

By: Harden

To: Education;  
Appropriations

SENATE BILL NO. 2175

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

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

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

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

24 Education.

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

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

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

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

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

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

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

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

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

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

111 operational support of such programs.

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

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

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

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

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

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

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

138 (g) Supplemental grant to school districts. In

139 addition to the adequate education program grant, the State  
140 Department of Education shall annually distribute an additional  
141 amount as follows: Multiply the base student cost for the  
142 appropriate fiscal year as determined under paragraph (b) by .13%  
143 and multiply that product by the average daily attendance of each  
144 school district. Such grant shall not be subject to the local  
145 revenue requirement 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), Mississippi Code of  
166 1972; (iii) the school district's tax loss from exemptions

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

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

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

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

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

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

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

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

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

223 formula prescribed in Sections 37-151-3 through 37-151-7,  
224 Mississippi Code of 1972, until such time as the said adequate  
225 education program is fully funded by the Legislature. The  
226 following percentages of the total state cost of increased  
227 allocations of funds under the adequate education program funding  
228 formula shall be appropriated by the Legislature into the Interim  
229 School District Capital Expenditure Fund to be distributed to all  
230 school districts under the formula: Nine and two-tenths percent  
231 (9.2%) shall be appropriated in Fiscal Year 1998, twenty percent  
232 (20%) shall be appropriated in Fiscal Year 1999, forty percent  
233 (40%) shall be appropriated in Fiscal Year 2000, sixty percent  
234 (60%) shall be appropriated in Fiscal Year 2001, eighty percent  
235 (80%) shall be appropriated in Fiscal Year 2002, and one hundred  
236 percent (100%) shall be appropriated in Fiscal Year 2003 into the  
237 State Adequate Education Program Fund created in subsection (4).  
238 Until such time as the adequate education program is fully funded  
239 by the Legislature, such money shall be used by school districts  
240 for the following purposes:

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

251 expenditure plans.

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

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

259 (d) From and after October 1, 1997, through June 30,  
260 1998, pursuant to a school district capital expenditure plan  
261 approved by the State Department of Education, a school district  
262 may pledge such funds until July 1, 2002, plus funds provided for  
263 in paragraph (e) of this subsection (5) that are not otherwise  
264 permanently pledged under such paragraph (e) to pay all or a  
265 portion of the debt service on debt issued by the school district  
266 under Sections 37-59-1 through 37-59-45, 37-59-101 through  
267 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,  
268 37-7-301, 37-7-302 and 37-41-81, Mississippi Code of 1972, or debt  
269 issued by boards of supervisors for agricultural high schools  
270 pursuant to Section 37-27-65, Mississippi Code of 1972, or  
271 lease-purchase contracts entered into pursuant to Section 31-7-13,  
272 Mississippi Code of 1972, or to retire or refinance outstanding  
273 debt of a district, if such pledge is accomplished pursuant to a  
274 written contract or resolution approved and spread upon the  
275 minutes of an official meeting of the district's school board or  
276 board of supervisors. It is the intent of this provision to allow  
277 school districts to irrevocably pledge their Interim School  
278 District Capital Expenditure Fund allotments as a constant stream

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

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

307 State Board of Education shall not approve any capital expenditure  
308 plan for a pledge of funds under this paragraph unless it  
309 determines (i) that the quality of instruction in such district  
310 will not be reduced as a result of this pledge, and (ii) the  
311 district has other revenue available to attain and maintain at  
312 least Level III accreditation.

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

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

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

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

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

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

363 30, 1998.

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

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

391           (h) \* \* \* A school district may expend not more than  
392 eighty percent (80%) of its annual allotment \* \* \* for  
393 instructional purposes. The State Board of Education may  
394 authorize a school district to expend more than said eighty  
395 percent (80%) of its annual allotment for instructional purposes  
396 if it determines that such expenditures are needed for  
397 accreditation purposes.

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

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

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

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