

OFFICE OF CHIEF OPERATIONS OFFICER
Summary of State Board of Education Agenda Items
July 23, 2014

OFFICE OF SCHOOL FINANCIAL SERVICES

18. Approval of preliminary estimate of the Mississippi Adequate Education Program Base Student Cost for Fiscal Year 2016

Recommendation: Approval

Back-up material attached

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MAEP BASE STUDENT COST FY 2016

ALL CALCULATIONS PERFORMED BY A CERTIFIED PUBLIC ACCOUNTANT (TANN, BROWN, & RUSS) AS REQUIRED BY HB 1476

SUMMARY OF PRELIMINARY ESTIMATE OF BASE STUDENT COST FOR FY 2016	
FY 2015 BASE STUDENT COST	\$5,140.07
ADJUSTMENT FOR INFLATION PER STATUTE*	\$31.56
ADJUSTMENT FOR FY 15 & FY 16 PAY RAISE	\$181.43
PRELIMINARY ESTIMATE OF BASE STUDENT COST FOR FY2016*	\$5,353.06

IMPORTANT NOTE ON CALCULATION OF ESTIMATE OF THE FY 2016 BASE STUDENT COST

*Per statute, for FY 2016 the Base Student Cost will be increased by an inflationary adjustment equal to 40% of the Base Student Cost for the previous fiscal year times the latest annual rate of inflation as determined by the State Economist. The rate of inflation for the current adjustment to the Base Student Cost is 1.535%

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MISSISSIPPI DEPARTMENT OF EDUCATION

ALL CALCULATIONS PERFORMED BY A CERTIFIED PUBLIC ACCOUNTANT (TANN, BROWN, & RUSS) AS REQUIRED BY HB 1476

MAEP - FY 16 BASE STUDENT COST CALCULATION - PRELIMINARY ESTIMATE - AUGUST 1, 2014

	FY 08 MAEP	FY 09 MAEP With Inflation Adjustment	FY 10 MAEP With Inflation Adjustment	FY 11 MAEP	FY 12 MAEP With Inflation Adjustment	FY 13 MAEP With Inflation Adjustment	FY 14 MAEP With Inflation Adjustment	FY 15 MAEP	FY 16 MAEP With Inflation Adjustment
INSTRUCTION	\$2,815			\$3,169.17				\$3,007.22	
ADMINISTRATION	\$686			\$784.24				\$1,003.34	
PLANT & MAINTENANCE	\$610			\$631.47				\$778.77	
ANCILLARY SUPPORT	\$262			\$295.23				\$301.18	
TOTAL BASE COST PER PUPIL	\$4,373	\$4,574	\$4,675	\$4,880.11	\$4,901.77	\$4,935.91	\$5,017.94	\$5,090.51	\$5,140.07
Adjustments for FY 08 Pay Raise & FY 07 Ins and PERS	\$201				N/A	N/A	N/A		
Adjustments for Pay Raise	N/A	\$22	\$21	\$21.66	N/A	N/A	N/A		
Adjustments for PERS						\$25.78	\$36.79	\$49.56	\$181.43
Adjustment for Inflation	N/A	\$79	\$78	N/A	\$34.14	\$56.25	\$62.02	N/A	\$31.56
Final Base Student Cost	\$4,574	\$4,675	\$4,774	\$4,901.77	\$4,935.91	\$5,017.94	\$5,116.75	\$5,140.07	\$5,353.06
MAEP Formula Cost Only	\$1,766,704,327	\$1,774,954,871	\$1,803,953,509	\$1,835,776,021	\$1,837,207,008	\$1,872,894,526	\$1,917,121,328	\$1,925,665,988	\$1,961,014,718
Change From Previous Year		\$8,250,544	\$28,998,638	\$31,822,512	\$1,430,987	\$35,687,518	\$44,226,802	\$8,544,660	\$35,348,730
Total MAEP Program Cost	\$2,207,152,735	\$2,207,233,362	\$2,241,137,884	\$2,284,848,636	\$2,273,337,781	\$2,315,013,895	\$2,375,536,822	\$2,411,819,987	\$2,466,356,110
Change From Previous Year		\$80,627	\$33,904,522	\$43,710,752	-\$11,510,855	\$41,676,114	\$60,522,927	\$36,283,165	\$54,536,123

August 1, 2014

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SUMMARY OF PRELIMINARY ESTIMATE OF MAEP COST FOR FY 2016*

PRELIMINARY ESTIMATE FORMULA COST	\$	1,961,014,718	
PRELIMINARY ESTIMATE COST FOR ADD-ONS	\$	489,343,367	
PRELIMINARY ESTIMATE COST FOR MISC. MAEP PROGRAMS (Includes Extended School Year, Orthopedic and Aphasic, Non-Public Textbooks, Bus Driver Training, and University Based Programs Transportation, & Dyslexia Scholarship)		\$15,998,025	
PRELIMINARY ESTIMATE OF MAEP COST FOR FY 2016*	\$	2,466,356,110	
TOTAL INCREASE/(DECREASE) FY 2016 PRELIMINARY ESTIMATE OVER FY 2015 FULL FUNDING	\$	54,536,123	
AMOUNT ATTRIBUTED TO ADA CHANGE	\$	-	
AMOUNT ATTRIBUTED TO INCREASE IN BASE STUDENT COST (BASED ON INFLATION AND PAY RAISE)	\$	42,395,960	
AMOUNT ATTRIBUTED TO LOCAL CONTRIBUTION	\$	(7,647,379)	
AMOUNT ATTRIBUTED TO ADD-ONS	\$	19,261,334	
AMOUNT ATTRIBUTED TO AT-RISK	\$	1,483,685	
AMOUNT ATTRIBUTED TO 4% GUARANTEE	\$	(883,557)	
AMOUNT ATTRIBUTED TO MISC. MAEP PROGRAMS	\$	(73,941)	
	<u>\$</u>	<u>54,536,102</u>	\$21 ROUNDING DIFF.

****HB 1476, as passed during the 2014 Session of the Mississippi Legislature, requires all FY 2016 MAEP calculations, including the calculation of the Preliminary Estimate of the MAEP Cost, to be performed by an independent Certified Public Accountant. This Preliminary Estimate was calculated by the CPA firm of Tann, Brown & Russ.***

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SUMMARY OF PRELIMINARY ESTIMATE OF BASE STUDENT COST FOR FY 2016

ALL CALCULATIONS PERFORMED BY CPA FIRM OF TANN, BROWN & RUSS AS REQUIRED BY HB 1476

FY 2015 ADJUSTED BASE STUDENT COST	\$5,140.07
STATUTORY INFLATION ADJUSTMENT AMOUNT (40% OF FY 15 MAEP BASE STUDENT COST AMOUNT TIMES LATEST RATE OF INFLATION AS DETERMINED BY THE STATE ECONOMIST)	\$31.56
ADJUSTMENT FOR PAY RAISE	<u>\$181.43</u>
PRELIMINARY ESTIMATE OF BASE STUDENT COST FOR FY 2016	\$5,353.06

SUMMARY OF PRELIMINARY ESTIMATE OF MAEP COST FOR FY 2016

ALL CALCULATIONS PERFORMED BY CPA FIRM OF TANN, BROWN & RUSS AS REQUIRED BY HB 1476

ADJUSTED FORMULA COST	\$ 1,961,014,718
ADJUSTED COST FOR "ADD ON'S"	\$ 489,343,367
ADJUSTED COST FOR MISC. MAEP PROGRAMS *	\$ 15,998,025
PRELIMINARY ESTIMATE OF MAEP COST FOR FY 2016	\$ 2,466,356,110

* Includes ESY, Orthopedic & Aphasic, Non-Public Textbooks, Bus Driver Training, Transportation for University-based Programs, & Dyslexia Scholarship.

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BREAKDOWN OF FY 2016 MAEP PRELIMINARY COST ESTIMATE

ALL CALCULATIONS PERFORMED BY CPA FIRM OF TANN, BROWN & RUSS AS REQUIRED BY HB 1476

FY 16 PRELIMINARY BASE STUDENT COST	\$5,353.06	
MAEP BASE COST	\$ 1,961,014,718	
ADD ON PROGRAMS:		UNITS
SPECIAL EDUCATION SALARY & FRINGE	\$ 287,003,086	5,455
VOCATIONAL EDUCATION SALARY & FRINGE	\$ 52,734,545	1,010
GIFTED EDUCATION SALARY & FRINGE	\$ 47,768,726	845
TRANSPORTATION	\$ 70,118,585	
ALTERNATIVE SCHOOLS	\$ 31,718,425	
EXTENDED SCHOOL YEAR	\$ 12,960,349	
ORTHOPEDIC & APHASIC	\$ 1,744,524	
NON-PUBLIC TEXTBOOKS	\$ 422,419	
BUS DRIVER TRAINING	\$ 218,300	
UNIVERSITY BASED TRANSPORTATION	\$ 197,423	
DYSLEXIA SCHOLARSHIP	\$ 455,010	
TOTAL ADD ON COST	\$ 505,341,392	
TOTAL FY 2016 MAEP COST (BASE PLUS ADD ON)	\$ 2,466,356,110	

COMPARISON OF FY 2016 PRELIMINARY ESTIMATE TO FY 2015 (FULL FUNDING REQUEST)		
FY 2016 PRELIMINARY MAEP COST		\$ 2,466,356,110
FY 2015 FULL FUNDING REQUEST		\$ 2,411,819,987
DIFFERENCE: FY 2016 PRELIMINARY COST v. FY 2015 FULL FUNDING REQUEST		\$ 54,536,123
FORMULA DIFFERENCE FY 2016	\$ 35,348,730	
ADD ON DIFFERENCE FY 2016	\$ 19,261,334	
MISC. MAEP PROGRAMS DIFFERENCE FY 2016	\$ (73,941)	
	<u>\$ 54,536,123</u>	

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June 24, 2014

Dr. Carey M. Wright
State Superintendant of Education
359 North West Street
Jackson, MS 39201

RE: 2016 Mississippi Adequate Education Program Funding Calculation – Preliminary Estimate

Dear Dr. Wright:

We have performed the calculation of the 2016 Mississippi Adequate Education Program (MAEP) funding preliminary estimate in accordance with our contract with the Mississippi Department of Education. Following is a summary of the information that is reflected in the accompanying calculation schedules:

Base Student Cost	\$ 5,353.06
Total MAEP and Add-On Program Cost	\$ 2,466,356,110

Our services were performed in accordance with Statements on Standards for Consulting Services issued by the American Institute of Certified Public Accountants. The information utilized in the 2016 MAEP funding preliminary estimate calculation was provided to us by the Mississippi Department of Education. We have not audited or reviewed such information, and accordingly we do not express an opinion or any other form of assurance on it.

We appreciate the opportunity to be of service to you.

Sincerely,

TANN, BROWN & RUSS CO., PLLC



Scott A. Hodges, CPA, CGFM