

By: Representative Brown

To: Education

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 215

1 AN ACT TO AMEND SECTIONS 37-151-5 AND 37-151-7, MISSISSIPPI
2 CODE OF 1972, TO REVISE CERTAIN COMPONENTS OF THE MISSISSIPPI
3 ADEQUATE EDUCATION PROGRAM FORMULA; TO REVISE CERTAIN DEFINITIONS
4 UNDER THE FORMULA; TO REVISE THE FORMULA FOR COMPUTING AVERAGE
5 DAILY ATTENDANCE OF STUDENTS FOR PURPOSES OF THE ADEQUATE
6 EDUCATION PROGRAM; TO REVISE THE DETERMINATION OF BASE STUDENT
7 COST UNDER THE FORMULA BY PROVIDING FOR THE SELECTION OF SCHOOL
8 DISTRICTS FOR THE INSTRUCTIONAL COST COMPONENT, FOR THE
9 ADMINISTRATIVE COST COMPONENT, FOR THE PLANT AND MAINTENANCE COST
10 COMPONENT AND FOR THE ANCILLARY SUPPORT COST COMPONENT; TO PROVIDE
11 THAT THE BASE STUDENT COST SHALL BE COMPUTED UNDER THE FORMULA BY
12 THE STATE BOARD OF EDUCATION ONCE EVERY FOUR YEARS AND INCREASED
13 BY CERTAIN FACTORS DURING THE INTERVENING YEARS; TO INCREASE THE
14 PERCENTAGE ADJUSTMENT TO THE BASE STUDENT COST FOR AT-RISK
15 STUDENTS; TO PROVIDE FOR THE PROCEDURE FOR ALLOCATING ADEQUATE
16 EDUCATION PROGRAM FUNDS IN ANY YEAR IN WHICH THE FORMULA IS NOT
17 FULLY FUNDED BY THE LEGISLATURE; TO DELETE THE AUTHORITY FOR A
18 SUPPLEMENTAL GRANT TO SCHOOL DISTRICTS; TO PROVIDE THAT ANY FEES
19 RECEIVED IN LIEU OF TAXES SHALL BE INCLUDED IN THE AMOUNT OF
20 REQUIRED LOCAL CONTRIBUTION TO THE SUPPORT OF THE ADEQUATE
21 EDUCATION PROGRAM; TO DELETE THE CALCULATION FOR GRANTS TO CERTAIN
22 HIGH GROWTH SCHOOL DISTRICTS; AND FOR RELATED PURPOSES.

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

24 **SECTION 1.** Section 37-151-5, Mississippi Code of 1972, is
25 amended as follows:

26 37-151-5. As used in Sections * * * 37-151-5 and 37-151-7:

27 (a) "Adequate program" or "adequate education program"
28 or "Mississippi Adequate Education Program (MAEP)" shall mean the
29 program to establish adequate current operation funding levels
30 necessary for the programs of such school district to meet at
31 least a successful Level III rating of the accreditation system as
32 established by the State Board of Education using current
33 statistically relevant state assessment data.

34 (b) "Educational programs or elements of programs not
35 included in the adequate education program calculations, but which
36 may be included in appropriations and transfers to school
37 districts" shall mean:

38 (i) "Capital outlay" shall mean those funds used
39 for the constructing, improving, equipping, renovating or major
40 repairing of school buildings or other school facilities, or the
41 cost of acquisition of land whereon to construct or establish such
42 school facilities.

43 (ii) "Pilot programs" shall mean programs of a
44 pilot or experimental nature usually designed for special purposes
45 and for a specified period of time other than those included in
46 the adequate education program.

47 (iii) "Adult education" shall mean public
48 education dealing primarily with students above eighteen (18)
49 years of age not enrolled as full-time public school students and
50 not classified as students of technical schools, colleges or
51 universities of the state.

52 (iv) "Food service programs" shall mean those
53 programs dealing directly with the nutritional welfare of the
54 student, such as the school lunch and school breakfast programs.

55 (c) "Base student" shall mean that student
56 classification that represents the most economically educated
57 pupil in a school system meeting the definition of successful, as
58 determined by the State Board of Education.

59 (d) "Base student cost" shall mean the funding level
60 necessary for providing an adequate education program for one (1)
61 base student, subject to any minimum amounts prescribed in Section
62 37-151-7(1).

63 (e) "Add-on program costs" shall mean those items which
64 are included in the adequate education program appropriations and
65 are outside of the program calculations:

66 (i) "Transportation" shall mean transportation to
67 and from public schools for the students of Mississippi's public
68 schools provided for under law and funded from state funds.

69 (ii) "Vocational or technical education program"
70 shall mean a secondary vocational or technical program approved by

71 the State Department of Education and provided for from state
72 funds.

73 (iii) "Special education program" shall mean a
74 program for exceptional children as defined and authorized by
75 Sections 37-23-1 through 37-23-9, and approved by the State
76 Department of Education and provided from state funds.

77 (iv) "Gifted education program" shall mean those
78 programs for the instruction of intellectually or academically
79 gifted children as defined and provided for in Section 37-23-175
80 et seq.

81 (v) "Alternative school program" shall mean those
82 programs for certain compulsory-school-age students as defined and
83 provided for in Sections 37-13-92 and 37-19-22.

84 (vi) "Extended school year programs" shall mean
85 those programs authorized by law which extend beyond the normal
86 school year.

87 (vii) "University-based programs" shall mean those
88 university-based programs for handicapped children as defined and
89 provided for in Section 37-23-131 et seq.

90 (viii) "Bus driver training" programs shall mean
91 those driver training programs as provided for in Section 37-41-1.

92 (f) "Teacher" shall include any employee of a local
93 school who is required by law to obtain a teacher's license from
94 the State Board of Education and who is assigned to an
95 instructional area of work as defined by the State Department of
96 Education.

97 (g) "Principal" shall mean the head of an attendance
98 center or division thereof.

99 (h) "Superintendent" shall mean the head of a school
100 district.

101 (i) "School district" shall mean any type of school
102 district in the State of Mississippi, and shall include
103 agricultural high schools.

104 (j) "Minimum school term" shall mean a term of at least
105 one hundred eighty (180) days of school in which both teachers and
106 pupils are in regular attendance for scheduled classroom
107 instruction for not less than sixty percent (60%) of the normal
108 school day. It is the intent of the Legislature that any tax
109 levies generated to produce additional local funds required by any
110 school district to operate school terms in excess of one hundred
111 seventy-five (175) days shall not be construed to constitute a new
112 program for the purposes of exemption from the limitation on tax
113 revenues as allowed under Sections 27-39-321 and 37-57-107 for new
114 programs mandated by the Legislature.

115 (k) The term "transportation density" shall mean the
116 number of transported children in average daily attendance per
117 square mile of area served in a school district, as determined by
118 the State Department of Education.

119 (l) The term "transported children" shall mean children
120 being transported to school who live within legal limits for
121 transportation and who are otherwise qualified for being
122 transported to school at public expense as fixed by Mississippi
123 state law.

124 (m) The term "year of teaching experience" shall mean
125 nine (9) months of actual teaching in the public or private
126 schools. In no case shall more than one (1) year of teaching
127 experience be given for all services in one (1) calendar or school
128 year. In determining a teacher's experience, no deduction shall
129 be made because of the temporary absence of the teacher because of
130 illness or other good cause, and the teacher shall be given credit
131 therefor. Beginning with the 2003-2004 school year, the State
132 Board of Education shall fix a number of days, not to exceed
133 forty-five (45) consecutive school days, during which a teacher
134 may not be under contract of employment during any school year and
135 still be considered to have been in full-time employment for a
136 regular scholastic term. If a teacher exceeds the number of days

137 established by the State Board of Education that a teacher may not
138 be under contract but may still be employed, that teacher shall
139 not be credited with a year of teaching experience. In
140 determining the experience of school librarians, each complete
141 year of continuous, full-time employment as a professional
142 librarian in a public library in this or some other state shall be
143 considered a year of teaching experience. If a full-time school
144 administrator returns to actual teaching in the public schools,
145 the term "year of teaching experience" shall include the period of
146 time he or she served as a school administrator. In determining
147 the salaries of teachers who have experience in any branch of the
148 military, the term "year of teaching experience" shall include
149 each complete year of actual classroom instruction while serving
150 in the military. In determining the experience of speech-language
151 pathologists and audiologists, each complete year of continuous
152 full-time post master's degree employment in an educational
153 setting in this or some other state shall be considered a year of
154 teaching experience.

155 (n) The term "average daily attendance" shall be the
156 figure which results when the total aggregate attendance during
157 the period or months counted is divided by the number of days
158 during the period or months counted upon which both teachers and
159 pupils are in regular attendance for scheduled classroom
160 instruction less the average daily attendance for self-contained
161 special education classes and, prior to full implementation of the
162 adequate education program the department shall deduct the average
163 daily attendance for the alternative school program provided for
164 in Section 37-19-22.

165 (o) The term "local supplement" shall mean the amount
166 paid to an individual teacher over and above the adequate
167 education program salary schedule for regular teaching duties.

168 (p) The term "aggregate amount of support from ad
169 valorem taxation" shall mean the amounts produced by the
170 district's total tax levies for operations.

171 (q) The term "adequate education program funds" shall
172 mean all funds, both state and local, constituting the
173 requirements for meeting the cost of the adequate program as
174 provided for in Section 37-151-7.

175 (r) "Department" shall mean the State Department of
176 Education.

177 (s) "Commission" shall mean the Mississippi Commission
178 on School Accreditation created under Section 37-17-3.

179 (t) The term "successful school district" shall mean a
180 Level III school district as designated by the State Board of
181 Education using current statistically relevant state assessment
182 data.

183 **SECTION 2.** Section 37-151-7, Mississippi Code of 1972, is
184 amended as follows:

185 37-151-7. The annual allocation to each school district for
186 the operation of the adequate education program shall be
187 determined as follows:

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

192 (a) **Determination of average daily attendance.** The
193 State Department of Education shall determine the percentage
194 change from the prior year of each year of each school district's
195 average of months two (2) and three (3) average daily attendance
196 (ADA) for the three (3) immediately preceding school years of the
197 year for which funds are being appropriated. For any school
198 district that experiences a positive growth in the average of
199 months two (2) and three (3) ADA each year of the three (3) years,
200 the average percentage growth over the three-year period shall be

201 multiplied times the school district's average of months two (2)
202 and three (3) ADA for the year immediately preceding the year for
203 which MAEP funds are being appropriated. The resulting amount
204 shall be added to the school district's average of months two (2)
205 and three (3) ADA for the year immediately preceding the year for
206 which MAEP funds are being appropriated to arrive at the ADA to be
207 used in determining a school district's MAEP allocation.
208 Otherwise, months two (2) and three (3) ADA for the year
209 immediately preceding the year for which MAEP funds are being
210 appropriated will be used in determining a school district's MAEP
211 allocation. In any fiscal year prior to 2009 in which the MAEP
212 formula is not fully funded, for those districts that do not
213 demonstrate a three-year positive growth in months two (2) and
214 three (3) ADA, months one (1) through nine (9) ADA of the second
215 preceding year for which funds are being appropriated or months
216 two (2) and three (3) ADA of the preceding year for which funds
217 are being appropriated, whichever is greater, shall be used to
218 calculate the district's MAEP allocation. The district's average
219 daily attendance shall be computed and currently maintained in
220 accordance with regulations promulgated by the State Board of
221 Education.

222 (b) **Determination of base student cost.** For fiscal
223 year 2006 and every fourth fiscal year thereafter, the State Board
224 of Education, on or before August 1, with adjusted estimate no
225 later than January 2, shall * * * submit to the Legislative Budget
226 Office and the Governor a proposed base student cost adequate to
227 provide the following cost components of educating a pupil in a
228 successful school district: (i) Instructional Cost; (ii)
229 Administrative Cost; (iii) Operation and Maintenance of Plant; and
230 (iv) Ancillary Support Cost. For purposes of these calculations,
231 the Department of Education shall utilize financial data from the
232 second preceding year of the year for which funds are being
233 appropriated.

234 For the instructional cost component, the Department of
235 Education shall select districts that have been identified as
236 instructionally successful and have a ratio of a number of
237 teachers per one thousand (1,000) students that is between one
238 standard deviation above the mean and two standard deviations
239 below the mean of the statewide average of teachers per one
240 thousand (1,000) students. The instructional cost component shall
241 be calculated by dividing the latest available months 1-9 ADA into
242 the instructional expenditures of these selected districts. For
243 the purpose of this calculation, the Department of Education shall
244 use the following funds, functions and objects:

245 Fund 1120 Functions 1110-1199 Objects 100-999, Functions
246 1210, 1220, 2150-2159 Objects 210 and 215;

247 Fund 1130 All Functions, Object Code 210 and 215;

248 Fund 2001 Functions 1110-1199 Objects 100-999;

249 Fund 2070 Functions 1110-1199 Objects 100-999;

250 Fund 2420 Functions 1110-1199 Objects 100-999;

251 Fund 2711 All Functions, Object Code 210 and 215.

252 Prior to the calculation of the instructional cost component,
253 there shall be subtracted from the above expenditures any revenue
254 received for Chickasaw Cession payments, Master Teacher
255 Certification payments and the district's portion of state revenue
256 received from the MAEP at-risk allocation.

257 For the administrative cost component, the Department of
258 Education shall select districts that have been identified as
259 instructionally successful and have a ratio of an administrative
260 staff to nonadministrative staff between one standard deviation
261 above the mean and two standard deviations below the mean of the
262 statewide average administrative staff to nonadministrative staff.
263 The administrative cost component shall be calculated by dividing
264 the latest available months 1-9 ADA of the selected districts into
265 the administrative expenditures of these selected districts. For

266 the purpose of this calculation, the Department of Education shall
267 use the following funds, functions and objects:

268 Fund 1120 Functions 2300-2599, Functions 2800-2899,
269 Objects 100-999;

270 Fund 2711 Functions 2300-2599, Functions 2800-2899,
271 Objects 100-999.

272 For the plant and maintenance cost component, the Department
273 of Education shall select districts that have been identified as
274 instructionally successful and have a ratio of plant and
275 maintenance expenditures per one hundred thousand (100,000) square
276 feet of building space and a ratio of maintenance workers per one
277 hundred thousand (100,000) square feet of building space that are
278 both between one standard deviation above the mean and two
279 standard deviations below the mean of the statewide average. The
280 plant and maintenance cost component shall be calculated by
281 dividing the latest available months 1-9 ADA of the selected
282 districts into the plant and maintenance expenditures of these
283 selected districts. For the purpose of this calculation, the
284 Department of Education shall use the following funds, functions
285 and objects:

286 Fund 1120 Functions 2600-2699, Objects 100-699
287 and Objects 800-999;

288 Fund 2711 Functions 2600-2699, Objects 100-699
289 and Objects 800-999;

290 Fund 2430 Functions 2600-2699, Objects 100-699
291 and Objects 800-999.

292 For the ancillary support cost component, the Department of
293 Education shall select districts that have been identified as
294 instructionally successful and have a ratio of a number of
295 librarians, media specialists, guidance counselors and
296 psychologists per one thousand (1,000) students that is between
297 one standard deviation above the mean and two standard deviations
298 below the mean of the statewide average of librarians, media

299 specialists, guidance counselors and psychologists per one
300 thousand (1,000) students. The ancillary cost component shall be
301 calculated by dividing the latest available months 1-9 ADA into
302 the ancillary expenditures instructional expenditures of these
303 selected districts. For the purpose of this calculation, the
304 Department of Education shall use the following funds, functions
305 and objects:

306 Fund 1120 Functions 2110-2129, Objects 100-999;

307 Fund 1120 Functions 2140-2149, Objects 100-999;

308 Fund 1120 Functions 2220-2229, Objects 100-999;

309 Fund 2001 Functions 2100-2299, Objects 100-999;

310 Fund 2001 Functions 2140-2149, Objects 100-999;

311 Fund 2001 Functions 2220-2229, Objects 100-999.

312 The total base cost for each year shall be the sum of the
313 instructional cost component, administrative cost component, plant
314 and maintenance cost component and ancillary support cost
315 component, and any estimated adjustments for additional state
316 requirements as determined by the State Board of Education.

317 Provided, however, that the base student cost in fiscal year 1998
318 shall be Two Thousand Six Hundred Sixty-four Dollars (\$2,664.00).

319 For each of the fiscal years between the recalculation of the
320 base student cost under the provisions of this paragraph (b), the
321 base student cost shall be increased by an amount equal to forty
322 percent (40%) of the base student cost for the previous fiscal
323 year, multiplied by the latest annual rate of inflation for the
324 State of Mississippi as determined by the State Economist, plus
325 any adjustments for additional state requirements such as, but not
326 limited to, teacher pay raises and health insurance premium
327 increases.

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

332 Multiply the average daily attendance of the district by the
333 base student cost as established by the Legislature, which yields
334 the total base program cost for each school district.

335 (d) **Adjustment to the base student cost for at-risk**
336 **pupils.** The amount to be included for at-risk pupil programs for
337 each school district shall be computed as follows: Multiply the
338 base student cost for the appropriate fiscal year as determined
339 under paragraph (b) by one hundred fourteen percent (114%), and
340 multiply that product by the number of pupils participating in the
341 federal free school lunch program in such school district, which
342 yields the total adjustment for at-risk pupil programs for such
343 school district.

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

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

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

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

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

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

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

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

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

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

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

379 The total Mississippi Adequate Education Program cost shall be the
380 sum of the total basic adequate education program cost (paragraph
381 (c)), and the adjustment to the base student cost for at-risk
382 pupils (paragraph (d)) for each school district. In any year in
383 which the MAEP is not fully funded, the Legislature shall direct
384 the Department of Education in the K-12 appropriation bill as to
385 how to allocate MAEP funds to school districts for that year.

386 * * *

387 (g) The State Auditor shall annually verify the State
388 Board of Education's estimated calculations for the Mississippi
389 Adequate Education Program that are submitted each year to the
390 Legislative Budget Office on August 1 and the final calculation
391 that is submitted on January 2.

392 (2) **Computation of the required local revenue in support of**
393 **the adequate education program.** The amount that each district
394 shall provide toward the cost of the adequate education program
395 shall be calculated as follows:

396 (a) The State Department of Education shall certify to
397 each school district that twenty-eight (28) mills, less the
398 estimated amount of the yield of the School Ad Valorem Tax
399 Reduction Fund grants as determined by the State Department of
400 Education, is the millage rate required to provide the district
401 required local effort for that year, or twenty-seven percent (27%)
402 of the basic adequate education program cost for such school
403 district as determined under paragraph (c), whichever is a lesser
404 amount. In the case of an agricultural high school the millage
405 requirement shall be set at a level which generates an equitable
406 amount per pupil to be determined by the State Board of Education.

407 (b) The State Department of Education shall determine
408 (i) the total assessed valuation of nonexempt property for school
409 purposes in each school district; (ii) assessed value of exempt
410 property owned by homeowners aged sixty-five (65) or older or
411 disabled as defined in Section 27-33-67(2), Mississippi Code of
412 1972; (iii) the school district's tax loss from exemptions
413 provided to applicants under the age of sixty-five (65) and not
414 disabled as defined in Section 27-33-67(1), Mississippi Code of
415 1972; and (iv) the school district's homestead reimbursement
416 revenues.

417 (c) The amount of the total adequate education program
418 funding which shall be contributed by each school district shall
419 be the sum of the ad valorem receipts generated by the millage
420 required under this subsection plus the following local revenue
421 sources for the appropriate fiscal year which are or may be
422 available for current expenditure by the school district:

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

425 One hundred percent (100%) of any fees in lieu of taxes as
426 prescribed in Section 27-31-104.

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

429 (a) The required state effort in support of the
430 adequate education program shall be determined by subtracting the
431 sum of the required local tax effort as set forth in subsection
432 (2)(a) of this section and the other local revenue sources as set
433 forth in subsection (2)(c) of this section in an amount not to
434 exceed twenty-seven percent (27%) of the total projected adequate
435 education program cost as set forth in subsection (1)(f) of this
436 section from the total projected adequate education program cost
437 as set forth in subsection (1)(f) of this section.

438 (b) Provided, however, that in fiscal year 1998 and in
439 the fiscal year in which the adequate education program is fully
440 funded by the Legislature, any increase in the said state
441 contribution * * * to any district calculated under this section
442 shall be not less than eight percent (8%) in excess of the amount
443 received by said district from state funds for the fiscal year
444 immediately preceding. For purposes of this paragraph (b), state
445 funds shall include minimum program funds less the add-on
446 programs, State Uniform Millage Assistance Grant Funds, Education
447 Enhancement Funds appropriated for Uniform Millage Assistance
448 Grants and state textbook allocations, and State General Funds
449 allocated for textbooks.

450 * * *

451 (c) If the school board of any school district shall
452 determine that it is not economically feasible or practicable to
453 operate any school within the district for the full one hundred
454 eighty (180) days required for a school term of a scholastic year
455 as required in Section 37-13-63, Mississippi Code of 1972, due to
456 an enemy attack, a man-made, technological or natural disaster in
457 which the Governor has declared a disaster emergency under the
458 laws of this state or the President of the United States has
459 declared an emergency or major disaster to exist in this state,
460 said school board may notify the State Department of Education of
461 such disaster and submit a plan for altering the school term. If

462 the State Board of Education finds such disaster to be the cause
463 of the school not operating for the contemplated school term and
464 that such school was in a school district covered by the
465 Governor's or President's disaster declaration, it may permit said
466 school board to operate the schools in its district for less than
467 one hundred eighty (180) days and, in such case, the State
468 Department of Education shall not reduce the state contributions
469 to the adequate education program allotment for such district,
470 because of the failure to operate said schools for one hundred
471 eighty (180) days.

472 * * *

473 (4) The Interim School District Capital Expenditure Fund is
474 hereby established in the State Treasury which shall be used to
475 distribute any funds specifically appropriated by the Legislature
476 to such fund to school districts entitled to increased allocations
477 of state funds under the adequate education program funding
478 formula prescribed in Sections 37-151-3 through 37-151-7,
479 Mississippi Code of 1972, until such time as the said adequate
480 education program is fully funded by the Legislature. The
481 following percentages of the total state cost of increased
482 allocations of funds under the adequate education program funding
483 formula shall be appropriated by the Legislature into the Interim
484 School District Capital Expenditure Fund to be distributed to all
485 school districts under the formula: Nine and two-tenths percent
486 (9.2%) shall be appropriated in fiscal year 1998, twenty percent
487 (20%) shall be appropriated in fiscal year 1999, forty percent
488 (40%) shall be appropriated in fiscal year 2000, sixty percent
489 (60%) shall be appropriated in fiscal year 2001, eighty percent
490 (80%) shall be appropriated in fiscal year 2002, and one hundred
491 percent (100%) shall be appropriated in fiscal year 2003 into the
492 State Adequate Education Program Fund * * *. Until July 1, 2002,
493 such money shall be used by school districts for the following
494 purposes:

495 (a) Purchasing, erecting, repairing, equipping,
496 remodeling and enlarging school buildings and related facilities,
497 including gymnasiums, auditoriums, lunchrooms, vocational training
498 buildings, libraries, school barns and garages for transportation
499 vehicles, school athletic fields and necessary facilities
500 connected therewith, and purchasing land therefor. Any such
501 capital improvement project by a school district shall be approved
502 by the State Board of Education, and based on an approved
503 long-range plan. The State Board of Education shall promulgate
504 minimum requirements for the approval of school district capital
505 expenditure plans.

506 (b) Providing necessary water, light, heating, air
507 conditioning, and sewerage facilities for school buildings, and
508 purchasing land therefor.

509 (c) Paying debt service on existing capital improvement
510 debt of the district or refinancing outstanding debt of a district
511 if such refinancing will result in an interest cost savings to the
512 district.

513 (d) From and after October 1, 1997, through June 30,
514 1998, pursuant to a school district capital expenditure plan
515 approved by the State Department of Education, a school district
516 may pledge such funds until July 1, 2002, plus funds provided for
517 in paragraph (e) of this subsection (4) that are not otherwise
518 permanently pledged under such paragraph (e) to pay all or a
519 portion of the debt service on debt issued by the school district
520 under Sections 37-59-1 through 37-59-45, 37-59-101 through
521 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,
522 37-7-301, 37-7-302 and 37-41-81, Mississippi Code of 1972, or debt
523 issued by boards of supervisors for agricultural high schools
524 pursuant to Section 37-27-65, Mississippi Code of 1972, or
525 lease-purchase contracts entered into pursuant to Section 31-7-13,
526 Mississippi Code of 1972, or to retire or refinance outstanding
527 debt of a district, if such pledge is accomplished pursuant to a

528 written contract or resolution approved and spread upon the
529 minutes of an official meeting of the district's school board or
530 board of supervisors. It is the intent of this provision to allow
531 school districts to irrevocably pledge their Interim School
532 District Capital Expenditure Fund allotments as a constant stream
533 of revenue to secure a debt issued under the foregoing code
534 sections. To allow school districts to make such an irrevocable
535 pledge, the state shall take all action necessary to ensure that
536 the amount of a district's Interim School District Capital
537 Expenditure Fund allotments shall not be reduced below the amount
538 certified by the department or the district's total allotment
539 under the Interim Capital Expenditure Fund if fully funded, so
540 long as such debt remains outstanding.

541 (e) From and after October 1, 1997, through June 30,
542 1998, in addition to any other authority a school district may
543 have, any school district may issue State Aid Capital Improvement
544 Bonds secured in whole by a continuing annual pledge of any
545 Mississippi Adequate Education Program funds available to the
546 district, in an amount not to exceed One Hundred Sixty Dollars
547 (\$160.00) per pupil based on the latest completed average daily
548 attendance count certified by the department prior to the issuance
549 of the bonds. Such State Aid Capital Improvement Bonds may be
550 issued for the purposes enumerated in paragraphs (a), (b), (c) and
551 (g) of this section. Prior to issuing such bonds, the school
552 board of the district shall adopt a resolution declaring the
553 necessity for and its intention of issuing such bonds and
554 borrowing such money, specifying the approximate amount to be so
555 borrowed, how such money is to be used and how such indebtedness
556 is to be evidenced. Any capital improvement project financed with
557 State Aid Capital Improvement Bonds shall be approved by the
558 department, and based on an approved long-range plan. The State
559 Board of Education shall promulgate minimum requirements for the
560 approval of such school district capital expenditure plans. The

561 State Board of Education shall not approve any capital expenditure
562 plan for a pledge of funds under this paragraph unless it
563 determines (i) that the quality of instruction in such district
564 will not be reduced as a result of this pledge, and (ii) the
565 district has other revenue available to attain and maintain at
566 least Level III accreditation.

567 A district issuing State Aid Capital Improvement Bonds may
568 pledge for the repayment of such bonds all funds received by the
569 district from the state, in an amount not to exceed One Hundred
570 Sixty Dollars (\$160.00) per pupil in average daily attendance in
571 the school district as set forth above, and not otherwise
572 permanently pledged under paragraph (d) of this subsection or
573 under Section 37-61-33(2)(d), Mississippi Code of 1972. The
574 district's school board shall specify by resolution the amount of
575 state funds, which are being pledged by the district for the
576 repayment of the State Aid Capital Improvement Bonds. Once such a
577 pledge is made to secure the bonds, the district shall notify the
578 department of such pledge. Upon making such a pledge, the school
579 district may request the department which may agree to irrevocably
580 transfer a specified amount or percentage of the district's state
581 revenue pledged to repay the district's State Aid Capital
582 Improvement Bonds directly to a state or federally chartered bank
583 serving as a trustee or paying agent on such bonds for the payment
584 of all or portion of such State Aid Capital Improvement Bonds.
585 Such instructions shall be incorporated into a resolution by the
586 school board for the benefit of holders of the bonds and may
587 provide that such withholding and transfer of such other available
588 funds shall be made only upon notification by a trustee or paying
589 agent on such bonds that the amounts available to pay such bonds
590 on any payment date will not be sufficient. It is the intent of
591 this provision to allow school districts to irrevocably pledge a
592 certain, constant stream of revenue as security for State Aid
593 Capital Improvement Bonds issued hereunder. To allow school

594 districts to make such an irrevocable pledge, the state shall take
595 all action necessary to ensure that the amount of a district's
596 state revenues up to an amount equal to One Hundred Sixty Dollars
597 (\$160.00) per pupil as set forth above which have been pledged to
598 repay debt as set forth herein shall not be reduced so long as any
599 State Aid Capital Improvement Bonds are outstanding.

600 Any such State Aid Capital Improvement Bonds shall mature as
601 determined by the district's school bond over a period not to
602 exceed twenty (20) years. Such bonds shall not bear a greater
603 overall maximum interest rate to maturity than that allowed in
604 Section 75-17-101, Mississippi Code of 1972. The further details
605 and terms of such bonds shall be as determined by the school board
606 of the district.

607 The provisions of this subsection shall be cumulative and
608 supplemental to any existing funding programs or other authority
609 conferred upon school districts or school boards. Debt of a
610 school district secured in whole by a pledge of revenue pursuant
611 to this section shall not be subject to any debt limitation.

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

616 This paragraph (e) shall stand repealed from and after June
617 30, 1998.

618 (f) As an alternative to the authority granted under
619 paragraph (e), a school district, in its discretion, may authorize
620 the State Board of Education to withhold an amount of the
621 district's adequate education program allotment equal to up to One
622 Hundred Sixty Dollars (\$160.00) per student in average daily
623 attendance in the district to be allocated to the State Public
624 School Building Fund to the credit of such school district. A
625 school district may choose the option provided under this
626 paragraph (e) or paragraph (f), but not both. In addition to the

627 grants made by the state pursuant to Section 37-47-9, a school
628 district shall be entitled to grants based on the allotments to
629 the State Public School Building Fund credited to such school
630 district under this paragraph. This paragraph (f) shall stand
631 repealed from and after June 30, 1998.

632 (g) The State Board of Education may authorize the
633 school district to expend not more than twenty percent (20%) of
634 its annual allotment of such funds or Twenty Thousand Dollars
635 (\$20,000.00), whichever is greater, for technology needs of the
636 school district, including computers, software,
637 telecommunications, cable television, interactive video, film,
638 low-power television, satellite communications, microwave
639 communications, technology-based equipment installation and
640 maintenance, and the training of staff in the use of such
641 technology-based instruction. Any such technology expenditure
642 shall be reflected in the local district technology plan approved
643 by the State Board of Education under Section 37-151-17,
644 Mississippi Code of 1972.

645 (h) To the extent a school district has not utilized
646 twenty percent (20%) of its annual allotment for technology
647 purposes under paragraph (g), a school district may expend not
648 more than twenty percent (20%) of its annual allotment or Twenty
649 Thousand Dollars (\$20,000.00), whichever is greater, for
650 instructional purposes. The State Board of Education may
651 authorize a school district to expend more than said twenty
652 percent (20%) of its annual allotment for instructional purposes
653 if it determines that such expenditures are needed for
654 accreditation purposes.

655 (i) The State Department of Education or the State
656 Board of Education may require that any project commenced under
657 this section with an estimated project cost of not less than Five
658 Million Dollars (\$5,000,000.00) shall be done only pursuant to
659 program management of the process with respect to design and

660 construction. Any individuals, partnerships, companies or other
661 entities acting as a program manager on behalf of a local school
662 district and performing program management services for projects
663 covered under this subsection shall be approved by the State
664 Department of Education.

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

669 The provisions of this subsection (4) shall be cumulative and
670 supplemental to any existing funding programs or other authority
671 conferred upon school districts or school boards.

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