

By: Representative Young

To: Education

HOUSE BILL NO. 585

1 AN ACT TO REQUIRE THE STATE DEPARTMENT OF EDUCATION TO  
 2 CONDUCT A FEASIBILITY STUDY OF SCHOOL DISTRICT SPENDING AND  
 3 FINANCIAL EFFICIENCY, THROUGH WHICH IT SHALL IDENTIFY SCHOOL  
 4 DISTRICTS AND INDIVIDUAL SCHOOLS THAT USE RESOURCE ALLOCATION  
 5 PRACTICES THAT CONTRIBUTE TO HIGH ACADEMIC ACHIEVEMENT AND  
 6 COST-EFFECTIVE OPERATIONS; TO PROVIDE THAT THE STUDY FOCUS ON  
 7 METHODS TO ASSIST SCHOOL DISTRICTS AND SCHOOLS IN ELIMINATING  
 8 TOP-END COSTS TO OPTIMIZE EFFICIENCY IN ADMINISTRATIVE AND  
 9 OPERATIONAL FUNCTIONS OF DISTRICT AND SCHOOL THEREIN, AND  
 10 IMPLEMENTING NEW STANDARDS TO BE ADHERED TO BY SCHOOL DISTRICTS TO  
 11 PROMOTE GRADE LEVEL PROFICIENCY; TO REQUIRE THE DEPARTMENT TO  
 12 DEVELOP A REVIEW PROCESS TO ANTICIPATE THE FUTURE FINANCIAL  
 13 SOLVENCY OF EACH SCHOOL DISTRICT; TO REQUIRE THE DEPARTMENT TO  
 14 DEVELOP AN ELECTRONIC-BASED PROGRAM FOR SCHOOL DISTRICTS TO USE IN  
 15 SUBMITTING INFORMATION TO THE DEPARTMENT; TO PROVIDE THAT THE  
 16 STATE BOARD OF EDUCATION SHALL ADOPT RULES UNDER THIS SUBSECTION  
 17 TO ALLOW A DISTRICT TO ENTER ESTIMATES OF CRITICAL DATA INTO THE  
 18 PROGRAM BEFORE THE DISTRICT ADOPTS ITS BUDGET; TO REQUIRE  
 19 DISTRICTS TO PROVIDE INTERIM FINANCIAL REPORTS TO THE DEPARTMENT  
 20 IF THE REVIEW PROCESS INDICATES A PROJECTED DEFICIT FOR A SCHOOL  
 21 DISTRICT GENERAL FUND WITHIN THE FOLLOWING THREE SCHOOL YEARS; AND  
 22 FOR RELATED PURPOSES.

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

24 **SECTION 1.** (1) The State Department of Education shall  
 25 conduct a feasibility study of school district spending and  
 26 financial efficiency, through which it shall identify school  
 27 districts and individual schools that use resource allocation  
 28 practices that contribute to high academic achievement and



29 cost-effective operations. The department's study shall focus on  
30 methods to be employed by school districts and schools statewide  
31 to eliminate top-end costs as means of optimizing efficiency in  
32 the administrative and operational functions of the school  
33 district and individual schools therein, in addition to  
34 implementing new standards to be adhered to by school districts to  
35 promote grade level proficiency. In identifying districts and  
36 individual schools, the department shall:

37 (a) Evaluate existing academic accountability and  
38 financial data by integrating the data;

39 (b) Rank the results of the evaluation under paragraph  
40 (a) to identify the relative performance of districts and  
41 individual schools; and

42 (c) Identify potential areas for district and  
43 individual school improvement.

44 (2) In reviewing resources allocation practices of districts  
45 and individual schools under the department shall ensure resources  
46 are being used for the instruction of students by evaluating:

47 (a) The operating cost for each student;

48 (b) The operating cost for each program; and

49 (c) The staffing cost for each student.

50 **SECTION 2.** (1) The State Department of Education shall  
51 develop a review process to anticipate the future financial  
52 solvency of each school district. The review process shall  
53 analyze:



54 (a) District revenues and expenditures for the  
55 preceding school year; and

56 (b) Projected district revenues and expenditures for  
57 the current school year and the following two (2) school years.

58 (2) In analyzing the information under subsection (1), the  
59 review process developed must consider, for the preceding school  
60 year, the current school year, and the following two (2) school  
61 years, as appropriate:

62 (a) Student-to-staff ratios relative to expenditures,  
63 including average staff salaries;

64 (b) The rate of change in the district unreserved  
65 general fund balance;

66 (c) The number of students enrolled in the district;

67 (d) The adopted tax rate of the district;

68 (e) Any independent audit report prepared for the  
69 district; and

70 (f) Actual district financial information for the first  
71 quarter.

72 (3) The department shall consult school district financial  
73 officers and public finance experts in developing the review  
74 process under this section.

75 (4) The department shall develop an electronic-based program  
76 for school districts to use in submitting information to the  
77 department for purposes of this section. Each district shall  
78 update information for purposes of the program within the period



79 prescribed by the State Board of Education. The State Board of  
80 Education shall adopt rules under this subsection to allow a  
81 district to enter estimates of critical data into the program  
82 before the district adopts its budget. The program must:

83 (a) Be capable of importing, to the extent practicable,  
84 data a district has previously submitted to the department;

85 (b) Include an entry space that allows a district to  
86 enter information explaining any irregularity in data submitted;  
87 and

88 (c) Provide alerts for:

89 (i) A student-to-staff ratio that is significantly  
90 outside the norm;

91 (ii) A rapid depletion of the district general  
92 fund balance; and

93 (iii) A significant discrepancy between actual  
94 budget figures and projected revenues and expenditures.

95 (5) An alert in the program developed under subsection (4)  
96 must be developed to notify the department immediately on the  
97 occurrence of a condition described by subsection (4)(c). After  
98 the department is alerted, the department shall immediately notify  
99 the affected school district regarding the condition triggering  
100 the alert.

101 **SECTION 3.** (1) If the review process under Section 2 of  
102 this act indicates a projected deficit for a school district  
103 general fund within the following three (3) school years, the



104 district shall provide to the department interim financial  
105 reports, supplemented by staff and student count data, as needed,  
106 to evaluate the district's current budget status.

107 (2) If the interim financial data provided under subsection  
108 (1) substantiates the projected deficit, the school district shall  
109 develop a financial plan and submit the plan to the department for  
110 approval. The department may approve the plan only if the  
111 department determines the plan will permit the district to avoid  
112 the projected insolvency.

113 (3) The State Board of Education shall assign a school  
114 district an accredited-warned status if:

115 (a) The district fails to submit a plan as provided by  
116 subsection (2) of this section;

117 (b) The district fails to obtain approval from the  
118 department for a plan as provided by subsection (2);

119 (c) The district fails to comply with a plan approved  
120 by the department under subsection (2); or

121 (d) The department determines in a later school year,  
122 based on financial data submitted by the district, that the  
123 approved plan for the district is no longer sufficient or is not  
124 appropriately implemented.

125 **SECTION 4.** This act shall take effect and be in force from  
126 and after July 1, 2018.

