

By: Senator(s) Wilemon, Chaney, Hewes, Lee  
(47th), Nunnelee, White

To: Education;  
Appropriations

SENATE BILL NO. 2295  
(As Passed the Senate)

1 AN ACT TO AMEND SECTION 37-151-7, MISSISSIPPI CODE OF 1972,  
2 TO REQUIRE THE MISSISSIPPI ADEQUATE EDUCATION PROGRAM  
3 APPROPRIATION BILL TO IDENTIFY PROGRAM FUNDING CATEGORIES; TO  
4 AMEND SECTION 37-61-9, MISSISSIPPI CODE OF 1972, TO REQUIRE LOCAL  
5 SCHOOL DISTRICT BUDGETS TO CONTAIN A DETAILED STATEMENT OF THE  
6 ESTIMATED AMOUNTS TO BE EXPENDED BY PROGRAM BUDGET CATEGORIES AND  
7 THE AMOUNT OF SUCH CATEGORIES TO BE PAID FROM ADEQUATE EDUCATION  
8 PROGRAM FUNDS AND FROM LOCAL REVENUE AND OTHER SOURCES; TO AMEND  
9 SECTION 37-61-19, MISSISSIPPI CODE OF 1972, TO REQUIRE SCHOOL  
10 DISTRICT EXPENDITURES TO BE LIMITED TO THE SPECIFIC BUDGET  
11 CATEGORIES AND TO PROVIDE PERSONAL LIABILITY THEREFOR; AND FOR  
12 RELATED PURPOSES.

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

14 **SECTION 1.** Section 37-151-7, Mississippi Code of 1972, is  
15 amended as follows:

16 37-151-7. The annual allocation to each school district for  
17 the operation of the adequate education program shall be  
18 determined as follows:

19 (1) **Computation of the basic amount to be included for**  
20 **current operation in the adequate education program.** The  
21 following procedure shall be followed in determining the annual  
22 allocation to each school district:

23 (a) **Determination of average daily attendance.** During  
24 months two (2) and three (3) of the current school year, the  
25 average daily attendance of a school district shall be computed,  
26 or the average daily attendance for the prior school year shall be  
27 used, whichever is greater. The district's average daily  
28 attendance shall be computed and currently maintained in  
29 accordance with regulations promulgated by the State Board of  
30 Education.

31 (b) **Determination of base student cost.** The State  
32 Board of Education, on or before August 1, with adjusted estimate

33 no later than January 2, shall annually submit to the Legislative  
34 Budget Office and the Governor a proposed base student cost  
35 adequate to provide the following cost components of educating a  
36 pupil in an average school district meeting Level III  
37 accreditation standards required by the Commission on School  
38 Accreditation: (i) Instructional Cost; (ii) Administrative Cost;  
39 (iii) Operation and Maintenance of Plant; and (iv) Ancillary  
40 Support Cost. The department shall utilize a statistical  
41 methodology which considers such factors as, but not limited to,  
42 (i) school size; (ii) assessed valuation per pupil; (iii) the  
43 percentage of students receiving free lunch; (iv) the local  
44 district maintenance tax levy; (v) other local school district  
45 revenues; and (vi) the district's accreditation level, in the  
46 selection of the representative Mississippi school districts for  
47 which cost information shall be obtained for each of the above  
48 listed cost areas.

49 For the instructional cost component, the department shall  
50 determine the instructional cost of each of the representative  
51 school districts selected above, excluding instructional cost of  
52 self-contained special education programs and vocational education  
53 programs, and the average daily attendance in the selected school  
54 districts. The instructional cost is then totaled and divided by  
55 the total average daily attendance for the selected school  
56 districts to yield the instructional cost component. For the  
57 administrative cost component, the department shall determine the  
58 administrative cost of each of the representative school districts  
59 selected above, excluding administrative cost of self-contained  
60 special education programs and vocational education programs, and  
61 the average daily attendance in the selected school districts.  
62 The administrative cost is then totaled and divided by the total  
63 average daily attendance for the selected school districts to  
64 yield the administrative cost component. For the plant and  
65 maintenance cost component, the department shall determine the

66 plant and maintenance cost of each of the representative school  
67 districts selected above, excluding plant and maintenance cost of  
68 self-contained special education programs and vocational education  
69 programs, and the average daily attendance in the selected school  
70 districts. The plant and maintenance cost is then totaled and  
71 divided by the total average daily attendance for the selected  
72 school districts to yield the plant and maintenance cost  
73 component. For the ancillary support cost component, the  
74 department shall determine the ancillary support cost of each of  
75 the representative school districts selected above, excluding  
76 ancillary support cost of self-contained special education  
77 programs and vocational education programs, and the average daily  
78 attendance in the selected school districts. The ancillary  
79 support cost is then totaled and divided by the total average  
80 daily attendance for the selected school districts to yield the  
81 ancillary support cost component. The total base cost for each  
82 year shall be the sum of the instructional cost component,  
83 administrative cost component, plant and maintenance cost  
84 component and ancillary support cost component, and any estimated  
85 adjustments for additional state requirements as determined by the  
86 State Board of Education. Provided, however, that the base  
87 student cost in fiscal year 1998 shall be Two Thousand Six Hundred  
88 Sixty-four Dollars (\$2,664.00).

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

93           Multiply the average daily attendance of the district by the  
94 base student cost as established by the Legislature, which yields  
95 the total base program cost for each school district.

96           Beginning with fiscal year 2006-2007 and each fiscal year  
97 thereafter, the annual appropriation bill to fund the Mississippi  
98 Adequate Education Program shall identify the amount appropriated

99 to fund each component of instructional cost, including teacher  
100 salaries, administrative cost, plant and maintenance and ancillary  
101 support, as provided under paragraphs (b) and (c).

102 (d) **Adjustment to the base student cost for at-risk**  
103 **pupils.** The amount to be included for at-risk pupil programs for  
104 each school district shall be computed as follows: Multiply the  
105 base student cost for the appropriate fiscal year as determined  
106 under paragraph (b) by five percent (5%), and multiply that  
107 product by the number of pupils participating in the federal free  
108 school lunch program in such school district, which yields the  
109 total adjustment for at-risk pupil programs for such school  
110 district. Beginning with fiscal year 2006-2007 and each fiscal  
111 year thereafter, the appropriation bill to fund the Mississippi  
112 Adequate Education Program shall identify the amount appropriated  
113 to fund the at-risk pupil program component provided under this  
114 paragraph (d).

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

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

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

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

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

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

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

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

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

144 The sum of the items listed above (i) transportation, (ii)  
145 vocational or technical education, (iii) special education, (iv)  
146 gifted education, (v) alternative school, (vi) extended school  
147 year, (vii) university-based, and (viii) bus driver training shall  
148 yield the add-on cost for each school district. Beginning with  
149 fiscal year 2006-2007 and each fiscal year thereafter, the  
150 appropriation bill to fund the Mississippi Adequate Education  
151 Program shall identify the amount appropriated to fund each add-on  
152 cost component provided under this paragraph (e).

153 (f) **Total projected adequate education program cost.**

154 The total Mississippi Adequate Education Program Cost shall be the  
155 sum of the total basic adequate education program cost (paragraph  
156 (c)), and the adjustment to the base student cost for at-risk  
157 pupils (paragraph (d)) for each school district.

158 (g) **Supplemental grant to school districts.** In  
159 addition to the adequate education program grant, the State  
160 Department of Education shall annually distribute an additional  
161 amount as follows: Multiply the base student cost for the  
162 appropriate fiscal year as determined under paragraph (b) by  
163 thirteen one-hundredths percent (.13%) and multiply that product

164 by the average daily attendance of each school district. Such  
165 grant shall not be subject to the local revenue requirement  
166 provided in subsection (2).

167 (2) **Computation of the required local revenue in support of**  
168 **the adequate education program.** The amount that each district  
169 shall provide toward the cost of the adequate education program  
170 shall be calculated as follows:

171 (a) The State Board of Education shall certify to each  
172 school district that twenty-eight (28) mills, less the estimated  
173 amount of the yield of the School Ad Valorem Tax Reduction Fund  
174 grants as determined by the State Department of Education, is the  
175 millage rate required to provide the district required local  
176 effort for that year, or twenty-seven percent (27%) of the basic  
177 adequate education program cost for such school district as  
178 determined under subsection (c), whichever is a lesser amount. In  
179 the case of an agricultural high school the millage requirement  
180 shall be set at a level which generates an equitable amount per  
181 pupil to be determined by the State Board of Education.

182 (b) The State Board of Education shall determine (i)  
183 the total assessed valuation of nonexempt property for school  
184 purposes in each school district; (ii) assessed value of exempt  
185 property owned by homeowners aged sixty-five (65) or older or  
186 disabled as defined in Section 27-33-67(2), Mississippi Code of  
187 1972; (iii) the school district's tax loss from exemptions  
188 provided to applicants under the age of sixty-five (65) and not  
189 disabled as defined in Section 27-33-67(1), Mississippi Code of  
190 1972; and (iv) the school district's homestead reimbursement  
191 revenues.

192 (c) The amount of the total adequate education program  
193 funding which shall be contributed by each school district shall  
194 be the sum of the ad valorem receipts generated by the millage  
195 required under this subsection plus the following local revenue

196 sources for the appropriate fiscal year which are or may be  
197 available for current expenditure by the school district:

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

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

202 (a) The required state effort in support of the  
203 adequate education program shall be determined by subtracting the  
204 sum of the required local tax effort as set forth in subsection  
205 (2)(a) of this section and the other local revenue sources as set  
206 forth in subsection (2)(c) of this section in an amount not to  
207 exceed twenty-seven percent (27%) of the total projected adequate  
208 education program cost as set forth in subsection (1)(f) of this  
209 section from the total projected adequate education program cost  
210 as set forth in subsection (1)(f) of this section.

211 (b) Provided, however, that in fiscal year 1998 and in  
212 the fiscal year in which the adequate education program is fully  
213 funded by the Legislature, any increase in the said state  
214 contribution, including the supplemental grant to school districts  
215 provided under subsection (1)(g), to any district calculated under  
216 this section shall be not less than eight percent (8%) in excess  
217 of the amount received by said district from state funds for the  
218 fiscal year immediately preceding. For purposes of this paragraph  
219 (b), state funds shall include minimum program funds less the  
220 add-on programs, State Uniform Millage Assistance Grant Funds,  
221 Education Enhancement Funds appropriated for Uniform Millage  
222 Assistance Grants and state textbook allocations, and State  
223 General Funds allocated for textbooks.

224 (c) If the appropriation is less than full funding for  
225 fiscal year 2003, allocations for state contributions to school  
226 districts in support of the adequate education program will be  
227 determined by the State Department of Education in the following  
228 manner:

229                   (i) Calculation of the full funding amount under  
230 this chapter, with proportionate reductions as required by the  
231 appropriation level.

232                   (ii) Calculation of the amount equal to the state  
233 funds allocated to school districts for fiscal year 2002 plus the  
234 estimated amount to fund the adequate education program salary  
235 schedule for fiscal year 2003. For purposes of this item (ii),  
236 state funds shall be those described in paragraph (b) and an  
237 amount equal to the allocation for the adequate education program  
238 in fiscal year 2002, plus any additional amount required to  
239 satisfy fiscal year 2003 pledges in accordance with paragraphs  
240 (d), (e) and (f) of subsection (5) of this section. If a school  
241 district's fiscal year 2003 pledge is different than the pledge  
242 amount for fiscal year 2002, the district shall receive an amount  
243 equal to the fiscal year 2003 pledge or the amount of funds  
244 calculated under the adequate education formula for fiscal year  
245 2002 before any pledge guarantee for fiscal year 2002, whichever  
246 is greater. If the pledge is no longer in effect, the district  
247 shall receive the amount of funds calculated under the formula for  
248 fiscal year 2002 before any pledge guarantee for fiscal year 2002.

249                   (iii) The portion of any district's allocation  
250 calculated in item (i) of this paragraph which exceeds amounts as  
251 calculated in item (ii) shall be reduced by an amount not to  
252 exceed twenty-one percent (21%). The amount of funds generated by  
253 this reduction of funds shall be redistributed proportionately  
254 among those districts receiving insufficient funds to meet the  
255 amount calculated in item (ii). In no case may any district  
256 receive funds in an amount greater than the amount that the  
257 district would have received under full funding of the program for  
258 fiscal year 2003.

259                   (d) If the school board of any school district shall  
260 determine that it is not economically feasible or practicable to  
261 operate any school within the district for the full one hundred



262 eighty (180) days required for a school term of a scholastic year  
263 as required in Section 37-13-63, Mississippi Code of 1972, due to  
264 an enemy attack, a man-made, technological or natural disaster in  
265 which the Governor has declared a disaster emergency under the  
266 laws of this state or the President of the United States has  
267 declared an emergency or major disaster to exist in this state,  
268 said school board may notify the State Department of Education of  
269 such disaster and submit a plan for altering the school term. If  
270 the State Board of Education finds such disaster to be the cause  
271 of the school not operating for the contemplated school term and  
272 that such school was in a school district covered by the  
273 Governor's or President's disaster declaration, it may permit said  
274 school board to operate the schools in its district for less than  
275 one hundred eighty (180) days and, in such case, the State  
276 Department of Education shall not reduce the state contributions  
277 to the adequate education program allotment for such district,  
278 because of the failure to operate said schools for one hundred  
279 eighty (180) days.

280 (4) If during the year for which adequate education program  
281 funds are appropriated, any school district experiences a three  
282 percent (3%) or greater increase in average daily attendance  
283 during the second and third month over the preceding year's second  
284 and third month and the school district has requested a minimum  
285 increase of four percent (4%) in local ad valorem revenues over  
286 the previous year as authorized in Sections 37-57-104 and  
287 37-57-105, an additional allocation of adequate education program  
288 funds calculated in the following manner shall be granted to that  
289 district, using any additional funds available to the Department  
290 of Education that exceed the amount of funds due to the school  
291 districts under the basic adequate education program distribution  
292 as provided for in this chapter:

293 (a) Determine the percentage increase in average daily  
294 attendance for the second and third months of the year for which

295 adequate education program funds are appropriated over the  
296 preceding year's second and third month average daily attendance.

297 (b) For those districts that have a three percent (3%)  
298 or greater increase as calculated in paragraph (a) of this  
299 subsection, multiply the total increase in students in average  
300 daily attendance for the second and third months of the year for  
301 which adequate education program funds are appropriated over the  
302 preceding year's second and third month average daily attendance  
303 times the base student cost used in the appropriation.

304 (c) Subtract the percentage of the district's local  
305 contribution arrived at in subsection (2) of this section from the  
306 amount calculated in paragraph (b) of this subsection. The  
307 remainder is the additional allocation in adequate education  
308 program funds for that district.

309 If the funds available to the Department of Education are not  
310 sufficient to fully fund the additional allocations to school  
311 districts eligible for those allocations, then the department  
312 shall prorate the available funds among the eligible school  
313 districts, using the same percentage of the total funds that the  
314 school district would have received if the allocations were fully  
315 funded. The State Department of Education shall study and develop  
316 a report to the Chairmen of the Senate and House Committees on  
317 Education by January 1, 2005, with options for legislative  
318 consideration that will insure that the Mississippi Adequate  
319 Education funds are distributed to school districts based on  
320 current year student attendance or enrollment.

321 This subsection (4) shall stand repealed on July 1, 2006.

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

328 Mississippi Code of 1972, until such time as the said adequate  
329 education program is fully funded by the Legislature. The  
330 following percentages of the total state cost of increased  
331 allocations of funds under the adequate education program funding  
332 formula shall be appropriated by the Legislature into the Interim  
333 School District Capital Expenditure Fund to be distributed to all  
334 school districts under the formula: Nine and two-tenths percent  
335 (9.2%) shall be appropriated in fiscal year 1998, twenty percent  
336 (20%) shall be appropriated in fiscal year 1999, forty percent  
337 (40%) shall be appropriated in fiscal year 2000, sixty percent  
338 (60%) shall be appropriated in fiscal year 2001, eighty percent  
339 (80%) shall be appropriated in fiscal year 2002, and one hundred  
340 percent (100%) shall be appropriated in fiscal year 2003 into the  
341 State Adequate Education Program Fund created in subsection (4).  
342 Until July 1, 2002, such money shall be used by school districts  
343 for the following purposes:

344           (a) Purchasing, erecting, repairing, equipping,  
345 remodeling and enlarging school buildings and related facilities,  
346 including gymnasiums, auditoriums, lunchrooms, vocational training  
347 buildings, libraries, school barns and garages for transportation  
348 vehicles, school athletic fields and necessary facilities  
349 connected therewith, and purchasing land therefor. Any such  
350 capital improvement project by a school district shall be approved  
351 by the State Board of Education, and based on an approved  
352 long-range plan. The State Board of Education shall promulgate  
353 minimum requirements for the approval of school district capital  
354 expenditure plans.

355           (b) Providing necessary water, light, heating, air  
356 conditioning, and sewerage facilities for school buildings, and  
357 purchasing land therefor.

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

360 if such refinancing will result in an interest cost savings to the  
361 district.

362 (d) From and after October 1, 1997, through June 30,  
363 1998, pursuant to a school district capital expenditure plan  
364 approved by the State Department of Education, a school district  
365 may pledge such funds until July 1, 2002, plus funds provided for  
366 in paragraph (e) of this subsection (5) that are not otherwise  
367 permanently pledged under such paragraph (e) to pay all or a  
368 portion of the debt service on debt issued by the school district  
369 under Sections 37-59-1 through 37-59-45, 37-59-101 through  
370 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,  
371 37-7-301, 37-7-302 and 37-41-81, Mississippi Code of 1972, or debt  
372 issued by boards of supervisors for agricultural high schools  
373 pursuant to Section 37-27-65, Mississippi Code of 1972, or  
374 lease-purchase contracts entered into pursuant to Section 31-7-13,  
375 Mississippi Code of 1972, or to retire or refinance outstanding  
376 debt of a district, if such pledge is accomplished pursuant to a  
377 written contract or resolution approved and spread upon the  
378 minutes of an official meeting of the district's school board or  
379 board of supervisors. It is the intent of this provision to allow  
380 school districts to irrevocably pledge their Interim School  
381 District Capital Expenditure Fund allotments as a constant stream  
382 of revenue to secure a debt issued under the foregoing code  
383 sections. To allow school districts to make such an irrevocable  
384 pledge, the state shall take all action necessary to ensure that  
385 the amount of a district's Interim School District Capital  
386 Expenditure Fund allotments shall not be reduced below the amount  
387 certified by the department or the district's total allotment  
388 under the Interim Capital Expenditure Fund if fully funded, so  
389 long as such debt remains outstanding.

390 (e) [Deleted]

391 (f) As an alternative to the authority granted under  
392 paragraph (e), a school district, in its discretion, may authorize

393 the State Board of Education to withhold an amount of the  
394 district's adequate education program allotment equal to up to One  
395 Hundred Sixty Dollars (\$160.00) per student in average daily  
396 attendance in the district to be allocated to the State Public  
397 School Building Fund to the credit of such school district. A  
398 school district may choose the option provided under this  
399 paragraph (e) or paragraph (f), but not both. In addition to the  
400 grants made by the state pursuant to Section 37-47-9, a school  
401 district shall be entitled to grants based on the allotments to  
402 the State Public School Building Fund credited to such school  
403 district under this paragraph. This paragraph (f) shall stand  
404 repealed from and after June 30, 1998.

405 (g) The State Board of Education may authorize the  
406 school district to expend not more than twenty percent (20%) of  
407 its annual allotment of such funds or Twenty Thousand Dollars  
408 (\$20,000.00), whichever is greater, for technology needs of the  
409 school district, including computers, software,  
410 telecommunications, cable television, interactive video, film  
411 low-power television, satellite communications, microwave  
412 communications, technology-based equipment installation and  
413 maintenance, and the training of staff in the use of such  
414 technology-based instruction. Any such technology expenditure  
415 shall be reflected in the local district technology plan approved  
416 by the State Board of Education under Section 37-151-17,  
417 Mississippi Code of 1972.

418 (h) To the extent a school district has not utilized  
419 twenty percent (20%) of its annual allotment for technology  
420 purposes under paragraph (g), a school district may expend not  
421 more than twenty percent (20%) of its annual allotment or Twenty  
422 Thousand Dollars (\$20,000.00), whichever is greater, for  
423 instructional purposes. The State Board of Education may  
424 authorize a school district to expend more than said twenty  
425 percent (20%) of its annual allotment for instructional purposes

426 if it determines that such expenditures are needed for  
427 accreditation purposes.

428 (i) The State Department of Education or the State  
429 Board of Education may require that any project commenced under  
430 this section with an estimated project cost of not less than Five  
431 Million Dollars (\$5,000,000.00) shall be done only pursuant to  
432 program management of the process with respect to design and  
433 construction. Any individuals, partnerships, companies or other  
434 entities acting as a program manager on behalf of a local school  
435 district and performing program management services for projects  
436 covered under this subsection shall be approved by the State  
437 Department of Education.

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

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

445 **SECTION 2.** Section 37-61-9, Mississippi Code of 1972, is  
446 amended as follows:

447 37-61-9. (1) On or before the fifteenth day of August of  
448 each year, the local school board of each school district, with  
449 the assistance of the superintendent of schools, shall prepare and  
450 file with the levying authority for the school district, as  
451 defined in Section 37-57-1, Mississippi Code of 1972, at least two  
452 (2) copies of a budget of estimated expenditures for the support,  
453 maintenance and operation of the public schools of the school  
454 district for the fiscal year commencing on July 1 of such year.  
455 Such budget shall be prepared on forms prescribed and provided by  
456 the State Auditor and shall contain such information as the State  
457 Auditor may require. Beginning with fiscal year 2006-2007 and  
458 fiscal years thereafter, each school district's budget shall

459 contain a detailed statement of the estimated amounts to be  
460 expended for each instructional program and add-on program  
461 component identified in the annual legislative appropriation bill  
462 to fund the Mississippi Adequate Education Program as provided in  
463 Section 37-151-7 (1) (b), (d) and (e), and it shall show  
464 separately the amounts of such expenses to be paid from adequate  
465 education program funds, local school district maintenance funds  
466 and other available funds. The budget shall also contain a  
467 detailed statement of the revenues which will be available for  
468 defraying the expenses of and maintaining and operating the  
469 schools of such district during the fiscal year for which the  
470 budget is prepared, which statement of estimated revenues shall be  
471 divided as to sources and shall show the amount available from  
472 each source. The State Board of Education shall prescribe and  
473 provide forms to each school district for this purpose. When an  
474 operating budget has been approved by the local school board and  
475 Mississippi Adequate Education Program funds have been provided by  
476 appropriation of the Legislature, the amount approved shall be  
477 available by budget category and each budget category shall  
478 constitute the maximum amount of obligations or indebtedness which  
479 may be incurred by the school district for such purpose during the  
480 fiscal year. Unless otherwise specified in the Mississippi  
481 Adequate Education Program appropriation bill, in the event any  
482 emergency or unforeseen circumstances shall arise, the local  
483 school board may authorize increases in major objects of  
484 expenditure within such school districts allocation of each  
485 specific budget category within the appropriation bill for the  
486 current year in total amounts not to exceed ten percent (10%) of  
487 the appropriated amount of each object, provided that other major  
488 objects of expenditure are decreased by a corresponding dollar  
489 amount. However, no transfers shall be authorized which decrease  
490 the major object of expenditure "Salaries, Wages and Fringe  
491 Benefits," or which decrease the major object of expenditure

492 "Capital Outlay--Equipment." The superintendent of schools for  
493 such school district requesting a transfer shall submit written  
494 justification for the transfer to the State Board of Education on  
495 or before the fifteenth of the month prior to the effective date  
496 of the transfer and the transfer shall be effective the first  
497 working day of the month following timely submissions required  
498 herein. In cases of extreme hardship, certified in writing by the  
499 superintendent of schools, the State Board of Education may, in  
500 its discretion, authorize an earlier effective date for the  
501 transfer.

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

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

521 (4) Beginning with the fiscal year 1995-1996, there shall be  
522 imposed limitations on budgeted expenditures for certain  
523 administration costs, as defined hereinafter, in an amount not  
524 greater than One Hundred Fifty Thousand Dollars (\$150,000.00) plus



525 four percent (4%) of the expenditures of all school districts each  
526 year. For purposes of this subsection, "administration costs"  
527 shall be defined as expenditures for salaries and fringe benefits  
528 paid for central administration costs from all sources of revenue  
529 in the following expenditure functions as defined in the  
530 MISSISSIPPI PUBLIC SCHOOL DISTRICT FINANCIAL ACCOUNTING MANUAL:

- 531 2300 = Support Services - General Administration
- 532 2310 = Board of Education Services
- 533 2320 = Executive Administration Services
- 534 2330 = Special Area Administration Services
- 535 2500 = Business Services
- 536 2510 = Fiscal Services
- 537 2520 = Purchasing Services
- 538 2530 = Warehousing and Distributing Services
- 539 2540 = Printing, Publishing and Duplicating Services
- 540 2590 = Other Support Services - Business
- 541 2800 = Support Services - Central
- 542 2810 = Planning, Research, Development and Evaluation
- 543 2820 = Information Services
- 544 2830 = Staff Services
- 545 2840 = Data Processing Services

546 Any costs classified as "administration costs" for purposes  
547 of this subsection which can be demonstrated by the local school  
548 district to be an expenditure that results in a net cost savings  
549 to the district that may otherwise require budget expenditures for  
550 functions not covered under the definition of administration costs  
551 herein may be excluded from the limitations imposed herein. The  
552 local school board shall make a specific finding of such costs and  
553 spread such finding upon its minutes, which shall be subject to  
554 the approval of the Office of Educational Accountability of the  
555 State Department of Education. Any school district required to  
556 make expenditure cuts, as a result of application of this  
557 subsection, shall not be required to reduce such expenditures more

558 than twenty-five percent (25%) in any year in order to comply with  
559 this mandate.

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

563 This section shall not apply to central administration with  
564 five (5) or less full-time employees, or to those school districts  
565 which can substantiate that comparable reductions have occurred in  
566 administrative costs for the five-year period immediately prior to  
567 school year 1993-1994. In the event the application of this  
568 section may jeopardize the fiscal integrity or operations of the  
569 school district, have an adverse impact on the ability of the  
570 district to deliver educational services, or otherwise restrict  
571 the district from achieving or maintaining a quality education  
572 program, the State Board of Education shall be authorized to  
573 exempt the application of this section to such school district  
574 pursuant to rules and regulations of the State Board of Education  
575 consistent with the intent of this section.

576 **SECTION 3.** Section 37-61-19, Mississippi Code of 1972, is  
577 amended as follows:

578 37-61-19. It shall be the duty of the superintendents of  
579 schools and the school boards of all school districts to limit the  
580 expenditure of school funds during the fiscal year to the  
581 resources available. It shall be unlawful for any school district  
582 to budget expenditures from a fund or specific budget category as  
583 provided in Section 37-61-9(1), in excess of the resources  
584 available within that fund. Furthermore, it shall be unlawful for  
585 any contract to be entered into or any obligation incurred or  
586 expenditure made in excess of the resources available for such  
587 fiscal year. Any member of the school board, superintendent of  
588 schools, or other school official, who shall knowingly enter into  
589 any contract, incur any obligation, or make any expenditure in  
590 excess of the amount available in a specific budget category for

591 the fiscal year shall be personally liable for the amount of such  
592 excess. However, no school board member, superintendent or other  
593 school official shall be personally liable (a) in the event of any  
594 reduction in adequate education program payments by action of the  
595 Governor acting through the Department of Finance and  
596 Administration, or (b) for claims, damages, awards or judgments,  
597 on account of any wrongful or tortious act or omission or breach  
598 of implied term or condition of any warranty or contract;  
599 provided, however, that the foregoing immunity provisions shall  
600 not be a defense in cases of fraud, criminal action or an  
601 intentional breach of fiduciary obligations imposed by statute.

602       **SECTION 4.** This act shall take effect and be in force from  
603 and after its passage.