

By: Senator(s) Bryan

To: Education;
Appropriations

SENATE BILL NO. 2969

1 AN ACT TO AMEND SECTION 37-151-7, MISSISSIPPI CODE OF 1972,
2 TO PRESCRIBE THE BASE STUDENT COST IN FISCAL YEAR 2003 FOR
3 PURPOSES OF DETERMINING ALLOCATIONS UNDER THE MISSISSIPPI ADEQUATE
4 EDUCATION PROGRAM; AND FOR RELATED PURPOSES.

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

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

8 37-151-7. The annual allocation to each school district for
9 the operation of the adequate education program shall be
10 determined as follows:

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

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

23 (b) **Determination of base student cost.** The State
24 Board of Education, on or before August 1, with adjusted estimate
25 no later than January 2, shall annually submit to the Legislative
26 Budget Office and the Governor a proposed base student cost
27 adequate to provide the following cost components of educating a
28 pupil in an average school district meeting Level III



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

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



62 districts. The plant and maintenance cost is then totaled and
63 divided by the total average daily attendance for the selected
64 school districts to yield the plant and maintenance cost
65 component. For the ancillary support cost component, the
66 department shall determine the ancillary support cost of each of
67 the representative school districts selected above, excluding
68 ancillary support cost of self-contained special education
69 programs and vocational education programs, and the average daily
70 attendance in the selected school districts. The ancillary
71 support cost is then totaled and divided by the total average
72 daily attendance for the selected school districts to yield the
73 ancillary support cost component. The total base cost for each
74 year shall be the sum of the instructional cost component,
75 administrative cost component, plant and maintenance cost
76 component and ancillary support cost component, and any estimated
77 adjustments for additional state requirements as determined by the
78 State Board of Education. Provided, however, that the base
79 student cost in fiscal year 1998 shall be Two Thousand Six Hundred
80 Sixty-four Dollars (\$2,664.00); and the base student cost in
81 fiscal year 2003 shall be \$ _____ .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, Mississippi Code of 1972.



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 shall yield the add-on cost for
131 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 .13%
142 and multiply that product by the average daily attendance of each
143 school district. Such grant shall not be subject to the local
144 revenue requirement provided in subsection (2).

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

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



160 (b) The State Board of Education shall determine (i)
161 the total assessed valuation of nonexempt property for school
162 purposes in each school district; (ii) assessed value of exempt
163 property owned by homeowners aged sixty-five (65) or older or
164 disabled as defined in Section 27-33-67(2), Mississippi Code of
165 1972; (iii) the school district's tax loss from exemptions
166 provided to applicants under the age of sixty-five (65) and not
167 disabled as defined in Section 27-33-67(1), Mississippi Code of
168 1972; and (iv) the school district's homestead reimbursement
169 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 Provided, however, that 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 said 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 said 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 hereby
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, Mississippi Code of 1972, and
216 shall be expended in the manner provided by law.

217 (5) The Interim School District Capital Expenditure Fund is
218 hereby 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,
223 Mississippi Code of 1972, until such time as the said adequate
224 education program is fully funded by the Legislature. The
225 following percentages of the total state cost of increased



226 allocations of funds under the adequate education program funding
227 formula shall be appropriated by the Legislature into the Interim
228 School District Capital Expenditure Fund to be distributed to all
229 school districts under the formula: Nine and two-tenths percent
230 (9.2%) shall be appropriated in fiscal year 1998, twenty percent
231 (20%) shall be appropriated in fiscal year 1999, forty percent
232 (40%) shall be appropriated in fiscal year 2000, sixty percent
233 (60%) shall be appropriated in fiscal year 2001, eighty percent
234 (80%) shall be appropriated in fiscal year 2002, and one hundred
235 percent (100%) shall be appropriated in fiscal year 2003 into the
236 State Adequate Education Program Fund created in subsection (4).
237 Until such time as the adequate education program is fully funded
238 by the Legislature, such money shall be used by school districts
239 for the following 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, Mississippi Code of 1972, or debt
268 issued by boards of supervisors for agricultural high schools
269 pursuant to Section 37-27-65, Mississippi Code of 1972, or
270 lease-purchase contracts entered into pursuant to Section 31-7-13,
271 Mississippi Code of 1972, or to retire or refinance outstanding
272 debt of a district, if such pledge is accomplished pursuant to a
273 written contract or resolution approved and spread upon the
274 minutes of an official meeting of the district's school board or
275 board of supervisors. It is the intent of this provision to allow
276 school districts to irrevocably pledge their Interim School
277 District Capital Expenditure Fund allotments as a constant stream
278 of revenue to secure a debt issued under the foregoing code
279 sections. To allow school districts to make such an irrevocable
280 pledge, the state shall take all action necessary to ensure that
281 the amount of a district's Interim School District Capital
282 Expenditure Fund allotments shall not be reduced below the amount
283 certified by the department or the district's total allotment
284 under the Interim Capital Expenditure Fund if fully funded, so
285 long as such debt remains outstanding.

286 (e) From and after October 1, 1997, through June 30,
287 1998, in addition to any other authority a school district may
288 have, any school district may issue State Aid Capital Improvement
289 Bonds secured in whole by a continuing annual pledge of any
290 Mississippi Adequate Education Program funds available to the



291 district, in an amount not to exceed One Hundred Sixty Dollars
292 (\$160.00) per pupil based on the latest completed average daily
293 attendance count certified by the department prior to the issuance
294 of the bonds. Such State Aid Capital Improvement Bonds may be
295 issued for the purposes enumerated in subsections (a), (b), (c)
296 and (g) of this section. Prior to issuing such bonds, the school
297 board of the district shall adopt a resolution declaring the
298 necessity for and its intention of issuing such bonds and
299 borrowing such money, specifying the approximate amount to be so
300 borrowed, how such money is to be used and how such indebtedness
301 is to be evidenced. Any capital improvement project financed with
302 State Aid Capital Improvement Bonds shall be approved by the
303 department, and based on an approved long-range plan. The State
304 Board of Education shall promulgate minimum requirements for the
305 approval of such school district capital expenditure plans. The
306 State Board of Education shall not approve any capital expenditure
307 plan for a pledge of funds under this paragraph unless it
308 determines (i) that the quality of instruction in such district
309 will not be reduced as a result of this pledge, and (ii) the
310 district has other revenue available to attain and maintain at
311 least Level III accreditation.

312 A district issuing State Aid Capital Improvement Bonds may
313 pledge for the repayment of such bonds all funds received by the
314 district from the state, in an amount not to exceed One Hundred
315 Sixty Dollars (\$160.00) per pupil in average daily attendance in
316 the school district as set forth above, and not otherwise
317 permanently pledged under paragraph (d) of this subsection or
318 under Section 37-61-33(2)(d), Mississippi Code of 1972. The
319 district's school board shall specify by resolution the amount of
320 state funds, which are being pledged by the district for the
321 repayment of the State Aid Capital Improvement Bonds. Once such a
322 pledge is made to secure the bonds, the district shall notify the
323 department of such pledge. Upon making such a pledge, the school



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

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

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



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

361 This paragraph (e) shall stand repealed from and after June
362 30, 1998.

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

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



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

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

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

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

417 **SECTION 2.** This act shall take effect and be in force from
418 and after July 1, 2002.

