

By: Representative Frierson

To: Appropriations

HOUSE BILL NO. 776

1 AN ACT TO AMEND SECTION 27-103-203, MISSISSIPPI CODE OF 1972,  
2 TO ABOLISH THE DIVERSION TO THE EDUCATION ENHANCEMENT FUND FROM  
3 THE WORKING CASH-STABILIZATION RESERVE FUND; TO AMEND SECTIONS  
4 27-103-211 AND 37-61-33, MISSISSIPPI CODE OF 1972, IN CONFORMITY  
5 THERETO; AND FOR RELATED PURPOSES.

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

7 SECTION 1. Section 27-103-203, Mississippi Code of 1972, is  
8 amended as follows:

9 27-103-203. (1) There is created in the State Treasury a  
10 special fund, separate and apart from any other fund, to be  
11 designated the Working Cash-Stabilization Reserve Fund, into which  
12 shall be deposited one hundred percent (100%) of the unencumbered  
13 General Fund cash balance at the close of each fiscal year until  
14 such time as the balance in the fund reaches Forty Million Dollars  
15 (\$40,000,000.00). After the balance in the fund reaches Forty  
16 Million Dollars (\$40,000,000.00), one hundred percent (100%) of  
17 the unencumbered General Fund cash balance at the close of each  
18 fiscal year, \* \* \* shall be deposited into \* \* \* the General  
19 Fund \* \* \*. Unencumbered cash in the General Fund may be used for  
20 new year cash flow needs and may also be used for deficit  
21 appropriations or regular appropriations.

22 (2) The Working Cash-Stabilization Reserve Fund shall not be  
23 considered as a surplus or available funds when adopting a  
24 balanced budget as required by law. The State Treasurer shall  
25 invest all sums in the Working Cash-Stabilization Reserve Fund not  
26 needed for the purposes provided for in this section in  
27 certificates of deposit, repurchase agreements and other  
28 securities as authorized in Sections 27-105-33(d) or 7-9-103, as

29 the State Treasurer may determine to yield the highest market rate  
30 available. The interest earned on such sums shall be  
31 deposited \* \* \* by the State Treasurer into the State General  
32 Fund.

33 (3) The Working Cash-Stabilization Reserve Fund, except for  
34 Nineteen Million Dollars (\$19,000,000.00) and the amount of the  
35 interest and income earned on the principal of the Ayers Endowment  
36 Trust created by Section 37-101-27, shall be used by the State  
37 Treasurer for cash flow needs throughout the year when the  
38 Executive Director of the Department of Finance and Administration  
39 certifies that in his opinion there will be cash flow deficiencies  
40 in the State General Fund. No borrowing of monies from other  
41 special funds for such purposes as authorized by Section 31-17-101  
42 et seq. shall be made as long as an unencumbered balance in excess  
43 of Nineteen Million Dollars (\$19,000,000.00) and the interest and  
44 income earned on the principal of the Ayers Endowment Trust  
45 created by Section 37-101-27 remains in the fund. The State  
46 Treasurer shall reimburse the fund for all sums borrowed for such  
47 purposes from General Fund revenues collected during the fiscal  
48 year in which such funds are used. The State Treasurer shall  
49 immediately notify the Legislative Budget Office and the State  
50 Department of Finance and Administration of each transfer into and  
51 out of such fund. Four Million Dollars (\$4,000,000.00) in the  
52 Working Cash-Stabilization Reserve Fund shall remain available for  
53 use pursuant to Section 27-103-81. Fifteen Million Dollars  
54 (\$15,000,000.00) in the Working Cash-Stabilization Reserve Fund  
55 shall remain available for exclusive use of the Ayers Endowment  
56 Trust created by Section 37-101-27.

57 (4) The Working Cash-Stabilization Reserve Fund, except for  
58 Forty Million Dollars (\$40,000,000.00), shall also be used for the  
59 purpose of covering any projected deficits that may occur in the  
60 General Fund at the end of a fiscal year as a result of revenue  
61 shortfalls. In the event the Governor determines that a deficit

62 in revenues from all sources may occur, it shall be the duty of  
63 the Executive Director of the Department of Finance and  
64 Administration to transfer such funds as necessary to the General  
65 Fund to alleviate the deficit in accordance with Sections  
66 27-104-13 and 31-17-123; however, not more than Fifty Million  
67 Dollars (\$50,000,000.00) may be transferred from the fund for such  
68 purpose in any one (1) fiscal year. In the event it becomes  
69 necessary to apply a part of the fund to this purpose, the amount  
70 so applied shall be restored to the Working Cash-Stabilization  
71 Reserve Fund out of future annual surpluses, as provided in  
72 subsection (1) of this section, until the balance of Forty Million  
73 Dollars (\$40,000,000.00) is again attained.

74 (5) The Working Cash-Stabilization Reserve Fund also shall  
75 be used to provide funds for the Disaster Assistance Trust Fund  
76 when such funds are immediately needed to provide for disaster  
77 assistance under Sections 33-15-301 through 33-15-317. Any  
78 transfer of funds from the Working Cash-Stabilization Reserve Fund  
79 to the Disaster Assistance Trust Fund shall be made in accordance  
80 with the provisions of subsection (5) of Section 33-15-307.

81 (6) The Department of Finance and Administration shall  
82 immediately send notice of any transfers made, or other action  
83 taken under authority of this section, to the Legislative Budget  
84 Office.

85 (7) Funds deposited in the Working Cash-Stabilization  
86 Reserve Fund shall be used only for the purposes specified in this  
87 section and as long as the provisions of this section remain in  
88 effect, no other expenditure, appropriation or transfer of funds  
89 in the Working Cash-Stabilization Reserve Fund shall be made  
90 except by act of the Legislature making specific reference to the  
91 Working Cash-Stabilization Reserve Fund as the source of such  
92 funds.

93 SECTION 2. Section 27-103-211, Mississippi Code of 1972, is  
94 amended as follows:

95           27-103-211. Beginning with the appropriations for fiscal  
96 year 1994, the total sum appropriated by the Legislature from the  
97 State General Fund for any fiscal year shall not exceed  
98 ninety-eight percent (98%) of the General Fund revenue estimate  
99 for that fiscal year developed by the Tax Commission and the  
100 University Research Center and adopted by the Joint Legislative  
101 Budget Committee, plus any unencumbered balances in general funds  
102 that will be available and on hand at the close of the then  
103 current fiscal year. The unencumbered balances in general funds  
104 that will be available and on hand at the close of the fiscal year  
105 shall not include projected amounts required to be deposited into  
106 the Working Cash-Stabilization Reserve Fund \* \* \* pursuant to  
107 Section 27-103-203(1).

108           SECTION 3. Section 37-61-33, Mississippi Code of 1972, is  
109 amended as follows:

110           **[Until July 1, 2002, this section reads as follows:]**

111           37-61-33. (1) There is hereby created within the State  
112 Treasury a special fund to be designated the "Education  
113 Enhancement Fund" into which shall be deposited all the revenues  
114 collected pursuant to Sections 27-65-75(7) and (8) and 27-67-31(a)  
115 and (b) \* \* \*.

116           (2) Of the amount deposited into the Education Enhancement  
117 Fund, \* \* \* Sixteen Million Dollars (\$16,000,000.00) shall be  
118 appropriated each fiscal year to the State Department of Education  
119 to be distributed to all school districts. Such money shall be  
120 distributed to all school districts in the proportion that the  
121 average daily attendance of each school district bears to the  
122 average daily attendance of all school districts within the state  
123 for the following purposes:

124           (a) Purchasing, erecting, repairing, equipping,  
125 remodeling and enlarging school buildings and related facilities,  
126 including gymnasiums, auditoriums, lunchrooms, vocational training  
127 buildings, libraries, teachers' homes, school barns,

128 transportation vehicles (which shall include new and used  
129 transportation vehicles) and garages for transportation vehicles,  
130 and purchasing land therefor.

131 (b) Establishing and equipping school athletic fields  
132 and necessary facilities connected therewith, and purchasing land  
133 therefor.

134 (c) Providing necessary water, light, heating, air  
135 conditioning and sewerage facilities for school buildings, and  
136 purchasing land therefor.

137 (d) As a pledge to pay all or a portion of the debt  
138 service on debt issued by the school district under Sections  
139 37-59-1 through 37-59-45, 37-59-101 through 37-59-115, 37-7-351  
140 through 37-7-359, 37-41-89 through 37-41-99, 37-7-301, 37-7-302  
141 and 37-41-81, Mississippi Code of 1972, or debt issued by boards  
142 of supervisors for agricultural high schools pursuant to Section  
143 37-27-65, Mississippi Code of 1972, if such pledge is accomplished  
144 pursuant to a written contract or resolution approved and spread  
145 upon the minutes of an official meeting of the district's school  
146 board or board of supervisors. The annual grant to such district  
147 in any subsequent year during the term of the resolution or  
148 contract shall not be reduced below an amount equal to the  
149 district's grant amount for the year in which the contract or  
150 resolution was adopted. The intent of this provision is to allow  
151 school districts to irrevocably pledge a certain, constant stream  
152 of revenue as security for long-term obligations issued under the  
153 code sections enumerated in this paragraph or as otherwise allowed  
154 by law. It is the intent of the Legislature that the provisions  
155 of this paragraph shall be cumulative and supplemental to any  
156 existing funding programs or other authority conferred upon school  
157 districts or school boards. Debt of a district secured by a  
158 pledge of sales tax revenue pursuant to this paragraph shall not  
159 be subject to any debt limitation contained in the foregoing  
160 enumerated code sections.

161           (3) The remainder of the money deposited into the Education  
162 Enhancement Fund \* \* \* shall be appropriated as follows:

163           (a) To the State Department of Education as follows:

164                   (i) Eight and thirty-five one-hundredths percent  
165 (8.35%) to be distributed to public school districts for the  
166 funding of textbooks and other educational materials and to be  
167 used by the State Department of Education for the purchase of  
168 textbooks to be loaned under Sections 37-43-1 through 37-43-59 to  
169 approved nonpublic schools, as described under Section 37-43-1.  
170 The amount of funds under this item to be used by the department  
171 for purchasing textbooks to loan to approved nonpublic schools  
172 shall be in the proportion that the average daily attendance of  
173 the nonpublic schools that are loaned textbooks by the state bears  
174 to the average daily attendance of all school districts in the  
175 state. The funds distributed to the school districts under this  
176 item shall be in the proportion that the average daily attendance  
177 of each school district bears to the average daily attendance of  
178 all school districts within the state and shall be used to assist  
179 in the funding of textbooks and other educational materials, to  
180 include not more than Two Million Dollars (\$2,000,000.00) each  
181 year for technology enhancement projects for elementary and  
182 secondary education programs;

183                   (ii) Seven and ninety-seven one-hundredths percent  
184 (7.97%) to assist the funding of transportation operations and  
185 maintenance pursuant to Section 37-19-23;

186                   (iii) Eight and twenty-six one-hundredths percent  
187 (8.26%) to assist the funding of the Uniform Millage Assistance  
188 Grant Program pursuant to Section 37-22-1; and

189                   (iv) Nine and sixty-one one-hundredths percent  
190 (9.61%) for classroom supplies, instructional materials and  
191 equipment, including computers and computer software, to be  
192 distributed to all school districts in the proportion that the

193 average daily attendance of each school district bears to the  
194 average daily attendance of all school districts within the state.  
195 Such funds shall not be expended for administrative purposes.  
196 Local school districts shall allocate classroom supply funds  
197 equally among all classroom teachers in the school district. For  
198 purposes of this subparagraph, "teacher" shall mean any employee  
199 of the school board of a school district who is required by law to  
200 obtain a teacher's license from the State Board of Education and  
201 who is assigned to an instructional area of work as defined by the  
202 State Department of Education, but shall not include a federally  
203 funded teacher. Two (2) or more teachers may agree to pool their  
204 classroom supply funds for the benefit of a school within the  
205 district pursuant to the development of a spending plan that  
206 supports the overall goals of the school which includes the type,  
207 quantity and quality of such supplies, instructional materials,  
208 equipment, computers or computer software. This plan shall be  
209 submitted, in writing, to the school principal for approval.  
210 Classroom supply funds allocated under this subparagraph shall  
211 supplement, not replace, other local and state funds available for  
212 the same purposes. School districts need not fully expend the  
213 funds received under this subparagraph in the year in which they  
214 are received, but such funds may be carried forward for  
215 expenditure in any succeeding school year. The State Board of  
216 Education shall develop and promulgate rules and regulations for  
217 the administration of this subparagraph consistent with the above  
218 criteria, with particular emphasis on allowing the individual  
219 teachers to expend funds as they deem appropriate, with minimum  
220 input from school principals;

221 (b) Twenty-two and nine one-hundredths percent (22.09%)  
222 to the Board of Trustees of State Institutions of Higher Learning  
223 for the purpose of supporting institutions of higher learning; and

224 (c) Fourteen and forty-one one-hundredths percent

225 (14.41%) to the State Board for Community and Junior Colleges for  
226 the purpose of providing support to community and junior colleges.

227 (4) The amount remaining in the Education Enhancement Fund  
228 after funds are distributed as provided in subsections (2) and (3)  
229 of this section \* \* \* shall be disbursed as follows:

230 (a) Twenty-five Million Dollars (\$25,000,000.00) shall  
231 be deposited into the Working Cash-Stabilization Reserve Fund  
232 created pursuant to Section 27-103-203(1), until the balance in  
233 such fund reaches the \* \* \* balance specified in Section  
234 27-103-203(1). After such balance in the Working  
235 Cash-Stabilization Reserve Fund is reached, such money shall  
236 remain in the Education Enhancement Fund to be appropriated in the  
237 manner provided for in paragraph (b) of this section.

238 (b) The remainder shall be appropriated for other  
239 educational needs.

240 (5) None of the funds appropriated pursuant to subsection  
241 (3)(a) of this section shall be used to reduce the state's general  
242 fund appropriation for the categories listed in an amount below  
243 the following amounts:

244 (a) For subsection (3)(a)(i) of this section, Six  
245 Million Three Hundred Thirty Thousand Nine Hundred Twenty Dollars  
246 (\$6,330,920.00);

247 (b) For subsection (3)(a)(ii) of this section  
248 Thirty-six Million Seven Hundred Thousand Dollars  
249 (\$36,700,000.00);

250 (c) For subsection (3)(a)(iii) of this section,  
251 Twenty-one Million Four Hundred Thousand Dollars (\$21,400,000.00);  
252 and

253 (d) For the aggregate of minimum program allotments  
254 provided for in Chapter 19, Title 37, Mississippi Code of 1972, as  
255 amended, excluding those funds for transportation as provided for  
256 in subsection (5)(b) herein.

257 \* \* \*



258           **[From and after July 1, 2002, this section reads as follows:]**

259           37-61-33. (1) There is hereby created within the State  
260 Treasury a special fund to be designated the "Education  
261 Enhancement Fund" into which shall be deposited all the revenues  
262 collected pursuant to Sections 27-65-75(7) and (8) and 27-67-31(a)  
263 and (b) \* \* \*.

264           (2) Of the amount deposited into the Education Enhancement  
265 Fund, \* \* \* Sixteen Million Dollars (\$16,000,000.00) shall be  
266 appropriated each fiscal year to the State Department of Education  
267 to be distributed to all school districts. Such money shall be  
268 distributed to all school districts in the proportion that the  
269 average daily attendance of each school district bears to the  
270 average daily attendance of all school districts within the state  
271 for the following purposes:

272           (a) Purchasing, erecting, repairing, equipping,  
273 remodeling and enlarging school buildings and related facilities,  
274 including gymnasiums, auditoriums, lunchrooms, vocational training  
275 buildings, libraries, teachers' homes, school barns,  
276 transportation vehicles (which shall include new and used  
277 transportation vehicles) and garages for transportation vehicles,  
278 and purchasing land therefor.

279           (b) Establishing and equipping school athletic fields  
280 and necessary facilities connected therewith, and purchasing land  
281 therefor.

282           (c) Providing necessary water, light, heating, air  
283 conditioning and sewerage facilities for school buildings, and  
284 purchasing land therefor.

285           (d) As a pledge to pay all or a portion of the debt  
286 service on debt issued by the school district under Sections  
287 37-59-1 through 37-59-45, 37-59-101 through 37-59-115, 37-7-351  
288 through 37-7-359, 37-41-89 through 37-41-99, 37-7-301, 37-7-302  
289 and 37-41-81, Mississippi Code of 1972, or debt issued by boards  
290 of supervisors for agricultural high schools pursuant to Section

291 37-27-65, Mississippi Code of 1972, if such pledge is accomplished  
292 pursuant to a written contract or resolution approved and spread  
293 upon the minutes of an official meeting of the district's school  
294 board or board of supervisors. The annual grant to such district  
295 in any subsequent year during the term of the resolution or  
296 contract shall not be reduced below an amount equal to the  
297 district's grant amount for the year in which the contract or  
298 resolution was adopted. The intent of this provision is to allow  
299 school districts to irrevocably pledge a certain, constant stream  
300 of revenue as security for long-term obligations issued under the  
301 code sections enumerated in this paragraph or as otherwise allowed  
302 by law. It is the intent of the Legislature that the provisions  
303 of this paragraph shall be cumulative and supplemental to any  
304 existing funding programs or other authority conferred upon school  
305 districts or school boards. Debt of a district secured by a  
306 pledge of sales tax revenue pursuant to this paragraph shall not  
307 be subject to any debt limitation contained in the foregoing  
308 enumerated code sections.

309 (3) The remainder of the money deposited into the Education  
310 Enhancement Fund \* \* \* shall be appropriated as follows:

311 (a) To the State Department of Education as follows:

312 (i) Sixteen and sixty-one one-hundredths percent  
313 (16.61%) to the cost of the adequate education program determined  
314 under Section 37-151-7;

315 (ii) Seven and ninety-seven one-hundredths percent  
316 (7.97%) to assist the funding of transportation operations and  
317 maintenance pursuant to Section 37-19-23; and

318 (iii) Nine and sixty-one one-hundredths percent  
319 (9.61%) for classroom supplies, instructional materials and  
320 equipment, including computers and computer software, to be  
321 distributed to all school districts in the proportion that the  
322 average daily attendance of each school district bears to the  
323 average daily attendance of all school districts within the state.

324 It is the intent of the Legislature that all classroom teachers  
325 shall be involved in the development of a spending plan that  
326 addresses individual classroom needs and supports the overall  
327 goals of the school regarding supplies, instructional materials,  
328 equipment, computers or computer software under the provisions of  
329 this subparagraph, including the type, quantity and quality of  
330 such supplies, materials and equipment. This plan shall be  
331 submitted to the school principal for approval. School districts  
332 need not fully expend the funds received under this subparagraph  
333 in the year in which they are received, but such funds may be  
334 carried forward for expenditure in any succeeding school year.

335 (b) Twenty-two and nine one-hundredths percent (22.09%)  
336 to the Board of Trustees of State Institutions of Higher Learning  
337 for the purpose of supporting institutions of higher learning, and  
338 fourteen and forty-one one-hundredths percent (14.41%) to the  
339 State Board for Community and Junior Colleges for the purpose of  
340 providing support to community and junior colleges.

341 (4) The amount remaining in the Education Enhancement Fund  
342 after funds are distributed as provided in subsections (2) and (3)  
343 of this section \* \* \* shall be disbursed as follows:

344 (a) Twenty-five Million Dollars (\$25,000,000.00) shall  
345 be deposited into the Working Cash-Stabilization Reserve Fund  
346 created pursuant to Section 27-103-203(1), until the balance in  
347 such fund reaches the \* \* \* balance specified in Section  
348 27-103-203(1). After such balance in the Working  
349 Cash-Stabilization Reserve Fund is reached, such money shall  
350 remain in the Education Enhancement Fund to be appropriated in the  
351 manner provided for in paragraph (b) of this section.

352 (b) The remainder shall be appropriated for other  
353 educational needs.

354 (5) None of the funds appropriated pursuant to subsection  
355 (3)(a) of this section shall be used to reduce the state's general

356 fund appropriation for the categories listed in an amount below  
357 the following amounts:

358           (a) For subsection (3)(a)(ii) of this section  
359 Thirty-six Million Seven Hundred Thousand Dollars  
360 (\$36,700,000.00);

361           (b) For the aggregate of minimum program allotments in  
362 the 1997 fiscal year, formerly provided for in Chapter 19, Title  
363 37, Mississippi Code of 1972, as amended, excluding those funds  
364 for transportation as provided for in subsection (5)(a) herein.

365 \* \* \*

366           SECTION 4. This act shall take effect and be in force from  
367 and after July 1, 2001.