MISSISSIPPI LEGISLATURE REGULAR SESSION 2021

By: Representative Young To: Education

HOUSE BILL NO. 167

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

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

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

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

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

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

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

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

(a) The operating cost for each student;

(b) The operating cost for each program; and

(c) The staffing cost for each student.

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

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

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

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

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

(b) The rate of change in the district's unreserved general fund balance;

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

(d) The adopted tax rate of the district;

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

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

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

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

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

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

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

(c) Provide alerts for:

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

(ii) A rapid depletion of the district's general fund balance; and

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

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

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

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

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

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

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

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

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

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

SECTION 4. This act shall take effect and be in force from and after July 1, 2021.