A DISTRIBUTION PROGRAM FOR STATE SUPPORT

OF CURRENT EXPENSE FOR PUBLIC

EDUCATION IN OKLAHOMA

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PREFACE

Adequate state support for public education in Oklahoma must be
provided before the school districts in the state will be able to offer
educational programs that will meet the needs of all of their students.
However, the problem of adequate funds is not the only important aspect
of the state program for financing public education. The plan for the
distribution of state support must also be considered very carefully if
the funds are to be utilized most effectively.

The purpose of this study was to develop a desirable distribution
program for the state support of current expense for public education
in Oklahoma. The program that was developed provides the necessary
procedures to insure that the distribution of state funds will success-
fully equalize educational opportunity and provide incentive for addi-
tional local support of education.

The successful completion of this study is due to a great extent
to the financial support of The Oklahoma Public School Research Coun-
cil. The assistance that has been provided by various staff members of
the twenty-one public school systems that are members of this organiza-
tion has been very helpful and is greatly appreciated.

Sincere appreciation is expressed to all of the many people who
have provided the assistance that has made it possible to complete this
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CHAPTER I

INTRODUCTION

School finance requirements have risen steadily in recent years. This has been caused by at least three major forces. First, the number of students in most school systems has been increasing year by year for almost two decades. Second, the long-run expansion of the economy has resulted in a rising standard of living and, hence, rising costs of goods and services that school systems buy. Third, school programs change and this creates additional costs.

Politically potent interest groups also affect school finance. Many times these interest groups are at odds over support of certain pieces of legislation. If sufficient, valid, and reliable information about school finance issues could be developed, it should be possible to bring interest groups and legislators together in a constructive confrontation of the essential issues.

Such information could be developed from an analysis of school finance theory. The theoretical elements could then be compared with provisions in the present Oklahoma structure. These kinds of data should enable interested parties to agree upon school finance goals for the next five or ten years.

Nature of the Problem

The purpose of this study is to utilize the best available

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information to develop a desirable distribution program for the state

support of current expense for public education in Oklahoma. Thus, the

main questions for study are: How well do the present elements in the

Oklahoma school finance structure meet the requirements of theory?

What recommendations can be made from such study for establishing

school finance goals for the next five years?

For research purposes these questions need to be further subdivided

into the following five questions:

1. What are some specific school finance principles widely

    acceptable that can guide the proposed investigation?

2. What does current school finance theory suggest about the

    state financial structure for public education?

    a. How are educational program needs determined?

    b. How is the fiscal capacity of a school district

        determined?

3. What does the best from current practice and the

    recommendations of school finance authorities concern-

    ing distribution formulas suggest about possible alter-

    natives for a desirable program in Oklahoma?

4. How does a proposal on educational load (2a) and fiscal

    capacity (2b) work when tested by application to

    representative school systems in Oklahoma?

5. What recommendations can be made for the Oklahoma school

    finance structure for the next five years?

Specific Goals for Financing Public Education

It is assumed that a great majority of the citizens of Oklahoma

agree that educational opportunities might be improved, that these
opportunities should be provided substantially free of direct cost to
the individual, and that in allocating resources within the state the
desire is to do what is best for the Oklahoma economy. Granting these
assumptions, the following principles from The Research Council of the
Great Cities Program for School Improvement (47) offer promise as
guides for solution to the fiscal needs of school systems in Oklahoma.

1. The financial support of public education should be a responsi-
bility shared by all citizens and all levels of government.

In every state the provisions for financing schools are established
by the legislature. Each state legislature must reassess its fiscal
system for school support and adopt measures which are essential to the
support of public education. Local school officials cannot act for the
citizens beyond the limits set by state law. When the limits on finance
make it impossible to operate the schools to obtain a desired quality,
the citizens can turn to the legislature which is the source for provi-
sions to remedy the situation. If there are problems which can be
solved better through action of the federal government, citizens can
call upon this government to participate.

2. The state program for financial support should recognize the
complex needs of all the different types of school systems in the state
but the determination of the needs should be the responsibility of the
local boards of education.

School systems must organize instructional programs and special
services for a wide range of students. There are the highly gifted,
the physically handicapped, the slow learners, the emotionally dis-
turbed, those who need special vocational training earlier than usual,

the drop-outs who might be persuaded to return under new circumstances, and older adults who need further schooling. Special services to meet these needs increase the operating costs. Capital needs for buildings and facilities to maintain up-to-date programs require large expenditures in addition to operating costs. If the state financial program does not include provision for these costs, the local tax base may be overburdened or sufficient funds for effective operation may not be available.

3. <u>The measure of the local school district's ability to contribute to the support of education should be in terms of the total burden of local government cost borne by the local tax base</u>.

The local tax base should not be expected to bear more than a fair burden of the total load that it carries for education and other services of government. A reasonable limit of financial support which the school district should be expected to obtain from the local tax base is dependent upon the burden placed on this base by other local governments.

4. <u>Local boards of education should be free from unreasonable restrictions in the administration of fiscal affairs, from undue controls by other governmental agencies, and from cumbersome legal procedures at state and local levels which thwart effective expression of citizens</u>.

A great many factors shape the detailed needs of the educational program in a local school district. No two districts are exactly alike. When school boards are hampered in the exercise of their judgment to solve the great variety of problems facing them, the education of individuals suffers.

5. <u>The fiscal procedures for adequate school support should pro-vide the school districts with direct access to taxes which can be administered best locally and indirect access to those which can be administered best at the state level.</u>

The property tax is by far the most important of all tax bases to be administered locally. Some legislatures permit local school districts to levy certain non-property taxes as minor supplements. Generally, non-property taxes on income and business transactions are more suitable for collection by state government and for distribution to school districts through objective procedures. Thus through the state government citizens have indirect access to other tax bases which cannot be administered effectively at the local level. The combination of direct and indirect access to taxing ability should provide (1) an adequate amount of funds, and (2) a reasonable equalization of the total tax burden among various tax bases for support of all state and governmental functions.

6. <u>The state fiscal plan should include objective procedures to provide adequate funds for operating expenses and capital outlay and debt service payments.</u>

The costs of a program of education of adequate quality for all students vary from one community to another depending upon conditions under which schools must be operated. One extreme situation is rural areas where transportation and small schools add to the cost. Another is in the big cities where high density of population and disparity in the make-up of the school population add extra expense. Unless these over-riding costs which are beyond the control of local school boards are taken into proper account in the procedures for distribution of

state collected funds, the educational programs suffer. Objective procedures for this purpose must be tailor-made in every state to fit the variety of circumstances among the school districts.

7. The federal government should participate in the support of education when the national interest requires it and when local and state resources are insufficient to provide an acceptable educational program.

There are wide differences of opinion about the role of the federal government in the financial support of education. However, two principles relating to unique need seem to be gaining favor among citizens: (1) support of such activities as special programs for training persons in critical fields and for research and development in strategic areas required in the national interest, and (2) assistance in meeting educational needs which cannot be met with reasonable effort by states and local school districts on their own.

8. The level of financial support of public education should be kept responsive to the fluctuations of inflation and deflation in the price structure of the economy.

School costs vary in accordance with the amount it is necessary to spend for personnel services, consumption of material goods, and capital facilities. The state fiscal plan must be flexible enough to provide appropriate adjustment of these costs as prices change.

These principles call for dynamic participation of all levels of government in supporting public education. They permit citizens complete access to their true economic ability and provide for the equalization of the tax burden for the support of public education.

Organization of the Study

Within these principles, school finance theory consists of two
main parts. The first element is the determination of educational need.
The second is the determination of how the costs of public education
should be shared by the local, state, and federal governments. The
primary concern of this study is how the state and its local school
districts share the responsibility of providing funds for current
expense for public education. No direct attempt is made to determine
the most desirable amount of federal participation in public education.
Plans are not developed for the distribution of state funds for capital
outlay. State programs for transportation and special services are not
emphasized, but ideas for their development are suggested. The follow-
ing steps provide the outline for the study.

Unit of Educational Need

Educational need in Oklahoma's present school finance structure
includes the items that make up the minimum program: number of elemen-
tary school and secondary school teachers, teachers' salaries, main-
tenance, and transportation. These items in one way or another become
part of any state's school finance plan. Unit costs may be determined
by number of pupil units or number of classroom units. Whichever unit
is used may be weighted for special circumstances such as educational
level and sparsity of population. The number of pupils is usually
measured in terms of average daily attendance or average daily member-
ship.

In the first part of the study, the major kinds of considerations
that have gone into the determination of educational load are presented,

and the evidence for and against each item is stated.

Local Ability to Support Education

The second element in the state-local school finance equation is the determination of local ability to support education. Most states use a levy on property as the measure of financial ability. Some states use an economic index. Personal income has been recommended by several authorities. The consideration of the cost of all aspects of local government has also been advocated.

The second part to this procedure involves the study of the major kinds of considerations that have gone into determining the ability of local school districts to support education.

Patterns of State Support Programs

Many different programs are in existence throughout the United States, and several very fine ideas that have not been attempted have been recommended by school finance authorities. In the third section, the types of state grants, the various distribution formulas, and the kinds of state support programs are discussed in order to gain a better understanding of the possibilities available for Oklahoma.

Developing and Trying Out a Proposed Plan

This aspect of the study combines the two elements, educational need and local ability, into a proposal for a desirable state finance program for Oklahoma. All of the material that has been reviewed and analyzed is used to determine the most likely possibility for this program.

The proposed formula is then applied to all of the counties in the state and a selected sample of school districts. This application

is carried far enough to indicate the results for school districts
that differ in size and wealth and the total financial requirements on
the state.

Evaluation of the Program and Recommendations

The results obtained from testing the proposed formula are eval-
uated to determine how well they satisfy the above principles that are
directly applicable to this plan. Particular emphasis is placed on the
importance of the simplicity of the plan, the incentive to the local
school district, and the equalization of effort among districts.

The necessary procedures to make it possible for the proposed plan
to actually function in Oklahoma within the framework of the law are
also presented. Therefore, another major responsibility of this part
of the study is to determine in what ways the present financial struc-
ture outlined in the Oklahoma Statutes and the Constitution might be
amended to accommodate desirable changes. These recommendations are
presented to indicate how progress toward the general objectives of
school finance could be reached in the state.

CHAPTER II

UNIT OF EDUCATIONAL NEED

Throughout the history of education the term "need" has been used
to describe the responsibility of a community for educational services.
From the inception of state support programs it has been necessary to
establish some unit of educational need in order to apportion funds to
local districts. The development of units of measurement has progressed
a great deal since the idea of state finance programs first began, but
much still remains to be accomplished.

The increased complexity of the school systems of today makes it
extremely difficult to develop units of educational need that will pro-
vide the basis for a completely desirable state support program. School
systems differ in a multitude of ways, and no one can justifiably claim
that the educational responsibility is the same in every community.
This difference, of course, is caused to a great extent by the number
of students, but educational need is as closely related to the program
as to the number of students.

The unit of educational need that will solve all the problems
seems to be nonexistent. There are faults in every measure that has
been derived, but some of them have very desirable qualities that have
made it possible to develop very workable foundation programs. The
importance of establishing the best possible state support program is
obvious since the educational opportunity of the children of the state

will depend on its success.

The basic idea of the foundation program concept is presented by Johns and Morphet (25, p. 262):

> The foundation program concept is embodied in the idea that all students throughout the state, regardless of where they live or of the homes from which they come, should be entitled to participate in and receive maximum benefits from a program of education designed to meet their needs.

So the idea of equality of opportunity, which has always been one of the most important objectives of education in the United States, is the key idea in a properly designed state finance program. It becomes evident then that the determination of a desirable unit of educational need is of the utmost importance since it is one of the basic elements in the development of state programs. This measure of responsibility establishes the program that the state will guarantee for every boy and girl.

Peterson (46, pp. 47-48) indicates that the following measures of educational need represent the major units that have been proposed or used in various forms or combinations for the apportionment of state funds: area of the school district, taxes paid by each district, valuation of taxable property, total population, number of school age children, number of teachers employed, enrollment, state salary schedule based on training and experience, average daily attendance, and average daily membership.

The disadvantages of some of the earlier measures are obvious. When school districts began to grow into the complex systems of today, the units determined by using area, taxes, valuation, or population had almost no connection to the educational load of a particular community.

Number of children, number of teachers, and enrollment also

provide measures that are not closely related to actual educational need. The number of children on the census does not consider poor attendance, private school attendance, or attendance by resident pupils in schools outside the district. The use of the number of teachers favors small schools and the more wealthy districts since these schools will have a lower pupil-teacher ratio. The use of enrollment encourages schools to enroll as many students as possible without any incentive to keep them in attendance.

There are several other disadvantages to each of the above measures of need. Although remnants of these units still remain in some programs, these problems have caused them to be almost completely eliminated from the current scene. The devices used most often today are the state salary schedule, average daily attendance, and average daily membership. They are not perfect measures, but they will provide a workable program if they are properly weighted to allow for the different factors that affect the various school districts.

Despite all of the experimentation and research that has been done in this area, there is no scientific evidence to indicate that a complex encompassing measure of need is preferable to a simple measure or vice versa. Cornell and McLure (12, p. 215) state:

> Either type of measure is satisfactory provided that it does the following: (a) it includes all essential elements of educational costs; (b) it reflects all significant cost variations due to factors beyond the control of local boards of education; and (c) it does not include earmarking or compliance features which destroy local initiative and determination.

Programs that are based on teacher salary allowances, weighted pupil units, or weighted classroom units normally utilize either average daily attendance or average daily membership to determine the units of educational need. For example, Oklahoma's current program is

based on a teacher salary schedule plan with the average daily attend-
ance used to determine the number of teachers allowed. It also uses
allowances for training and experience. There are, of course, many
other aspects to the Oklahoma financial program just as is true in
other states.

Teacher Salary Schedule

The idea of determining the allowances for the state minimum sal-
ary schedule is being used by several states, especially in the South.
In 1962-63 there were twenty states using a weighting factor based on
teacher training and/or experience (38, p. 59). The use of teacher
salary schedules in foundation programs has generated much controversy.
The theorists feel that wealthier districts hire the best trained and
most experienced teachers and the opposite holds for the poorer dis-
tricts. They indicate then that such allowances as weights for train-
ing and experineces seem to go against equalization.

It is suggested by McLoone (38, p. 68) that something might be
wrong with the theory since more states continue to adopt such salary
allowances each year. His study in Arkansas indicated that a salary
schedule did not mean too much of a departure from equalization in that
state. It was found that the gain was mainly the psychological effect
on those concerned with the low level of the salaries of teachers.

He suggests that the increase in the use of salary schedules is
due to: (1) the desire of the legislators to have a specific purpose
for educational funds that they can indicate to the teachers and to
their other constituents, (2) the attitude of teachers who want to pro-
tect what they have, and (3) the fact that if they are properly

designed they will fulfill the necessary objectives of a desirable state support program.

Burke (9, pp. 577-578), who feels very strongly about the need for local control, points out that such programs cause the center of gravity of control to be shifted from the local operating unit to the state. He also suggests that since salaries allowed often are weighted more in terms of experience than preparation, they may have little bearing upon the qualifications of the staff. The state allotments tend to become norms for local budgets and this causes a shift in the responsibility for important decisions from local units to central agents.

This appears to have been one of the problems in Oklahoma. The local school districts have used the state salary schedule exactly as it was presented or with only slight variations. Many times in the poorer districts this was absolutely necessary since they had only the funds necessary to provide the state program. What was designed to be a minimum program often became a maximum program.

The idea of the state salary schedule has become so predominant in Oklahoma that even in districts that pay above the state requirements the teachers will usually think of their salary in terms of how much it is above the state schedule. There is, of course, nothing wrong with making this comparison, but it does indicate the very close connection between local salary schedules and the state program. The local schedule in those districts that could pay more than the state requirement has most often been designed by merely using the state schedule as a base and then indicating the amount that would be paid above the state schedule.

There has been a very real need for the development of incentives for local districts to establish their own salary schedules. Recent legislation providing for a ten percent increase in the required salaries for teachers did not spell out the exact total amounts that are now required for teacher salaries. This statute seemed to obscure the fact that such totals still exist and has encouraged the development of local salary schedules. Another factor that may have encouraged this development was the passage of a Constitutional amendment which permitted the local district to levy an additional ten mills by a vote of the ad valorem taxpayers of the district. The revenue from this levy has been used to increase salaries as well as for other purposes. If a greater emphasis on district salary schedules is desirable, a state program in Oklahoma that does not include a schedule for the salaries of teachers would seem to be the best approach.

Another problem that has been observed by the various groups attempting to encourage legislation that would provide more revenue for the public schools in Oklahoma has been the idea that every increase in funds for the schools is for the salaries of teachers. A state minimum program that is based on a teacher salary schedule encourages this idea. The requests for additional funds have often been presented in such a way as to make it seem that the increase was intended strictly for salaries. There seems to be agreement among educators in Oklahoma that it will be necessary in the future to present requests for revenue by showing how it is needed to benefit the pupils. This has always been the goal of educators and others vitally interested in the school program, but it is now necessary for legislators and all other laymen to become convinced that increased revenue will provide a higher

quality education for the students throughout the state.

In order to develop the best possible program for Oklahoma it will be necessary to determine the most desirable unit of educational need. One of the ways that the various needs have been summarized in state school finance programs is by determining a dollar cost per unit of need, such as $450 per student, with different kinds of weights; this amount becomes the basis for the state and local support program. Another major summarizing approach is to specify the educational services and facilities needed for a classroom unit, which too can include weightings, and this unit becomes the basis for the support program. A third approach that has been adopted in a few states is a needs measure in terms of a percent of the local budget.

These three measures of educational need will be examined very carefully, and the evidence for and against each idea will be discussed. The first measure to be considered will be the weighted pupil unit.

<center>The Pupil Unit</center>

Before becoming involved directly with the pupil unit, a brief discussion of the idea of using average daily attendance and average daily membership for determining need will be presented. The most common practice has been to use the attendance of pupils during the previous year to arrive at the educational need. The increasing number of rapidly growing districts has made this practice unrealistic.

Most of the state aid formulas that have been recently revised have included provisions to allow for increased attendance during the current year. The first apportionment is based on the attendance of

the previous year, and then adjustments are made for increases in attendance when later apportionments are made.

Another difficulty in using the average daily attendance is the problem of decreased attendance in certain districts during a particular year because of epidemics or inclement weather. Johns and Morphet (25, p. 283) suggest the following possible solutions:

> Several states have made adjustments to take care of this situation by (1) basing units on attendance during the first two or best two months, (2) maintaining for each district, for the three preceding years, the ratio between average daily attendance and average daily membership and automatically correcting to the average for the district during any year when the ratio drops below its own average, or (3) changing from average daily attendance to average daily membership.

The third solution seems to be the most desirable and the use of average daily membership is continually becoming more widespread.

The number of pupils to be educated is clearly a rough measure of educational need. In order to make this a usable measure, certain refinements are necessary. It must be decided how the pupil load is to be measured. This is usually done by using either average daily attendance or average daily membership. There must also be consideration given to some type of weights for the various aspects of the school program. When all of these necessary elements have been determined, the result is the weighted pupil unit.

This unit of measure provides a very simple basis for the distribution of state funds. For example, if it has been decided that the foundation program should provide the kind of education that could be purchased for $450 per weighted pupil unit, all that is required to find the cost of the foundation program in a school district would be to multiply the number of units by $450.

Just as is true with every measure of responsibility, there are

disadvantages and advantages to this approach and there are authorities who favor it and others who do not. This type of unit is advocated by Mort, Reusser, and Polley (29, pp. 47-48). They indicate their feeling concerning the desirability of this measure by stating:

> The weighted elementary pupil unit has proved to be the most satisfactory measure of educational need thus far developed. The concept of the weighted elementary pupil is a simple one. Under like conditions expenditures in education vary rather closely with the number of pupils. Accordingly, it is reasonable to assume that larger expenditures per pupil will give better returns if there is a relationship between expenditure level and the quality of education.

The weighted pupil unit is not preferred by Johns and Morphet (25, p. 279). They suggest that the chief problem with the weighted pupil unit is that it is difficult to interpret to legislators and other laymen. A problem also arises from the fact that the weighted pupil unit is usually used as a unit of cost for the foundation program as well as a unit of need. Attention is centered on cost from the beginning, and people who are particularly tax-conscious may tend to resist improvements because the unit is directly associated with cost.

The Classroom Unit

The adjusted or weighted classroom unit utilizes the same ideas as the pupil unit. The classroom unit is obtained by merely dividing the number of weighted pupil units by the number of students that will constitute the desired class size. It involves the consideration of the same weights as those used in developing the weighted pupil unit.

This idea has been encouraged very strongly by Johns and Morphet (25, p. 279):

> The adjusted classroom unit, although it is directly related in its derivation to the weighted pupil unit, is much easier for laymen and even teachers to understand. They

can readily see the relationship between the number of teachers
needed and program of services or facilities to be provided.
This relationship is not so obvious in the case of the weighted
pupil unit.

They also suggest that the classroom unit is well adapted to the

approach of deriving units on the basis of service needs rather than

average practice.

Corbally (14, p. 133) agrees with the idea that the classroom unit

is more desirable than the pupil unit. He indicates that the classroom

unit provides a more workable base and is more easily understood. It

can also be adjusted to account for special situations with little

difficulty.

It has already been pointed out that Mort and his associates pre-

fer the pupil unit over the classroom unit mainly due to the simplicity

of the pupil unit. He does indicate, however, that mathematically the

choice is like choosing yards or inches as units of measurement.

Either one will serve the purpose.

Weighting Factors

These two standard units are the most frequently used measures of

educational need. These measures have been developed and refined by

authorities since they were first introduced, but they are still based

on the same central idea. Each investigator has made an effort to take

into account those expenditures which are beyond the control of the

local community. The problem then is one of weighting the various

factors which cause the cost per pupil of a given educational program

to vary from community to community.

The discussion concerning weighting factors will be limited to a

summarization of the major types of weights used in developing the

state support for the general operating program. The foundation pro-
grams of most states have been constructed to meet special as well as
general program requirements. Some of these special weights will be
examined later in an attempt to determine which of them should be a
part of the program for Oklahoma.

Schools within a state differ in terms of the grade levels
offered, the size of the school district, and the training and experi-
ence of the teachers. These three areas constitute the major types of
weighting factors. This weighting of the unit of need becomes neces-
sary because the differences in these attributes exist. The use of
teacher training and experience has previously been described in some
detail. The other two factors will now be briefly discussed in order
to give a better idea of how they are used and how frequently they are
used.

Weighting values for pupil grade level provides allowances which
establish different state program amounts for elementary and secondary
school pupils. Some of the states also include weighting factors for
kindergarten and junior college. This type of weight is developed
because of the difference in the cost per pupil at the various educa-
tional levels.

An example of the use of this factor is found in the state support
program in Washington in 1962-63. For the per-pupil apportionment,
each district receives 45 cents per weighted pupil for each day of
attendance computed as follows: .5 times the kindergarten attendance,
1.0 times the elementary attendance, 1.2 times the junior high attend-
ance, 1.4 times the senior high attendance, and 2.0 time attendance in
the 13th year in community junior colleges. The program also provides

weights for other factors, but the idea of weights for pupil grade

level is clearly indicated by the aspects of the program listed above.

The weighting factors involving school or district size are nor-

mally developed to provide for the increased expenditure per pupil in

small districts. A study by Munse (38, p. 59) indicates that every

state using school or district size weightings, except Wisconsin, has

a value greater than 1.0 for the ratio of the small school or district

allowance to the large school or district allowance. The purpose in

Wisconsin is to use improved organization rather than sparsity or den-

sity of population as the weighting factor. New York has a large city

allowance which provides for a higher program level than that provided

for the district immediately below this size category.

This study also established that in 1962-63 the value of the ele-

mentary school ratio of allowances for small districts divided by the

allowances for the large units ranged from .875 in Wisconsin to 3.4 in

Vermont with a median of 1.5. Corresponding amounts for the high

school grades ranged from .786 in Wisconsin to 5.093 in California with

a median of 1.6.

Percentage of Operating Expenditures

An approach to the measurement of need that has not been attempted

by many states but is gaining in popularity very rapidly is the idea of

using a percentage of the operating cost to determine the need of a

school district. Several formulas to determine the distribution of

funds for this method have been suggested. The states of Wisconsin and

Rhode Island have utilized this concept in their programs for several

years. The program in New York involves the idea of percentages, and

such programs are being considered by several other states. The New York plan was based to a great extent on a proposal by Mort who shifted his interest in his last years from the idea of the elementary weighted pupil unit to percentage equalizing grants.

Benson (10, p. 214) is a very strong advocate of the use of a measure of need based on a percentage of district expenditures. He describes this method in the following quotation:

> There are only two basic features of the percentage equalizing grant as it is used in education. First, the state pays some share of the locally determined school expenditures in the given district. Second, the state's share is larger in poor districts than in rich.

There are several methods for developing a satisfactory foundation program, and it is obvious that the authorities are not in exact agreement as to the best plan to follow. There seems to be agreement, however, concerning the idea that it is absolutely necessary to establish objective, equitable, and valid measures of educational need.

The various considerations that have gone into the determination of the educational responsibility of the school district have now been examined. This idea will again be pursued following the discussion of the local ability to support education. Some of the ideas involved in state programs now in operation and other programs that have been recommended by school finance authorities will be reviewed. This will involve additional study of educational need since it is one of the basic elements in all state support plans.

CHAPTER III

LOCAL ABILITY TO SUPPORT EDUCATION

The second key element in the development of a state program is the ability of the local school district to support education. All state support programs that include a fiscal equalization concept and a state-local sharing concept related to the ability of the local district require a satisfactory method of measuring the fiscal capacity of school districts.

This capacity is a quantitative measure of the resources available in a taxing jurisdiction to raise revenue for public purposes. Peterson (46, p. 52) states:

> There are essentially two approaches to measuring fiscal capacity. One approach uses indicators of economic activity, notably measures of the flow of resources out of which state and local taxes can be paid. The other approach evaluates the taxable resources--the tax bases--available within the state and estimates the amount of revenue that can be produced if they are subjected to various levels of taxation.

The three measures of ability that have received the most attention are income, the economic index, and property valuations. Other ideas that have been considered include the use of some combination of the various ability measures and the possibility of taking into account the cost of all local government. The different kinds of considerations that have gone into determining the ability of local school districts to support education will now be examined.

Income

A measure of income is used if one interprets capacity as flow of
economic resources. Usually personal income is used. In our present
society personal income may well be the most reliable indicator of the
financial ability of a school district. However, there remain some
real difficulties in measuring personal income, and figures of it are
not readily available for governmental units smaller than states.
Another administrative problem is that local boards of education do not
have the power to levy a local tax highly correlated with personal
income. Due to these and other difficulties no state system for financ-
ing public schools uses the measure of personal income.

The fact that it is not being used in any of the present state
systems does not eliminate the possibility that it may be potentially
a very desirable measure of local ability. Several studies have indi-
cated that this is true. After extensive investigation of all aspects
of state support programs, Peterson (46, p. 269) and his associates
make the following observation concerning this measure:

> In spite of several limitations, e.g., lack of close
> relationship with some tax bases and a negative correlation
> with the value of agricultural property, net personal income
> tax paid per capita emerged as the best single measure of
> fiscal capacity in all districts.

James, Thomas, and Dyck (22, p. 5-8) suggest that the argument
advanced for personal income as a measure is that taxes are usually
paid out of current income, and therefore income is a more realistic
indicator of the ability to pay taxes than is the amount of property
owned. They point out, however, that income data are rarely available
at the school district level, and therefore no state system for
financing public education uses income as a measure of wealth.

These researchers found that income and property measures indicate quite different dimensions of taxpaying ability. They derived the following simple correlations between median family income and per-capita full market value of property: Wisconsin, .57; New York, .40; Oregon, .38; California, .34; Massachusetts, .30; New Jersey, .26; New Mexico, .01; Washington, .01; and Nebraska, -.18. It was pointed out by the authors that the findings were inconclusive because of limitations in the estimates of the full value of taxable property and in the use of median family income data rather than per-capita personal income payments.

Davis determined a rank-order coefficient of correlation between per-capita income and per-capita equalized valuation in California counties of .22. Kimbrough and Johns found the same information in 1962-63 in districts of 20,000 population and above in four states. The correlations were: Kentucky, .637; Florida, .469; Georgia, .442; and Illinois, -.093 (38, p.94). Payne (45, p. 148) discovered that there is very little correlation between per-capita income and net assessed valuation in Oklahoma counties. These and other studies indicate that per-capita personal income and per-capita property valuation measure different aspects of taxpaying capacity.

Johns (38, p. 95) indicates his reaction to income as a measure of local ability in the following quotation:

> Although personal income may theoretically be a more equitable measure of local taxpaying ability than equalized value of property, it is not administratively feasible to use personal income as the measure of local taxpaying ability in apportioning state school funds because local boards of education do not have the power to levy a local tax highly correlated with personal income.

He also suggests that studies like the ones cited above do not

necessarily prove that equalized valuation of property should be abandoned as the measure of local taxpaying ability. Rather these facts may indicate that nonproperty state and federal taxes should provide a considerably higher proportion of the school budget than is presently the practice.

Burke (9, p. 656) is one of the strongest opponents of income as a measure. He mentions several limitations that he feels exist in using personal income. The following statement summarizes these problems:

> Income data have an appearance of scientific accuracy which is disspelled when the assumptions, sources of data, and methodology underlying the figures are examined. If regarded as the best approximations which can be had with the data available, they are useful statistics. As a measure of relative taxpaying ability, they have only two assets-- simplicity and objectivity.

It is obvious that there is not complete agreement on the desirability of the use of income as a measure of local fiscal capacity. The predominant point of view seems to be that it is very likely the most equitable measure of local taxpaying ability, but that its use is not possible because of the lack of income data at the school district level.

The Economic Index

The idea of an economic index as a measure of local ability began in 1936 when Cornell (15) published an index of economic ability for counties in New York State. He devised his measure to check the validity of equalized valuation as reported by the state agency and not as a measure of taxpaying ability for use in apportioning state funds.

Johns (24) developed the first economic index of taxpaying ability

used in apportioning state funds in 1938 for the state of Alabama.
Since that time seven other states have used the idea of the economic
index. These are: Texas, Arkansas, Mississippi, Tennessee, West
Virginia, Georgia, and Florida. West Virginia and Georgia have changed
their measure of local ability to equalized valuations.

Meyers, a professor of mathematics at the University of Florida,
and Johns have computed six of the economic indexes used by the eight
states listed above. The steps that they use in the development of
these indexes will be reviewed briefly.

Johns (38, p. 96-99) suggests that the first step is to select the
dependent variable. He feels that some approximation of the equalized
value of the property is the most appropriate measure to use. Usable
data on equalized valuations may be difficult to obtain in some states.

The second step is to select the independent variables to include
in the equation. Many different independent variables can be used,
but most indexes include only five or six. The most commonly used
predictive variables are retail sales, personal income taxes paid,
number of gainly employed workers, value of farm products, proceeds of
auto license tag sales, and valuation of public utilities.

The third step is to select a mathematical method for determining
the appropriate weights to assign to the independent variables. This
is not a simple process and every aspect of the method used and the
results obtained must be very carefully analyzed. Johns and Meyer have
developed a program for a 709 Computer which they feel has eliminated
most of the difficulties. They use multiple regression methods to test
different independent variables. Then minimizing the sum of the
squares of the expression $\dfrac{Y_o - Y_c}{Y}$ (where Y_o is the observed value of

the dependent variable and Y_c the computed value) can be used as the test of the goodness of fit of the regression equation.

Many improvements have been made in the development of the economic index since its beginning in 1936, but authorities agree that it is not the most desirable measure of local fiscal capacity. Burke (9, p. 649) suggests that the array of data, with weightings carried out to many decimal places, gives the indexes more of an appearance of statistical refinement than they deserve. Corbally (14, p. 110) indicates that his main objection to the index of ability is that it does not seem to measure what it purports to measure.

Cornell (39, p. 91) who developed the first index, and Johns (38, p. 99), who has assisted in the development of most of those now in use, point out that the economic index is not as good a solution as a frontal attack upon the administration of property tax. The determination of equalized valuation of property directly is a more accurate method than to estimate it by an economic index.

Burke and Cornell suggest the main advantage of the economic index is that it is free from local manipulation or competitive underassessment of property to increase state aid. The limitations of this measure seem to be much greater than its advantages. Therefore it is recommended only when usable data for the direct determination of equalized valuation are not available.

Valuation of Property

The property tax provides the great majority of the local school revenues. Property valuation has, therefore, been used as the indicator of financial ability in most states. The advantage of understating

values to improve the district's relative position in claiming state
funds has often led to competitive underassessment.

State supervision of assessment practices and shifting the measure
of taxpaying ability from assessed value to equalized value determined
by a state tax authority are becoming more evident in current practice.
In April, 1962, twenty-three states were using equalized valuations and
eleven other states were supervising local assessment practices with
some degree of effectiveness (22, p. 5).

The original foundation programs provided for a uniform tax levy
in all participating districts to insure that all districts would make
their proper local contribution. It became evident that a uniform tax
levy resulted in many inequities as far as taxpayers were concerned.
There needed to be some way to provide for uniform local effort instead
of for a uniform local levy. Munse (30, p. 6) indicates that one of
the following measures of fiscal capacity involving property is most
often used:

> Usually this measure is the amount of (1) local property
> assessed valuations, (2) local assessments as determined under
> State supervision, or (3) valuations of local property, equal-
> ized by State ratios of assessed to actual property value. A
> standard tax rate applied to such valuations produces the amount
> provided locally.

If all property in a state were assessed at full value or even at
a uniform percentage of full value, the problem of determining local
ability would be relatively simple. However, in most states the
assessment practices are far from uniform. This eliminates the use of
the assessed value of property as a valid measure of local ability.

Therefore, it becomes necessary to develop some type of a plan to
equalize assessments. Determination of assessments under the supervi-
sion of the state appears to be the best method of establishing a

measure of local financial capacity. This should eliminate inequities due to inadequate assessor training and differing attitudes concerning assessment practices. When this procedure is used, there is usually an improvement in the tax base through a closer approximation to market values and a reconsideration of exemptions.

The use of the ratios of assessed to true value of taxable property does not involve any attempt to actually correct the differences that may exist within local communities in their assessment practices. The equalized valuations calculated from these ratios place all districts at the same percentage point in relation to the actual market values of property. The state determines the fair local share in the foundation program from these equalized values. This method is not as desirable as achieving uniformity in assessment practices directly, but it is a satisfactory substitute when direct procedures are not possible.

Johns and Morphet (25, p. 155) suggest that one of the major difficulties in any plan using valuation of property is the wide difference of opinion over defining the full value of property. It cannot be the cost or in all instances the sales price. There are many complications, but possibly the best general statement of a reasonable objective is to determine fair market value under conditions where both willing sellers and willing buyers are involved. They also state: "The objective of all states is undoubtedly to attain uniform assessment procedures, but few states have made satisfactory progress in that direction thus far."

Burke (9, pp. 637-641) points out that a very desirable measure of taxpaying ability can be determined from the actual or hypothetical

yield of a property tax if only real property is considered. He feels

that if the tax is defined as a general property tax, the problems are

practically insurmountable. His idea concerning the advantages of a

property tax measure is indicated when he states:

> The use of good equalized (full) valuation of real
> property to compute the hypothetical yield of a specified
> tax rate in a local unit probably conforms to more of the
> criteria of a satisfactory measure than any other that has
> been used. Nevertheless, it is not a perfect device.

He suggests that the major criticisms of this measure are directed at

the criterion of equity. He admits that there are inequities, but

there is no measure that is known to be more equitable and no other

measure would meet other necessary criteria as well as the property tax

base.

The desirability of the property tax as the measure of ability is

emphasized by Corbally and Munse. Corbally (14, p. 120) says: "At the

local level, the most valid factor for measuring effort involves a

comparison of assessed or true valuation of property and the dollars

raised from local sources for school support." Munse (30, p. 6) indi-

cates: "Assessments determined under State supervision appear to be

the most satisfactory measure currently used in establishing local

financial capacity."

The study directed by Peterson (46, p. 269) provides little, if

any, statistical justification for using equalized valuation of prop-

erty as a measure of ability. They found that it is made up of differ-

ent and unrelated components. Equalized valuation of property is

unrelated or even negatively related to different types of property.

It was one of the bases used in demonstration of their hypothetical

model, but only for purposes of illustration since it is almost the

universal measure of the ability to support local governmental func-

tions.

There are many difficulties involved, but the equalized value of

property remains the best measure of the financial ability of a school

district. Several reasons for this have been mentioned, but possibly

the most valid reason is expressed by Johns (38, p. 95):

> Since more than 98 percent of all local school tax revenue
> is derived from taxes on property, the only realistic measure
> of local taxpaying ability to use in apportioning state equali-
> zation funds is the equalized value of taxable property or
> some measure closely associated with it. Perhaps what we are
> measuring when we apportion state equalization funds is not
> local taxpaying ability, but rather the accessibility of
> local tax revenue to boards of education.

Other Significant Factors

The determination of the financial ability of the local school

district poses a multitude of problems when one considers only the

above measures. The selection of the measure that seems to be most

desirable in a particular situation is difficult and extremely impor-

tant, but many other factors must be considered in any attempt to

determine the total ability of a school district.

One of these factors that is currently receiving considerable

attention is the effect of the cost of other local governmental func-

tions on the ability of the community to support education. For

example, the property tax burden for nonschool local government costs

in municipal school districts is much higher than in rural districts.

The same proportion of the property tax base is obviously not available

in all school districts to finance schools. Consequently, there is a

need to consider this factor in any determination of local ability.

Not only the yield from the local taxes on property, but also a

proportion of other revenues available to the local school system
should be considered in determining financial ability. Revenue actu-
ally received from gross production tax, intangible tax, automobile
license and farm truck tax, transfer fees, and many other sources
could be used to establish the total fiscal capacity of a district.

Another problem that must be examined very carefully involves the
federal funds from Public Law 874. These payments to school districts
are justified primarily on the basis of the tax exempt status of fed-
eral property. Since the funds are received in lieu of property taxes,
it would seem reasonable that a proportion of these funds should be
considered in determining local ability. Johns and Morphet (25, .
p. 292), in discussing these federal funds, state:

> If the local required effort is based on property taxes,
> some adjustment should be made for these funds; otherwise
> districts will not be supporting the foundation program in
> accordance with their ability.

Lindman (18, p. 22), in the report of the Oklahoma Governor's
Advisory Committee, recommended that 50 percent of federal funds
received by school districts from Public Law 874 should be made charge-
able to the Oklahoma foundation program. He based this recommendation
on the fact that these federal payments are received because of the tax
exempt status of federal property. He also noted, however, that this
recommendation should be coupled with increases in the program so that
there would be no reduction in state support for federally affected
districts.

The various aspects of the determination of the educational need
and the fiscal capacity of a school district have been reviewed. It is
evident that a valid measure for each of these elements must be very
carefully developed. The many difficulties that are involved must be

closely examined before the best approach to the development of these

two measures can be determined for any particular situation.

CHAPTER IV

PATTERNS OF STATE SUPPORT PROGRAMS

The two basic elements in the development of the local-state part-
nership for financing public education have now been established.
Obviously, these must be combined into a workable program that satis-
fies as many of the principles of a desirable state school financial
program as possible.

Each state is responsible for the development, adoption, and sup-
port of its own finance program. Individuals with widely divergent
views must compromise their differences in order to reach a final solu-
tion to the problem of state support. The circumstances which influ-
ence these compromises are somewhat different in every state. Conse-
quently, there exists wide variation in state programs for public
school support.

A characteristic that is present in the typical program is the
establishment of an amount considered essential for each unit of educa-
tional need. The development of a foundation program begins with the
identification of the educational services to be included for all the
public schools; these services must then be translated into the amounts
required to provide them. The next step is the determination of the
share of the total to be raised by the local school district. This,
of course, involves the financial ability of the district and the deci-
sion as to what measure of this ability will be used.

The purpose of a state support program that makes an attempt to
equalize local ability is to assure for all pupils in all school admin-
istrative units sufficient funds to pay for an educational program that
is at least as good as that defined by the state as basic. State funds
must be provided to supplement the required local share to insure that
the total amount needed to fully finance the basic program will be
available. The state contribution, then, is the difference between the
foundation program amount and the local share.

Almost all states make some contribution to the various programs
of the local school district above that which is paid to support the
foundation program. Special education, vocational education, transpor-
tation, capital outlay, and several other items are often not included
in the basic support plan, but partial support for these activities is
provided from the state funds.

Opportunity is also given to the school administrative unit to
offer programs that go beyond the foundation program. This portion
above the basic program is the responsibility of the local taxpayers.
The taxing power to exceed the foundation support level is called local
leeway. This is a very important aspect of the total program for
financing schools since it allows a district to provide the additional
services necessary to insure a quality educational program for the
community which it serves.

There are obviously many facets to the total state support pro-
gram. The many possibilities that exist have caused the creation of
many different state programs and the development of several very fine
ideas by school finance authorities that have not yet been attempted
by any of the states. In this chapter the many aspects of these

various programs are examined in order to gain a better understanding of the possibilities available for Oklahoma.

Early Developments of State Support

Before considering the patterns of contemporary state support programs, it may well be advisable to review briefly the most significant early concepts of state support for public education. There are a few men who are well known to all students of school finance as the key figures in the early development of the idea of state programs. Such men as Cubberley, Strayer, Haig, Mort, and Updegraff were instrumental in establishing the importance of state school support.

In 1905 Cubberley (16) made the first extensive study of the fiscal policies that had been adopted by the states. He provided a very detailed picture of state aid in the United States to that time. This alone was a very real contribution, but his idea concerning the desirability of the flat or nonequalizing grant is the concept for which he is best known.

He felt that the state should recognize that it is its duty to help finance new and desirable educational programs by making special grants for that purpose. The idea of rewarding districts in order to stimulate effort was considered to be a basic principle. There was also some recognition of the need for equalization when he suggested that if a shortage of available funds made it impossible to aid all programs, then the larger and wealthier communities should be required to care for themselves.

After concluding that the most desirable approach to the distribution of state aid was by the use of flat grants for special programs,

he proceeded to analyze various units that might be used as a basis for distribution. He concluded that the best thing to do was to use a combination of teachers actually employed and aggregate days' attendance. He believed that this type of program would solve the fiscal problems in all but a small percentage of districts.

All aspects of state finance programs have been greatly improved since Cubberley first made his proposals. His ideas are not in harmony with most of the current theories of state support, but the nonequalizing grant is still a part of many programs. He is recognized as the first real pioneer in the development of state support programs, and his name is very closely connected to any discussion of flat grants.

It was not until the early 1920's that a new and very different approach to state support was proposed. Strayer and Haig (52, p. 173) introduced the concept of the foundation program which indicated that equalization rather than reward for effort should be the dominant policy of state school support. They suggested that:

> To carry into effect the principle of "equalization of educational opportunity" and "equalization of school support" as commonly understood, it would be necessary (1) to establish schools or make other arrangements sufficient to furnish the children in every locality within the state with equal educational opportunities up to some prescribed minimum; (2) to raise the funds necessary for this purpose by local or state taxation adjusted in such manner as to bear upon the people in all localities at the same rate in relation to their tax-paying ability; and (3) to provide adequately either for the supervision and control of all the schools, or for their direct administration, by a state department of education.

The concepts involved in the foundation program have become the predominant forces in determining the method of distribution of state school funds. Many refinements have been included in the various programs that have been developed, but the basic idea of the foundation

program as devised by Strayer and Haig remains in most state programs. Their names are still so closely associated with this concept that the Strayer-Haig program and the foundation program are considered to be synonymous.

Mort was also an extremely important figure in the early development of state support for education. His most recent ideas concerning the determination of educational need and local ability have previously been discussed, but he must also be included in any discussion of the history of state finance programs. Two early studies entitled The Measurement of Educational Need (28) and State Support for Public Schools (27) were published in 1925 and 1926. From this very significant beginning, he made and sponsored many other studies through the years that have provided the basis which enabled the states to implement the foundation program concept.

Another man who made a contribution to the early notions about state aid was Updegraff. He conducted studies in Pennsylvania (55) and New York (56) from 1919 to 1922. His conclusions directed attention to the idea that effort was more truly measured by tax rate than by new activity in the school. Therefore he proposed the notion of reward in proportion to tax rate which would provide equalization but also stress the importance of stimulation.

His concept of state school support did not develop the great enthusiasm that was found in the advocates of the Strayer-Haig approach. Consequently, it has not been a major factor in the actual development of the programs of the various states. Even though this is true, the ideas that he suggested are still viewed as a very real contribution to the development of state finance programs. His thoughts contained

several elements that are found in programs that have been adopted by

a few states and are being considered by others. These are highly

regarded programs involving the idea of using a percentage of the

operating costs to determine the need of a school district.

Updegraff's approach was broader in nature and examined the over-

all implications of equalization and reward for effort. Mort, Reusser,

and Polley (29, p. 201) indicate the importance they attach to his con-

tribution by stating:

> The authors remember it was said of a certain manufac-
> turer that when other men were satisfied to paint signs on
> fence boards, this man was covering entire barns. Updegraff's
> proposals bear a similar relationship to the proposals gener-
> ally made during the second decade of this century.

These authors also suggest that perhaps the time has come when his

approach can be a useful tool in the development of state school

finance programs.

These and other school finance authorities with great ability have

explored the various avenues of state support in great detail. The

programs now in existence are due to a great extent to the ingenuity of

these men. This development has taken place almost entirely in this

century with most of it coming after 1920. It is therefore obvious

that great strides have been made in the past 50 years, but it is also

evident from the current literature that there are many problems that

remain unsolved.

Classifications of State Grants

State grants of many different types are distributed in the pro-

grams found throughout the United States. Some method for the classi-

fication of these grants must be devised if it is to be possible to

analyze an individual state program or to compare the various programs.

The following classifications are used by Munse (30, p. 94) in a study for the United States Office of Education as an aid in the analysis of the state support programs in 1962-63. The numbers in parentheses indicate the number of distributions in that category:

1. Variable equalizing, general-purpose, universal grant (44)
2. Variable equalizing, general-purpose, limited grant (20)
3. Variable equalizing, special-purpose, universal grant (4)
4. Variable equalizing, special-purpose, limited grant (16)
5. Variable nonequalizing, general-purpose, universal grant (16)
6. Variable nonequalizing, general-purpose, limited grant (20)
7. Variable nonequalizing, special-purpose, universal grant (6)
8. Variable nonequalizing, special-purpose, limited grant (26)
9. Fixed, general-purpose, universal grant (58)
10. Fixed, general-purpose, limited grant (10)
11. Fixed, special-purpose, universal grant (42)
12. Fixed, special-purpose, limited grant (36)

The "variable equalizing" term indicates that the amount of state money per unit of educational need for each district is different. There is recognition of the variations in local financial ability by providing greater state support for those districts that have less local wealth. "Variable nonequalizing" also denotes variations in the amount per unit of need from the state but makes no provision for the less wealthy districts. "Fixed" denotes that a standard allowable amount per unit of need is determined and distributed without any consideration of the ability of the local district.

"General-purpose" money is that which is available for general operating expenses with a minimum of state control. "Special-purpose" grants are made to be used for specific purposes such as pupil transportation, special education, and free textbooks.

The "universal" distributions provide funds for all of the public schools in the state. Under the "limited" classification, only those districts are covered that offer a prescribed special program or meet

special conditions.

The study by Munse (30, p. 96) indicates that only 84 of the distributions are classified as variable equalizing, but these grants account for nearly 62 percent of the money. Possible an even more significant point is that more than one-half of these are universal, general-purpose grants that account for almost 58 of the 62 percentage points. Fixed-grant distributions represent 38 percent of the total and supply over 33 percent of the state money reported. All other distributions account for only 5 percent of the money.

It was also determined that the national trend is definitely towards greater equalization. When the 1962-63 distributions were compared to the 1953-54 figures, it was found that flat grants for schools had decreased from 53 percent to 38 percent. During the same period state money for equalizing distributions increased from less than 47 percent to 62 percent. It would seem that states have responded to the need for greater equalization (30, p. 112).

Another system for the classification of grants has been proposed by Benson (10, p. 209). He suggests the following taxonomy:

                    Taxonomy of Grants:
                         I. Use of Proceeds
                            A. General Purpose
                            B. Special Purpose
                        II. Resources Measure
                            A. Equalizing
                            B. Nonequalizing
                       III. Needs Measure
                            A. Unit Costs
                               1. Fixed
                               2. Variable
                            B. Percentage of Local Expenditures

This classification is very similar to the one used by the Office of Education. One significant difference is the division of the classifications into three broad areas. These divisions very adequately

indicate the important aspects of state support programs. The classifications in the first two categories are the same as those used in the study by Munse.

This taxonomy, however, goes beyond the previous classification in the use of the needs measure as a method of classifying grants. In this system the essential distinction with respect to needs is whether the grants are based on unit costs or on a percentage of local expenditures. The unit approach involves the notions found in the development of a typical state foundation program. The development of percentage formulas rely upon a local determination of need.

There are two major differences in the classification system used by Benson. First, he considers the idea of a needs measure involving a percentage of local expenditures. The other system does not include this concept in its classifications. Second, the words "fixed" and "variable" are not defined in the same way in his taxonomy. Benson is talking about fixed and variable units of need rather than the fixed and variable grants that were discussed in the first classification system. He suggests that the cost measure may be absolutely fixed by the state or it may vary by local choice. The fixed unit involves the granting of a certain number of dollars for some specific measure such as the number of weighted pupils. The variable unit as the name implies provides means by which the cost measure may be increased or decreased by local action. The most common example is the use of a teacher salary schedule to determine the unit of need.

The classifications developed by Benson will be used when it is necessary to refer to the types of state grants. One exception to this will be that the term "flat," which was used in earlier classifications

by the United States Office of Education, will occasionally be used to mean the same as nonequalizing. Benson's system provides more desirable terminology for this study since it divides the classifications into use of proceeds, resources measure, and needs measure. These last two items are the essential elements of the theory of state support programs upon which this study is developed.

<div align="center">Distribution Formulas</div>

The importance of the development of the best possible state-local school finance program during the last five decades has caused authorities in this area to examine very closely all of the various phases of the state-local partnership for school support. One aspect of these programs that is of great importance and has been very thoroughly explored is the determination of the most desirable distribution formula.

The formulas for the distribution of state funds range from the simple to the extremely complex. It is possible to conceive a program in which the method of distribution is based on a very simple combination of a unit of educational need and a measure of local ability. In actual practice, it is much more common to find very complicated designs for allotting state support to school districts. The various types of distribution formulas will now be examined in order to gain a better understanding of how the two essential elements, educational need and local ability, are utilized to develop a plan for determining the state-local responsibility for public education.

The simplest method of distribution is to use only Cubberley's flat or nonequalizing grant. This approach does not consider the

fiscal capacity of the school districts since it makes no direct attempt to equalize the educational opportunity or the tax burden. The specified amount may be granted to a district for many different reasons, and any district regardless of wealth that satisfies the necessary requirements would receive the funds. A state could very easily design a complete program based on a formula which would provide every district in the state the same amount per weighted pupil unit.

The idea of the flat grant is fairly common in state programs, but it is usually used for stimulation or some other such purpose and is only a part of the total program. The stress on equalization since the early 1920's has discouraged the notion that it would be desirable to use a method of distribution that would give the same amount to every district as a basis for the entire state support program.

The next type of formula involves the ideas of the foundation program as introduced by Strayer and Haig. This concept has been utilized to meet the needs suggested by the financial structure in most of the states. Therefore, many different state programs have been developed from this basic idea. The most common formulas used to distribute these fixed-unit equalizing grants are those involving weighted pupil units and weighted classroom units.

In this approach the amount of subsidy received by a school district is the difference between the cost of the total foundation program and the local contribution determined from a measure of local fiscal capacity. This may be expressed in symbols as $A_i = uN_i - rC_i$, where A_i = amount of state aid in "ith" school district; u = amount per unit of need; N_i = number of units of need in "ith" district; r = local contribution rate required; and C_i = amount of fiscal capacity in "ith"

district.

For example, if a district has 1,000 weighted pupil units in average daily membership and the expenditures level of the program is $500 per pupil, the total state mandated program for the district is $500,000. To complete the equation it is necessary to determine the required local contribution to the program. This is usually the product of a tax rate times the tax base in the district. Suppose the equalized value of taxable property is $10 million and the required rate of local contribution is 20 mills. Using the above formula, the state grant would be determined as follows:

$$1,000 \text{ pupil units x } \$500 - .02 \text{ x } \$10,000,000 =$$
$$\$500,000 \quad - \quad \$200,000 \quad = \$300,000$$

This plan can also be used in a program which utilizes the weighted or adjusted classroom unit as its measure of educational need. The above district would have 40 classroom units if one classroom is allowed for each 25 pupils. It would then be desirable to provide additional units for special teachers and nonteaching professional staff members. In a district this size an additional 10 units might well be necessary. If the program is to be supported at the same level as in the above example, it would require a $10,000 expenditure to support each unit. The state share would be calculated as follows:

$$50 \text{ classroom units x } \$10,000 - .02 \text{ x } \$10,000,000 =$$
$$\$500,000 \quad - \quad \$200,000 \quad = \$300,000$$

These examples indicate in a very simple fashion the technique of determining the state and local shares in a typical program in which the state provides a fixed-unit equalizing grant.

The principal type of program involving the variable-unit equalizing grant is one in which the unit of educational need is based

primarily on a salary schedule for teachers. This system is similar to the classroom-unit approach, but in this program the unit of need is not fixed but varies with the experience and training of teachers. In computing the total expenditure level for a district, each teacher is listed at the appropriate figure drawn from the state salary schedule. Most programs of this type have a maximum number of teachers for which a district can qualify, such as one for each 25 students. The more desirable programs then include positions for special teachers and non-teaching professional personnel. Most states also use some method to determine the cost of additional needed services beyond salaries.

If the district used in the examples above were in a state using this approach, the only difference would be in the computation of the cost of the total state-local program. The required local contribution would be determined in exactly the same way. This district would still qualify for 40 teachers if it is allowed one teacher for each 25 students. It would also be entitled to 10 additional positions for special teachers and nonteaching professional personnel. The salary figures for which the 50 staff members are entitled according to the state schedule and an additional amount for other needed services are totaled to derive the cost of the program. If more than 50 professional people are employed, it is usually permissible to use the salary figures for the 50 staff members with the highest qualifications.

The main point to be made here is that the cost of the unit of need does vary with the experience and training of the professional staff. This is not true in the fixed-classroom-unit approach since each district uses an amount per unit to determine the cost of the total program. The first step in the calculation of the state share

would be to total the 50 salary figures for which the district quali-
fies. Then it would be desirable to add a specified amount per teacher
unit to determine the final total. This is not done in many states,
and some programs do not include positions for professional staff mem-
bers other than regular teachers.

For the district in the example, it has been determined that the
total amount for salaries is $350,000 and that $2,000 for each teacher
unit will be added to derive the final total. The grant from the state
would then be determined as follows:

$$\$350,000 + (50 \times \$2,000) - .02 \times \$10,000,000 =$$
$$\$350,000 + \quad \$100,000 \quad - \quad \$200,000 \quad =$$
$$\$450,000 \quad - \quad \$200,000 \quad = \$250,000$$

Either the fixed or variable unit approach forms the basis for
most state programs. Of course, they are not found in the simple form
in which they have been described above since every program is affected
by many factors that have caused each state to make various adjustments
in order to develop a program for its particular situation. Through
the years there have been many new ideas concerning state school sup-
port, but these methods still provide the basis for the distribution of
most state funds to school districts.

Several distribution formulas have been developed that suggest
very different notions concerning the nature of what should be involved
in determining the state and local shares of a state school finance
program. One of these is a formula for the distribution of the per-
centage equalizing grant. A few states are using some aspects of this
idea and their formulas for distribution vary considerably. It is
therefore obvious that there are several percentage type formulas that
will produce similar results. A very simple formula of this type which

has been described by Benson (10, pp. 214, 215) will now be examined to indicate how such a program would operate.

There are several steps in the process of determining the state share for a particular district. This procedure is indicated by the formula $A_i = (1 - X\frac{Y_i}{Y})E$, where A_i = amount of state aid in the "ith" district; X = an arbitrary constant normally having a value between 0 and 1; Y_i = tax base per pupil in the "ith" district; Y = state tax base per pupil; and E = total educational expenditure in the "ith" district.

It is first necessary to calculate the ratio of the tax base per pupil in the "ith" district to the state tax base per pupil. This establishes the relative economic standing of the "ith" district in the form $\frac{Y_i}{Y}$. The value of the constant that is multiplied by this ratio can be taken to represent the local share of educational expenditure in the state. The product of the constant and the ratio is then subtracted from the numeral "one." The resulting figure is the percentage of the educational expenditures in the "ith" district to be provided by the state. This is multiplied by the total expenditure to determine the amount of state support to be allocated.

If the district that was discussed earlier has average resources and has a total expenditure of $500 per pupil, this formula can be applied very readily. This district would have a tax base per pupil of $10,000, and since it has average resources the state tax base per pupil would also be $10,000. The total expenditure would be determined by multiplying $500 times 1,000 pupils. Suppose also that the state will meet 40 percent of school costs. This means that X = .60 in the formula which would read:

$$A_i = (1 - .6 \times \frac{\$10,000}{\$10,000}) \ (\$500,000)$$

$$A_i = \qquad (.4) \qquad (\$500,000) = \$200,000$$

In order to see how this plan would equalize between districts, the formula might be applied to a poor district that also has 1,000 pupils and spends $500 per pupil but has a per-pupil valuation of only $5,000. The formula would then become:

$$A_i = (1 - .6 \times \frac{\$ \ 5,000}{\$10,000}) \ (\$500,000)$$

$$A_i = \qquad (.7) \qquad (\$500,000) = \$350,000$$

The state share in a district of average wealth is 40 percent of the district expenditure. In a district with only one-half the average state valuation the state share is 70 percent. If a district has a per-pupil valuation twice as large as the average, the state would provide no support for its program.

Benson (10, p. 215) makes the following statement concerning this approach. "What we have laid out is the only major type of open-ended aid that has received serious consideration in educational circles." He describes this formula as the "basic percentage-equalizing formula."

A recent idea that has been developed at the University of Wisconsin after a very extensive study of state support models suggests the advisability of combining educational, county, and municipal public service responsibilities in the calculation of state support. Peterson (46, pp. 263-266) and his associates designed a hypothetical model based on the following recommendations derived from the study:

1. The relationships among school, municipal, and county finance should be recognized.
2. Educational responsibility should be described in terms of a "priced program" which emphasizes quality, productivity and efficiency.

3. The model should incorporate the best available
   measure of fiscal capacity.
4. Desirable special cost features must not be
   discouraged.
5. The same relative level of local effort should
   produce equivalent educational programs in all
   districts.
6. Incorporation of private and parochial school costs
   (while not recommended) should be possible.

Within this framework the researchers propose the following state
support formula:

$$\text{State Support} = (1.00 - \frac{FC_D}{SR_D}) \times PP_D \text{ where}$$

FC_D = fiscal capacity of the district expressed as a
percent of the state total.

SR_D = service responsibility of the district including
those of the county and municipality expressed
as a percent of the state total.

PP_D = the priced program of the district including
county, municipal, and educational services.

Their study did not indicate any one ideal measure of fiscal
capacity, but net personal income tax paid seemed to have the most
desirable qualities. However, it is possible to use any measure of
fiscal capacity for which the percent of the state total found in each
district can be determined.

The priced program is the cost of providing high quality, effi-
ciently operated services for education, the county, and the munici-
palities. Every governmental program would be expected to use commen-
surate methods, procedures, and equipment. To insure this the programs
would be reviewed by state agencies designated for this purpose. The
service responsibility of each district may be determined by reducing
the priced programs of the three levels of government by the respective
revenue receipts including shared taxes, grants-in-aid, and many other
sources.

Suppose for example that the fiscal capacity of a district is

three percent of the state's total, the service responsibility is four

percent of the state's total, and the cost of the priced program is

$2 million. The formula would then become:

State Support = (1.00 - 3/4) x $2,000,000 = $500,000

Peterson (46, p. 268) indicates the significant difference between

this proposal and other such models when he states:

> While the formula may be used to advantage over many
> existing formulas for schools only, its greatest potential
> is achieved if educational, county, and municipal public
> service responsibilities are combined in calculation of state
> support.

A different type of theoretical model that may have implications

for the future is presented by Musgraves (13, p. 113). He describes

several types of distribution formulas that might be used to provide

federal funds to the states to indicate some of the possibilities for

pure equalization plans and pure incentive plans. These plans could

just as easily be used as the basis for state support to school dis-

tricts. It is for this latter purpose that they are now considered.

The formula that will be examined provides for both incentive and

equalization. It determines the state subsidy as follows:

$$S_i = kt_i\overline{B} + (N_i - \overline{N}) \, kt_i\overline{B} - t_cB_i \quad \text{where}$$

S_i = subsidy (+ or -) received by the "ith" district, in dollars.

k = rate of the matching grant from the state.

t_i = tax rate in the "ith" district.

$\overline{B}$ = average dollar value tax base per district in the state.

N_i = index of need in the "ith" district.

$\overline{N}$ = average need per district in the state.

t_c = tax (+) or subsidy (-) rate of state required to clear the central budget.

B_i = tax base of the "ith" district.

Since $\overline{N} = 1$ by definition, this formula could be simplified as follows:

$$S_i = kt_i\overline{B} + (N_i - 1)\ kt_i\overline{B} - t_cB_i$$

$$S_i = kt_i\overline{B}\ (1 + N_i - 1) - t_cB_i$$

$$S_i = kt_i\overline{B}N_i - t_cB_i$$

This would, of course, be a simpler formula if many calculations were to be made. Since only limited use is involved here, substitutions will be made in the original formula to gain a better understanding of how it would operate.

This formula was derived from one of Musgrave's pure incentive plans by allowing for the use of an index of need and considering the average tax base per district in the state. It also has the feature of providing for a payment to the state by districts that have enough wealth to more than provide the program which will be supported.

The following statement by McLoone (38, p. 76) concerning the terms of the formula provides insight into the structure and purpose of the overall plan:

> The formula provides in the first term equalization of
> local tax bases and in the second term, equalization of
> amount per unit of need. The third and final term deter-
> mines whether the school district receives a payment from
> the state or makes a contribution to provide funds for the
> state grant program.

In order to better understand how the formula works, a hypotheti-
cal district will be chosen as an example. Suppose the various values that are necessary to calculate the state subsidy are equal to the following: $k = 40\%$; $t_i = 20$ mills; $\overline{B} = \$20,000$ per pupil; $B_i = \$10,000$ per pupil; $N_i = 2$; $\overline{N} = 1$ (by definition); $t_c = 20$ mills. When these values replace the symbols in the formula, it becomes:

$$S_i = (.4)(.02)(\$20,000) + (2-1)(.4)(.02)(\$20,000) - (.02)(\$10,000)$$
$$S_i = \qquad \$160 \qquad + \qquad \$160 \qquad - \qquad \$200$$
$$S_i = \qquad \$120$$

Districts that have a higher valuation per student would obviously receive a lower subsidy if they were operating with the same number of mills used by the district in the above example. The second and third terms would cause the state payment to decrease. The value of N_i would be smaller and consequently the second term would be reduced. The higher valuation would increase the third term, and this would also cause a reduction in the subsidy. These ideas indicate how the equalization aspect of the formula operates.

Another example will be used to demonstrate the incentive that is provided in the formula. If the local tax rate is increased to 30 mills and all other values remain the same, it becomes obvious that the formula provides incentive to vote additional local millage. The formula would become:

$$S_i = (.4)(.03)(\$20,000) + (2-1)(.4)(.03)(\$20,000) - (.02)(\$10,000)$$
$$S_i = \qquad \$240 \qquad + \qquad \$240 \qquad - \qquad \$200$$
$$S_i = \qquad \$280$$

The local district would have the additional revenue from the increased tax levy as well as an increase in the grant from the state.

The above formulas are but a few of the many possibilities that could be formed with the various combinations of educational responsibility and local fiscal capacity. The basic ideas that are involved in these are utilized in the development of the proposed program for the distribution of state support in Oklahoma.

State Programs for Public School Support

No two state school finance programs are exactly alike. There are, of course, basic features that are similar, but the methods used to determine the distribution of state support vary widely. States that use the same unit of educational need and the same measure of local ability develop programs which appear to have very little similarity.

Several programs are reviewed in order to observe how states using different types of state support have solved the problem of financing the public schools. The review is primarily concerned with the methods utilized in the distribution of funds for current expense. Emphasis is placed on the larger distributions since there is often much detail in the many smaller funds that is not needed for this study. The programs to be examined are those in the states of Minnesota, Ohio, Wisconsin, Rhode Island, and New York. The Oklahoma program is also studied in detail to make it possible to compare the proposed distribution plan to the present financial structure.

The material describing these programs was obtained from the finance divisions of the state departments of education. Information concerning the other state programs was studied to determine the various types of state support being used throughout the nation. For this study the six selected states adequately represent the various types of programs.

Minnesota

The pupil unit is the basis for the distribution of foundation program aid in Minnesota. The program provides for districts to

receive state support from either an equalization grant or a flat

grant.

The support from the state to each district qualifying for an

equalization grant is calculated by deducting from the cost of the

foundation program an amount equivalent to the yield of a specified

mill rate applied to the adjusted valuation of the taxable property in

that district. The equalization aid was computed for eligible dis-

tricts for the 1966-67 school year from the following formula:

$$\left[\$324 \times \begin{array}{c} \text{Number of} \\ \text{Resident Pupil} \\ \text{Units in ADA} \end{array} \right] - \left[.019 \times \begin{array}{c} \text{Adjusted} \\ \text{Assessed} \\ \text{Valuation} \end{array} \right] = \text{State Aid}$$

Districts which are eligible for little or no support under this

formula because of high valuations per resident pupil unit are paid a

flat grant. This aspect of the program is not affected by any measure

of district wealth. Foundation program aid for districts receiving

flat grants in 1966-67 was distributed on the basis of the following

formula:

$$\left[\$98 \times \begin{array}{c} \text{Number of} \\ \text{Resident Pupil} \\ \text{Units in ADA} \end{array} \right] + \left[\$10 \times \begin{array}{c} \text{Number of} \\ \text{Eligible} \\ \text{Children on the} \\ \text{School Census} \end{array} \right] = \text{State Aid}$$

Average daily attendance is defined as the total number of days

attended by enrolled pupils divided by the total number of days school

was in session. Each kindergarten pupil in average daily attendance is

counted as one-half of a pupil unit, each elementary pupil in ADA as

one pupil unit, and each secondary or area vocational-technical school

pupil in ADA as one and one-half pupil units. The adjusted assessed

valuations used in computing the aid payable under the first formula

are determined by the equalization aid review committee. This group

consists of the state commissioners of education, administration, and

taxation.

State aid under either of these formulas may be reduced if the local district's "effort" does not equal or exceed 19 mills times its current adjusted assessed valuation. Aid under either formula may be further reduced if the local district's total pupil unit expenditure for debt redemption and current expense during the preceding school year does not equal or exceed the pupil unit amount used in calculating equalization aid. In the application of the "effort" factor, no district's aid may be reduced to less than $90 per pupil unit plus $10 for each eligible child on its annual school census.

The Minnesota Foundation Program may place too much emphasis on the flat grant at the expense of equalization, but it provides an excellent example of the traditional pupil unit approach to the distribution of state support. One of the advantages of this type of program is simplicity. It also leaves almost all of the decisions concerning the educational program to the local school district.

Ohio

The Ohio program uses the classroom unit as the basis for allocation of state funds. The School Foundation Program includes allowances for teachers' salaries, retirement and sick leave, operation of the classrooms, and pupil transportation.

The number of approved classroom units is determined in the following manner. The average daily membership for grades one through twelve is divided by 30, and for kindergarten classes the average daily membership is divided by 60. The average daily membership for deaf, blind, emotionally disturbed, or crippled children is divided by 5. The number of approved vocational and special education classroom units

or fraction thereof actually offered is added to the above values to determine a total.

This total number of classroom units is then divided by 8 to derive the number of units allowed for administrative and specialized personnel. Additional supervisory classroom units are granted only to city and exempted village districts. One supervisory unit is allowed for the first 50 basic classroom units. For basic units in excess of 50, additional supervisory units are allotted at the rate of one per 100 basic units.

Foundation program salary allowances are determined as follows: no degree, $4,300; Bachelor's degree, $4,700; 5 years, without Master's degree, $4,900; and Master's degree, $5,100. Additional salary allowances are made for all certificated personnel in proportion to service extended beyond the regular term. When the number of certificated employees exceeds the approved classroom units, the employees who have the highest training are recognized in the calculations.

Other program allowances include an amount equal to 12 percent of the total salary allowance for the employers contribution to the teachers' retirement fund and the cost of the certificated employees sick leave plus $1,910 per approved classroom unit for other current expenses. Also included is an amount for pupil transportation which is determined by the number of pupils transported, how they are transported, and the number of miles.

The sum determined by totaling the various amounts represents the total foundation program. Each district receives the difference between this amount and the calculated yield of a 12.5 mill tax on the total taxable wealth for school purposes of a school district or the

guaranteed amount of $2,450 per approved classroom unit, whichever is larger.

The Ohio program also establishes minimum annual salaries, exclusive of retirement and sick leave, as follows: Master's degree, $5,000; 5 years of training, $4,700; Bachelor's degree, $4,500; and no degree, $3,800. Each district must annually adopt a teachers' salary schedule with increments based on training and experience, and with beginning salaries no lower than the above minimums.

In an article about the Ohio Foundation Program and its use of the classroom unit as the measure of educational need, Bliss (39, pp. 57-58) indicates four advantages of this type of program. The first benefit is to take away the premium that the per-pupil allocation places on overcrowded classes. There is no longer any incentive to operate large classes because the state will not pay for units not in operation. The second benefit is the elimination of any incentive to employ under-trained teachers. A third benefit is the incentive for the district entitled to more units than it operates to expand its program by employing additional teachers. The fourth benefit is that this plan can focus greater emphasis upon the values of the characteristic types of special instruction and upon supervisory and administrative services than can a per-pupil allocation.

Wisconsin

There are two major distribution plans in the Wisconsin program. One of these involves equalization and the other flat grants. These plans will be examined in some detail since they constitute the method of distribution of the great majority of the state school funds and form the basis for the entire program.

Wisconsin districts are classified as basic if they meet the state minimum standards or integrated if they meet higher and additional state standards. The classifications are used by the state to determine the support that will be provided. For the 1966-67 school year the distribution plan for the equalizing fund equalized up to 15 mills on a $24,500 guaranteed valuation per resident pupil in basic elementary districts and in basic districts operating twelve grades and on a $29,000 guaranteed valuation per pupil for integrated districts operating only grades K-8 or 1-8. For twelve grade integrated districts the fund equalized up to 15 mills for elementary and high school resident pupils on a $38,000 guaranteed valuation per pupil. High school districts operating only grades 9-12 were equalized up to 10 mills on $55,000 valuation per resident pupil for basic approval and $75,000 per resident pupil for integrated approval.

On the basis of these guaranteed valuations the state provided the necessary funds to insure that the amount expended per resident pupil in average daily membership was $367.50 in basic elementary districts and in basic twelve grade districts, $435 in integrated elementary districts, $570 in integrated twelve grade districts, $550 in basic high school districts, and $750 in integrated high school districts.

The state share of this program is determined by first establishing the required operating tax rate for current operation in mills by dividing the operating cost per pupil by the guaranteed valuation per pupil. This is then multiplied times the difference between the guaranteed and actual equalized valuation per pupil.

For example, suppose that a school district offering kindergarten through grade twelve has been classified as a school district qualifying

for state aid on an integrated level. The district has 500 resident

elementary children and 200 resident high school students in average

daily membership. The equalized valuation totals $21 million or

$30,000 per resident pupil.

At this point it is necessary to determine the net operating cost

per pupil so that a required operating levy rate for current operation

may be established. It will be assumed that the net operating cost is

equal to $494 per pupil. Since the guaranteed valuation by law is

$38,000 per resident pupil in average daily membership, the required

operating levy rate would be equal to $494 divided by $38,000 or 13

mills. Since the district has $30,000 of equalized valuation per resi-

dent child, the district would produce $30,000 x 13 mills or $390 of

the amount needed, and the state would provide $8,000 x 13 mills or

$104 per resident pupil. Through the guaranteed valuation the state

and local district have raised the $494 needed to meet the current

operating cost of education per pupil. The state aid paid would be

equal to 700 x $104 or $72,800.

The values from the above example will now be substituted in the

Wisconsin distribution formula in order to further clarify how the

amount of the state grant is determined. The only difference in the

values to be used is that 15 non-resident high school students are

added to illustrate this aspect of the program. In the list of the

factors in the formula the numbers in the parentheses are the numerical

values of the factors in the example. The formula that is used to

distribute the equalization aid is:

$$X = \frac{D}{(A+B)(C)} \left[(A+B)(C) - E\right] + (F \times G) \text{ where}$$

A = resident elementary ADM   (500)

B = resident high school ADM   (200)

C = guaranteed valuation per resident ADM   ($38,000)

D = net operating cost   ($345,800)

E = equalized valuation   ($21,000,000)

F = non-resident high school ADM   (15)

G = state aid per high school ADM   ($57)

H = state aid per elementary ADM   ($44)

X = state aid payment   ($73,655)

When these values are substituted in the formula, it becomes:

$$X = \frac{345,800}{(500+200)(38,000)} \left[(500+200)(38,000) - 21,000,000\right] + (15 \times 57)$$

$$X = \frac{345,800}{26,600,000} (26,600,000 - 21,000,000) + 855$$

$$X = (.013 \times 5,600,000) + 855$$

$$X = 72,800 + 855$$

$$X = \$73,655$$

The flat grant portion of the Wisconsin program is designed to
provide state funds for those districts whose actual valuations do not
entitle them to any equalization aid. Districts also receive flat aids
if the equalization aid they would receive is less than the flat aid to
which they are entitled. This fund provides $30 per elementary pupil
and $40 per high school pupil in average daily membership in basic
districts and $44 per elementary pupil and $57 per high school pupil
in average daily membership in integrated districts. The state pays
100 percent of the calculated amount.

If the district described in the above example gained $9,800,000 in equalized valuation, it would have $30,800,000 for 700 children. This would provide an equalized valuation per pupil of $44,000. Since this is greater than the guaranteed valuation of $38,000 for integrated K-12 districts, the district qualifies for flat aids. Using the values for integrated districts listed above, the state aid for the elementary children would total 500 x $44 or $22,000, and the high school portion of state aid would represent 200 x $57 or $11,400. The total state aid to this district would be $33,400. The formula for making these calculations of the flat aid, using the same symbols that were used in the equalization formula is:

$$X = (A \times H) + (B + F)(G)$$

In both the equalizing and flat grant portions of the program the local district pays the balance of the net operating cost. No credit is given for average daily membership above 25 per teacher. Elementary districts must levy at least three mills on the equalized valuation of property.

In the Wisconsin plan the taxpaying ability is measured in terms of the valuation of taxable property per child in average daily membership. A key difference between this plan and most of the other state programs is that it determines through a state agency the "full" or "true" value of property, and measures ability in terms of the full valuation rather than the valuation assigned to property by local assessors. This provides guards against underassessment to create advantages for the district in the competition for state funds.

Wisconsin was the first state to use the net operating cost of the district as a major factor in the formula for the distribution of

school funds. This makes the equalizing portion of this plan a type of percentage equalizing grant. This idea has worked very successfully for almost 20 years, and the Wisconsin program is still discussed in the school finance literature as a very desirable type of program more often than any other state plan.

Rhode Island

The Rhode Island system is a relatively simple program in which there are only two types of distributions. These are the School Operation Fund for current expense and the School Housing Aid Program Fund for capital outlay. For the 1965-66 school year 89.5 percent of the state aid was distributed for current expenditures and 10.5 percent was distributed for school housing. Since this study is primarily concerned with methods of distributing funds to be used for current expense, only the School Operation Fund will be examined. It is worthy of note, however, that the plan of distribution for capital outlay is based on the same type of formula as the one that is examined, and it is a very forward looking scheme for financing school housing.

The calculation of the state allowance for the School Operation Fund is based on the amount expended for current expense. Local districts had to provide sufficient operational revenue in 1966-67 so that when the amount was added to the state share, the total was at least $350 per pupil in average daily membership. A very significant aspect of the program is that the state shares not just in the minimum amount but in all expenditures above the minimum.

The state support ratio or percentage is calculated for each district by using the following formula:

$$\text{State Ratio} = (1 - \frac{\text{Standard Rate x EWAV}}{350 \text{ x ADM}}) \text{ x } 100$$

The standard local tax rate is the state-wide tax rate required to support 78.75 percent of the basic program. The EWAV is the equalized weighted assessed valuation, and ADM is the average daily membership.

The percent thus determined for each school district, but not less than 30 percent, is applied to all approved district current operating expenditures for the last preceding year. The state share is increased by two percent for each grade consolidated into a regional school district for the first two years of operation and then reduced by .25 percent per grade per year until it reaches four percent.

In order to gain a better understanding of how this distribution plan works, numerical values for the factors in the formula will be determined for a hypothetical district. Suppose the district has an equalized weighted assessed valuation of $20 million and an average daily membership of 1,000 pupils. For this illustration, the standard tax rate is assumed to be 10 mills. The formula would become:

$$\text{State Ratio} = (1 - \frac{.01 \text{ x } 20,000,000}{350 \text{ x } 1,000}) \text{ x } 100$$

$$\text{State Ratio} = (1 - \frac{200,000}{350,000}) \text{ x } 100$$

$$\text{State Ratio} = (1 - .57) \text{ x } 100$$

$$\text{State Ratio} = 43$$

The equalization aspect of this formula becomes obvious when the affect of an increase or decrease in the property valuation is considered. The percentage of the current expense provided by the state becomes higher as the valuation decreases. Incentive for the local school district to increase expenditures for the educational program is found in the way this state ratio is applied. The percentage of state

support is calculated for the basic program requirements, but it is applied to the basic program expenditure level plus all expenditures for current operation above this level.

There are certainly several very fine features in the Rhode Island Program. Boyer (7, p. 23) suggests what he considers to be the outstanding feature in the following statement:

> The most striking feature of this new legislation is its treatment of the "basic" or "minimum" program. Typically, the "minimum" has in practice come to mean the maximum level or expenditure per child in which the state participates. Under Rhode Island's new legislation, however, the "minimum" is actually not just in the minimum amount, but in all expenditures at whatever level is chosen by the local school districts for both operational and capital expenditures.

The Rhode Island program does not involve a great many different funds as most of the state programs do. It is one of the simplest in terms of the basic idea of the program. Its design is, undoubtedly, made possible by the small number of districts in the state, only 40 in 1965-66. A very logical question might be raised concerning the advisability of this method of state school support in a larger state with many school districts. This concept does, however, have the very fine features of simplicity, incentive, and equalization and deserves the serious consideration of any group attempting to develop a state program.

New York

The basic formula for the New York program is the same as the "basic percentage-equalizing formula" proposed by Benson (10, p. 215) that was discussed earlier. Just as is true in the Rhode Island plan, the state aid ratio that is derived from this formula is used to determine the state's share of the operating expenditures of the district.

In the New York plan the same ratio is also used in determining the
state's share of approved debt service and capital expenditure for
school buildings as well as growth and size corrections aids and aid
for certain special programs.

If RWADA is used to represent the resident weighted average daily
attendance and WADA is the weighted average daily attendance, the state
aid ratio can be expressed as a formula as follows:

$$\text{Aid Ratio} = 1 - \left[\frac{\text{Actual valuation per RWADA of district}}{\text{State average actual valuation per State WADA}} \times .51 \right]$$

This formula is so designed that a district with actual valuation
per RWADA equal to the state-wide average actual valuation per WADA
will pay 51 percent of the approved expenditures and the state will pay
the remaining 49 percent. In districts where this measure is below the
state average the state's share increases; and when it is above the
state average, the share from the state decreases. For the 1966-67
school year the state average actual valuation per WADA was $29,800.

The WADA is determined by applying the following prescribed
weightings to the average daily attendance of the various grade levels:
half-day kindergarten, 0.50; full-day kindergarten and grades one
through six, 1.00; and grades seven through twelve, 1.25. In dis-
tricts with fewer than eight teachers, attendance in grades seven
through twelve is weighted at 1.00.

The WADA for the preceding school year is normally used to deter-
mine the state aid payable during a given school year. However, if it
would result in a greater WADA, the average for the three preceding
years is used. For purposes of state aid the WADA used is the average
of only the one-half of the attendance periods during the year having

the highest total WADA.

For aid payable during the 1966-67, the RWADA was established for the 1964-65 school year. RWADA is defined as the WADA minus the WADA of non-resident pupils attending public schools in the district plus the WADA of pupils resident in the district but attending public schools in another district or state plus the WADA of pupils resident in the district but attending full-time in a school operated by a board of cooperative educational services or a county vocational education and extension board.

The actual valuation of real property that is used in the formula is the same as what is often referred to as "full" or "true" valuation. In determining actual valuation the basic factor is the assessed value of taxable property. The actual valuation is determined by dividing the assessed value by the equalization rate established by the State Board of Equalization for the school district.

The major portion of the aid for operating expenses is calculated by multiplying the approved operating expenses by the district's aid ratio. The operating expenses used in this calculation may not exceed $660 per WADA. There is also a flat grant involved since the operating expenses aid may not be less than $238 per WADA. The expenditures of the preceding school year are used as the base for the determination of general operating expenses.

New York supports transportation at a higher level than most states. Transportation aid is calculated at 90 percent of a district's actual approved transportation expenditures for all dis-tricts employing eight or more teachers. For districts employing fewer than eight teachers, the aid is computed at the aid ratio of the

district. The transportation expenses approved for state aid include
only those incurred in transporting allowable pupils to and from school
once daily on approved buses and over approved routes.

Due to the influence of Mort and several other highly respected
authorities, New York has held a position of leadership in school
finance for many years. The adoption of a program using a percentage
equalizing formula by this state has caused many people to examine more
closely the possibilities of this type of program.

Oklahoma

Most of the state funds that are distributed to the school dis-
tricts of Oklahoma are provided in the form of Foundation Program Aid.
The minimum level of state support to a school district from the founda-
tion program is based on the aid received by the district during the
1963-64 school year. The following statement from the School Laws of
Oklahoma (20, p. 125) indicates the basic idea of this program:

> The amount of money for which a school district may
> qualify shall be determined by dividing the "Total State
> Aid" received by such district in 1963-64 by the total
> legal average daily attendance in such district for the
> same year. This quotient shall be calculated to the near-
> est dollar amount per child and such amount shall become
> the State's guaranteed level of support per child in such
> district. The total Foundation Program Aid due a district
> shall be its State guaranteed level of support multiplied by
> the legal average daily attendance of the previous year.

Since the base year for this program is 1963-64, it is necessary
to examine the method of determining the amount of state aid that was
distributed in that year. Because of the adjustments that must be made
each year, it is necessary to apply some of the data for the current
year to the procedures that were used during the base year.

This is a fairly complicated program with a multitude of factors

that must be considered in order to determine the equalization aid for a school district. The state guarantees a minimum program that will be supported. Certain revenues that come to the school district are charged as minimum program income. The minimum program income is subtracted from the amount necessary to provide the minimum program. This difference is the amount of equalization aid that would have been provided by the state under the 1963-64 program.

The minimum program includes teachers' salaries based on the state salary schedule for the number of teachers authorized by law, an allowance for current expense, and an authorized amount for transportation. The most important factor in the minimum program is the number of teachers that the district is allowed based on the average daily attendance for the preceding school year.

The allowances for elementary teachers are: 15-27 pupils, 1 teacher; 28-52 pupils, 2 teachers; 53-77 pupils, 3 teachers; 78-100 pupils, 4 teachers; 101-122 pupils, 5 teachers; 122 or more pupils, 5 teachers for the first 122 pupils and 1 additional teacher or fractional teacher for each additional 26 pupils or fraction thereof.

Accredited junior and senior high schools are allowed teachers as follows: 40-54 pupils, 3 teachers; 55-72 pupils, 4 teachers; 72 or more pupils, 4 teachers for the first 72 pupils and 1 additional teacher or fractional teacher for each 26 pupils or fraction thereof. Schools maintaining reimbursed vocational programs receive aid on the basis of an additional one-half teacher unit for each full time vocational teacher employed for the term of the reimbursed contract.

The state salary schedule in 1963-64 guaranteed a minimum salary for a beginning teacher with a Bachelor's degree of $3,800. However,

the base salaries to which the increments for years of teaching exper-
ience were added were Bachelor's degree, $3,600; Master's degree,
$3,800; Doctor's degree, $4,000. Increments of $100 per year for each
year of teaching experience and military service for a maximum of 15
years were added to the base salary. If a district employed more
teachers than the number for which it qualified, the calculations could
be made by using the teachers with the highest qualifications.

The 1965 legislature raised the minimum state salary schedule by
establishing a minimum raise for every teacher of ten percent of the
amount guaranteed by the state schedule for a beginning teacher in
1964-65. This raised every level of the state salary schedule by $380.
This increase is not considered in the determination of the amount
necessary to provide the minimum program.

Additional provisions are made for the salaries of administrative
and vocational personnel. The superintendent's increment is calculated
for a term not to exceed 12 months at $3 per month for each teacher for
which the district qualifies not to exceed 20 teachers. Principal's
increments are determined on the same basis except that the term is
limited to 10 months. The salaries for superintendents and teachers in
reimbursed vocational programs are calculated on the basic salary for
the term of the contract, usually 11 or 12 months rather than 10.

The second factor in the minimum program is an allowance of 12¢
per pupil per day in attendance during the preceding school year.
This is provided for all expenses other than teachers' salaries, trans-
portation, and capital outlay.

The final factor is a transportation allowance which is based on
the density of transported pupils. The following quotation from the

School Laws of Oklahoma (20, p. 127) indicates the required procedure.

> Transportation calculations shall be on the basis of
> the following scale where the number of legally transported
> pupils per square mile during the next preceding year was:
>
> .30, Seventy-six Dollars ($76.00) per year per pupil
> .60, Fifty-eight Dollars ($58.00) per year per pupil
> 1.0 , Forty-three Dollars ($43.00) per year per pupil
> 2.5 , Thirty-six Dollars ($36.00) per year per pupil
> 3.5 , Thirty-two Dollars ($32.00) per year per pupil
> 4.5 , Twenty-nine Dollars ($29.00) per year per pupil
> 5.5 , Twenty-six Dollars ($26.00) per year per pupil
> 6.5 , Twenty-four Dollars ($24.00) per year per pupil
> 7.5 , Twenty-two Dollars ($22.00) per year per pupil
> 8.0 , or more, Fifteen Dollars ($15.00) per year per pupil

A 25 percent maximum correction figure for transportation expenses is

allowed for districts that have over the previous six years expended

more for pupil transportation than the specified allowance.

The next step in the calculation of the amount of equalization aid

to which a district is entitled is to determine the amount of the mini-

mum program income. The items that constitute the minimum program

income will now be listed to show how this aspect of the program is

derived.

The minimum program income from the ad valorem tax for any school

district is ten-elevenths of the product obtained by multiplying 15

mills by the assessed valuation of the district. The amount actually

collected from county apportionment, gross production tax, intangible

tax, and state apportionment during the preceding fiscal year calcu-

lated on the per-capita basis on the unit provided by law for the dis-

tribution of the various revenues becomes a part of the minimum program

income. Other items that are included are auto license and farm truck

tax, transfer fees, tuition fees, 75 percent of the four mill county

levy, and certain miscellaneous revenues.

When the various factors have been determined, the amount of

equalization aid is found by subtracting the minimum program income

from the allowance for the minimum program. During the 1963-64 school

year two other major types of support was provided by the state in the

form of flat grants called basic aid and operational aid. The amount

of basic aid was $12.50 multiplied by the legal average daily attend-

ance of the preceding year. The requirements for receiving this aid

stated that the school district must maintain 12 years of instruction

and levy 15 mills. Operational aid of $8 per pupil in average daily

attendance the preceding year was granted to all districts that levied

20 mills.

The following quotation from the present regulations of the State

Board of Education (50, p. 22) points out the necessity for making

major adjustments in the foundation aid quotient for the 1966-67 school

year:

> The Minimum Program number of teachers in 1963-64 will
> be adjusted where the prior years attendance has caused an
> abrupt change in the number of teachers allowed by the State
> Aid law used in 1963-64. An abrupt change is any change
> which makes at least a full teacher difference in the Minimum
> Program number as defined in 1963-64 and such change is caused
> by an average daily attendance of less than twenty-six (26)
> and could be caused by only one (1) student. When an abrupt
> change takes place the adjusted Foundation Aid Quotient will
> be determined by calculating the Minimum Program and Minimum
> Program Income on the new average daily attendance the same
> as it would have been had such change been in effect under
> the 1963-64 law.

Adjustments also must be made for additional programs, differences

in the qualifications of teachers, changes in the gross production tax

collections, and changes in the current assessed valuation of personal

and/or public service properties. Any decrease in gross production tax

collections and any decrease in personal or public service assessed

valuation is treated as unusual and is adjusted. The amount of an

increase in the gross production tax collections in excess of three percent per year is adjusted. The amount of the increase in the personal property and public service property assessment in excess of five percent per year is multiplied by 15 mills to determine the adjustment.

Since there are several possible adjustments, the equalization aid to be distributed under the present law is determined in a manner that is similar to the way it was calculated for the 1963-64 school year. This means that the factors of the minimum program and the minimum program income that have been described are still a part of the present program. Some of the factors remain the same as they were in 1963-64 and others are adjusted as suggested above. The present program also has an additional stipulation that the Foundation Program Aid shall not exceed $300 per pupil in average daily attendance for any school district.

As an incentive to the school districts to provide local support for education, the present program also allocates a flat grant called Incentive Aid. This grant provides $5 per pupil in average daily attendance during the preceding school year for each mill of the Emergency Levy that is levied. It is possible to vote five mills in this levy, so the total Incentive Aid that may be received is $25 per child.

Adjustments will be made for both the Foundation Program Aid and the Incentive Aid for any district in which the average daily attendance during the first one-half of the current school year has increased over the average daily attendance of the previous year if this increased attendance will result in $2,500 additional state aid.

Another aspect of the Oklahoma program that needs to be considered

is the amount of local millage that a school district can levy. The
present constitutional provisions authorize the following levies:

A 5 mill levy allocated to public schools from the 15 mill
general local government authorization.

A 15 mill levy may be authorized for general fund purposes by
a local board of education.

A 5 mill emergency levy may be authorized for general fund
purposes by a vote of the people.

A 10 mill local support levy may be authorized for general
fund purposes by a vote of the people.

A 4 mill county-wide levy for general fund purposes is
mandated by the constitution.

A 5 mill building fund levy which may be used for erecting,
remodeling, or repairing school buildings and for purchasing
furniture may be authorized by a vote of the people.

This provides a total of 39 mills that can be levied for the gen-
eral fund and 5 mills for the building fund. Under the broad authori-
zation for the building fund a large portion of it is used for school
plant maintenance which is a current expenditure. The present consti-
tutional provisions allow a district to levy a total of 44 mills each
year for the purpose of providing educational opportunities.

A school district may incur indebtedness up to 10 percent of its
assessed valuation for the purpose of acquiring or improving school
sites, constructing, repairing, remodeling, or equipping buildings, or
acquiring school furniture, fixtures, or equipment. Therefore, a
district may also levy the required millage for its sinking fund to
retire the bonds that are due during the year.

This brief examination of the Oklahoma financial structure pro-
vides the basis for comparison of the present program and the proposed
distribution plan. The acceptance of the proposal may well depend on
what is possible within the present framework. However, the proposed
program is not limited by current practice in Oklahoma. It is designed
to satisfy the principles for financing public education.

CHAPTER V

THE PROPOSED DISTRIBUTION PROGRAM

The material that has been examined in this study suggests several
possible alternatives for a program for the distribution of state sup-
port in Oklahoma. Within the framework that has been developed, the two
elements, educational need and local ability, are combined to develop a
proposal for a desirable distribution program. This plan is designed
primarily for the allocation of funds for current expense. The program
is divided into two sections. The first phase is referred to as the
foundation program, and the second phase is called the incentive pro-
gram.

Only school districts that include grades one through twelve are
considered in the distribution of state funds. This excludes the
present dependent elementary schools from receiving support from the
state. These districts are required to finance their own programs and
to pay the total cost of educating their transfer students. This pro-
vision and other aspects of the proposed program would tend to eliminate
most of the dependent elementary school districts. Many Oklahoma edu-
cators have recommended for several years that all of these districts
be eliminated. For example, Payne (45, p. 149) recommends: "No school
district should exist which cannot efficiently operate a full twelve
grade program."

The program was applied to a selected sample of Oklahoma school

districts to determine the effect on the financing of districts that differ in size and wealth. In order to more accurately determine the financial requirements on the state as well as to note the effects of this program on the districts in all of the counties, certain aspects of the program were applied to each of the 77 counties.

The Foundation Program

The foundation program uses the pupil unit as the measure of educational need. The total obtained by adding one-half of the number of kindergarten pupils and the number of students in grades one through twelve in resident average daily membership is multiplied by $450 to determine the cost of the foundation program to be supported from specified local, state, and federal funds.

Statistics compiled by the National Education Association (41, pp. 33-34) indicate that the current expenditure for public schools in Oklahoma in 1965-66 was $411 per pupil in average daily membership. The estimated expenditure for 1966-67 was $444 per pupil. This last figure was very significantly involved in the decision to establish $450 as the amount to be supported in the foundation program. If this total could be supported in the basic program, then other local, state, and federal sources of revenue should provide adequate funds to insure that all supported districts would be able to rise above the national estimated expenditure per pupil for 1966-67 of $529.

The additional revenue for public education in Oklahoma is very definitely needed to provide an educational program to meet the needs of all the population from five to seventeen years of age in the state. There are deficiencies in the school districts throughout the state that

can be eliminated only by increased expenditures for education.

The average salary for teachers should be increased a minimum of $1,000. The National Education Association (41, p. 30) indicates that the estimated average salary of the total instructional staff in Oklahoma for 1966-67 was $6,180. The estimated average salary in the United States was $7,119.

A great many additional professional staff members are needed to lower the size of the regular classes and to provide the large number of special programs and services that are not presently available but should be a part of the educational program. This very great and obvious need to increase the professional personnel in the school systems throughout the state would require a very sizeable amount of any additional revenue. Another large portion of the increased expenditures would be used to eliminate the very real shortage of materials and equipment that exists in most of the school systems in the state.

These are the three major areas that need immediate improvement from increased expenditures for current expense for public education. Within these general needs there are a multitude of specific items that should be improved.

Federal funds have provided a start in the right direction in some of these areas. This has been very helpful, but the funds have not been nearly sufficient to enable the districts to solve the many and varied problems. The federal programs have reinforced the prevailing ideas by indicating the desirability of these activities and the need for further expansion of present opportunities as well as the addition of many new programs.

State support for transportation is usually determined separately

since this program varies greatly from district to district and is in reality not a direct part of the educational program. The best plan seems to be for most of the expense for transportation to be paid by the state. In the proposed program the state support for transportation is added to the amount determined above.

The formula that is presently being used to determine the state payment for transportation is basically sound, but the allowance per pupil transported needs to be increased. The expenditures for transportation in almost all districts is high enough that the correction factor of 1.25 allowed by law is multiplied by the figure determined by multiplying the average daily haul times the per-capita allowance. For the proposed program a correction factor of 2.00 is used rather than 1.25. The state allowance for transportation is this calculated figure or the actual expenditure for transportation from current expense during the preceding year whichever is the lesser.

The support program for transportation in Oklahoma needs to be studied very thoroughly. The per-capita allowances certainly should be raised to more realistic amounts. However, since this aspect of the program is not the major concern of this study, the proposed method of arriving at a more desirable figure is used to gain some idea of the effect of transportation support on the total program. The amounts determined by this method seem to reflect fairly realistic estimates of the legitimate expenses for transportation.

The present plan for the distribution of state support uses average daily attendance as the measure of the number of students in a school district. Since average daily membership is used in the proposed program, it was necessary to make certain calculations to determine this

figure for the sample districts, the counties, and the state.

The Finance Division of the State Department of Education occasionally needs to arrive at this type of estimate. This Division has determined that the average daily membership can be very closely approximated by increasing the average daily attendance by four percent.

Another problem in the estimation of the number of students to be considered for state support was the determination of the number of kindergarten pupils. Kindergartens are presently found in only a few of the school districts, and many of those that exist do not enroll all of the students of this age in the district. Therefore, students now attending kindergarten do not provide an adequate measure of the need for this program, and they were not considered in estimating the number of potential students. Since this plan includes the kindergartens as a part of the state foundation program, it was necessary to approximate the number of kindergarten students as closely as possible.

The following procedure was used to determine the potential kindergarteners and convert the average daily attendance to average daily membership. The average of the number of students in average daily attendance in grades one through three was determined. This figure was used as the estimate of the number of kindergarten pupils. The reported average daily attendance was added to one-half of the kindergarten estimate. This total was then multiplied by 1.04 to change the attendance figure to average daily membership for the sample districts, the counties, and the state.

An estimate of the average daily membership based on the preceding school year was used in this study to determine the educational need in the proposed program. In actual practice it would be necessary to have

a provision to allow for increased membership during the current year. The first apportionment would be based on the membership of the previous year, and then adjustments would be made for increases in membership when later apportionments are made.

The pupil unit is selected from the various units of need that have been discussed for several reasons. First, the effects of the present Oklahoma program based primarily on the salaries of teachers have made it desirable to develop a plan which emphasizes that revenue is needed to provide additional educational opportunities for the students. Second, the pupil unit provides a method that can very easily be converted into the classroom-unit approach. It is therefore possible to approximate very closely the results of using the classroom-unit approach from the findings derived from the proposed formula. Third, the pupil unit provides the simplest basis for the distribution of state funds and there are many advantages to simplicity.

Since all of the districts that would receive funds from the state would operate both elementary and secondary schools, there seems to be no advantage in weighting by pupil grade level for students in grades one through twelve. Weighting factors involving school district size usually promote the continuation of unsatisfactory district organization. This seems to be very likely in Oklahoma where there is a very real need for major reorganization. Therefore, the pupil measure in both of the proposed plans is used without any weighting. This is supported by McLoone (38, p. 78) when he makes the following recommendation for states with both elementary and secondary grades in the same districts: "For the measure of need, a count of pupils without any weighting is recommended."

Local ability to support education is determined from three indi-
cators of wealth. These measures are the equalized assessed valuation
of property, the auto license and farm truck tax, and one-half of the
funds from Public Law 874. The assessed valuation of property is
equalized by the use of the Assessment-Sales Ratio Study conducted by
the Oklahoma Tax Commission in 1966.

The amount of the auto license and farm truck tax that is used as
an indicator of wealth is determined from the actual collections during
the previous year. The collections from this source during the 1965-66
school year were $30,624,890. The amount charged against a school dis-
trict from the funds received from this source by the county in which
it is located is computed from the average daily membership figure. The
only change from the present program is the use of average daily member-
ship rather than average daily attendance.

The charges for auto licenses are in reality fees in lieu of ad
valorem taxes on motor vehicles. Most states place an ad valorem tax
on these vehicles, and the revenue from this tax is a part of the prop-
erty tax receipts used to finance local government. Therefore, the
funds from this source in Oklahoma should be considered as local revenue
and should continue to be distributed to the school districts as in the
past.

The use of 50 percent of the federal funds received by school dis-
tricts from Public Law 874 as a measure of the wealth available to a
school district seems logical when the purpose of these funds is con-
sidered. The federal payments are justified primarily on the tax
exempt status of federal property. Since a large portion of the charge-
able income is derived from property taxes, some adjustments should be

made for these funds or districts receiving them will not support the foundation program in accordance with their ability.

One-half of the funds from this source actually received during the current year would be the amount charged against a school district. Since the totals for the state and the amounts for individual districts are not readily available for the current year, the amount received during the 1965-66 school year is used in this study. The total received by the districts eligible for these funds was $9,249,250. One-half of this total is $4,624,625.

State and local resources and responsibilities indicate that each division of government should provide approximately 50 percent of the total foundation program. The size of the mill levy necessary to insure that local districts provide one-half of the support for the basic program is determined from the following formula:

$$\frac{(.50 \times 450 \times \text{State ADM}) - (\text{Auto License Tax} + \frac{1}{2} \text{ P.L. 874 Funds})}{\text{Total State Valuation}}$$

When the appropriate amounts are substituted in the formula, it becomes:

$$\frac{(.50 \times 450 \times 576,011) - (30,624,890 + 4,624,625)}{3,521,193,620} =$$

$$\frac{129,602,475 - 35,249,515}{3,521,193,620} =$$

$$.02679$$

The above calculations indicate that 27 mills must be levied against the equalized assessed valuations of property to provide the necessary local support for the proposed program. These mills are levied on a county-wide basis, and the revenue is distributed on the basis of average daily membership. The procedure is the same as the present distribution of the four mill county levy except for the use

of average daily membership rather than average daily attendance.

Increasing the county-wide tax to 27 mills adds 10.36 mills to the

levy that is considered a part of the foundation program. This will

also mean that all of the property tax revenue that is charged to the

basic program is collected on a county-wide basis. Lindman (18, p. 21)

recommended this idea for the state of Oklahoma. He indicates the

benefits of this type of levy in the following quotation:

> Since the Minimum Program Income is prescribed by the state,
> local school boards exercise no discretion with respect to
> tax rates for this purpose. Under these conditions, increased
> use of the county-wide property tax has several advantages:
> (1) the property tax burden for the minimum program would be
> borne more uniformly by all property tax payers in the state,
> (2) tax rate advantages enjoyed in a few wealthy districts would
> be reduced, thus facilitating consolidation of school districts,
> and (3) the legislature could more readily reduce the county-
> wide property tax and substitute nonproperty taxes for the
> mandated county-wide property tax for the minimum program.

Another aspect of the proposed plan that constitutes a change

involving the valuation of property is the elimination of the present

exemption of $1,000 on every homestead. All millage is levied against

the total valuation of the county or school district. Most authorities

who have explored property taxation in Oklahoma have recommended either

complete or partial elimination of homestead exemption. Payne (45,

p. 149) suggests: "Repeal homestead exemption so that exempted home-

steads will be returned to the property tax rolls in the interest of a

larger tax base."

The assessment to sales ratios determined by the Oklahoma Tax

Commission are used to equalize the assessed valuations of property for

two reasons. First, it is obvious that property is not assessed uni-

formly throughout the state. Equalization of assessment must be accom-

plished either by a direct attack on the assessment practices or by

using a ratio study before an equalization program for the distribution
of state support to the public schools can function properly.

Second, the study by the Tax Commission is the only information
available for this purpose. This study was based on the transactions
in each of the counties during 1963, 1964, and 1965. The number of
transactions was often very limited. The study has some degree of
validity, but it was certainly not thorough enough to provide ratios
that are completely accurate. This ratio study leaves much to be
desired, but the need to use every possible means to equalize assess-
ments provides a valid reason for using it in the proposed distribution
plan.

There is a great need for major revisions in property taxation in
Oklahoma. It is evident that the ratios of assessed valuation to true
valuation are not the same within or between counties. The State Board
of Equalization has the legal authority to equalize property assess-
ments among counties at 35 percent of true value. This needs to be
accomplished, and the inequities within counties should be corrected
as soon as possible.

The authority of the Oklahoma Tax Commission should be extended so
that it can exercise greater control over local assessment. Munse (30,
p. 6) indicates:

> Assessments determined under State supervision appear to
> be the most satisfactory measure currently used in establish-
> ing local financial capacity. Inequities due to inadequate
> assessor training and differing attitudes may be eliminated
> through an effective plan for State supervision of assessments.
> This procedure also implies an improvement in the tax base
> through a closer approximation to market values and a recon-
> sideration of exemptions.

These suggested improvements and all other necessary steps should
be approached by using the best methods of property tax reform that are

currently available. There are many available sources of information
which describe in detail the necessary procedures for strengthening the
property tax. An excellent discussion of the development of desirable
practices is found in The Role of the States in Strengthening the Prop-
erty Tax, Vol. 1 and Vol. 2 by the Advisory Commission on Intergovern-
mental Relations (2).

Several items that are used as a part of the foundation program
income in the present program are not found in the measure of local
ability in the proposed plan. These missing items include: county
apportionment, gross production tax, intangible tax, state apportion-
ment, Rural Electric Co-operative Corporation Tax, transfer fees, and
miscellaneous revenues.

The gross production tax, the Rural Electric Co-operative Corpora-
tion Tax, and the state apportionment from the earnings of the state
school lands are in reality state revenues dedicated to public educa-
tion. The funds from these sources should go directly to the State
Department of Education for distribution to the school districts as a
part of the state support of the foundation program.

The county apportionment from the income raised by the real estate
mortgage tax and the miscellaneous revenues are not used as indicators
of wealth for two principal reasons. The first and most significant
reason is the smallness of the amount of money involved. The other
reason is the difficulty experienced by the Finance Division in deter-
mining the exact amount of the reported revenues that should be charged
against the district. Nonchargeable funds are often combined with
these amounts in the required reports.

The tax on intangible property is not used as a measure of fiscal

capacity because it is considered to be an unsatisfactory tax. The proposed plan eliminates this tax from the Oklahoma tax structure. The undesirable nature of the intangible tax has been suggested by many tax authorities. Sharp and Sliger (48, p. 285) indicate their feeling about this tax when they state:

> In fact, the problems of listing intangibles are so great that many students of taxation contend the only practical thing to do is eliminate this property classification from the base of the tax. Their contention is that if intangibles are not eliminated from the base, the tax is imposed only on an honest (or scared) minority.

Transfer fees paid to a receiving school district by the sending district are chargeable under the present plan. The exclusion of these payments in the proposed program is combined with a provision which specifies that the basis for the measure of educational need is resident average daily membership. This measure includes pupils resident in the district but attending the public schools in another district.

The sending district receives funds from the state for the transferred pupil on the same basis as its other students and is required to pay the entire transfer fee to the receiving district. The determination of the amount of the fee involves the same procedure as the present program. The fee is the per-capita expenditure, excluding transportation, from the previous year based on average daily membership. This basic figure is increased by eight percent to provide for the use of buildings already constructed. Allowances for transportation are based on the per-capita cost for transportation based on the average daily haul. The exclusion of dependent elementary school districts from the distribution plan would eliminate a great majority of the cases in which a pupil would attend school in a district other than his home district.

The Incentive Program

The second phase of the proposed program is designed to provide state support above the foundation program. This part of the plan is necessary to insure a completely satisfactory educational program for every student in the state. The first phase of the program provides funds to support a satisfactory basic educational program, but the differences in local wealth and the need for a more complete program make it desirable for the state to make additional payments to equalize the fiscal capacity of school districts.

The major objective of the incentive program is to encourage all districts to go beyond the foundation program by matching local effort with state funds on terms favorable to districts with a small amount of local ability. The local funds considered in this part of the program are limited to those raised from the district mill levy above the 27 mills levied on a county-wide basis. The local school dollars are matched in an inverse proportion to the district's equalized assessed valuation per pupil.

The incentive program involves the use of a percentage equalizing formula. It is very similar to the formula used in the New York Program. If RADM is used to represent resident average daily membership, the state support ratio is calculated from the following formula:

$$\text{State Support Ratio} = 1 - \left[\frac{\text{Equalized Assessed Valuation Per RADM in the District}}{\text{Average Equalized Assessed Valuation Per ADM in the State}} \times .50 \right]$$

The state support ratio can be applied to any amount above the foundation program that is desired. The Advisory Commission on

Intergovernmental Relations (1, p. 238) in its model state program sug-
gests that the maximum level for local and state support should be
$1,000 per pupil in average daily membership. This indicates the amount
of money that the Commission considers necessary to operate a model
educational program. In the model program the last 50 percent of this
total is raised from state and local sources on the basis of a formula
like the one used in the proposed incentive program.

The state support ratio for the sample districts in the proposed
plan for Oklahoma is multiplied by $200 to determine the maximum share
that the state would contribute to the incentive program. This amount
is decreased by 50 percent of the funds received by the district from
Public Law 874. This program raises the total financed by the state
and the local districts to $650. The application of this procedure to
the sample districts indicates the effects of this program on districts
that differ in the wealth available to provide local support for educa-
tion.

The $200 figure is certainly a worthy goal at the present time,
but it should be remembered that the state support ratio can be applied
to any figure. Therefore, the dollars involved in this program could
be increased by merely raising the amount that the state will help
support.

The state's share of the incentive program shall not be less than
a guaranteed 12.5 percent for any qualified district. This is a guar-
antee of $25 per pupil for qualified districts that provide the total
required local support. To qualify for the incentive program a dis-
trict shall offer an educational program for kindergarten through the
twelfth grade and have more than 500 pupils in resident average daily

membership.

All of the millage above the first 27 is levied by the individual
school district. The mill levies presently authorized by the statutes
and the Constitution are eliminated in the proposed plan. The present
levies are replaced with 27 mills levied on a county-wide basis, ten
mills that may be authorized by the Board of Education of the school
district, and an unlimited number of mills that may be authorized by a
majority of the electors of the district. This changes the presently
allowed total of 44 mills to an unlimited number.

A local levy on the equalized assessed valuation of 16.3 mills
entitles a district to receive the total amount of state funds author-
ized in the proposed program. This means that the total levy necessary
to entitle a district to receive all possible state funds is 43.3 mills
on its equalized assessed valuation. The major differences for a dis-
trict presently levying the allowed 44 mills are the elimination of the
homestead exemption and the use of the equalized assessed valuations.
The latter difference requires the county and district levies to go
above 43.3 mills on the assessed valuations if the assessment to sales
ratio of the county is less than the state average and less than 43.3
mills if the ratio is greater than the state average.

The equalization feature of the incentive program is evident from
the following examples. A poor district with only one-half of the
average state equalized assessed valuation per pupil receives three
state dollars for each local dollar raised to support a program up to
$200 above the foundation level. An average district is matched dollar
for dollar, and a wealthy district with twice the average tax base
receives only the guaranteed one dollar for every seven dollars raised

locally.

The attributes of the percentage equalizing formula have been dis-
cussed earlier in the presentation of Benson's ideas and in the summary
of the New York Program. It has the very desirable features of sim-
plicity, incentive, and equalization.

Selection of the Sample School Districts

The primary reason for the application of the proposed program to
the selected school districts is to provide information about the
effects of the plan on the various types of school systems. The size
and wealth of the districts are the main differences that need to be
considered. Therefore, these are the major criteria for the selection
of the sample school districts.

It is also important for the analysis of the data to provide
results that make it possible to determine the approximate financial
requirements on the state, but this information is not gained from the
selected districts. The cost to the state was determined by applying
the foundation program to all of the counties and by estimating the
state funds required for the incentive program from the total number
of students in the qualified districts.

There were 991 school districts in Oklahoma during the school year
of 1966-67. Four hundred and sixty-seven districts provided only ele-
mentary education and 524 districts included an educational program for
grades one through twelve. All of the districts in the latter group
were ranked according to the number of pupils in average daily member-
ship and the valuation per pupil in average daily membership. Since
the homestead exemption figures for the districts were not readily

available, the net assessed valuations that excluded the amount exempted for homesteads were used.

The districts were then divided into the 30 possible combinations of the size and wealth categories presented in Table I, page 94. One district was selected to represent each wealth category for the first five size categories except in the two cases where no such district existed. These districts were also selected from different counties to insure representation from the various parts of the state. These 23 districts represented the various classifications of size and wealth. The application of the distribution program to these districts provided results much like those which might be expected for other districts in the same combination of categories.

All of the 20 schools in the sixth size category were used since the number of students in these schools constituted such a large percentage of the pupils in the state. The 20 schools in this category had 48.5 percent of the students in the state. All of the selected districts had 52.8 percent of the pupils in the state.

The 43 selected school districts were listed by size, wealth, and county in Table II, page 95 and Table III, page 96. There were no districts in the combination of the fifth wealth category and the fourth and fifth size categories. This means that no district with over 1,000 pupils in average daily membership had a valuation per pupil of over $9,000. It is also significant that no district with over 2,000 students had a valuation per pupil of over $7,300.

Information concerning the number of districts and pupils in the state as well as the total property valuation of the state and the valuation per pupil in average daily membership in the state is

TABLE I

CRITERIA FOR THE SELECTION OF SCHOOL DISTRICTS

Size Categories	Pupils in ADM	Number of Districts
1. Small	1-249	184
2. Medium Small	250-499	163
3. Medium	500-999	92
4. Medium Large	1,000-1,999	46
5. Large	2,000-3,799	19
6. Very Large	3,800-over	20

Wealth Categories	Assessed Valuation Per Pupil in ADM	Number of Districts
1. Low	0-1,999	47
2. Below Average	2,000-3,999	182
3. Average	4,000-5,999	102
4. Above Average	6,000-8,999	82
5. High	9,000-over	111

TABLE II

THE TWENTY LARGEST SCHOOL DISTRICTS IN OKLAHOMA

District	County	Pupils in ADM	Wealth Classification	
			Number	Value per ADM
Tulsa	Tulsa	72,129	4	(7,274)
Oklahoma City	Oklahoma	69,632	3	(5,745)
Lawton	Comanche	18,361	2	(2,450)
Midwest City	Oklahoma	16,580	2	(2,492)
Putnam City	Oklahoma	14,288	3	(5,463)
Enid	Garfield	9,715	3	(5,026)
Muskogee	Muskogee	9,408	2	(3,710)
Bartlesville	Washington	8,659	3	(5,583)
Norman	Cleveland	7,574	3	(4,292)
Ponca City	Kay	6,899	4	(6,700)
Moore	Cleveland	5,698	2	(3,517)
Altus	Jackson	5,310	2	(2,878)
Duncan	Stephens	4,994	2	(3,551)
Shawnee	Pottawatomie	4,635	2	(2,816)
Ardmore	Carter	4,625	2	(3,398)
Sapulpa	Creek	4,286	2	(2,764)
Sand Springs	Tulsa	4,258	2	(3,732)
Stillwater	Payne	4,171	3	(4,530)
McAlester	Pittsburgh	4,039	2	(2,627)
Okmulgee	Okmulgee	3,823	2	(3,121)

TABLE III

SELECTED SCHOOL DISTRICTS FROM THE FIVE
LOWER SIZE CATEGORIES

District	County	Size Classification		Wealth Classification	
		Number	ADM	Number	Value per ADM
Choctaw	Oklahoma	5	(2,961)	1	(1,671)
Durant	Bryan	5	(2,244)	2	(3,106)
Miami	Ottawa	5	(3,313)	3	(4,640)
Woodward	Woodward	5	(2,483)	4	(6,022)
Burns Flat	Washita	4	(1,600)	1	(856)
Wewoka	Seminole	4	(1,338)	2	(3,024)
Lindsay	Garvin	4	(1,706)	3	(4,826)
Guymon	Texas	4	(1,947)	4	(7,191)
Vian	Sequoyah	3	(861)	1	(1,105)
Byng	Pontotoc	3	(736)	2	(2,989)
Hollis	Harmon	3	(914)	3	(4,515)
Sayre	Beckham	3	(775	4	(7,163)
Hennessey	Kingfisher	3	(830)	5	(9,818)
Grant	Choctaw	2	(489)	1	(1,613)
Sequoyah	Rogers	2	(368)	2	(3,116)
Minco	Grady	2	(463)	3	(4,812)
Geary	Blaine	2	(457)	4	(7,506)
Shattuck	Ellis	2	(471)	5	(11,001)
Riverside	McCurtain	1	(178)	1	(731)
Hanna	McIntosh	1	(219)	2	(3,036)
Thackerville	Love	1	(214)	3	(5,088)
Coyle	Logan	1	(217)	4	(7,210)
Lamont	Grant	1	(242)	5	(15,522)

TABLE IV

SELECTED FACTS CONCERNING ALL THE SCHOOL DISTRICTS
IN THE STATE AND THE SAMPLE SCHOOL DISTRICTS

Number of School Districts in the State

Elementary Districts	467
Districts (Grades 1-12)	524
Total	991

Number of Pupils in ADM in the State

Elementary Districts	27,911
Districts (Grades 1-12)	548,100
Total	576,011

Net Assessed Property Valuations in the State

Elementary Districts	$ 281,813,913
Districts (Grades 1-12)	2,766,991,902
Total	3,048,805,815

Valuation Per Pupil in ADM in the State

Elementary Districts	$10,096
Districts (Grades 1-12)	5,048
All Districts	5,292

Selected School Districts

Average Daily Membership	304,110	(52.8% of total)
Total Valuation	$1,561,865,113	(51.2% of total)
Valuation Per Pupil in ADM	5,135	

presented in Table IV, page 97. Also included in this table are the total average daily membership, the total valuation, and the valuation per pupil in average daily membership in the 43 selected school districts.

The program that has been developed is now applied to the selected districts and the counties as a part of the evaluation of the effectiveness of this plan for the distribution of state support in Oklahoma.

CHAPTER VI

APPLICATION OF THE PROPOSED DISTRIBUTION PROGRAM

The application of the proposed plan to the selected school dis-
tricts and to all of the counties is designed to determine the effects
on districts that differ in size and wealth and the total requirements
on the state. This application is presented in several tables which
indicate the procedure for the calculation of the amount of state sup-
port and the results of the various calculations.

The discussion of these tables is primarily designed to provide
adequate information to insure an understanding of the operation of the
program. This presentation consists of interpretation of the tables
and additional information about the program.

The Foundation Program

The application of the foundation program required several items
of information. The number of pupils in average daily membership was
needed to determine the educational need in the districts and the coun-
ties. The property valuations and the adjusted tax rates were used to
compute the ad valorem tax. The amount raised from the auto license
tax and one-half of the Public Law 874 Funds were added to the property
tax revenue to determine the ability of the district to support public
education. These items are presented in the first four tables in this
chapter.

The average daily membership of the counties is listed in Table V, pages 101-102. The number of pupils in the county is divided into students attending elementary school districts and those in districts with grades one through twelve. This break down into the two types of districts is primarily to provide information concerning the location of the elementary districts. The total average daily membership was used in the calculation of the educational need of the county.

Four aspects of the property valuations of the counties are presented in Table VI, pages 103-104. The amounts in the locally assessed column include the assessments of both real and personal property that were determined by popularly elected county assessors. The public service property valuations were uniformly established throughout the state by the State Board of Equalization. The homestead exemption figures indicate the amount that was excluded from taxation due to the law exempting $1,000 on every home owned by its occupant. This provision is eliminated in the proposed program, so the amount of ad valorem taxes charged against a county was determined by using the total valuation.

The method of adjusting for unequal assessments among counties is indicated in Table VII, page 105. The real estate ratio is the ratio of assessed to true value of taxable real property in each county. The proposed county-wide 27 mill tax rate was adjusted by dividing the state ratio of 21.30 by the county ratio. The quotient was then multiplied by 27 to determine the adjusted tax rate. The information in this table was based on an assessment to sales ratio study conducted by the Oklahoma Tax Commission in 1966 for the preceding three years.

The ad valorem tax that was used as a measure of wealth was

TABLE V

AVERAGE DAILY MEMBERSHIP OF THE COUNTIES

County	ADM of Elementary Districts	ADM of Districts With Grades K-12	Total ADM
Adair	1,523	2,443	3,966
Alfalfa	43	1,829	1,872
Atoka	580	2,131	2,711
Beaver	116	1,565	1,681
Beckham	49	3,632	3,681
Blaine	269	2,738	3,007
Bryan	254	5,197	5,451
Caddo	217	7,316	7,533
Canadian	262	6,170	6,432
Carter	313	9,019	9,332
Cherokee	1,722	2,684	4,406
Choctaw	379	3,383	3,762
Cimarron	0	1,164	1,164
Cleveland	404	14,741	15,145
Coal	245	1,166	1,411
Comanche	524	21,047	21,571
Cotton	0	1,692	1,692
Craig	165	2,859	3,024
Creek	804	9,295	10,099
Custer	35	4,679	4,714
Delaware	601	3,232	3,833
Dewey	52	1,425	1,477
Ellis	0	1,176	1,176
Garfield	562	11,901	12,463
Garvin	365	6,572	6,937
Grady	410	6,140	6,550
Grant	239	1,428	1,667
Greer	0	2,014	2,014
Harmon	0	1,441	1,441
Harper	126	1,313	1,439
Haskell	350	1,952	2,302
Hughes	200	3,068	3,268
Jackson	0	7,121	7,121
Jefferson	62	1,555	1,617
Johnston	371	1,699	2,070
Kay	691	11,061	11,752
Kingfisher	0	3,035	3,035
Kiowa	108	3,067	3,175
Latimer	173	1,708	1,881
LeFlore	786	7,256	8,042
Lincoln	373	4,121	4,494
Logan	242	3,661	3,903

TABLE V (Continued)

County	ADM of Elementary Districts	ADM of Districts With Grades K-12	Total ADM
Love	63	1,374	1,437
McClain	127	3,116	3,243
McCurtain	1,490	6,102	7,592
McIntosh	287	2,846	3,133
Major	261	1,429	1,690
Marshall	131	1,439	1,570
Mayes	651	4,688	5,339
Murray	213	2,143	2,356
Muskogee	1,147	13,424	14,571
Noble	85	2,141	2,226
Nowata	240	2,176	2,416
Okfuskee	504	2,480	2,984
Oklahoma	634	115,953	116,587
Okmulgee	301	8,168	8,469
Osage	833	4,754	5,587
Ottawa	252	6,586	6,838
Pawnee	326	2,114	2,440
Payne	651	7,292	7,943
Pittsburg	641	7,625	8,266
Pontotoc	541	5,446	5,987
Pottawatomie	721	8,736	9,457
Pushmataha	270	2,064	2,334
Roger Mills	0	691	691
Rogers	492	5,759	6,251
Seminole	411	5,890	6,301
Sequoyah	968	4,879	5,847
Stephens	642	8,642	9,284
Texas	119	3,720	3,839
Tillman	148	3,061	3,209
Tulsa	394	88,588	88,982
Wagoner	237	3,288	3,525
Washington	274	11,144	11,418
Washita	116	4,060	4,176
Woods	91	2,232	2,323
Woodward	35	3,354	3,389
TOTALS	27,911	548,100	576,011

TABLE VI

PROPERTY VALUATIONS OF THE COUNTIES*

County	Total Locally Assessed	Public Service	Total	Homestead Exemption
Adair	$ 6,262,302	$ 2,156,668	$ 8,418,970	$ 2,089,154
Alfalfa	24,825,019	4,337,835	29,162,854	1,835,426
Atoka	6,297,675	2,781,805	9,079,480	1,453,015
Beaver	16,840,011	23,325,155	40,165,166	1,429,165
Beckham	19,992,325	7,403,894	27,396,219	3,453,475
Blaine	18,997,613	3,546,804	22,544,417	2,398,302
Bryan	16,067,142	5,098,037	21,165,179	4,069,465
Caddo	30,296,806	13,970,538	44,267,344	4,538,576
Canadian	36,237,503	23,396,740	59,634,243	5,974,479
Carter	32,230,567	12,379,523	44,610,090	7,198,601
Cherokee	12,004,975	910,757	12,915,732	3,104,330
Choctaw	8,395,301	2,910,674	11,305,975	2,681,017
Cimarron	14,260,694	5,145,975	19,406,669	807,541
Cleveland	57,598,335	10,634,163	68,232,498	12,200,145
Coal	5,607,476	1,433,014	7,040,490	1,018,379
Comanche	61,163,565	8,993,424	70,156,989	13,908,175
Cotton	9,333,502	1,740,158	11,073,660	1,263,569
Craig	14,674,624	4,771,775	19,446,399	2,989,440
Creek	28,623,518	19,313,440	47,936,958	7,764,171
Custer	25,843,850	6,792,763	32,636,613	3,761,005
Delaware	14,584,842	1,203,305	15,788,147	2,777,550
Dewey	11,044,791	3,230,686	14,275,477	1,238,630
Ellis	11,726,907	3,212,069	14,938,976	1,317,449
Garfield	84,232,901	16,256,807	100,489,708	11,724,083
Garvin	26,322,363	13,215,571	39,537,934	5,201,937
Grady	29,022,419	12,066,969	41,089,388	5,921,715
Grant	24,310,408	5,554,847	29,865,255	1,801,885
Greer	10,976,911	1,216,801	12,193,712	1,762,258
Harmon	7,893,993	1,026,972	8,920,965	1,122,560
Harper	10,429,006	7,486,139	17,915,145	1,114,993
Haskell	6,952,285	2,394,413	9,346,698	1,783,910
Hughes	11,185,795	5,763,538	16,949,333	2,860,545
Jackson	26,573,698	4,565,134	31,138,832	4,322,023
Jefferson	9,615,228	3,194,573	12,809,801	1,369,784
Johnston	6,218,011	2,001,519	8,219,530	1,273,260
Kay	79,535,945	16,254,738	95,790,683	10,526,035
Kingfisher	29,047,385	5,651,761	34,699,146	2,486,750
Kiowa	19,967,215	6,143,469	26,110,684	2,690,923
Latimer	5,045,623	2,950,409	7,996,032	1,281,336
LeFlore	14,665,711	7,690,143	22,355,854	4,849,240
Lincoln	14,215,631	12,782,646	26,998,277	3,646,347
Logan	19,671,250	10,503,350	30,174,600	3,468,935

TABLE VI (Continued)

County	Total Locally Assessed	Public Service	Total	Homestead Exemption
Love	$ 5,237,604	$ 3,025,716	$ 8,263,320	$ 1,000,604
McClain	11,760,541	6,005,453	17,765,994	2,398,256
McCurtain	15,672,613	3,189,752	18,862,365	3,853,577
McIntosh	7,600,702	2,535,826	10,136,528	1,840,479
Major	15,452,009	3,579,593	19,031,602	1,718,415
Marshall	6,663,838	1,761,409	8,425,247	1,380,774
Mayes	19,708,671	3,878,554	23,587,225	4,180,135
Murray	8,253,093	6,984,769	15,237,862	1,933,437
Muskogee	52,937,588	19,889,531	72,827,119	11,318,667
Noble	16,955,567	5,775,195	22,730,762	2,114,248
Nowata	10,942,475	2,786,103	13,728,578	2,248,455
Okfuskee	7,744,310	7,471,445	15,215,755	1,730,690
Oklahoma	616,484,640	96,075,886	712,560,526	104,210,560
Okmulgee	26,200,299	8,615,782	34,816,081	6,461,543
Osage	35,118,438	17,209,624	52,328,062	5,605,459
Ottawa	27,741,308	5,634,750	33,376,058	5,452,177
Pawnee	9,916,160	4,158,453	14,074,613	1,962,155
Payne	40,496,623	9,446,144	49,942,767	7,709,322
Pittsburg	21,923,306	8,101,867	30,025,173	6,162,265
Pontotoc	27,567,733	7,014,552	34,582,285	5,528,010
Pottawatomie	26,044,160	10,179,921	36,224,081	8,227,476
Pushmataha	7,907,265	1,978,455	9,885,720	1,862,950
Roger Mills	8,033,290	1,416,305	9,449,595	1,026,565
Rogers	21,727,660	18,868,870	40,596,530	4,654,965
Seminole	16,938,525	6,772,076	23,710,601	4,429,200
Sequoyah	8,704,580	4,220,247	12,924,827	3,934,540
Stephens	37,995,605	10,312,933	48,308,538	8,632,640
Texas	32,528,715	19,029,570	51,558,285	2,763,465
Tillman	22,006,781	2,376,894	24,383,675	2,533,433
Tulsa	579,233,496	77,656,908	656,890,404	75,992,340
Wagoner	13,808,437	4,040,669	17,849,106	3,324,167
Washington	60,045,037	9,654,197	69,699,234	9,700,931
Washita	20,739,545	4,251,115	24,990,660	2,558,276
Woods	20,967,979	8,750,225	29,718,204	2,567,786
Woodward	24,929,280	8,356,836	33,286,116	2,890,265
TOTALS	$2,804,778,994	$716,414,626	$3,521,193,620	$472,387,805

*(44, pp. 119-121)

TABLE VII

PROPOSED COUNTY TAX RATE BASED ON 27 MILLS ADJUSTED
FOR UNEQUAL ASSESSMENTS AMOUNG COUNTIES

County	Real Estate Ratio	Adjusted Tax Rate	County	Real Estate Ratio	Adjusted Tax Rate
Adair	20.78	27.68	Logan	21.13	27.22
Alfalfa	22.62	25.42	Love	19.34	29.74
Atoka	18.88	30.46	McClain	19.80	29.04
Beaver	18.75	30.67	McCurtain	22.48	25.58
Beckham	20.60	27.92	McIntosh	20.56	27.97
Blaine	20.62	27.89	Major	20.81	27.63
Bryan	21.43	26.84	Marshall	19.29	29.81
Caddo	18.12	31.74	Mayes	20.07	28.65
Canadian	18.54	31.02	Murray	23.31	24.67
Carter	22.74	25.29	Muskogee	23.97	23.99
Cherokee	21.64	26.57	Noble	20.11	28.60
Choctaw	23.18	24.81	Nowata	25.85	22.25
Cimarron	20.88	27.54	Okfuskee	22.54	25.51
Cleveland	22.01	26.13	Oklahoma	21.95	26.20
Coal	25.19	22.83	Okmulgee	22.69	25.34
Comanche	17.66	32.56	Osage	24.17	23.79
Cotton	17.67	32.55	Ottawa	23.99	23.97
Craig	22.13	25.98	Pawnee	21.65	26.56
Creek	22.64	25.40	Payne	20.61	27.90
Custer	18.75	30.67	Pittsburg	20.62	27.89
Delaware	20.90	27.52	Pontotoc	22.39	25.69
Dewey	19.90	28.90	Pottawatomie	19.10	30.11
Ellis	19.33	29.75	Pushmataha	26.96	21.33
Garfield	19.07	30.16	Roger Mills	16.01	35.92
Garvin	21.10	27.25	Rogers	23.03	24.97
Grady	21.95	26.20	Seminole	23.87	24.09
Grant	19.90	28.90	Sequoyah	25.10	22.91
Greer	19.79	29.06	Stephens	21.41	26.86
Harmon	18.92	30.39	Texas	21.29	27.01
Harper	19.52	29.46	Tillman	17.12	33.59
Haskell	19.73	29.15	Tulsa	26.75	21.50
Hughes	23.59	24.38	Wagoner	20.68	27.81
Jackson	16.28	35.32	Washington	23.47	24.50
Jefferson	19.38	29.67	Washita	19.42	29.61
Johnston	19.58	29.37	Woods	16.84	34.15
Kay	19.04	30.20	Woodward	21.96	26.19
Kingfisher	25.13	22.88			
Kiowa	17.19	33.45			
Latimer	19.46	29.55			
LeFlore	19.92	28.87			
Lincoln	20.21	28.46	State Average	21.30	27.00

determined by multiplying the adjusted tax rate for the county by the locally assessed property in that county and 27 mills by the public service valuation. The application of the adjusted tax rate to personal property as well as real property involved an assumption that the personal property was assessed at the same rate as real property since the ratios were based only on real property. The state-wide uniformity of the assessment of public service property made it possible to apply the standard rate to these valuations.

The amount of revenue that would be raised from the above procedure and the receipts for 1965-66 from the auto license tax are listed in Table VIII, page 107-108. These quantities were added to obtain the value of the local revenue determined on a county-wide basis. The only other source of revenue that was considered as a measure of wealth was one-half of the Public Law 874 Funds. The amount of these funds was considered on a state-wide basis by adding one-half of the total received to the sum of the county-wide collections. The table indicates that the total local support for the foundation program is $128,111,053.

The auto license tax is currently not available to the elementary districts. Since the provisions of this program would tend to eliminate these districts, the auto license tax was divided on the basis that all the students now attending elementary schools would be in districts with grades one through twelve. This caused the auto license tax revenue per pupil in a county to be slightly less because all of the students were considered rather than just those attending high school districts.

The amount of revenue from the two sources collected on a

TABLE VIII

LOCAL SUPPORT OF THE FOUNDATION
PROGRAM FOR EACH COUNTY

County	Ad Valorem Tax From 27 Mills Adjusted for Unequal Assessments	Auto License Tax	Total
Adair	$ 231,570	$ 112,493	$ 344,063
Alfalfa	748,174	130,100	878,274
Atoka	266,936	87,113	354,049
Beaver	1,146,263	102,680	1,248,943
Beckham	758,090	215,175	973,265
Blaine	625,607	160,608	786,215
Bryan	568,889	266,696	835,585
Caddo	1,338,826	330,400	1,669,226
Canadian	1,755,799	451,856	2,207,655
Carter	1,149,358	445,586	1,594,944
Cherokee	343,562	170,377	513,939
Choctaw	286,876	122,699	409,575
Cimarron	531,681	65,430	597,111
Cleveland	1,792,166	764,491	2,556,657
Coal	166,710	52,543	219,253
Comanche	2,234,308	885,089	3,119,397
Cotton	350,789	103,466	454,255
Craig	510,085	170,264	680,349
Creek	1,248,500	498,134	1,746,634
Custer	976,036	275,373	1,251,409
Delaware	433,864	172,657	606,521
Dewey	406,423	88,652	495,075
Ellis	435,601	82,875	518,476
Garfield	2,979,398	748,100	3,727,498
Garvin	1,074,105	326,757	1,400,862
Grady	1,086,195	351,873	1,438,068
Grant	852,552	127,560	980,112
Greer	351,843	96,305	448,148
Harmon	267,626	66,070	333,696
Harper	509,365	95,904	605,269
Haskell	267,308	77,607	344,915
Hughes	428,325	142,268	570,593
Jackson	1,061,841	302,714	1,364,555
Jefferson	371,538	88,212	459,750
Johnston	236,664	67,090	303,754
Kay	2,840,863	688,678	3,529,541
Kingfisher	817,202	188,417	1,005,619
Kiowa	833,777	184,777	1,018,554
Latimer	228,759	68,101	296,860
LeFlore	631,033	305,758	936,791
Lincoln	749,708	227,408	977,116
Logan	819,042	215,333	1,034,375

TABLE VIII (Continued)

County	Ad Valorem Tax From 27 Mills Adjusted for Unequal Assessments	Auto License Tax	Total
Love	$ 237,461	$ 60,489	$ 297,950
Major	523,588	112,241	635,829
Marshall	246,207	86,298	332,505
Mayes	669,374	227,395	896,769
McClain	503,673	158,469	662,142
McCurtain	487,029	222,652	709,681
McIntosh	281,059	114,756	395,815
Murray	392,192	126,407	518,599
Muskogee	1,806,990	672,909	2,479,899
Noble	640,859	146,956	787,815
Nowata	318,695	134,810	453,505
Okfuskee	399,287	98,274	497,561
Oklahoma	18,745,947	7,016,798	25,762,745
Okmulgee	896,542	378,038	1,274,580
Osage	1,300,127	441,361	1,741,488
Ottawa	817,098	348,254	1,165,352
Pawnee	375,651	132,026	507,677
Payne	1,384,902	489,279	1,874,181
Pittsburg	830,191	350,631	1,180,822
Pontotoc	897,608	320,717	1,218,325
Pottawatomie	1,059,047	499,430	1,558,477
Pushmataha	222,080	75,431	297,511
Roger Mills	326,796	56,191	382,987
Rogers	1,051,999	321,343	1,373,342
Seminole	590,895	292,696	883,591
Sequoyah	313,369	181,169	494,538
Stephens	1,299,011	493,562	1,792,573
Texas	1,392,399	238,025	1,630,424
Tillman	803,384	164,345	967,729
Tulsa	14,550,257	5,214,645	19,764,902
Wagoner	493,111	158,032	651,143
Washington	1,731,766	621,644	2,353,410
Washita	728,878	175,041	903,919
Woods	952,312	177,374	1,129,686
Woodward	878,532	193,478	1,072,010
Totals	$92,861,573	$30,624,855	$123,486,428
One-Half of State P.L. 874 Funds			4,624,625
GRAND TOTAL			$128,111,053

TABLE IX

STATE SUPPORT OF THE FOUNDATION
PROGRAM FOR EACH COUNTY

County	Local Income Per ADM	State Support Per ADM	State Support
Adair	$ 86.75	$363.25	$ 1,440,649
Alfalfa	469.16	-19.16	None
Atoka	130.59	319.41	865,920
Beaver	742.97	-292.97	None
Beckham	264.40	185.60	683,193
Blaine	261.46	188.54	566,939
Bryan	153.29	296.71	1,617,366
Caddo	221.58	228.42	1,720,687
Canadian	343.22	106.78	686,808
Carter	170.91	279.09	2,604,467
Cherokee	116.64	333.36	1,468,784
Choctaw	108.87	341.13	1,283,331
Cimarron	512.98	-62.98	None
Cleveland	168.81	281.19	4,258,622
Coal	155.38	294.62	415,708
Comanche	144.61	305.39	6,587,567
Cotton	268.47	181.53	307,148
Craig	224.98	225.02	680,460
Creek	172.95	277.05	2,797,927
Custer	265.46	184.54	869,921
Delaware	158.23	291.77	1,118,354
Dewey	335.18	114.82	169,589
Ellis	440.88	9.12	10,725
Garfield	299.08	150.92	1,880,915
Garvin	201.94	248.06	1,720,792
Grady	219.55	230.45	1,509,447
Grant	587.94	-137.94	None
Greer	222.51	227.49	458,164
Harmon	231.57	218.43	314,757
Harper	420.61	29.39	42,292
Haskell	149.83	300.17	690,991
Hughes	174.60	275.40	900,007
Jackson	191.62	258.38	1,839,923
Jefferson	284.32	165.68	267,904
Johnston	146.74	303.26	627,748
Kay	300.33	149.67	1,758,921
Kingfisher	331.34	118.66	360,133
Kiowa	320.80	129.20	410,210
Latimer	157.82	292.18	549,590
LeFlore	116.48	333.52	2,682,167
Lincoln	217.42	232.58	1,045,214
Logan	265.02	184.98	721,976

TABLE IX (Continued)

County	Local Income Per ADM	State Support Per ADM	State Support
Love	$207.34	$242.66	$ 348,702
Major	376.23	73.77	124,671
Marshall	211.78	238.22	374,005
Mayes	167.96	282.04	1,505,811
McClain	204.17	245.83	797,226
McCurtain	93.47	356.53	2,706,775
McIntosh	126.33	323.67	1,014,058
Murray	220.11	229.89	541,620
Muskogee	170.19	279.81	4,077,111
Noble	353.91	96.09	213,896
Nowata	187.70	262.30	633,716
Okfuskee	166.74	283.26	845,247
Oklahoma	220.97	229.03	26,701,920
Okmulgee	150.49	299.51	2,536,550
Osage	311.70	138.30	772,682
Ottawa	170.42	279.58	1,911,768
Pawnee	208.06	241.94	590,333
Payne	235.95	214.05	1,700,199
Pittsburg	142.85	307.15	2,538,901
Pontotoc	203.49	246.51	1,475,855
Pottawatomie	164.79	285.21	2,697,230
Pushmataha	127.46	322.54	752,808
Roger Mills	554.25	-104.25	None
Rogers	219.69	230.31	1,439,667
Seminole	140.23	309.77	1,951,860
Sequoyah	84.57	365.43	2,136,669
Stephens	193.08	256.92	2,385,245
Texas	424.70	25.30	97,126
Tillman	301.56	148.44	476,343
Tulsa	222.12	227.88	20,277,218
Wagoner	184.72	265.28	935,112
Washington	206.11	243.89	2,784,736
Washita	216.45	233.55	975,304
Woods	486.30	-36.30	None
Woodward	316.32	133.68	453,041

Total			$136,708,721
One-Half of State P.L. 874 Funds			-4,624,625
Difference			$132,084,096
Estimated Transportation Aid			8,000,000
TOTAL STATE SUPPORT			$140,084,096

county-wide basis was divided by the number of pupils in average daily membership to derive the local income per student. The method of using this information to determine the state support for each county is shown in Table IX, page 109-110.

Since the measure of educational need in the proposed program is $450 per student, the local income per pupil in average daily membership was subtracted from $450 to determine the state support per pupil. This figure was multiplied by the average daily membership of the county to obtain the state support for the county. The revenue from the state actually received by each county would be the state support for the county listed in Table IX decreased by one-half of the funds from Public Law 874 received by the districts in the county.

The amount of these federal funds that was chargeable against the local districts throughout the state was subtracted from the total of the state support column in this table. The estimated transportation aid paid by the state was then added to this difference to determine the total state support for the foundation program of $140,084,096. The comparable figure for the state support in 1965-66 was only $65,208,438.

The $8 million transportation aid estimate was developed from the following information about the present program. The amount of the transportation expenses paid by the state in 1965-66 was approximately $5 million. Four million dollars was the amount the state paid for the basic transportation support program which involved the use of pupil allowances based on the density factors. The other $1 million came from the multiplication of the 1.25 correction factor that is allowed by the present law by the amount allowed for the basic program.

The estimate of $8 million was determined by doubling the $4 million distributed from the basic transportation program since the proposed program increases the correction factor from 1.25 to 2.00. The actual expenditure for transportation during the 1965-66 school year was approximately $9 million. The amount of the estimated transportation aid and the actual expenditure total indicate that the state would support almost 90 percent of the transportation program.

The above procedure provides information about the effects of the proposed foundation program on each of the counties and an estimate of the financial requirements on the state. Table X, page 113, extends the application of the program to the sample school districts to determine the effect of this program on districts that differ in size and wealth.

The most significant figure from the previous tables used in the calculation of the state support for each of the selected districts is the state support per pupil in average daily membership presented in Table IX. This figure for the county in which the district is located was multiplied by the number of pupils in the district. This product was added to an amount equal to twice the present basic state allowance for transportation or the actual expenditures for transportation during the 1965-66 school year whichever was the lesser. This sum was then decreased by one-half the amount of the funds received by the district from the federal government due to the tax exempt status of federal property. The result was the total state support from the foundation program for the school district.

Table X indicates that the important factor in the determination of the state support for a district is not the valuation per pupil of

TABLE X

STATE SUPPORT FROM THE FOUNDATION PROGRAM
FOR THE SAMPLE SCHOOL DISTRICTS

District	ADM x Per Pupil Allowance for County	Transportation	½ of P.L. 874 Funds	State Support
Tulsa	$16,436,756	$153,750	$294,063	$16,296,443
Oklahoma City	15,947,816	74,130	605,574	15,416,372
Lawton	5,607,265	48,048	486,375	5,168,938
Midwest City	3,797,317	117,060	655,762	3,258,615
Putnam City	3,272,380	123,882	53,859	3,342,403
Enid	1,466,187	10,114	87,293	1,389,008
Muskogee	2,632,452	38,370	47,945	2,622,877
Bartlesville	2,111,843	44,870	None	2,156,713
Norman	2,129,733	23,944	63,574	2,090,103
Ponca City	1,032,573	54,264	None	1,086,837
Moore	1,602,220	56,730	61,221	1,597,729
Altus	1,371,997	18,397	160,392	1,230,002
Duncan	1,283,058	15,850	None	1,298,908
Shawnee	1,321,948	16,740	41,339	1,297,349
Ardmore	1,290,791	3,630	11,697	1,282,724
Sapulpa	1,187,436	37,573	None	1,225,009
Sand Springs	970,313	43,654	4,168	1,009,799
Stillwater	892,802	18,287	None	911,089
McAlester	1,240,578	13,213	35,546	1,218,245
Okmulgee	1,145,026	6,300	None	1,151,326
Choctaw	678,157	66,424	63,427	681,154
Durant	665,817	12,864	None	678,681
Miami	926,248	25,344	None	951,592
Woodward	331,927	23,452	None	355,379
Burns Flat	373,680	18,120	171,190	220,610
Wewoka	414,472	9,617	5,659	418,430
Lindsay	423,190	38,556	None	461,746
Guymon	49,259	19,182	None	68,441
Vian	314,635	29,299	9,151	334,783
Byng	181,431	30,636	None	212,067
Hollis	199,645	12,703	None	212,348
Sayre	143,840	19,488	None	163,328
Hennessey	98,487	21,801	None	120,288
Grant	166,812	18,920	None	185,732
Sequoyah	84,754	15,362	1,081	99,035
Minco	106,698	14,807	3,559	117,946
Geary	86,162	15,916	8,211	93,867
Shattuck	4,295	19,712	None	24,007
Riverside	63,462	2,312	None	65,774
Hanna	70,883	11,924	195	82,612
Thackerville	51,929	9,424	None	61,353
Coyle	40,140	10,224	None	50,364
Lamont	None	None	None	None
TOTALS	$72,216,414	$1,364,893	$2,871,281	$70,710,026

the district but the valuation per pupil of the county. In some districts this would make a great deal of difference in the state support received. The effects of using the assessment to sales ratios and charging the federal funds is also very clearly demonstrated.

The six tables presented above make it possible to understand the procedure for the application of the proposed foundation program. This program would provide the necessary funds to enable all of the districts in the state to develop adequate basic educational programs. It would require that the support for public education from the state be slightly over twice the amount presently distributed.

The Incentive Program

The incentive program would provide a method for the state to equalize the funds available to school districts above the level of the foundation program. The application of the incentive program to the sample school districts with more than 500 pupils in average daily membership is presented in the remaining tables in the chapter to demonstrate the procedure and also the effects of the program on these districts.

The method for determining the equalized valuations for the sample districts is presented in Table XI, page 116. The locally assessed value of personal and real property includes an estimate of the homestead exemption. This estimate was calculated by first determining the percentage that the amount of the homestead exemption in the county was of the valuation of the locally assessed property in the county. Then this percentage figure was multiplied by the locally assessed valuation of the district to determine the desired result. The use of

this estimate was necessary because the actual homestead exemption figures for each district were not readily available.

The locally assessed valuations were converted to the state average assessment to sales ratio of 21.30 percent to equalize the assessments of all the sample districts. This calculation was completed by dividing the ratio of the county in which the district is located into the state ratio. This quotient was multiplied by the locally assessed valuation of the district to determine the valuation converted to the state average. This amount was then added to the public service valuation of the district to determine the total equalized valuation.

This procedure gave the same type of information that was provided by adjusting the 27 mill tax rate for the foundation program. In the previous case the tax rate was adjusted and then multiplied by the actual valuation. In the calculation for the incentive program the valuation was adjusted. This equalized valuation could be multiplied by an equal mill levy for each district; the results would have the same effect as the method used in the foundation program. Either of these methods would have satisfactorily adjusted the amount charged to the counties in the foundation program.

However, it was necessary to determine the equalized valuation rather than the adjusted tax rate for the incentive program since this value was one of the required factors in the percentage equalizing formula used in this program. Table XII, page 117, indicates the necessary steps to complete the calculations involved in the following formula used in the incentive program:

TABLE XI

EQUALIZED VALUATIONS OF THE SAMPLE SCHOOL DISTRICTS

District	Valuation Locally Assessed*	Converted to 21.30% of Full Value	Public Service	Total Equalized Valuation
Tulsa	531,024,876	422,834,756	63,371,325	486,206,081
Oklahoma City	414,049,941	401,788,779	55,923,498	457,712,277
Lawton	49,675,683	59,914,599	6,609,504	66,524,103
Midwest City	44,213,660	42,904,355	4,576,160	47,480,515
Putnam City	88,186,293	85,574,837	4,762,933	90,337,770
Enid	47,761,345	53,346,425	7,695,723	61,042,148
Muskogee	37,322,476	33,165,143	5,547,081	38,712,224
Bartlesville	51,370,957	46,621,269	5,253,887	51,875,156
Norman	35,118,933	33,986,045	4,811,665	38,797,710
Ponca City	45,388,742	50,776,260	6,827,491	57,603,751
Moore	20,856,539	20,183,730	3,593,794	23,777,524
Altus	15,560,150	20,358,177	2,252,680	22,610,857
Duncan	20,057,119	19,954,053	2,226,116	22,180,169
Shawnee	14,338,049	15,989,547	3,240,482	19,230,029
Ardmore	16,793,651	15,730,199	2,671,118	18,401,317
Sapulpa	12,293,972	11,566,304	2,887,551	14,453,855
Sand Springs	14,501,149	11,546,708	3,295,261	14,841,969
Stillwater	20,994,753	21,697,628	1,898,887	23,596,515
McAlester	11,406,683	11,782,840	2,408,079	14,190,919
Okmulgee	12,690,124	11,912,706	2,369,301	14,282,007
Choctaw	4,170,313	4,046,808	1,482,709	5,529,517
Durant	6,641,598	6,601,296	2,011,649	8,612,945
Miami	17,280,338	15,342,688	1,481,513	16,824,201
Woodward	12,926,202	12,537,691	3,525,496	16,063,187
Burns Flat	1,093,802	1,199,679	410,682	1,610,361
Wewoka	3,811,679	3,401,269	1,146,558	4,547,827
Lindsay	6,668,985	6,732,184	2,881,030	9,613,214
Guymon	10,970,275	10,975,421	3,955,854	14,931,275
Vian	1,007,696	855,131	399,781	1,254,912
Byng	1,036,290	985,827	1,371,002	2,356,829
Hollis	4,072,706	4,585,016	631,042	5,216,058
Sayre	3,666,515	3,791,101	2,516,291	6,307,392
Hennessey	7,041,351	5,968,196	1,706,784	7,674,980

*Includes estimate of homestead exemption

TABLE XII

LOCAL AND STATE SUPPORT RATIOS FOR THE
SAMPLE SCHOOL DISTRICTS

District	Equalized Value Per RADM	Wealth Ratio Equalized Value Per RADM ÷ $6,113	Local Support Ratio .50 x Wealth Ratio	State Support Ratio 1 - Local Ratio
Tulsa	$6,740	1.102	.5510	.4490
Oklahoma City	6,573	1.075	.5375	.4625
Lawton	3,623	.592	.2960	.7040
Midwest City	2,863	.468	.2340	.7660
Putnam City	6,322	1.034	.5170	.4830
Enid	6,283	1.027	.5135	.4865
Muskogee	4,114	.672	.3360	.6640
Bartlesville	5,990	.979	.4895	.5105
Norman	5,122	.837	.4185	.5815
Ponca City	8,349	1.365	.6825	.3175
Moore	4,172	.682	.3410	.6590
Altus	4,258	.696	.3480	.6520
Duncan	4,441	.726	.3630	.6370
Shawnee	4,148	.678	.3390	.6610
Ardmore	3,978	.650	.3250	.6750
Sapulpa	3,372	.551	.2755	.7245
Sand Springs	3,485	.570	.2850	.7150
Stillwater	5,657	.925	.4625	.5375
McAlester	3,513	.574	.2870	.7130
Okmulgee	3,735	.610	.3050	.6950
Choctaw	1,867	.305	.1525	.8475
Durant	3,838	.627	.3135	.6865
Miami	5,078	.830	.4150	.5850
Woodward	6,469	1.058	.5290	.4710
Burns Flat	1,006	.164	.0820	.9180
Wewoka	3,398	.555	.2775	.7225
Lindsay	5,634	.921	.4605	.5395
Guymon	7,668	1.254	.6270	.3730
Vian	1,457	.238	.1190	.8810
Byng	3,202	.523	.2615	.7385
Hollis	5,706	.933	.4665	.5335
Sayre	8,138	1.331	.6655	.3345
Hennessey	9,246	1.512	.7560	.2440

$$\text{State Support Ratio} = 1 - \left[\frac{\begin{array}{c}\text{Equalized Assessed}\\ \text{Valuation Per RADM}\\ \text{in the District}\end{array}}{\begin{array}{c}\text{Average Equalized}\\ \text{Assessed Valuation Per}\\ \text{ADM in the State}\end{array}} \quad \text{x} \quad .50 \right]$$

The average equalized valuation per pupil in average daily membership in the state was derived by dividing the total state valuation of $3,521,193,620 by the 576,011 pupils in the state. This quotient, $6,113, was divided into the equalized assessed valuation per pupil in resident average daily membership to determine the wealth ratio for each district.

The next step in the calculation of the formula was to multiply this wealth ratio by 50 percent to determine the value of the indicated calculations inside the brackets in the above formula. This quantity was the local support ratio which was subtracted from the numeral "one" to determine the very important state support ratio.

This state support ratio could be applied to any amount above the foundation program established by the state as the maximum for the incentive program. The design of this program would also allow local districts to participate at any level at or below the maximum that they desire. The state support for the program would be determined by the number of mills levied in the local district. This feature provided the reason for the use of the word "incentive" in the name of the program.

In the application of the proposed program to the sample districts, $200 was selected as the maximum amount for the incentive program. Table XIII, page 120, indicates the number of mills that must be levied by each district to provide the required local support for the full $200 program.

The second column in this table indicates the amount of the $200 that would have to be raised locally. This figure resulted from multiplying the local support ratio by $200. The millage required to raise this amount was calculated by dividing the amount to be raised locally by the assessed valuation per pupil in average daily membership.

If the locally assessed valuations of the districts were actually equalized at the state average, the mill levy required for local support would be 16.3 mills. Since this was not the case, the required millage presented in this table for each district differed from 16.3 in relationship to the difference between the assessed and equalized valuation of property. The number of mills required to fully support the incentive program and the number necessary to support the foundation program for a school district may be added to determine the total millage that must be levied against the district's assessed valuation for local support of the total program.

The procedure for calculating the state support for the incentive program for each of the qualified districts is presented in Table XIV, page 121. The state support per pupil in average daily membership was multiplied by the average daily membership of the district. From this product one-half of the Public Law 874 Funds received by the district was subtracted to derive the total state support for the maximum incentive program.

The state support per pupil listed in this table was calculated from information from the preceding tables. This may be done by multiplying the state support ratio by $200 or by subtracting the amount of local support from $200. The table also indicates that the state support per pupil in all of the qualified sample districts was greater

TABLE XIII

MILLAGE REQUIRED IN THE SAMPLE DISTRICTS TO SUPPORT
THE INCENTIVE PROGRAM AT $200 PER PUPIL

District	Assessed Valuation Per ADM*	Local Support Ratio x $200	Millage Required For Local Support
Tulsa	$8,240	$110.20	13.3
Oklahoma City	6,749	107.50	15.9
Lawton	3,065	59.20	19.3
Midwest City	2,942	46.80	15.9
Putnam City	6,505	103.40	15.9
Enid	5,708	102.70	17.9
Muskogee	4,556	67.20	14.7
Bartlesville	6,539	97.90	14.9
Norman	5,272	83.70	15.8
Ponca City	7,568	136.50	18.0
Moore	4,291	68.20	15.8
Altus	3,354	69.60	20.7
Duncan	4,462	72.60	16.2
Shawnee	3,792	67.80	17.8
Ardmore	4,208	65.00	15.4
Sapulpa	3,542	55.10	15.5
Sand Springs	4,179	57.00	13.6
Stillwater	5,488	92.50	16.8
McAlester	3,420	57.40	16.7
Okmulgee	3,939	61.00	15.4
Choctaw	1,909	30.50	15.9
Durant	3,856	62.70	16.2
Miami	5,663	83.00	14.6
Woodward	6,625	105.80	15.9
Burns Flat	940	16.40	17.4
Wewoka	3,705	55.50	14.9
Lindsay	5,597	92.10	16.4
Guymon	7,666	125.40	16.3
Vian	1,634	23.80	14.5
Byng	3,270	52.30	15.9
Hollis	5,146	93.30	18.1
Sayre	7,977	133.10	16.6
Hennessey	10,539	151.20	14.3

*Includes estimate of homestead exemption

TABLE XIV

STATE SUPPORT FROM THE INCENTIVE PROGRAM
FOR THE SAMPLE SCHOOL DISTRICTS

District	State Support Per ADM	Pupil Allowance x ADM	½ of P.L. 874 Funds	State Support
Tulsa	$ 89.80	$6,477,184	$294,063	$6,183,121
Oklahoma City	92.50	6,440,960	605,574	5,835,386
Lawton	140.80	2,585,228	486,375	2,098,853
Midwest City	153.20	2,540,056	655,762	1,884,294
Putnam City	96.60	1,380,220	53,859	1,326,361
Enid	97.30	945,269	87,293	857,976
Muskogee	132.80	1,249,382	47,945	1,201,437
Bartlesville	102.10	884,083	None	884,083
Norman	116.30	880,856	63,574	817,282
Ponca City	63.50	438,086	None	438,086
Moore	131.80	750,996	61,221	689,775
Altus	130.40	692,424	160,392	532,032
Duncan	127.40	636,235	None	636,235
Shawnee	132.20	612,747	41,339	571,408
Ardmore	135.00	624,375	11,697	612,678
Sapulpa	144.90	621,041	None	621,041
Sand Springs	143.00	608,894	4,168	604,726
Stillwater	107.50	448,382	None	448,382
McAlester	142.60	575,961	35,546	540,415
Okmulgee	139.00	531,397	None	531,397
Choctaw	169.50	501,889	63,427	438,462
Durant	137.30	308,101	None	308,101
Miami	117.00	387,621	None	387,621
Woodward	94.20	233,898	None	233,898
Burns Flat	183.60	293,760	171,190	122,570
Wewoka	144.50	193,341	5,659	187,682
Lindsay	107.90	184,077	None	184,077
Guymon	74.60	145,246	None	145,246
Vian	176.20	151,708	9,151	142,557
Byng	147.70	108,707	None	108,707
Hollis	106.70	97,523	None	97,523
Sayre	66.90	51,847	None	51,847
Hennessey	48.80	40,504	None	40,504
TOTALS		$32,621,998	$2,858,235	$29,763,763

than the guaranteed $25.

The total state support for the maximum incentive program for all of the 177 districts that have more than 500 pupils was approximated by multiplying the number of students in these schools by $100 and then deducting one-half of the funds received by these districts from Public Law 874. The estimated number of pupils in the qualified districts was 454,687. This was determined by adding the average daily membership for all of the qualified districts. Since most of the elementary school districts would be eliminated by the proposed program, an estimate of the number of these students that would attend the qualified districts was needed.

The estimated number was determined by multiplying the total number of students in the elementary districts, 27,911, by 83 percent which was the percentage of students in the high school districts attending the qualified districts. The product was 23,166 which was added to the 454,687 students in the qualified districts to obtain a sum of 477,853 students.

This total indicates that the estimated cost to the state for the incentive program is $47,785,300 decreased by 50 percent of the Public Law 874 Funds. One-half of these federal funds received by the qualified districts amounted to approximately $4,500,000 in 1965-66. Therefore, the estimated maximum state support for this program is $43,285,300. This number of students was used as the estimate of the number of pupils that would be in the qualified districts when the elementary districts are eliminated by reorganization. The figure would be increased by the reorganization of high school districts with less than 500 pupils. After some of these changes have occurred, it will

very likely be desirable to raise the required number of students to a higher number to encourage additional reorganization.

The application of the proposed program has been completed by the use of the tables which have been presented and analyzed in this chapter. These tables indicate the effects of the foundation program on every county in the state and all of the sample school districts and the effects of the incentive program on the sample districts with more than 500 pupils. The total support for both aspects of the program from both state and local sources is also presented. This information provides an adequate picture of the effects that the program would have on the school districts throughout the state.

The program that has been applied to the counties and the sample school districts is evaluated in the final chapter to determine how well it satisfies the desired qualities of a state support program. Three of these qualities that are of particular interest are simplicity, incentive, and equalization. The last chapter also includes proposed changes in the Oklahoma Statutes and Constitution that would be necessary to put this program into operation. Some of the proposed changes apply directly to this program, but several of the recommendations involve procedures that would be desirable in any type of distribution program that the State of Oklahoma might adopt.

CHAPTER VII

EVALUATION OF THE PROPOSED PROGRAM
AND RECOMMENDATIONS

Evaluation

The evaluation of the proposed distribution program is based on the

eight principles that were presented in the first chapter as guides to

the solution of the fiscal needs of the public schools. These princi-

ples provide an excellent basis for an examination of the effectiveness

of a total financial program supported from local, state, and federal

sources. All of the principles are utilized in the evaluation even

though some of them do not directly apply to the proposed program since

it is limited to the distribution of state support for current expense.

The first principle indicates that the financial support of public

education should be shared by all citizens and all levels of government.

The proposed program provides substantial support of education from both

local and state sources. The amount of state support is greatly

increased, and all the state funds are distributed on an equalization

basis. The county-wide property tax in the foundation program also

introduces equalization at the local level. This equalization of finan-

cial support must be present if citizens throughout the state are to be

able to provide equal educational opportunity with the same amount of

effort.

The necessity of recognizing the complex needs of all the different

types of school systems in the development of a state program is suggested by the second principle. The pupil unit without any weighting does not allow for all of the educational needs of a school district. Therefore, the foundation program alone is not sufficient to satisfy the needs for special education, vocational education, adult education, and the other services necessary for a wide range of students.

If only the first phase of the program is adopted, additional support for these special services would definitely need to be provided. The incentive program would solve the problem to a great extent by allowing districts to raise the funds required for these programs by levying additional millage which would be matched by the state on the basis of the state support ratio. At the present time the $200 figure in the incentive program should provide adequate support for the special needs of all the school systems in the state.

The third principle involves the idea that the measure of local ability to support education should be in terms of the total tax burden of local government. The total burden of local government was considered in the decision to divide the support for the program between the school district and the state at the 50 percent level. However, this principle is not entirely satisfied since the additional tax burden of the cities and towns for the support of their various activities is not considered in determining the measure of the ability of the school district to support the educational program.

The importance of local boards of education being free from unreasonable restrictions is emphasized by the fourth principle. One of the strong points of both the pupil unit and the percentage equalizing grant is that they leave boards of education free to make decisions

concerning the operation of the school systems they serve. Therefore, both phases of the program satisfy this principle in very excellent fashion.

The fifth principle indicates that school districts should have direct access to taxes which can be administered best locally and indirect access to taxes which can be administered best at the state level. The property tax is the most important local tax and is often considered to be the only tax for public education suitable for collection at the local level.

The proposed program fulfills the requirements for a desirable division of tax bases between the state and local governments. The property tax is the only tax administered locally. The auto license tax, which is collected as a personal property tax in most states, is the only revenue collected by the state that is considered to be a local revenue. Other state revenues dedicated to public education are distributed through the equalization program. This recommended change provides the best method for giving the school districts indirect access to state funds.

The sixth principle stresses the importance of the state fiscal plan including objective procedures for providing adequate funds for operating expenses and capital outlay and debt service payments. One-half of this goal does not apply to this study since only operating expenses are considered in this program. Objective procedures and adequate funds for current expenses are definitely present in the total program.

It would be possible and desirable to develop a program for the distribution of state support for capital outlay by using the

percentage equalizing formula in the incentive program. The district's state support ratio that is determined from this formula could be applied to the total amount for capital outlay that the state would support.

This type of program would involve a sizable state expenditure for public education above that which is suggested in the proposed program. It is more vital at the present time to develop an adequate program for the support of operating expenses, but an additional state program for capital outlay is certainly needed and should be developed as soon as possible. If equalization of educational opportunity is to become a complete reality, state support for capital outlay must be a part of the total program.

The seventh principle suggests that the federal government should participate in the support of public education. There is much disagreement about the role of the federal government in supporting education, but many educators have indicated that they would prefer general support rather than the present support for special activities. If the federal government ever provides general support to be distributed by the state, the funds should be utilized as a direct part of a program like the one proposed in this study.

The design of the suggested state program leaves all of the special funds currently received from the federal government except those received in lieu of property tax to provide support above the state program. Since these funds are not directly involved in the proposed program and the participation of the federal government is not considered, this principle does not have direct application to this study. However, federal involvement in the support of education is extremely

important. The possibility of adequately financing a completely satis-
factory educational program may well hinge on federal funds and the
methods by which they are distributed.

The importance of keeping the financial support of education
responsive to the fluctuations in the price structure of the economy is
indicated by the eighth principle. The formula in the incentive pro-
gram provides a satisfactory method of allowing for these fluctuations.
For several years there has been a constant increase in the costs of
goods and services. If this inflationary trend continues, it is very
likely that the $200 figure in the incentive program would not be suf-
ficient for any length of time. The best way to satisfy this principle
would be to place no limit on the amount above the foundation program
that the state would share in supporting. Otherwise, it is very prob-
able that the upper limit will need to be continually revised upward.

The above principles for financing public education that are
directly applicable to the proposed distribution program are adequately
satisfied by the procedures suggested in this plan. It is not possible
to develop an ideal program since perfect measures of educational need
and fiscal capacity have not yet been determined. The measures of
these two basic elements used in the proposed program satisfy more of
the principles than any of the other possible measures.

Three very important characteristics of a desirable state distri-
bution program are the simplicity of the plan, the incentive to the
local school district, and the equalization of effort among districts.
The pupil unit and the percentage equalizing formula provide the
desired simplicity in both aspects of the plan. Incentive to raise
more local revenue for education is an integral part of the second

phase of the program. Equalization of effort is achieved at the county

level by the county-wide property tax. It is accomplished at the state

level by the use of equalized assessed valuations as the measure of

wealth and the proposed frontal attack on assessment practices on a

state-wide basis.

Public education in Oklahoma definitely needs to be funded at the

level suggested in this study, but this may not presently be possible.

Both the foundation program and the incentive program could be financed

at a lower level without distorting the overall idea of the plan. The

formulas involved in both programs would work as satisfactorily if

smaller figures are used. It would also be possible to utilize the

first phase of the program without the second, and then add the second

at a later date.

These possibilities are significant since the total program re-

quires a tremendous increase in state expenditures for public education.

This large amount of additional revenue may not all be available imme-

diately, but it is extremely important that every effort be made to

reach the recommended amounts as soon as possible.

Adequate state funds are of great importance to the educational

programs of the school districts throughout the state. However, this

is not the only important aspect of a state program for financing pub-

lic education. The distribution plan must also be considered very

carefully if the support from the state is to be utilized most effec-

tively. The program developed in this study provides the necessary

procedures to insure that the distribution of state funds will success-

fully equalize educational opportunity and provide incentive for addi-

tional local support of education.

Recommendations

The first two groups of recommendations indicate the changes in the Oklahoma Constitution and Statutes that would be necessary to implement the proposed distribution program. The general recommendations suggest possibilities for further study and additional actions that would be necessary for the program to function properly.

Constitution

1. The method of distributing the earnings from the state school lands should be repealed so that the distribution of these funds may be prescribed by the statutes.

2. The present authorized millage levies should be repealed so that the number of mills allowed in the various proposed levies may be dictated by the statutes.

3. An amendment which would provide that there shall be no upper limit on the number of mills that a local district can levy for the support of public education should be passed.

4. The provision that the amount of revenue from ad valorem taxes which a district may be required to use to finance its state guaranteed program shall not be in excess of the net proceeds from a tax levy of 15 mills on the net assessed valuation of the district should be repealed.

5. The provision that not more than 75 percent of the amount of revenue received by a school district from the proceeds of the four mill county levy shall be required to finance the state guaranteed program of the district should be repealed.

Statutes

1. The measures of educational need in the present foundation program should be replaced by a measure based on a pupil unit. The proposed foundation program would use the resident average membership multiplied by $450 plus an allowance for transportation twice the amount of the present basic allowance as the measure of need.

2. The average daily attendance presently used as the legal measure of the number of students should be replaced by average daily membership. The average daily membership of the preceding year should be used to determine the educational need, but provisions should be made for adjustments for increases in membership during the current year.

3. A kindergarten program should be required in every school system, and the state should share in its support. Each kindergarten pupil should be weighted as one-half of a full-time student.

4. The present state teacher salary schedule should be replaced by a single sentence which states that no certificated employee of a school district shall be paid less than $6,000 annually.

5. Only districts that include kindergarten through the twelfth grade should be considered in the distribution of state funds.

6. The present local revenues that are listed as chargeable income should be replaced by three indicators of wealth. These proposed measures are 27 mills levied on a county-wide basis multiplied by the total equalized assessed valuation of property, the auto license and farm truck tax collected during the preceding year, and one-half of the funds from Public Law 874 received during the current year. The revenues from the first two sources would be distributed to the school districts in the county on the basis of average daily membership.

7. The present equalized assessed valuations indicate that the following millage levies should be authorized: 27 mills levied on a county-wide basis, 10 mills that may be authorized by the Board of Education of the school district, and an unlimited number of mills that may be authorized by a majority of the electors of the district voting on a proposed levy.

8. The present method of distributing the gross production tax and the Rural Electric Co-operative Corporation Tax should be repealed.

9. Provisions should be made that would provide for the revenue from the state school land, the gross production tax, and the Rural Electric Co-operative Corporation Tax to go directly to the State Department of Education for distribution to the school districts as a part of the state support for the foundation program.

10. The intangible personal property tax should be repealed.

11. The $1,000 exemption on homesteads should be repealed to return exempted homesteads to the property tax rolls in the interest of a larger tax base.

12. The procedures involved in the payment of transfer fees by the state should be changed to coincide with the use of resident average daily membership as the measure of the number of students. This measure includes pupils resident in the district but attending the public schools in another district. The sending district should receive funds from the state for the transferred pupil on the same basis as its other students and should be required to pay the entire transfer fee to the receiving district. The amount of the fee should be determined by the procedure used in the present program.

13. The following percentage equalizing formula should be

established as the basis for the distribution of state funds for the
incentive program:

$$\text{State Support Ratio} = 1 - \left[\frac{\begin{array}{c}\text{Equalized Assessed} \\ \text{Valuation Per} \\ \underline{\text{RADM in the District}}\end{array}}{\begin{array}{c}\text{Average Equalized} \\ \text{Assessed Valuation} \\ \text{Per ADM in the State}\end{array}} \times .50 \right]$$

14. The state support ratio calculated from this formula should be
multiplied by $200 to determine the maximum share that the state will
contribute to the incentive program. Local school districts should be
allowed to participate at any level at or below the maximum that they
desire. The amount of revenue raised by the millage levied in a dis-
trict would determine the state support for the incentive program in
that district.

15. The state support determined by the application of this for-
mula should be decreased by 50 percent of the funds received by the
district from Public Law 874.

16. A district should be required to offer an educational program
for kindergarten through the twelfth grade and have more than 500
pupils in resident average daily membership to qualify for state sup-
port from the incentive program.

17. The state's share of the incentive program should not be less
than a guaranteed 12.5 percent for any qualified district.

Future Study and Additional Needed Actions

1. The possibilities for the state support of transportation,
special education, and capital outlay should be thoroughly investi-
gated.

2. The state income tax and sales tax should be examined very

carefully to determine the possibility of increasing the revenue from these sources.

The revenue from the income tax could be doubled and the state sales tax could be increased from two cents to three cents without creating an excessive burden on the taxpayers of the state. The Oklahoma Tax Commission (44, p. 22) indicates that for the 1965-66 fiscal year the income tax collections were $57,570,285.74 and the state sales tax receipts were $70,471,943.06. The first figure suggests that doubling the income tax would provide approximately $57 million. The one cent sales tax increase would raise about $35 million. This approximate total increase of $92 million would provide additional revenue that is needed to support public education and the many other programs that depend on state funds for their support.

3. A very thorough study should be made to determine all other possibilities for raising additional state revenue.

4. The practice of earmarking a large percentage of the state revenues should be carefully examined. The supporters of public education should be willing to give serious consideration to relinquishing the funds earmarked for education if all earmarking of state funds could be eliminated.

5. The assessed valuations of property should be equalized both within and between counties at 35 percent of true value. This equalization of property valuations should be accomplished by using the best available methods of property tax reform. There should be a state-wide reassessment of both real and personal property under the direction of the Oklahoma Tax Commission. The authority of the Commission in connection with local assessment should be extended, and its staff should

be increased to provide enough manpower to reassess all property sub-
ject to taxation. The method of selecting the county assessor should
be changed to remove him from the local influences involved in the
present elective position.

If the ratio of assessed value to true value could be increased
from the present 21.30 percent to 35 percent, the number of mills
levied could be greatly reduced with no reduction of local revenue.
For example, 16 mills levied on the valuations at 35 percent of true
value would provide the same amount of revenue as the 27 mills levied
on the present valuations for the support of the proposed foundation
program.

6. A detailed study which would determine the best possible pro-
cedures of instigating property tax reform in Oklahoma should be devel-
oped immediately.

7. If assessed valuations of property are not equalized, then a
comprehensive study should be made to determine the ratio of the
assessed value to true value in each county. The findings of this
ratio study should be utilized to determine the equalized assessed
valuation of property for the distribution of state support to public
education.

8. The Finance Division of the State Department of Education
should recommend regulations concerning the distribution program to the
State Board of Education based on the suggested provisions in the Con-
stitution and the Statutes. These proposed regulations should be
adopted to insure that the distribution of state funds for public
education would be a very well organized operation.

The program proposed in this study would provide adequate financial

support of current expense for public education in Oklahoma and a desirable method for the distribution of this support. The suggested improvements are certainly needed, but the adoption of a new program, particularly one that requires a sizable increase in revenue, is never an easy task. A new financial plan for the public schools of Oklahoma will become a reality only if it is acceptable to the various groups interested in public education and the individuals within these groups make a concerted effort to support the program.

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