

Study on State Public Common School Building Equalization Fund

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Oklahoma Public School Resource Center

Why Are We Here?

- Our State Funding Formula is designed to balance out financial resources for schools, providing for both a state and local commitment to fund education.
- As far as operational dollars, the formula works and has provided a general, upward trajectory in funding.

Local availability of dollars has greatly fluctuated since the State Aid Formula was adopted, creating districts with more access to funding than other districts. This is most apparent in the inequities in funding capital projects.

As a state we recognize that education funding is a shared responsibility but we are not investing in the shared responsibility of funding school infrastructure.

But First, let's talk about the word "Fund"

- The words "funding" and "funds" have important differences in school finance:
 - Example 1: Schools receive funding (revenue) from different sources (Ex: State Aid and Ad Valorem)
 - Example 2: School funding (revenue) is deposited into various funds (accounts) (Ex: General Fund and Building Fund)

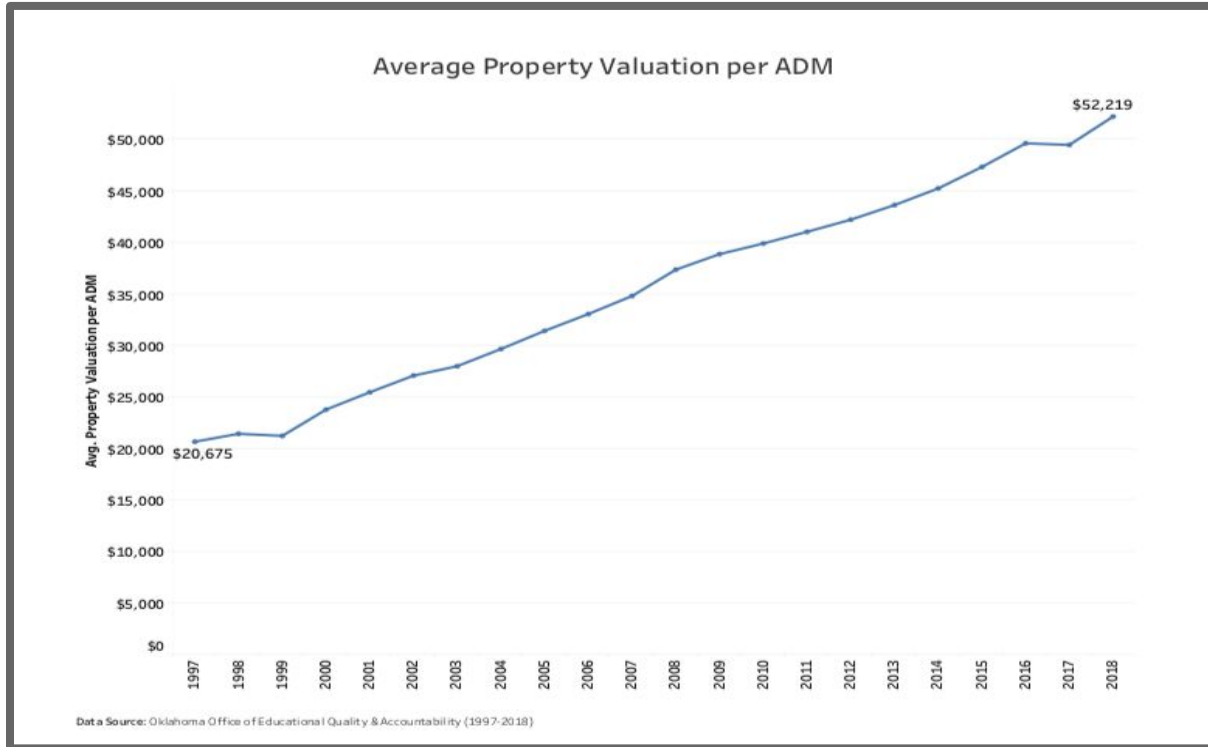
How the Funding Formula Works

- School revenue comes from many sources including:
 - State aid: Revenue appropriated by the legislature
 - Ad valorem: Property Tax
 - Gross Production
- The funding formula treats non-state aid as “chargeable.” This is a fancy way of saying “If you get this money, we take back some of the state aid.”
- Impact of the funding formula: Generally speaking, if you compare two schools with a similar number of students (and same weights), their revenue for a given year in the General fund will be equal (excluding schools “off the formula”)

What About the Building Fund?

- **What is it?** It is a fund that was established to support schools with Capital Expenses.
- **What can the building fund be used for?** Capital expenses including buildings/facilities, technology, and security.
- **Where does the money come from?** Revenue in the building fund comes from 5 mills of property tax.
 - **Key Point:** If you don't have a lot of taxable property in your district or you don't collect property tax, you don't have (much) money in your building fund.

Property Valuation Over Time



Solution: Building Equalization Fund

- The Building Equalization Fund exists today but has never been funded. In fact, the fund has been twice confirmed by the voters through State Questions.
- Furthermore, the language in the Building Equalization Fund needs cleaning up.
- A working group has been formed with leaders from charter schools, rural school districts, and school board members to review the language. The working group aims to provide recommendations by the end of the calendar year.

Questions?

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