to teach by the State Board of Education as long as the person is enrolled in an education degree program at an institution of higher education and is actively in the process of securing certification or licensure. If the person has not obtained valid certification or licensure by the first day of the ensuing school year, the contract would be terminated.

Pursuant to 70 O.S. § 6-107, the statute provides in part:

. . . It shall be unlawful for a member of the board of education of a school district to employ, approve or vote for the employment of any person to perform services for such district unless the person employed holds a valid certificate of qualification issued in accordance with the rules of the State Board of Education to perform the services the person is employed to perform.

Pursuant to 70 O.S. § 6-108, the statute provides in part:

. . . It shall be unlawful for any person to serve, or to contract or agree to serve, as superintendent, elementary superintendent, principal, supervisor, librarian, school nurse, classroom teacher or other instructional, supervisory or administrative employee of a school district unless such person holds a valid certificate of qualification issued in accordance with the rules of the State Board of Education to perform the services the person performs or contracts or agrees to perform.

The initial monitoring of certification is the responsibility of the School Personnel Records Section within the State Department of Education. Reports are generated for Regional Accreditation Officers (RAO) indicating noncertificated personnel within the school district. The RAO will ascertain the days that the employee was noncertificated.

Pursuant to OAC Title 210, 25-3-4 [c] (Personnel):

. . . Any district identified as contracting with a teacher, or administrator without a valid certificate shall be penalized in state aid. The state aid penalty amount shall be the salary amount paid by the district for the number of days the teacher or administrator taught without a valid certificate in excess of allowable substitute days.

Pursuant to Title 70 O.S. § 6-105, the statute provides in part:

No substitute teacher shall be employed for a total time in excess of ninety (90) school days during a school year; or one hundred (100) school days during the school year if the substitute teacher holds a lapsed or expired certificate or has a bachelors level college degree; or no limit of school days during the school year if the substitute teacher holds a valid certificate. Except as provided in this section, a substitute teacher may not be employed for the same assignment for more than twenty (20) school days during a school year unless the substitute teacher holds a valid certificate. Substitute teachers who do not hold a valid certificate and who are employed to teach special education for students with physical disabilities or students with mental retardation shall not be subject to the restrictions on total time a substitute teacher may be employed or the restrictions on time in the same assignment if no certified teachers are available to teach such students and the students would be denied instruction in special education if the substitute teacher were not employed. . . .

OKLAHOMA COST ACCOUNTING SYSTEM
PENALTY FOR NONCOMPLIANCE

Pursuant to 70 O.S. § 5-135.2:

A. For the 1991-92 school year, school districts shall report financial transactions for all funds, except for the school activity fund, using the Oklahoma Cost Accounting System, as adopted by the State Board of Education pursuant to Section 5-135 of this title. Costs shall be reported by curricular subject area where applicable. For the 1992-93 school year and in each subsequent school year, school districts shall report financial transactions for all funds using the Oklahoma Cost Accounting System. Costs shall be reported by curricular subject area where applicable.

B. Beginning July 1, 1991, and in each subsequent school year, the State Department of Education shall reduce the monthly payment of a district's State Aid funds if, at the time of such payment, the district is not operating pursuant to the Oklahoma Cost Accounting System. The amount of the reduction shall be one percent (1%) for the first payment, two percent (2%) for the second payment, three percent (3%) for the third payment, four percent (4%) for the fourth payment, and five percent (5%) for each subsequent payment. The reduction may be waived by the State Board of Education if the district can demonstrate that failure to operate pursuant to such system was due to circumstances beyond the control of the district and that every effort is being made by the district to operate pursuant to such system as quickly as possible.

Any penalties assessed for noncompliance of implementation of the Oklahoma Cost Accounting System would be administered upon verification by the Financial Accounting Section, State Department of Education, that the school district was not operating under such system. The penalty would be ongoing until the system was implemented in a proper manner by the school district.

Example:	**Original Allocation**		**$537,433**
	September Payment		**$53,743**
	First Month's Penalty	**x**	**1%**
	Approximate First Month's Noncompliance Penalty		**$537**
	Second Month's Penalty		**48,369**
		x	**2%**
	Approximate Second Month's Noncompliance Penalty		**$967**
	Total Penalty After Two Months		**$1,504**

(Process continues up to 5% reduction for each subsequent payment)

PENALTY FOR INSUFFICIENT DAYS OR HOURS

70 O.S. § 1-109 ***(New in 2009 legislative session):***

For all public schools in Oklahoma, school shall actually be in session and classroom instruction offered for not less than one hundred eighty (180) days; or for not less than one thousand eighty (1,080) hours each school year, if a district board of education adopts a school-hours policy and notifies the State Board of Education prior to September 15 of the applicable school year. Not more than thirty (30) hours each school year may be used for attendance of professional meetings and teachers may be paid for a length of term in excess thereof . . . **(Requirement per calendar year unless specific deregulation applies: 1,050 hours or 175 days of classroom instruction; 30 hours/5 days of professional days; for not less than 1,080 hours or 180 days.)**

WITHHOLDING STATE AID PAYMENTS FOR DELINQUENT FINAL CERTIFIED AND SUPPORT PERSONNEL REPORTS

OAC 210:25-3-4 (f)—Personnel (Certified):

*No later than February 1 of each year, all public school districts must file an accurate revised "**Final Certified Personnel Report"** with the State Department of Education. The report shall contain any corrections, deletions, and additions that have occurred since the October 1 report was filed so that more accurate information is available for state aid calculations, legislative projections and other statistical requirements. State Aid funds shall be withheld from any school district that does not submit the Final Certified Personnel Report by February 1. Only after the report has been received by the State Department of Education shall the withheld State Aid funds be released to the school district.*

OAC 210:20-27-1 (a)(2)—Support personnel; reporting requirements:

*No later than February 1 of each year, all public school districts must file a revised **"Final Support Personnel Report"** with the State Department of Education. The report shall contain any corrections, deletions, and additions that have occurred since the initial report was filed so that more accurate information is available for state aid calculations, legislative projections and other statistical requirements. State Aid funds shall be withheld from any school district that does not submit the "Final Support Personnel Report" by February 1. Only after the report has been received by the State Department of Education shall the withheld State Aid funds be released to the school district.*

NONCOMPLIANCE PENALTY ON LATE AUDITS

Pursuant to 70 O.S. § 22-108, the statute provides in part:

E. . . . If within eleven (11) months after the end of the fiscal year of the public school a copy of the audit report has not been received by the State Board of Education, an inquiry shall be made by the State Board of Education as to why such report has not been filed. Should the State Board of Education find that the local board of education has failed to cause an annual audit to be commenced, the State Board of Education shall make a written demand on said board to complete and file such annual audit within thirty (30) days of the date of such demand.

Pursuant to 70 O.S. § 22-112 (State Aid withheld for failure to comply with article):

All further "payment" of State Aid for each district <u>*shall be withheld*</u> *until the provisions of this article (*see above paragraph) *have been fulfilled by said district.*

CLASS SIZE PENALTY INFORMATION

INSTRUCTIONS AND

PENALTY EXAMPLES

Note: Class size information will be collected online. Log onto the Single Sign-on on the Home page or by following the link below.

www.sdeweb01.sde.ok.gov/SSO2/Signin.aspx

CLASS SIZE AUDIT INSTRUCTIONS
(70 O.S. §§ 18.113.1 through 18.113.4)

Kindergarten—Grades 1, 2, and 3—Grades 4, 5, and 6

1. **For Kindergarten only:** Membership for A.M. and P.M. kindergarten must be shown as separate totals and not combined.

2. **Do not mail any of the class size audit forms; leave them with attendance registers for Regional Accreditation Officer (RAO). This is applicable to all Grades K-12.**

3. All membership including self-contained special education must be included in the total membership days on the first line for each grade level. The second line for each grade level must indicate the membership days of only the self-contained special education students. Self-contained special education membership days must be excluded from the third line for each grade level. Self-contained special education classes are those classes whose students attend the same class for three (3) or more class periods and have individualized education programs.

4. **For Kindergarten and Grades 1, 2, and 3 only:** Self-contained special education teachers *and assistants* must be **included** in the teacher and assistant totals on the first line for each grade level. The second line for each grade level must indicate only self-contained special education teachers *and assistants*. The third line for each grade level must exclude self-contained special education teachers *and assistants*. **Names of self-contained special education teachers must be included on the teacher list and noted as such.**

5. **For Grades 4, 5, and 6 only:** Self-contained special education teachers must be **included** in the teacher totals on the first line for each grade level. The second line for each grade level must indicate only self-contained special education teachers. The third line for each grade level must exclude self-contained special education teachers. **Names of self-contained special education teachers must be included on the teacher list and noted as such.**

6. Do not include physical education (PE), chorus (CH), band (BD), orchestra (OR), and similar music class enrollments in the teacher totals.

7. Do not include any Title I teachers or other federally funded supplemental teachers in the teacher totals.

8. **For Kindergarten and Grades 1, 2, and 3 only:** Do not include any federally funded bilingual assistants or other federally funded supplemental assistants in the assistant totals.

9. **For Kindergarten and Grades 1, 2, and 3 only:** Do not include "Volunteers" as assistants. "Volunteers" may not be counted in the class size calculation.

10. **For Kindergarten and Grades 1, 2, and 3 only:** Developmental or transitional first grade classes shall be reported as first grade classes.

11. State Aid allocation adjustments will not be made until this data is verified by an RAO, signed by the school superintendent, notarized, and submitted by the RAO to the State Aid Section of the State Department of Education.

Please note: The figures reported for membership must be actual total membership days (attendance plus absences) for the first nine-week period. The actual number of days taught must also be for the first nine-week period.

Special Note Multisite Teachers:

If you have a multisite teacher that is *at the elementary school* as well as at the middle and high school, the elementary portion of the day would go on the elementary class size report with the appropriate fraction-of-a-day shown; see example below.

- A teacher spends 2/7 of the day at the **elementary school**; the fraction-of-a-day shown on the elementary class size report would be .286
- Same teacher spends 2/7 of the day at the **middle school** and 3/7 of the day at the **high school**
- All middle/high school classes would be shown on the high school site and the fraction-of-a-day would be 5/7 of a day or .714.

Delete the teacher from the middle school site to avoid double counting. *(You must coordinate between sites to determine which site is counting the teacher.)* The total fraction-of-a-day for all classes would equal one (.286 [elementary]) +.714 (2/7 at middle school + 3/7 high school [or 5/7]) = 1).

CLASS SIZE PENALTIES FOR KINDERGARTEN

Penalties for oversized classes are calculated by grade and by school site. The calculations are then combined and penalties are assessed at the district level if penalization is necessary. Audits are made at the various grade levels. Examples below indicate the steps for determining the actual class sizes.

KINDERGARTEN: For the 2013-14 school year, kindergarten class size is 20 students for each teacher and the addition of a teaching assistant allows an additional 9 students to be in the classroom. The example below is based on 45 days taught for the first nine weeks.

EXAMPLE: Allowable Calculation

Number of Teachers in this Grade at this Site = 3		Number of Assistants in this Grade at this Site = 1		Membership Days Allowable for this Grade at this Site	
3 x 20 = 60; 60 x 45 days =		1 x 9 = 9; 9 x 45 days =			
2,700	**+**	**405**	**=**	**3,105**	**(A)**

EXAMPLE: Attendance/Membership Register totals for all classes in this grade level at this site:

Membership Days
1st Nine Weeks

45 Days Taught
3,666

NINE-WEEK MEMBERSHIP DAYS ON REGISTER				**3,666**	**(B)**
MEMBERSHIP DAYS IN EXCESS OF ALLOWABLE					
(B)	minus	(A)	=	**561**	**(C)**
AVERAGE DAILY MEMBERSHIP (ADM) TO BE PENALIZED					
(C)	divided by	(Number of days taught) 45	=	**12.47**	
12.47 ADM	multiplied by	1.3 Kg. Grade Weight	=	**16.21**	**(D)**
STATE AID PENALTY					
(D)	multiplied by	**Current year factor**	=	**Penalty**	

CLASS SIZE PENALTIES FOR GRADES 1, 2, AND 3

Penalties for oversized classes are calculated by grade and by school site. The calculations are then combined and penalties are assessed at the district level if penalization is necessary. Audits are made at the various grade levels. Examples below indicate the steps for determining the actual class sizes.

GRADES 1, 2, AND 3: For the 2013-14 school year, class size for Grades 1, 2, and 3 is 20 students for each teacher and the addition of a teaching assistant allows an additional 9 students to be in the classroom. The example below is based on 45 days taught for the first nine weeks.

EXAMPLE: Allowable Calculation

Number of Teachers in this Grade at this Site = 3		Number of Assistants in this Grade at this Site = 1		Membership Days Allowable for this Grade at this Site	
3 x 20 = 60; 60 x 45 days =		1 x 9 = 9; 9 x 45 days =			
2,700	**+**	**405**	**=**	**3,105**	**(A)**

EXAMPLE: Attendance/Membership Register totals for all classes in this grade level at this site:

Membership Days
1st Nine Weeks

45 Days Taught
3,384

NINE-WEEK MEMBERSHIP DAYS ON REGISTER				**3,384**	**(B)**
MEMBERSHIP DAYS IN EXCESS OF ALLOWABLE					
(B)	minus	(A)	=	**279**	**(C)**
AVERAGE DAILY MEMBERSHIP (ADM) TO BE PENALIZED					
(C)	divided by	(Number of days taught) 45	=	**6.20**	
6.20 ADM*	multiplied by	1.351 Second Grade Weight	=	**8.38**	**(D)**
STATE AID PENALTY					
(D)	multiplied by	**Current Year Factor**	=	**Penalty**	

*In the above example, the 6.20 ADM is being considered as second graders.
**Grade level weights are multiplied for each ADM as follows:

Grades 1 and 2	=	1.351
Grade 3	=	1.051

CLASS SIZE PENALTIES FOR GRADES 4, 5, AND 6

Penalties for oversized classes are calculated by grade and by school site. The calculations are then combined and penalties are assessed at the district level if penalization is necessary. Audits are made at the various grade levels. Examples below indicate the steps for determining the actual class sizes.

GRADES 4, 5, AND 6: For the 2013-14 school year, class size for Grades 4, 5, and 6 is 20 students for each teacher. At each site, a new class would have to be added when there are 16 additional students over the 20 students allowed for each teacher. The example below is based on 45 days taught for the first nine weeks.

EXAMPLE: Allowable Calculation

Number of Teachers in this Grade at this Site = 3		Number of Students Allowed before an additional class = 15		Membership Days Allowable for this Grade at this Site	
3 x 20 = 60; 60 x 45 days =		15 x 45 =			
2,700	**+**	**675**	**=**	**3,375**	**(A)**

EXAMPLE: Attendance/Membership Register totals for all classes in this grade level at this site:

Membership Days 1st Nine Weeks
45 Days Taught 4,002

NINE-WEEK MEMBERSHIP DAYS ON REGISTER				**4,002**	**(B)**
MEMBERSHIP DAYS IN EXCESS OF ALLOWABLE (B)	minus	(A)	=	**627**	**(C)**
AVERAGE DAILY MEMBERSHIP (ADM) TO BE PENALIZED (C)	divided by	(Number of days taught) 45	=	**13.93**	**(D)****
STATE AID PENALTY (D)	multiplied by	**Current Year Factor**	=	**Penalty**	

** There is no additional grade level weight for Grades 4, 5, and 6.

CLASS SIZE AUDIT INSTRUCTIONS
(70 O.S. §§ 18.113.1 through 18.113.4)

(Grades (6), 7, 8, 9, 10, 11, and 12)

1. **Do not mail any of the class size audit forms; leave them at the superintendent's office for Regional Accreditation Officer (RAO).**

2. In accordance with the class size requirements in 70 O.S. Supp. 2004 §§ 18.113.1 through 18.113.4, "If a district groups its grades as . . . grades six through eight, . . . then . . . the provisions of Section 18-113.3 . . . shall apply to grades six through twelve." Accordingly, middle schools (Grades 6-7-8) and junior high schools (Grades 7-8) are to be considered as secondary schools for class size purposes.

3. If the district is elementary (Kindergarten through Grade 8), Grade 6 should be reported on appropriate elementary "CLASS SIZE AUDIT FORM." Information for Grades 7 and 8 will be used on these secondary forms.

4. Do not include physical education (PE), chorus (CH), band (BD), orchestra (OR), and similar music class enrollments in the teacher totals; instead, use appropriate code on audit form as outlined on attached example.

6. State Aid allocation adjustments will not be made until this data is verified by an RAO, signed by the school superintendent, notarized, and submitted by the RAO to the State Aid Section of the State Department of Education.

Please note: The figures reported for secondary students taught should be all students in class on October 1. (This is not average days taught as in the elementary sites.)

Special Note Multisite Teachers:

If you have a middle school or high school multisite teacher, the teacher needs to be listed on the site where he/she spends the majority of the day with corresponding class cells (C1-C9) completed for all sites for the entire day.

If you have a multisite teacher that is *at the elementary school* as well as at the middle and high school, the elementary portion of the day would go on the elementary class size report with the appropriate fraction-of-a-day shown; see example below.

- A teacher spends 2/7 of the day at the **elementary school**; the fraction-of-a-day shown on the elementary class size report would be .286

- Same teacher spends 2/7 of the day at the **middle school** and 3/7 of the day at the **high school**

- All middle/high school classes would be shown on the high school site and the fraction-of-a-day would be 5/7 of a day or .714.

Delete the teacher from the middle school site to avoid double counting. *(You must coordinate between sites to determine which site is counting the teacher.)* The total fraction-of-a-day for all classes would equal one (.286 [elementary]) +.714 (2/7 at middle school + 3/7 high school [or 5/7]) = 1).

HOW TO CALCULATE
CLASS SIZE PENALTIES FOR GRADES 7, 8, 9, 10, 11, AND 12

Penalties for oversized classes are calculated by teacher and by school site. The penalties are then combined and are assessed at the district level if penalization is necessary. Audits are made of the various school site teacher rosters. Examples below indicate the steps for determining the actual class size.

GRADES 7, 8, 9, 10, 11, and 12: For the 2013-14 school year, the class size limit for Grades 7 through 12 is **140 students for each teacher**. The secondary class size **limits are based on a single day in the first nine weeks**, not an average of the first nine weeks as in the elementary sites. Physical education (PE), chorus (CH), band (BD), orchestra (OR), and similar music class enrollments are not to be included in these counts.

EXAMPLE: Enrollment data by teacher on "CLASS SIZE AUDIT FORM"

TEACHER CERT. NUMBER	TEACHER NAME (LAST) (FIRST)	C1	C2	C3	C4	C5	C6	C7	C8	C9	TOTAL
		25	20	22	PP	28	25				120
123869	Anderson, Tina	REGIONAL ACCREDITATION OFFICER (RAO) USE ONLY									
		15	15	30	30	30	PP				120
157834	Fisher, George										
		15	PP	CH	30	30	30				105
025387	Kiefer, Jim										
		PP	**30**	**33**	**22**	**31**	**38**				**154**
158641	**Marshal, John**										
		40	45	PE	PE	PE	PP				85
128955	Smith, Mark										
		25	**PP**	**35**	**25**	**30**	**35**				**150**
131262	**Smith, Sharon**										

John Marshal is over the class size limit by 14 students.
Sharon Smith is over the class size limit by 10 students.

John Marshal: 14 plus Sharon Smith: 10 = **24 (A)** students over class size limit for this site

STATE AID PENALTY

(A) multiplied by grade level weight 1.20 = **28.80 (B)** additional weight

(B) multiplied by **Current Year Factor** = **Penalty**

CODE		CLASS
PE	=	Physical Education
CH	=	Chorus
BD	=	Band
OR	=	Orchestra
PP	=	Planning Period

GENERAL FUND CARRYOVER PENALTY

Calculation for Prior Year's General Fund Balance

Pursuant to 70 O.S. § 18-200.1, the State Department of Education will send notification to each school district by February 1 of each year, detailing the calculation of the General Fund Carryover Penalty. Within 30 calendar days, each district will respond to the Department in writing, accepting or protesting the penalty amount. Districts will be notified by March 15 of the Department's findings, and the penalty will be assessed by April 1.

Any penalty assessed for excessive general fund carryover will be determined by using data that will be extracted from a school district's Web-based data collection filed with the State Department of Education (Financial Accounting/Oklahoma Cost Accounting System [OCAS]) and crosschecked with the Estimate of Needs filed with the State Board of Equalization and the Financial Accounting/OCAS Section of the State Department of Education. (Examples of the calculation for determining the maximum allowable amount of General Fund Carryover follow.)

In the **"General Fund Balance (GFB) Example Number 1"** on the following pages, the GENERAL FUND NEW COLLECTIONS to be considered for the carryover penalty calculation are $1,593,631. The General Fund Balance Allowable percentage is 35 percent (35%). Therefore, the allowable amount of carryover is $557,771. The actual amount of the school district's general fund carryover (Line C) is $327,399. The example district is well within the allowable amount of $557,771. No penalty will result.

However, if the actual amount of the school district's general fund carryover (Line C) had exceeded the allowable amount (as in "**GFB Example Number 2"**), **deduct Federal Revenue and Gifts, Donations, and Endowments** received during the 2012-13 school year (Sources of Revenue: 4000 Series, 1610, and 1640). Next, deduct any of the following exclusions that are applicable to your school district (see following paragraphs.) If a balance remains, a State Aid penalty would result.

Title 70, Section 18-200.1 (Paragraph G):

"Notwithstanding the provisions of Section 18-112.2 of this title, a school district shall have its State Aid reduced by an amount equal to the amount of carryover in the general fund of the district as of June 30 of the preceding year, that is in excess of the following standards for two consecutive years."

Exclusions in Law:

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

"Any school district which receives an increase in State Aid because of a change in Foundation and/or Salary Incentive aid factors during the last two (2) months of the preceding fiscal year shall be exempt from the penalties assessed in this subsection, if the penalty would occur solely as a result of receiving funds from the increase in State Aid." Note: This applies to all school districts that received an adjusted allocation in Foundation and Salary Incentive Aid in June 2013 because of the factor adjustment.

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

"Any school district which receives gross production revenue 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."*

"Beginning July 1, 2003, school districts that participate in consolidation or annexation pursuant to the provisions of the Oklahoma School Voluntary 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) years."

"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."

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

*70 O.S. § 1-117:

"G. *Schools which receive gifts or donations or state-appropriated monies for the purpose of capital expenditures or projects shall place such monies in the building fund, as provided by Section 1–118 of this title, and not in the general fund. School districts which receive gifts, grants, or donations of monies for noncapital expenditures* ***may place the monies in the general fund,*** *and such monies shall not be required to be used during the year in which the money was received but may accumulate from year to year and* ***shall not be considered a part of the general fund collections when calculating the general fund carryover*** *as provided in subsection G of Section 18-200.1."*

(Please refer to the worksheet on next two pages.)

GENERAL FUND CARRYOVER PENALTY—PREVIOUS YEAR CALCULATION FOR APPLICABLE PENALTY TO BE ASSESSED DURING THE CURRENT SCHOOL YEAR

	Schedule 2--Revenue and Expenditures	EXAMPLE	YOUR DISTRICT
	Add REVENUE:		
A	Beginning Book Balance	$ 155,844.00	
	(Source of Revenue 6110)		
	Fund Balance Transferred from Prior Years	$ 3,155.90	
	(Sources of Revenue 6130, 6140)		
	Current Ad Valorem Tax Apportioned	$ 231,645.85	
	(Source of Revenue 1110)		
	Miscellaneous Revenue Apportioned	$ 1,353,829.25	
	(All other Revenue Sources [Excluding 1610 and 1640])		
	Return of Assets	$ 5,000.00	
	(Sources of Revenue 5150, 5160, 5190, 6200)		
B	**TOTAL REVENUE**	**$ 1,749,475.00**	
	Subtract REQUIREMENTS (EXPENDITURES):		
	Warrants Issued and Transfer Fees	$ (1,300,062.00)	
	Reserves (Encumbrances)	$ (122,014.00)	
	Interest Paid on Warrants (Object 833)	$ -	
	Reserve for Interest on Warrants (Encumbrances, Object 832)	$ -	
	TOTAL EXPENDITURES	**$ (1,422,076.00)**	
C	**Equals FUND BALANCE** (from Estimate of Needs Balance Sheet 6-30-XX)	**$ 327,399.00**	
	Determine your district's TOTAL NEW COLLECTIONS as reported on the Prior Year Est. of Needs and by OCAS: (per 70 O.S. § 18-200.1):		
	Total Revenue (Line B)	$ 1,749,475.00	
	Minus Beginning Book Balance	$ (155,844.00)	
D	**TOTAL NEW COLLECTIONS FOR YOUR SCHOOL DISTRICT**	**$ 1,593,631.00**	

E Based on the TOTAL NEW COLLECTIONS calculated, determine your school district's ALLOWABLE CARRYOVER AMOUNT from the following sliding scale:

Total Amount of General Fund Collections Excluding Previous Year Cash Surplus as of June 30	Amount of General Fund Balance (GFB) Allowable
Less than $1,000,000	**40%**
$1,000,000 to $2,999,999	**35%**
$3,000,000 to $3,999,999	**30%**
$4,000,000 to $4,999,999	**25%**
$5,000,000 to $5,999,999	**20%**
$6,000,000 to $7,999,999	**18%**
$8,000,000 to $9,999,999	**16%**
$10,000,000 or more	**14%**

See examples below

		EXAMPLE	YOUR DISTRICT
	TOTAL NEW COLLECTIONS FOR YOUR SCHOOL DISTRICT	**$ 1,593,631.00**	
	GFB EXAMPLE NUMBER 1 (District is within allowable percentage):		
F	**The amount of allowable GFB carryover for this example would be 35%:**	**$ 557,771.00**	
	([Line D] $1,593,631 x 35% = $557,771)		
G	Subtract Fund Balance (Line C)	**$ (327,399.00)**	
	Note: This example district has NOT exceeded the allowable carryover (Line F).		
	GFB EXAMPLE NUMBER 2 (District exceeds allowable percentage):		
	Amount of allowable GFB carryover at 35%:	$ 557,771.00	
	IF the amount of Fund Balance on Line C was $657,399:	$ (657,399.00)	
	Amount of General Fund Balance Penalty BEFORE any deductions/exclusions:	**$ (99,628.00)**	
	District exceeds GFB allowable by:	**$ 99,628.00**	
	1. Subtract/exclude ***Federal Revenue and Gifts/Donations/Endowments*** for Prior Year (Sources of Revenue: 4000 Series, 1610, and 1640):	$ (50,000.00)	
	IF APPLICABLE, apply EXCLUSIONS in law (see preceding pages):		
	2. Subtract "FEMA" exclusion:	$ -	
	3. Subtract "Change in State Aid Factors" exclusion:	$ (200.00)	
	4. Subtract "Gross Production" exclusion:	$ (24,000.00)	
	5. Subtract "Sales Tax Levied by Municipality" exclusion (11 O.S. 22-159):	$ (25,000.00)	
	IF APPLICABLE, other exclusions may apply (see exclusion verbiage on preceding pages):		
	6. Annexation or Consolidation exclusion:		
	7. Decision of State Board of Education--District does not receive Foundation Aid and/or Salary Incentive Aid; loss of more than 40% of remaining State Aid:		
H	**AMOUNT OF APPROXIMATE GENERAL FUND BALANCE PENALTY:**	**$ 428.00**	

Note: Legislation in 70 O.S. § 18-200.1 allows a school district to exceed the allowable percentage of carryover for two (2) consecutive years before a General Fund Balance penalty is assessed. However, we encourage you to annually keep your carryover amount within the allowable percentage in law.

ADMINISTRATIVE COST PENALTY

The Oklahoma Cost Accounting System (OCAS) was passed into law and became effective July 1, 1992, (70 O.S. § 5-135.2) and was adopted from Financial Accounting for Local and State School Systems, 1990. Financial Accounting for Local and State School Systems, 1990, was designed as a national standard for state departments of education to use in reporting financial data, and for school districts to use in preparing their comprehensive annual financial reports (CAFRs) that are submitted to their respective state departments of education (SDE). The purpose of the OCAS handbook is to ensure that education fiscal data can be reported in a comprehensive and uniform manner nationwide.

Form ED 2447 from the United States Department of Education gives the definition of reporting "General Administration" as recorded under OCAS using Function Code 2300. We are instructed to include only the Board of Education and staff, Staff Relations and Negotiations staff, and the Superintendent and staff.

The Financial Accounting Division of the State Department of Education computes administrative costs using the new state definition under 70 O.S. § 18-124. The law does not provide for waivers.

If a district shows excess in administrative costs, the administrative costs paid with federal funds are deducted from the penalty as required by 70 O.S. § 18-104 which states, *". . . no such federal aid estimate shall be used in any way to reduce the State Foundation Aid or Incentive Aid for such school district . . ."*

Total expenditures from the OCAS records (warrants issued and reserves) are divided by the administrative costs to determine a percentage. If this percentage is greater than the amount listed on the percentage scale (70 O.S. § 18-124), then the total expenditures are multiplied by the allowable scale. This allowable amount is subtracted from the coded administrative costs to calculate the amount of penalty.

The allowable percentage scale for administrative costs is:

Average Daily Attendance (ADA)	Percentage Allowed
More than 1,500	5 percent
More than 500-but less than 1,500	7 percent
Fewer than 500	8 percent

If a school district receives an administrative cost penalty, a performance review of the effectiveness and efficiency of the budget and operations of the district shall be conducted. (70 O.S. § 3-118.1)

Oklahoma Statutes Title 70, Section 18-124, states that the allowable percentages, five, seven, and eight percent (5, 7, and 8%) remain the same for the 2005-06 school year or any school year thereafter.

PENALTY FOR DECREASING SALARY AND BENEFITS

Oklahoma Statutes Title 70, Section 18-114.9, forbids the same school district from paying less to a teacher during the next school year that what was paid the year before, unless the hours or the duties of the teacher are reduced proportionately. Any school district that willfully reduces the salary of a teacher shall forfeit the amount underpaid in the district's State Aid.

Additionally, the amount underpaid from the previous year will again be withheld from the school district, and the State Department of Education ***shall send the payment directly to the teacher***. Therefore, it would be to the advantage of the school district to pay the teacher correctly during the year.

Procedural rules are outlined in OAC 210:25-3-4. Oklahoma Statute Title 70, Section 18-114.9 states:

A. "If a teacher, as defined in Section 6-101.3 of Title 70 of the Oklahoma Statutes, is employed by the same school district for the next school year as the preceding school year, the salary and fringe benefit level of the teacher shall not be decreased the next school year unless the hours or duties of the teacher are reduced proportionately.

B. Subject to the provisions of this section, any school district that willfully reduces or has in years previous to enactment of this section willfully reduced the salary of a teacher in violation of subsection A of this section shall forfeit as a penalty a portion of its State Aid equal to the total amount that the teacher was underpaid. If the teacher was underpaid for more than one (1) school year, the amount forfeited shall equal the cumulative amount that the teacher was underpaid. The amount to be forfeited shall be deducted from the State Aid payment following confirmation of the underpayment by the State Department of Education.

C. In addition to the amount of State Aid forfeited as a penalty pursuant to subsection B of this section, in order to ensure that the teacher receives the full amount of unpaid salary, the State Department of Education shall withhold an amount which is equal to the total amount that the teacher was underpaid from the State Aid payment of the school district and pay the amount directly to the teacher. The Board shall not withhold an amount for payment to the teacher pursuant to the subsection if the teacher has recovered the underpayment pursuant to judicial action.

D. Complaints filed with the State Board of Education pursuant to this section may be based on alleged underpayments during fiscal years that began:

(1) On or after July 1, 2002; or

(2) Before July 1, 2002, if the teacher filed an action to recover the underpayment in a court of competent jurisdiction before July 1, 2002.

E. Complaints filed with the State Board of Education alleging underpayment during fiscal years that began on July 1, 2002, shall be filed within one (1) year of the end of the fiscal year in which the underpayment is alleged to have occurred.

F. Filing a complaint with the State Board of Education pursuant to this section shall not operate to prohibit a teacher from filing an action for underpayment in a court of competent jurisdiction or continuing to pursue an action for underpayment pending in a court of competent jurisdiction on the effective date of this act.

G. The State Board of Education shall promulgate rules necessary to implement the provisions of this section. The rules shall include, but not be limited to, procedures for a teacher to file a complaint for violation of this section and the Department to investigate the complaint."

UNDERPAID TEACHER PENALTY
(OAC 210:25-3-4 [h])

If the district pays a teacher less than the minimum salary required by law, the difference shall be deducted from the next payment of state aid, or a claim shall be filed by the Director of Finance to recover any such overpayment to the school district.

(1) The School Personnel Records Section will notify the school superintendent of all potentially underpaid teachers after the Final Certified Personnel Reports are filed with the State Department of Education in February. The school superintendent shall notify the School Personnel Records Section of the district's intent to pay the teacher the underpaid amount or to dispute the amount. If disputed, the school superintendent is responsible for providing documentation to the School Personnel Records Section to show the teacher was not underpaid based on the state minimum salary schedule. The State Aid Section shall withhold from state aid the amount underpaid by October 1 in the school year following the year in which the underpayment occurred.

(2) The method for calculating teacher salaries to ensure state minimums are met shall be determined by the School Personnel Records Section.

STATE AID FUNDS MAY BE WITHHELD

- REPORTS MUST BE FILED -

Pursuant to the statute (70 O.S. § 5-128): "Boards of education of all school districts are hereby required to make annual statistical and financial reports to the State Board of Education . . . It is further provided in the statute (70 O.S. § 3-104): . . . Such authority shall include the right of the State Board of Education to withhold all state funds under its control, to withhold official recognition, including accrediting, until such required reports have been filed and accepted in the office of said Board and to revoke the certificates of persons failing or refusing to make such reports."

The statute further provides (70 O.S. § 18-116): ". . . No more than fifty percent (50%) of the funds apportioned to school districts under the provisions of this article shall be paid by the state unless and until there has been filed with the State Board of Education on forms prescribed by such Board an itemized sworn account of the expenditures of the school district during the next preceding fiscal year and a teacher personnel report for the current year . . ."

Pursuant to State Board of Education regulations (OAC Title 210: Finance, 25-3-1):

School districts shall qualify for an appropriation of funds . . . if the following conditions have been met:

(1) The district was accredited for the previous year.
(2) The Annual Statistical Report has been filed.
(3) The Oklahoma Cost Accounting System reports for revenue and expenditures have been submitted by the Web-based reporting system.

NONCOMPLIANCE PENALTY ON LATE AUDITS
(70 O.S. § 22-108)

Paragraph E: " . . . If within eleven (11) months after the end of the fiscal year of the public school a copy of the audit report has not been received by the State Board of Education, an inquiry shall be made by the State Board of Education as to why such report has not been filed. Should the State Board of Education find that the local board of education has failed to cause an annual audit to be commenced, the State Board of Education shall make a written demand on said board and file such annual audit within thirty (30) days of the date of such demand."

STATE AID WITHHELD FOR FAILURE TO COMPLY WITH ARTICLE
(70 O.S. § 22-112)

"All further payment of State Aid for each district shall be withheld until the provisions of this article have been fulfilled by said district."

GIFTED AND TALENTED PENALTY

OAC 210:15-23-10--Failure to Report

Any school district who fails to submit an expenditure report to the State Department of Education by August 1 of each school year as required by 70 O.S. § 1210.307(0) shall have State Aid for gifted and talented programs withheld pursuant to 70 O.S. § 3-104(13) until all reporting requirements have been met.

OAC 210:15-23-9--Process for Appeal of Penalty

Districts against which a penalty is assessed as required under Part B of 70 O.S. 1210.303 may appeal to the State Board of Education by:

(1) An intent to appeal must be filed with the Director of Gifted Education within 30 days following receipt of notification that the gifted child educational program is not in compliance with State Board rules and 70 O.S. 1210-301 through 308.

(2) The appeal will be brought to the State Board for their review and consideration at the next regularly scheduled meeting following receipt of notification of intent to appeal if notification is received at least ten working days prior to the next regularly scheduled board meeting.

(3) The State Department of Education will review for the State Board the information upon which the penalty is assessed. The school district found to be in noncompliance will be given an opportunity to provide information to the State Board to refute the penalty.

Upon review of the information presented by the State Department and school district, the State Board will either uphold or overturn the penalty.

STATE STUDENT RECORD SYSTEM NONCOMPLIANCE
(70 O.S. § 18-116)

Paragraph J: " . . . Any school district that is not in compliance with the standards and requirements established by the State Board of Education related to the state student record system as provided in Section 3-160 of this title shall forfeit its State Aid for the time of noncompliance.

OUT-OF-HOME PLACEMENT

PROCEDURES AND WEIGHTS

Procedures and Weights for Out-of-Home Placement Students
(70 O.S. § 18-201.1)

Out-of-Home Placement Weights	Grade Level Weight
Out-of-Home Placement - OHP1	1.5
*Eleemosynary Child Care Facility (Educational services provided at facility)	1.5
Juvenile Detention Center (10 beds) - OHP2	1.8
Juvenile Detention Center (8 beds) - OHP3	2.3
Juvenile Detention Center (6 beds) - OHP4	3.0

*Eleemosynary Child Care Facility (Educational services provided at a school site)
Note: These students are residents of the district in which the facility is located.

*A facility funded predominantly by benevolent or charitable funds. Such facility is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code.

Out-of-Home Placement Procedures

The receiving district must notify the resident district of the enrollment date for all out-of-home placement students. This now includes students in Therapeutic Foster Care Homes. Note: The student **must be dropped** from the resident district's Membership and Attendance Records prior to this enrollment date.

The receiving district shall notify the resident district immediately upon finding that a student requires special education and related services and the resident district shall participate in planning the student's Individualized Education Program (IEP) and in subsequent reviews of the program in accordance with the Individuals with Disabilities Education Act (IDEA). Federal law provides that responsibility for procedural safeguards remains with the resident district and such special education student shall be reported on the resident district's Special Education Child Count.

The students eligible for the out-of-home placement weight shall be students who are not residents of the school district in which they are receiving educational services. Such weight may be claimed by the district providing educational services to such student for the days the student is enrolled in that district. Accurate attendance and membership records must be kept that identify such student by the proper out-of-home placement. The out-of-home placement weight shall be in lieu of the pupil grade level and any pupil category weight for that student. The membership and out-of-home placement pupil weight for such students shall be included in the membership of the district providing the education for the purposes of calculating state aid. Oklahoma Statutes Title 70, Section 18-201.1, eliminated the last elements of "bill backs" by authorizing funding for children in therapeutic and voluntary, specialized foster care home placements under the out-of-home placement weight.

If a student is placed in an eleemosynary child care facility and attends school at a local school site in the district where such facility is located, such student is a resident of that district and shall be counted at the regular grade level weight. If such student has an IEP for special education services, the category weight shall also apply and the student shall be included in that district's special education child count.

If the needs of a student placed in an eleemosynary child care facility require that the district in which such facility is located provide educational services at the facility (the district has to hire a teacher to go out to the facility to teach classes), the student will be counted as an out-of-home placement student and the educating district will receive the 1.5 out-of-home placement weight.

SECTION IV

SCHOOL CONSOLIDATION
and
ANNEXATION IN OKLAHOMA

Preface

This technical assistance document has been prepared to assist school districts and local communities in understanding the process of school annexation and consolidation. The purpose of which is to better serve Oklahoma's children and youth.

In 1891, the Oklahoma Territorial Legislature enacted a law organizing the school districts into political subdivisions of four school districts per township. These school districts consisted of approximately nine square miles. The intent for this proximity was to insure that the students live within walking distance of their school. At the time of statehood, the first Oklahoma Legislature also organized Indian Territory into school districts. The school districts in Indian Territory were usually larger than the nine square mile districts of Oklahoma Territory. From this beginning, school districts have made many changes in size and organization.

In 1914, there were 5,880 school districts in the state. As transportation improved and educational demands increased, school districts continued to change in size and organization. In 1989, there were 609 school districts when Senate Bill 74 passed, which established the Voluntary School Consolidation Act. In 1990, House Bill 1017 amended this legislation. Since 1989, there have been 88 school reorganizations, giving us the current number of 521 school districts. The Legislature transferred all the remaining funds out of the Voluntary School Consolidation Act in 1993.

In 2006, Senate Bill 1493 created in the State Treasury a fund designated as the "School Consolidation Assistance Fund." The fund shall be a continuing fund, not subject to fiscal year limitations, and consist of any monies the Legislature may appropriate or transfer to the fund and any monies contributed for the fund from any other source, public or private.

During the 2009 legislative session, Senate Bill 1169 (effective November 1, 2009) amended language for the School Consolidation Assistance Fund. Related funding will be used for voluntary and mandatory annexations or consolidations.

For consolidations, not more than 200 (formerly 1,000) Average Daily Membership (ADM) of any one school district from the preceding school year of the consolidation shall be counted in determining the combined ADM of any district formed by consolidation. The ADM of any one school district shall only be considered once for allocations from the fund when the school district consolidates with two or more school districts. Allocations will be calculated by multiplying the allowable ADM of the combined districts by $2,500.

For voluntary and mandatory annexations, not more than 200 (formerly 1,000) Average Daily Membership (ADM) of the annexed district from the preceding school year prior to the annexation shall be counted. Allocations will be calculated by multiplying the allowable ADM of only the annexed district by $5,000.

The 53rd Legislature (2011) passed House Bill 2115, which removed the $400,000 minimum allocation of funds for annexation or consolidation funding. It added "New" language to allow expenditures from the School Consolidation Assistance Fund to school districts that have entered into a mutual contract for a superintendent per 70 O.S. § 5-106A. The total assistance paid over three consecutive years must not exceed 50% of the salary or wages of the superintendent or a total of $150,000 over a three-year period. No district shall be eligible to apply more than one three-year time period. School Boards that have entered into a mutual contract with a superintendent must notify the State Board of Education on or before June 30 of the year preceding the school year that the contract becomes effective. The State Board of Education will determine allocations from the School Consolidation Fund with preference given to school consolidation/annexation if funds are insufficient.

The purpose shall be to provide consolidated school districts or districts who have received part or all of the territory and part or all of the students of a school district dissolved by voluntary or mandatory annexation, during the first year of consolidation or annexation, with a single one-year allocation of funds needed for: (1) Purchase of uniform textbooks in cases where several districts were not using the same textbooks prior to consolidation or annexation; (2) Employment of certified personnel required to teach courses of the district for which personnel from the districts consolidated or annexed are not certified and available; (3) Employment assistance for personnel of the several districts who are not employed by the consolidating or annexing district. Personnel receiving such severance pay may accumulate one year of creditable service for retirement purposes. The State Board of Education shall provide a severance allowance to employees dismissed from employment due to annexation or consolidation of a school district in the year of the annexation or consolidation and who were denied a severance allowance or unemployment compensation benefits and the voluntary consolidation funding of the annexing or consolidating district or districts has been paid on or after July 1, 2003, at the maximum allowable amount. If a district employee is not employed by the annexing or consolidating district(s) and is subsequently denied severance or unemployment compensation by the annexing or consolidating district(s), pursuant to 70 O.S. §7-203(B)(1)(c), the district employee will be eligible to make an application for severance to the State Board of Education. Qualifying applicants shall receive a severance allowance from the State Board of Education pursuant to the following procedure: (A) Severance allowance from the State Board of Education (for administrators, teachers, and support personnel) shall be in an amount up to and not to exceed eighty percent (80%) of the individual's salary or wages, exclusive of fringe benefits. An award of severance allowance by the State Board of Education will be made only if: (i) the applicant was not employed by the consolidating or annexing district and (ii) severance or unemployment compensation was denied at the district level. (B) Severance allowance from the State Department of Education can be in any amount from 0% to 80% of the individual's salary or wages, exclusive of fringe benefits, for the school year preceding the consolidation or annexation. (C) Only timely applications for severance received by the State Department of Education, Finance Division, will be considered. Applications for severance allowance to the State Department of Education must be received no later than September 1 of the fiscal year immediately following the fiscal year in which the annexation or consolidation occurred. The application for employment assistance in the form of severance can be found on the State Department of Education website, <www.sde.ok.gov>, or by contacting the State Department of Education, Finance Division; (4) Furnishing and equipping classrooms and laboratories; (5) Purchase of additional transportation equipment; and (6) When deemed essential by the school district board of education to achieve consolidation or combination by annexation, renovation of existing school buildings and construction or other acquisition of school buildings.

"The State Board of Education shall only make allocations from the fund to school districts formed from the combination of two or more of the districts whose boards of education notify the State Board of Education on or before June 30 of their intent to annex or consolidate and are subsequently combined by such means by January 1 of the second year following the notification of intent."

"Allocations will be made to the newly formed school district formed by consolidation on the basis of combined average daily membership (ADM) of the school year preceding the first year of operation of the newly formed school district resulting from the consolidation; provided, not more than two hundred (200) ADM of any one consolidated school district shall be counted in determining the combined ADM of any district formed by consolidation. The ADM of any one consolidated school district shall not be considered more than once for allocations from the fund. Allocations from the fund shall be calculated by multiplying the combined ADM by Two Thousand Five Hundred Dollars ($2,500)."

Allocations will be made to school districts which have received part or all of the territory and students of a school district by voluntary or mandatory annexation on the basis of ADM of the annexed school district for the school year preceding the first year of operation of the school district resulting from the annexation; provided, not more than two hundred (200) ADM of the annexed district shall be counted. Allocations from the fund shall be calculated by multiplying the allowable ADM by Five Thousand Dollars ($5,000). In no case shall allocations be greater than One Million Dollars ($1,000,000). If monies in the School Consolidation Assistance Fund are insufficient to make allocations to all qualified combined districts, allocations shall be made based upon earliest date of application.

Voluntary Annexation

A. A school district or part of a school district may be annexed to another school district adjacent or not.

B. A school district may annex to two or more districts when approved at an annexation election. Annexation elections are: (1) called by the State Superintendent of Public Instruction or designee of the State Superintendent; (2) conducted by the county election board in pursuance of a resolution for annexation; (3) the resolutions which are submitted to the State Superintendent must be signed by the board of education of the annexing district and school board or boards of the receiving district(s), or by an election called upon the filing of a petition with the State Superintendent of Public Instruction that is signed by a majority of district electors in the affected area.

C. The State Superintendent or designee shall notify the county election board of the election by delivering a resolution to the secretary of the county election board not less than sixty (60) days preceding the election. (Contact your local county election board for election dates and deadline dates.)

D. Elections are to be held between the hours of 7:00 a.m. and 7:00 p.m. and are conducted by the county election board.

E. Annexations shall be approved by a majority of the school district electors either (1) of an entire school district or (2) of the affected area with prior school board approval.

F. If the annexation is approved, the designee of the State Superintendent shall within five (5) days after such election make an order declaring the annexation; the annexation shall not become effective until time for filing an appeal has expired.

G. Within ten (10) days after the order of the State Superintendent of Public Instruction or designee is made, twenty-five percent (25%) of the district electors who were eligible to vote at the annexation election may appeal to the district court of the county in which the territory proposed to be annexed, or the largest part thereof, if such territory lies in more than one county is situated. Thereafter, all proceedings shall be stayed until the district court has rendered judgment.

H. If the territory proposed to be annexed is situated in more than one county, the State Superintendent or designee shall file the resolution in the county in which the largest part of such territory lies. If the area to be annexed constitutes less than two percent (2%) of the total area of the district and no qualified electors reside in the area, no election is required and the area may be annexed by resolution of both the losing and receiving district.

I. If an independent district annexes to an elementary district not maintaining a high school, both boards of education are abolished. The Governor shall appoint three members of the

newly formed district to the board of education and these members shall appoint the remaining two members.

J. It is not legally possible to annex territory to a district that has ceased to exist.

Mandatory Annexation

Mandatory annexation will be considered by the State Board of Education upon occurrence of the following situations:

A. When a school district has been declared "academically at-risk" pursuant to 70 O.S. 1989, § 1210.541.

B. When a school district is nonaccredited by the State Board of Education.

C. When a district, without officially dispensing with school, fails to open or maintain a school (except when situations beyond the control of the district cause a normal delay). [Title 70 O.S. § 8-106].

When it comes to the attention of the State Board of Education that a local school district is facing the possibility of mandatory annexation, the State Board of Education shall provide the district with an opportunity to be heard. The State Board of Education shall notify the superintendent and each school board member of the time, date and place of the meeting. At the meeting, representatives of the school district, including patrons, shall have an opportunity to address the State Board of Education and to provide information to the Board. The President of the State Board of Education may set time limits on individual presentations and may require groups to select a representative to speak on behalf of the group.

When the State Board of Education determines that a local school district is to be mandatorily annexed, the following steps will be followed:

A. The State Board of Education will notify one or more school districts that they are responsible for taking an inventory of property and securing the buildings and other property of the district being mandatorily annexed. In selecting the district(s) responsible for this procedure, the State Board of Education may rely on recommendations from the State Superintendent.

B. The State Board of Education will immediately notify the district superintendent of the Board's action.

C. The State Superintendent of Public Instruction or designee of the State Superintendent shall notify the parents or legal guardians of all students in the district being annexed that they must apply for a transfer to the state superintendent within ten (10) days of the State Board of Education's action to annex. The state superintendent may require the parents or legal guardian to provide the legal description of their residence at the time the transfer request is made.

D. Once the state superintendent has received the transfer requests, he/she shall notify the State Department of Education, in writing, of the breakdown of where students are asking to attend school by transfer and provide the State Department of Education with the legal description of the residence of each student.

E. The State Department of Education will utilize the transfer requests and legal descriptions submitted to the state superintendent as a guide in plotting the proposed boundary lines for dividing the annexed district. Preference of the students, parents, and guardian's shall be acknowledged to the maximum extent possible.

F. The State Department of Education will present the propose boundary lines for division of the annexed district to the State Board of Education for approval. The proposal shall be accompanied by the legal description of the property being annexed.

G. The assets and liabilities of the annexed district shall become part of the annexing districts. When an annexing district assumes a debt incurred by the annexed district prior to July 1, the district assuming the debt should receive a comparable portion of the assets.

H. When two or more annexing districts are involved in the division of an annexed district, the assets and liabilities are divided by agreement between the boards of education. If the boards of education are unable to agree, the matter shall be decided by the State Board of Education.

School law requires reporting to the State Board of Education on or before the first Monday in July by the Local Education Agency (LEA) if it is suspected that a district cannot financially open and maintain school for the next school year.

Consolidation

Two or more school districts may be consolidated into a single district; adjacencies are not a requirement.

1. A petition by the board of education of any school district desiring a study of the consolidation of such school district with another school district or districts, or proposing such consolidation, shall be assigned by the president and clerk of school board of education, and such petition shall be considered by the State Board of Education at its next regular meeting. If a study of the proposed consolidation is deemed proper and advisable, the Secretary of the State Board of Education shall forthwith advise the boards of education of all districts involved that a study of the proposed consolidation is going to be made.

2. The State Board of Education reserves the right to make a study of the advisability of consolidation of two or more school districts in any area of the State, on its own initiative, and without any petition from a board of education. When such decision is made, each school district involved shall forthwith be advised that such study is going to be made, and such districts shall be directed to determine, by such procedures as the State Board of Education may prescribe what, if any, consolidation should be carried on in the area under study.

3. All studies of the advisability of consolidation shall be under the direction of the President of the State Board of Education who shall utilize the services of appropriate divisions of the State Department of Education.

4. If after a study of the population, wealth, terrain, trade areas and other pertinent factors, it is determined that two or more school districts should be consolidated, the board of education of each school district involved shall be so advised.

5. No election to determine consolidation shall be called or held unless there shall have been filed with the State Board of Education a petition therefore, signed by a majority of the school district electors of each school district included in the proposed consolidation. When such a petition is received and is determined to be sufficient, the State Board of Education shall call an election for the purpose of affording to the school district electors in the school districts involved an opportunity to express their wishes through a majority vote of the school district electors in the entire territory involved. Notice of such election, stating the time and date thereof and the polling places, shall be posted in five (5) public places in each school district involved, not less than ten (10) days before date of such election. Such election shall

be conducted by one or more member of the State Department of Education, as designated by the President of the State Board of Education.

6. If a majority vote at such election is in favor of consolidation, the State Board of Education shall issue a written order to such effect, declaring the participating school districts dissolved and the new school district established. Copies of such order shall be sent to the county treasure, county assessor, county assessor, county clerk and county election board of each county in which the districts involved are situated, the Oklahoma Tax Commission, the State Election Board, and to the board of education of each school district involved. If a majority vote at such election is not in favor of consolidation, the State Board of Education shall make a written order to such effect, and shall send a copy thereof to the board of education of each school district involved.

7. The local board of education members representing the school district having the largest number of children shall serve as board members of the newly formed school district for the remainder of their term. (On the effective date of consolidation, the districts are dissolved and a new district is formed with a new district number.)

8. All liabilities, debts, assets, powers and duties shall become the responsibility of the newly formed school district.

Teacher Status Because of Annexation or Consolidation

State law provides that "No district shall be liable for the payment of compensation to a teacher or administrator under the provisions of any contract for the ensuing year, if it becomes necessary to close the school because of annexation or consolidation…provided such cause is known or action is taken prior to July 1 of the ensuing year."

The term "school" refers to a high school, middle school, junior high school, or elementary school, not a district, unless all the schools of a district were closed. (Example: If district "A" annexed to district "B" and decided to leave the elementary school in district "B" open and to close the high school, the teachers of high school district "B" would not necessarily be given employment in the new district, but the elementary teachers would).

Another variable in this situation is "action prior to July 1." If a consolidation or annexation occurs at midyear, the new district must use its reduction in force policy or employ all the teachers. If the new board of education elects to utilize any part of a "school," then all teachers in that "school" must be retained.

Dispensing with a School or a School District

A high school, an elementary school, or both may be dispensed with by a majority vote of the qualified electors.

1. Should residents of a school district desire to dispense with all or part of a school district, it is the duty of the State Superintendent to notify the State Board of Education of a majority vote of eligible electors at an annual or special election or by a petition signed by sixty (60) percent of eligible school district electors to dispense with either grades 1 thru 8 or grades 9 thru 12, or both, and such procedure shall be accomplished prior to June 30. Subsequently, parents of such children in the dispensed grades should file an application for transfer for the ensuing year with the State Superintendent. Any district which dispenses with its entire school district for the ensuing year shall be mandatorily annexed on July 1 by the State Board of Education to an adjacent school district(s) to which pupils have been transferred.

2. Provided that if a school district does not officially dispense with its school following the preceding procedure and fails to open and maintain a school during such ensuing year, the State Board of Education, except as otherwise provided, shall at its next regular meeting annex such district, as provided by law. [70-8-106]

Petitions for Annexation or Consolidation

The State Department of Education, in accordance with state law, will specify what is needed on any petition requesting an election for annexation or consolidation.

The following information should be included on any petition for consolidation or annexation filed with the State Department of Education:

1) Petitioner's Request;

2) General statement that all signers are legal voters in the school district;

3) Voter's name, printed;

4) Voter's address;

5) Voter's signature; and

6) Signature and statement of circulator attesting every voter did sign the petition in his presence.

To calculate sufficiency of the number of signatures on a petition, the given percentage figure shall be applied to the highest number of voters voting in a regular school election in the district or in the case of a partial annexation, in the preceding five years as determined by the county election board, who shall certify the adequacy of the number of the signatures on the petition. Once the county election board has certified the adequacy of the number of signatures on a petition, it is delivered to the State Superintendent of Public Instruction or the designee of the State Superintendent.

Requirements of Election Laws

Special elections for all school annexations, consolidations, or dispensing of grades are to be called by the State Superintendent of Public Instruction or designee of the State Department of Education. The entity calling the elections shall notify the county election board by delivering a resolution to the secretary of the county election board at least sixty (60) days preceding the election.

The resolution shall contain information necessary for the county election board to conduct the election:

1) Date of election;

2) Ballot titles of the question to be voted upon;

3) Effective date of the annexation, consolidation, or grade change;

4) Description of persons eligible to vote in the election; and

5) Legal description if the annexing district is to be divided among two or more districts.

The annexation shall be approved by a majority of the school district electors voting at such election:

1) Of the entire school district, or

2) If a majority of the members of a board of education of a school district losing the territory concur with the petitioners, or resolution, only the legal voters of the area so affected shall be eligible to vote at such election.

Legal Election Days

A schedule of legal election dates and deadlines may be obtained by contacting the local county election board, the State Election Board, or the Oklahoma State Department of Education.

Cost of Elections

The board of education of the school district, for which the election is being called, shall pay the county election board for any costs of the election. The school district shall pay these costs even if the election is called by a petition of the voters of the district.

Calendar: Schedule of Due Dates

Accountability at a Glance

This calendar is provided to assist school administrators with reporting. Both state and federal reporting dates are listed by month and for the entire year. Accountability at a Glance is updated periodically. To access the document, log onto the "**Single Sign-on**" on the website's home page.