AN ACT TO AMEND SECTION 37-61-9, MISSISSIPPI CODE OF 1972, TO IMPOSE A PHASED-IN REDUCTION IN THE STATE DEPARTMENT OF EDUCATION ADMINISTRATION BUDGET TO THE AVERAGE EXPENDITURE PER STATE OF THE CONTIGUOUS STATES; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 37-61-9, Mississippi Code of 1972, is amended as follows:

37-61-9. (1) On or before the fifteenth day of August of each year, the local school board of each school district, with the assistance of the superintendent of schools or administrative superintendent, shall prepare and file with the levying authority for the school district, as defined in Section 37-57-1, Mississippi Code of 1972, at least two (2) copies of a budget of estimated expenditures for the support, maintenance and operation of the public schools of the school district for the fiscal year commencing on July 1 of such year. Such budget shall be prepared on forms prescribed and provided by the State Auditor and shall contain such information as the State Auditor may require.

(2) In addition, on or before the fifteenth day of August of each year, the local school board of each school district, with the assistance of the superintendent of schools or administrative superintendent, shall prepare and file with the State Department of Education such budgetary information as the State Board of Education may require. The State Board of Education shall prescribe and provide forms to each school district for this purpose.

(3) Prior to the adoption of a budget pursuant to this section, the school board of each school district shall hold at
least one (1) public hearing to provide the general public with an
opportunity to comment on the taxing and spending plan
incorporated in the proposed budget. The public hearing shall be
held at least one (1) week prior to the adoption of the budget
with advance notice. After final adoption of the budget, a
synopsis of such budget in a form prescribed by the State
Department of Audit shall be published in a newspaper having
general circulation in the school district on a date different
from the date on which the county or any municipality therein may
publish its budget.

(4) Beginning with the fiscal year 1995-1996, there shall be
imposed limitations on budgeted expenditures for certain
administration costs, as defined hereinafter, in an amount not
greater than One Hundred Fifty Thousand Dollars ($150,000.00) plus
four percent (4%) of the expenditures of all school districts each
year. For purposes of this subsection, "administration costs"
shall be defined as expenditures for salaries and fringe benefits
paid for central administration costs from all sources of revenue
in the following expenditure functions as defined in the
MISSISSIPPI PUBLIC SCHOOL DISTRICT FINANCIAL ACCOUNTING MANUAL:

2300 = Support Services - General Administration
2310 = Board of Education Services
2320 = Executive Administration Services
2330 = Special Area Administration Services
2500 = Business Services
2510 = Fiscal Services
2520 = Purchasing Services
2530 = Warehousing and Distributing Services
2540 = Printing, Publishing and Duplicating Services
2590 = Other Support Services - Business
2800 = Support Services - Central
2810 = Planning, Research, Development and Evaluation
2820 = Information Services
Any costs classified as "administration costs" for purposes of this subsection which can be demonstrated by the local school district to be an expenditure that results in a net cost savings to the district that may otherwise require budget expenditures for functions not covered under the definition of administration costs herein may be excluded from the limitations imposed herein. The local school board shall make a specific finding of such costs and spread such finding upon its minutes, which shall be subject to the approval of the Office of Educational Accountability of the State Department of Education. Any school district required to make expenditure cuts, as a result of application of this subsection, shall not be required to reduce such expenditures more than twenty-five percent (25%) in any year in order to comply with this mandate.

The State Auditor shall ensure that functions in all expenditure categories to which this administrative limitation applies shall be properly classified.

This section shall not apply to central administration with five (5) or less full-time employees, or to those school districts which can substantiate that comparable reductions have occurred in administrative costs for the five-year period immediately prior to school year 1993-1994. In the event the application of this section may jeopardize the fiscal integrity or operations of the school district, have an adverse impact on the ability of the district to deliver educational services, or otherwise restrict the district from achieving or maintaining a quality education program, the State Board of Education shall be authorized to exempt the application of this section to such school district pursuant to rules and regulations of the State Board of Education consistent with the intent of this section.
(5) Beginning with the fiscal year 2002-2003, there shall be imposed a limitation on the State Department of Education Administration Budget of the appropriation for General Education Programs to that percentage of the General Administration Budgets of the contiguous states as compared to the overall total current expenditure for education less the cost of construction and debt service. This limitation shall be phased-in over a five-year period, with at least a two percent (2%) reduction to be imposed annually. The State Board of Education shall revise its annual budget request to the Legislative Budget Office to phase-in this requirement over a five-year period. The State Auditor shall ensure that functions in all expenditure categories to which this administrative limitation applies shall be properly classified.

SECTION 2. This act shall take effect and be in force from and after its passage.