



ROSENSTEIN, FIST & RINGOLD

RED BANNER UPDATE

Date: April 5, 2021

Re: HB 2078

Signed: March 31, 2021

Effective: July 1, 2022

Topic: State Aid Formula Revisions

Summary: This Act amends portions of two statutes, OKLA. STAT. tit. 70, §§ 18-200.1 and 18-201.1, which relate to the State Aid funding formula. It modifies and revises various “look-back” provisions under which certain State Aid formula calculations were based on data from (1) the second most recent school year, (2) the higher of the two preceding school years, or (3) both the most recent and second most recent years. Under HB 2078, beginning in the 2022-2023 fiscal year, these “look-back” calculations will be based on data from the immediately preceding school year only.

First, the calculation of each school district’s initial allocation of State Aid will be based on the weighted Average Daily Membership (“ADM”) of the most recent year, rather than being calculated based on the highest weighted ADM of the preceding two years as was previously the case.

The July calculation of per pupil revenue for purposes of determining adjustments/supplements to State Aid will also be calculated based upon the immediately preceding year’s weighted ADM and total revenue; under the prior rule, that calculation was based upon data from the second preceding year. The December calculation of per pupil revenue was already based on data from the preceding year only and is unchanged by HB 2078.

The bill also modifies calculations for Foundation and Salary Incentive Aids. It provides that such calculations shall be based on the higher of a district’s weighted ADM in the first nine weeks of the current school year or the preceding school year, again removing data from the second preceding year as a factor in the calculation.



Similarly, the July calculation of projected per pupil revenue, which factors into the calculation of a school district’s Foundation Aid, will now be based upon (among several other factors which are not affected by HB 2078) the district’s average daily membership and revenues in the immediately preceding year, rather than the two preceding years. Finally, the December calculation of projected per pupil revenue will now be based on the higher of a district’s weighted ADM in the first nine weeks of the current school year or the preceding year and its revenues in the preceding year.

Additionally, the Act prohibits general fund carryover penalty assessments for fiscal years 2022 and 2023. For fiscal years after 2023, allowable general fund carryover percentages will be increased as follows:

General Fund Collections	General Fund Balance Allowable (FY 2021)	General Fund Balance Allowable (FY 2024)
Less than \$1,000,000	40%	48%
\$1,000,000-2,999,999	35%	42%
\$3,000,000-3,999,999	30%	36%
\$4,000,000-4,999,999	25%	30%
\$5,000,000-5,999,999	20%	24%
\$6,000,000-7,999,999	18%	22%
\$8,000,000-9,999,999	16%	19%
\$10,000,000 or more	14%	17%

For more information on this Act, please visit the firm’s website to view the signed Act.

Attorneys at the firm are currently reviewing this legislation and will be advising clients as to any recommended changes to existing district policies.