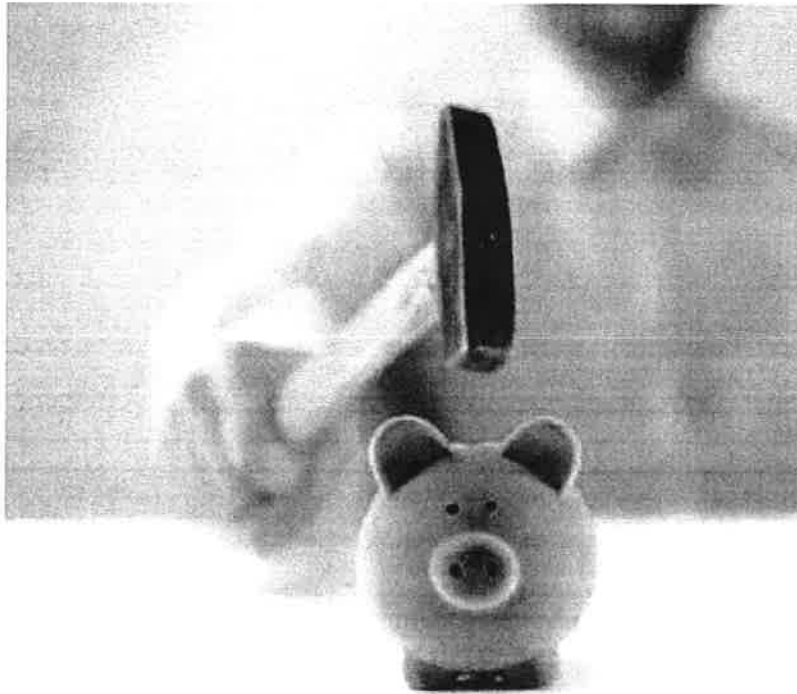


# SJR 70 could create tough choices for Oklahoma schools

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As the dust settles in the aftermath of Oklahoma's teacher walkout, advocates are still trying to understand what's been achieved and what still needs to be done to fully fund the state's education responsibilities. Now another wrinkle could emerge from a pair of bills — SJR 70 and SB 1398 by Sen. Stephanie Bice and Rep. Elise Hall — that could give local districts more flexibility in how they use their funding, but at the cost of creating some hard choices for schools.

SJR 70 would put a constitutional amendment on the ballot to allow property tax dollars currently reserved for school "building funds" to be merged with general operating funds. SB 1398 would make the statutory changes needed to implement this amendment if it's approved by a vote of the people. House and Senate versions of the bills still need to be reconciled, but it's now likely that this will make it to the ballot as a state question in November.

To understand this proposal, we need to look at the various kinds of property tax revenues available to schools. Under Oklahoma's Constitution, schools are allowed to levy up to a certain number of "mills" for certain purposes (1 mill is equivalent to \$1 of taxation for every \$1,000 of assessed property value). Individual school districts can levy up to 35 mills to support their general operations. Counties can levy another 4 mills, which are divided among all of the school districts within that county based on enrollment. And finally, districts can levy up to 5 mills for the "Building Fund", which under current rules is limited to being used for:

erecting, remodeling, repairing, or maintaining school buildings, for purchasing furniture, equipment and computer software to be used on or for school district property, for repairing and maintaining computer systems and equipment, for paying energy and utility costs, for purchasing telecommunications utilities and services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, for paying salaries of security personnel, or for one or more, or all, of such purposes.

In Oklahoma's debates on school funding, some have pointed to the apparent contradiction where schools are upgrading or building expensive new facilities even as they go to four-day school weeks or make other cuts to teachers and classroom resources. Oklahomans have wondered why that money isn't being put to day-to-day needs.

However, the changes to the building fund made by SJR 70 would still not allow most of these revenues to be used for general operations. Large capital investments like a new building or major remodeling are typically paid for with bond issues, not the building fund. It would be bad fiscal practice to allow the use of these bond issues for general operations — much like how a family might take on mortgage debt to buy a home but should avoid running up debt to pay for groceries.

Outside of bond issues, all available school property tax levies (general operations 35-mill, county 4-mill, and building fund 5-mill) have already been increased to their maximum level by every district statewide. That means opening up the building fund to other uses would allow for repurposing of existing school funds, but it would not create opportunities for schools to raise new money.

There are good reasons why Oklahoma has reserved building funds for repairs and maintenance. Especially in years when schools are trying to cope with chronic budget shortfalls, districts would be more likely to put off necessary maintenance if it's put in direct competition with teacher pay.

For instance, some districts allow building funds to accumulate year-to-year until they've raised enough for a significant project like a roof repair. That would be much harder to do if these dollars are not protected from going to other important needs. The political pressure on administrators and school boards to spend all of the money available to them would be intense, and it could result in deferred maintenance that turns into a much more expensive problem in the future.

The closest comparison to household finances might be combining the savings account with the checking account. A household would have more flexibility, but also greater temptation to spend all that they have.

At a time when lawmakers are trying to bolster reserve funds for the state as a whole, SJR 70 and HB 1398 would move schools in the opposite direction. In a world where schools were certain that plenty of funding would be available now and in the future both to pay teachers and to cover necessary maintenance, these bills could give local schools more power to choose the best priorities for themselves. But in a world where Oklahoma education is still not fully funded, we should be wary of removing a fiscal safeguard.