

MISSISSIPPI ADEQUATE EDUCATION PROGRAM (MAEP)

AN OVERVIEW OF HOW THE FORMULA IS CALCULATED



What is MAEP?

The formula established by the Legislature to provide adequate operation funding levels for each school district to meet the accountability scale of “Successful” as established by the State Board of Education regardless of the school district’s geographic location. (37-15-7)

Ensure that every Mississippi student is afforded an adequate educational opportunity regardless of where he/she lives. In order to accomplish this the system must:

- Provide equity to districts by recognizing differences in local resources
- Provide a level of resources necessary for an adequate education

MAEP Funding Formula

- $(\text{Average Daily Attendance} + \text{High Growth}) \times \text{Base Student Cost} + \text{At-Risk} - \text{Local Contribution} + \text{Hold Harmless Guarantee} = \text{MAEP Formula Allocation}$
- $\text{MAEP Formula Allocation} + \text{Add-On Programs} = \text{Total MAEP District Funding}$
- For this presentation, each part of the formula calculation will be referred to as a “component”

- MS Code provides the guidelines for how the BSC is to be calculated. It contains four major components:
 - Instruction, Administration, Operation & Maintenance of Plant, and Ancillary Support
 - The average cost of the four components are combined to form the base student cost
- The BSC is recalculated every four years to maintain stability for appropriation and budgeting purposes
 - It was recalculated for FY15; recalculation due for FY19

Base Student Cost (BSC) Component (cont)

- In the years that the BSC is not recalculated, an inflation component is added to the previous year's BSC
- The inflation component is 40% of the base student cost times the current Consumer Price Index (CPI). The CPI is provided by the State Economist
- Any adjustments for teacher pay, health insurance costs, or PERS costs may also be added to the base student cost

Base Student Cost (BSC) Example

- FY16 BSC calculation:

1. FY15 BSC (as calculated)	\$5,140.07
2. 40% of BSC (#1 x .40)	\$2,056.03
3. CPI	1.535%
4. Inflation Component (#2 x #3)	\$31.56
5. Teacher pay raise	\$183.35
6. FY16 BSC (#1 + #4 + #5)	\$5,354.98

Average Daily Attendance (ADA) Component

- Grades K-12 of Months 2 and 3 Of Preceding Year
 - For FY16, months 2-3 of FY15 were used
 - Months 2 – 3 are October and November reporting periods
- Excludes self-contained Special Education ADA
- Data provided by attendance records submitted into MSIS by the district
- Office of Technology and Strategic Services (OTSS) provides the data to our office
- Issues with the data must be handled through OTSS prior to our final calculation in December

ADA Sample Report from MSIS

Grade	64	54	56	1	2	3	4	5	6	7	8	58	78	9	10	11	12	Sub Total	Self Cont	Final ADA
ADA	292.97	0	42.05	328.54	324.41	269.57	288.76	297.95	273.83	258.16	253.65	38.54	0	228.03	265.03	185.57	145.14	3,492.20	80.59	3,411.61

Sub Total the ADA for all grades

Self Contained Grades:
54, 56, 58

Subtract the Self Contained ADA from the sub total for a final ADA count

ADA Component Example

- ADA without Self Contained grades x base student cost
- The resulting dollar amount is the first step in the MAEP formula

FY15 BSC	FY15 ADA (less SC)	FY15 ADA Component Amount
\$5,354.98	3,411.61	\$18,269,103

High Growth Component

- For any district that has positive growth in ADA each year over the 3-year period prior to the appropriation, the average percent of growth in ADA over those 3 years is multiplied times the most recent months 2 and 3 ADA and the result is added back to the ADA for that district
- If the district did not experience growth, the actual ADA is used.
- In some years, the Legislature has reduced the funding for high growth
- For FY16, the high growth component was calculated normally

High Growth Examples

FY16 Data

District 1:

FY12 ADA (mo 2&3)	FY13 ADA (mo 2&3)	FY14 ADA (mo 2&3)	FY15 ADA (mo 2&3)
3,378.68	3,444.48	3,474.00	3,411.61

District 2:

FY10 ADA (mo 2&3)	FY11 ADA (mo 2&3)	FY12 ADA (mo 2&3)	FY13 ADA (mo 2&3)
2,137.35	2,242.71	2,302.93	2,374.03

% increase	% increase	% increase	Average increase
1.95%	0.86%	-1.80%	0.34%

% increase	% increase	% increase	Average increase
4.93%	2.69%	3.09%	3.57%

Average increase	FY15 ADA (mo 2&3)	Additional ADA For High Growth	FY15 ADA To use in MAEP
0.34%	3,411.61	0	3,411.61

Average increase	FY15 ADA (mo 2&3)	Additional ADA For High Growth	FY15 ADA To use in MAEP
3.57%	2,374.03	84.69	2,458.72

District 1 will not receive the high growth component

District 2 will receive the high growth component

ADA Component with High Growth (HG) Example

- ADA Component after High Growth is calculated

District 1:		
ADA Component	HG Component	ADA+HG Component
\$18,269,103	\$0	\$18,269,103

District 2:		
ADA Component	HG Component	ADA+HG Component
\$12,712,883	\$453,513	\$13,166,396

At-Risk Component

- 5% of the base student cost multiplied by the number of free lunch participants on November 30 of preceding year. (Data pulled from the Lunch Status Report in MSIS)
- The resulting dollar amount is added to MAEP formula prior to the calculation of local contribution

District 1:			
FY15 BSC	5% amount	FY15 Free Lunch Participants	FY15 At-Risk Component Amount
\$5,354.98	\$267.75	3,562	\$953,726

Local Contribution Component Example

- Local Contribution is the amount of funding calculated from the assessment data and the value of millage of the district
- Uses the 2nd preceding year's data (for FY16, used FY14 data)
- Information comes from the Tax Assessor of each district/county
- Uses the yield from 28 mills + ad valorem in-lieu payments
- Capped at 27% of the MAEP Formula Amount prior to local contribution calculation [(ADA+HG component)+At-Risk component]

Local Contribution Component

District 1:	1. Gross Assessed Value	\$246,375,027
	2. Homestead Exemption Value for over 65	\$18,505,391
	3. Net Assessed Value (#1-#2)	\$228,073,767
	4. Value of 28 mills (sub-total) (#3 * .028)	\$6,386,065
	5. Homestead Exemption Credit for under 65	\$411,481
	6. Homestead Exemption Reimbursement	\$350,544
	7. In-Lieu Revenue	\$0
	8. Value of 28 Mills (final) (#4-#5+#6+#7)	\$6,325,128

1. ADA+HG Component	\$18,269,103
2. At-Risk Component	\$953,726
3. MAEP Formula Amount before local contribution (#1 + #2)	\$19,222,829
4. 27% of Formula Amount (#3 x .27)	\$5,190,164

Local Contribution is the lesser of the two calculations

Hold Harmless (HH) Component

- Ensures that a district receives an allocation equal to at least what they received in FY2002 for funding programs replaced by MAEP (Minimum Program, Equity Funding, Uniform Millage Assistance) plus a predetermined percentage
- During the 2014 Session, the Legislature decided to phase out the Hold Harmless percentage over 3 years. For FY15 the rate was 6%; for FY16 the rate was 4%; for FY17 the rate will be 2%; and beginning with FY18 the Hold Harmless amount will remain equal to the FY2002 funding level
- For FY16, only 8 districts met the conditions for the Hold Harmless component at an amount of \$3 million

Hold Harmless Component Example

District 1:

1. FY2002 Funding Amount	\$11,020,648
2. 4% HH (#1 x 1.04)	\$11,461,474
3. MAEP Formula Amount (prior to HH guarantee)	\$14,032,665
4. MAEP Formula Amount	\$14,032,665

District 2:

1. FY2002 Funding Amount	\$13,281,291
2. 4% HH (#1 x 1.04)	\$13,812,543
3. MAEP Formula Amount (prior to HH guarantee)	\$13,750,628
4. MAEP Formula Amount	\$13,812,543

Compare the calculated MAEP amount to the 4% Hold Harmless amount; the larger amount becomes the MAEP Formula amount for the district.

MAEP Formula Calculation Example

District 1:	
1. ADA+HG Component	\$18,269,103
2. At-Risk Component	\$953,726
3. Local Contribution Component	\$5,190,164
4. Hold Harmless Component	\$0
5. MAEP Formula Amount (#1 + #2 - #3 + #4)	\$14,032,665

- Provide funding for additional programs including:
 - Special Education
 - Alternative Education
 - Transportation
 - Gifted Education
 - Career and Technical Education
- Legislature is required by statute to direct MDE on the distribution of the MAEP allocation. They provide the funding in a lump sum, so we provide to districts in the same fashion
- Amounts are calculated on different criteria, but totaled into a lump sum amount; thus providing districts the discretion to distribute the money according to their needs

Calculation of SPED, Gifted, and CTE Amounts for the Add-On Component

- Each program office provides their estimate of teacher units (TU) to our office
- OTSS provides the average salary for the corresponding program in each district from the December personnel report in MSIS

SPED, Gifted, and CTE Calculation Example

SPED:	
Estimated TU	47.16
FY15 Avg Salary (plus FY16 pay raise)	\$47,528
FY16 Projected Salary	\$2,241,420.48
FY16 Projected Fringe (23.4%)	\$524,492.39
FY16 Projected Sped Component	\$2,765,912.87

- Repeat this process for Gifted and CTE Units

Alternative Education Component

- Alternative Education units are determined at .75 units per ADA or 12 units; whichever is greater
- Per pupil amount is calculated from statewide actual expenditures for alternative programs in the 2nd preceding year multiplied by an inflation rate
- ADA is pulled from Months 2 & 3 of the previous year; less the ADA for all Kindergarten (grades 54 & 64)
- OTSS provides the information from MSIS

District 1:

1. FY15 total ADA	3,492.20
2. FY15 Grades 54 & 64	292.97
3. FY15 ADA – K (#1 - #2)	3,199.23
4. TU per ADA (#3 x .0075)	23.99
5. Per Pupil Amount	\$9,364
6. Alt Educ Component (#4 x #5)	\$224,642.36

District 2:

1. FY15 total ADA	1,122.57
2. FY15 Grades 54 & 64	101.03
3. FY15 ADA – K (#1 - #2)	1,021.72
4. TU per ADA (#3 x .0075)	1 7.66
	2
5. Per Pupil Amount	\$9,364
6. Alt Educ Component (#4 x #5)	\$112,368



- Transportation is calculated from the previous year's request multiplied by the most recent inflation rate

Add-On Programs Combined

- The add-on calculations are combined to reach the district's add-on amount total
- The amount is reported as a lump sum
- Districts can distributed the funds according to program needs

District 1:

	\$3,311,730.87
Alt Ed	\$224,642.36
Transportation	\$658,505
Total Add-on Amt	\$4,194,878.23

Total MAEP Funding

- MAEP Formula Amount and the Add-On Amount are combined into a total MAEP funding request for each district and submitted to the Legislature
- In the event the MAEP formula is not fully funded, both the formula and the add-on amounts will be reduced by the pro-rata amount of the final allocation; or as directed by the Legislature

Questions