

By: Guice

To: Education;
Appropriations

HOUSE BILL NO. 198

1 AN ACT TO AMEND SECTION 37-151-7, MISSISSIPPI CODE OF 1972,
2 TO DELETE THE AUTHORITY OF THE STATE DEPARTMENT OF EDUCATION TO
3 REQUIRE CERTAIN CAPITAL IMPROVEMENTS PROJECTS FUNDED WITH ADEQUATE
4 EDUCATION PROGRAM FUNDS TO BE UNDERTAKEN PURSUANT TO PROGRAM
5 MANAGEMENT; AND FOR RELATED PURPOSES.

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

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

9 37-151-7. The annual allocation to each school district for
10 the operation of the adequate education program shall be
11 determined as follows:

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

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

23 Education.

24 (b) **Determination of base student cost.** The State
25 Board of Education, on or before August 1, with adjusted estimate
26 no later than January 2, shall annually submit to the Legislative
27 Budget Office and the Governor a proposed base student cost
28 adequate to provide the following cost components of educating a
29 pupil in an average school district meeting Level III
30 accreditation standards required by the Commission on School
31 Accreditation: (i) Instructional Cost; (ii) Administrative Cost;
32 (iii) Operation and Maintenance of Plant; and (iv) Ancillary
33 Support Cost. The department shall utilize a statistical
34 methodology which considers such factors as, but not limited to:
35 (i) school size; (ii) assessed valuation per pupil; (iii) the
36 percentage of students receiving free lunch; (iv) the local
37 district maintenance tax levy; (v) other local school district
38 revenues; and (vi) the district's accreditation level, in the
39 selection of the representative Mississippi school districts for
40 which cost information shall be obtained for each of the above
41 listed cost areas.

42 For the instructional cost component, the department shall
43 determine the instructional cost of each of the representative
44 school districts selected above, excluding instructional cost of
45 self-contained special education programs and vocational education
46 programs, and the average daily attendance in the selected school
47 districts. The instructional cost is then totalled and divided by
48 the total average daily attendance for the selected school
49 districts to yield the instructional cost component. For the
50 administrative cost component, the department shall determine the
51 administrative cost of each of the representative school districts
52 selected above, excluding administrative cost of self-contained
53 special education programs and vocational education programs, and

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

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

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

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

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

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

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

108 (iii) Special education program cost shall be the
109 amount allocated to such school district from state funds for the

110 operational support of such programs.

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

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

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

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

124 (viii) Bus driver training programs shall be the
125 amount provided for those driver training programs as provided for
126 in Section 37-41-1.

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

132 (f) **Total projected adequate education program cost.**

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

137 (g) **Supplemental grant to school districts.** In

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

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

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

161 (b) The State Board of Education shall determine: (i)
162 the total assessed valuation of nonexempt property for school
163 purposes in each school district; (ii) assessed value of exempt
164 property owned by homeowners aged sixty-five (65) or older or
165 disabled as defined in Section 27-33-67(2); (iii) the school

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

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

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

178 (3) Computation of the required state effort in support of
179 the adequate education program.

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

189 * * * However, * * * in fiscal year 1998 and in the fiscal
190 year in which the adequate education program is fully funded by
191 the Legislature, any increase in the * * * state contribution,
192 including the supplemental grant to school districts provided
193 under subsection (1)(g), to any district calculated under this

194 section shall be not less than eight percent (8%) in excess of the
195 amount received by that district from state funds for the fiscal
196 year immediately preceding. For purposes of this section, state
197 funds shall include minimum program funds less the add-on
198 programs, state Uniform Millage Assistance Grant funds,
199 Education Enhancement Funds appropriated for Uniform Millage
200 Assistance Grants and state textbook allocations, and State
201 General Funds allocated for textbooks.

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

217 (5) The Interim School District Capital Expenditure Fund
218 is * * * established in the State Treasury which shall be used to
219 distribute any funds specifically appropriated by the Legislature
220 to such fund to school districts entitled to increased allocations
221 of state funds under the adequate education program funding

222 formula prescribed in Sections 37-151-3 through 37-151-7 until
223 such time as the * * * adequate education program is fully funded
224 by the Legislature. The following percentages of the total state
225 cost of increased allocations of funds under the adequate
226 education program funding formula shall be appropriated by the
227 Legislature into the Interim School District Capital Expenditure
228 Fund to be distributed to all school districts under the formula:
229 Nine and two-tenths percent (9.2%) shall be appropriated in
230 fiscal year 1998; twenty percent (20%) shall be appropriated in
231 fiscal year 1999; forty percent (40%) shall be appropriated in
232 fiscal year 2000; sixty percent (60%) shall be appropriated in
233 fiscal year 2001; eighty percent (80%) shall be appropriated in
234 fiscal year 2002; and one hundred percent (100%) shall be
235 appropriated in fiscal year 2003 into the State Adequate Education
236 Program Fund created in subsection (4). Until such time as the
237 adequate education program is fully funded by the Legislature,
238 such money shall be used by school districts for the following
239 purposes:

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

250 expenditure plans.

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

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

258 (d) From and after October 1, 1997, through June 30,
259 1998, pursuant to a school district capital expenditure plan
260 approved by the State Department of Education, a school district
261 may pledge such funds until July 1, 2002, plus funds provided for
262 in paragraph (e) of this subsection (5) that are not otherwise
263 permanently pledged under such paragraph (e) to pay all or a
264 portion of the debt service on debt issued by the school district
265 under Sections 37-59-1 through 37-59-45, 37-59-101 through
266 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,
267 37-7-301, 37-7-302 and 37-41-81, or debt issued by boards of
268 supervisors for agricultural high schools pursuant to Section
269 37-27-65, or lease-purchase contracts entered into pursuant to
270 Section 31-7-13, or to retire or refinance outstanding debt of a
271 district, if such pledge is accomplished pursuant to a written
272 contract or resolution approved and spread upon the minutes of an
273 official meeting of the district's school board or board of
274 supervisors. It is the intent of this provision to allow school
275 districts to irrevocably pledge their Interim School District
276 Capital Expenditure Fund allotments as a constant stream of
277 revenue to secure a debt issued under the foregoing code sections.

278 To allow school districts to make such an irrevocable pledge, the
279 state shall take all action necessary to ensure that the amount of
280 a district's Interim School District Capital Expenditure Fund
281 allotments shall not be reduced below the amount certified by the
282 department or the district's total allotment under the Interim
283 Capital Expenditure Fund if fully funded, so long as such debt
284 remains outstanding.

285 (e) From and after October 1, 1997, through June 30,
286 1998, in addition to any other authority a school district may
287 have, any school district may issue State Aid Capital Improvement
288 Bonds secured in whole by a continuing annual pledge of any
289 Mississippi Adequate Education Program funds available to the
290 district, in an amount not to exceed One Hundred Sixty (\$160.00)
291 per pupil based on the latest completed average daily attendance
292 count certified by the department prior to the issuance of the
293 bonds. Such State Aid Capital Improvement Bonds may be issued for
294 the purposes enumerated in subsections (a), (b), (c) and (g) of
295 this section. Prior to issuing such bonds, the school board of
296 the district shall adopt a resolution declaring the necessity for
297 and its intention of issuing such bonds and borrowing such money,
298 specifying the approximate amount to be so borrowed, how such
299 money is to be used and how such indebtedness is to be evidenced.

300 Any capital improvement project financed with State Aid Capital
301 Improvement Bonds shall be approved by the department, and based
302 on an approved long-range plan. The State Board of Education
303 shall promulgate minimum requirements for the approval of such
304 school district capital expenditure plans. The State Board of
305 Education shall not approve any capital expenditure plan for a

306 pledge of funds under this paragraph unless it determines; (i)
307 that the quality of instruction in such district will not be
308 reduced as a result of this pledge; and (ii) the district has
309 other revenue available to attain and maintain at least Level III
310 accreditation.

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

334 date will not be sufficient. It is the intent of this provision
335 to allow school districts to irrevocably pledge a certain,
336 constant stream of revenue as security for State Aid Capital
337 Improvement Bonds issued hereunder. To allow school districts to
338 make such an irrevocable pledge, the state shall take all action
339 necessary to ensure that the amount of a district's state revenues
340 up to an amount equal to One Hundred Sixty Dollars (\$160.00) per
341 pupil as set forth above which have been pledged to repay debt as
342 set forth herein shall not be reduced so long as any State Aid
343 Capital Improvement Bonds are outstanding.

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

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

356 For purposes of this paragraph * * *, "State Aid Capital
357 Improvement Bond" shall mean any bond, note or other certificate
358 of indebtedness issued by a school district under the provisions
359 hereof.

360 This paragraph * * * shall stand repealed from and after June
361 30, 1998.

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

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

388 (h) To the extent a school district has not utilized
389 twenty percent (20%) of its annual allotment for technology

390 purposes under paragraph (g), a school district may expend not
391 more than twenty percent (20%) of its annual allotment or Twenty
392 Thousand Dollars (\$20,000.00), whichever is greater, for
393 instructional purposes. The State Board of Education may
394 authorize a school district to expend more than * * * twenty
395 percent (20%) of its annual allotment for instructional purposes
396 if it determines that such expenditures are needed for
397 accreditation purposes.

398 * * *

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

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

406 SECTION 2. This act shall take effect and be in force from
407 and after July 1, 2000.