

FY-2019 BUDGET



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —



JOY HOFMEISTER
STATE SUPERINTENDENT *of* PUBLIC INSTRUCTION
OKLAHOMA STATE DEPARTMENT *of* EDUCATION

MEMORANDUM

TO: The Honorable Members of the State Board of Education
FROM: State Superintendent Joy Hofmeister
DATE: June 28, 2018
SUBJECT: FY 18 Education Budget Recommendation

The following budget is recommended for approval by the State Board of Education.

The Oklahoma State Legislature passed S.B. 1600 making appropriations to the State Board of Education. Amounts for Financial Support of Public Schools, Flexible Benefit Allowance, Support of Public School Activities and Administrative/Support Functions of the Oklahoma State Department of Education (OSDE) were specifically appropriated.

Most notably, in this year's budget the Legislature increased appropriations to the Financial Support of Public Schools to give teachers and support staff much needed-pay raises. Additionally, funding was increased for the Flexible Benefit Allowance to fully cover health insurance for teachers and support staff, and for the administrative and support functions of the OSDE to cover the cost of raises for state employees. Finally, this budget returns the line item of \$33 million for textbook and instructional materials for schools.

While funding for Public School Activities was held flat, the OSDE has been able to maintain funding for critical programs while meeting its obligations. Also, funding for bonuses for speech pathologists, school psychologists and audiologists is requested through a transfer of funds available in the Flexible Benefit Allowance.

Attached Documentation:

- FY 19 OSDE Appropriation/Budget
- FY 19 OSDE Appropriation/Budget Program Descriptions
- S.B. 1600 Bill Summary
- FY 19 OSDE Appropriations/Budget Presentation

JH/ct

**Oklahoma State Board of Education
Fiscal Year 2019 Budget**

Purpose	FY 18 Initial Appropriation	FY 18 Final Appropriation	FY 19 Appropriation SB 1600	Difference from FY 18
Financial Support of Public Schools (sources below)	1,870,977,666	1,854,275,350	2,278,122,289	407,144,623
General Revenue (GR)	1,036,429,437	1,021,072,267	1,373,201,301	336,771,864
Education Reform Revolving Fund (1017 funds)	695,407,138	695,407,138	818,166,976	122,759,838
Common Education Technology Fund	47,372,299	47,372,299	50,470,751	3,098,452
Oklahoma Lottery Trust Fund	31,369,754	31,369,754	32,312,373	942,619
Mineral Leasing Fund	6,899,038	5,553,892	3,970,888	(2,928,150)
School Consolidation Assistance Fund	2,500,000	2,500,000	-	(2,500,000)
Amount appropriated from Constitutional Reserve Fund (Rainy Day)	51,000,000	51,000,000	-	(51,000,000)

Instructional Materials (appropriated from GR)	-	-	33,000,000	33,000,000
---	---	---	-------------------	-------------------

Flexible Benefit Allowance (appropriated from GR)	462,695,967	462,695,967	487,383,116	24,687,149
Certified Personnel	299,320,340	299,320,340	315,478,030	16,157,690
Support Personnel	163,375,627	163,375,627	171,905,086	8,529,459
Requested Transfer to Public School Activities			(3,650,000)	
Total Flexible Benefit Allowance			483,733,116	

Support of Public School Activities (appropriated from GR)	92,074,033	91,319,026	91,319,026	(755,007)
Transfer from Flexible Benefit Allowance			3,650,000	
Total Support of Public School Activities Fund			94,969,026	

Administrative and Support Functions (appropriated from GR)	15,681,105	15,552,520	15,980,190	299,085
--	-------------------	-------------------	-------------------	----------------

Lottery Trust Fund - Transfer to TRS Revolving Fund (62 O.S. 34.93 and 3A O.S. 713(C)(3))	3,485,529	3,485,529	3,590,263	104,734
Lottery Trust Fund - Transfer to School Consolidation Assistance Fund (70 O.S. 7-203)	3,485,529	3,485,529	3,590,263	104,734

TOTAL APPROPRIATION	2,448,399,829 \$	2,430,813,921	2,912,985,147	464,585,318
----------------------------	-------------------------	----------------------	----------------------	--------------------

**Oklahoma State Board of Education
Support of Public School Activities Budget**

	Purpose	FY 18 Initial Appropriation	FY 18 Final Appropriation	FY 19 Appropriation	Difference from FY 18	Notes
1	Teachers' Retirement System (70 O.S. 17-108.2)	27,712,137	27,712,137	32,712,137	5,000,000	restore FY 17 amount to meet obligations
2	Early Intervention SoonerStart (70 O.S. 13-124)	14,400,341	14,400,341	14,400,341	-	
3	Alternative Education (70 O.S. 1210.561, 70 O.S. 1210.568)	10,060,988	10,060,988	10,060,988	-	
4	Testing (70 O.S. 1210.508, 20 USC §6311(b)(2))	9,512,125	9,512,125	7,500,000	(2,012,125)	savings from carryover and reduced testing
5	National Board Teacher Bonus (70 O.S. 6-204.2)	5,400,000	4,644,993	3,285,000	(1,359,993)	savings from bonus phase out
6	School Lunch Matching & MOE (7 CFR 210-17 and 7 CFR 235.11(a))	3,320,442	3,320,442	3,069,419	(251,023)	reduced obligation
7	Funding Required to Meet Obligations	70,406,033 \$	69,651,026 \$	71,027,885 \$	1,376,859	

8	Early Childhood Initiative (70 O.S. 10-105.4)	10,500,000	10,500,000	10,650,000	150,000	
9	Reading Sufficiency (70 O.S. 1210.508D)	6,500,000	6,500,000	6,500,000	-	
10	Psychologists, Speech Pathologists and Audiologists Bonus (70 O.S. 6-206)	-	-	3,650,000	3,650,000	transfer from FBA to restore bonus's
11	AP Teacher Training and Test Fee Assistance (70 O.S. 1210.703)	1,235,045	1,235,045	523,141	(711,904)	savings from carryover
12	Oklahoma Student Information System (70 O.S. 18-200.1(E))	464,955	464,955	-	(464,955)	obligation to be covered by OSDE
13	Standards Implementation (70 O.S. 11-103.6, 20 USC §6311(b)(1))	350,000	350,000	150,000	(200,000)	savings from carryover
14	Teacher/Leader Effectiveness Programs (70 O.S. 6-101.16, 20 USC §6611)	250,000	250,000	250,000	-	
15	Alternative Education Program Admin. (70 O.S. 1210.568)	150,000	150,000	-	(150,000)	obligation to be covered by OSDE
16	Teacher Induction Program (70 O.S. 6-195)	150,000	150,000	150,000	-	
17	Total Programs Supported by State Statute/Federal Law (1-6, 8-15)	90,006,033 \$	89,251,026 \$	92,901,026 \$	3,650,000	

18	Teach for America	1,250,000	1,250,000	1,250,000	-	
19	Great Expectations	400,000	400,000	400,000	-	
20	Oklahoma Arts Institute	200,000	200,000	200,000	-	
21	Street School	180,000	180,000	180,000	-	
22	Ag in the Classroom	38,000	38,000	38,000	-	
23	Total Programs Not Supported by State Statute/Federal Law (lines 17-20)	2,068,000 \$	2,068,000 \$	2,068,000 \$	-	

24	Total Support of Public School Activities	92,074,033	91,319,026	94,969,026	3,650,000	
----	--	-------------------	-------------------	-------------------	------------------	--

**Oklahoma State Board of Education
Program Descriptions for Fiscal Year 2019 Budget**

Purpose	Description	FY 19 Appropriation
Financial Support of Public Schools (70 O.S. 18-200.1)	State funds appropriated for local school districts are distributed through the state aid formula on a weighted average daily membership (WADM) basis. FY 19 funding will provide raises to certified staff of \$6,100 on average and \$1,250 to each support employee per HB 1023xx and HB 1026xx.	2,278,122,289.00
Instructional Materials (70 O.S. 16-114a)	Funds allocated to school districts for textbooks and instructional expenses on an average daily attendance (ADA) basis.	33,000,000.00
Flexible Benefit Allowance (70 O.S. 26-104)	See next two items. Amount reflects transfer to Public School Activities.	483,733,116.00
<i>Certified Personnel</i>	Projected benefit amount for 50,978 school district certified personnel to offset health insurance costs.	<i>312,923,030.00</i>
<i>Support Personnel</i>	Projected benefit amount for 31,125 school district support personnel to offset health insurance costs.	<i>170,810,086.00</i>
Support of Public School Activities	Funds allocated to school districts and other entities for implementation of various education programs and initiatives. Amount reflects transfer from FBA.	94,969,026.00
Teachers' Retirement System (70 O.S. 17-108.2)	Funds appropriated to SDE as a pass through to TRS to offset a portion of teachers' contributions to the retirement system. Amount is based on number of members, years of service and credit amount set in statute.	32,712,137
Early Intervention SoonerStart (70 O.S. 13-124)	SoonerStart is Oklahoma's early intervention program serving infants and toddlers with developmental delays from birth to 36 months. SoonerStart is a collaborative interagency project coordinated with the Departments of Health, Human Services, Mental Health and Substance Abuse Services, Health Care Authority and the Commission on Children and Youth. Funding level is maintained in order to receive federal IDEA Part C funds and meet Maintenance of Effort (MOE). Program serves approximately 8,500 families per year.	14,400,341
Alternative Education Programs and Admin (70 O.S. 1210.561, 70 O.S. 1210.568)	Serves students in grades 6-12 who are most at risk of not completing a high school education. Provides grants to schools for alternative education programs. Last year there were 280 programs including coops across the state serving approximately 11,412 students. Graduation rate for these students is 81%. Overall districts spend more than \$41m in available funds for the program. Funding is maintained from FY 18.	10,060,988
Testing (70 O.S. 1210.508, 20 USC §6311(b)(2))	Funds utilized for the administration of a statewide student assessment system for grades 3-8 and high school. Funding levels decreased due to elimination of state testing and carryover from FY 18.	7,500,000

Purpose	Description	FY 19 Appropriation
National Board Teacher Bonus (70 O.S. 6-204.2)	Teachers who attained National Board Certification, or submitted application for renewal of such, prior to June 30, 2013 and are eligible to receive the bonus will receive \$5000 annually over a 10-year period. Teachers who attained National Board Certification after June 30, 2013 will receive salary increments as set forth in the minimum salary schedule. Projected number of teachers receiving bonus in FY 19 is 800.	3,285,000
School Lunch Matching & MOE (7 CFR 210-17 and 7 CFR 235.11(a))	Minimum amount necessary for the state match and maintenance of effort required by USDA in order to receive federal funds for the National School Lunch Program. In FY 17 schools provided 136,909,835 meals to students.	3,069,419
Early Childhood Initiative (70 O.S. 10-105.4)	Consists of state funds and 3 to 1 private matching funds that provide early childhood services to at-risk children. The program targets low-income families to empower them with the education and tools they need to break the cycle of poverty. Provides services to 2,664 children annually. Funding is maintained from FY 18.	10,650,000
Reading Sufficiency (70 O.S. 1210.508D)	The purpose of the Reading Sufficiency Act (RSA) is to ensure that all Oklahoma students are reading on grade level at the end of third grade (a critical juncture when students go from learning to read to reading to learn). RSA supports Oklahoma children in Kindergarten through third grade. Funds are given to districts on a per student basis for those students K-3 reading below grade level. Schools need additional dollars to implement new more rigorous standards. In FY 17, 80,304 students were found in need of support and schools received \$56.13 per student even though funding need is estimated at \$150 per student. Funding is maintained from FY 18.	6,500,000
Psychologists, Speech Pathologists and Audiologists Bonus (70 O.S. 6-206)	National certified school psychologist, speech language pathologists and audiologists receive an annual bonus in the amount of \$5,000 or prorated based on the proportionate equivalency to full-time employment. Funding restored to FY 16 levels due to transfer from FBA and is based on projected number of FTEs for FY 19, approximately 730.	3,650,000
AP Teacher Training and Test Fee Assistance (70 O.S. 1210.703)	AP allows high school students to undertake college level academic courses and provides students the opportunity to show they have mastered the advanced material by taking end-of-course AP exams. Funding provides mandatory training for AP teachers and test fee assistance to low-income students. Due to carryover funds from FY 18, funding levels will meet these obligations.	523,141
Oklahoma Student Information System (70 O.S. 18-200.1(E))	Funds used to support and maintain the Oklahoma Student Information System (WAVE). Funds include maintenance and license of the existing system as well as funding for projects and enhancements currently on hold due to lack of funds. The OSDE will absorb costs into agency budget.	-
Standards Implementation (70 O.S. 11-103.6, 20 USC §6311(b)(1))	Funds are used for implementation of curricular standards for ELA, math and science that are college and career ready will continue in FY 19. Funds will be used to continue development of materials to help teachers understand the standards, and for training around the state. Additionally, in FY 19 funds will be used for standards development for science, social studies and US History.	150,000

Purpose	Description	FY 19 Appropriation
Teacher and Leader Effectiveness Programs (70 O.S. 6-101.16)	Funds used to improve the effectiveness of teachers and leaders in the public school system, including continued development and implementation of the new individualized program of professional development (PL Focus). Funds will also be used to continue training programs for principals (Lead to Succeed) and emergency certified teachers. Funding levels maintained from FY 18.	250,000
Alternative Education Program Admin (70 O.S. 1210.568)	Serves students in grades 6-12 who are most at risk of not completing a high school education. Funding will be used to maintain critical program evaluation requirements while doing so more efficiently. Funding levels maintained from FY 18. The OSDE will absorb costs into agency budget.	-
Teacher Induction Program (70 O.S. 6-195)	The program requires each first-year teacher, including first-year emergency certified teachers, to have a mentor. There were approximately 2,581 first-year teachers in 2017. Funds are used for providing professional development, support and coaching to the mentors. Funds levels maintained from FY 18.	150,000
Teach for America	Teach for America is the national corps of outstanding recent college graduates and professionals of all academic majors and career interests who commit two years to teach in urban and rural public schools and become leaders in the effort to expand educational opportunity. TFA is funded through state and private matching funds. Last year's program supported 384 teachers in six districts including OKC, Tulsa and Lawton. Funding levels maintained from FY 18.	1,250,000
Great Expectations	GE is a teacher professional development program based on the latest research of the most effective teaching practices. FY 17 funds will be used for educators from 119 schools (88 GE model schools and 31 scholarship schools) to attend the GE institute, held in multiple locations around the state. This will benefit approximately 62,000 students. In addition, under the grant, 400 Oklahoma Educators were able to attend the fall GE conference. Funding levels maintained from FY 18.	400,000
Oklahoma Arts Institute	This program has 2 components: 1) Oklahoma Summer Arts Institute, a fine arts school for high school students who are selected to attend through statewide competitive auditions; 2) Oklahoma Fall Arts Institute, a series of weekend workshops for elementary and secondary teachers. Program serves approximately 270 students and 250 educators and is partially supported through private donations. Funding levels maintained from FY 18.	200,000
Street School	Street School is an academic and therapeutic program designed for youth that have dropped out or are at risk of dropping out. Program assists the hardest to reach and most deficient students in increasing college, career and citizen-readiness. The program serves approximately 130 students. Funding levels maintained from FY 18.	180,000
Ag in the Classroom	Program goal is to increase agricultural literacy among students and educators. Materials are developed in collaboration with the Dept of Agriculture. Program serves approximately 30,000 students and teachers. Program is also supported through the OSU Cooperative Extension Service Youth Development Program and private donations. Funding levels maintained from FY 18.	38,000

Purpose	Description	FY 19 Appropriation
Administrative and Support Functions	Administrative and support functions for the State Department of Education. Funds also used to pay for required state accountability system. Funding increased to provide pay raises to state employees, per HB 1024xx.	15,980,190.00
Lottery Trust Fund - Transfer to TRS Revolving Fund (H.B. 2242, 2015, 62 O.S 34.93 and 3A O.S. 713(C)(3))	Funds appropriated to the Teachers' Retirement System Dedicated Revenue Revolving Fund to fund the current unfunded liability of the Teachers' Retirement System.	3,590,263.00
Lottery Trust Fund - Transfer to School Consolidation Assistance Fund (H.B. 2242, 2015, 70 O.S. 7-203)	Funds appropriated to SDE to assist district consolidation, annexation, shared superintendent, severance payments and ACE technology.	3,590,263.00
TOTAL APPROPRIATION		2,912,985,147.00



S.B. 1600

RE: S.B. 1600

SUBJECT: General appropriations

Senate Bill 1600 §1-123 and 130-133 become effective on July 1, 2018. This bill is the general appropriations (GA) bill and makes appropriations to the various agencies of the executive, legislative and judicial branches of state government. It appropriates \$2,912,985,147 to the State Board of Education.

- Sections 1-17: Appropriates \$2,912,985,147 to the State Board of Education for Fiscal Year 2019 (FY19), which is *\$464,585,318 more* than was initially appropriated in FY19.
- Financial Support of Public Schools (i.e., funding formula) is appropriated \$2,278,122,289, which is *\$407,144,623 more* than beginning FY18.
 - \$ 1,373,201,301 from the General Revenue Fund
 - Requires the State Board of Education to designate adequate amounts for increased compensation for certified personnel as provided in H.B. 1023xx and for support employees as provided in H.B. 1026xx.
 - \$818,166,976 from the Education Reform Revolving Fund (i.e., 1017 Fund)
 - \$50,470,751 from the Common Education Technology Fund
 - \$2,850,000 from the Mineral Leasing Fund FY19
 - \$210,984 from the Mineral Leasing Fund FY17
 - \$909,904 from the Mineral Leasing Fund FY15
 - \$30,326,735 from the Oklahoma Lottery Trust Fund FY19
 - \$1,985,638 from the Oklahoma Lottery Trust Fund FY17
- Support of Public School Activities is appropriated \$91,319,026 from the General Revenue Fund, which is *\$755,007 less* than beginning FY18.
- Textbooks and instructional materials is appropriated \$33,000,000 from the General Revenue Fund, which is *\$33,000,000 more* than in FY18.
- Health Benefit Allowance (i.e., Flexible Benefit Allowance/FBA) is appropriated \$315,478,030 from the General Revenue Fund, which is *\$24,687,149 more* than in FY18.
 - \$315,478,030 for Certified Employees
 - \$171,905,086 for Support Personnel

- Administrative and Support Functions of the State Department of Education is appropriated \$15,980,190 from the General Revenue Fund, which is *\$299,085 more* than beginning FY18.
 - NOTE: This increase is dedicated to pay raises for state employees contained in H.B. 1024xx.
- School Consolidation Assistance Fund is appropriated \$3,590,263, which is *\$104,734 more* than FY18.
 - \$3,369,637 from the Oklahoma Lottery Trust Fund FY19
 - \$220,626 from the Oklahoma Lottery Trust Fund FY17
- Oklahoma Teachers' Retirement System Dedicated Revenue Revolving Fund is appropriated \$3,590,263, which is *\$104,734 more* than FY18.
 - \$3,369,637 from the Oklahoma Lottery Trust Fund FY19
 - \$220,626 from the Oklahoma Lottery Trust Fund FY17
- Section 127: Special Cash Fund is appropriated \$80,000,000 from the State Highway Construction and Maintenance Fund. (Funding is replaced in H.B. 3712).
- Section 128: Special Cash Fund is appropriated \$12,000,000 from the Oklahoma Railroad Maintenance Revolving Fund. (Funding is replaced in H.B. 3712).
- Section 129: The Ad Valorem Reimbursement Fund is appropriated \$92,700,000 from the Special Cash Fund of the State Treasury for the purpose of reimbursing counties for school districts that claim a loss of revenue due to exemptions of certain ad valorem taxes.
 - Section 129 becomes effective June 15, 2018.
 - NOTE: Section 127 and 128 are relevant in order to fulfill the obligations stated in Section 129.
- Section 137: Repeals H.B. 3705.

Should you have any questions related to this bill, please contact Ms. Mathangi Shankar, Chief Financial Officer, at (405) 522-0162 or Ms. Carolyn Thompson, Chief of Government Affairs, at (405) 522-3520.



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —

FY 2019 State Appropriation and Budget

June 28, 2018

Carolyn Thompson
Chief of Government Affairs

Final FY 18 Appropriation

- HB 1020xx – 0.66% cut across all state agencies = \$16,240,762 for education
- Mineral Leasing Shortfall in Formula – \$1,345,146
- Combined Total Loss to Formula – \$16,702,316
- Total Common Education Reduction – \$17,585,908



Legislative Appropriation

S.B. 1600

- Financial Support of Public Schools: \$2,278,122,289
 - \$407,144,623 *more than* FY 18
- Support of Public School Activities: \$91,319,026
 - \$755,007 *less than* FY 18
- Flexible Benefit Allowances: \$487,383,116
 - \$24,687,149 *more than* FY 18
- Administrative/Support functions of the SDE: \$15,980,190
 - \$299,085 *more than* FY 18
- Instructional Materials/Textbooks: \$33,000,000
 - \$33,000,000 *more than* FY 18

Total Increase: \$464,585,318



What makes up the Formula?

- \$1,373,201,301 from the General Revenue (GR) Fund
 - \$336,771,864 *more than* FY 18
- \$818,166,976 from the Education Reform Revolving Fund (1017)
 - \$122,759,838 *more than* FY 18
- \$50,470,751 from the Common Education Technology Fund
 - \$3,098,452 *more than* FY 18
- \$32,312,373 from the Oklahoma Lottery Trust Fund
 - \$942,619 *more than* FY 18
- \$3,970,888 from the Mineral Leasing Funds
 - \$2,928,150 *less than* FY 18



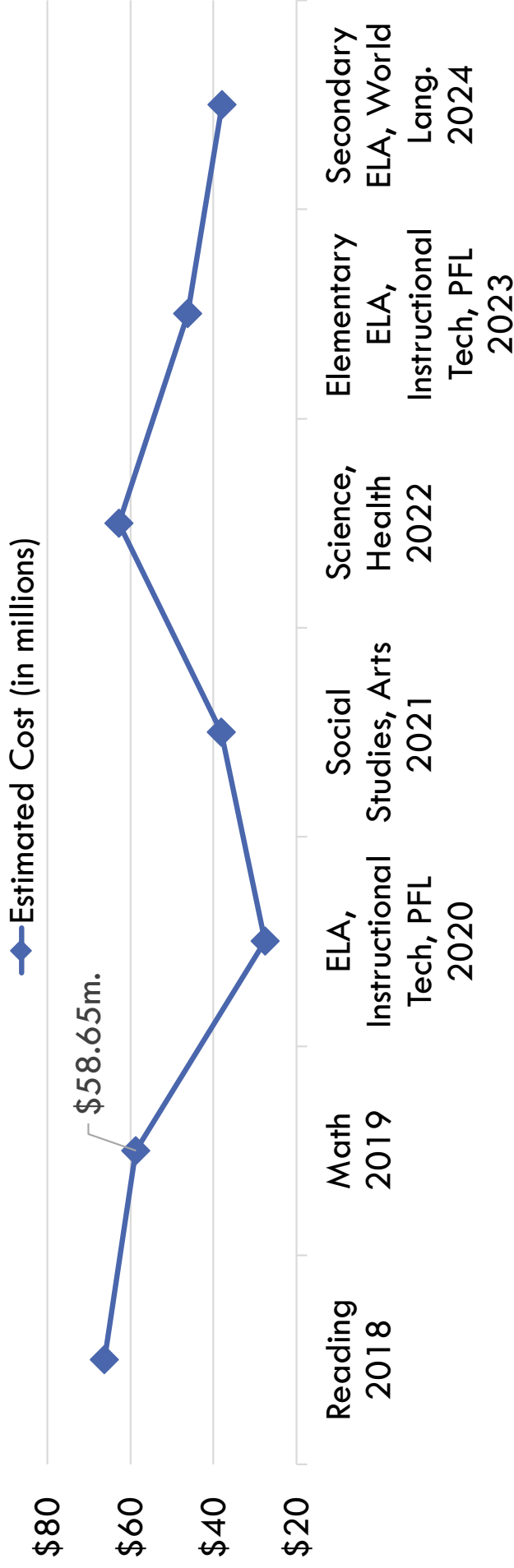
Measures Increasing Funding

- HB 1010xx
 - increase in taxes on cigarettes, gas and diesel, gross production of oil and gas
- HB 1011xx
 - cap on itemized deductions
- HB 1019xx
 - Amazon 3rd party marketplace tax
- HB 3375
 - ball and dice

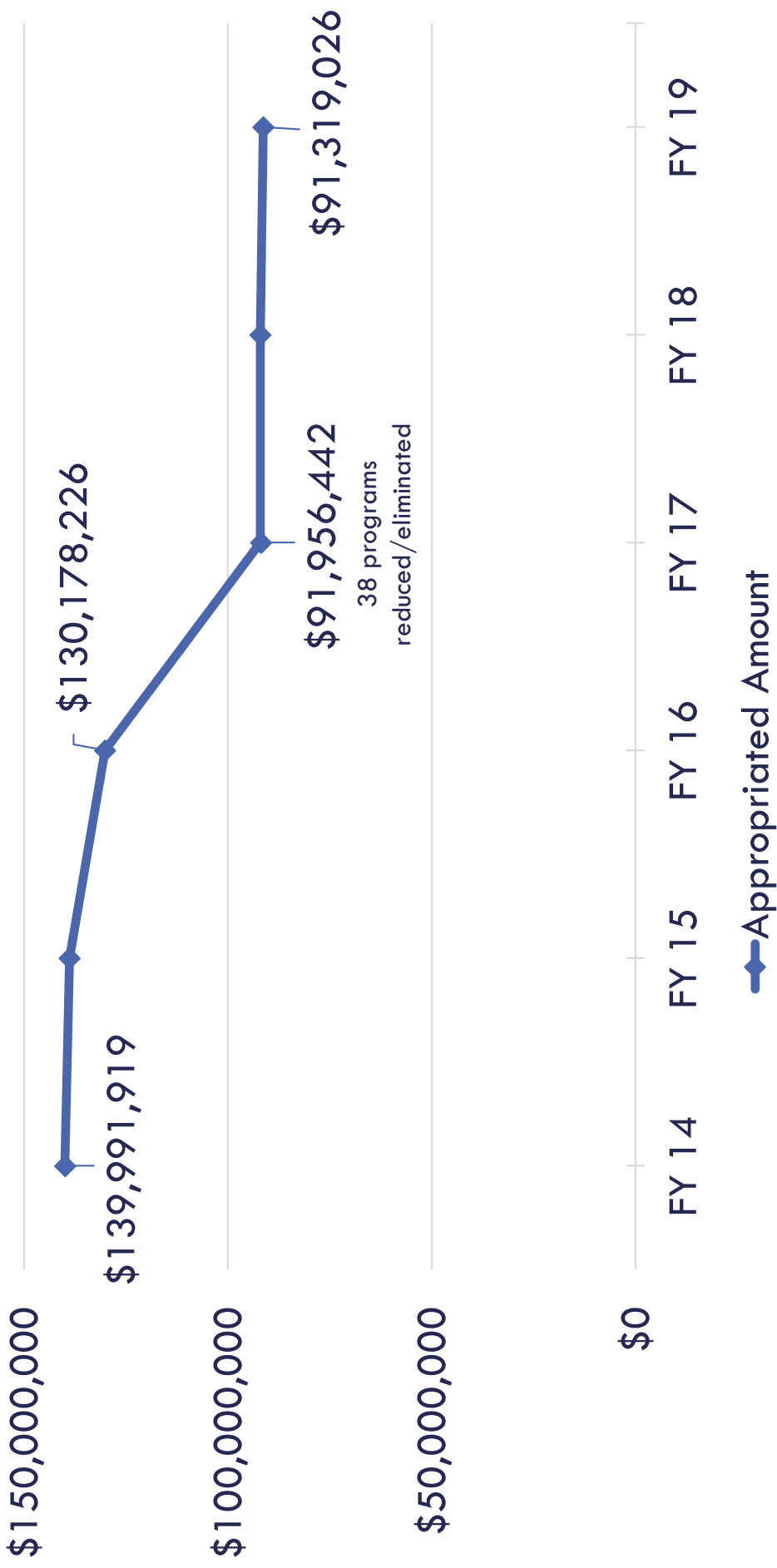


Textbook Adoption Cycle

- \$33 million
- restored for purchase of Math books and materials



Public School Activities Decline



Public School Activities

Obligations Met:

- Teachers' Retirement
- Sooner Start
- Alternative Education
- Testing
- NBCT
- School Lunch Match



Public School Activities

Maintained funding for critical programs:

- Early Childhood Initiative
- Reading Sufficiency Act
- AP Teacher Training and Test Fee Assistance
- Standards Implementation
- Teacher/Leader Effectiveness
- Teacher Induction Programs



Public School Activities

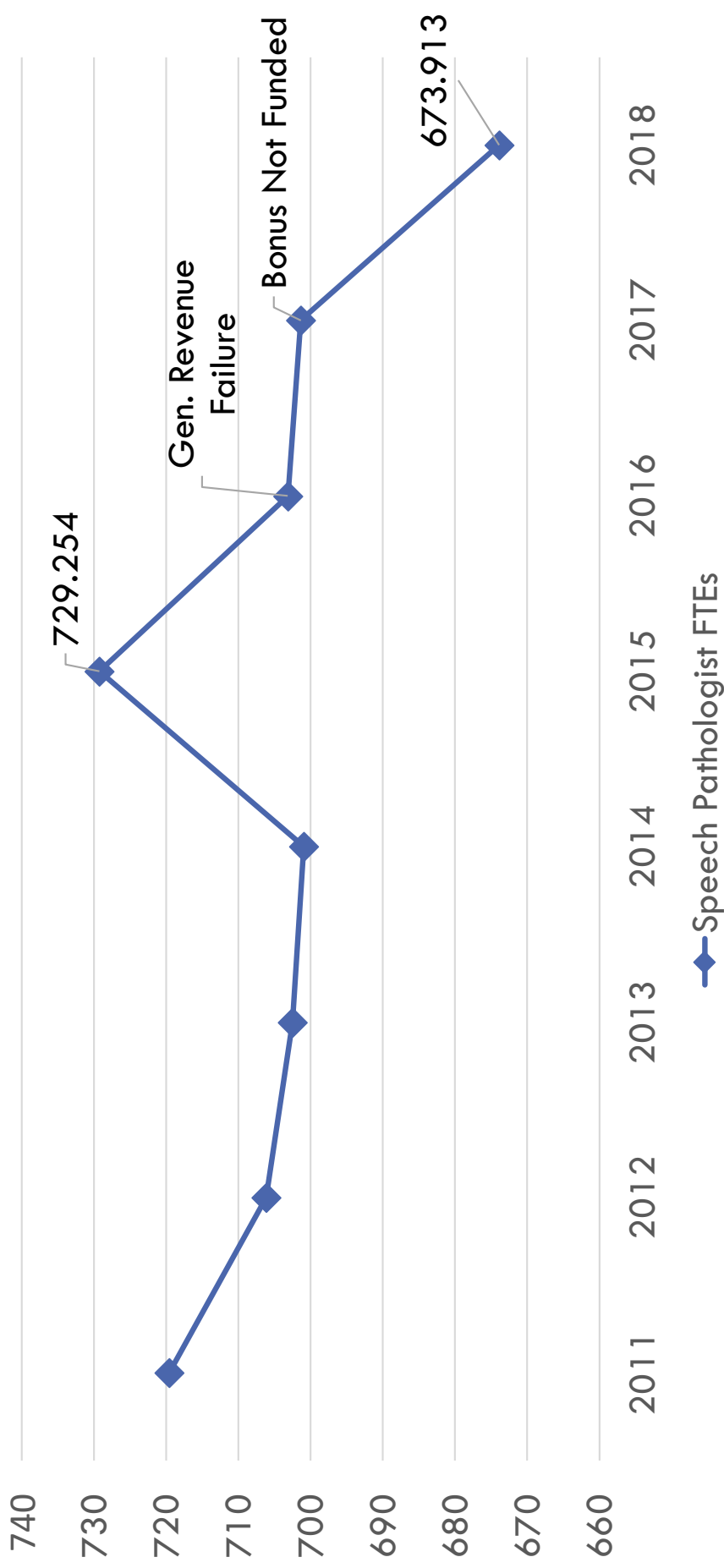
Support Programs Affecting Students:

- Teacher for America
- Great Expectations
- Oklahoma Arts Institute
- Street School
- Ag in the Classroom



Speech Pathologist Bonus

Effect on FTEs



Restore Bonus

Speech Pathologists, Psychologists, Audiologists

- Required as funds are available
- Requesting transfer of funds from FBA to fund bonus for FY 19
- Total Cost = \$3,650,000 for 730 specialists
- Impact = hundreds of thousands of students

