

By: Senator(s) Harden

To: Education;  
Appropriations

SENATE BILL NO. 2684

1 AN ACT TO AMEND SECTION 37-151-7, MISSISSIPPI CODE OF 1972,  
2 TO AUTHORIZE A SCHOOL DISTRICT TO EXPEND NOT MORE THAN 80% OF ITS  
3 ANNUAL ADEQUATE EDUCATION PROGRAM ALLOTMENT FOR INSTRUCTIONAL  
4 PURPOSES, AND TO AUTHORIZE THE STATE BOARD OF EDUCATION TO ALLOW A  
5 SCHOOL DISTRICT TO EXPEND MORE THAN SAID 80% FOR INSTRUCTION IF  
6 NEEDED FOR ACCREDITATION PURPOSES; AND FOR RELATED PURPOSES.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

8  
9 SECTION 1. Section 37-151-7, Mississippi Code of 1972, is  
10 amended as follows:

11 37-151-7. The annual allocation to each school district for  
12 the operation of the adequate education program shall be  
13 determined as follows:

14 (1) Computation of the basic amount to be included for  
15 current operation in the adequate education program. The  
16 following procedure shall be followed in determining the annual  
17 allocation to each school district:

18 (a) Determination of average daily attendance. During  
19 months two (2) and three (3) of the current school year, the  
20 average daily attendance of a school district shall be computed,  
21 or the average daily attendance for the prior school year shall be  
22 used, whichever is greater. The district's average daily  
23 attendance shall be computed and currently maintained in  
24 accordance with regulations promulgated by the State Board of  
25 Education.

26 (b) Determination of base student cost. The State  
27 Board of Education, on or before August 1, with adjusted estimate  
28 no later than January 2, shall annually submit to the Legislative  
29 Budget Office and the Governor a proposed base student cost

30 adequate to provide the following cost components of educating a  
31 pupil in an average school district meeting Level III  
32 accreditation standards required by the Commission on School  
33 Accreditation: (i) Instructional Cost; (ii) Administrative Cost;  
34 (iii) Operation and Maintenance of Plant; and (iv) Ancillary  
35 Support Cost. The department shall utilize a statistical  
36 methodology which considers such factors as, but not limited to,  
37 (i) school size; (ii) assessed valuation per pupil; (iii) the  
38 percentage of students receiving free lunch; (iv) the local  
39 district maintenance tax levy; (v) other local school district  
40 revenues; and (vi) the district's accreditation level, in the  
41 selection of the representative Mississippi school districts for  
42 which cost information shall be obtained for each of the above  
43 listed cost areas.

44 For the instructional cost component, the department shall  
45 determine the instructional cost of each of the representative  
46 school districts selected above, excluding instructional cost of  
47 self-contained special education programs and vocational education  
48 programs, and the average daily attendance in the selected school  
49 districts. The instructional cost is then totalled and divided by  
50 the total average daily attendance for the selected school  
51 districts to yield the instructional cost component. For the  
52 administrative cost component, the department shall determine the  
53 administrative cost of each of the representative school districts  
54 selected above, excluding administrative cost of self-contained  
55 special education programs and vocational education programs, and  
56 the average daily attendance in the selected school districts.  
57 The administrative cost is then totalled and divided by the total  
58 average daily attendance for the selected school districts to  
59 yield the administrative cost component. For the plant and  
60 maintenance cost component, the department shall determine the  
61 plant and maintenance cost of each of the representative school  
62 districts selected above, excluding plant and maintenance cost of  
63 self-contained special education programs and vocational education  
64 programs, and the average daily attendance in the selected school  
65 districts. The plant and maintenance cost is then totalled and  
66 divided by the total average daily attendance for the selected

67 school districts to yield the plant and maintenance cost  
68 component. For the ancillary support cost component, the  
69 department shall determine the ancillary support cost of each of  
70 the representative school districts selected above, excluding  
71 ancillary support cost of self-contained special education  
72 programs and vocational education programs, and the average daily  
73 attendance in the selected school districts. The ancillary  
74 support cost is then totalled and divided by the total average  
75 daily attendance for the selected school districts to yield the  
76 ancillary support cost component. The total base cost for each  
77 year shall be the sum of the instructional cost component,  
78 administrative cost component, plant and maintenance cost  
79 component and ancillary support cost component, and any estimated  
80 adjustments for additional state requirements as determined by the  
81 State Board of Education. Provided, however, that the base  
82 student cost in Fiscal Year 1998 shall be Two Thousand Six Hundred  
83 Sixty-four Dollars (\$2,664.00).

84 (c) Determination of the basic adequate education  
85 program cost. The basic amount for current operation to be  
86 included in the Mississippi Adequate Education Program for each  
87 school district shall be computed as follows:

88 Multiply the average daily attendance of the district by the  
89 base student cost as established by the Legislature, which yields  
90 the total base program cost for each school district.

91 (d) Adjustment to the base student cost for at-risk  
92 pupils. The amount to be included for at-risk pupil programs for  
93 each school district shall be computed as follows: Multiply the  
94 base student cost for the appropriate fiscal year as determined  
95 under paragraph (b) by five percent (5%), and multiply that  
96 product by the number of pupils participating in the federal free  
97 school lunch program in such school district, which yields the  
98 total adjustment for at-risk pupil programs for such school  
99 district.

100           (e) Add-on program cost. The amount to be allocated to  
101 school districts in addition to the adequate education program  
102 cost for add-on programs for each school district shall be  
103 computed as follows:

104           (i) Transportation cost shall be the amount  
105 allocated to such school district for the operational support of  
106 the district transportation system from state funds.

107           (ii) Vocational or technical education program  
108 cost shall be the amount allocated to such school district from  
109 state funds for the operational support of such programs.

110           (iii) Special education program cost shall be the  
111 amount allocated to such school district from state funds for the  
112 operational support of such programs.

113           (iv) Gifted education program cost shall be the  
114 amount allocated to such school district from state funds for the  
115 operational support of such programs.

116           (v) Alternative school program cost shall be the  
117 amount allocated to such school district from state funds for the  
118 operational support of such programs.

119           (vi) Extended school year programs shall be the  
120 amount allocated to school districts for those programs authorized  
121 by law which extend beyond the normal school year.

122           (vii) University-based programs shall be the  
123 amount allocated to school districts for those university-based  
124 programs for handicapped children as defined and provided for in  
125 Section 37-23-131 et seq., Mississippi Code of 1972.

126           (viii) Bus driver training programs shall be the  
127 amount provided for those driver training programs as provided for  
128 in Section 37-41-1, Mississippi Code of 1972.

129           The sum of the items listed above (i) transportation, (ii)  
130 vocational or technical education, (iii) special education, (iv)  
131 gifted education, (v) alternative school, (vi) extended school  
132 year, and (vii) university-based shall yield the add-on cost for

133 each school district.

134 (f) Total projected adequate education program cost.  
135 The total Mississippi Adequate Education Program Cost shall be the  
136 sum of the total basic adequate education program cost (paragraph  
137 (c)), and the adjustment to the base student cost for at-risk  
138 pupils (paragraph (d)) for each school district.

139 (g) Supplemental grant to school districts. In  
140 addition to the adequate education program grant, the State  
141 Department of Education shall annually distribute an additional  
142 amount as follows: Multiply the base student cost for the  
143 appropriate fiscal year as determined under paragraph (b) by .13%  
144 and multiply that product by the average daily attendance of each  
145 school district. Such grant shall not be subject to the local  
146 revenue requirement provided in subsection (2).

147 (2) Computation of the required local revenue in support of  
148 the adequate education program. The amount that each district  
149 shall provide toward the cost of the adequate education program  
150 shall be calculated as follows:

151 (a) The State Board of Education shall certify to each  
152 school district that twenty-eight (28) mills, less the estimated  
153 amount of the yield of the School Ad Valorem Tax Reduction Fund  
154 grants as determined by the State Department of Education, is the  
155 millage rate required to provide the district required local  
156 effort for that year, or twenty-seven percent (27%) of the basic  
157 adequate education program cost for such school district as  
158 determined under subsection (c), whichever is a lesser amount. In  
159 the case of an agricultural high school the millage requirement  
160 shall be set at a level which generates an equitable amount per  
161 pupil to be determined by the State Board of Education.

162 (b) The State Board of Education shall determine (i)  
163 the total assessed valuation of nonexempt property for school  
164 purposes in each school district; (ii) assessed value of exempt  
165 property owned by homeowners aged sixty-five (65) or older or

166 disabled as defined in Section 27-33-67(2), Mississippi Code of  
167 1972; (iii) the school district's tax loss from exemptions  
168 provided to applicants under the age of sixty-five (65) and not  
169 disabled as defined in Section 27-33-67(1), Mississippi Code of  
170 1972; and (iv) the school district's homestead reimbursement  
171 revenues.

172 (c) The amount of the total adequate education program  
173 funding which shall be contributed by each school district shall  
174 be the sum of the ad valorem receipts generated by the millage  
175 required under this subsection plus the following local revenue  
176 sources for the appropriate fiscal year which are or may be  
177 available for current expenditure by the school district:

178 One hundred percent (100%) of Grand Gulf income as prescribed  
179 in Section 27-35-309.

180 (3) Computation of the required state effort in support of  
181 the adequate education program.

182 The required state effort in support of the adequate  
183 education program shall be determined by subtracting the sum of  
184 the required local tax effort as set forth in subsection (2)(a) of  
185 this section and the other local revenue sources as set forth in  
186 subsection (2)(c) of this section in an amount not to exceed  
187 twenty-seven percent (27%) of the total projected adequate  
188 education program cost as set forth in subsection (1)(f) of this  
189 section from the total projected adequate education program cost  
190 as set forth in subsection (1)(f) of this section.

191 Provided, however, that in Fiscal Year 1998 and in the fiscal  
192 year in which the adequate education program is fully funded by  
193 the Legislature, any increase in the said state contribution,  
194 including the supplemental grant to school districts provided  
195 under subsection (1)(g), to any district calculated under this  
196 section shall be not less than eight percent (8%) in excess of the  
197 amount received by said district from state funds for the fiscal  
198 year immediately preceding. For purposes of this section, state

199 funds shall include minimum program funds less the add-on  
200 programs, state Uniform Millage Assistance Grant funds, Education  
201 Enhancement Funds appropriated for Uniform Millage Assistance  
202 Grants and state textbook allocations, and State General Funds  
203 allocated for textbooks.

204 (4) The State Adequate Education Program Fund is hereby  
205 established in the State Treasury which shall be used to  
206 distribute any funds specifically appropriated by the Legislature  
207 to such fund, to school districts entitled to increased  
208 allocations of state funds under the adequate education program  
209 funding formula prescribed in Sections 37-151-3, 37-151-5 and  
210 37-151-7 of this article. If the Legislature provides less funds  
211 than the total state funds needed for support of such increased  
212 allocations under the adequate education program, the State  
213 Department of Education shall reduce all elements of the cost of  
214 the adequate education program proportionately. Any such adequate  
215 education program funds shall be transferred to the school  
216 district maintenance fund of such district in the manner  
217 prescribed in Section 37-19-47, Mississippi Code of 1972, and  
218 shall be expended in the manner provided by law.

219 (5) The Interim School District Capital Expenditure Fund is  
220 hereby established in the State Treasury which shall be used to  
221 distribute any funds specifically appropriated by the Legislature  
222 to such fund to school districts entitled to increased allocations  
223 of state funds under the adequate education program funding  
224 formula prescribed in Sections 37-151-3 through 37-151-7,  
225 Mississippi Code of 1972, until such time as the said adequate  
226 education program is fully funded by the Legislature. The  
227 following percentages of the total state cost of increased  
228 allocations of funds under the adequate education program funding  
229 formula shall be appropriated by the Legislature into the Interim  
230 School District Capital Expenditure Fund to be distributed to all  
231 school districts under the formula: Nine and two-tenths percent

232 (9.2%) shall be appropriated in Fiscal Year 1998, twenty percent  
233 (20%) shall be appropriated in Fiscal Year 1999, forty percent  
234 (40%) shall be appropriated in Fiscal Year 2000, sixty percent  
235 (60%) shall be appropriated in Fiscal Year 2001, eighty percent  
236 (80%) shall be appropriated in Fiscal Year 2002, and one hundred  
237 percent (100%) shall be appropriated in Fiscal Year 2003 into the  
238 State Adequate Education Program Fund created in subsection (4).  
239 Until such time as the adequate education program is fully funded  
240 by the Legislature, such money shall be used by school districts  
241 for the following purposes:

242 (a) Purchasing, erecting, repairing, equipping,  
243 remodeling and enlarging school buildings and related facilities,  
244 including gymnasiums, auditoriums, lunchrooms, vocational training  
245 buildings, libraries, school barns and garages for transportation  
246 vehicles, school athletic fields and necessary facilities  
247 connected therewith, and purchasing land therefor. Any such  
248 capital improvement project by a school district shall be approved  
249 by the State Board of Education, and based on an approved  
250 long-range plan. The State Board of Education shall promulgate  
251 minimum requirements for the approval of school district capital  
252 expenditure plans.

253 (b) Providing necessary water, light, heating, air  
254 conditioning, and sewerage facilities for school buildings, and  
255 purchasing land therefor.

256 (c) Paying debt service on existing capital improvement  
257 debt of the district or refinancing outstanding debt of a district  
258 if such refinancing will result in an interest cost savings to the  
259 district.

260 (d) From and after October 1, 1997, through June 30,  
261 1998, pursuant to a school district capital expenditure plan  
262 approved by the State Department of Education, a school district  
263 may pledge such funds until July 1, 2002, plus funds provided for  
264 in paragraph (e) of this subsection (5) that are not otherwise



265 permanently pledged under such paragraph (e) to pay all or a  
266 portion of the debt service on debt issued by the school district  
267 under Sections 37-59-1 through 37-59-45, 37-59-101 through  
268 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,  
269 37-7-301, 37-7-302 and 37-41-81, Mississippi Code of 1972, or debt  
270 issued by boards of supervisors for agricultural high schools  
271 pursuant to Section 37-27-65, Mississippi Code of 1972, or  
272 lease-purchase contracts entered into pursuant to Section 31-7-13,  
273 Mississippi Code of 1972, or to retire or refinance outstanding  
274 debt of a district, if such pledge is accomplished pursuant to a  
275 written contract or resolution approved and spread upon the  
276 minutes of an official meeting of the district's school board or  
277 board of supervisors. It is the intent of this provision to allow  
278 school districts to irrevocably pledge their Interim School  
279 District Capital Expenditure Fund allotments as a constant stream  
280 of revenue to secure a debt issued under the foregoing code  
281 sections. To allow school districts to make such an irrevocable  
282 pledge, the state shall take all action necessary to ensure that  
283 the amount of a district's Interim School District Capital  
284 Expenditure Fund allotments shall not be reduced below the amount  
285 certified by the department or the district's total allotment  
286 under the Interim Capital Expenditure Fund if fully funded, so  
287 long as such debt remains outstanding.

288 (e) From and after October 1, 1997, through June 30,  
289 1998, in addition to any other authority a school district may  
290 have, any school district may issue State Aid Capital Improvement  
291 Bonds secured in whole by a continuing annual pledge of any  
292 Mississippi Adequate Education Program funds available to the  
293 district, in an amount not to exceed One Hundred Sixty Dollars  
294 (\$160.00) per pupil based on the latest completed average daily  
295 attendance count certified by the department prior to the issuance  
296 of the bonds. Such State Aid Capital Improvement Bonds may be  
297 issued for the purposes enumerated in subsections (a), (b), (c)

298 and (g) of this section. Prior to issuing such bonds, the school  
299 board of the district shall adopt a resolution declaring the  
300 necessity for and its intention of issuing such bonds and  
301 borrowing such money, specifying the approximate amount to be so  
302 borrowed, how such money is to be used and how such indebtedness  
303 is to be evidenced. Any capital improvement project financed with  
304 State Aid Capital Improvement Bonds shall be approved by the  
305 department, and based on an approved long-range plan. The State  
306 Board of Education shall promulgate minimum requirements for the  
307 approval of such school district capital expenditure plans. The  
308 State Board of Education shall not approve any capital expenditure  
309 plan for a pledge of funds under this paragraph unless it  
310 determines (i) that the quality of instruction in such district  
311 will not be reduced as a result of this pledge, and (ii) the  
312 district has other revenue available to attain and maintain at  
313 least Level III accreditation.

314 A district issuing State Aid Capital Improvement Bonds may  
315 pledge for the repayment of such bonds all funds received by the  
316 district from the state, in an amount not to exceed One Hundred  
317 Sixty Dollars (\$160.00) per pupil in average daily attendance in  
318 the school district as set forth above, and not otherwise  
319 permanently pledged under paragraph (d) of this subsection or  
320 under Section 37-61-33(2)(d), Mississippi Code of 1972. The  
321 district's school board shall specify by resolution the amount of  
322 state funds, which are being pledged by the district for the  
323 repayment of the State Aid Capital Improvement Bonds. Once such a  
324 pledge is made to secure the bonds, the district shall notify the  
325 department of such pledge. Upon making such a pledge, the school  
326 district may request the department which may agree to irrevocably  
327 transfer a specified amount or percentage of the district's state  
328 revenue pledged to repay the district's State Aid Capital  
329 Improvement Bonds directly to a state or federally chartered bank  
330 serving as a trustee or paying agent on such bonds for the payment

331 of all or portion of such State Aid Capital Improvement Bonds.  
332 Such instructions shall be incorporated into a resolution by the  
333 school board for the benefit of holders of the bonds and may  
334 provide that such withholding and transfer of such other available  
335 funds shall be made only upon notification by a trustee or paying  
336 agent on such bonds that the amounts available to pay such bonds  
337 on any payment date will not be sufficient. It is the intent of  
338 this provision to allow school districts to irrevocably pledge a  
339 certain, constant stream of revenue as security for State Aid  
340 Capital Improvement Bonds issued hereunder. To allow school  
341 districts to make such an irrevocable pledge, the state shall take  
342 all action necessary to ensure that the amount of a district's  
343 state revenues up to an amount equal to One Hundred Sixty Dollars  
344 (\$160.00) per pupil as set forth above which have been pledged to  
345 repay debt as set forth herein shall not be reduced so long as any  
346 State Aid Capital Improvement Bonds are outstanding.

347 Any such State Aid Capital Improvement Bonds shall mature as  
348 determined by the district's school bond over a period not to  
349 exceed twenty (20) years. Such bonds shall not bear a greater  
350 overall maximum interest rate to maturity than that allowed in  
351 Section 75-17-101, Mississippi Code of 1972. The further details  
352 and terms of such bonds shall be as determined by the school board  
353 of the district.

354 The provisions of this subsection shall be cumulative and  
355 supplemental to any existing funding programs or other authority  
356 conferred upon school districts or school boards. Debt of a  
357 school district secured in whole by a pledge of revenue pursuant  
358 to this section shall not be subject to any debt limitation.

359 For purposes of this paragraph (e), "State Aid Capital  
360 Improvement Bond" shall mean any bond, note, or other certificate  
361 of indebtedness issued by a school district under the provisions  
362 hereof.

363 This paragraph (e) shall stand repealed from and after June

364 30, 1998.

365 (f) As an alternative to the authority granted under  
366 paragraph (e), a school district, in its discretion, may authorize  
367 the State Board of Education to withhold an amount of the  
368 district's adequate education program allotment equal to up to One  
369 Hundred Sixty Dollars (\$160.00) per student in average daily  
370 attendance in the district to be allocated to the State Public  
371 School Building Fund to the credit of such school district. A  
372 school district may choose the option provided under this  
373 paragraph (e) or paragraph (f), but not both. In addition to the  
374 grants made by the state pursuant to Section 37-47-9, a school  
375 district shall be entitled to grants based on the allotments to  
376 the State Public School Building Fund credited to such school  
377 district under this paragraph. This paragraph (f) shall stand  
378 repealed from and after June 30, 1998.

379 (g) The State Board of Education may authorize the  
380 school district to expend not more than twenty percent (20%) of  
381 its annual allotment of such funds or Twenty Thousand Dollars  
382 (\$20,000.00), whichever is greater, for technology needs of the  
383 school district, including computers, software,  
384 telecommunications, cable television, interactive video, film  
385 low-power television, satellite communications, microwave  
386 communications, technology-based equipment installation and  
387 maintenance, and the training of staff in the use of such  
388 technology-based instruction. Any such technology expenditure  
389 shall be reflected in the local district technology plan approved  
390 by the State Board of Education under Section 37-151-17,  
391 Mississippi Code of 1972.

392 (h) \* \* \* A school district may expend not more than  
393 eighty percent (80%) of its annual allotment \* \* \* for  
394 instructional purposes. The State Board of Education may  
395 authorize a school district to expend more than said eighty  
396 percent (80%) of its annual allotment for instructional purposes

397 if it determines that such expenditures are needed for  
398 accreditation purposes.

399 (i) The State Department of Education or the State  
400 Board of Education may require that any project commenced pursuant  
401 to this chapter with an estimated project cost of not less than  
402 Five Million Dollars (\$5,000,000.00) shall be done only pursuant  
403 to program management of the process with respect to design and  
404 construction. Any individuals, partnerships, companies or other  
405 entities acting as a program manager on behalf of a local school  
406 district and performing program management services for projects  
407 covered under this subsection shall be approved by the State  
408 Department of Education.

409 Any interest accruing on any unexpended balance in the  
410 Interim School District Capital Expenditure Fund shall be invested  
411 by the State Treasurer and placed to the credit of each school  
412 district participating in such fund in its proportionate share.

413 The provisions of this subsection shall be cumulative and  
414 supplemental to any existing funding programs or other authority  
415 conferred upon school districts or school boards.

416 SECTION 2. This act shall take effect and be in force from  
417 and after July 1, 1999.