



FY 20 Budget Overview

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Legislative Appropriation

The State Board of Education is appropriated a total of **\$3,070,951,054** for FY 20, an increase of **\$157,965,907**.

- **HB 2765**: General Appropriations (GA) bill.
- **SB 1048**: Common Education Budget Limits bill.
 - \$74,790,265 for operations in formula
 - \$58,858,503 for certified staff salary increases
 - \$24,317,139 for other areas (mainly FBA)

Legislative Appropriation

HB 2765

- Financial Support of Public Schools: \$2,411,771,057
 - \$133,648,768 *more than* FY 19
- Support of Public School Activities: \$100,919,026
 - \$5,950,000 *more than* FY 19
- Flexible Benefit Allowance: \$502,691,920
 - \$18,958,804 *more than* FY 19
- Instructional Materials/Textbooks: \$33,000,000
 - *equal to* FY 19

Legislative Appropriation

HB 2765

- School Consolidation Assistance Fund: \$3,161,477
 - \$428,786 *less than* FY 19
- Teachers' Retirement Dedicated Revenue: \$3,161,477
 - \$428,786 *less than* FY 19
- Administrative/Support functions of SDE: \$16,246,097
 - \$265,907 *more than* FY 19
- Concurrent Enrollment: \$11,764,823
 - \$3,300,000 *more than* FY 19

Salary Increase for Certified Staff

HB 2765, SB 1048

- **\$58,858,503** of formula funds designated for salary increases for certified personnel.
 - Includes teacher, principal, supervisor, administrator, counselor, librarian, nurse, but excludes superintendents
 - Must be in addition to the required step increase
 - Expectation of \$1,220 average increase across all certified staff (could differentiate)
 - Reporting of increases required

Ad Valorem Reimbursement

HB 2765

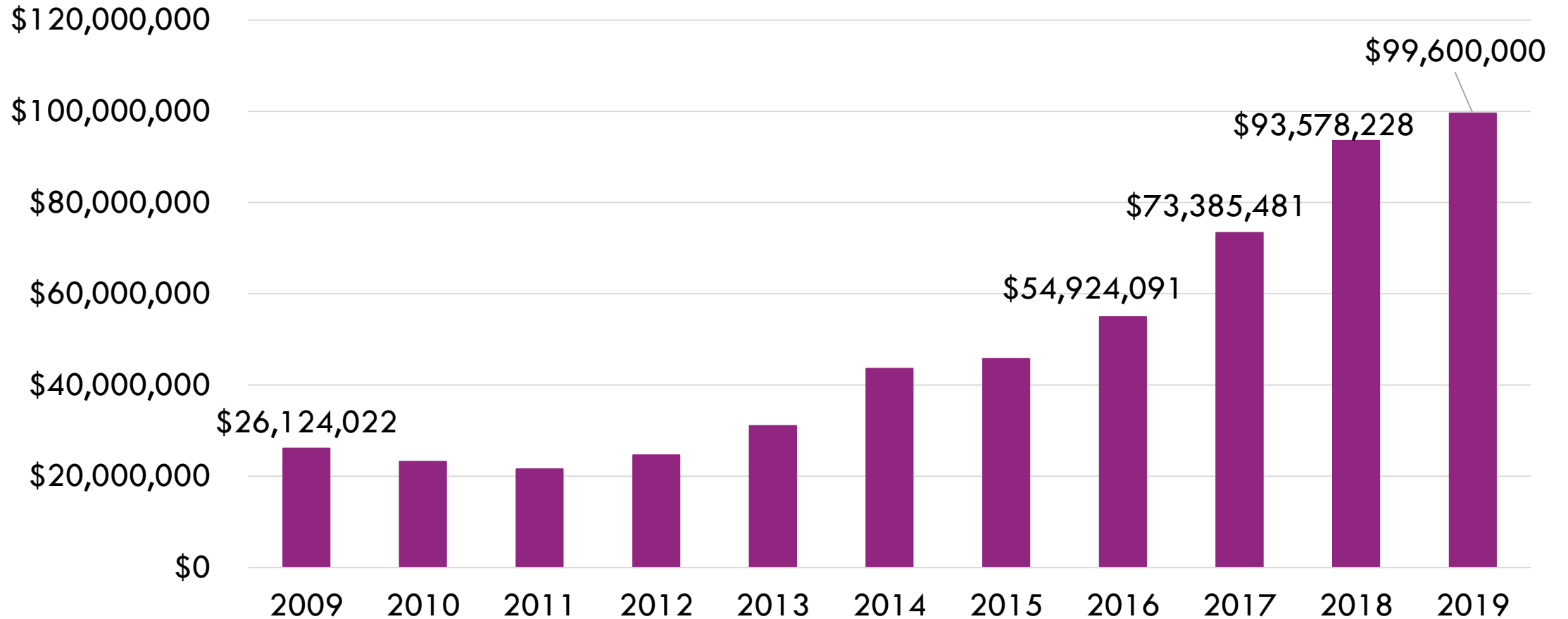
Reimburses school districts that claim a loss of revenue due to ad valorem tax exemptions.

(62 O.S. §193)

- **\$99,600,000** to the Ad Valorem Reimbursement Fund from Special Cash.
 - \$6,900,000 *more than* FY 19
 - Allows funds to be paid out before end of fiscal year



History of Reimbursement



What makes up the Formula?

- \$1,478,105,700 from General Revenue (GR) Fund
 - \$104,904,399 *more than* FY 19
- \$854,300,525 from Education Reform Revolving Fund (1017)
 - \$36,133,549 *more than* FY 19
- \$47,111,412 from Common Education Technology Fund
 - \$3,359,339 *less than* FY 19
- \$28,453,289 from Oklahoma Lottery Trust Fund
 - \$3,859,084 *less than* FY 19
- \$3,800,131 from Mineral Leasing Funds
 - \$170,757 *less than* FY 19

Education Reform Revolving Fund

(1017 Fund)

\$854,300,525, which is \$36,133,549 more than FY 19

Revenue sources:

- Individual Income Tax
 - Corporate Income Tax
 - Use Tax
 - Special License Plates
 - Tribal Gaming
 - Cigarette Tax (existing)
 - Horse Track Gaming
 - Tobacco Products Tax
 - Business Activity Tax
- Amount available for appropriation will go up or down depending revenue sources.

Common Ed Technology Fund

\$47,111,412, which is \$3,359,084 less than FY 19

Revenue Sources:

- 25.72% of oil produced under the 7% tax rate
 - 22.5% of oil produced under the 4% tax rate
 - 23.75% of oil produced under the 5% tax rate
- Total allocated to Common Ed Tech combined with other apportioned funds – \$150m.
= approx. \$50m per year for Common Ed

Education Lottery Trust Fund

\$28,453,289, which is \$3,859,084 less than FY 19

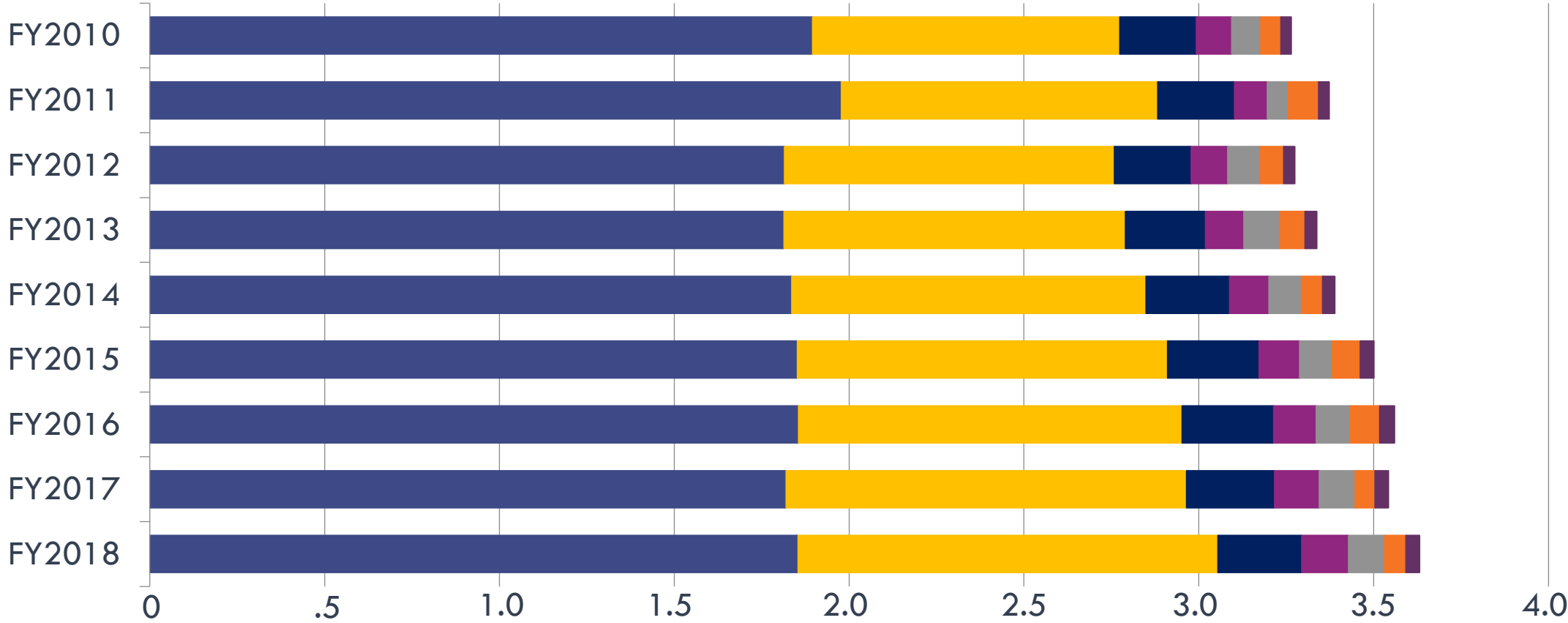
Total per Board of Equalization: \$63,229,531

- \$28,453,289 to FY 20 formula
- \$3,161,477 each to Consolidation Fund/OTRS

Fund Distribution:

- **45%** to K-12 education/early childhood development
- **45%** to Higher Education/CareerTech tuition, scholarships
- **5%** to School Consolidation Assistance Fund
- **5%** to Teachers' Retirement System Dedicated Revenue

Formula Revenue



- Financial Support (appropriations)
- Ad Valorem
- Motor Vehicle
- County 4-Mill
- School Land
- Gross Production
- Rural Electrification Association

In Billions



Chargeables

Source	% Increase over last year	Tentative FY 20 Initial Chargeables	FY 19 Initial Chargeables	FY 18 Initial Chargeables	FY 17 Initial Chargeables
County 4-Mill	6.04%	\$148,262,831	\$139,813,249	\$132,405,727	\$127,138,705
School Land	6.58%	\$101,779,734	\$95,492,922	\$99,216,390	\$103,062,692
Gross Production (prior to BIA Adj.)	32.33%	\$104,137,369	\$78,696,221	\$58,879,488	\$57,388,129
Motor Vehicle	1.98%	\$250,262,698	\$245,394,169	\$238,630,840	\$253,421,042
REA Tax	7.98%	\$43,967,919	\$40,716,711	\$38,899,601	\$38,887,927
Total	8.05%	\$648,410,551	\$600,113,272	\$568,032,046	\$579,898,495

Initial Allocations

Withholding	FY 19	FY 20	Difference
LNH Scholarships	\$4,500,000*	\$6,500,000	\$2,000,000
Mid-year 1.5%	\$34,171,834.34	\$36,176,565.86	\$2,004,731.52
Proj. Part-time Enrollment	\$125,000	\$75,000	(\$50,000)
New Charters/ Virtual Charters	\$69,778,421	\$101,385,344	\$31,606,923

- Initial Allocations ...
- Allocations will be for the amount appropriated in HB 2765 less funds set aside for Lindsey Nicole Henry scholarships, new charters, virtual charters and required 1.5% for mid-year adjustment.

*Increased to \$6m on Dec. 1, 2018



2019 Session Law Changes

budgetary impact by bill to GR*

	FY 19 GRF	FY 19 Special Cash	FY 20 GRF	FY 20 1017 Fund
HB 2735 – Reappropriated from Dept of Health	\$3,700,000	\$26,300,000		
HB 2765 – Special Cash from agencies		185,592,266		
SB 893 – Reinstates foster care tax deduction			(192,863)	(19,766)
SB 200 – Apportion Income Tax to Film Rebate			(4,000,000)	0.0
HB 1003 – Sales tax exemption (American Legion)			(229,134)	(30,174)
HB 1262 – Sales tax exemption (medical equip.)			(1,308,530)	(172,319)
HB 2530 – Sales tax exemption (Fab Lab)			(3,971)	(523)
HB 2766 – ODOT Repayment			(94,620,000)	0.0
HB 1263 – Credit carry-forward option			3,018,625	676,500
SB 878 – Used tire fee allocation			(292,600)	0.0
SB 1068 – DAC fee reallocation to GRF			14,323,408	0.0
Total Budgetary Impact for All Bills	\$3,700,000	\$211,892,266	(\$83,305,066)	\$453,718

2019 Session Law Changes

by revenue category*

Adjustments to GRF	Adjustment FY 20 (100%)	Adjustment to FY 20 (95%)
Individual Income Tax	(\$4,203,014)	(\$4,192,863)
Sales Tax	(\$101,222,775)	(\$96,161,636)
Corporate Tax	\$3,177,500	\$3,018,625
Other OTC Collections	(\$308,000)	(\$292,600)
Agency Collections	\$15,077,272	\$14,323,408
Total Changes to GRF	(\$87,479,017)	(\$83,305,066)

*Source for last two slides:
Board of Equalization Presentation for FY 20 Revenue Certification, June 27, 2019



2019 Session Law Changes

- **SB 695**

- Allows distribution facilities with \$180m initial capitol investment between 2013-17 to claim 5-year exemption → increase to ad valorem reimbursement

- **SB 513**

- Requires collection/remission of sales tax from all remote sellers → expected increase to 1017

- **SB 1047**

- Removes distribution of lottery funds over \$50m for reading and STEM programs
→ all funds go through lottery formula

Textbook Allocations

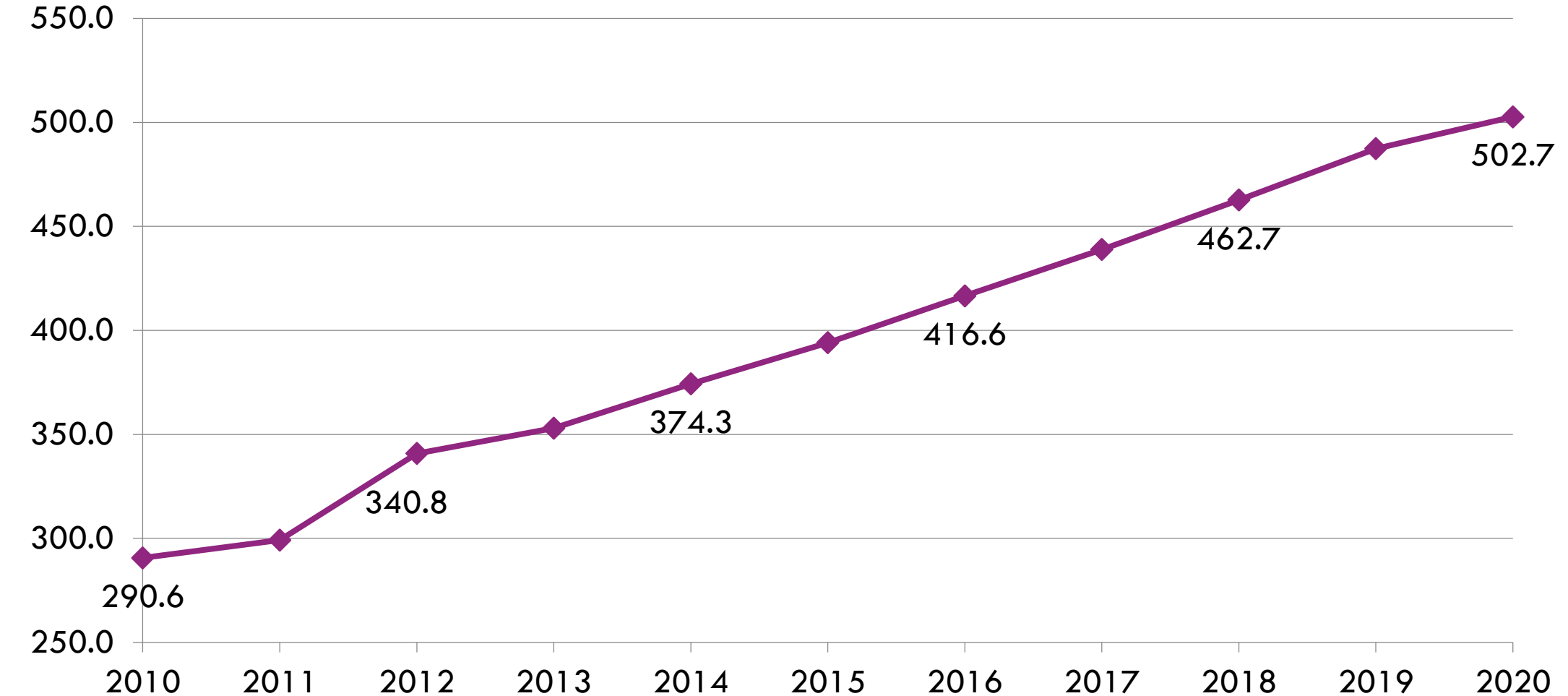
- **\$33,000,000** maintained for textbooks
- Purchase Secondary ELA, Instructional Technology, Personal Financial Literacy
 - \$40,250,000 projected cost
- Appropriated from General Revenue
 - Will be disbursed **MONTHLY** (August to June) based on **ADA**
 - Instructional materials may be printed or nonprinted and include textbooks, technology-based and other educational materials
- 2019-20 – Review Social Studies, Arts
 - Purchase in 2020-21



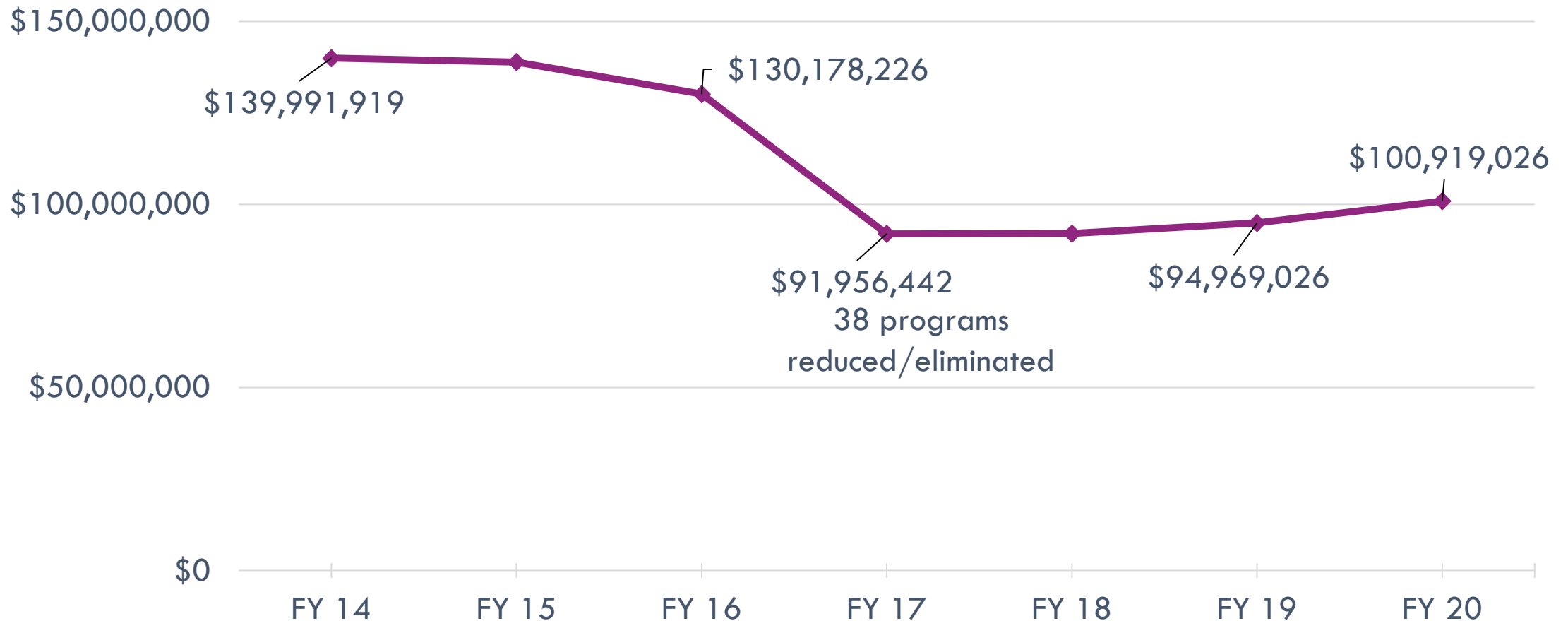
Flexible Benefit Allowance

Providing Health Insurance to 86,000 Oklahoma Educators

(In Millions \$)



Support of Students and Teachers*



*Formally known as Public School Activities



Support of Students and Teachers

Obligations Met

- Teachers' Retirement - \$24,175,685
 - Will need supplemental appropriation to meet obligation for FY 20.
- Sooner Start - \$14,400,341
- Testing - \$9,600,000
- National Board Certified Teacher Bonus - \$2,950,000
- School Lunch Match - \$3,500,000



Support of Students and Teachers

Funding increased/restored

- Early Childhood Initiative - \$12,000,000
 - Increased by \$1,350,000
- Reading Sufficiency Act - \$12,000,000
 - Increased by \$5,500,000
- Alternative Education - \$11,000,000
 - Increased by \$939,012
- Teach for America - \$2,000,000
 - Increased by \$750,000



Reading Sufficiency Act

- **\$12,000,000** provides full funding of the Reading Sufficiency Act for the first time since passage of the law.
 - Distributed to schools on per student basis for students k-3 not meeting reading benchmarks.
 - Provides approximately \$153 per student based on FY 19 counts.
 - Funds used for instructional training, summer academies, professional development, support of student reading plan.



Support of Students and Teachers

Funding Maintained

- AP Teacher Training and Test Fee Assistance - \$1,300,000
- Standards Implementation - \$150,000
- Teacher/Leader Effectiveness - \$250,000
- Teacher Induction Programs - \$150,000
- Great Expectations - \$400,000
- Oklahoma Arts Institute - \$200,000
- Street School - \$180,000
- Ag in the Classroom - \$38,000
- Speech Pathologist, Audiologist,
Psychologist Bonus - \$3,625,000



Support of Students and Teachers

New Funding

- **\$3,000,000** for Secure School Program to implement statewide panic button system.
- RAVE Mobile Safety to provide panic button app to all school districts free of charge.
- Alert authorities/staff to active shooter, medical emergency, fire, other 911 emergency.
- Provides geo-fencing and location services based on building floor plans.
- More info: <https://youtu.be/3wa9FI0NsPY>

School Consolidation Assist. Fund

Used for:

- Annexations/Consolidations
 - Expenses associated with educating new students (staff, books, equipment, buildings, severance, etc.)
- Salary for shared superintendents
- **Technology allocation to districts (if over \$5m)**
 - \$3,289,541 FY 19 allocation to districts
 - \$3,161,477 FY 20 appropriation from Lottery Fund
 - \$8,247,218 total projected revenue available for FY 20



Alternative Education

HB 2520

- All districts are required to offer alternative education services to students that need them in grades 7-12 based on a district needs assessment.
- Updates the funding formula for alternative education programs starting in 2020-2021.
 - Based on a per-student end-of-year count.
 - Incentivizes districts that participate in cooperative agreements with up to \$6,000 additional per district for the coop.
 - Will be collecting ADM for alt ed programs this year in anticipation of funding differently next year.

“Moratorium” Update

SB 193

Year	Action
2019-20	IF formula total = \$50m more than FY 19, excluding salary raises (FY 20 formula appropriation = \$74,790,265)
	THEN reinstitute advisory committees, textbook committee, library media requirements excluding staff
	OSDE to build class size system
2020-21	Class size audit Oct. 2020, submit report to Legislature Jan. 2021
2021-22	IF formula = \$100m more than FY 19, excluding salary raises (need additional \$25,209,735 before FY 22)
	THEN reinstitute k-1 class size



Questions and Discussion