

By: Senator(s) DeBar, McLendon, Blount,
Parker, Simmons (13th), Butler, Norwood

To: Education

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2332

1 AN ACT TO AMEND SECTION 37-151-7, MISSISSIPPI CODE OF 1972,
2 TO REVISE THE MISSISSIPPI ADEQUATE EDUCATION PROGRAM FUNDING
3 FORMULA TO PROVIDE THAT FOR EACH FISCAL YEAR BETWEEN THE
4 RECALCULATION OF THE BASE STUDENT COST, THE BASE STUDENT COST
5 SHALL BE INCREASED BY AN AMOUNT EQUAL TO 25% OF THE BASE STUDENT
6 COST FOR THE PREVIOUS FISCAL YEAR, MULTIPLIED BY THE 20-YEAR
7 AVERAGE ANNUAL RATE OF INFLATION ROUNDED UP TO THE NEAREST TENTH
8 OF A PERCENT FOR THE STATE OF MISSISSIPPI AS DETERMINED BY THE
9 STATE ECONOMIST, PLUS ANY ADJUSTMENTS FOR ADDITIONAL STATE
10 REQUIREMENTS SUCH AS, BUT NOT LIMITED TO, TEACHER PAY RAISES AND
11 HEALTH INSURANCE PREMIUM INCREASES; TO PROVIDE THAT THE STATE
12 DEPARTMENT OF EDUCATION SHALL CERTIFY TO EACH SCHOOL DISTRICT THAT
13 28 MILLS, LESS THE ESTIMATED AMOUNT OF THE YIELD OF THE SCHOOL AD
14 VALOREM TAX REDUCTION FUND GRANTS AS DETERMINED BY THE STATE
15 DEPARTMENT OF EDUCATION, SHALL BE THE MILLAGE RATE REQUIRED TO
16 PROVIDE THE DISTRICT REQUIRED LOCAL EFFORT FOR THAT YEAR, OR 29.5%
17 OF THE BASIC ADEQUATE EDUCATION PROGRAM COST FOR SUCH SCHOOL
18 DISTRICT, WHICHEVER IS A LESSER AMOUNT; TO REQUIRE 90% OF STATE
19 CONTRIBUTIONS TO THE ADEQUATE EDUCATION PROGRAM FUNDS BE SPENT ON
20 TEACHER SALARIES, CLASSROOM RESOURCES, ADD-ON PROGRAM COSTS AND
21 EXPENSES OTHER THAN SALARIES FOR SUPERINTENDENTS, ASSISTANT
22 SUPERINTENDENTS, PRINCIPALS, AND ASSISTANT PRINCIPALS, OR
23 EQUIVALENT HEADS OF DISTRICT OR SCHOOL IN CHARTER SCHOOLS; TO
24 PROVIDE THAT IF ANY CHARTER STUDENT RETURNS TO THE SCHOOL DISTRICT
25 IN WHICH THE PUBLIC CHARTER SCHOOL IS LOCATED, THE CHARTER SCHOOL
26 SHALL RETURN A PRORATED SHARE OF ADEQUATE EDUCATION PROGRAM
27 PAYMENTS FOR THE STUDENT; TO PROVIDE THAT THE METHODOLOGY FOR THE
28 REQUIRED STATE EFFORT IN SUPPORT OF THE ADEQUATE EDUCATION PROGRAM
29 SHALL BE DETERMINED BY SUBTRACTING THE SUM OF THE REQUIRED LOCAL
30 TAX EFFORT AND THE OTHER LOCAL REVENUE SOURCES IN AN AMOUNT NOT TO
31 EXCEED 29.5% OF THE TOTAL PROJECTED ADEQUATE EDUCATION PROGRAM
32 COST FROM THE TOTAL PROJECTED ADEQUATE EDUCATION PROGRAM COST; TO
33 DELETE CERTAIN OUTDATED LANGUAGE; TO PROVIDE THAT IN FISCAL YEAR
34 2025, SUBJECT TO APPROPRIATIONS, NO SCHOOL DISTRICT SHALL RECEIVE



35 LESS THAN A DISTRICT RECEIVED IN SAID STATE CONTRIBUTION IN FISCAL
36 YEAR 2024; TO AMEND SECTION 37-57-1, MISSISSIPPI CODE OF 1972, TO
37 CONFORM; AND FOR RELATED PURPOSES.

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

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

41 37-151-7. The annual allocation to each school district for
42 the operation of the adequate education program shall be
43 determined as follows:

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

48 (a) **Determination of average daily attendance.**
49 Effective with fiscal year 2011, the State Department of Education
50 shall determine the percentage change from the prior year of each
51 year of each school district's average of months two (2) and three
52 (3) average daily attendance (ADA) for the three (3) immediately
53 preceding school years of the year for which funds are being
54 appropriated. For any school district that experiences a positive
55 growth in the average of months two (2) and three (3) ADA each
56 year of the three (3) years, the average percentage growth over
57 the three-year period shall be multiplied times the school
58 district's average of months two (2) and three (3) ADA for the
59 year immediately preceding the year for which MAEP funds are being
60 appropriated. The resulting amount shall be added to the school
61 district's average of months two (2) and three (3) ADA for the



62 year immediately preceding the year for which MAEP funds are being
63 appropriated to arrive at the ADA to be used in determining a
64 school district's MAEP allocation. Otherwise, months two (2) and
65 three (3) ADA for the year immediately preceding the year for
66 which MAEP funds are being appropriated will be used in
67 determining a school district's MAEP allocation. * * * The
68 district's average daily attendance shall be computed and
69 currently maintained in accordance with regulations promulgated by
70 the State Board of Education. The district's average daily
71 attendance shall include any student enrolled in a Dual
72 Enrollment-Dual Credit Program as defined and provided in Section
73 37-15-38(19). The State Department of Education shall make
74 payments for Dual Enrollment-Dual Credit Programs to the home
75 school in which the student is enrolled, in accordance with
76 regulations promulgated by the State Board of Education. The
77 community college providing services to students in a Dual
78 Enrollment-Dual Credit Program shall require payment from the home
79 school district for services provided to such students at a rate
80 of one hundred percent (100%) of ADA. All MAEP/state funding
81 shall cease upon completion of high school graduation
82 requirements.

83 (b) **Determination of base student cost.** Effective with
84 fiscal year 2011 and every fourth fiscal year thereafter, the
85 State Board of Education, on or before August 1, with adjusted
86 estimate no later than January 2, shall submit to the Legislative



87 Budget Office and the Governor a proposed base student cost
88 adequate to provide the following cost components of educating a
89 pupil in a successful school district: (i) instructional cost;
90 (ii) administrative cost; (iii) operation and maintenance of
91 plant; and (iv) ancillary support cost. For purposes of these
92 calculations, the Department of Education shall utilize financial
93 data from the second preceding year of the year for which funds
94 are being appropriated.

95 For the instructional cost component, the Department of
96 Education shall select districts that have been identified as
97 instructionally successful and have a ratio of a number of
98 teachers per one thousand (1,000) students that is between one (1)
99 standard deviation above the mean and two (2) standard deviations
100 below the mean of the statewide average of teachers per one
101 thousand (1,000) students. The instructional cost component shall
102 be calculated by dividing the latest available months one (1)
103 through nine (9) ADA into the instructional expenditures of these
104 selected districts. For the purpose of this calculation, the
105 Department of Education shall use the following funds, functions
106 and objects:

107 Fund 1120 Functions 1110-1199 Objects 100-999, Functions
108 1210, 1220, 2150-2159 Objects 210 and 215;
109 Fund 1130 All Functions, Object Code 210 and 215;
110 Fund 2001 Functions 1110-1199 Objects 100-999;
111 Fund 2070 Functions 1110-1199 Objects 100-999;



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

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

114 Prior to the calculation of the instructional cost component,
115 there shall be subtracted from the above expenditures any revenue
116 received for Chickasaw Cession payments, Master Teacher
117 Certification payments and the district's portion of state revenue
118 received from the MAEP at-risk allocation.

119 For the administrative cost component, the Department of
120 Education shall select districts that have been identified as
121 instructionally successful and have a ratio of an administrative
122 staff to nonadministrative staff between one (1) standard
123 deviation above the mean and two (2) standard deviations below the
124 mean of the statewide average administrative staff to
125 nonadministrative staff. The administrative cost component shall
126 be calculated by dividing the latest available months one (1)
127 through nine (9) ADA of the selected districts into the
128 administrative expenditures of these selected districts. For the
129 purpose of this calculation, the Department of Education shall use
130 the following funds, functions and objects:

131 Fund 1120 Functions 2300-2599, Functions 2800-2899,
132 Objects 100-999;

133 Fund 2711 Functions 2300-2599, Functions 2800-2899,
134 Objects 100-999.

135 For the plant and maintenance cost component, the Department
136 of Education shall select districts that have been identified as



137 instructionally successful and have a ratio of plant and
138 maintenance expenditures per one hundred thousand (100,000) square
139 feet of building space and a ratio of maintenance workers per one
140 hundred thousand (100,000) square feet of building space that are
141 both between one (1) standard deviation above the mean and two (2)
142 standard deviations below the mean of the statewide average. The
143 plant and maintenance cost component shall be calculated by
144 dividing the latest available months one (1) through nine (9) ADA
145 of the selected districts into the plant and maintenance
146 expenditures of these selected districts. For the purpose of this
147 calculation, the Department of Education shall use the following
148 funds, functions and objects:

149 Fund 1120 Functions 2600-2699, Objects 100-699
150 and Objects 800-999;

151 Fund 2711 Functions 2600-2699, Objects 100-699
152 and Objects 800-999;

153 Fund 2430 Functions 2600-2699, Objects 100-699
154 and Objects 800-999.

155 For the ancillary support cost component, the Department of
156 Education shall select districts that have been identified as
157 instructionally successful and have a ratio of a number of
158 librarians, media specialists, guidance counselors and
159 psychologists per one thousand (1,000) students that is between
160 one (1) standard deviation above the mean and two (2) standard
161 deviations below the mean of the statewide average of librarians,



162 media specialists, guidance counselors and psychologists per one
163 thousand (1,000) students. The ancillary cost component shall be
164 calculated by dividing the latest available months one (1) through
165 nine (9) ADA into the ancillary expenditures instructional
166 expenditures of these selected districts. For the purpose of this
167 calculation, the Department of Education shall use the following
168 funds, functions and objects:

169 Fund 1120 Functions 2110-2129, Objects 100-999;
170 Fund 1120 Functions 2140-2149, Objects 100-999;
171 Fund 1120 Functions 2220-2229, Objects 100-999;
172 Fund 2001 Functions 2100-2129, Objects 100-999;
173 Fund 2001 Functions 2140-2149, Objects 100-999;
174 Fund 2001 Functions 2220-2229, Objects 100-999.

175 The total base cost for each year shall be the sum of the
176 instructional cost component, administrative cost component, plant
177 and maintenance cost component and ancillary support cost
178 component, and any estimated adjustments for additional state
179 requirements as determined by the State Board of Education. * * *

180 For each of the fiscal years between the recalculation of the
181 base student cost under the provisions of this paragraph (b), the
182 base student cost shall be increased by an amount equal to * * *
183 twenty-five percent (25%) of the base student cost for the
184 previous fiscal year, multiplied by the * * * twenty-year average
185 annual change in the rate of inflation rounded up to the nearest
186 tenth of a percent for the State of Mississippi as determined by



187 the State Economist, plus any adjustments for additional state
188 requirements such as, but not limited to, teacher pay raises and
189 health insurance premium increases.

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

194 Multiply the average daily attendance of the district by the
195 base student cost as established by the Legislature, which yields
196 the total base program cost for each school district.

197 (d) **Adjustment to the base student cost for at-risk**
198 **pupils.** The amount to be included for at-risk pupil programs for
199 each school district shall be computed as follows: Multiply the
200 base student cost for the appropriate fiscal year as determined
201 under paragraph (b) by five percent (5%), and multiply that
202 product by the number of pupils participating in the federal free
203 school lunch program in such school district, which yields the
204 total adjustment for at-risk pupil programs for such school
205 district.

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



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

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

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

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

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

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

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

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



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

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

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

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

253 (2) **Computation of the required local revenue in support of**
254 **the adequate education program.** The amount that each district
255 shall provide toward the cost of the adequate education program
256 shall be calculated as follows:

257 (a) The State Department of Education shall certify to
258 each school district that twenty-eight (28) mills, less the
259 estimated amount of the yield of the School Ad Valorem Tax



260 Reduction Fund grants as determined by the State Department of
261 Education, is the millage rate required to provide the district
262 required local effort for that year, or * * * twenty-nine and
263 one-half percent (29.5%) of the basic adequate education program
264 cost for such school district as determined under paragraph (c),
265 whichever is a lesser amount. In the case of an agricultural high
266 school, the millage requirement shall be set at a level which
267 generates an equitable amount per pupil to be determined by the
268 State Board of Education. The local contribution amount for
269 school districts in which there is located one or more charter
270 schools will be calculated using the following methodology: using
271 the adequate education program twenty-eight (28) mill value, or
272 the * * * twenty-nine and one-half percent (29.5%) cap amount
273 (whichever is less) for each school district in which a charter
274 school is located, an average per pupil amount will be calculated.
275 This average per pupil amount will be multiplied times the number
276 of students attending the charter school in that school district.
277 The sum becomes the charter school's local contribution to the
278 adequate education program.

279 (b) The State Department of Education shall determine
280 the following from the annual assessment information submitted to
281 the department by the tax assessors of the various counties: (i)
282 the total assessed valuation of nonexempt property for school
283 purposes in each school district; (ii) assessed value of exempt
284 property owned by homeowners aged sixty-five (65) or older or



285 disabled as defined in Section 27-33-67(2), Mississippi Code of
286 1972; (iii) the school district's tax loss from exemptions
287 provided to applicants under the age of sixty-five (65) and not
288 disabled as defined in Section 27-33-67(1), Mississippi Code of
289 1972; and (iv) the school district's homestead reimbursement
290 revenues.

291 (c) The amount of the total adequate education program
292 funding which shall be contributed by each school district shall
293 be the sum of the ad valorem receipts generated by the millage
294 required under this subsection plus the following local revenue
295 sources for the appropriate fiscal year which are or may be
296 available for current expenditure by the school district:

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

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

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

303 (a) The required state effort in support of the
304 adequate education program shall be determined by subtracting the
305 sum of the required local tax effort as set forth in subsection
306 (2) (a) of this section and the other local revenue sources as set
307 forth in subsection (2) (c) of this section in an amount not to
308 exceed * * * twenty-nine and one-half percent (29.5%) of the total
309 projected adequate education program cost as set forth in



310 subsection (1)(f) of this section from the total projected
311 adequate education program cost as set forth in subsection (1)(f)
312 of this section.

313 (b) * * * [Deleted]

314 (c) If the school board of any school district shall
315 determine that it is not economically feasible or practicable to
316 operate any school within the district for the full one hundred
317 eighty (180) days required for a school term of a scholastic year
318 as required in Section 37-13-63, Mississippi Code of 1972, due to
319 an enemy attack, a man-made, technological or natural disaster in
320 which the Governor has declared a disaster emergency under the
321 laws of this state or the President of the United States has
322 declared an emergency or major disaster to exist in this state,
323 said school board may notify the State Department of Education of
324 such disaster and submit a plan for altering the school term. If
325 the State Board of Education finds such disaster to be the cause
326 of the school not operating for the contemplated school term and
327 that such school was in a school district covered by the
328 Governor's or President's disaster declaration, it may permit said
329 school board to operate the schools in its district for less than
330 one hundred eighty (180) days and, in such case, the State
331 Department of Education shall not reduce the state contributions
332 to the adequate education program allotment for such district,
333 because of the failure to operate said schools for one hundred
334 eighty (180) days.



335 (d) Provided, however, that in fiscal year 2025,
336 subject to appropriations, no school district shall receive less
337 than a district received in said state contribution in fiscal year
338 2024, including the amount provided for the fiscal year 2024
339 teacher and assistant teacher pay raise separate from the adequate
340 education program.

341 (4) * * * Ninety percent (90%) of state contributions to the
342 adequate education program funds must be spent on teacher
343 salaries, classroom resources, add-on program cost and expenses
344 other than salaries for superintendents, assistant
345 superintendents, principals and assistant principals, or
346 equivalent heads of district or school in charter schools.

347 (5) The State Department of Education shall make payments to
348 charter schools for each student in average daily attendance at
349 the charter school equal to the state share of the adequate
350 education program payments for each student in average daily
351 attendance at the school district in which the public charter
352 school is located. In calculating the local contribution for
353 purposes of determining the state share of the adequate education
354 program payments, the department shall deduct the pro rata local
355 contribution of the school district in which the student resides
356 as determined in subsection (2)(a) of this section. If any
357 charter student returns to the school district in which the public
358 charter school is located, the charter school shall return a
359 prorated share of adequate education program payments for the



360 student as determined by the department. A charter school that
361 fails to return a payment within forty-five (45) days shall be
362 subject to an additional five percent (5%) penalty of the payment
363 due to the school district. The Department of Education shall
364 ensure that the payment and penalty from this subsection is
365 directed to the school district where the student returned.

366 **SECTION 2.** Section 37-57-1, Mississippi Code of 1972, is
367 amended as follows:

368 37-57-1. (1) (a) The boards of supervisors of the counties
369 shall levy and collect all taxes for and on behalf of all school
370 districts which were within the county school system or designated
371 as special municipal separate school districts prior to July 1,
372 1986. Such taxes shall be collected by the county tax collector
373 at the same time and in the same manner as county taxes are
374 collected by him, and the same penalties for delinquency shall be
375 applicable.

376 The governing authorities of the municipalities shall levy
377 and collect all taxes for and on behalf of all school districts
378 which were designated as municipal separate school districts prior
379 to July 1, 1986. Such taxes shall be collected by the municipal
380 tax collector at the same time and in the same manner as municipal
381 taxes are collected by him, and the same penalties for delinquency
382 shall be applicable.

383 Except as otherwise provided in Section 19-9-171, the county
384 or municipal tax collector, as the case may be, shall pay such tax



385 collections, except for taxes collected for the payment of the
386 principal of and interest on school bonds or notes and except for
387 taxes collected to defray collection costs, into the school
388 depository and report to the school board of the appropriate
389 school district at the same time and in the same manner as the tax
390 collector makes his payments and reports of other taxes collected
391 by him.

392 Provided, however, the State Board of Education shall
393 determine the appropriate levying authority for any school
394 district created or reorganized after July 1, 1987.

395 (b) For the purposes of this chapter and any other laws
396 pertaining to taxes levied or bonds or notes issued for and on
397 behalf of school districts, the term "levying authority" means the
398 board of supervisors of the county or the governing authorities of
399 the municipality, whichever levies taxes for and on behalf of the
400 particular school district as provided in paragraphs (a) and (b)
401 of this subsection.

402 (2) The levying authority for the school district shall, at
403 the same time and in the same manner as other taxes are levied by
404 the levying authority, levy a tax of not less than twenty-eight
405 (28) mills for the then current fiscal year, less the estimated
406 amount of the yield of the School Ad Valorem Tax Reduction Fund
407 grant to the school district as determined by the State Department
408 of Education or * * * twenty-nine and one-half percent (29.5%) of
409 the basic adequate education program cost for such school



410 district, whichever is a lesser amount, upon all of the taxable
411 property of the school district, as required under Section
412 37-151-7(2) (a). However, in no case shall the minimum local ad
413 valorem tax effort for any school district be equal to an amount
414 that would require a millage rate exceeding fifty-five (55) mills
415 in that school district. Provided, however, that if a levying
416 authority is levying in excess of fifty-five (55) mills on July 1,
417 1997, the levying authority may levy an additional amount not
418 exceeding three (3) mills in the aggregate for the period
419 beginning July 1, 1997, and ending June 30, 2003, subject to the
420 limitation on increased receipts from ad valorem taxes prescribed
421 in Sections 37-57-105 and 37-57-107. Nothing in this subsection
422 shall be construed to require any school district that is levying
423 more than fifty-five (55) mills pursuant to Sections 37-57-1 and
424 37-57-105 to decrease its millage rate to fifty-five (55) mills or
425 less. In making such levy, the levying authority shall levy an
426 additional amount sufficient to cover anticipated delinquencies
427 and costs of collection so that the net amount of money to be
428 produced by such levy shall be equal to the amount which the
429 school district is required to contribute as its said minimum
430 local ad valorem tax effort. The tax so levied shall be collected
431 by the tax collector at the same time and in the same manner as
432 other ad valorem taxes are collected by him. The amount of taxes
433 so collected as a result of such levy shall be paid into the
434 district maintenance fund of the school district by the tax



435 collector at the same time and in the same manner as reports and
436 payments of other ad valorem taxes are made by said tax collector,
437 except that the amount collected to defray costs of collection may
438 be paid into the county general fund. The levying authority shall
439 have the power and authority to direct and cause warrants to be
440 issued against such fund for the purpose of refunding any amount
441 of taxes erroneously or illegally paid into such fund where such
442 refund has been approved in the manner provided by law.

443 **SECTION 3.** This act shall take effect and be in force from
444 and after July 1, 2024, and shall stand repealed on June 30, 2024.

