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# REPORT OF THE SCHOOL FUNDING FORMULA TASK FORCE

Adopted December 28, 2007

Claudia San Pedro, Chair

Claudia San Pedro was elected by the members to serve as chair of the task force.

**Meetings:**

The task force held five meetings from October 31, 2007, to December 28, 2007. Members heard presentations from Shawn Hime, Assistant State Superintendent of Education, concerning the current methods that are used to calculate the formula, as well as possible revisions to the formula for the task force to consider. Members of the task force also heard presentations from Senate Staff regarding issues raised by recent school finance litigation, the effect of lottery revenues on funding for public education, and the study by Augenblick, Palaich and Associates, Inc. that was prepared in April of 2005.

Revisions to the School Funding Formula that were presented by Shawn Hime included various scenarios by which the formula might be simplified, as well as scenarios by which the teacher index in the formula might better represent the current teachers' minimum salary schedule in statute. Members of the task force discussed these scenarios as well as the potential fiscal impacts, legal issues, and other ramifications of each scenario. They also held further discussions including whether or not to utilize the study by Augenblick, Palaich and Associates, Inc. as a basis for looking at Oklahoma's school funding formula.

**Recommendations:**

Members of the task force voted to recommend to the Legislature a change to the formula that would simplify the calculation while minimizing the impact to districts throughout the state. The vote was to change the formula from the calculation structure in appendix A to the calculation structure in appendix B. This change would require additional funding of approximately \$4.3 million in order to allow all districts to maintain at least their current level of funding.

The task force also brought forth new ideas and discussions for future meetings, but since the task force expired as of December 31, 2007, they were unable to consider these further possibilities.

As a result, the task force respectfully submits this report to the Legislature, and requests that their duties be extended to continue a thorough examination of the school funding formula in order to make further recommendations to the Legislature.

**Task Force Extension and Future Meetings:**

In the event that the task force is granted an extension, future meetings and discussions would include the following items:

## ***Report of the School Funding Formula Task Force December 28, 2007***

### **Introduction and Purpose:**

The School Funding Formula Task Force was created pursuant to SB 925 of the 2007 Session, authored by Sen. Clark Jolley and Rep. Ken Miller. The task force was charged with studying the following issues and submitting a report of findings and recommendations to the Governor and Legislature by December 31, 2007:

1. Modernization of the formula;
2. The ability to determine how categorical funds are expended;
3. Issues raised by recent school finance litigation; and
4. Any other modifications to the formula that would enhance the state's ability to provide every child with quality instruction.

### **Membership:**

The task force was comprised of eight members selected from among public and private school educators and members of the business community, excluding any elected officials. The members, their professional affiliation and appointing authorities were as follows:

- Janet Barresi, DDS, Dentist, appointed by the Co-President Pro Tempore of the Senate
- Dr. Larry Burdick, Superintendent – Pryor Public Schools, appointed by the President Pro Tempore of the Senate
- Dallas Caldwell, Headmaster – Oklahoma Christian School (Edmond), appointed by the Speaker of the House
- Steven Crawford, Superintendent – Byng Public Schools, appointed by a Co-Chair of the Senate Appropriations Subcommittee on Education
- Dr. David Goin, Superintendent – Edmond Public Schools, appointed by a Co-Chair of the Senate Appropriations Subcommittee on Education
- Claudia San Pedro, Vice President of Investor Relations and Treasurer - Sonic Corporation, appointed by the Governor
- Bill Seitter, Superintendent – Weatherford Public Schools, appointed by the Minority Leader of the House
- Bill White, Interim Director – CCOSA, appointed by the Chair of the House Education Committee

- The impact of using total assessed valuation to calculate the chargeable amount in the formula should be reviewed, researched and studied to determine if change is needed.
- A more in depth study would be conducted for all of the formula weights. The task force would like to give specific attention to the weights that are calculated for students at each grade level, special education weights, as well as the weight for economically disadvantaged students. Furthermore, the task force would like to conduct a more in depth study into the teacher index weight, as this item has already been discussed at length during previous task force meetings and requires further attention.
- The task force would like to explore an automatic cost of living adjustment for the state aid formula for future years. This study would include exploration into what other states have done in this area as well as measurement of potential future impacts and ramifications of such an adjustment.
- The task force would also like to explore new ideas in order to more sufficiently compensate districts for the student population growth that they experience each year.
- Finally, the task force would like to further discuss their concern that the state aid formula has not received any "significant" operational funding, outside of obligated funding, since the early 1990's.

## Appendix A

### CALCULATING THE STATE AID FORMULA

#### **FOUNDATION AID**

$$\text{Weighted ADM } \underline{500.00} \times \text{Foundation Aid Factor } \underline{\$1,602.00} = \underline{801,000.00} \quad (1)$$

#### **SUBTRACT CHARGEABLE INCOME**

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

$$\text{2006 Net Assessed Valuation (In January; 2007 Net Assessed Valuation)} \quad \$10,000,000$$

$$\text{Adjusted Valuation x 15 mills: x.015 *} \quad = \underline{150,000.00}$$

\*plus increased millage because of personal property tax adjustment

(2004-05 Collections of [10 mths current and 2 mths of prior]:)

$$75\% \text{ of County 4-Mill Levy} \quad \underline{100,000} \times .75 \quad = \underline{75,000.00}$$

$$\text{School Land} \quad \underline{25,000.00}$$

$$\text{Gross Production} \quad \underline{50,000.00}$$

$$\text{Motor Vehicle Collections} \quad \underline{25,000.00}$$

$$\text{R.E.A. Tax} \quad \underline{0.00}$$

$$\text{TOTAL CHARGEABLES} \quad \text{TOTAL} = \underline{325,000.00} \quad (2)$$

$$\text{FOUNDATION AID TOTAL (Amount [1] Less Amount [2])} \quad = \underline{476,000} \quad (3)$$

(Zero if Less Than Zero)

#### **TRANSPORTATION:**

(Average Daily Haul x Per Capita x Transportation Factor)

$$\frac{00}{ADH} \times \frac{000}{Per\ Capita} \times \frac{1.39}{Transp.\ Factor} \quad \text{TOTAL} = \underline{0} \quad (4)$$

#### **SALARY INCENTIVE AID**

$$\text{A. } \underline{\$77.48} \text{ Incentive Aid Factor} \times \frac{500.00}{(\text{Weighted ADM})} = \underline{38,740.0000}$$

$$\text{B. } \underline{10,000,000} \text{ Adjusted District Assessed Valuation / 1000} = \underline{10,000.0000}$$

$$\text{C. Step A (-) Step B} = \underline{28,740.0000}$$

$$\text{Step C} \times 20 \text{ Mills} = \text{SALARY INCENTIVE AID} = \underline{574,800} \quad (5)$$

$$\text{TOTAL STATE AID (Amount 3 + 4 + 5)} = \underline{\underline{1,050,800}}$$

## Appendix B

### CALCULATING THE STATE AID FORMULA

#### STATE AID

$$\text{Weighted ADM } \underline{500.00} \times \text{State Aid Factor } \underline{\$3,151.60} = \underline{\$1,575,800.00} \quad (1)$$

#### SUBTRACT CHARGEABLE REVENUE

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

##### 2007 Net Assessed Valuation (In January: 2008 Net Assessed Valuation)

$$\text{Adjusted Valuation } \underline{\$10,000,000.00} \times .035^* \text{ (35 mills)} = \underline{\$350,000.00}$$

*\*plus increased millage because of personal property tax adjustment*

##### 2006-07 Collections:

*(Initial Allocation: 10 months preceding fiscal year and 2 months second preceding fiscal year)*

*(Midyear Adjustment: 12 months preceding fiscal year)*

$$75\% \text{ of County 4-Mill Levy } \underline{\$100,000.00} \times .75 = \underline{\$75,000.00}$$

$$\text{School Land} \quad \underline{\hspace{10em}} \quad \underline{\$25,000.00}$$

$$\text{Gross Production} \quad \underline{\hspace{10em}} \quad \underline{\$50,000.00}$$

$$\text{Motor Vehicle Collections} \quad \underline{\hspace{10em}} \quad \underline{\$25,000.00}$$

$$\text{R.E.A. Tax} \quad \underline{\hspace{10em}} \quad \underline{0.00}$$

$$\text{TOTAL CHARGEABLES} \quad \text{TOTAL} = \underline{\underline{\$525,000.00}} \quad (2)$$

$$\text{TOTAL STATE AID (Line 1 minus Line 2)} = \underline{\underline{\$1,050,800.00}} \quad (3)$$

ENROLLED SENATE  
BILL NO. 925

By: Jolley of the Senate

and

Miller of the House

An Act relating to schools; creating the School Funding Formula Task Force; stating issues that task force shall study; providing for membership, appointment, election of chair, quorum, staff support, and travel reimbursement; requiring compliance with Oklahoma Open Meeting Act and Oklahoma Open Records Act; requiring report of findings and recommendations by certain deadline; providing for noncodification; providing an effective date; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

A. There is hereby created to continue until December 31, 2007, the School Funding Formula Task Force. The task force shall review the statutorily created formula for funding the public schools of this state and make recommendations regarding the following:

1. Modernization of the formula;
2. The ability to determine how categorical funds are expended;
3. Issues raised by recent school finance litigation; and

4. Any other modifications to the formula that would enhance the state's ability to provide every child with quality instruction.

B. The School Funding Formula Task Force shall consist of eight (8) members who shall be selected from among public and private school educators and members of the business community, appointed by:

1. The Governor;
2. The President Pro Tempore of the State Senate;
3. The Co-President Pro Tempore of the State Senate;
4. The Speaker of the Oklahoma House of Representatives;
5. The Minority Leader of the Oklahoma House of Representatives;
6. Each of the Co-Chairs of the Senate Appropriations Subcommittee on Education; and
7. The Chair of the House Education Committee.

C. Appointments to the task force shall be made by August 31, 2007. The member appointed by the Governor shall convene the first meeting of the task force by September 30, 2007. Members of the task force shall elect a chair from among the membership. A majority of the members of the task force shall constitute a quorum to transact business, but no vacancy shall impair the right of the remaining members to exercise all of the powers of the task force.

D. Staff support for the task force shall be provided by the State Senate and the Oklahoma House of Representatives.

E. Members of the School Funding Formula Task Force shall receive no compensation for serving on the task force, but shall receive travel reimbursement as follows:

1. Legislative members of the task force shall be reimbursed for their necessary travel expenses incurred in the performance of

their duties in accordance with Section 456 of Title 74 of the Oklahoma Statutes; and

2. Nonlegislative members of the task force shall be reimbursed by their respective appointing authorities for their necessary travel expenses incurred in the performance of their duties in accordance with the State Travel Reimbursement Act.

F. The proceedings of all meetings of the task force shall comply with the provisions of the Oklahoma Open Meeting Act and the Oklahoma Open Records Act.

G. The task force shall study the subject matter specified in subsection A of this section and submit a report of findings and recommendations to the Governor and Legislature by December 31, 2007.

SECTION 2. This act shall become effective July 1, 2007.

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

Passed the Senate the 24th day of May, 2007.

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Presiding Officer of the Senate

Passed the House of Representatives the 24th day of May, 2007.

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Presiding Officer of the House  
of Representatives

