

## House Amendments to Senate Bill No. 2604

TO THE SECRETARY OF THE SENATE:

THIS IS TO INFORM YOU THAT THE HOUSE HAS ADOPTED THE AMENDMENTS SET OUT BELOW:

### AMENDMENT NO. 1

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

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           (1) 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 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 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.

**Further, amend by striking the title in its entirety and  
inserting in lieu thereof the following:**

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.

HR40\SB2604PH.J

Don Richardson  
Clerk of the House of Representatives