

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 1090

By: Pugh

AS INTRODUCED

An Act relating to schools; creating the Oklahoma School Districts Carryover Investment Fund; providing individual accounts for schools electing to invest certain carryover funds; providing sources of funds; requiring the State Treasurer to appoint investment managers; establishing investment guidelines; authorizing realization of losses under certain circumstance; requiring income and returns to accrue to the balance of the individual account; providing for withdrawal of funds for certain purpose; requiring notification of intent to withdrawal or deposit funds; providing for withdraw amount upon insufficient liquidity; requiring managers to maintain certain proportion of liquidity in the fund; amending 70 O.S. 2021, Section 18-200.1, as amended by Section 1, Chapter 280, O.S.L. 2023 (70 O.S. Supp. 2024, Section 18-200.1), which relates to formula for state aid; excluding certain funds from carryover amount for purpose of calculating reduction in State Aid; excluding certain withdrawals from certain terms; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 34.701 of Title 62, unless there is created a duplication in numbering, reads as follows:

1           A. There is hereby created in the State Treasury a fund to be  
2 known and designated as the "Oklahoma School Districts Carryover  
3 Investment Fund". The fund shall be a continuing fund, not subject  
4 to fiscal year limitations, and shall consist of individual accounts  
5 for each school district electing to invest carryover from the  
6 general fund of the school district, as defined in Section 1-117 of  
7 Title 70 of the Oklahoma Statutes.

8           B. The State Treasurer shall appoint qualified investment  
9 managers to provide for the investment of the monies of the fund.  
10 The investments shall be consistent with the manner in which state  
11 retirement funds are invested. The risk of large losses shall be  
12 minimized by diversifying the investments in the fund, unless, under  
13 the circumstances, it is clearly prudent not to do so, which shall  
14 include the length of time of the investment. The investment  
15 managers may sell investments and realize losses if such action is  
16 considered advantageous to longer-term return maximization.

17           C. Notwithstanding any other provisions of law, income and  
18 investment return on the principal of each individual account shall  
19 accrue to such account.

20           D. For each fiscal year, the State Treasurer shall  
21 electronically submit a report to each school district for which an  
22 individual account is created pursuant to subsection A of this  
23 section detailing the present value of the investments and assets in  
24 the account and the increase in value from the previous fiscal year.

1 E. For each fiscal year, a school district for which an  
2 individual account is created may elect to make a deposit or  
3 withdrawal from the fund; provided, the district shall provide  
4 notification to the State Treasurer of the intention to make a  
5 deposit or withdrawal at least thirty (30) days prior to the deposit  
6 or withdrawal. Withdrawals from the account shall be deposited in  
7 the general fund of the school district.

8 F. Investment managers appointed pursuant to subsection B of  
9 this section shall maintain a reasonable proportion of liquid assets  
10 in the Oklahoma School Districts Carryover Investment Fund in order  
11 to facilitate any expected withdrawals pursuant to subsection E of  
12 this section. In the event the balance of the Oklahoma School  
13 Districts Carryover Investment Fund is insufficient or the cash  
14 available in the fund is insufficient due to lack of liquid assets  
15 to make the withdrawals requested pursuant to subsection E of this  
16 section, the entire balance available for transfer shall be  
17 available for withdrawal.

18 SECTION 2. AMENDATORY 70 O.S. 2021, Section 18-200.1, as  
19 amended by Section 1, Chapter 280, O.S.L. 2023 (70 O.S. Supp. 2024,  
20 Section 18-200.1), is amended to read as follows:

21 Section 18-200.1. A. Beginning with the 2022-2023 school year,  
22 and each school year thereafter, each school district shall have its  
23 initial allocation of State Aid calculated based on the state  
24 dedicated revenues actually collected during the preceding fiscal

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

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

9 On or before December 30, the State Department of Education  
10 shall determine each school district's current year allocation  
11 pursuant to subsection D of this section. The State Department of  
12 Education shall complete an audit, using procedures established by  
13 the Department, of the student enrollment by grade level data, pupil  
14 category counts, and transportation supplement data to be used in  
15 the State Aid Formula pursuant to subsection D of this section by  
16 December 1 and by January 15 shall notify each school district of  
17 the district's final State Aid allocation for the current school  
18 year. The January payment of State Aid and each subsequent payment  
19 for the remainder of the school year shall be based on the final  
20 State Aid allocation as calculated in subsection D of this section.  
21 Except for reductions made due to the assessment of penalties by the  
22 State Department of Education according to law, the January payment  
23 of State Aid and each subsequent payment for the remainder of the  
24

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

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

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

21 The July calculation of per pupil revenue shall be determined by  
22 dividing the district's second preceding year's total weighted  
23 average daily membership (ADM) into the district's preceding year's  
24 total revenues excluding federal revenue, insurance loss payments,

1 reimbursements, recovery of overpayments and refunds, unused  
2 reserves, prior expenditures recovered, prior year surpluses, and  
3 less the amount of any transfer fees paid in that year.

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

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

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

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

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

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

14 (1) The adjusted assessed valuation of the current  
15 school year of the school district, minus the  
16 previous year protested ad valorem tax revenues  
17 held as prescribed in Section 2884 of Title 68 of  
18 the Oklahoma Statutes, multiplied by the mills  
19 levied pursuant to subsection (c) of Section 9 of  
20 Article X of the Oklahoma Constitution, if  
21 applicable, as adjusted in subsection (c) of  
22 Section 8A of Article X of the Oklahoma  
23 Constitution. For purposes of this subsection,  
24 the "adjusted assessed valuation of the current  
25

1 school year" shall be the adjusted assessed  
2 valuation on which tax revenues are collected  
3 during the current school year, and

- 4 (2) Seventy-five percent (75%) of the amount received  
5 by the school district from the proceeds of the  
6 county levy during the preceding fiscal year, as  
7 levied pursuant to subsection (b) of Section 9 of  
8 Article X of the Oklahoma Constitution, and  
9 (3) motor vehicle collections, and  
10 (4) gross production tax, and  
11 (5) state apportionment, and  
12 (6) R.E.A. tax.

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

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

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



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

	PER CAPITA		PER CAPITA	
	DENSITY FIGURE	ALLOWANCE	DENSITY FIGURE	ALLOWANCE
1	3000 - .3083	\$167.00	.9334 - .9599	\$99.00
2	3084 - .3249	\$165.00	.9600 - .9866	\$97.00
3	3250 - .3416	\$163.00	.9867 - 1.1071	\$95.00
4	3417 - .3583	\$161.00	1.1072 - 1.3214	\$92.00
5	3584 - .3749	\$158.00	1.3215 - 1.5357	\$90.00
6	3750 - .3916	\$156.00	1.5358 - 1.7499	\$88.00
7	3917 - .4083	\$154.00	1.7500 - 1.9642	\$86.00
8	4084 - .4249	\$152.00	1.9643 - 2.1785	\$84.00
9	4250 - .4416	\$150.00	2.1786 - 2.3928	\$81.00
10	4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00
11	4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00
12	4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00
13	4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00
14	5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00
15	5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
16	5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
17	5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
18	5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
19	5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
20	6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00

1	6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
2	6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
3	6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
4	7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
5	7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
6	7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
7	8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
8	8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
9	8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
10	8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
11	9067 - .9333	\$101.00	9.6668 or more	\$33.00

12           c.    The formula transportation factor shall be 2.0.

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

14           a.    Multiply the Incentive Aid guarantee by the district's  
15           higher weighted average daily membership based on the  
16           first nine (9) weeks of the current school year or the  
17           preceding school year of a school district, as  
18           determined by the provisions of subsection A of  
19           Section 18-201.1 of this title and paragraphs 1, 2, 3,  
20           and 4 of subsection B of Section 18-201.1 of this  
21           title.

22           b.    Divide the district's adjusted assessed valuation of  
23           the current school year minus the previous year's  
24           protested ad valorem tax revenues held as prescribed

1 in Section 2884 of Title 68 of the Oklahoma Statutes,  
2 by one thousand (1,000) and subtract the quotient from  
3 the product of subparagraph a of this paragraph. The  
4 remainder shall not be less than zero (0).

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

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

1 accordance with rules promulgated by the State Board of Education.

2 Funding for the development, implementation, personnel training, and  
3 maintenance of the student identification system shall be set out in  
4 a separate line item in the allocation section of the appropriation  
5 bill for the State Board of Education for each year.

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

22 2. In the event that the amount of funds a school district  
23 receives for reimbursement from the Ad Valorem Reimbursement Fund is  
24 less than the amount of funds claimed for reimbursement by the  
25

1 school district due to insufficiency of funds as provided in Section  
2 193 of Title 62 of the Oklahoma Statutes, then the school district's  
3 assessed valuation for the school year that such ad valorem  
4 reimbursement is calculated in the State Aid Formula shall be  
5 adjusted accordingly.

6 G. 1. ~~Notwithstanding~~ Except as provided for in paragraph 11  
7 of this subsection and notwithstanding the provisions of Section 18-  
8 112.2 of this title, a school district shall have its State Aid  
9 reduced by an amount equal to the amount of carryover in the general  
10 fund of the district as of June 30 of the preceding fiscal year,  
11 that is in excess of the following standards for two (2) consecutive  
12 years:

Total Amount of General Fund Collections, Excluding Previous Year Cash Surplus as of June 30	Amount of General Fund Balance Allowable
Less than \$1,000,000	48%
\$1,000,000 - \$2,999,999	42%
\$3,000,000 - \$3,999,999	36%
\$4,000,000 - \$4,999,999	30%
\$5,000,000 - \$5,999,999	24%
\$6,000,000 - \$7,999,999	22%
\$8,000,000 - \$9,999,999	19%
\$10,000,000 or more	17%

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

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

23           4. Any school district which receives an increase in State Aid  
24 because of a change in Foundation and/or Salary Incentive Aid

1 factors during the last two (2) months of the preceding fiscal year  
2 shall be exempt from the penalties assessed in this subsection, if  
3 the penalty would occur solely as a result of receiving funds from  
4 the increase in State Aid.

5 5. If a school district does not receive Foundation and/or  
6 Salary Incentive Aid during the preceding fiscal year, the State  
7 Board of Education may waive the penalty assessed in this subsection  
8 if the penalty would result in a loss of more than forty percent  
9 (40%) of the remaining State Aid to be allocated to the school  
10 district between April 1 and the remainder of the school year and if  
11 the Board determines the penalty will cause the school district not  
12 to meet remaining financial obligations.

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

20 7. Beginning July 1, 2003, school districts that participate in  
21 consolidation or annexation pursuant to the provisions of the  
22 Oklahoma School Consolidation and Annexation Act shall be exempt  
23 from the penalty assessed in this subsection for the school year in  
24

1 which the consolidation or annexation occurs and for the next three  
2 (3) fiscal years.

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

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

17 10. For purposes of calculating the general fund balance  
18 penalty, the terms "carryover" and "general fund balance" shall not  
19 include federal revenue or any withdrawal from the Oklahoma School  
20 Districts Carryover Investment Fund created pursuant to Section 1 of  
21 this act.

22 11. Any carryover deposited in the Oklahoma School Districts  
23 Carryover Investment Fund created pursuant to Section 1 of this act  
24 shall not be included in the amount of carryover for the purpose of



1 calculating a reduction in State Aid pursuant to paragraph 1 of this  
2 subsection.

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

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

- 20 a. the assessed valuation of property,
  - 21 b. motor vehicle collections,
  - 22 c. R.E.A. tax collected, and
  - 23 d. gross productions tax collected.
- 24  
25

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

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

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

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

18           SECTION 3. This act shall become effective November 1, 2025.

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20           60-1-94           QD           1/16/2025 3:28:37 PM