

4/14/16

2:38 P.M.

Chapter No. 420
16/SS26/R537SG
RR 1/LR/ve

SENATE BILL NO. 2161

Originated in Senate

Lyndal

Secretary

SENATE BILL NO. 2161

AN ACT RELATING TO THE MISSISSIPPI CHARTER SCHOOLS ACT OF 2013; TO AMEND SECTION 37-28-7, MISSISSIPPI CODE OF 1972, TO REVISE THE DESIGNATION OF SCHOOL DISTRICTS WHICH MAY DISAPPROVE THE LOCATION OF A CHARTER SCHOOL; TO AMEND SECTION 37-28-23, MISSISSIPPI CODE OF 1972, TO REVISE THE RESIDENCY REQUIREMENT FOR APPLICANTS TO ATTEND A CHARTER SCHOOL AND TO REQUIRE CHARTER SCHOOLS TO GIVE ENROLLMENT PREFERENCE TO UNDERSERVED CHILDREN; TO AMEND SECTION 37-28-29, MISSISSIPPI CODE OF 1972, TO REQUIRE CHARTER SCHOOLS TO OFFER COURSES MEETING STATE REQUIREMENTS FOR HIGH SCHOOL GRADUATION; TO AMEND SECTION 37-28-47, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT EMPLOYEES IN CHARTER SCHOOLS ARE MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND TO REQUIRE TEACHERS AT CHARTER SCHOOLS TO BE FULLY CERTIFIED WITHIN THREE YEARS OF EMPLOYMENT; TO AMEND SECTION 37-28-55, MISSISSIPPI CODE OF 1972, RELATING TO THE PAYMENT OF FUNDS TO MISSISSIPPI CHARTER SCHOOLS TO PROVIDE THAT STATE FUND PAYMENTS ARE BASED ON ACCURATE ENROLLMENT PROJECTIONS AND TO CLARIFY THE CALCULATION AND DISTRIBUTION OF THE LOCAL AD VALOREM TAX PORTION OF THE CHARTER SCHOOL PER PUPIL FUNDING; TO AMEND SECTION 37-28-57, MISSISSIPPI CODE OF 1972, TO REVISE THE AUDIT DATE FOR CHARTER SCHOOLS; TO AMEND SECTION 37-28-61, MISSISSIPPI CODE OF 1972, TO REQUIRE THE LOCAL SCHOOL DISTRICT TO LEASE A CONVERSION CHARTER SCHOOL FACILITY AT OR BELOW FAIR MARKET VALUE; TO AMEND SECTION 37-47-3, MISSISSIPPI CODE OF 1972, TO INCLUDE CHARTER SCHOOLS IN THE AUTHORITY FOR PARTICIPATION IN THE STATE PUBLIC SCHOOL BUILDING FUND PROGRAM; TO PROHIBIT PUBLIC SCHOOL DISTRICTS FROM RETALIATING AGAINST AN EMPLOYEE BECAUSE THE EMPLOYEE IS INVOLVED IN CREATING A CHARTER SCHOOL; TO AMEND SECTION 25-11-103, MISSISSIPPI CODE OF 1972, TO INCLUDE PUBLIC CHARTER SCHOOLS IN THE DEFINITION OF POLITICAL SUBDIVISION FOR PURPOSES OF THE PUBLIC EMPLOYEES'

RETIREMENT SYSTEM; TO REPEAL SECTION 37-28-63, MISSISSIPPI CODE OF 1972, WHICH IS THE AUTOMATIC REPEALER ON THE MISSISSIPPI CHARTER SCHOOLS ACT OF 2013; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 37-28-7, Mississippi Code of 1972, is amended as follows:

37-28-7. (1) There is created the Mississippi Charter School Authorizer Board as a state agency with exclusive chartering jurisdiction in the State of Mississippi. Unless otherwise authorized by law, no other governmental agency or entity may assume any charter authorizing function or duty in any form.

(2) (a) The mission of the Mississippi Charter School Authorizer Board is to authorize high-quality charter schools, particularly schools designed to expand opportunities for underserved students, consistent with the purposes of this chapter. Subject to the restrictions and conditions prescribed in this subsection, the Mississippi Charter School Authorizer Board may authorize charter schools within the geographical boundaries of any school district.

(b) The Mississippi Charter School Authorizer Board may approve a maximum of fifteen (15) qualified charter applications during a fiscal year.

(c) In any school district designated as an "A," "B" or "C" school district by the State Board of Education under the accreditation rating system at the time of application, the Mississippi Charter School Authorizer Board may authorize charter

schools only if a majority of the members of the local school board votes at a public meeting to endorse the application or to initiate the application on its own initiative.

(3) The Mississippi Charter School Authorizer Board shall consist of seven (7) members, to be appointed as follows:

(a) Three (3) members appointed by the Governor, with one (1) member being from each of the Mississippi Supreme Court Districts.

(b) Three (3) members appointed by the Lieutenant Governor, with one (1) member being from each of the Mississippi Supreme Court Districts.

(c) One (1) member appointed by the State Superintendent of Public Education.

All appointments must be made with the advice and consent of the Senate. In making the appointments, the appointing authority shall ensure diversity among members of the Mississippi Charter School Authorizer Board.

(4) Members appointed to the Mississippi Charter School Authorizer Board collectively must possess strong experience and expertise in public and nonprofit governance, management and finance, public school leadership, assessment, curriculum and instruction, and public education law. Each member of the Mississippi Charter School Authorizer Board must have demonstrated an understanding of and commitment to charter schooling as a strategy for strengthening public education.

(5) To establish staggered terms of office, the initial term of office for the three (3) Mississippi Charter School Authorizer Board members appointed by the Governor shall be four (4) years and thereafter shall be three (3) years; the initial term of office for the three (3) members appointed by the Lieutenant Governor shall be three (3) years and thereafter shall be three (3) years; and the initial term of office for the member appointed by the State Superintendent of Public Education shall be two (2) years and thereafter shall be three (3) years. No member may serve more than two (2) consecutive terms. The initial appointments must be made before September 1, 2013.

(6) The Mississippi Charter School Authorizer Board shall meet as soon as practical after September 1, 2013, upon the call of the Governor, and shall organize for business by selecting a chairman and adopting bylaws. Subsequent meetings shall be called by the chairman.

(7) An individual member of the Mississippi Charter School Authorizer Board may be removed by the board if the member's personal incapacity renders the member incapable or unfit to discharge the duties of the office or if the member is absent from a number of meetings of the board, as determined and specified by the board in its bylaws. Whenever a vacancy on the Mississippi Charter School Authorizer Board exists, the original appointing authority shall appoint a member for the remaining portion of the term.

(8) No member of the Mississippi Charter School Authorizer Board or employee, agent or representative of the board may serve simultaneously as an employee, trustee, agent, representative, vendor or contractor of a charter school authorized by the board.

(9) The Mississippi Charter School Authorizer Board shall appoint an individual to serve as the Executive Director of the Mississippi Charter School Authorizer Board. The executive director shall possess the qualifications established by the board which are based on national best practices, and shall possess an understanding of state and federal education law. The executive director, who shall serve at the will and pleasure of the board, shall devote his full time to the proper administration of the board and the duties assigned to him by the board and shall be paid a salary established by the board, subject to the approval of the State Personnel Board. Subject to the availability of funding, the executive director may employ such administrative staff as may be necessary to assist the director and board in carrying out the duties and directives of the Mississippi Charter School Authorizer Board.

(10) The Mississippi Charter School Authorizer Board * * * is authorized to obtain suitable office space for administrative purposes * * *. In acquiring a facility or office space the authorizer board shall adhere to all policies and procedures required by the Department of Finance and Administration and the Public Procurement Review Board.

SECTION 2. Section 37-28-23, Mississippi Code of 1972, is amended as follows:

37-28-23. (1) A charter school must be open to:

(a) Any student residing in the geographical boundaries of the school district in which the charter school is located * * *; and

(b) Any student who resides in the geographical boundaries of a school district that was rated "C," "D" or "F" at the time the charter school was approved by the authorizer board, or who resides in the geographical boundaries of a school district rated "C," or "D" or "F" at the time the student enrolls.

(2) A school district may not require any student enrolled in the school district to attend a charter school.

(3) Except as otherwise provided under subsection (8)(d) of this section, a charter school may not limit admission based on ethnicity, national origin, religion, gender, income level, disabling condition, proficiency in the English language, or academic or athletic ability.

(4) A charter school may limit admission to students within a given age group or grade level, including pre-kindergarten students, and may be organized around a special emphasis, theme or concept as stated in the school's application.

(5) The underserved student composition of a charter school's enrollment collectively must reflect that of students of all ages attending the school district in which the charter school

is located, to be defined for the purposes of this chapter as being at least eighty percent (80%) of that population. If the underserved student composition of an applicant's or charter school's enrollment is less than eighty percent (80%) of the enrollment of students of all ages in the school district in which the charter school is located, despite the school's best efforts, the authorizer must consider the applicant's or charter school's recruitment efforts and the underserved student composition of the applicant pool in determining whether the applicant or charter school is operating in a nondiscriminatory manner. A finding by the authorizer that a charter school is operating in a discriminatory manner justifies the revocation of a charter.

(6) A charter school must enroll all students who wish to attend the school unless the number of students exceeds the capacity of a program, class, grade level or building.

(7) If capacity is insufficient to enroll all students who wish to attend the school based on initial application, the charter school must select students through a lottery.

(8) (a) Any noncharter public school or part of a noncharter public school converting to a charter school shall adopt and maintain a policy giving an enrollment preference to students who reside within the former attendance area of that public school. If the charter school has excess capacity after enrolling students residing within the former attendance area of the school, students outside of the former attendance area of the

school, but within the geographical boundaries of the school district in which the charter school is located, are eligible for enrollment. If the number of students applying for admission exceeds the capacity of a program, class, grade level or building of the charter school, the charter school must admit students on the basis of a lottery.

(b) A charter school must give an enrollment preference to students enrolled in the charter school during the preceding school year and to siblings of students already enrolled in the charter school. An enrollment preference for returning students excludes those students from entering into a lottery.

(c) A charter school may give an enrollment preference to children of the charter school's applicant, governing board members and full-time employees, so long as those children constitute no more than ten percent (10%) of the charter school's total student population.

(d) A charter school shall give an enrollment preference to underserved children as defined in Section 37-28-5 to ensure the charter school meets its required underserved student composition.

(* * *e) This section does not preclude the formation of a charter school whose mission is focused on serving students with disabilities, students of the same gender, students who pose such severe disciplinary problems that they warrant a specific educational program, or students who are at risk of academic

failure. If capacity is insufficient to enroll all students who wish to attend the school, the charter school must select students through a lottery.

SECTION 3. Section 37-28-29, Mississippi Code of 1972, is amended as follows:

37-28-29. (1) The performance provisions within a charter contract must be based on a performance framework that clearly sets forth the academic and operational performance indicators, measures and metrics that will guide the authorizer's evaluations of the charter school. The performance framework must include indicators, measures and metrics, at a minimum, for the following:

- (a) Student academic proficiency;
- (b) Student academic growth;
- (c) Achievement gaps in both proficiency and growth between major student subgroups;
- (d) Attendance;
- (e) Recurrent enrollment from year to year;
- (f) In-school and out-of-school suspension rates and expulsion rates;
- (g) For charter high schools, postsecondary readiness, including the percentage of graduates submitting applications to postsecondary institutions, high school completion, postsecondary admission and postsecondary enrollment or employment;
- (h) Financial performance and sustainability; and

(i) Board performance and stewardship, including compliance with all applicable laws, regulations and terms of the charter contract.

(2) The charter contract of each charter school serving Grades 9-12 must include a provision ensuring that graduation requirements meet or exceed those set by the Mississippi Department of Education for a regular high school diploma. Nothing in this section shall preclude competency-based satisfaction of graduation requirements.

(* * *3) Annual performance targets must be set by each charter school in conjunction with the authorizer and must be designed to help each school meet applicable federal, state and authorizer expectations.

(* * *4) The performance framework must allow the inclusion of additional rigorous, valid and reliable indicators proposed by a charter school to augment external evaluations of its performance; however, the authorizer must approve the quality and rigor of any indicators proposed by a charter school, which indicators must be consistent with the purposes of this chapter.

(* * *5) The performance framework must require the disaggregation of all student performance data by major student subgroups (gender, race, poverty status, special education status, English learner status and gifted status).

(* * *6) The authorizer shall collect, analyze and report all data from state assessments in accordance with the performance

framework for each charter school. Multiple schools overseen by a single governing board must report their performance as separate, individual schools, and each school must be held independently accountable for its performance.

(* * *7) Information needed by the authorizer from the charter school governing board for the authorizer's reports must be required and included as a material part of the charter contract.

SECTION 4. Section 37-28-47, Mississippi Code of 1972, is amended as follows:

37-28-47. (1) (a) Charter schools must comply with applicable federal laws, rules and regulations regarding the qualification of teachers and other instructional staff. No more than twenty-five percent (25%) of teachers in a charter school may be exempt from state teacher licensure requirements * * *. Administrators of charter schools are exempt from state administrator licensure requirements. However, teachers and administrators must have a bachelor's degree as a minimum requirement, and teachers must have demonstrated subject-matter competency. Within three (3) years of * * * a teacher's employment by a charter school, the teacher must have, at a minimum, alternative licensure approved by the Commission on Teacher and Administrator Education, Certification and Licensure and Development.

(b) A charter school may not staff positions for teachers, administrators, ancillary support personnel or other employees by utilizing or otherwise relying on nonimmigrant foreign worker visa programs. However, a charter school may submit a request to the authorizer for an exception allowing the employment of a nonimmigrant foreign worker before the worker is employed. The authorizer may grant permission for the employment of the nonimmigrant foreign worker only if the charter school makes a satisfactory showing of efforts to recruit lawful permanent residents of the United States to fill the position and a lack of qualified applicants to fill the position.

(2) Employees in charter schools must have the same general rights and privileges as other public school employees, except such employees are not:

(a) Covered under the Education Employment Procedures Law (Section 37-9-103); and

(b) Subject to the state salary requirements prescribed in Section 37-19-7 * * *.

* * *

(3) * * * For the purpose of eligibility for participation in the Public Employees' Retirement System, a public charter school is considered to be a political subdivision of the state. Employees in public charter schools are eligible for participation in other benefits programs if the public charter school governing board chooses to participate.

SECTION 5. Section 37-28-55, Mississippi Code of 1972, is amended as follows:

37-28-55. (1) (a) The State Department of Education shall make payments to charter schools for each student in average daily attendance at the charter school equal to the state share of the adequate education program payments for each student in average daily attendance at the school district in which the charter school is located. In calculating the local contribution for purposes of determining the state share of the adequate education program payments, the department shall deduct the pro rata local contribution of the school district in which the student resides, to be determined as provided in Section 37-151-7(2) (a).

(b) Payments made pursuant to this subsection by the State Department of Education must be made at the same time and in the same manner as adequate education program payments are made to school districts under Sections 37-151-101 and 37-151-103. Amounts payable to a charter school must be determined by the State Department of Education. Amounts payable to a charter school over its charter term must be based on the enrollment projections set forth over the term of the charter contract. Such projections must be reconciled with the average daily attendance * * * using months two (2) and three (3) ADA for the current year for which adequate education program funds are being appropriated and any necessary adjustments must be made to payments during the school's following year of operation.

(2) For students attending a charter school located in the school district in which the student resides, the school district in which a charter school is located shall pay directly to the charter school an amount for each student enrolled in the charter school equal to the ad valorem tax receipts and in-lieu payments received per pupil for the support of the local school district in which the student resides. The pro rata ad valorem receipts and in-lieu receipts to be transferred to the charter school shall include all levies for the support of the local school district under Sections 37-57-1 (local contribution to the adequate education program) and 37-57-105 (school district operational levy) and may not include any taxes levied for the retirement of the local school district's bonded indebtedness or short-term notes or any taxes levied for the support of vocational-technical education programs. The amount of funds payable to the charter school by the school district must be based on the previous year's enrollment data and ad valorem receipts and in-lieu receipts of the local school district in which the student resides. The pro rata amount must be calculated by dividing the local school district's months one (1) through nine (9) average daily membership into the total amount of ad valorem receipts and in-lieu receipts, as reported to the State Department of Education by the local school district. The local school district shall pay an amount equal to this pro rata amount multiplied by the number of students enrolled in the charter school, based on the charter

school's end of first month enrollment for the current school year. The amount must be paid by the school district to the charter school before January 16 of the current fiscal year. If the local school district does not pay the required amount to the charter school before January 16, the State Department of Education shall reduce the local school district's January transfer of Mississippi Adequate Education Program funds by the amount owed to the charter school and shall redirect that amount to the charter school. Any such payments made under this subsection (2) by the State Department of Education to a charter school must be made at the same time and in the same manner as adequate education program payments are made to school districts under Sections 37-151-101 and 37-151-103.

(3) For students attending a charter school located in a school district in which the student does not reside, the State Department of Education shall pay to the charter school in which the student is enrolled an amount as follows: the pro rata ad valorem receipts and in-lieu payments per pupil for the support of the local school district in which the student resides under Sections 37-57-1 (local contribution to the adequate education program) and 37-57-105 (school district operational levy), however, not including any taxes levied for the retirement of the local school district's bonded indebtedness or short-term notes or any taxes levied for the support of vocational-technical education programs. The amount of funds payable to the charter school by

the school district must be based on the previous year's enrollment data and ad valorem receipts and in-lieu receipts of the local school district in which the student resides. The pro rata amount must be calculated by dividing the local school district's months one (1) through nine (9) average daily membership into the total amount of ad valorem receipts and in-lieu receipts, as reported to the State Department of Education by the transferor local school district. The payable amount shall be equal to this pro rata amount multiplied by the number of students enrolled in the charter school, based on the charter school's end of first month enrollment for the current school year. The State Department of Education shall reduce the school district's January transfer of Mississippi Adequate Education Program funds by the amount owed to the charter school and shall redirect that amount to the charter school. Any such payments made under this subsection (3) by the State Department of Education to a charter school must be made at the same time and in the same manner as adequate education program payments are made to school districts under Sections 37-151-101 and 37-151-103.

(* * *4) (a) The State Department of Education shall direct the proportionate share of monies generated under federal and state categorical aid programs, including special education, vocational, gifted and alternative school programs, to charter schools serving students eligible for such aid. The department shall ensure that charter schools with rapidly expanding

enrollments are treated equitably in the calculation and disbursement of all federal and state categorical aid program dollars. Each charter school that serves students who may be eligible to receive services provided through such programs shall comply with all reporting requirements to receive the aid.

(b) A charter school shall pay to a local school district any federal or state aid attributable to a student with a disability attending the charter school in proportion to the level of services for that student which the local school district provides directly or indirectly.

(c) Subject to the approval of the authorizer, a charter school and a local school district may negotiate and enter into a contract for the provision of and payment for special education services, including, but not necessarily limited to, a reasonable reserve not to exceed five percent (5%) of the local school district's total budget for providing special education services. The reserve may be used by the local school district only to offset excess costs of providing services to students with disabilities enrolled in the charter school.

(* * *5) (a) The State Department of Education shall disburse state transportation funding to a charter school on the same basis and in the same manner as it is paid to school districts under the adequate education program.

(b) A charter school may enter into a contract with a school district or private provider to provide transportation to the school's students.

SECTION 6. Section 37-28-57, Mississippi Code of 1972, is amended as follows:

37-28-57. (1) A charter school must adhere to generally accepted accounting principles.

(2) A charter school shall have its financial records audited annually, at the end of each fiscal year, either by the State Auditor or by a certified public accountant approved by the State Auditor. However, a certified public accountant may not be selected to perform the annual audit of a charter school if that accountant previously has audited the charter school for more than three (3) consecutive years. Certified public accountants must be selected in a manner determined by the State Auditor. The charter school shall file a copy of each audit report and accompanying management letter with the authorizer before * * * October 1.

SECTION 7. Section 37-28-61, Mississippi Code of 1972, is amended as follows:

37-28-61. (1) A charter school has a right of first refusal to purchase or lease at or below fair market value a closed public school facility or property or unused portions of a public school facility or property in the school district in which the charter school is located if the school district decides to sell or lease the public school facility or property. If a conversion charter

school application is successful, the local school district owning the conversion charter school's facility must offer to lease or sell the building to the conversion charter school at or below fair market value.

(2) A charter school may negotiate and contract at or below fair market value with a school district, state institution of higher learning, public community or junior college, or any other public or for-profit or nonprofit private entity for the use of a facility for a school building.

(3) Public entities, including, but not limited to, libraries, community service organizations, museums, performing arts venues, theatres, cinemas, churches, community and junior colleges, colleges and universities, may provide space to charter schools within their facilities under their preexisting zoning and land use designations.

SECTION 8. Section 37-47-3, Mississippi Code of 1972, is amended as follows:

37-47-3. The term "school district" as used in this chapter shall be defined as including all public school districts and public charter schools in this state and also all agricultural high schools not located on the campus of a junior college.

SECTION 9. A school district, school district employee or any other person who has control over personnel actions may not take unlawful reprisal against an employee of the school district because the employee is directly or indirectly involved in an

effort to create or encourage participation in a public charter school. As used in this section, the term "unlawful reprisal" means an action which is adverse to the employee and results in one or more of the following for the employee:

- (a) Disciplinary or correction action;
- (b) Detail, transfer or reassignment;
- (c) Suspension, demotion or dismissal;
- (d) An unfavorable performance evaluation;
- (e) A reduction in pay, benefits or awards;
- (f) Elimination of the employee's position without a reduction in force by reason of lack of monies or work; or
- (g) Other significant changes in duties or responsibilities which are inconsistent with the employee's salary or employment classification.

SECTION 10. Section 25-11-103, Mississippi Code of 1972, is amended as follows:

25-11-103. (1) The following words and phrases as used in Articles 1 and 3, unless a different meaning is plainly required by the context, have the following meanings:

- (a) "Accumulated contributions" means the sum of all the amounts deducted from the compensation of a member and credited to his or her individual account in the annuity savings account, together with regular interest as provided in Section 25-11-123.

(b) "Actuarial cost" means the amount of funds presently required to provide future benefits as determined by the board based on applicable tables and formulas provided by the actuary.

(c) "Actuarial equivalent" means a benefit of equal value to the accumulated contributions, annuity or benefit, as the case may be, when computed upon the basis of such mortality tables as adopted by the board of trustees, and regular interest.

(d) "Actuarial tables" means such tables of mortality and rates of interest as adopted by the board in accordance with the recommendation of the actuary.

(e) "Agency" means any governmental body employing persons in the state service.

(f) "Average compensation" means the average of the four (4) highest years of earned compensation reported for an employee in a fiscal or calendar year period, or combination thereof that do not overlap, or the last forty-eight (48) consecutive months of earned compensation reported for an employee. The four (4) years need not be successive or joined years of service. In computing the average compensation for retirement, disability or survivor benefits, any amount lawfully paid in a lump sum for personal leave or major medical leave shall be included in the calculation to the extent that the amount does not exceed an amount that is equal to thirty (30) days of earned compensation and to the extent that it does not cause the

employee's earned compensation to exceed the maximum reportable amount specified in paragraph (k) of this section; however, this thirty-day limitation shall not prevent the inclusion in the calculation of leave earned under federal regulations before July 1, 1976, and frozen as of that date as referred to in Section 25-3-99. In computing the average compensation, no amounts shall be used that are in excess of the amount on which contributions were required and paid, and no nontaxable amounts paid by the employer for health or life insurance premiums for the employee shall be used. If any member who is or has been granted any increase in annual salary or compensation of more than eight percent (8%) retires within twenty-four (24) months from the date that the increase becomes effective, then the board shall exclude that part of the increase in salary or compensation that exceeds eight percent (8%) in calculating that member's average compensation for retirement purposes. The board may enforce this provision by rule or regulation. However, increases in compensation in excess of eight percent (8%) per year granted within twenty-four (24) months of the date of retirement may be included in the calculation of average compensation if satisfactory proof is presented to the board showing that the increase in compensation was the result of an actual change in the position held or services rendered, or that the compensation increase was authorized by the State Personnel Board or was increased as a result of statutory enactment, and the employer

furnishes an affidavit stating that the increase granted within the last twenty-four (24) months was not contingent on a promise or agreement of the employee to retire. Nothing in Section 25-3-31 shall affect the calculation of the average compensation of any member for the purposes of this article. The average compensation of any member who retires before July 1, 1992, shall not exceed the annual salary of the Governor.

(g) "Beneficiary" means any person entitled to receive a retirement allowance, an annuity or other benefit as provided by Articles 1 and 3. The term "beneficiary" may also include an organization, estate, trust or entity; however, a beneficiary designated or entitled to receive monthly payments under an optional settlement based on life contingency or under a statutory monthly benefit may only be a natural person. In the event of the death before retirement of any member who became a member of the system before July 1, 2007, and whose spouse and/or children are not entitled to a retirement allowance on the basis that the member has less than four (4) years of service credit, or who became a member of the system on or after July 1, 2007, and whose spouse and/or children are not entitled to a retirement allowance on the basis that the member has less than eight (8) years of service credit, and/or has not been married for a minimum of one (1) year or the spouse has waived his or her entitlement to a retirement allowance under Section 25-11-114, the lawful spouse of a member at the time of the death of the member shall be the

beneficiary of the member unless the member has designated another beneficiary after the date of marriage in writing, and filed that writing in the office of the executive director of the board of trustees. No designation or change of beneficiary shall be made in any other manner.

(h) "Board" means the board of trustees provided in Section 25-11-15 to administer the retirement system created under this article.

(i) "Creditable service" means "prior service," "retroactive service" and all lawfully credited unused leave not exceeding the accrual rates and limitations provided in Section 25-3-91 et seq., as of the date of withdrawal from service plus "membership service" and other service for which credit is allowable as provided in Section 25-11-109. Except to limit creditable service reported to the system for the purpose of computing an employee's retirement allowance or annuity or benefits provided in this article, nothing in this paragraph shall limit or otherwise restrict the power of the governing authority of a municipality or other political subdivision of the state to adopt such vacation and sick leave policies as it deems necessary.

(j) "Child" means either a natural child of the member, a child that has been made a child of the member by applicable court action before the death of the member, or a child under the permanent care of the member at the time of the latter's death,

which permanent care status shall be determined by evidence satisfactory to the board.

(k) "Earned compensation" means the full amount earned during a fiscal year by an employee not to exceed the employee compensation limit set pursuant to Section 401(a)(17) of the Internal Revenue Code for the calendar year in which the fiscal year begins and proportionately for less than one (1) year of service. Except as otherwise provided in this paragraph, the value of maintenance furnished to an employee shall not be included in earned compensation. Earned compensation shall not include any amounts paid by the employer for health or life insurance premiums for an employee. Earned compensation shall be limited to the regular periodic compensation paid, exclusive of litigation fees, bond fees, performance-based incentive payments, and other similar extraordinary nonrecurring payments. In addition, any member in a covered position, as defined by Public Employees' Retirement System laws and regulations, who is also employed by another covered agency or political subdivision shall have the earnings of that additional employment reported to the Public Employees' Retirement System regardless of whether the additional employment is sufficient in itself to be a covered position. In addition, computation of earned compensation shall be governed by the following:

(i) In the case of constables, the net earnings from their office after deduction of expenses shall apply, except

that in no case shall earned compensation be less than the total direct payments made by the state or governmental subdivisions to the official.

(ii) In the case of chancery or circuit clerks, the net earnings from their office after deduction of expenses shall apply as expressed in Section 25-11-123(f)(4).

(iii) In the case of members of the State Legislature, all remuneration or amounts paid, except mileage allowance, shall apply.

(iv) The amount by which an eligible employee's salary is reduced under a salary reduction agreement authorized under Section 25-17-5 shall be included as earned compensation under this paragraph, provided this inclusion does not conflict with federal law, including federal regulations and federal administrative interpretations under the federal law, pertaining to the Federal Insurance Contributions Act or to Internal Revenue Code Section 125 cafeteria plans.

(v) Compensation in addition to an employee's base salary that is paid to the employee under the vacation and sick leave policies of a municipality or other political subdivision of the state that employs him or her that exceeds the maximums authorized by Section 25-3-91 et seq. shall be excluded from the calculation of earned compensation under this article.

(vi) The maximum salary applicable for retirement purposes before July 1, 1992, shall be the salary of the Governor.

(vii) Nothing in Section 25-3-31 shall affect the determination of the earned compensation of any member for the purposes of this article.

(viii) The value of maintenance furnished to an employee before July 1, 2013, for which the proper amount of employer and employee contributions have been paid, shall be included in earned compensation. From and after July 1, 2013, the value of maintenance furnished to an employee shall be reported as earned compensation only if the proper amount of employer and employee contributions have been paid on the maintenance and the employee was receiving maintenance and having maintenance reported to the system as of June 30, 2013. The value of maintenance when not paid in money shall be fixed by the employing state agency, and, in case of doubt, by the board of trustees as defined in Section 25-11-15.

(ix) Except as otherwise provided in this paragraph, the value of any in-kind benefits provided by the employer shall not be included in earned compensation. As used in this subparagraph, "in-kind benefits" shall include, but not be limited to, group life insurance premiums, health or dental insurance premiums, nonpaid major medical and personal leave, employer contributions for social security and retirement, tuition reimbursement or educational funding, day care or transportation benefits.

(l) "Employee" means any person legally occupying a position in the state service, and shall include the employees of the retirement system created under this article.

(m) "Employer" means the State of Mississippi or any of its departments, agencies or subdivisions from which any employee receives his or her compensation.

(n) "Executive director" means the secretary to the board of trustees, as provided in Section 25-11-15(9), and the administrator of the Public Employees' Retirement System and all systems under the management of the board of trustees. Wherever the term "Executive Secretary of the Public Employees' Retirement System" or "executive secretary" appears in this article or in any other provision of law, it shall be construed to mean the Executive Director of the Public Employees' Retirement System.

(o) "Fiscal year" means the period beginning on July 1 of any year and ending on June 30 of the next succeeding year.

(p) "Medical board" means the board of physicians or any governmental or nongovernmental disability determination service designated by the board of trustees that is qualified to make disability determinations as provided for in Section 25-11-119.

(q) "Member" means any person included in the membership of the system as provided in Section 25-11-105. For purposes of Sections 25-11-103, 25-11-105, 25-11-109, 25-11-111, 25-11-113, 25-11-114, 25-11-115 and 25-11-117, if a member of the

system withdrew from state service and received a refund of the amount of the accumulated contributions to the credit of the member in the annuity savings account before July 1, 2007, and the person reenters state service and becomes a member of the system again on or after July 1, 2007, and repays all or part of the amount received as a refund and interest in order to receive creditable service for service rendered before July 1, 2007, the member shall be considered to have become a member of the system on or after July 1, 2007, subject to the eight-year membership service requirement, as applicable in those sections. For purposes of Sections 25-11-103, 25-11-111, 25-11-114 and 25-11-115, if a member of the system withdrew from state service and received a refund of the amount of the accumulated contributions to the credit of the member in the annuity savings account before July 1, 2011, and the person reenters state service and becomes a member of the system again on or after July 1, 2011, and repays all or part of the amount received as a refund and interest in order to receive creditable service for service rendered before July 1, 2011, the member shall be considered to have become a member of the system on or after July 1, 2011.

(r) "Membership service" means service as an employee in a covered position rendered while a contributing member of the retirement system.

(s) "Position" means any office or any employment in the state service, or two (2) or more of them, the duties of which

call for services to be rendered by one (1) person, including positions jointly employed by federal and state agencies administering federal and state funds. The employer shall determine upon initial employment and during the course of employment of an employee who does not meet the criteria for coverage in the Public Employees' Retirement System based on the position held, whether the employee is or becomes eligible for coverage in the Public Employees' Retirement System based upon any other employment in a covered agency or political subdivision. If or when the employee meets the eligibility criteria for coverage in the other position, then the employer must withhold contributions and report wages from the noncovered position in accordance with the provisions for reporting of earned compensation. Failure to deduct and report those contributions shall not relieve the employee or employer of liability thereof. The board shall adopt such rules and regulations as necessary to implement and enforce this provision.

(t) "Prior service" means:

(i) For persons who became members of the system before July 1, 2007, service rendered before February 1, 1953, for which credit is allowable under Sections 25-11-105 and 25-11-109, and which shall allow prior service for any person who is now or becomes a member of the Public Employees' Retirement System and who does contribute to the system for a minimum period of four (4) years.

(ii) For persons who became members of the system on or after July 1, 2007, service rendered before February 1, 1953, for which credit is allowable under Sections 25-11-105 and 25-11-109, and which shall allow prior service for any person who is now or becomes a member of the Public Employees' Retirement System and who does contribute to the system for a minimum period of eight (8) years.

(u) "Regular interest" means interest compounded annually at such a rate as determined by the board in accordance with Section 25-11-121.

(v) "Retirement allowance" means an annuity for life as provided in this article, payable each year in twelve (12) equal monthly installments beginning as of the date fixed by the board. The retirement allowance shall be calculated in accordance with Section 25-11-111. However, any spouse who received a spouse retirement benefit in accordance with Section 25-11-111(d) before March 31, 1971, and those benefits were terminated because of eligibility for a social security benefit, may again receive his or her spouse retirement benefit from and after making application with the board of trustees to reinstate the spouse retirement benefit.

(w) "Retroactive service" means service rendered after February 1, 1953, for which credit is allowable under Section 25-11-105(b) and Section 25-11-105(k).

(x) "System" means the Public Employees' Retirement System of Mississippi established and described in Section 25-11-101.

(y) "State" means the State of Mississippi or any political subdivision thereof or instrumentality of the state.

(z) "State service" means all offices and positions of trust or employment in the employ of the state, or any political subdivision or instrumentality of the state, that elect to participate as provided by Section 25-11-105(f), including the position of elected or fee officials of the counties and their deputies and employees performing public services or any department, independent agency, board or commission thereof, and also includes all offices and positions of trust or employment in the employ of joint state and federal agencies administering state and federal funds and service rendered by employees of the public schools. Effective July 1, 1973, all nonprofessional public school employees, such as bus drivers, janitors, maids, maintenance workers and cafeteria employees, shall have the option to become members in accordance with Section 25-11-105(b), and shall be eligible to receive credit for services before July 1, 1973, provided that the contributions and interest are paid by the employee in accordance with that section; in addition, the county or municipal separate school district may pay the employer contribution and pro rata share of interest of the retroactive service from available funds. From and after July 1, 1998,

retroactive service credit shall be purchased at the actuarial cost in accordance with Section 25-11-105(b).

(aa) "Withdrawal from service" or "termination from service" means complete severance of employment in the state service of any member by resignation, dismissal or discharge.

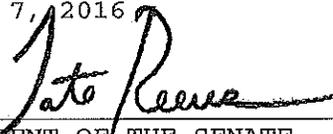
(bb) The masculine pronoun, wherever used, includes the feminine pronoun.

(2) For purposes of this article, the term "political subdivision" shall have the meaning ascribed to such term in Section 25-11-5 and shall also include public charter schools.

SECTION 11. Section 37-28-63, Mississippi Code of 1972, which is the automatic repealer on the Mississippi Charter Schools Act of 2013, is hereby repealed.

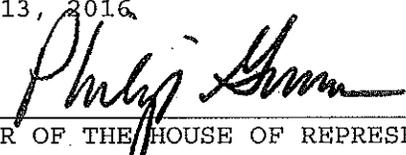
SECTION 12. This act shall take effect and be in force from and after July 1, 2016.

PASSED BY THE SENATE
April 7, 2016



PRESIDENT OF THE SENATE

PASSED BY THE HOUSE OF REPRESENTATIVES
April 13, 2016



SPEAKER OF THE HOUSE OF REPRESENTATIVES

APPROVED BY THE GOVERNOR



GOVERNOR

April 14, 2016
J. B. [Signature]