

By: Senator(s) Chaney, Flowers, Michel,
White

To: Education;
Appropriations

SENATE BILL NO. 2604
(As Sent to Governor)

1 AN ACT TO AMEND SECTIONS 37-151-5 AND 37-151-7, MISSISSIPPI
2 CODE OF 1972, TO REVISE CERTAIN COMPONENTS OF THE MISSISSIPPI
3 ADEQUATE EDUCATION PROGRAM FORMULA; TO REVISE CERTAIN DEFINITIONS
4 UNDER THE FORMULA; TO REVISE THE FORMULA FOR COMPUTING AVERAGE
5 DAILY ATTENDANCE OF STUDENTS FOR PURPOSES OF THE ADEQUATE
6 EDUCATION PROGRAM; TO REVISE THE DETERMINATION OF BASE STUDENT
7 COST UNDER THE FORMULA BY PROVIDING FOR THE SELECTION OF SCHOOL
8 DISTRICTS FOR THE INSTRUCTIONAL COST COMPONENT, FOR THE
9 ADMINISTRATIVE COST COMPONENT, FOR THE PLANT AND MAINTENANCE COST
10 COMPONENT AND FOR THE ANCILLARY SUPPORT COST COMPONENT; TO PROVIDE
11 THAT THE BASE STUDENT COST SHALL BE COMPUTED UNDER THE FORMULA BY
12 THE STATE BOARD OF EDUCATION ONCE EVERY FOUR YEARS AND INCREASED
13 BY CERTAIN FACTORS DURING THE INTERVENING YEARS; TO PROVIDE FOR
14 THE PROCEDURE FOR ALLOCATING ADEQUATE EDUCATION PROGRAM FUNDS IN
15 ANY YEAR IN WHICH THE FORMULA IS NOT FULLY FUNDED BY THE
16 LEGISLATURE; TO DELETE THE AUTHORITY FOR A SUPPLEMENTAL GRANT TO
17 SCHOOL DISTRICTS; TO PROVIDE THAT ANY FEES RECEIVED IN LIEU OF
18 TAXES SHALL BE INCLUDED IN THE AMOUNT OF REQUIRED LOCAL
19 CONTRIBUTION TO THE SUPPORT OF THE ADEQUATE EDUCATION PROGRAM; TO
20 DELETE THE CALCULATION FOR GRANTS TO CERTAIN HIGH GROWTH SCHOOL
21 DISTRICTS; TO PROVIDE THAT IF SUFFICIENT FUNDS ARE NOT AVAILABLE
22 TO FULLY FUND THE MISSISSIPPI ADEQUATE EDUCATION PROGRAM FOR ANY
23 OF THE FISCAL YEARS 2007, 2008 OR 2009, THE LEGISLATURE SHALL
24 PROVIDE SPECIFIED MINIMUM AMOUNTS TO FUND THE MAEP FOR THOSE
25 FISCAL YEARS; AND FOR RELATED PURPOSES.

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

27 **SECTION 1.** Section 37-151-5, Mississippi Code of 1972, is
28 amended as follows:

29 37-151-5. As used in Sections * * * 37-151-5 and 37-151-7:

30 (a) "Adequate program" or "adequate education program"
31 or "Mississippi Adequate Education Program (MAEP)" shall mean the
32 program to establish adequate current operation funding levels
33 necessary for the programs of such school district to meet at
34 least a successful Level III rating of the accreditation system as
35 established by the State Board of Education using current
36 statistically relevant state assessment data.

37 (b) "Educational programs or elements of programs not
38 included in the adequate education program calculations, but which

39 may be included in appropriations and transfers to school
40 districts" shall mean:

41 (i) "Capital outlay" shall mean those funds used
42 for the constructing, improving, equipping, renovating or major
43 repairing of school buildings or other school facilities, or the
44 cost of acquisition of land whereon to construct or establish such
45 school facilities.

46 (ii) "Pilot programs" shall mean programs of a
47 pilot or experimental nature usually designed for special purposes
48 and for a specified period of time other than those included in
49 the adequate education program.

50 (iii) "Adult education" shall mean public
51 education dealing primarily with students above eighteen (18)
52 years of age not enrolled as full-time public school students and
53 not classified as students of technical schools, colleges or
54 universities of the state.

55 (iv) "Food service programs" shall mean those
56 programs dealing directly with the nutritional welfare of the
57 student, such as the school lunch and school breakfast programs.

58 (c) "Base student" shall mean that student
59 classification that represents the most economically educated
60 pupil in a school system meeting the definition of successful, as
61 determined by the State Board of Education.

62 (d) "Base student cost" shall mean the funding level
63 necessary for providing an adequate education program for one (1)
64 base student, subject to any minimum amounts prescribed in Section
65 37-151-7(1).

66 (e) "Add-on program costs" shall mean those items which
67 are included in the adequate education program appropriations and
68 are outside of the program calculations:

69 (i) "Transportation" shall mean transportation to
70 and from public schools for the students of Mississippi's public
71 schools provided for under law and funded from state funds.

72 (ii) "Vocational or technical education program"
73 shall mean a secondary vocational or technical program approved by
74 the State Department of Education and provided for from state
75 funds.

76 (iii) "Special education program" shall mean a
77 program for exceptional children as defined and authorized by
78 Sections 37-23-1 through 37-23-9, and approved by the State
79 Department of Education and provided from state funds.

80 (iv) "Gifted education program" shall mean those
81 programs for the instruction of intellectually or academically
82 gifted children as defined and provided for in Section 37-23-175
83 et seq.

84 (v) "Alternative school program" shall mean those
85 programs for certain compulsory-school-age students as defined and
86 provided for in Sections 37-13-92 and 37-19-22.

87 (vi) "Extended school year programs" shall mean
88 those programs authorized by law which extend beyond the normal
89 school year.

90 (vii) "University-based programs" shall mean those
91 university-based programs for handicapped children as defined and
92 provided for in Section 37-23-131 et seq.

93 (viii) "Bus driver training" programs shall mean
94 those driver training programs as provided for in Section 37-41-1.

95 (f) "Teacher" shall include any employee of a local
96 school who is required by law to obtain a teacher's license from
97 the State Board of Education and who is assigned to an
98 instructional area of work as defined by the State Department of
99 Education.

100 (g) "Principal" shall mean the head of an attendance
101 center or division thereof.

102 (h) "Superintendent" shall mean the head of a school
103 district.

104 (i) "School district" shall mean any type of school
105 district in the State of Mississippi, and shall include
106 agricultural high schools.

107 (j) "Minimum school term" shall mean a term of at least
108 one hundred eighty (180) days of school in which both teachers and
109 pupils are in regular attendance for scheduled classroom
110 instruction for not less than sixty percent (60%) of the normal
111 school day. It is the intent of the Legislature that any tax
112 levies generated to produce additional local funds required by any
113 school district to operate school terms in excess of one hundred
114 seventy-five (175) days shall not be construed to constitute a new
115 program for the purposes of exemption from the limitation on tax
116 revenues as allowed under Sections 27-39-321 and 37-57-107 for new
117 programs mandated by the Legislature.

118 (k) The term "transportation density" shall mean the
119 number of transported children in average daily attendance per
120 square mile of area served in a school district, as determined by
121 the State Department of Education.

122 (l) The term "transported children" shall mean children
123 being transported to school who live within legal limits for
124 transportation and who are otherwise qualified for being
125 transported to school at public expense as fixed by Mississippi
126 state law.

127 (m) The term "year of teaching experience" shall mean
128 nine (9) months of actual teaching in the public or private
129 schools. In no case shall more than one (1) year of teaching
130 experience be given for all services in one (1) calendar or school
131 year. In determining a teacher's experience, no deduction shall
132 be made because of the temporary absence of the teacher because of
133 illness or other good cause, and the teacher shall be given credit
134 therefor. Beginning with the 2003-2004 school year, the State
135 Board of Education shall fix a number of days, not to exceed
136 forty-five (45) consecutive school days, during which a teacher

137 may not be under contract of employment during any school year and
138 still be considered to have been in full-time employment for a
139 regular scholastic term. If a teacher exceeds the number of days
140 established by the State Board of Education that a teacher may not
141 be under contract but may still be employed, that teacher shall
142 not be credited with a year of teaching experience. In
143 determining the experience of school librarians, each complete
144 year of continuous, full-time employment as a professional
145 librarian in a public library in this or some other state shall be
146 considered a year of teaching experience. If a full-time school
147 administrator returns to actual teaching in the public schools,
148 the term "year of teaching experience" shall include the period of
149 time he or she served as a school administrator. In determining
150 the salaries of teachers who have experience in any branch of the
151 military, the term "year of teaching experience" shall include
152 each complete year of actual classroom instruction while serving
153 in the military. In determining the experience of speech-language
154 pathologists and audiologists, each complete year of continuous
155 full-time post master's degree employment in an educational
156 setting in this or some other state shall be considered a year of
157 teaching experience.

158 (n) The term "average daily attendance" shall be the
159 figure which results when the total aggregate attendance during
160 the period or months counted is divided by the number of days
161 during the period or months counted upon which both teachers and
162 pupils are in regular attendance for scheduled classroom
163 instruction less the average daily attendance for self-contained
164 special education classes and, prior to full implementation of the
165 adequate education program the department shall deduct the average
166 daily attendance for the alternative school program provided for
167 in Section 37-19-22.

168 (o) The term "local supplement" shall mean the amount
169 paid to an individual teacher over and above the adequate
170 education program salary schedule for regular teaching duties.

171 (p) The term "aggregate amount of support from ad
172 valorem taxation" shall mean the amounts produced by the
173 district's total tax levies for operations.

174 (q) The term "adequate education program funds" shall
175 mean all funds, both state and local, constituting the
176 requirements for meeting the cost of the adequate program as
177 provided for in Section 37-151-7.

178 (r) "Department" shall mean the State Department of
179 Education.

180 (s) "Commission" shall mean the Mississippi Commission
181 on School Accreditation created under Section 37-17-3.

182 (t) The term "successful school district" shall mean a
183 Level III school district as designated by the State Board of
184 Education using current statistically relevant state assessment
185 data.

186 **SECTION 2.** Effective with fiscal year 2007, the Legislature
187 shall fully fund the Mississippi Adequate Education Program.

188 **SECTION 3.** (1) If sufficient funds are not available to
189 fully fund the Mississippi Adequate Education Program (MAEP) for
190 any of the fiscal years 2007, 2008 or 2009, the Legislature shall
191 provide not less than the following amounts to fund the MAEP for
192 those fiscal years: For fiscal year 2007, the amount shall be not
193 less than One Billion Nine Hundred Seventy-three Million Forty
194 Thousand One Hundred Twelve Dollars (\$1,973,040,112.00); for
195 fiscal year 2008, the amount shall be not less than Two Billion
196 Thirty-seven Million Two Hundred Twenty-six Thousand Five Hundred
197 Eighty-four Dollars (\$2,037,226,584.00); and for fiscal year 2009,
198 the amount shall be not less than Two Billion One Hundred One
199 Million Four Hundred Thirteen Thousand Fifty-six Dollars
200 (\$2,101,413,056.00). For fiscal year 2010, the Legislature shall

201 provide not less than Two Billion One Hundred Sixty-five Million
202 Five Hundred Ninety-nine Thousand Five Hundred Twenty-eight
203 Dollars (\$2,165,599,528.00) to fund the MAEP. The minimum amounts
204 required by this section for the MAEP do not include the costs
205 associated with other state mandated costs such as, but not
206 limited to, teacher pay raises, increased costs of insurance and
207 increased costs of employer contributions to the Public Employees'
208 Retirement System, and any such associated costs increases shall
209 be funded separately and in addition to the minimum amounts
210 required by this section.

211 (2) If sufficient funds are not available to fully fund the
212 MAEP for any of the fiscal years 2007, 2008 or 2009, the funds
213 required to be provided to school districts under this section
214 shall be allocated and prorated using average daily attendance
215 (ADA) for months one (1) through nine (9) of the second preceding
216 year or months two (2) and three (3) of the preceding year,
217 whichever is greater, for fiscal year 2007, 2008 or 2009, as the
218 case may be. For fiscal year 2010, allocation of funds shall be
219 based on months two (2) and three (3) ADA.

220 (3) If sufficient funds are not available to fully fund the
221 MAEP for any of the fiscal years 2007, 2008 or 2009, school
222 districts experiencing at least three (3) consecutive years of
223 growth in ADA shall receive an additional allocation of funds to
224 fund that growth as follows: For fiscal year 2007, twenty-five
225 percent (25%); for fiscal year 2008, fifty percent (50%); and for
226 fiscal year 2009, seventy-five percent (75%). For fiscal year
227 2010, that growth shall be funded at one hundred percent (100%).
228 The State Department of Education shall determine the percentage
229 change from the prior year of each year of each school district's
230 average of months two (2) and three (3) ADA for the three (3)
231 immediately preceding school years of the year for which funds are
232 being appropriated. For any school district that experiences a
233 positive growth in the average of months two (2) and three (3) ADA

234 each year of the three (3) years, the average percentage growth
235 over the three-year period shall be multiplied times the school
236 district's average of months two (2) and three (3) ADA for the
237 year immediately preceding the year for which MAEP funds are being
238 appropriated. For fiscal year 2007, twenty-five percent (25%);
239 for fiscal year 2008, fifty percent (50%); for fiscal year 2009,
240 seventy-five percent (75%); and for fiscal year 2010, one hundred
241 percent (100%) of the resulting amount shall be added to the
242 school district's average of months two (2) and three (3) ADA for
243 the year immediately preceding the year for which MAEP funds are
244 being appropriated to arrive at the ADA to be used in determining
245 a school district's MAEP allocation. The district's ADA shall be
246 computed and currently maintained in accordance with regulations
247 promulgated by the State Board of Education.

248 **SECTION 4.** Section 37-151-7, Mississippi Code of 1972, is
249 amended as follows:

250 37-151-7. The annual allocation to each school district for
251 the operation of the adequate education program shall be
252 determined as follows:

253 (1) **Computation of the basic amount to be included for**
254 **current operation in the adequate education program.** The
255 following procedure shall be followed in determining the annual
256 allocation to each school district:

257 (a) **Determination of average daily attendance.**
258 Effective with fiscal year 2011, the State Department of Education
259 shall determine the percentage change from the prior year of each
260 year of each school district's average of months two (2) and three
261 (3) average daily attendance (ADA) for the three (3) immediately
262 preceding school years of the year for which funds are being
263 appropriated. For any school district that experiences a positive
264 growth in the average of months two (2) and three (3) ADA each
265 year of the three (3) years, the average percentage growth over
266 the three-year period shall be multiplied times the school

267 district's average of months two (2) and three (3) ADA for the
268 year immediately preceding the year for which MAEP funds are being
269 appropriated. The resulting amount shall be added to the school
270 district's average of months two (2) and three (3) ADA for the
271 year immediately preceding the year for which MAEP funds are being
272 appropriated to arrive at the ADA to be used in determining a
273 school district's MAEP allocation. Otherwise, months two (2) and
274 three (3) ADA for the year immediately preceding the year for
275 which MAEP funds are being appropriated will be used in
276 determining a school district's MAEP allocation. In any fiscal
277 year prior to 2010 in which the MAEP formula is not fully funded,
278 for those districts that do not demonstrate a three-year positive
279 growth in months two (2) and three (3) ADA, months one (1) through
280 nine (9) ADA of the second preceding year for which funds are
281 being appropriated or months two (2) and three (3) ADA of the
282 preceding year for which funds are being appropriated, whichever
283 is greater, shall be used to calculate the district's MAEP
284 allocation. The district's average daily attendance shall be
285 computed and currently maintained in accordance with regulations
286 promulgated by the State Board of Education.

287 (b) **Determination of base student cost.** Effective with
288 fiscal year 2011 and every fourth fiscal year thereafter, the
289 State Board of Education, on or before August 1, with adjusted
290 estimate no later than January 2, shall * * * submit to the
291 Legislative Budget Office and the Governor a proposed base student
292 cost adequate to provide the following cost components of
293 educating a pupil in a successful school district: (i)
294 Instructional Cost; (ii) Administrative Cost; (iii) Operation and
295 Maintenance of Plant; and (iv) Ancillary Support Cost. For
296 purposes of these calculations, the Department of Education shall
297 utilize financial data from the second preceding year of the year
298 for which funds are being appropriated.

299 For the instructional cost component, the Department of
300 Education shall select districts that have been identified as
301 instructionally successful and have a ratio of a number of
302 teachers per one thousand (1,000) students that is between one
303 standard deviation above the mean and two standard deviations
304 below the mean of the statewide average of teachers per one
305 thousand (1,000) students. The instructional cost component shall
306 be calculated by dividing the latest available months 1-9 ADA into
307 the instructional expenditures of these selected districts. For
308 the purpose of this calculation, the Department of Education shall
309 use the following funds, functions and objects:

310 Fund 1120 Functions 1110-1199 Objects 100-999, Functions

311 1210, 1220, 2150-2159 Objects 210 and 215;

312 Fund 1130 All Functions, Object Code 210 and 215;

313 Fund 2001 Functions 1110-1199 Objects 100-999;

314 Fund 2070 Functions 1110-1199 Objects 100-999;

315 Fund 2420 Functions 1110-1199 Objects 100-999;

316 Fund 2711 All Functions, Object Code 210 and 215.

317 Prior to the calculation of the instructional cost component,
318 there shall be subtracted from the above expenditures any revenue
319 received for Chickasaw Cession payments, Master Teacher
320 Certification payments and the district's portion of state revenue
321 received from the MAEP at-risk allocation.

322 For the administrative cost component, the Department of
323 Education shall select districts that have been identified as
324 instructionally successful and have a ratio of an administrative
325 staff to nonadministrative staff between one standard deviation
326 above the mean and two standard deviations below the mean of the
327 statewide average administrative staff to nonadministrative staff.
328 The administrative cost component shall be calculated by dividing
329 the latest available months 1-9 ADA of the selected districts into
330 the administrative expenditures of these selected districts. For

331 the purpose of this calculation, the Department of Education shall
332 use the following funds, functions and objects:

333 Fund 1120 Functions 2300-2599, Functions 2800-2899,
334 Objects 100-999;

335 Fund 2711 Functions 2300-2599, Functions 2800-2899,
336 Objects 100-999.

337 For the plant and maintenance cost component, the Department
338 of Education shall select districts that have been identified as
339 instructionally successful and have a ratio of plant and
340 maintenance expenditures per one hundred thousand (100,000) square
341 feet of building space and a ratio of maintenance workers per one
342 hundred thousand (100,000) square feet of building space that are
343 both between one standard deviation above the mean and two
344 standard deviations below the mean of the statewide average. The
345 plant and maintenance cost component shall be calculated by
346 dividing the latest available months 1-9 ADA of the selected
347 districts into the plant and maintenance expenditures of these
348 selected districts. For the purpose of this calculation, the
349 Department of Education shall use the following funds, functions
350 and objects:

351 Fund 1120 Functions 2600-2699, Objects 100-699
352 and Objects 800-999;

353 Fund 2711 Functions 2600-2699, Objects 100-699
354 and Objects 800-999;

355 Fund 2430 Functions 2600-2699, Objects 100-699
356 and Objects 800-999.

357 For the ancillary support cost component, the Department of
358 Education shall select districts that have been identified as
359 instructionally successful and have a ratio of a number of
360 librarians, media specialists, guidance counselors and
361 psychologists per one thousand (1,000) students that is between
362 one standard deviation above the mean and two standard deviations
363 below the mean of the statewide average of librarians, media

364 specialists, guidance counselors and psychologists per one
365 thousand (1,000) students. The ancillary cost component shall be
366 calculated by dividing the latest available months 1-9 ADA into
367 the ancillary expenditures instructional expenditures of these
368 selected districts. For the purpose of this calculation, the
369 Department of Education shall use the following funds, functions
370 and objects:

371 Fund 1120 Functions 2110-2129, Objects 100-999;

372 Fund 1120 Functions 2140-2149, Objects 100-999;

373 Fund 1120 Functions 2220-2229, Objects 100-999;

374 Fund 2001 Functions 2100-2129, Objects 100-999;

375 Fund 2001 Functions 2140-2149, Objects 100-999;

376 Fund 2001 Functions 2220-2229, Objects 100-999.

377 The total base cost for each year shall be the sum of the
378 instructional cost component, administrative cost component, plant
379 and maintenance cost component and ancillary support cost
380 component, and any estimated adjustments for additional state
381 requirements as determined by the State Board of Education.

382 Provided, however, that the base student cost in fiscal year 1998
383 shall be Two Thousand Six Hundred Sixty-four Dollars (\$2,664.00).

384 For each of the fiscal years between the recalculation of the
385 base student cost under the provisions of this paragraph (b), the
386 base student cost shall be increased by an amount equal to forty
387 percent (40%) of the base student cost for the previous fiscal
388 year, multiplied by the latest annual rate of inflation for the
389 State of Mississippi as determined by the State Economist, plus
390 any adjustments for additional state requirements such as, but not
391 limited to, teacher pay raises and health insurance premium
392 increases.

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

397 Multiply the average daily attendance of the district by the
398 base student cost as established by the Legislature, which yields
399 the total base program cost for each school district.

400 (d) **Adjustment to the base student cost for at-risk**
401 **pupils.** The amount to be included for at-risk pupil programs for
402 each school district shall be computed as follows: Multiply the
403 base student cost for the appropriate fiscal year as determined
404 under paragraph (b) by five percent (5%), and multiply that
405 product by the number of pupils participating in the federal free
406 school lunch program in such school district, which yields the
407 total adjustment for at-risk pupil programs for such school
408 district.

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

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

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

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

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

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

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

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

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

438 The sum of the items listed above (i) transportation, (ii)
439 vocational or technical education, (iii) special education, (iv)
440 gifted education, (v) alternative school, (vi) extended school
441 year, (vii) university-based, and (viii) bus driver training shall
442 yield the add-on cost for each school district.

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

444 The total Mississippi Adequate Education Program cost shall be the
445 sum of the total basic adequate education program cost (paragraph
446 (c)), and the adjustment to the base student cost for at-risk
447 pupils (paragraph (d)) for each school district. In any year in
448 which the MAEP is not fully funded, the Legislature shall direct
449 the Department of Education in the K-12 appropriation bill as to
450 how to allocate MAEP funds to school districts for that year.

451 * * *

452 (g) The State Auditor shall annually verify the State
453 Board of Education's estimated calculations for the Mississippi
454 Adequate Education Program that are submitted each year to the
455 Legislative Budget Office on August 1 and the final calculation
456 that is submitted on January 2.

457 (2) **Computation of the required local revenue in support of**
458 **the adequate education program.** The amount that each district
459 shall provide toward the cost of the adequate education program
460 shall be calculated as follows:

461 (a) The State Department of Education shall certify to
462 each school district that twenty-eight (28) mills, less the
463 estimated amount of the yield of the School Ad Valorem Tax
464 Reduction Fund grants as determined by the State Department of
465 Education, is the millage rate required to provide the district
466 required local effort for that year, or twenty-seven percent (27%)
467 of the basic adequate education program cost for such school
468 district as determined under paragraph (c), whichever is a lesser
469 amount. In the case of an agricultural high school the millage
470 requirement shall be set at a level which generates an equitable
471 amount per pupil to be determined by the State Board of Education.

472 (b) The State Department of Education shall determine
473 (i) the total assessed valuation of nonexempt property for school
474 purposes in each school district; (ii) assessed value of exempt
475 property owned by homeowners aged sixty-five (65) or older or
476 disabled as defined in Section 27-33-67(2), Mississippi Code of
477 1972; (iii) the school district's tax loss from exemptions
478 provided to applicants under the age of sixty-five (65) and not
479 disabled as defined in Section 27-33-67(1), Mississippi Code of
480 1972; and (iv) the school district's homestead reimbursement
481 revenues.

482 (c) The amount of the total adequate education program
483 funding which shall be contributed by each school district shall
484 be the sum of the ad valorem receipts generated by the millage
485 required under this subsection plus the following local revenue
486 sources for the appropriate fiscal year which are or may be
487 available for current expenditure by the school district:

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

490 One hundred percent (100%) of any fees in lieu of taxes as
491 prescribed in Section 27-31-104.

492 (3) **Computation of the required state effort in support of**
493 **the adequate education program.**

494 (a) The required state effort in support of the
495 adequate education program shall be determined by subtracting the
496 sum of the required local tax effort as set forth in subsection
497 (2)(a) of this section and the other local revenue sources as set
498 forth in subsection (2)(c) of this section in an amount not to
499 exceed twenty-seven percent (27%) of the total projected adequate
500 education program cost as set forth in subsection (1)(f) of this
501 section from the total projected adequate education program cost
502 as set forth in subsection (1)(f) of this section.

503 (b) Provided, however, that in fiscal year 1998 and in
504 the fiscal year in which the adequate education program is fully
505 funded by the Legislature, any increase in the said state
506 contribution * * * to any district calculated under this section
507 shall be not less than eight percent (8%) in excess of the amount
508 received by said district from state funds for the fiscal year
509 immediately preceding. For purposes of this paragraph (b), state
510 funds shall include minimum program funds less the add-on
511 programs, State Uniform Millage Assistance Grant Funds, Education
512 Enhancement Funds appropriated for Uniform Millage Assistance
513 Grants and state textbook allocations, and State General Funds
514 allocated for textbooks.

515 * * *

516 (c) If the school board of any school district shall
517 determine that it is not economically feasible or practicable to
518 operate any school within the district for the full one hundred
519 eighty (180) days required for a school term of a scholastic year
520 as required in Section 37-13-63, Mississippi Code of 1972, due to
521 an enemy attack, a man-made, technological or natural disaster in
522 which the Governor has declared a disaster emergency under the
523 laws of this state or the President of the United States has
524 declared an emergency or major disaster to exist in this state,
525 said school board may notify the State Department of Education of
526 such disaster and submit a plan for altering the school term. If

527 the State Board of Education finds such disaster to be the cause
528 of the school not operating for the contemplated school term and
529 that such school was in a school district covered by the
530 Governor's or President's disaster declaration, it may permit said
531 school board to operate the schools in its district for less than
532 one hundred eighty (180) days and, in such case, the State
533 Department of Education shall not reduce the state contributions
534 to the adequate education program allotment for such district,
535 because of the failure to operate said schools for one hundred
536 eighty (180) days.

537 * * *

538 (4) The Interim School District Capital Expenditure Fund is
539 hereby established in the State Treasury which shall be used to
540 distribute any funds specifically appropriated by the Legislature
541 to such fund to school districts entitled to increased allocations
542 of state funds under the adequate education program funding
543 formula prescribed in Sections 37-151-3 through 37-151-7,
544 Mississippi Code of 1972, until such time as the said adequate
545 education program is fully funded by the Legislature. The
546 following percentages of the total state cost of increased
547 allocations of funds under the adequate education program funding
548 formula shall be appropriated by the Legislature into the Interim
549 School District Capital Expenditure Fund to be distributed to all
550 school districts under the formula: Nine and two-tenths percent
551 (9.2%) shall be appropriated in fiscal year 1998, twenty percent
552 (20%) shall be appropriated in fiscal year 1999, forty percent
553 (40%) shall be appropriated in fiscal year 2000, sixty percent
554 (60%) shall be appropriated in fiscal year 2001, eighty percent
555 (80%) shall be appropriated in fiscal year 2002, and one hundred
556 percent (100%) shall be appropriated in fiscal year 2003 into the
557 State Adequate Education Program Fund * * *. Until July 1, 2002,
558 such money shall be used by school districts for the following
559 purposes:

560 (a) Purchasing, erecting, repairing, equipping,
561 remodeling and enlarging school buildings and related facilities,
562 including gymnasiums, auditoriums, lunchrooms, vocational training
563 buildings, libraries, school barns and garages for transportation
564 vehicles, school athletic fields and necessary facilities
565 connected therewith, and purchasing land therefor. Any such
566 capital improvement project by a school district shall be approved
567 by the State Board of Education, and based on an approved
568 long-range plan. The State Board of Education shall promulgate
569 minimum requirements for the approval of school district capital
570 expenditure plans.

571 (b) Providing necessary water, light, heating, air
572 conditioning, and sewerage facilities for school buildings, and
573 purchasing land therefor.

574 (c) Paying debt service on existing capital improvement
575 debt of the district or refinancing outstanding debt of a district
576 if such refinancing will result in an interest cost savings to the
577 district.

578 (d) From and after October 1, 1997, through June 30,
579 1998, pursuant to a school district capital expenditure plan
580 approved by the State Department of Education, a school district
581 may pledge such funds until July 1, 2002, plus funds provided for
582 in paragraph (e) of this subsection (4) that are not otherwise
583 permanently pledged under such paragraph (e) to pay all or a
584 portion of the debt service on debt issued by the school district
585 under Sections 37-59-1 through 37-59-45, 37-59-101 through
586 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,
587 37-7-301, 37-7-302 and 37-41-81, Mississippi Code of 1972, or debt
588 issued by boards of supervisors for agricultural high schools
589 pursuant to Section 37-27-65, Mississippi Code of 1972, or
590 lease-purchase contracts entered into pursuant to Section 31-7-13,
591 Mississippi Code of 1972, or to retire or refinance outstanding
592 debt of a district, if such pledge is accomplished pursuant to a

593 written contract or resolution approved and spread upon the
594 minutes of an official meeting of the district's school board or
595 board of supervisors. It is the intent of this provision to allow
596 school districts to irrevocably pledge their Interim School
597 District Capital Expenditure Fund allotments as a constant stream
598 of revenue to secure a debt issued under the foregoing code
599 sections. To allow school districts to make such an irrevocable
600 pledge, the state shall take all action necessary to ensure that
601 the amount of a district's Interim School District Capital
602 Expenditure Fund allotments shall not be reduced below the amount
603 certified by the department or the district's total allotment
604 under the Interim Capital Expenditure Fund if fully funded, so
605 long as such debt remains outstanding.

606 (e) From and after October 1, 1997, through June 30,
607 1998, in addition to any other authority a school district may
608 have, any school district may issue State Aid Capital Improvement
609 Bonds secured in whole by a continuing annual pledge of any
610 Mississippi Adequate Education Program funds available to the
611 district, in an amount not to exceed One Hundred Sixty Dollars
612 (\$160.00) per pupil based on the latest completed average daily
613 attendance count certified by the department prior to the issuance
614 of the bonds. Such State Aid Capital Improvement Bonds may be
615 issued for the purposes enumerated in paragraphs (a), (b), (c) and
616 (g) of this section. Prior to issuing such bonds, the school
617 board of the district shall adopt a resolution declaring the
618 necessity for and its intention of issuing such bonds and
619 borrowing such money, specifying the approximate amount to be so
620 borrowed, how such money is to be used and how such indebtedness
621 is to be evidenced. Any capital improvement project financed with
622 State Aid Capital Improvement Bonds shall be approved by the
623 department, and based on an approved long-range plan. The State
624 Board of Education shall promulgate minimum requirements for the
625 approval of such school district capital expenditure plans. The

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

632 A district issuing State Aid Capital Improvement Bonds may
633 pledge for the repayment of such bonds all funds received by the
634 district from the state, in an amount not to exceed One Hundred
635 Sixty Dollars (\$160.00) per pupil in average daily attendance in
636 the school district as set forth above, and not otherwise
637 permanently pledged under paragraph (d) of this subsection or
638 under Section 37-61-33(2)(d), Mississippi Code of 1972. The
639 district's school board shall specify by resolution the amount of
640 state funds, which are being pledged by the district for the
641 repayment of the State Aid Capital Improvement Bonds. Once such a
642 pledge is made to secure the bonds, the district shall notify the
643 department of such pledge. Upon making such a pledge, the school
644 district may request the department which may agree to irrevocably
645 transfer a specified amount or percentage of the district's state
646 revenue pledged to repay the district's State Aid Capital
647 Improvement Bonds directly to a state or federally chartered bank
648 serving as a trustee or paying agent on such bonds for the payment
649 of all or portion of such State Aid Capital Improvement Bonds.
650 Such instructions shall be incorporated into a resolution by the
651 school board for the benefit of holders of the bonds and may
652 provide that such withholding and transfer of such other available
653 funds shall be made only upon notification by a trustee or paying
654 agent on such bonds that the amounts available to pay such bonds
655 on any payment date will not be sufficient. It is the intent of
656 this provision to allow school districts to irrevocably pledge a
657 certain, constant stream of revenue as security for State Aid
658 Capital Improvement Bonds issued hereunder. To allow school

659 districts to make such an irrevocable pledge, the state shall take
660 all action necessary to ensure that the amount of a district's
661 state revenues up to an amount equal to One Hundred Sixty Dollars
662 (\$160.00) per pupil as set forth above which have been pledged to
663 repay debt as set forth herein shall not be reduced so long as any
664 State Aid Capital Improvement Bonds are outstanding.

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

672 The provisions of this subsection shall be cumulative and
673 supplemental to any existing funding programs or other authority
674 conferred upon school districts or school boards. Debt of a
675 school district secured in whole by a pledge of revenue pursuant
676 to this section shall not be subject to any debt limitation.

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

681 This paragraph (e) shall stand repealed from and after June
682 30, 1998.

683 (f) As an alternative to the authority granted under
684 paragraph (e), a school district, in its discretion, may authorize
685 the State Board of Education to withhold an amount of the
686 district's adequate education program allotment equal to up to One
687 Hundred Sixty Dollars (\$160.00) per student in average daily
688 attendance in the district to be allocated to the State Public
689 School Building Fund to the credit of such school district. A
690 school district may choose the option provided under this
691 paragraph (e) or paragraph (f), but not both. In addition to the

692 grants made by the state pursuant to Section 37-47-9, a school
693 district shall be entitled to grants based on the allotments to
694 the State Public School Building Fund credited to such school
695 district under this paragraph. This paragraph (f) shall stand
696 repealed from and after June 30, 1998.

697 (g) The State Board of Education may authorize the
698 school district to expend not more than twenty percent (20%) of
699 its annual allotment of such funds or Twenty Thousand Dollars
700 (\$20,000.00), whichever is greater, for technology needs of the
701 school district, including computers, software,
702 telecommunications, cable television, interactive video, film,
703 low-power television, satellite communications, microwave
704 communications, technology-based equipment installation and
705 maintenance, and the training of staff in the use of such
706 technology-based instruction. Any such technology expenditure
707 shall be reflected in the local district technology plan approved
708 by the State Board of Education under Section 37-151-17,
709 Mississippi Code of 1972.

710 (h) To the extent a school district has not utilized
711 twenty percent (20%) of its annual allotment for technology
712 purposes under paragraph (g), a school district may expend not
713 more than twenty percent (20%) of its annual allotment or Twenty
714 Thousand Dollars (\$20,000.00), whichever is greater, for
715 instructional purposes. The State Board of Education may
716 authorize a school district to expend more than said twenty
717 percent (20%) of its annual allotment for instructional purposes
718 if it determines that such expenditures are needed for
719 accreditation purposes.

720 (i) The State Department of Education or the State
721 Board of Education may require that any project commenced under
722 this section with an estimated project cost of not less than Five
723 Million Dollars (\$5,000,000.00) shall be done only pursuant to
724 program management of the process with respect to design and

725 construction. Any individuals, partnerships, companies or other
726 entities acting as a program manager on behalf of a local school
727 district and performing program management services for projects
728 covered under this subsection shall be approved by the State
729 Department of Education.

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

734 The provisions of this subsection (4) shall be cumulative and
735 supplemental to any existing funding programs or other authority
736 conferred upon school districts or school boards.

737 **SECTION 5.** This act shall take effect and be in force from
738 and after its passage.