



STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
STATE AUDITOR

September 10, 2018

Honorable Phil Bryant, Governor  
Honorable Tate Reeves, Lieutenant Governor  
Honorable Philip Gunn, Speaker of the House

Dear Gentlemen:

As required by Section 37-151-7(1)(g), Miss. Code Ann. (1972), the Office of the State Auditor (OSA) has reviewed the FY 2020 preliminary estimate calculations of the Mississippi Adequate Education Program (MAEP). OSA's primary objective for the review is to verify the accuracy of the Mississippi Department of Education (MDE) calculations, not the data supplied by MDE, and the resulting funding request. After OSA's verification process, it was determined that OSA calculations agree with those of MDE.

**Recap of MAEP Preliminary Estimate Amounts**

Senate Bill 2604, passed during the 2006 regular legislative session, changed the year-to-year calculation for funding MAEP. Under the amended law, Base Student Cost (BSC) is only completely recalculated every four years. In all intervening years, BSC shall be increased by an amount equal to forty percent (40%) of the prior fiscal year's BSC, multiplied by the applicable annual inflation rate (as determined by the State Economist) and then further adjusted, if necessary, for any additional state requirements to provide a total MAEP amount. For the FY 2020 budget, this calculation contains an annual inflation rate of 2.151%, as determined by the State Economist. The total preliminary estimate for FY 2020 MAEP proposed by the MDE and based on data they submitted to an independent CPA is **\$2,477,651,354**. The MAEP Base Cost (before Add-on Program Costs) of **\$1,940,518,325** and the final estimated MAEP total are calculated below:

<b>CALCULATION OF MAEP BASE COST (Before Add-On Costs)</b>	
Base Student Cost (BSC)	\$ 5,570.18
Estimated ADA (440,649.07) X BSC:	\$ 2,454,494,632
At-Risk Student Portion	\$ 91,900,955
Deduction for Required Local Contributions	\$ (609,569,996)
Additional Funding (to meet statutory minimum funding guarantee of 2% above the 2001-2002 funding)	\$ 3,692,734
<b>Total MAEP Cost (Before Add-On Costs)</b>	<b>\$ 1,940,518,325</b>
<b>MAEP PRELIMINARY ESTIMATED TOTAL</b>	
MAEP Base Cost, before Add-on Programs	\$ 1,940,518,325
Add-on Program Costs consisting of:	
Special Education	\$ 308,286,634
Career and Technical Education	\$ 58,526,858
Gifted Education	\$ 47,752,006
Transportation	\$ 74,404,079
Alternative School	\$ 34,354,519
Other Programs	\$ 13,808,933
<b>Total Final MAEP Cost</b>	<b>\$ 2,477,651,354</b>

**Comments Regarding the MAEP FY 2020 Preliminary Estimate**

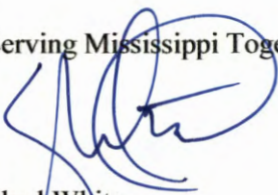
As this is a preliminary estimate, the final estimate for FY 2020 will differ from this amount once actual expenditures are available and adjustments are made to the computations. **The current MAEP preliminary estimate does not factor in a pending PERS rate increase for employer contributions which will become effective July 1, 2019.** Adjustments for this rate increase should raise the final estimate considerably for FY 2020.

**Methodology and Use of the OSA Report**

In conducting this review, OSA relied on the following: (1) our understanding of the agency and significant departments' operations; (2) our experience gained in previous audits of various segments of the Mississippi Department of Education; (3) analytical reviews of detailed financial data; and (4) thorough review of current and historical laws related to MAEP and their application in K-12 public education in Mississippi.

Should you have any questions or need additional information regarding the details provided in this letter, please do not hesitate to contact me.

Serving Mississippi Together,



Shad White  
State Auditor

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- cc: Honorable Eugene Clarke, Chairman, Senate Appropriations Committee  
Honorable John Read, Chairman, House Appropriations Committee  
Honorable Gray Tollison, Chairman, Senate Education Committee  
Honorable Richard Bennett, Chairman, House Education Committee  
Legislative Budget Office  
Dr. Carey Wright, Superintendent of Education  
Members of the Mississippi Board of Education  
Dr. Felicia Gavin, Chief Operations Officer, Mississippi Department of Education