STATE OF MISSISSIPPI

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
STATE AUDITOR

February 14, 2018

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

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 2019 final estimate calculation of the Mississippi Adequate Education Program (MAEP). Our primary objective for the annual review of the MAEP funding formula is to verify the accuracy and compliance of the State Board of Education's MAEP funding request. As you are aware, I have several concerns about the Mississippi Department of Education (MDE) data; however, it is important to note that, using MDE's numbers, OSA's and MDE's calculations of the MAEP final estimate match.

In previous reports and correspondence to the legislature, OSA has recommended some necessary and needed changes to make the MAEP formula more effective in calculating needed funds for the individual Mississippi K-12 public schools. I am pleased to see the progress that the legislature has attempted to make in revising the state funding formula this year.

Recap of MAEP Final Estimate Amounts

Under current law, Base Student Cost (BSC) is only completely recalculated every four years. In all intervening years, a percentage of the prior year per pupil BSC is multiplied by the applicable annual inflation rate (as determined by the State Economist) and then further adjusted according to law to provide a total MAEP amount. For the FY 2019 budget, this calculation contains an annual inflation rate of 2.085%, as determined by the State Economist. The total final estimate for FY 2019 MAEP proposed by the MDE and based on data including the calculated BSC – **$5,522.66** and utilizing the estimated Average Daily Attendance (ADA) of **440,334.07** submitted to an independent CPA is **$2,464,069,326**. The MAEP Base Cost (before Add-on programs) – **$1,930,356,828** and the MAEP estimated totals are calculated below:
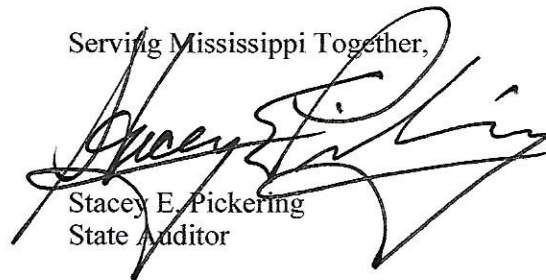
CALCULATION OF MAEP BASE COST *(Before Add-On Cost)*	
Base Student Cost (BSC)	$ 5,522.66
Estimated ADA *(440,334.07)* X BSC:	$ 2,431,815,351
At-Risk Student Portion	$ 91,019,069
Deduction for Required Local Contributions	$ (596,839,781)
Additional Funding *(to meet statutory minimum funding guarantee of 2% above the 2001-2002 funding)*	$ 4,362,189
Total MAEP Cost (Before Add-On Cost)	*$ 1,930,356,828*

MAEP FINAL ESTIMATED TOTAL		
MAEP Base Cost, before Add-on Programs	$	1,930,356,828
Add-On Program Costs consisting of:		
Special Education	$	308,298,683
Vocational Education	$	57,581,576
Gifted Education	$	47,769,052
Transportation	$	72,795,066
Alternative School	$	33,730,427
Other Programs	$	13,537,694
Total Final MAEP Cost	*$*	*2,464,069,326*

Methodology

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.

If any additional information is needed, please do not hesitate to contact me. This office stands ready to provide any analysis or research efforts that would be beneficial in helping educational leadership create a better, more effective education system for Mississippi.

Serving Mississippi Together,

Stacey E. Pickering
State Auditor

SEP/wj

cc: Dr. Carey Wright, Superintendent of Education
       Members of the Mississippi Board of Education
       Dr. Felicia Gavin, Chief Operating Officer, Mississippi Department of Education