

By: Representative Myers

To: Education

HOUSE BILL NO. 998

1 AN ACT TO AMEND SECTION 37-151-7, MISSISSIPPI CODE OF 1972,
2 TO INCREASE THE PERCENTAGE BY WHICH THE BASE STUDENT COST IS
3 ADJUSTED FOR AT-RISK STUDENTS UNDER THE ADEQUATE EDUCATION PROGRAM
4 FUNDING FORMULA OVER THE FOLLOWING FIVE FISCAL YEARS; AND FOR
5 RELATED PURPOSES.

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

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

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

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

16 (a) **Determination of average daily attendance.**
17 Effective with fiscal year 2011, the State Department of Education
18 shall determine the percentage change from the prior year of each
19 year of each school district's average of months two (2) and three
20 (3) average daily attendance (ADA) for the three (3) immediately
21 preceding school years of the year for which funds are being
22 appropriated. For any school district that experiences a positive
23 growth in the average of months two (2) and three (3) ADA each
24 year of the three (3) years, the average percentage growth over
25 the three-year period shall be multiplied times the school
26 district's average of months two (2) and three (3) ADA for the
27 year immediately preceding the year for which MAEP funds are being
28 appropriated. The resulting amount shall be added to the school

29 district's average of months two (2) and three (3) ADA for the
30 year immediately preceding the year for which MAEP funds are being
31 appropriated to arrive at the ADA to be used in determining a
32 school district's MAEP allocation. Otherwise, months two (2) and
33 three (3) ADA for the year immediately preceding the year for
34 which MAEP funds are being appropriated will be used in
35 determining a school district's MAEP allocation. In any fiscal
36 year prior to 2010 in which the MAEP formula is not fully funded,
37 for those districts that do not demonstrate a three-year positive
38 growth in months two (2) and three (3) ADA, months one (1) through
39 nine (9) ADA of the second preceding year for which funds are
40 being appropriated or months two (2) and three (3) ADA of the
41 preceding year for which funds are being appropriated, whichever
42 is greater, shall be used to calculate the district's MAEP
43 allocation. The district's average daily attendance shall be
44 computed and currently maintained in accordance with regulations
45 promulgated by the State Board of Education.

46 (b) **Determination of base student cost.** Effective with
47 fiscal year 2011 and every fourth fiscal year thereafter, the
48 State Board of Education, on or before August 1, with adjusted
49 estimate no later than January 2, shall submit to the Legislative
50 Budget Office and the Governor a proposed base student cost
51 adequate to provide the following cost components of educating a
52 pupil in a successful school district: (i) Instructional Cost;
53 (ii) Administrative Cost; (iii) Operation and Maintenance of
54 Plant; and (iv) Ancillary Support Cost. For purposes of these
55 calculations, the Department of Education shall utilize financial
56 data from the second preceding year of the year for which funds
57 are being appropriated.

58 For the instructional cost component, the Department of
59 Education shall select districts that have been identified as
60 instructionally successful and have a ratio of a number of
61 teachers per one thousand (1,000) students that is between one (1)

62 standard deviation above the mean and two (2) standard deviations
63 below the mean of the statewide average of teachers per one
64 thousand (1,000) students. The instructional cost component shall
65 be calculated by dividing the latest available months one (1)
66 through nine (9) ADA into the instructional expenditures of these
67 selected districts. For the purpose of this calculation, the
68 Department of Education shall use the following funds, functions
69 and objects:

70 Fund 1120 Functions 1110-1199 Objects 100-999, Functions
71 1210, 1220, 2150-2159 Objects 210 and 215;

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

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

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

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

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

77 Prior to the calculation of the instructional cost component,
78 there shall be subtracted from the above expenditures any revenue
79 received for Chickasaw Cession payments, Master Teacher
80 Certification payments and the district's portion of state revenue
81 received from the MAEP at-risk allocation.

82 For the administrative cost component, the Department of
83 Education shall select districts that have been identified as
84 instructionally successful and have a ratio of an administrative
85 staff to nonadministrative staff between one (1) standard
86 deviation above the mean and two (2) standard deviations below the
87 mean of the statewide average administrative staff to
88 nonadministrative staff. The administrative cost component shall
89 be calculated by dividing the latest available months one (1)
90 through nine (9) ADA of the selected districts into the
91 administrative expenditures of these selected districts. For the
92 purpose of this calculation, the Department of Education shall use
93 the following funds, functions and objects:

94 Fund 1120 Functions 2300-2599, Functions 2800-2899,

95 Objects 100-999;

96 Fund 2711 Functions 2300-2599, Functions 2800-2899,

97 Objects 100-999.

98 For the plant and maintenance cost component, the Department
99 of Education shall select districts that have been identified as
100 instructionally successful and have a ratio of plant and
101 maintenance expenditures per one hundred thousand (100,000) square
102 feet of building space and a ratio of maintenance workers per one
103 hundred thousand (100,000) square feet of building space that are
104 both between one (1) standard deviation above the mean and two (2)
105 standard deviations below the mean of the statewide average. The
106 plant and maintenance cost component shall be calculated by
107 dividing the latest available months one (1) through nine (9) ADA
108 of the selected districts into the plant and maintenance
109 expenditures of these selected districts. For the purpose of this
110 calculation, the Department of Education shall use the following
111 funds, functions and objects:

112 Fund 1120 Functions 2600-2699, Objects 100-699

113 and Objects 800-999;

114 Fund 2711 Functions 2600-2699, Objects 100-699

115 and Objects 800-999;

116 Fund 2430 Functions 2600-2699, Objects 100-699

117 and Objects 800-999.

118 For the ancillary support cost component, the Department of
119 Education shall select districts that have been identified as
120 instructionally successful and have a ratio of a number of
121 librarians, media specialists, guidance counselors and
122 psychologists per one thousand (1,000) students that is between
123 one (1) standard deviation above the mean and two (2) standard
124 deviations below the mean of the statewide average of librarians,
125 media specialists, guidance counselors and psychologists per one
126 thousand (1,000) students. The ancillary cost component shall be
127 calculated by dividing the latest available months one (1) through

128 nine (9) ADA into the ancillary expenditures instructional
129 expenditures of these selected districts. For the purpose of this
130 calculation, the Department of Education shall use the following
131 funds, functions and objects:

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

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

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

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

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

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

138 The total base cost for each year shall be the sum of the
139 instructional cost component, administrative cost component, plant
140 and maintenance cost component and ancillary support cost
141 component, and any estimated adjustments for additional state
142 requirements as determined by the State Board of Education.

143 * * * However, * * * the base student cost in fiscal year 1998
144 shall be Two Thousand Six Hundred Sixty-four Dollars (\$2,664.00).

145 For each of the fiscal years between the recalculation of the
146 base student cost under the provisions of this paragraph (b), the
147 base student cost shall be increased by an amount equal to forty
148 percent (40%) of the base student cost for the previous fiscal
149 year, multiplied by the latest annual rate of inflation for the
150 State of Mississippi as determined by the State Economist, plus
151 any adjustments for additional state requirements such as, but not
152 limited to, teacher pay raises and health insurance premium
153 increases.

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

158 Multiply the average daily attendance of the district by the
159 base student cost as established by the Legislature, which yields
160 the total base program cost for each school district.

161 (d) **Adjustment to the base student cost for at-risk**
162 **pupils.** The amount to be included for at-risk pupil programs for
163 each school district shall be computed as follows: Multiply the
164 base student cost, as determined under paragraph (b), by: ten
165 percent (10%) in fiscal year 2008; fifteen percent (15%) in fiscal
166 year 2009; twenty percent (20%) in fiscal year 2010; twenty-five
167 percent (25%) in fiscal year 2011; and thirty and eight-tenths
168 percent (30.8%) in fiscal year 2012 and all succeeding fiscal
169 years. Multiply that product by the number of pupils
170 participating in the federal free school lunch program in such
171 school district, which yields the total adjustment for at-risk
172 pupil programs for such school district.

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

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

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

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

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

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

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

195 (vii) University-based programs shall be the
196 amount allocated to school districts for those university-based
197 programs for handicapped children as defined and provided for in
198 Section 37-23-131 et seq.

199 (viii) Bus driver training programs shall be the
200 amount provided for those driver training programs as provided for
201 in Section 37-41-1.

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

207 (f) **Total projected adequate education program cost.**
208 The total Mississippi Adequate Education Program cost shall be the
209 sum of the total basic adequate education program cost (paragraph
210 (c)), and the adjustment to the base student cost for at-risk
211 pupils (paragraph (d)) for each school district. In any year in
212 which the MAEP is not fully funded, the Legislature shall direct
213 the Department of Education in the K-12 appropriation bill as to
214 how to allocate MAEP funds to school districts for that year.

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

220 (2) **Computation of the required local revenue in support of**
221 **the adequate education program.** The amount that each district
222 shall provide toward the cost of the adequate education program
223 shall be calculated as follows:

224 (a) The State Department of Education shall certify to
225 each school district that twenty-eight (28) mills, less the
226 estimated amount of the yield of the School Ad Valorem Tax
227 Reduction Fund grants as determined by the State Department of
228 Education, is the millage rate required to provide the district
229 required local effort for that year, or twenty-seven percent (27%)
230 of the basic adequate education program cost for such school
231 district as determined under paragraph (c), whichever is a lesser
232 amount. In the case of an agricultural high school, the millage
233 requirement shall be set at a level which generates an equitable
234 amount per pupil to be determined by the State Board of Education.

235 (b) The State Department of Education shall determine
236 (i) the total assessed valuation of nonexempt property for school
237 purposes in each school district; (ii) assessed value of exempt
238 property owned by homeowners aged sixty-five (65) or older or
239 disabled as defined in Section 27-33-67(2); (iii) the school
240 district's tax loss from exemptions provided to applicants under
241 the age of sixty-five (65) and not disabled as defined in Section
242 27-33-67(1); and (iv) the school district's homestead
243 reimbursement revenues.

244 (c) The amount of the total adequate education program
245 funding which shall be contributed by each school district shall
246 be the sum of the ad valorem receipts generated by the millage
247 required under this subsection plus the following local revenue
248 sources for the appropriate fiscal year which are or may be
249 available for current expenditure by the school district:

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

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

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

256 (a) The required state effort in support of the
257 adequate education program shall be determined by subtracting the
258 sum of the required local tax effort as set forth in subsection
259 (2)(a) of this section and the other local revenue sources as set
260 forth in subsection (2)(c) of this section in an amount not to
261 exceed twenty-seven percent (27%) of the total projected adequate
262 education program cost as set forth in subsection (1)(f) of this
263 section from the total projected adequate education program cost
264 as set forth in subsection (1)(f) of this section.

265 (b) * * * However, * * * in fiscal year 1998 and in the
266 fiscal year in which the adequate education program is fully
267 funded by the Legislature, any increase in the * * * state
268 contribution to any district calculated under this section shall
269 be not less than eight percent (8%) in excess of the amount
270 received by the district from state funds for the fiscal year
271 immediately preceding. For purposes of this paragraph (b), state
272 funds shall include minimum program funds less the add-on
273 programs, State Uniform Millage Assistance Grant Funds, Education
274 Enhancement Funds appropriated for Uniform Millage Assistance
275 Grants and state textbook allocations, and State General Funds
276 allocated for textbooks.

277 (c) If the school board of any school district shall
278 determine that it is not economically feasible or practicable to
279 operate any school within the district for the full one hundred
280 eighty (180) days required for a school term of a scholastic year
281 as required in Section 37-13-63 due to an enemy attack, a
282 man-made, technological or natural disaster in which the Governor
283 has declared a disaster emergency under the laws of this state or
284 the President of the United States has declared an emergency or
285 major disaster to exist in this state, the school board may notify
286 the State Department of Education of such disaster and submit a
287 plan for altering the school term. If the State Board of
288 Education finds such disaster to be the cause of the school not

289 operating for the contemplated school term and that such school
290 was in a school district covered by the Governor's or President's
291 disaster declaration, it may permit the school board to operate
292 the schools in its district for less than one hundred eighty (180)
293 days and, in such case, the State Department of Education shall
294 not reduce the state contributions to the adequate education
295 program allotment for such district, because of the failure to
296 operate the schools for one hundred eighty (180) days.

297 (4) The Interim School District Capital Expenditure Fund
298 is * * * established in the State Treasury which shall be used to
299 distribute any funds specifically appropriated by the Legislature
300 to such fund to school districts entitled to increased allocations
301 of state funds under the adequate education program funding
302 formula prescribed in Sections 37-151-3 through this section,
303 until such time as the * * * adequate education program is fully
304 funded by the Legislature. The following percentages of the total
305 state cost of increased allocations of funds under the adequate
306 education program funding formula shall be appropriated by the
307 Legislature into the Interim School District Capital Expenditure
308 Fund, to be distributed to all school districts under the formula:
309 Nine and two-tenths percent (9.2%) shall be appropriated in fiscal
310 year 1998, twenty percent (20%) shall be appropriated in fiscal
311 year 1999, forty percent (40%) shall be appropriated in fiscal
312 year 2000, sixty percent (60%) shall be appropriated in fiscal
313 year 2001, eighty percent (80%) shall be appropriated in fiscal
314 year 2002, and one hundred percent (100%) shall be appropriated in
315 fiscal year 2003 into the State Adequate Education Program Fund.
316 Until July 1, 2002, such money shall be used by school districts
317 for the following purposes:

318 (a) Purchasing, erecting, repairing, equipping,
319 remodeling and enlarging school buildings and related facilities,
320 including gymnasiums, auditoriums, lunchrooms, vocational training
321 buildings, libraries, school barns and garages for transportation

322 vehicles, school athletic fields and necessary facilities
323 connected therewith, and purchasing land therefor. Any such
324 capital improvement project by a school district shall be approved
325 by the State Board of Education, and based on an approved
326 long-range plan. The State Board of Education shall promulgate
327 minimum requirements for the approval of school district capital
328 expenditure plans.

329 (b) Providing necessary water, light, heating, air
330 conditioning, and sewerage facilities for school buildings, and
331 purchasing land therefor.

332 (c) Paying debt service on existing capital improvement
333 debt of the district or refinancing outstanding debt of a district
334 if such refinancing will result in an interest cost savings to the
335 district.

336 (d) From and after October 1, 1997, through June 30,
337 1998, pursuant to a school district capital expenditure plan
338 approved by the State Department of Education, a school district
339 may pledge such funds until July 1, 2002, plus funds provided for
340 in paragraph (e) of this subsection (4) that are not otherwise
341 permanently pledged under such paragraph (e) to pay all or a
342 portion of the debt service on debt issued by the school district
343 under Sections 37-59-1 through 37-59-45, 37-59-101 through
344 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,
345 37-7-301, 37-7-302 and 37-41-81, or debt issued by boards of
346 supervisors for agricultural high schools pursuant to Section
347 37-27-65, or lease-purchase contracts entered into pursuant to
348 Section 31-7-13, or to retire or refinance outstanding debt of a
349 district, if such pledge is accomplished pursuant to a written
350 contract or resolution approved and spread upon the minutes of an
351 official meeting of the district's school board or board of
352 supervisors. It is the intent of this provision to allow school
353 districts to irrevocably pledge their Interim School District
354 Capital Expenditure Fund allotments as a constant stream of

355 revenue to secure a debt issued under the foregoing code sections.
356 To allow school districts to make such an irrevocable pledge, the
357 state shall take all action necessary to ensure that the amount of
358 a district's Interim School District Capital Expenditure Fund
359 allotments shall not be reduced below the amount certified by the
360 department or the district's total allotment under the Interim
361 Capital Expenditure Fund if fully funded, so long as such debt
362 remains outstanding.

363 (e) [Repealed]

364 (f) [Repealed]

365 (g) The State Board of Education may authorize the
366 school district to expend not more than twenty percent (20%) of
367 its annual allotment of such funds or Twenty Thousand Dollars
368 (\$20,000.00), whichever is greater, for technology needs of the
369 school district, including computers, software,
370 telecommunications, cable television, interactive video, film,
371 low-power television, satellite communications, microwave
372 communications, technology-based equipment installation and
373 maintenance, and the training of staff in the use of such
374 technology-based instruction. Any such technology expenditure
375 shall be reflected in the local district technology plan approved
376 by the State Board of Education under Section 37-151-17.

377 (h) To the extent a school district has not utilized
378 twenty percent (20%) of its annual allotment for technology
379 purposes under paragraph (g), a school district may expend not
380 more than twenty percent (20%) of its annual allotment or Twenty
381 Thousand Dollars (\$20,000.00), whichever is greater, for
382 instructional purposes. The State Board of Education may
383 authorize a school district to expend more than said twenty
384 percent (20%) of its annual allotment for instructional purposes
385 if it determines that such expenditures are needed for
386 accreditation purposes.

387 (i) The State Department of Education or the State
388 Board of Education may require that any project commenced under
389 this section with an estimated project cost of not less than Five
390 Million Dollars (\$5,000,000.00) shall be done only pursuant to
391 program management of the process with respect to design and
392 construction. Any individuals, partnerships, companies or other
393 entities acting as a program manager on behalf of a local school
394 district and performing program management services for projects
395 covered under this subsection shall be approved by the State
396 Department of Education.

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

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

404 **SECTION 2.** This act shall take effect and be in force from
405 and after its passage.