

By: Senator(s) Gordon

To: Education;  
Appropriations

SENATE BILL NO. 2871

1 AN ACT TO AMEND SECTION 37-61-33, MISSISSIPPI CODE OF 1972,  
2 TO PROVIDE THAT UNTIL JULY 1, 2004, CERTAIN EDUCATION ENHANCEMENT  
3 FUNDS ALLOCATED FOR SCHOOL BUILDING AND TRANSPORTATION PURPOSES  
4 MAY BE EXPENDED FOR THE SUPPORT OF ANY EDUCATIONAL PROGRAM  
5 AUTHORIZED BY LAW, TO DIVERT UNTIL JULY 1, 2004, EDUCATION  
6 ENHANCEMENT FUNDS THAT ARE ALLOCATED FOR THE FUNDING OF SCHOOL  
7 TRANSPORTATION AND CLASSROOM SUPPLIES TO THE SUPPORT OF  
8 EDUCATIONAL PROGRAMS AUTHORIZED BY LAW; TO BRING FORWARD SECTION  
9 37-151-7, MISSISSIPPI CODE OF 1972, WHICH PROVIDES THE FORMULA FOR  
10 DETERMINATION OF ANNUAL ALLOCATIONS FOR CURRENT OPERATIONS OF  
11 SCHOOLS UNDER THE MISSISSIPPI ADEQUATE EDUCATION PROGRAM; AND FOR  
12 RELATED PURPOSES.

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

14 SECTION 1. Section 37-61-33, Mississippi Code of 1972, is  
15 amended as follows:

16 [Until July 1, 2004, this section shall read as follows:]

17 37-61-33. (1) There is created within the State Treasury a  
18 special fund to be designated the "Education Enhancement Fund"  
19 into which shall be deposited all the revenues collected pursuant  
20 to Sections 27-65-75(7) and (8) and 27-67-31(a) and (b).

21 (2) Of the amount deposited into the Education Enhancement  
22 Fund, Sixteen Million Dollars (\$16,000,000.00) shall be  
23 appropriated each fiscal year to the State Department of Education  
24 to be distributed to all school districts. Such money shall be  
25 distributed to all school districts in the proportion that the  
26 average daily attendance of each school district bears to the  
27 average daily attendance of all school districts within the state  
28 for the following purposes:

29 (a) Purchasing, erecting, repairing, equipping,  
30 remodeling and enlarging school buildings and related facilities,  
31 including gymnasiums, auditoriums, lunchrooms, vocational training  
32 buildings, libraries, teachers' homes, school barns,



33 transportation vehicles (which shall include new and used  
34 transportation vehicles) and garages for transportation vehicles,  
35 and purchasing land therefor;

36 (b) Establishing and equipping school athletic fields  
37 and necessary facilities connected therewith, and purchasing land  
38 therefor;

39 (c) Providing necessary water, light, heating, air  
40 conditioning and sewerage facilities for school buildings, and  
41 purchasing land therefor;

42 (d) As a pledge to pay all or a portion of the debt  
43 service on debt issued by the school district under Sections  
44 37-59-1 through 37-59-45, 37-59-101 through 37-59-115, 37-7-351  
45 through 37-7-359, 37-41-89 through 37-41-99, 37-7-301, 37-7-302  
46 and 37-41-81, or debt issued by boards of supervisors for  
47 agricultural high schools pursuant to Section 37-27-65, if such  
48 pledge is accomplished pursuant to a written contract or  
49 resolution approved and spread upon the minutes of an official  
50 meeting of the district's school board or board of supervisors.  
51 The annual grant to such district in any subsequent year during  
52 the term of the resolution or contract shall not be reduced below  
53 an amount equal to the district's grant amount for the year in  
54 which the contract or resolution was adopted. The intent of this  
55 provision is to allow school districts to irrevocably pledge a  
56 certain, constant stream of revenue as security for long-term  
57 obligations issued under the code sections enumerated in this  
58 paragraph or as otherwise allowed by law. It is the intent of the  
59 Legislature that the provisions of this paragraph shall be  
60 cumulative and supplemental to any existing funding programs or  
61 other authority conferred upon school districts or school boards.  
62 Debt of a district secured by a pledge of sales tax revenue  
63 pursuant to this paragraph shall not be subject to any debt  
64 limitation contained in the foregoing enumerated code sections; or



65           (e) Providing support for any educational program  
66 authorized by law.

67           (3) The remainder of the money deposited into the Education  
68 Enhancement Fund shall be appropriated as follows:

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

70                   (i) Sixteen and sixty-one one-hundredths percent  
71 (16.61%) to the cost of the adequate education program determined  
72 under Section 37-151-7; of the funds generated by the percentage  
73 set forth in this section for the support of the adequate  
74 education program, one and one hundred seventy-eight  
75 one-thousandths percent (1.178%) of the funds shall be  
76 appropriated to be used by the State Department of Education for  
77 the purchase of textbooks to be loaned under Sections 37-43-1  
78 through 37-43-59 to approved nonpublic schools, as described in  
79 Section 37-43-1. The funds to be distributed to each nonpublic  
80 school shall be in the proportion that the average daily  
81 attendance of each nonpublic school bears to the total average  
82 daily attendance of all nonpublic schools;

83                   (ii) Seven and ninety-seven one-hundredths percent  
84 (7.97%) to be distributed to the public school districts in the  
85 proportion that the average daily attendance of each school  
86 district bears to the average daily attendance of all school  
87 districts in the state for the support of educational programs  
88 authorized by law; and

89                   (iii) Nine and sixty-one one-hundredths percent  
90 (9.61%) to be distributed to the public school districts in the  
91 proportion that the average daily attendance of each school  
92 district bears to the average daily attendance of all school  
93 districts in the state for the support of educational programs  
94 authorized by law; \* \* \*

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



98 (c) Fourteen and forty-one one-hundredths percent  
99 (14.41%) to the State Board for Community and Junior Colleges for  
100 the purpose of providing support to community and junior colleges.

101 (4) The amount remaining in the Education Enhancement Fund  
102 after funds are distributed as provided in subsections (2) and (3)  
103 of this section shall be disbursed as follows:

104 (a) Twenty-five Million Dollars (\$25,000,000.00) shall  
105 be deposited into the Working Cash-Stabilization Reserve Fund  
106 created pursuant to Section 27-103-203(1), until the balance in  
107 such fund reaches the maximum balance of seven and one-half  
108 percent (7-1/2%) of the General Fund appropriations in the  
109 appropriate fiscal year. After the maximum balance in the Working  
110 Cash-Stabilization Reserve Fund is reached, such money shall  
111 remain in the Education Enhancement Fund to be appropriated in the  
112 manner provided for in paragraph (b) of this subsection.

113 (b) The remainder shall be appropriated for other  
114 educational needs.

115 (5) None of the funds appropriated pursuant to subsection  
116 (3)(a) of this section shall be used to reduce the state's General  
117 Fund appropriation for the categories listed in an amount below  
118 the following amount:

119 (a) \* \* \*

120 (b) For the aggregate of minimum program allotments in  
121 the 1997 fiscal year, formerly provided for in Chapter 19, Title  
122 37, Mississippi Code of 1972, as amended \* \* \*.

123 **[From and after July 1, 2004, this section shall read as**  
124 **follows:]**

125 37-61-33. (1) There is created within the State Treasury a  
126 special fund to be designated the "Education Enhancement Fund"  
127 into which shall be deposited all the revenues collected pursuant  
128 to Sections 27-65-75(7) and (8) and 27-67-31(a) and (b).

129 (2) Of the amount deposited into the Education Enhancement  
130 Fund, Sixteen Million Dollars (\$16,000,000.00) shall be



131 appropriated each fiscal year to the State Department of Education  
132 to be distributed to all school districts. Such money shall be  
133 distributed to all school districts in the proportion that the  
134 average daily attendance of each school district bears to the  
135 average daily attendance of all school districts within the state  
136 for the following purposes:

137           (a) Purchasing, erecting, repairing, equipping,  
138 remodeling and enlarging school buildings and related facilities,  
139 including gymnasiums, auditoriums, lunchrooms, vocational training  
140 buildings, libraries, teachers' homes, school barns,  
141 transportation vehicles (which shall include new and used  
142 transportation vehicles) and garages for transportation vehicles,  
143 and purchasing land therefor.

144           (b) Establishing and equipping school athletic fields  
145 and necessary facilities connected therewith, and purchasing land  
146 therefor.

147           (c) Providing necessary water, light, heating, air  
148 conditioning and sewerage facilities for school buildings, and  
149 purchasing land therefor.

150           (d) As a pledge to pay all or a portion of the debt  
151 service on debt issued by the school district under Sections  
152 37-59-1 through 37-59-45, 37-59-101 through 37-59-115, 37-7-351  
153 through 37-7-359, 37-41-89 through 37-41-99, 37-7-301, 37-7-302  
154 and 37-41-81, or debt issued by boards of supervisors for  
155 agricultural high schools pursuant to Section 37-27-65, if such  
156 pledge is accomplished pursuant to a written contract or  
157 resolution approved and spread upon the minutes of an official  
158 meeting of the district's school board or board of supervisors.  
159 The annual grant to such district in any subsequent year during  
160 the term of the resolution or contract shall not be reduced below  
161 an amount equal to the district's grant amount for the year in  
162 which the contract or resolution was adopted. The intent of this  
163 provision is to allow school districts to irrevocably pledge a



164 certain, constant stream of revenue as security for long-term  
165 obligations issued under the code sections enumerated in this  
166 paragraph or as otherwise allowed by law. It is the intent of the  
167 Legislature that the provisions of this paragraph shall be  
168 cumulative and supplemental to any existing funding programs or  
169 other authority conferred upon school districts or school boards.  
170 Debt of a district secured by a pledge of sales tax revenue  
171 pursuant to this paragraph shall not be subject to any debt  
172 limitation contained in the foregoing enumerated code sections.

173 (3) The remainder of the money deposited into the Education  
174 Enhancement Fund shall be appropriated as follows:

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

176 (i) Sixteen and sixty-one one-hundredths percent  
177 (16.61%) to the cost of the adequate education program determined  
178 under Section 37-151-7; of the funds generated by the percentage  
179 set forth in this section for the support of the adequate  
180 education program, one and one hundred seventy-eight  
181 one-thousandths percent (1.178%) of the funds shall be  
182 appropriated to be used by the State Department of Education for  
183 the purchase of textbooks to be loaned under Sections 37-43-1  
184 through 37-43-59 to approved nonpublic schools, as described in  
185 Section 37-43-1. The funds to be distributed to each nonpublic  
186 school shall be in the proportion that the average daily  
187 attendance of each nonpublic school bears to the total average  
188 daily attendance of all nonpublic schools;

189 (ii) Seven and ninety-seven one-hundredths percent  
190 (7.97%) to assist the funding of transportation operations and  
191 maintenance pursuant to Section 37-19-23; and

192 (iii) Nine and sixty-one one-hundredths percent  
193 (9.61%) for classroom supplies, instructional materials and  
194 equipment, including computers and computer software, to be  
195 distributed to all school districts in the proportion that the  
196 average daily attendance of each school district bears to the



197 average daily attendance of all school districts within the state.  
198 It is the intent of the Legislature that all classroom teachers  
199 shall be involved in the development of a spending plan that  
200 addresses individual classroom needs and supports the overall  
201 goals of the school regarding supplies, instructional materials,  
202 equipment, computers or computer software under the provisions of  
203 this subparagraph, including the type, quantity and quality of  
204 such supplies, materials and equipment. This plan shall be  
205 submitted to the school principal for approval. School districts  
206 need not fully expend the funds received under this subparagraph  
207 in the year in which they are received, but such funds may be  
208 carried forward for expenditure in any succeeding school year;

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

212 (c) Fourteen and forty-one one-hundredths percent  
213 (14.41%) to the State Board for Community and Junior Colleges for  
214 the purpose of providing support to community and junior colleges.

215 (4) The amount remaining in the Education Enhancement Fund  
216 after funds are distributed as provided in subsections (2) and (3)  
217 of this section shall be disbursed as follows:

218 (a) Twenty-five Million Dollars (\$25,000,000.00) shall  
219 be deposited into the Working Cash-Stabilization Reserve Fund  
220 created pursuant to Section 27-103-203(1), until the balance in  
221 such fund reaches the maximum balance of seven and one-half  
222 percent (7-1/2%) of the General Fund appropriations in the  
223 appropriate fiscal year. After the maximum balance in the Working  
224 Cash-Stabilization Reserve Fund is reached, such money shall  
225 remain in the Education Enhancement Fund to be appropriated in the  
226 manner provided for in paragraph (b) of this subsection.

227 (b) The remainder shall be appropriated for other  
228 educational needs.



229 (5) None of the funds appropriated pursuant to subsection  
230 (3)(a) of this section shall be used to reduce the state's General  
231 Fund appropriation for the categories listed in an amount below  
232 the following amounts:

233 (a) For subsection (3)(a)(ii) of this section,  
234 Thirty-six Million Seven Hundred Thousand Dollars  
235 (\$36,700,000.00);

236 (b) For the aggregate of minimum program allotments in  
237 the 1997 fiscal year, formerly provided for in Chapter 19, Title  
238 37, Mississippi Code of 1972, as amended, excluding those funds  
239 for transportation as provided for in subsection (5)(a) in this  
240 section.

241 **SECTION 2.** Section 37-151-7, Mississippi Code of 1972, is  
242 brought forward as follows:

243 37-151-7. The annual allocation to each school district for  
244 the operation of the adequate education program shall be  
245 determined as follows:

246 (1) Computation of the basic amount to be included for  
247 current operation in the adequate education program. The  
248 following procedure shall be followed in determining the annual  
249 allocation to each school district:

250 (a) **Determination of average daily attendance.** During  
251 months two (2) and three (3) of the current school year, the  
252 average daily attendance of a school district shall be computed,  
253 or the average daily attendance for the prior school year shall be  
254 used, whichever is greater. The district's average daily  
255 attendance shall be computed and currently maintained in  
256 accordance with regulations promulgated by the State Board of  
257 Education.

258 (b) **Determination of base student cost.** The State  
259 Board of Education, on or before August 1, with adjusted estimate  
260 no later than January 2, shall annually submit to the Legislative  
261 Budget Office and the Governor a proposed base student cost



262 adequate to provide the following cost components of educating a  
263 pupil in an average school district meeting Level III  
264 accreditation standards required by the Commission on School  
265 Accreditation: (i) Instructional Cost; (ii) Administrative Cost;  
266 (iii) Operation and Maintenance of Plant; and (iv) Ancillary  
267 Support Cost. The department shall utilize a statistical  
268 methodology which considers such factors as, but not limited to,  
269 (i) school size; (ii) assessed valuation per pupil; (iii) the  
270 percentage of students receiving free lunch; (iv) the local  
271 district maintenance tax levy; (v) other local school district  
272 revenues; and (vi) the district's accreditation level, in the  
273 selection of the representative Mississippi school districts for  
274 which cost information shall be obtained for each of the above  
275 listed cost areas.

276 For the instructional cost component, the department shall  
277 determine the instructional cost of each of the representative  
278 school districts selected above, excluding instructional cost of  
279 self-contained special education programs and vocational education  
280 programs, and the average daily attendance in the selected school  
281 districts. The instructional cost is then totaled and divided by  
282 the total average daily attendance for the selected school  
283 districts to yield the instructional cost component. For the  
284 administrative cost component, the department shall determine the  
285 administrative cost of each of the representative school districts  
286 selected above, excluding administrative cost of self-contained  
287 special education programs and vocational education programs, and  
288 the average daily attendance in the selected school districts.  
289 The administrative cost is then totaled and divided by the total  
290 average daily attendance for the selected school districts to  
291 yield the administrative cost component. For the plant and  
292 maintenance cost component, the department shall determine the  
293 plant and maintenance cost of each of the representative school  
294 districts selected above, excluding plant and maintenance cost of



295 self-contained special education programs and vocational education  
296 programs, and the average daily attendance in the selected school  
297 districts. The plant and maintenance cost is then totaled and  
298 divided by the total average daily attendance for the selected  
299 school districts to yield the plant and maintenance cost  
300 component. For the ancillary support cost component, the  
301 department shall determine the ancillary support cost of each of  
302 the representative school districts selected above, excluding  
303 ancillary support cost of self-contained special education  
304 programs and vocational education programs, and the average daily  
305 attendance in the selected school districts. The ancillary  
306 support cost is then totaled and divided by the total average  
307 daily attendance for the selected school districts to yield the  
308 ancillary support cost component. The total base cost for each  
309 year shall be the sum of the instructional cost component,  
310 administrative cost component, plant and maintenance cost  
311 component and ancillary support cost component, and any estimated  
312 adjustments for additional state requirements as determined by the  
313 State Board of Education. Provided, however, that the base  
314 student cost in fiscal year 1998 shall be Two Thousand Six Hundred  
315 Sixty-four Dollars (\$2,664.00).

316 (c) **Determination of the basic adequate education**  
317 **program cost.** The basic amount for current operation to be  
318 included in the Mississippi Adequate Education Program for each  
319 school district shall be computed as follows:

320 Multiply the average daily attendance of the district by the  
321 base student cost as established by the Legislature, which yields  
322 the total base program cost for each school district.

323 (d) **Adjustment to the base student cost for at-risk**  
324 **pupils.** The amount to be included for at-risk pupil programs for  
325 each school district shall be computed as follows: Multiply the  
326 base student cost for the appropriate fiscal year as determined  
327 under paragraph (b) by five percent (5%), and multiply that



328 product by the number of pupils participating in the federal free  
329 school lunch program in such school district, which yields the  
330 total adjustment for at-risk pupil programs for such school  
331 district.

332 (e) **Add-on program cost.** The amount to be allocated to  
333 school districts in addition to the adequate education program  
334 cost for add-on programs for each school district shall be  
335 computed as follows:

336 (i) Transportation cost shall be the amount  
337 allocated to such school district for the operational support of  
338 the district transportation system from state funds.

339 (ii) Vocational or technical education program  
340 cost shall be the amount allocated to such school district from  
341 state funds for the operational support of such programs.

342 (iii) Special education program cost shall be the  
343 amount allocated to such school district from state funds for the  
344 operational support of such programs.

345 (iv) Gifted education program cost shall be the  
346 amount allocated to such school district from state funds for the  
347 operational support of such programs.

348 (v) Alternative school program cost shall be the  
349 amount allocated to such school district from state funds for the  
350 operational support of such programs.

351 (vi) Extended school year programs shall be the  
352 amount allocated to school districts for those programs authorized  
353 by law which extend beyond the normal school year.

354 (vii) University-based programs shall be the  
355 amount allocated to school districts for those university-based  
356 programs for handicapped children as defined and provided for in  
357 Section 37-23-131 et seq., Mississippi Code of 1972.

358 (viii) Bus driver training programs shall be the  
359 amount provided for those driver training programs as provided for  
360 in Section 37-41-1, Mississippi Code of 1972.



361           The sum of the items listed above (i) transportation, (ii)  
362 vocational or technical education, (iii) special education, (iv)  
363 gifted education, (v) alternative school, (vi) extended school  
364 year, (vii) university-based, and (viii) bus driver training shall  
365 yield the add-on cost for each school district.

366           (f) **Total projected adequate education program cost.**  
367 The total Mississippi Adequate Education Program Cost shall be the  
368 sum of the total basic adequate education program cost (paragraph  
369 (c)), and the adjustment to the base student cost for at-risk  
370 pupils (paragraph (d)) for each school district.

371           (g) **Supplemental grant to school districts.** In  
372 addition to the adequate education program grant, the State  
373 Department of Education shall annually distribute an additional  
374 amount as follows: Multiply the base student cost for the  
375 appropriate fiscal year as determined under paragraph (b) by .13%  
376 and multiply that product by the average daily attendance of each  
377 school district. Such grant shall not be subject to the local  
378 revenue requirement provided in subsection (2).

379           (2) **Computation of the required local revenue in support of**  
380 **the adequate education program.** The amount that each district  
381 shall provide toward the cost of the adequate education program  
382 shall be calculated as follows:

383           (a) The State Board of Education shall certify to each  
384 school district that twenty-eight (28) mills, less the estimated  
385 amount of the yield of the School Ad Valorem Tax Reduction Fund  
386 grants as determined by the State Department of Education, is the  
387 millage rate required to provide the district required local  
388 effort for that year, or twenty-seven percent (27%) of the basic  
389 adequate education program cost for such school district as  
390 determined under subsection (c), whichever is a lesser amount. In  
391 the case of an agricultural high school the millage requirement  
392 shall be set at a level which generates an equitable amount per  
393 pupil to be determined by the State Board of Education.



394 (b) The State Board of Education shall determine (i)  
395 the total assessed valuation of nonexempt property for school  
396 purposes in each school district; (ii) assessed value of exempt  
397 property owned by homeowners aged sixty-five (65) or older or  
398 disabled as defined in Section 27-33-67(2), Mississippi Code of  
399 1972; (iii) the school district's tax loss from exemptions  
400 provided to applicants under the age of sixty-five (65) and not  
401 disabled as defined in Section 27-33-67(1), Mississippi Code of  
402 1972; and (iv) the school district's homestead reimbursement  
403 revenues.

404 (c) The amount of the total adequate education program  
405 funding which shall be contributed by each school district shall  
406 be the sum of the ad valorem receipts generated by the millage  
407 required under this subsection plus the following local revenue  
408 sources for the appropriate fiscal year which are or may be  
409 available for current expenditure by the school district:

410 One hundred percent (100%) of Grand Gulf income as prescribed  
411 in Section 27-35-309.

412 (3) **Computation of the required state effort in support of**  
413 **the adequate education program.**

414 (a) The required state effort in support of the  
415 adequate education program shall be determined by subtracting the  
416 sum of the required local tax effort as set forth in subsection  
417 (2)(a) of this section and the other local revenue sources as set  
418 forth in subsection (2)(c) of this section in an amount not to  
419 exceed twenty-seven percent (27%) of the total projected adequate  
420 education program cost as set forth in subsection (1)(f) of this  
421 section from the total projected adequate education program cost  
422 as set forth in subsection (1)(f) of this section.

423 (b) Provided, however, that in fiscal year 1998 and in  
424 the fiscal year in which the adequate education program is fully  
425 funded by the Legislature, any increase in the said state  
426 contribution, including the supplemental grant to school districts



427 provided under subsection (1)(g), to any district calculated under  
428 this section shall be not less than eight percent (8%) in excess  
429 of the amount received by said district from state funds for the  
430 fiscal year immediately preceding. For purposes of this paragraph  
431 (b), state funds shall include minimum program funds less the  
432 add-on programs, state Uniform Millage Assistance Grant funds,  
433 Education Enhancement Funds appropriated for Uniform Millage  
434 Assistance Grants and state textbook allocations, and State  
435 General Funds allocated for textbooks.

436 (c) If the appropriation is less than full funding for  
437 fiscal year 2003, allocations for state contributions to school  
438 districts in support of the adequate education program will be  
439 determined by the State Department of Education in the following  
440 manner:

441 (i) Calculation of the full funding amount under  
442 this chapter, with proportionate reductions as required by the  
443 appropriation level.

444 (ii) Calculation of the amount equal to the state  
445 funds allocated to school districts for fiscal year 2002 plus the  
446 estimated amount to fund the adequate education program salary  
447 schedule for fiscal year 2003. For purposes of this item (ii),  
448 state funds shall be those described in paragraph (b) and an  
449 amount equal to the allocation for the adequate education program  
450 in fiscal year 2002, plus any additional amount required to  
451 satisfy fiscal year 2003 pledges in accordance with paragraphs  
452 (d), (e) and (f) of subsection (5) of this section. If a school  
453 district's fiscal year 2003 pledge is different than the pledge  
454 amount for fiscal year 2002, the district shall receive an amount  
455 equal to the fiscal year 2003 pledge or the amount of funds  
456 calculated under the adequate education formula for fiscal year  
457 2002 before any pledge guarantee for fiscal year 2002, whichever  
458 is greater. If the pledge is no longer in effect, the district



459 shall receive the amount of funds calculated under the formula for  
460 fiscal year 2002 before any pledge guarantee for fiscal year 2002.

461 (iii) The portion of any district's allocation  
462 calculated in item (i) of this paragraph which exceeds amounts as  
463 calculated in item (ii) shall be reduced by an amount not to  
464 exceed twenty-one percent (21%). The amount of funds generated by  
465 this reduction of funds shall be redistributed proportionately  
466 among those districts receiving insufficient funds to meet the  
467 amount calculated in item (ii). In no case may any district  
468 receive funds in an amount greater than the amount that the  
469 district would have received under full funding of the program for  
470 fiscal year 2003.

471 (4) The State Adequate Education Program Fund is hereby  
472 established in the State Treasury which shall be used to  
473 distribute any funds specifically appropriated by the Legislature  
474 to such fund, to school districts entitled to increased  
475 allocations of state funds under the adequate education program  
476 funding formula prescribed in Sections 37-151-3, 37-151-5 and  
477 37-151-7 of this article. If the Legislature provides less funds  
478 than the total state funds needed for support of such increased  
479 allocations under the adequate education program, the State  
480 Department of Education shall reduce all elements of the cost of  
481 the adequate education program proportionately. Any such adequate  
482 education program funds shall be transferred to the school  
483 district maintenance fund of such district in the manner  
484 prescribed in Section 37-19-47, Mississippi Code of 1972, and  
485 shall be expended in the manner provided by law.

486 (5) The Interim School District Capital Expenditure Fund is  
487 hereby established in the State Treasury which shall be used to  
488 distribute any funds specifically appropriated by the Legislature  
489 to such fund to school districts entitled to increased allocations  
490 of state funds under the adequate education program funding  
491 formula prescribed in Sections 37-151-3 through 37-151-7,



492 Mississippi Code of 1972, until such time as the said adequate  
493 education program is fully funded by the Legislature. The  
494 following percentages of the total state cost of increased  
495 allocations of funds under the adequate education program funding  
496 formula shall be appropriated by the Legislature into the Interim  
497 School District Capital Expenditure Fund to be distributed to all  
498 school districts under the formula: Nine and two-tenths percent  
499 (9.2%) shall be appropriated in fiscal year 1998, twenty percent  
500 (20%) shall be appropriated in fiscal year 1999, forty percent  
501 (40%) shall be appropriated in fiscal year 2000, sixty percent  
502 (60%) shall be appropriated in fiscal year 2001, eighty percent  
503 (80%) shall be appropriated in fiscal year 2002, and one hundred  
504 percent (100%) shall be appropriated in fiscal year 2003 into the  
505 State Adequate Education Program Fund created in subsection (4).  
506 Until July 1, 2002, such money shall be used by school districts  
507 for the following purposes:

508           (a) Purchasing, erecting, repairing, equipping,  
509 remodeling and enlarging school buildings and related facilities,  
510 including gymnasiums, auditoriums, lunchrooms, vocational training  
511 buildings, libraries, school barns and garages for transportation  
512 vehicles, school athletic fields and necessary facilities  
513 connected therewith, and purchasing land therefor. Any such  
514 capital improvement project by a school district shall be approved  
515 by the State Board of Education, and based on an approved  
516 long-range plan. The State Board of Education shall promulgate  
517 minimum requirements for the approval of school district capital  
518 expenditure plans.

519           (b) Providing necessary water, light, heating, air  
520 conditioning, and sewerage facilities for school buildings, and  
521 purchasing land therefor.

522           (c) Paying debt service on existing capital improvement  
523 debt of the district or refinancing outstanding debt of a district



524 if such refinancing will result in an interest cost savings to the  
525 district.

526 (d) From and after October 1, 1997, through June 30,  
527 1998, pursuant to a school district capital expenditure plan  
528 approved by the State Department of Education, a school district  
529 may pledge such funds until July 1, 2002, plus funds provided for  
530 in paragraph (e) of this subsection (5) that are not otherwise  
531 permanently pledged under such paragraph (e) to pay all or a  
532 portion of the debt service on debt issued by the school district  
533 under Sections 37-59-1 through 37-59-45, 37-59-101 through  
534 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,  
535 37-7-301, 37-7-302 and 37-41-81, Mississippi Code of 1972, or debt  
536 issued by boards of supervisors for agricultural high schools  
537 pursuant to Section 37-27-65, Mississippi Code of 1972, or  
538 lease-purchase contracts entered into pursuant to Section 31-7-13,  
539 Mississippi Code of 1972, or to retire or refinance outstanding  
540 debt of a district, if such pledge is accomplished pursuant to a  
541 written contract or resolution approved and spread upon the  
542 minutes of an official meeting of the district's school board or  
543 board of supervisors. It is the intent of this provision to allow  
544 school districts to irrevocably pledge their Interim School  
545 District Capital Expenditure Fund allotments as a constant stream  
546 of revenue to secure a debt issued under the foregoing code  
547 sections. To allow school districts to make such an irrevocable  
548 pledge, the state shall take all action necessary to ensure that  
549 the amount of a district's Interim School District Capital  
550 Expenditure Fund allotments shall not be reduced below the amount  
551 certified by the department or the district's total allotment  
552 under the Interim Capital Expenditure Fund if fully funded, so  
553 long as such debt remains outstanding.

554 (e) From and after October 1, 1997, through June 30,  
555 1998, in addition to any other authority a school district may  
556 have, any school district may issue State Aid Capital Improvement



557 Bonds secured in whole by a continuing annual pledge of any  
558 Mississippi Adequate Education Program funds available to the  
559 district, in an amount not to exceed One Hundred Sixty Dollars  
560 (\$160.00) per pupil based on the latest completed average daily  
561 attendance count certified by the department prior to the issuance  
562 of the bonds. Such State Aid Capital Improvement Bonds may be  
563 issued for the purposes enumerated in subsections (a), (b), (c)  
564 and (g) of this section. Prior to issuing such bonds, the school  
565 board of the district shall adopt a resolution declaring the  
566 necessity for and its intention of issuing such bonds and  
567 borrowing such money, specifying the approximate amount to be so  
568 borrowed, how such money is to be used and how such indebtedness  
569 is to be evidenced. Any capital improvement project financed with  
570 State Aid Capital Improvement Bonds shall be approved by the  
571 department, and based on an approved long-range plan. The State  
572 Board of Education shall promulgate minimum requirements for the  
573 approval of such school district capital expenditure plans. The  
574 State Board of Education shall not approve any capital expenditure  
575 plan for a pledge of funds under this paragraph unless it  
576 determines (i) that the quality of instruction in such district  
577 will not be reduced as a result of this pledge, and (ii) the  
578 district has other revenue available to attain and maintain at  
579 least Level III accreditation.

580 A district issuing State Aid Capital Improvement Bonds may  
581 pledge for the repayment of such bonds all funds received by the  
582 district from the state, in an amount not to exceed One Hundred  
583 Sixty Dollars (\$160.00) per pupil in average daily attendance in  
584 the school district as set forth above, and not otherwise  
585 permanently pledged under paragraph (d) of this subsection or  
586 under Section 37-61-33(2)(d), Mississippi Code of 1972. The  
587 district's school board shall specify by resolution the amount of  
588 state funds, which are being pledged by the district for the  
589 repayment of the State Aid Capital Improvement Bonds. Once such a



590 pledge is made to secure the bonds, the district shall notify the  
591 department of such pledge. Upon making such a pledge, the school  
592 district may request the department which may agree to irrevocably  
593 transfer a specified amount or percentage of the district's state  
594 revenue pledged to repay the district's State Aid Capital  
595 Improvement Bonds directly to a state or federally chartered bank  
596 serving as a trustee or paying agent on such bonds for the payment  
597 of all or portion of such State Aid Capital Improvement Bonds.  
598 Such instructions shall be incorporated into a resolution by the  
599 school board for the benefit of holders of the bonds and may  
600 provide that such withholding and transfer of such other available  
601 funds shall be made only upon notification by a trustee or paying  
602 agent on such bonds that the amounts available to pay such bonds  
603 on any payment date will not be sufficient. It is the intent of  
604 this provision to allow school districts to irrevocably pledge a  
605 certain, constant stream of revenue as security for State Aid  
606 Capital Improvement Bonds issued hereunder. To allow school  
607 districts to make such an irrevocable pledge, the state shall take  
608 all action necessary to ensure that the amount of a district's  
609 state revenues up to an amount equal to One Hundred Sixty Dollars  
610 (\$160.00) per pupil as set forth above which have been pledged to  
611 repay debt as set forth herein shall not be reduced so long as any  
612 State Aid Capital Improvement Bonds are outstanding.

613 Any such State Aid Capital Improvement bonds shall mature as  
614 determined by the district's school bond over a period not to  
615 exceed twenty (20) years. Such bonds shall not bear a greater  
616 overall maximum interest rate to maturity than that allowed in  
617 Section 75-17-101, Mississippi Code of 1972. The further details  
618 and terms of such bonds shall be as determined by the school board  
619 of the district.

620 The provisions of this subsection shall be cumulative and  
621 supplemental to any existing funding programs or other authority  
622 conferred upon school districts or school boards. Debt of a



623 school district secured in whole by a pledge of revenue pursuant  
624 to this section shall not be subject to any debt limitation.

625 For purposes of this paragraph (e), "State Aid Capital  
626 Improvement Bond" shall mean any bond, note, or other certificate  
627 of indebtedness issued by a school district under the provisions  
628 hereof.

629 This paragraph (e) shall stand repealed from and after June  
630 30, 1998.

631 (f) As an alternative to the authority granted under  
632 paragraph (e), a school district, in its discretion, may authorize  
633 the State Board of Education to withhold an amount of the  
634 district's adequate education program allotment equal to up to One  
635 Hundred Sixty Dollars (\$160.00) per student in average daily  
636 attendance in the district to be allocated to the State Public  
637 School Building Fund to the credit of such school district. A  
638 school district may choose the option provided under this  
639 paragraph (e) or paragraph (f), but not both. In addition to the  
640 grants made by the state pursuant to Section 37-47-9, a school  
641 district shall be entitled to grants based on the allotments to  
642 the State Public School Building Fund credited to such school  
643 district under this paragraph. This paragraph (f) shall stand  
644 repealed from and after June 30, 1998.

645 (g) The State Board of Education may authorize the  
646 school district to expend not more than twenty percent (20%) of  
647 its annual allotment of such funds or Twenty Thousand Dollars  
648 (\$20,000.00), whichever is greater, for technology needs of the  
649 school district, including computers, software,  
650 telecommunications, cable television, interactive video, film  
651 low-power television, satellite communications, microwave  
652 communications, technology-based equipment installation and  
653 maintenance, and the training of staff in the use of such  
654 technology-based instruction. Any such technology expenditure  
655 shall be reflected in the local district technology plan approved



656 by the State Board of Education under Section 37-151-17,  
657 Mississippi Code of 1972.

658 (h) To the extent a school district has not utilized  
659 twenty percent (20%) of its annual allotment for technology  
660 purposes under paragraph (g), a school district may expend not  
661 more than twenty percent (20%) of its annual allotment or Twenty  
662 Thousand Dollars (\$20,000.00), whichever is greater, for  
663 instructional purposes. The State Board of Education may  
664 authorize a school district to expend more than said twenty  
665 percent (20%) of its annual allotment for instructional purposes  
666 if it determines that such expenditures are needed for  
667 accreditation purposes.

668 (i) The State Department of Education or the State  
669 Board of Education may require that any project commenced pursuant  
670 to this act with an estimated project cost of not less than Five  
671 Million Dollars (\$5,000,000.00) shall be done only pursuant to  
672 program management of the process with respect to design and  
673 construction. Any individuals, partnerships, companies or other  
674 entities acting as a program manager on behalf of a local school  
675 district and performing program management services for projects  
676 covered under this subsection shall be approved by the State  
677 Department of Education.

678 Any interest accruing on any unexpended balance in the  
679 Interim School District Capital Expenditure Fund shall be invested  
680 by the State Treasurer and placed to the credit of each school  
681 district participating in such fund in its proportionate share.

682 The provisions of this subsection (5) shall be cumulative and  
683 supplemental to any existing funding programs or other authority  
684 conferred upon school districts or school boards.

685 **SECTION 3.** This act shall take effect and be in force from  
686 and after its passage.

