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Major Reform of Mississippi's Public School Finance System and the Historic Legislative Session of 1997

Gary Johnson

INTRODUCTION AND HISTORICAL BACKGROUND

Mississippi remains one of three states that has not seen its state system of financing public education challenged in the judicial system. The 1997 legislature's passage of Senate Bill 2649, the Mississippi Adequate Education Program, may be the legislature's attempt to remain in this non-challenged status. Many legislators, educators, and policy-makers have referred to the the 1997 legislative session as "historic" in its implications and consequences for public education and its financing.

Prior to 1997, the state's system of funding K-12 public education could best be described structurally as a modified Strayer-Haig minimum foundation plan. In addition to this equalization state-aid program, the state provided additional financial aid to local school districts to support special education programs, vocational education, instructional support programs, and transportation. In addition, the state's school finance system allocated funds to local school districts for central office and building level administrative costs and teacher salaries. All of these features of Mississippi's school finance system are grouped together under what is called the state's "Minimum Education Program (MEP)." Conceptually, the MEP is a state school finance plan that utilizes a distribution formula that is minimally equalizing and several distribution formulas that are nonequalizing in their consequences. The MEP has been in place since 1954, with little substantive change since its inception. At the heart of this state aid program has been the "teacher unit" which has been used as the basic measure of local school district educational need and as the basis for the state distribution of the lion's share of state funds to local school districts.

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The Minimum Education Program and Teacher Units

To understand the MEP, the significance of the 1997 legislative session, and Senate Bill 2649, it is necessary to first understand how the teacher unit has been used by the state to fund local school districts since 1954. It is well known that how a state defines and measures educational need is the cornerstone of its school finance system. As noted, Mississippi employs the teacher unit as a measure of local school district educational need. Operationally, it is a ratio of teacher per students in average daily attendance (ADA), where the ADA figure varies to reflect different educational needs by age and grade level. The specific teacher units used in the calculation of state aid to local districts in Mississippi are as follows:

Regular Classroom Teacher Units:

- One teacher unit per 24 ADA students in kindergarten and grades one, two, three and four.
- One teacher unit per 27 ADA students for all other grade levels.

Special Education Teacher Units:

- Adds an additional full teacher unit for each State Department of Education approved program (in measuring the special education needs of the district).

Vocational Education Teacher Units:

- Adds an additional 1/2 teacher unit for each State Department of Education approved program (additional funds are provided—see section of handbook entitled Non-equalization State Aid).

Based on these measures of local educational need, the state determines the total number of teacher units each school district has and then allocates state aid to local districts based on a statewide "Minimum Program Salary Schedule" (See Table 1 for the 1993-94 teacher salary schedule used by the state in calculating teacher unit state aid). The salary level and schedule vary according to years of teaching experience and type of certificate held by the teacher. Experience increments are \$375 for each year of experience for a teacher with a Class A certificate (through 15 years); \$450 for each year for a teacher with a Class AA certificate (through 19 years); and \$500 per year for teachers with a Class AAA certificate (through 19 years) and \$550 for teachers with a Class AAAA certificate (through 19 years).

In summary, the basic measure of local school district educational need used by Mississippi to calculate state aid to local school districts is the number of teacher units in the school district. Under most circumstances, the larger the number of teacher units a school district has, the more state aid the district will receive. We now turn to a discussion of how the teacher unit is used in the calculation of various components of Mississippi's MEP.

Calculation of Selected Components of the MEP: Teacher Units

To see how teacher units are calculated and used in determining state financial aid under the MEP for a local school district, a numerical example for a hypothetical district is provided below.

To determine or calculate the number of teacher units (TU) in a school district, the state uses four items of information about the district:

- number of special education teachers.
- number of vocational teachers.

- number of ADA students in grades K-4.
- number of ADA students in grades 5-12.

Assume our hypothetical school district has ten special education teachers, sixteen vocational teachers, two thousand students in ADA grades K-4, and five thousand students in ADA grades 5-12. Remembering our four types of teacher units in the previous section, where the state defines and counts one teacher unit for grades K-4 for every 24 students in ADA, one teacher unit for grades 5-12 for every 27 students in ADA, one teacher unit for each special education teacher and 1/2 a teacher unit for each vocational teacher, the following formula allows us to determine the total number of teacher units for our hypothetical district:

$$TU = \frac{(K-4 \text{ ADA})}{24} + \frac{(5-12 \text{ ADA})}{27} + \text{Number of special Education Teachers} + \frac{\text{Number of Vocational Teachers}}{2}$$

Putting the information from our district into the above formula, we get:

$$TU = (2,000 \div 24) + (5,000 \div 27) + 10 + (16 \div 2)$$

$$TU = 83.33 + 185.18 + 10 + 8$$

$$TU = 286.51$$

In our example of how school district teacher units are calculated by the state, our hypothetical district has a total of

286.51 teacher units. These teacher units are used by the state as a measure of the educational need for each local school district. The state, in allocating state aid annually, calculates the total number of teacher units in every school district throughout the state.

MEP Allocations for Teacher Salaries

Teacher salary monies are allocated by the state to local school districts. This allocation is determined using the state's "Minimum Program Salary Schedule" (See Table 1). In addition to this salary schedule, the state obtains from the local district an annual personnel report which contains, among other things, a list of teachers, their years of teaching experience and their highest certificate held (A, AA, AAA, or AAAA certificate). Using the state salary schedule, a total state teacher salary allotment is made to the local district, based on the information contained in the local school district's annual personnel report.

To see how this district teacher salary allotment is calculated, let's again use our hypothetical district and make some assumptions that are a bit unrealistic but make the calculation easy to follow. First, assume there are total number of 225 teachers in the district: 150 with A certificates, 50 with AA certificates, 15 with AAA certificates and 10 with AAAA certificates (doctoral degrees). To further simplify this numerical example, assume that all teachers holding the same certificate

Table 1:
1993-94 Minimum Program Salary Schedule

Years of Exp.	Certification Level			
	AAAA	AAA	AA	A
0	\$20,825	\$20,025	\$19,225	\$18,425
1	21,375	20,525	19,675	18,800
2	21,925	21,025	20,125	19,175
3	22,475	21,525	20,575	19,550
4	23,025	22,025	21,025	19,925
5	23,575	22,525	21,475	20,300
6	24,125	23,025	21,925	20,675
7	24,675	23,525	22,375	21,050
8	25,225	24,025	22,825	21,425
9	25,775	24,525	23,275	21,800
10	26,325	25,025	23,725	22,175
11	26,875	25,525	24,175	22,550
12	27,425	26,025	24,625	22,925
13	27,975	26,525	25,075	23,300
14	28,525	27,025	25,525	23,675
15	29,075	27,525	25,975	24,050
16	29,625	28,025	26,425	24,425
17	30,175	28,525	26,875	
18	30,725	29,025	27,325	
19	31,275	29,525	27,775	
20	31,825	30,025	28,225	

Legend:
 AAAA—Doctorate
 AAA—Master's Degree + 30 hours
 AA—Master's Degree
 A—Bachelor's Degree

Calculations for the holders of different certificates are as follows:

Personnel	Certificate	Yrs. Exp.	State Min. Salary
150	A	2	\$19,175
50	AA	5	\$21,475
15	AAA	9	\$24,525
10	AAAA	10	\$26,325

have the same years of teaching experience. In our example, we have 150 teachers with an A certificate, all with 2 years of teaching experience. For this group, we would go to the salary schedule, find 2 under the first column, titled *Years of Exp.*, and go over to the column labeled A, where the salary listed is \$19,175. Since there are 150 teachers in our hypothetical district with 2 years of experience, we would multiply 150 times \$19,175, to calculate the amount the district is entitled to for this group of teachers.

Based on this district's personnel profile, a total teacher salary allocation would be calculated as follows: Teacher Salary Allocation (TSA)

$$TSA = 150(\$19,175) + 50(\$21,475) + 15(\$24,525) + 10(\$26,325)$$

$$TSA = \$4,581,125$$

While the example was simplified, it does demonstrate how the state uses the teacher unit to allocate state monies to local districts for teachers salaries. It should be noted that this state money accounts for more state aid than any other item in the MEP.

District and Local Administration Cost Allocations

The state also allocates monies to local school districts under the Minimum Education Program to support district and school level administrative support services. The amount of money each district receives is "tied to" or determined by the number of teacher units in the district and certain state determined dollar amounts per teacher unit. Each local district is allotted \$15,000 for "District Administration", plus \$50 for each teacher unit in excess of 50 units, with the total amount of this allocation not to exceed \$25,000:

$$\text{District Administration Allocation} = \$15,000 + \$50 \text{ (Teacher Units in excess of 50)}$$

Using the information again from the hypothetical district, the state allocation to the local district for "District Administration" would be calculated as follows:

$$\text{District Administrative Allocation (DAA)} = \$15,000 + (\text{District Teacher Units} - 50)$$

$$DAA = \$15,000 + \$50 (286.51 - 50)$$

$$DAA = \$15,000 + \$11,825.50$$

$$DAA = \$26,826$$

But, since the state "caps" this allocation at \$25,000, our hypothetical district would receive an actual allocation of \$25,000 from the state, instead of the calculated \$26,826.

For "Local Administration" support, the state allocates to school districts \$75 for each teacher unit:

$$\$75 \text{ (District Teacher Units)}$$

For our hypothetical local district, the state aid allocation for Local Administration (LA) would be:

$$LA = \$75 (286.51) = \$21,488.25$$

These selected examples of how the state uses the teacher unit to allocate state aid to local school districts indicates how important the teacher unit is in the state's MEP.

Major Reform of Mississippi's School Finance System in 1997

As noted above, the Mississippi legislature passed major school finance reform legislation during the 1997 session and did so in spite of an initial gubernatorial veto. This legislation will be phased-in beginning in fiscal year 1998 and be fully implemented in fiscal year 2003. During this six year phase-in period, school districts will receive approximately \$273 million in state revenue beyond (in addition to) their 1997 level of funding. School districts may utilize these new revenues in a number of ways:

- capital improvement projects
- paying or refinancing current debt service
- issuing state aid capital improvement bonds up to \$160 per student in ADA
- technology or instructional programs (20% limitation).

More importantly, the reform legislation also changed the basic measure of school district educational need in the state's funding formula. Senate Bill 2649 replaces the teacher unit and MEP with a funding method that operates like a "guaranteed yield" plan. It uses as a major component a base student cost

**Figure 1:
Senate Bill 2649—Mississippi Adequate Education Program**

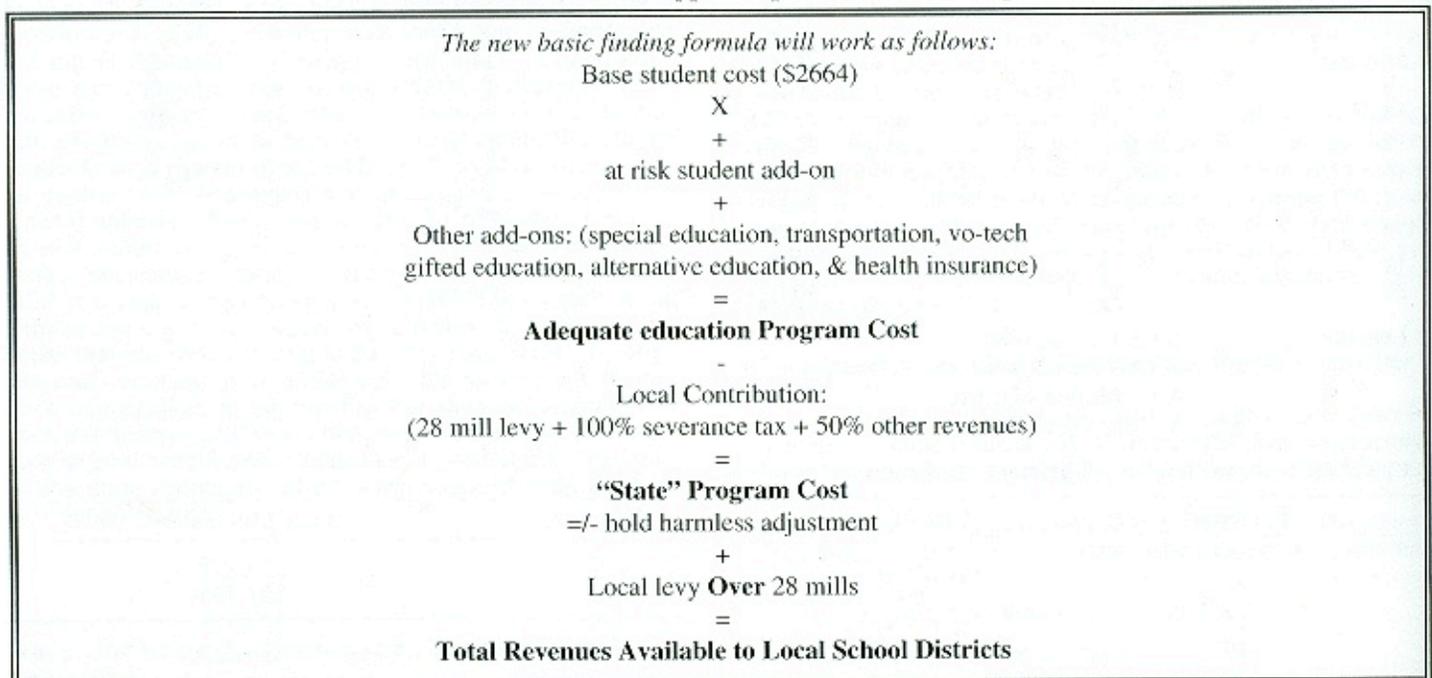


figure to reflect or measure educational need. This base student cost figure is \$2,664 and it represents the average per-pupil cost of educating a student in a Level 3 school district. School districts annually receive a state accreditation rating ranging in value from a low of 1 to a high of 5. School districts receiving a Level 3 rating are considered "satisfactory" and performing adequately by state authorities. Thus, the new funding method will use the average per-pupil cost of educating a student in a Level 3 school district as a "base" cost figure. This base student cost per-pupil amount will be guaranteed to all school districts in the state, regardless of their local tax base, as long as their local tax levy equals or exceeds 28 mills.

The basic revised funding formula is algebraically presented in Figure 1. The passage of this school finance reform bill is by far the single most consequential piece of legislation in this year's legislative session.

Beyond Senate Bill 2649, there are several other school finance and related issues that warrant inclusion and discussion in this paper. First, the legislature has passed another bill that will raise public school teacher salaries over a three year period by 10 percent, with the first increase going into effect in the 1997-1998 fiscal year. The passage of this bill was aimed at a current and growing shortage of teachers that is already a crisis in certain regions of the state. Many of the lawmakers believe increasing teacher salaries is a first and necessary step toward increasing the supply of public school teachers over the long term.

Second, there is a trend towards increasing public support for privatization of public education. This increasing support for privatization has manifested itself in a variety of bills that call for: (1) the purchase of textbooks for certain nonpublic schools, (2) waiving certain accreditation requirements for alternative school programs, and (3) granting charter status to ten local public schools. This trend towards privatization is expected to continue and accelerate in the next few years.

A third school finance issue confronting policy makers and educators is that of "annexation." It is an issue that is currently being litigated in the state court system. Annexation refers to a Mississippi law that allows cities to annex neighboring property and coterminously expand their school district and municipal boundaries. If the court does not declare annexation to be valid, it could lead to a chaotic situation and cause a significant redistribution in local school district wealth. Given the current local school district wealth distribution, the "legalization of annexation" would in all likelihood lead to a redistribution in wealth that favors the higher cities and municipalities and discriminates against the lower wealth school districts in counties and the more sparsely populated rural areas.

In conclusion, it must be said that 1997 was a very good year for public education in Mississippi; one that offers very real hope for substantive long-term educational and financial reforms of the state's educational system.