

AN ANALYSIS OF CERTAIN ASPECTS OF THE  
FINANCIAL SUPPORT OF THE SCHOOL  
DISTRICTS OF OKLAHOMA

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## CHAPTER I

### INTRODUCTION

#### Nature and Statement of the Problem

When Oklahoma became a state November 16, 1907, one of the problems the Constitutional Convention had to deal with was the problem of providing adequate financing for the public schools of the new State.

William H. Murray, President of the Convention, and later, Governor of Oklahoma, reported (1945) that the issue of adequate finance for the schools of the new State was an issue before the Constitution.

Article X of the new Oklahoma Constitution was reported out of the taxation committee with the State, rather than the local school district, being the finance unit for schools. The article was amended from the floor of the Convention and adopted with the local school district as the finance unit for schools.

Financing for the schools was provided by levying taxes on the ad valorem property located within the school district boundaries. The value of this ad valorem property, and therefore, the amount of tax revenues generated by the tax on the property, was allowed to vary among and between the districts. Even at this time, districts with railroads or other industrial property, were able to finance schools with relative ease, while other districts were not able to provide enough revenue to finance schools for a "minimum term" as provided for by law.

Schools cost money. Facilities, personnel, supplies, buildings, transportation, and utilities are necessary to, and subject to purchase by the school districts. The educational offering of the school district is determined by the amount of money available to the district to purchase all the necessary items. A school district may desire to offer additional programs to students in order to fulfill educational needs, but unless adequate money is available to purchase the necessary items, the district cannot offer the program.

Today, in Oklahoma, one school district has \$149,000.00 assessed valuation per student while another district has less than \$750.00 assessed valuation per student (Annual Statistical Report, 1972-73). Therefore, some school districts have greater "ability" to support education locally than others.

The Legislature (1973) has developed and implemented an educational finance system to reduce these disparities in the ability of school districts to support education and provide a basic education for all students of Oklahoma.

The 1973 Foundation Aid Program for Oklahoma guarantees a basic level of support for each school district. The elementary students are supported at \$265.00, and secondary students are supported at \$318.00 per student.

Each district receives income from "designated revenues" that are treated as chargeable income against this basic level of support. These "designated revenues" are income from 15 mills of the ad valorem property tax, auto license tax, gross production tax, state school land earnings, and Rural Electric Co-op taxes. These "designated revenues" are subtracted from the basic support level of \$318.00 and \$265.00 per

student. If the designated revenues are greater than the basic support level, the district receives no aid under this section. Financially "weak" school districts could receive the maximum aid under this section of the program.

Additional supplemental revenues, called flat grants, are given to districts to support vocational programs, support special educational programs, support kindergarten programs, and help provide for school transportation costs. Some financially "weak" school districts do not have the special education programs, some do not have the kindergarten programs, and some do not have the vocational programs. A district could receive no aid under this section except for the transportation cost aid. The revenues received from the flat grant section are then added to the section which is called basic support. This is foundation aid for the school districts of Oklahoma.

In addition to the school district foundation aid, the Legislature provides aid to all school districts through the percentage matching grant section of the formula, i.e. incentive aid. Incentive aid is given to the school districts to encourage local participation in supporting the local school district and is based upon the wealth factors of the local school district. The formula is  $1.00$  minus district wealth ratio times the local support ratio times percentage matching support level times the number of general fund millage levy voted minus 15 mills times the district average daily attendance which equals the district percentage matching grant, i.e. incentive aid (School Laws of Oklahoma, 1973) (Appendix).

Jungers (1974) has questioned the extent and the nature of the relationship which should exist between the state aid revenues received



by the districts and the district's ability to support the educational offerings of the district.

#### Purpose of the Study

The purpose of the study was to assess the relationship of the local school district's ability to support the educational offerings of the district and the state aid revenues received by the school districts from the foundation aid program.

#### Hypotheses

The purpose of the study led to the development of five hypotheses to be tested. The .05 level of significance was selected for testing of all hypotheses.

- Ho: There is no significant relationship between the potential revenue of the local district per average daily attendance (ADA) and:
- Ho1: Basic state support per ADA.
  - Ho2: State flat grants per ADA.
  - Ho3: State foundation aid per ADA.
  - Ho4: State incentive aid per ADA.
  - Ho5: Total state aid per ADA.

#### Theoretical Background

Cubberly (1905) conceptualized the State's financial responsibilities to the children of the State as follows:

Theoretically, all the children of the State are equally important and are entitled to have the same advantages. Practically, this can never be quite true. The duty of

the State is to secure for all as high a minimum of good instruction as is possible; equalize the advantages to all as nearly as can be done with the resources at hand, and place a premium on those efforts which will enable communities to rise above the legal minimum as far as possible (pg. 17).

Cubberly (1905) found that the unequal distribution of wealth within the State causes the unequal burdens in maintaining the minimum State standards for education. What one community can do with ease is often an excessive burden for another community.

Strayer and Haig (1923) state that a local school tax in support of the minimum educational offering should be levied in each school district which would provide the necessary funds for that purpose in the richest district. Any deficiencies in the less wealthy districts should be made up by the State.

Strayer and Haig (1923) developed a model of educational finance as follows:

1. Compute the cost of a satisfactory minimum educational offering in each district in the State,
2. Compute the yield of a uniform State mandated local tax levy on the equalized valuation of property and,
3. Provide the difference between the cost of the minimum program and the yield of the required minimum tax levy from State funds (pg. 19).

#### Clarification of Terminology

A number of terms are used in this study which should be defined for clarity and understanding. These definitions and clarifications of terms are applicable throughout the study.

Dependent School Districts are those districts offering grades one through eight and designated as a dependent district by the State Department of Education.

Independent School Districts are those districts which maintain a school offering grades one through twelve and designated as an independent school district by the State Department of Education.

Average Daily Attendance (ADA) is the legal average number of pupils attending a school during the school year.

Minimum Foundation Program Per ADA is determined by multiplying the elementary ADA by \$265.00 and the secondary ADA by \$318.00, adding the products, and dividing by the district ADA (line 3 total divided by district ADA, Appendix).

Foundation Program Income Per ADA is the sum of net assessed valuation times 15 mills of tax levy, plus 75% of county 4 mill levy, plus auto license tax, plus school land earnings, plus gross production taxes, and plus the R.E.C. tax. The sum divided by district ADA is foundation program income per ADA (line 10 total divided by district ADA, Appendix).

Basic Support Per ADA is the minimum foundation program minus the foundation program income divided by district ADA (line 11 total divided by district ADA, Appendix).

Flat Grants Per ADA are the revenues provided to the districts to support transportation, special education, and vocational programs. The sum divided by district ADA is flat grants per ADA (line 15 sum divided by district ADA, Appendix).

Foundation Aid Per ADA is determined by adding the flat grant section total to the basic support level and dividing by district ADA (line 16 total divided by district ADA, Appendix).

Incentive Aid Per ADA is determined by the formula for incentive aid (1.00 minus district wealth ratio times local support ratio times

percentage matching support level times the number of mills levied by the district minus 15 mills times district ADA which equals percentage matching grants; i.e. incentive aid) (School Laws of Oklahoma, 1973, pg. 137) (line 17 total divided by district ADA, Appendix).

Total State Aid Per ADA is determined by adding the foundation aid to incentive aid and dividing by district ADA (line 18 total divided by district ADA, Appendix).

Potential Revenue Per ADA is determined by multiplying the district net assessed valuation by 20 mills and adding to the product the foundation program income plus the 1 mill of county 4-mill levy and dividing by district ADA (line 10 total plus the net assessed valuation times 20 mills plus 1 mill of county 4-mill divided by district ADA, Appendix).

#### Scope and Limitations of the Study

The scope of the study extended to all independent and dependent school districts of Oklahoma in 1973. The study includes only those funds received by the school district from the foundation and incentive aid formula. All other funds are excluded.

#### Significance of the Study

This study is significant in that an analysis of the present situation in Oklahoma state aid finance can focus attention on developments, conditions, and trends that would otherwise remain unnoticed. Information about the existing status of school finance will enable members of the legislature and members of the education profession to make more intelligent plans about future courses of action.

## CHAPTER II

### REVIEW OF OKLAHOMA SCHOOL FINANCE LITERATURE

#### Introduction

The review of literature for this study is presented in four parts: historical setting of school finance; state aid to public schools; legal basis of state aid; and a summary.

#### Historical Setting

Many of the problems and issues of Oklahoma school finance cannot be separated from the local public school finance issues and problems. The problem of school finance in Oklahoma seems to be that public school finance is based on the ad valorem property within the local school district and this results in some districts having more or less, as the case may be, revenues to support the local school district offerings.

This basis for financing public schools dates back to the Territorial days of Oklahoma. When Oklahoma became a state on November 16, 1907, the Constitution of the new State provided (Article I, Section 5) ". . . for the establishment and maintenance of a system of public school . . . ."

The educational finance system that had been used to provide revenues for the Territorial schools was revised, and then incorporated

into the new Oklahoma Constitution provisions for education. Each school district was made dependent upon the ad valorum property tax as the major source of revenue for the operation of the schools within the districts.

Article X, Section 9, of the Oklahoma Constitution (1907) is perhaps the most important provision to public school finance as it limits the amount of ad valorum tax that can be levied upon the ad valorum property. As originally approved, the tax was limited to 31.5 mills per thousand valuation plus certain special taxes for the building of school buildings (Section 10). The limit is now 35 mills per thousands valuation plus special assessments for school building purposes. The effects of this millage levy and the amount of ad valorum property within a district can be illustrated by the following: District valuations on ad valorum property per ADA in one district was \$726.46; in another district, the valuation per ADA was \$149, \$973.85. This results in the one district having a potential income from ad valorum taxes, assuming all taxes were collected, of \$25.42 per ADA. The other district has a potential income of \$5,248.05 per ADA (Annual Statistical Report of the Oklahoma State Department of Education, 1972-73, pgs. 32, 46). Valuations on the property are the responsibility of the County Assessor. Statewide equalization of valuation on property would be difficult.

#### State Aid to Public Schools

Operational state aid to public schools in Oklahoma appears to have begun with an appropriation of \$100,000.00 by the 1919 Legislature (Session Laws, 1919). This appropriation was to aid financially weak

rural school districts in Oklahoma. Due to the economic conditions of the times, the rural schools were having a difficult time collecting the necessary revenues for the operation of the schools. Schools would operate until the money was expended and then were closed until the collection of tax revenues was sufficient to operate again. Unfortunately, many schools not in "rural" areas and therefore not eligible for the state aid were also in need of financial assistance to operate the schools.

House Bill No. 241, approved by the Eleventh Legislature, 1927, was passed to aid financially "weak" school districts in the State (Session Laws, 1927). This law, commonly called the "state aid law" was to aid the school districts to maintain a minimum educational offering for a minimum length of time. The school districts must have levied the maximum ad valorem tax on the assessed valuation of the ad valorem property within the district to receive this aid.

The Legislature of 1935 passed House Bill No. 212 (Session Laws, 1935) providing for the distribution of state aid school funds on a "foundation" basis. Primary aid grants were made to all districts to provide revenues to enable all districts to provide a basic, minimum program of education for a minimum length of time as determined by the State Board of Education. Secondary aid grants were provided for the districts which could not support or maintain the basic, minimum school for the minimum length of time.

House Bill No. 212 was modified, amended, and changed by House Bill No. 6 of the 1937 Legislature (Session Laws, 1937) to include a minimum program and a minimum income to support the program. Provisions for guaranteeing teacher salaries, maintenance of buildings, and

transportation for students were incorporated into the law. This "minimum" program, with modifications by subsequent Legislatures, remained the basic program of school finance for the public schools of Oklahoma for the next thirty years.

DeWees (1966) reports that the Thirtieth Legislature of Oklahoma approached the problem of providing aid to the public schools of Oklahoma in a manner entirely different from that which had been used for the last three decades. State aid finance allocation was based on a per-pupil allocation rather than a guaranteed teacher salary basis. The total of state aid payments to districts in 1963-64 school year was divided by the ADA of the district, thus establishing the level of support per child from the State, which was called "Foundation Aid". Provisions were also made to support the transportation expenses of the districts.

The Legislature (School Laws of Oklahoma, 1973, pgs. 132-141) has provided for the support of public schools in Oklahoma through the "minimum" foundation aid program. This program provides for an "equitable" system of sharing between the State and the local district. The local district's share is based as near as possible on the "true financial ability" of the local district so that the State and the local district might contribute uniformly to the foundation program for the support of schools. The program is designed to provide a minimum support for all school districts and allow those which have greater desire and financial ability to exceed these limits. Flat grants are available to all districts to support special education, vocational, and kindergarten programs. Incentive aid is also provided for all districts for



the purpose of promoting local school district incentive to vote the maximum, legal millage levies on the ad valorem property within the districts.

#### Legal Basis of Present Finance System

The United States Constitution, Fourteenth Amendment, Equal Protection Clause, was the basis used to challenge the finance system of the State of Texas for public schools in Texas. This finance plan for the schools is based upon the ad valorem property within a local school district, similar to Oklahoma's finance plan. *Rodriguez v. San Antonio Independent School District*, 377 F. Supp. 280, Western District of Texas, 1971, claimed that the Texas School Finance Plan, based upon the ad valorem property within the districts, favored the "wealthy" districts and violated the equal protection clause of the Fourteenth Amendment, U. S. Constitution. The claim was that there was substantive differences in the per-pupil expenditures among and between the school districts of Texas.

The Western District Court of Texas Federal Court decision was to uphold the claim that the finance system of Texas, based upon the ad valorem property wealth in the school district, violated the equal protection clause of the U. S. Constitution's Fourteenth Amendment, and ordered the re-structuring of the finance system of Texas. Other states, with finance plans similar to Texas, would necessarily have to re-structure their finance plans.

The decision was appealed to the Supreme Court of the United States, *San Antonio Independent School District v. Rodriguez*, 93 S.

Ct. 1278, 1973, which reversed the decision of the lower court. The court held:

. . . insofar as the finance system (Texas) disadvantaged those students who reside in comparatively poor school districts, the resulting class cannot be said to be suspect. The finance system had not been shown to discriminate against any definable class of poor people (pg. 1309). . . .

. . . the Fourteenth Amendment permits the States to a wide scope of discretion in enacting laws which affect some groups of citizens differently than others. The Constitutional safeguard is offended only if the classification rests on ground wholly irrelevant to the achievement of the State's objective. State Legislatures are presumed to have acted within their Constitutional power, despite the fact that in practice, their laws result in some inequality (pg. 1310). . . .

#### Summary

Most laws affect some people differently than others. The power to enact laws and levy taxes with those laws has been recognized in Oklahoma since statehood. The Legislature of Oklahoma, throughout the years, has assumed the responsibility to provide a "basic" level of support for the schools of Oklahoma. This foundation level of support has permitted the State to act as a partner in the financing of education in Oklahoma. Local participation, organization, operation, and financing have been encouraged and promoted.

The growth of industry, shifts in population, and increases in property valuation have resulted in some school districts in the State of Oklahoma having a "greater ability" than other districts to support education locally. The foundation aid program of Oklahoma is designed to reduce the disparities in the ability of school districts to support education, supporting financially "weak" districts while not penalizing financially "strong" districts.

A basic, minimum education is provided and guaranteed by the State, for all the students in the State. Whether this has been detrimental to the students of Oklahoma is an unanswered question.

The problem seems to be in determining the methods through which the State and the local school district can provide the best educational opportunities for all the students, at a cost that is commensurate with their respective abilities to support educational activities.

## CHAPTER III

### DESIGN AND METHODOLOGY

#### Introduction

The design and methodology of this study is described in a series of three sections. Specifically, the chapter contains a description of the population, the source of data, and statistical techniques used.

#### Description of the Population

The population for this study included all 639 dependent and independent school districts in the State of Oklahoma in 1973. The school districts vary in size from a student population ADA of 62,907 to a student population ADA of 25. Financial ability of the districts vary per ADA of \$149,973.85 down to \$726.46 per ADA.

#### Source of the Data

State statutes require the school districts of Oklahoma to submit financial reports to the State Department of Education in Oklahoma City. These reports are processed by the Finance Division of the State Department of Education and official computer print-outs are obtained for each school district. This print-out contains information about school district ADA, state aid revenues paid to the districts, and other financial data about the school districts.

Financial and ADA data was obtained for each district from the official computer print-out sheet. The data was then transferred to IBM cards for process by the Oklahoma State University Computer Center. Data transfer was checked and verified by the Computer Center.

### Statistical Techniques

The purpose of this study was to assess the relationship between two variables--the potential revenue of the local district and the various sections of the state aid formula. A correlation coefficient would allow the author to explore the relationship between the variables and make predictions about the effect of the one variable upon the other. Guilford (1965) indicates that scientific progress depends upon finding out what things are correlated and what things are not. Without knowledge of how one object varies with another, it would be impossible to make decisions about variables or control one object by manipulating another.

The Pearson Product Moment Coefficient of Correlation (Guilford, 1965) was utilized for testing the hypotheses. The BMD02D Correlation Program, revised May 5, 1969, by Health Sciences Computing Facility, U.C.L.A. was used to process the data and arrive at a correlation matrix.

The Statistical Analysis System, developed by North Carolina State University, August, 1972, was used to explore the extent of the system of sharing between the variables in the study.

### Method of Research

The predictive method of research was used for this study. Researchers concerned with trend studies may utilize this method. Information is gathered, analyzed, and studied. Predictions may be made about conditions or events that may prevail in the future.

## CHAPTER IV

### STATISTICAL ANALYSIS

#### Introduction

The purpose of this chapter is to present a detailed description of the statistical treatment of the data and a statement of the results. The major purpose of the study is to assess the relationship between the per-pupil revenue potentially available to a school district and the per-pupil revenue accruing to the local district in each section of the state aid formula.

#### Analysis of Potential Revenue Per ADA

The range of variation in the potential revenue per ADA is illustrated in Table I. The wide disparity in the ability of school districts to support education locally is revealed in the table. To the question, What amount of potential revenue per ADA is available to a school district in Oklahoma, the best answer would be to state the mean of the potential revenue available to all districts in Oklahoma. The mean amount of revenue available to the districts in 1973 was \$458.50. Plus or minus one standard deviation from the mean includes 584 districts while only 55 districts are more than one standard deviation away from the mean.

TABLE I  
 POTENTIAL REVENUE PER ADA; DISTRICT ASSESSED  
 VALUATION TIMES 35 MILLS DIVIDED BY ADA

Revenue Per ADA	Number of Districts	Mean Of Group
		Mean = 458.50
		Std. Dev. = 487.65
\$1-50.00	2	\$42.50
\$50-99.00	14	\$73.50
\$100-149.00	38	\$125.02
\$150-199.00	63	\$174.30
\$200-249.00	102	\$225.16
\$250-299.00	79	\$273.21
\$300-349.00	62	\$320.79
\$350-399.00	47	\$370.70
\$400-449.00	34	\$425.55
\$450-499.00	38	\$474.60
\$500-549.00	24	\$523.16
\$550-599.00	17	\$570.80
\$600-649.00	11	\$626.36
\$650-699.00	9	\$681.77
\$700-749.00	9	\$723.66
\$750-799.00	12	\$819.25
\$800-849.00	8	\$819.25
\$850-899.00	8	\$875.37
\$900-949.00	7	\$929.83
\$950-999.00	6	\$972.83
\$1000.00 up	49	\$1731.20



## Results of the Study

Hypothesis One: There is no significant relationship between the potential revenue of the local school district per average daily attendance and basic state support per average daily attendance.

TABLE II  
CORRELATION MATRIX PEARSON PRODUCT MOMENT OF  
COEFFICIENT CORRELATION--BASIC STATE  
SUPPORT PER ADA AND POTENTIAL  
REVENUE PER ADA

Type of District	Number	r
Dependent	177	-.6315**
Independent	462	-.7187**
Combined Districts	639	-.5827**

\*\*Significant at the .01 level

To examine the first hypothesis, the Pearson Product Moment of Correlation Coefficient was utilized. The analysis showing the value of r for the independent, dependent, and the combined dependent and independent districts reveal that a statistically significant inverse or negative relation exists between the potential revenue of the districts and the basic support given to the districts by the state aid formula.

This section of the formula is distributing state aid payments in a desired manner. Hypothesis One is rejected.

Hypothesis Two: There is no significant relationship between the potential revenue of the local school district per average daily attendance and the state flat grants per average daily attendance.

TABLE III

CORRELATION MATRIX PEARSON PRODUCT MOMENT OF  
COEFFICIENT CORRELATION--FLAT GRANTS PER  
ADA AND POTENTIAL REVENUE PER ADA

Type of District	Number	r
Dependent	177	+.2470**
Independent	462	+.3298**
Combined Districts	639	+.2578**

\*\*Significant at the .01 level

The analysis of the data using the Pearson Product Moment Correlation Coefficient revealed a statistically significant positive value of r for the potential revenue of the districts and the flat grants section of the formula. The positive value of r indicates that this section of the formula is operating in a manner that is not desirable. The flat grant section of the state aid formula is distributing statistically significant more revenue to the wealthy districts per

average daily attendance. Some likely reasons for such a variation are: the average daily haul for transportation varies among the districts; the density figure varies among the districts; special education programs are funded at various levels; wealthier districts are better able to take advantage of the special education grants of \$5000.00 and \$4500.00; vocational programs are operated by the wealthier districts. This section of the formula is treating the "poor" districts in an inequitable manner; funds are being distributed in a statistically significant direct relationship to the wealth of the districts. Hypothesis Two is rejected.

Hypothesis Three: There is no significant relationship between the potential revenue of the local school district per average daily attendance and state foundation aid per average daily attendance.

TABLE IV

CORRELATION MATRIX PEARSON PRODUCT MOMENT OF  
COEFFICIENT CORRELATION--FOUNDATION AID  
PER ADA AND POTENTIAL REVENUE PER ADA

Type of District	Number	r
Dependent	177	-.5506**
Independent	462	-.6685**
Combined Districts	639	-.5256**

\*\*Significant at the .01 level

The Pearson Product Moment of Correlation Coefficient analysis revealed a statistically significant negative or inverse relationship existing between the potential revenue of the districts and the foundation aid revenues paid to the districts. This revenue is being distributed in a desirable manner; inversely to district wealth. Hypothesis Three is rejected.

Hypothesis Four: There is no significant relationship between the potential revenue per average daily attendance and state incentive aid per average daily attendance.

TABLE V

CORRELATION MATRIX PEARSON PRODUCT MOMENT OF  
COEFFICIENT CORRELATION--INCENTIVE AID PER  
ADA AND POTENTIAL REVENUE PER ADA

Type of District	Number	r
Dependent	177	-.7399**
Independent	462	-.6625**
Combined Districts	639	-.6720**

\*\*Significant at the .01 level

Incentive aid is being distributed to the school districts of Oklahoma in a desired manner. Districts are receiving revenues inversely to the wealth of the district. Hypothesis Four is rejected.

Hypothesis Five: There is no significant relationship between the potential revenue per average daily attendance of the local school district and total state aid per average daily attendance.

TABLE VI

CORRELATION MATRIX PEARSON PRODUCT MOMENT OF  
COEFFICIENT CORRELATION--TOTAL STATE AID  
PER ADA AND POTENTIAL REVENUE PER ADA

Type of District	Number	r
Dependent	177	- .6697**
Independent	462	- .6933**
Combined Districts	639	- .6102**

\*\*Significant at the .01 level

The total state aid revenues are being expended to the school districts of Oklahoma in a desired manner. The districts are receiving revenues inversely to the wealth of the district. Hypothesis Five is rejected.

#### Summary

The results of the analysis of the data was presented in the chapter arranged in the order of the hypothesis tested in the study.

Hypothesis One examined the relationship between potential revenue of the district per ADA and the basic state support for districts. A statistically significant inverse or negative relationship exists and the hypothesis is rejected.

Hypothesis Two examined the relationship between the potential revenue per ADA of the districts and the flat grants revenues to the districts. A statistically significant positive relationship was found to exist and the hypothesis was rejected.

Hypothesis Three examined the relationship between the potential revenue of the districts and the state foundation aid section of the formula. A statistically significant relationship was found to exist inversely and the hypothesis was rejected.

Hypothesis Four examined the relationship between the potential revenue of the districts and the state foundation aid paid to the districts. A statistically significant relationship was found to exist inversely and the hypothesis was rejected.

Hypothesis Five examined the relationship between the potential revenue of the districts and the total state aid paid to districts. A statistically significant inverse relationship was found to exist and the hypothesis was rejected.

## CHAPTER V

### SUMMARY AND CONCLUSIONS

#### General Summary of the Investigation

The investigation examined the relationship between the potential revenue of the school districts of Oklahoma and the amount of state aid revenues paid to the school districts as a result of the operation of the state aid formula for providing a basic, minimum education level for all students of the state.

The study was designed to determine to what extent the state aid revenues are being paid in the manner desired, that is, inversely to the wealth of the districts. Six hundred and thirty-nine school districts in the study included all independent and dependent school districts of Oklahoma in 1973.

The data for state aid revenues and the potential revenue of the districts was examined through the use of the Pearson Product Moment Coefficient Correlation.

Five hypotheses were presented. They were concerned with the amount of revenue potentially available to the school district and the amount of revenue paid to the school district through the foundation and incentive aid formula. All five hypotheses were rejected.

## Conclusions

The foundation aid system of financing schools in Oklahoma is a product of years of study and effort by the Legislature and the Oklahoma State Department of Education to develop and implement a school finance program. This study evaluated one segment of that finance system, the foundation aid formula.

Most elements of the formula are operating in a manner as desired by the Legislature; state aid revenues are paid to the school districts inversely to the financial ability of the districts to support education locally. The flat grant section of the formula, provided by the Legislature to fund special programs and transportation, is operating in a manner that is contrary to the stated purposes of the foundation aid program. This section of the formula is being funded in a positive relationship with the financial ability of districts to support education. The implications of the section operating in this manner might be illustrated by the following example: A \$5,000.00 flat grant is available to all school districts, providing that sufficient money is allocated to that section by the Legislature, to develop, implement, and operate special speech-therapy programs for students with this need. Teacher salaries, equipment, and other expenses necessary to operate the program would cost approximately \$10,000.00 for a year of operation. Wealthier districts with the ability to provide the additional required revenues are able to take advantage of the program. Poor districts are usually not able to provide the additional required revenue to take advantage of the flat grants.

It is the opinion of the writer, that if the Legislature would place this categorical aid into the formula in such a manner that



would allow the district's income to be charged against it, it would result in a more equitable allocation of revenue and even allow full funding of many programs for districts which have the need, but not the revenue.

In future deliberations on the financing of public schools in Oklahoma, perhaps the Legislature might wish to consider defining "quality education" and how to best finance schools to attain this level of education. The emphasis in Oklahoma school finance seems to be, in the opinion of the writer, on a minimum education finance system, rather than a quality education finance system.

The Legislature of Oklahoma has assumed the responsibility to provide a minimum program of education, while promoting local effort and participation. The following tables illustrate the distribution of state aid revenues under the foundation aid formula.

Table VII shows the deviation away from the mean distribution of basic state support. Three hundred and eighty-three of the 639 districts are within plus or minus one standard deviation from the mean of distribution while 638 or 99% of the districts are within two standard deviations of the mean.

Table VIII shows the deviation away from the mean for the flat grant section of the state aid formula. The deviation away from the mean in a positive direction supports the conclusion that this section of the formula is distributing state aid revenues in an undesirable manner; in a direct relationship to the district's wealth of ad valorem property.

Table IX shows the deviation away from the mean for the foundation aid section of the state aid formula. Five hundred and seventy

eight of 639 school districts are within plus or minus one standard deviation of the mean while 639 of 639 districts are within plus or minus two standard deviations of the mean.

TABLE VII

TABLE OF DISTRIBUTION OF BASIC STATE SUPPORT

Revenue Per ADA	N	Mean of Group	Std. Deviation from Mean
-0-	152	-0-	-2
\$1-49.00	67	26.40	-2
\$50-99.00	102	75.03	-1
\$100-149.00	163	124.65	-0-
\$150-199.00	118	169.61	+1
\$200-249.00	36	214.55	+2
\$250-up	1	250.00	+3

Total Group Mean = 119.54  
Std. Deviation = 60.07

TABLE VIII

TABLE OF DISTRIBUTION OF FLAT GRANTS SECTION

Revenue Per ADA	N	Mean of Group	Std. Deviation from Mean
-0-	8	-0-	-2
\$1-49.00	351	33.83	-1
\$50-99.00	260	65.78	-0-
\$100-149.00	16	116.00	+3
\$150-199.00	2	169.50	+4
\$200-249.00	1	215.00	+5
\$250-300.00	1	276.00	+7

Distribution Mean = 50.18  
Std. Deviation = 25.62

TABLE IX  
TABLE OF DISTRIBUTION OF FOUNDATION AID SECTION

Revenue Per ADA	N	Mean of Group	Std. Deviation from Mean
-0-	2	-0-	-5
\$1-49.00	10	39.10	-4
\$50-99.00	250	97.43	-1
\$100-149.00	375	136.23	+1
\$150-199.00	2	165.00	+2

Distribution Mean = 119.57  
Std. Deviation = 24.12

Table X shows the deviation away from the mean for the incentive aid section of the state aid formula. Six hundred and twenty-four districts of 639 are within plus or minus one standard deviation of the mean of the distribution.

TABLE X  
TABLE OF DISTRIBUTION OF INCENTIVE AID SECTION

Revenue Per ADA	N	Mean of Group	Std. Deviation from Mean
-0-	2	-0-	-5
\$1-49.00	10	39.10	-4
\$50-99.00	250	97.43	-1
\$100-149.00	375	136.23	+1
\$150-199.00	2	165.00	+2

Distribution Mean = 119.57  
Std. Deviation = 24.12

Table XI shows the deviation from the mean for the total state aid paid to districts. Three hundred and forty of 639 districts are within plus or minus one standard deviation of the mean and 631 of 639 are within plus or minus two standard deviations of the mean.

TABLE XI  
TABLE OF DISTRIBUTION OF TOTAL STATE AID

Revenue Per ADA	N	Mean of Group	Std. Deviation from Mean
\$1-49.00	4	23.25	-3
\$50-99.00	2	59.00	-3
\$100-149.00	53	135.28	-2
\$150-199.00	128	172.56	-2
\$200-249.00	96	226.17	-1
\$250-299.00	93	276.67	0
\$300-349.00	151	322.23	+1
\$350-399.00	91	372.35	+2
\$400-449.00	19	408.42	+2
\$450-499.00	2	462.50	+3

Distribution Mean = 263.12

Std. Deviation = 84.85

#### Recommendations

The following recommendations are made as a result of this study.

1. A study should be designed to explore the effects of revising the flat grant section of the state aid formula to distribute aid in a more "equitable" manner.

2. A study should be made to determine the Oklahoma State Legislators sentiment concerning the quality of education and their subsequent sentiment of present financial support of schools in Oklahoma.
3. A study should be made of Oklahoma State Department of Education sentiments concerning the quality of education in the State and subsequent sentiment of present financial support of schools in Oklahoma.
4. A study should be designed to explore the possibilities and effects of state-wide equalization of ad valorem property valuation and taxation.
5. A study should be designed to explore the effects of a school finance plan fully funded by the State and equalized state wide.

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APPENDIX



## FORM FOR CALCULATING STATE AID

1. Elementary A.D.A. \_\_\_\_\_ times \$265.00 equals \$ \_\_\_\_\_.
2. Secondary A.D.A. \_\_\_\_\_ times \$318.00 equals \$ \_\_\_\_\_.
3. Line 3 totals the sums of line 1 and 2. \$ \_\_\_\_\_.

## SUBTRACT CHARGEABLE INCOME

4. 1972 Net Assessed Valuation x 15 mills \$ \_\_\_\_\_  
     \_\_\_\_\_ x .015
5. 1971-72 Collections of 75% of county \$ \_\_\_\_\_  
     4-mill
6. Auto license \$ \_\_\_\_\_
7. School land earnings \$ \_\_\_\_\_
8. Gross production taxes \$ \_\_\_\_\_
9. R.E.C. Taxes \$ \_\_\_\_\_
10. Line 10 totals of line 4 through 9 \$ \_\_\_\_\_
11. Line 11 (line 3 total minus line 10 total) \$ \_\_\_\_\_

## ADD THE FOLLOWING

12. Transportation (75% x average daily haul x  
     per capita density) \$ \_\_\_\_\_
13. Special Education  
     \_\_\_\_\_ programs at \$4000.00 \$ \_\_\_\_\_  
     \_\_\_\_\_ programs at \$4500.00 \$ \_\_\_\_\_  
     \_\_\_\_\_ programs at \$5000.00 \$ \_\_\_\_\_
14. Vocational Programs  
     \_\_\_\_\_ Vo. Ag. times \$3700.00 \$ \_\_\_\_\_  
     \_\_\_\_\_ Other times \$2500.00 \$ \_\_\_\_\_
15. Total of line 12, 13, and 14 \$ \_\_\_\_\_
16. Foundation aid equals line 11 plus line 15 \$ \_\_\_\_\_

## INCENTIVE AID

17.  $1.00$  minus (district wealth ratio x local support ratio) times percentage matching support level times (the number of general fund mills levied minus 15) times district A.D.A. equals district percentage matching grant, i.e. Incentive Aid. \$ \_\_\_\_\_
18. Foundation Aid plus Incentive Aid equals Total State Aid. \$ \_\_\_\_\_

VITA

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