



## **Initiative 42: The Funding Question**

Opponents of Initiative 42 – the proposed constitutional amendment to fully fund the Mississippi Adequate Education Program – argue that funding must be completed immediately after passage of the amendment. They argue that the approximately \$250 million that full funding would require must be offset by 7.8% in state budget cuts in all but two agencies, affecting services ranging from public safety to institutions of higher learning.

However, the facts DO NOT bear out those arguments.

### ***The Seven-Year Plan to Fully Fund MAEP***

In 2014, a full year before legislative leaders began proposing budget cuts, nearly 200,000 petition signers for Initiative 42 gave state lawmakers a roadmap for fully funding Mississippi's public schools without cuts or tax increases. The plan, specifically outlined on each petition, calls for a gradual phase-in over seven years, using natural growth in state revenue.

General fund revenue has increased annually an average of 4.8% from FY 2004 through FY 2014; this average includes the two years during the height of the Great Recession when collections decreased by 4.2% (FY2008) and 4.9% (FY 2009). *(Note that even during the worst economy since the Great Depression, Mississippi's revenues did not fall anywhere near the 7.8% in budget cuts being proposed by House Appropriations Chairman Herb Frierson.)*

For projection purposes, Mississippi's general fund revenue growth is estimated at 3% annually through FY 2022 – a conservative projection level when compared to the 4.8% growth level over the past 10 years. Using these averages and projections, the phase-in funding plan offered by the nearly 200,000 petition signers calls for:

- Using not less than 25% of that annual 3% growth -- or \$37.5 million of \$150 million in projected revenue collections as described above -- to reach the additional \$265 million a year in current dollars which will be needed to provide Mississippi's public school students with an education that is adequate and efficient by contemporary standards. And it would take only seven years to do it. (see chart below)

The petition clearly states:

*“Funding the initiative will not require a reduction in, elimination of, or reallocation of funding from any currently funded programs.”*

The following chart details historical and projected general fund revenue collections and the amounts they would produce to fully fund MAEP over a seven-year phase-in period:

**GENERAL FUND REVENUE COLLECTIONS (Millions)**

	GF Collections	+/-	YR over YR	Millions	Cum Millions
FY04 actual	\$3,582.80	-----	-----	-----	-----
FY05 actual	\$3,841.40	\$258.60	7.2%	-----	-----
FY06 actual	\$4,332.60	\$491.20	12.8%	-----	-----
FY07 actual	\$4,789.50	\$456.90	10.5%	-----	-----
FY08 actual	\$4,937.60	\$148.10	3.1%	-----	-----
FY09 actual	\$4,730.00	(\$207.60)	-4.2%	-----	-----
FY10 actual	\$4,496.80	(\$233.20)	-4.9%	-----	-----
FY11 actual	\$4,599.90	\$103.10	2.3%	-----	-----
FY12 actual	\$4,870.60	\$270.70	5.9%	-----	-----
FY13 actual	\$5,083.30	\$212.70	4.4%	-----	-----
FY14 estimate	\$5,300.30	\$217.00	4.3%	-----	-----
FY15 estimate	\$5,459.80	\$159.50	3.0%	-----	-----
FY16 projected	\$5,623.59	\$163.79	3.0%	\$40.95	\$40.95
FY17 projected	\$5,792.30	\$168.71	3.0%	\$42.18	\$83.13
FY18 projected	\$5,966.07	\$173.77	3.0%	\$43.44	\$126.57
FY19 projected	\$6,145.05	\$178.98	3.0%	\$44.75	\$171.31
FY20 projected	\$6,329.40	\$184.35	3.0%	\$46.09	\$217.40
FY21 projected	\$6,519.29	\$189.88	3.0%	\$47.47	\$264.87
FY22 projected	\$6,714.87	\$195.58	3.0%	<u>\$48.89</u>	<u>\$313.77</u>
Average annual increase FY04-14 (10 years)			4.8%		
Average annual increase FY10-14 (4 years)			4.5%		

The bottom line is that NO budget cuts to any state agencies are necessary or required using the seven-year phase-in plan that Mississippi voters gave to lawmakers in 2014. The numbers bear this out. Supporters of Initiative 42 understand Mississippi’s limited financial resources and are not asking for complete funding immediately upon passage of the constitutional amendment.

As the campaign to adopt Initiative 42 unfolds and the funding debate continues, it is important to remember that MAEP is the law, adopted by the Mississippi Legislature in 1997. And yet, lawmakers have abided by their own law only twice in those 18 years, fully funding MAEP during election years in 2003 and 2007. The result is that, since 2008, Mississippi public schools have been shortchanged \$1.7 billion. This imbalance has created financial difficulties for school districts, pressuring cities and counties to raise taxes to try to bridge the gaps.

**For more information about Initiative 42, go to [www.42forbeterschools.org](http://www.42forbeterschools.org).**

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