

By: Representative Brown

To: Education

HOUSE BILL NO. 1118

1 AN ACT TO AMEND SECTION 37-3-11, MISSISSIPPI CODE OF 1972, TO
2 REQUIRE THE STATEWIDE FINANCIAL REPORT BY THE STATE DEPARTMENT OF
3 EDUCATION SHALL BE DIVIDED INTO CERTAIN CATEGORIES AND SHALL BE
4 PREPARED ON A SCHOOL DISTRICT BASIS; TO AMEND SECTIONS 37-9-18 AND
5 37-61-9, MISSISSIPPI CODE OF 1972, TO REQUIRE SCHOOL DISTRICTS TO
6 COMPLY WITH APPROPRIATE FUNCTIONAL LEVEL EXPENDITURE CODES, TO
7 REQUIRE AN ANNUAL AUDIT OF SUCH COMPLIANCE; TO AMEND SECTION
8 37-61-21, MISSISSIPPI CODE OF 1972, TO PROVIDE FOR YEAR-END
9 FINANCIAL DATA BY SCHOOL DISTRICTS; TO AMEND SECTIONS 37-7-301,
10 37-37-1, 37-37-7 AND 37-61-23, MISSISSIPPI CODE OF 1972, TO
11 PROVIDE THAT THE STATE DEPARTMENT OF EDUCATION SHALL PRESCRIBE THE
12 FINANCIAL ACCOUNTING MANUAL FOR SCHOOL DISTRICTS; TO AMEND SECTION
13 37-61-33, MISSISSIPPI CODE OF 1972, TO AUTHORIZE TEACHERS TO CARRY
14 FORWARD APPROVED CLASSROOM SUPPLY EXPENDITURES INTO SUBSEQUENT
15 FISCAL YEARS; AND FOR RELATED PURPOSES.

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

17 **SECTION 1.** Section 37-3-11, Mississippi Code of 1972, is
18 amended as follows:

19 37-3-11. (1) Until July 1, 1984, the State Superintendent
20 of Public Education shall have the power and it shall be his duty:

21 (a) To supervise in the manner provided by law the
22 public free schools, agricultural high schools and junior colleges
23 of the state and to prescribe such rules and regulations for the
24 efficient organization and conduct of same, as he may deem
25 necessary.

26 (b) To preside over all meetings of the State Board of
27 Education.

28 (c) To collect data for determining the proper
29 distribution of the state common school funds.

30 (d) To have bound and preserved in his office, as the
31 property of the state, all such school documents from other states
32 and governments, books and pamphlets on educational subjects,

33 school books, apparatus, maps, charts and the like, as shall be or
34 have been purchased or donated for the use of his office.

35 (e) To keep a complete record of all his official acts
36 and the acts of the State Board of Education.

37 (f) To prepare, have printed and furnish all officers
38 charged with the administration of the laws pertaining to the
39 public schools, such blank forms and books as may be necessary to
40 the proper discharge of their duties; all of this printing shall
41 be paid for out of funds provided by the Legislature.

42 (g) To have printed in pamphlet form the laws
43 pertaining to the public schools and publish therein forms for
44 conducting school business, the rules and regulations for the
45 government of schools that he or the board of education may
46 recommend, and such other matters as may be deemed worthy of
47 public interest pertaining to the public schools; all of this
48 printing shall be paid for out of funds provided by the
49 Legislature.

50 (h) To meet the county superintendents annually at such
51 time and place as he shall appoint for the purpose of accumulating
52 facts relative to schools, to review the educational progress made
53 in the various sections of the state, to compare views, discuss
54 problems, hear discussions and suggestions relative to
55 examinations and qualifications of teachers, methods of
56 instruction, textbooks, summer schools for teachers, visitation of
57 schools, consolidation of schools, health work in the schools,
58 vocational education and other matters pertaining to the public
59 school system.

60 (i) To advise the county superintendents upon all
61 matters involving the welfare of the schools, and at the request
62 of any county superintendent to give his opinion upon a written
63 statement of facts on all questions and controversies arising out
64 of the interpretation and construction of the school laws, in
65 regard to rights, powers and duties of school officers and county

66 superintendents, and to keep a record of all such decisions.
67 Before giving any opinion, the superintendent may submit the
68 statement of facts to the Attorney General for his advice thereon,
69 and it shall be the duty of the Attorney General forthwith to
70 examine such statement, and suggest the proper decision to be made
71 upon such facts.

72 (j) To require annually, and as often as he may deem
73 proper, of county superintendents, detailed reports on the
74 educational business of the various counties.

75 (k) To make reports concerning agricultural high
76 schools and serve on various committees and boards as provided by
77 law.

78 (l) On or before January 10 in each year in which the
79 Legislature meets in regular session, to prepare, and have printed
80 a report to the Legislature showing:

81 (i) The receipts and disbursements of all school
82 funds officially handled by him;

83 (ii) The number of school districts, school
84 teachers employed, and pupils taught therein, and the attendance
85 of pupils;

86 (iii) County and district levies for common
87 schools, high schools, agricultural high schools, consolidated
88 schools and junior colleges;

89 (iv) The conditions of vocational education in the
90 State of Mississippi, a list of schools to which federal and state
91 aid has been given, and a detailed statement of the expenditures
92 of federal funds and the state funds that may be provided;

93 (v) Such general matters, information and
94 recommendations as relate, in his opinion, to the educational
95 interests of the state.

96 (m) To determine the number of educable children in the
97 several school districts of the state under rules and regulations
98 to be prescribed by the State Board of Education.

99 (n) To perform such other duties in the administration
100 of the public schools as may be required by law.

101 (2) From and after July 1, 1984, the State Superintendent of
102 Public Education shall perform the duties assigned to him by the
103 State Board of Education, and he shall have the following duties:

104 (a) To serve as Secretary for the State Board of
105 Education;

106 (b) To be the chief administrative officer of the State
107 Department of Education;

108 (c) To recommend to the State Board of Education for
109 its consideration rules and regulations for the supervision of the
110 public free schools and agricultural high schools of the state and
111 for the efficient organization and conduct of the same;

112 (d) To collect data and make it available to the State
113 Board for determining the proper distribution of the state common
114 school funds;

115 (e) To keep a complete record of all official acts of
116 the State Superintendent and the acts of the State Board of
117 Education;

118 (f) To prepare, have printed and furnish all officers
119 charged with the administration of the laws pertaining to the
120 public schools, such blank forms and books as may be necessary to
121 the proper discharge of their duties, said printing to be paid for
122 out of funds provided by the Legislature;

123 (g) To have printed in pamphlet form the laws
124 pertaining to the public schools and publish therein forms for
125 conducting school business, the rules and regulations for the
126 government of schools that the State Superintendent or the Board
127 of Education may recommend, and such other matters as may be
128 deemed worthy of public interest pertaining to the public schools,
129 said printing to be paid for out of funds provided by the
130 Legislature;

131 (h) To meet all superintendents annually at such time
132 and place as the State Superintendent shall appoint for the
133 purpose of accumulating facts relative to schools, to review the
134 educational progress made in the various sections of the state, to
135 compare views, discuss problems, hear discussions and suggestions
136 relative to examinations and qualifications of teachers, methods
137 of instruction, textbooks, summer schools for teachers, visitation
138 of schools, consolidation of schools, health work in the schools,
139 vocational education and other matters pertaining to the public
140 school system;

141 (i) To advise all superintendents upon all matters
142 involving the welfare of the schools, and at the request of any
143 superintendent to give an opinion upon a written statement of
144 facts on all questions and controversies arising out of the
145 interpretation and construction of the school laws, in regard to
146 rights, powers and duties of school officers and superintendents,
147 and to keep a record of all such decisions. Before giving any
148 opinion, the superintendent may submit the statement of facts to
149 the Attorney General, and it shall be the duty of the Attorney
150 General forthwith to examine such statement and suggest the proper
151 decision to be made upon such fact;

152 (j) To require annually, and as often as the State
153 Superintendent may deem proper, of all superintendents, detailed
154 reports on the educational business of the various districts;

155 (k) On or before January 10 in each year to prepare
156 under the direction of the State Board of Education and have
157 printed the annual report of the board to the Legislature showing:

158 (i) The receipts and disbursements of all school
159 funds handled by the board;

160 (ii) The number of school districts, school
161 teachers employed, school administrators employed, pupils taught
162 and the attendance record of pupils therein;

163 (iii) County and district levies for each school
164 district and agricultural high school;

165 (iv) The condition of vocational education, a list
166 of schools to which federal and state aid has been given, and a
167 detailed statement of the expenditures of federal funds and the
168 state funds that may be provided, and the ranking of subjects
169 taught as compared with the state's needs;

170 (v) Reports of Expenditures for public schools
171 shall be divided into the following categories and function codes
172 and shall show the same level of detail as reports completed prior
173 to FY2006. These reports shall be made available by district from
174 the State Department of Education upon request.

175 Total Student Expenditures

176 Instruction (1000s);

177 Other Student Instructional Expenditures (2100s,
178 2200s);

179 General Administration (2300s and 2500s);

180 School Administration (2400s);

181 Other Expenditures (2600s, 2700s, 2800s, 3100s, 3200s);

182 Non-Operational Expenditures (4000s, 5000s, 6000s).

183 (vi) Such general matters, information and
184 recommendations as relate, in the board's opinion, to the
185 educational interests of the state;

186 (1) To determine the number of educable children in the
187 several school districts under rules and regulations prescribed by
188 the State Board of Education;

189 (m) To perform such other duties as may be prescribed
190 by the State Board of Education.

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

193 37-61-9. (1) On or before the fifteenth day of August of
194 each year, the local school board of each school district, with
195 the assistance of the superintendent of schools, shall prepare and

196 file with the levying authority for the school district, as
197 defined in Section 37-57-1, Mississippi Code of 1972, at least two
198 (2) copies of a budget of estimated expenditures for the support,
199 maintenance and operation of the public schools of the school
200 district for the fiscal year commencing on July 1 of such year.
201 Such budget shall be prepared on forms prescribed and provided by
202 the State Auditor and shall contain such information as the State
203 Auditor may require.

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

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

223 (4) Beginning with the fiscal year 1995-1996, there shall be
224 imposed limitations on budgeted expenditures for certain
225 administration costs, as defined hereinafter, in an amount not
226 greater than One Hundred Fifty Thousand Dollars (\$150,000.00) plus
227 four percent (4%) of the expenditures of all school districts each
228 year. For purposes of this subsection, "administration costs"

229 shall be defined as expenditures for salaries and fringe benefits
230 paid for central administration costs from all sources of revenue
231 in the following expenditure functions as defined in the
232 MISSISSIPPI PUBLIC SCHOOL DISTRICT FINANCIAL ACCOUNTING MANUAL:

233 2300 = Support Services - General Administration
234 2310 = Board of Education Services
235 2320 = Executive Administration Services
236 2330 = Special Area Administration Services
237 2500 = Business Services
238 2510 = Fiscal Services
239 2520 = Purchasing Services
240 2530 = Warehousing and Distributing Services
241 2540 = Printing, Publishing and Duplicating Services
242 2590 = Other Support Services - Business

243 * * *

244 Any costs classified as "administration costs" for purposes
245 of this subsection which can be demonstrated by the local school
246 district to be an expenditure that results in a net cost savings
247 to the district that may otherwise require budget expenditures for
248 functions not covered under the definition of administration costs
249 herein may be excluded from the limitations imposed herein. The
250 local school board shall make a specific finding of such costs and
251 spread such finding upon its minutes, which shall be subject to
252 the approval of the Office of Educational Accountability of the
253 State Department of Education. Any school district required to
254 make expenditure cuts, as a result of application of this
255 subsection, shall not be required to reduce such expenditures more
256 than twenty-five percent (25%) in any year in order to comply with
257 this mandate.

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

261 This section shall not apply to central administration with
262 five (5) or less full-time employees, or to those school districts
263 which can substantiate that comparable reductions have occurred in
264 administrative costs for the five-year period immediately prior to
265 school year 1993-1994. In the event the application of this
266 section may jeopardize the fiscal integrity or operations of the
267 school district, have an adverse impact on the ability of the
268 district to deliver educational services, or otherwise restrict
269 the district from achieving or maintaining a quality education
270 program, the State Board of Education shall be authorized to
271 exempt the application of this section to such school district
272 pursuant to rules and regulations of the State Board of Education
273 consistent with the intent of this section.

274 **SECTION 3.** Section 37-9-18, Mississippi Code of 1972, is
275 amended as follows:

276 37-9-18. (1) The superintendent of schools shall furnish to
277 the school board a financial statement of receipts and
278 disbursements, by funds, on or before the last working day of the
279 following month covering the prior month. The school board shall
280 be authorized to investigate and audit all financial records of
281 the superintendent of schools at any and all times.

282 (2) The State Auditor, in his discretion, shall audit the
283 financial records of school districts. The State Auditor shall
284 give reasonable notice to school districts regarding the times
285 during which he will perform such audits. In any fiscal year in
286 which the State Auditor is not scheduled to perform an audit, the
287 school board shall cause all the financial records of the
288 superintendent of schools to be audited by a certified public
289 accountant licensed to practice accounting in the State of
290 Mississippi. If the school board so elects by resolution adopted
291 each year, the audit shall be performed by the State Auditor.
292 Contracts for the audit of public school districts shall be let by
293 the school board in the manner prescribed by the State Auditor.

294 The audit shall be conducted in accordance with generally accepted
295 auditing standards and generally accepted accounting principles,
296 and the report presented thereon shall be in accordance with
297 generally accepted accounting principles. If the Auditor's
298 opinion on the general purpose financial statements is a
299 disclaimer, as that term is defined by generally accepted auditing
300 standards, or if the State Auditor determines the existence of
301 serious financial conditions in the district, the State Auditor
302 shall immediately notify the State Board of Education. Upon
303 receiving the notice, the State Superintendent of Public Education
304 shall direct the school district to immediately cease all
305 expenditures until a financial advisor is appointed by the state
306 superintendent. However, if the disclaimer is a result of
307 conditions caused by Hurricane Katrina 2005 and applies to fiscal
308 years 2005 and/or 2006, then the Superintendent of Education may
309 appoint a financial advisor, and may direct the school district to
310 immediately cease all expenditures until a financial advisor is
311 appointed. The financial advisor shall be an agent of the State
312 Board of Education and shall be a certified public accountant or a
313 qualified business officer. The financial advisor shall, with the
314 approval of the State Board of Education:

315 (a) Approve or disapprove all expenditures and all
316 financial obligations of the district;

317 (b) Ensure compliance with any statutes and State Board
318 of Education rules or regulations concerning expenditures by
319 school districts;

320 (c) Review salaries and the number of all district
321 personnel and make recommendations to the local school board of
322 any needed adjustments. Should such recommendations necessitate
323 the reduction in local salary supplement, such recommended
324 reductions shall be only to the extent which will result in the
325 salaries being comparable to districts similarly situated, as
326 determined by the State Board of Education. The local school

327 board, in considering either a reduction in personnel or a
328 reduction in local supplements, shall not be required to comply
329 with the time limitations prescribed in Sections 37-9-15 and
330 37-9-105 and, further, shall not be required to comply with
331 Sections 37-19-11 and 37-19-7(1) in regard to reducing local
332 supplements and the number of personnel;

333 (d) Work with the school district's business office to
334 correct all inappropriate accounting procedures and/or uses of
335 school district funds and to prepare the school district's budget
336 for the next fiscal year; and

337 (e) Report frequently to the State Board of Education
338 on the corrective actions being taken and the progress being made
339 in the school district. The financial advisor shall serve until
340 such time as corrective action and progress is being made in such
341 school district as determined by the State Board of Education with
342 the concurrence of the State Auditor, or until such time as an
343 interim conservator is assigned to such district by the State
344 Board of Education under Section 37-17-6. The school district
345 shall be responsible for all expenses associated with the use of
346 the financial advisor. If the audit report reflects a failure by
347 the school district to meet accreditation standards, the State
348 Board of Education shall proceed under Section 37-17-6.

349 (3) When conducting an audit of a public school district,
350 the Auditor shall test to insure that the school district is
351 complying with the requirements of Section 37-61-33(3)(a)(iii)
352 relating to classroom supply funds. The audit must include a
353 report of all classroom supply funds carried over from previous
354 years. Based upon the audit report, the State Auditor shall
355 compile a report on the compliance or noncompliance by all school
356 districts with the requirements of Section 37-61-33(3)(a)(iii),
357 which report must be submitted to the Chairmen of the Education
358 and Appropriations Committees of the House of Representatives and
359 Senate.

360 (4) When conducting an audit of a public school district the
361 State Auditor shall test to ensure correct and appropriate coding
362 at the function level. The audit must include a report showing
363 correct and appropriate functional level expenditure codes in both
364 budgeting and expenditures by school district. Based upon the
365 audit report, the State Auditor shall compile a report on the
366 compliance or noncompliance by all public school districts with
367 correct and appropriate coding at the function level, which report
368 must be submitted to the Chairman of the Education and
369 Appropriations Committees of the Senate and the House of
370 Representatives.

371 (5) In the event the State Auditor does not perform the
372 audit examination, then the audit report of the school district
373 shall be reviewed by the State Auditor for compliance with
374 applicable state laws before final payment is made on the audit by
375 the school board. All financial records, books, vouchers,
376 cancelled checks and other financial records required by law to be
377 kept and maintained in the case of municipalities shall be
378 faithfully kept and maintained in the office of the superintendent
379 of schools under the same provisions and penalties provided by law
380 in the case of municipal officials.

381 **SECTION 4.** Section 37-61-21, Mississippi Code of 1972, is
382 amended as follows:

383 37-61-21. (1) If it should appear to the superintendent of
384 schools or the school board of any school district that the
385 amounts to be received from state appropriations, taxation or any
386 other source will be more than the amount estimated in the budget
387 filed and approved, or if it should appear that such amounts shall
388 be less than the amount estimated, the school board of the school
389 district, with assistance from the superintendent, may revise the
390 budget at any time during the fiscal year by increasing or
391 decreasing the fund budget, in proportion to the increase or
392 decrease in the estimated amounts. If it should appear to the

393 superintendent of schools or the school board of a school district
394 that some function of the budget as filed is in excess of the
395 requirement of that function and that the entire amount budgeted
396 for such function will not be needed for expenditures therefor
397 during the fiscal year, the school board of the school district,
398 with assistance from the superintendent, may transfer resources to
399 and from functions and funds within the budget when and where
400 needed; however, no such transfer shall be made from fund to fund
401 or from function to function which will result in the expenditure
402 of any money for any purpose different from that for which the
403 money was appropriated, allotted, collected or otherwise made
404 available or for a purpose which is not authorized by law. No
405 revision of any budget under the provisions hereof shall be made
406 which will permit a fund expenditure in excess of the resources
407 available for such purpose. The revised portions of the budgets
408 shall be incorporated in the minutes of the school board by
409 spreading them on the minutes or by attaching them as an addendum.
410 Final budget revisions, pertinent to a fiscal year, shall be
411 approved on or before the date set by the State Board of Education
412 for the school district to submit its financial information for
413 that fiscal year.

414 (2) In addition, on or before the fifteenth day of October
415 of each year, the local school board of each school district, with
416 the assistance of the superintendent of schools, shall prepare and
417 file with the State Department of Education year-end financial
418 statements and such budgetary information as the State Board of
419 Education may require. The State Board of Education shall
420 prescribe and provide forms to each school district for this
421 purpose. No additional changes shall be made to the financial
422 statements after October 15 of each year.

423 **SECTION 5.** Section 37-7-301, Mississippi Code of 1972, is
424 amended as follows:

425 37-7-301. The school boards of all school districts shall
426 have the following powers, authority and duties in addition to all
427 others imposed or granted by law, to wit:

428 (a) To organize and operate the schools of the district
429 and to make such division between the high school grades and
430 elementary grades as, in their judgment, will serve the best
431 interests of the school;

432 (b) To introduce public school music, art, manual
433 training and other special subjects into either the elementary or
434 high school grades, as the board shall deem proper;

435 (c) To be the custodians of real and personal school
436 property and to manage, control and care for same, both during the
437 school term and during vacation;

438 (d) To have responsibility for the erection, repairing
439 and equipping of school facilities and the making of necessary
440 school improvements;

441 (e) To suspend or to expel a pupil or to change the
442 placement of a pupil to the school district's alternative school
443 or home-bound program for misconduct in the school or on school
444 property, as defined in Section 37-11-29, on the road to and from
445 school, or at any school-related activity or event, or for conduct
446 occurring on property other than school property or other than at
447 a school-related activity or event when such conduct by a pupil,
448 in the determination of the school superintendent or principal,
449 renders that pupil's presence in the classroom a disruption to the
450 educational environment of the school or a detriment to the best
451 interest and welfare of the pupils and teacher of such class as a
452 whole, and to delegate such authority to the appropriate officials
453 of the school district;

454 (f) To visit schools in the district, in their
455 discretion, in a body for the purpose of determining what can be
456 done for the improvement of the school in a general way;

457 (g) To support, within reasonable limits, the
458 superintendent, principal and teachers where necessary for the
459 proper discipline of the school;

460 (h) To exclude from the schools students with what
461 appears to be infectious or contagious diseases; provided,
462 however, such student may be allowed to return to school upon
463 presenting a certificate from a public health officer, duly
464 licensed physician or nurse practitioner that the student is free
465 from such disease;

466 (i) To require those vaccinations specified by the
467 State Health Officer as provided in Section 41-23-37, Mississippi
468 Code of 1972;

469 (j) To see that all necessary utilities and services
470 are provided in the schools at all times when same are needed;

471 (k) To authorize the use of the school buildings and
472 grounds for the holding of public meetings and gatherings of the
473 people under such regulations as may be prescribed by said board;

474 (l) To prescribe and enforce rules and regulations not
475 inconsistent with law or with the regulations of the State Board
476 of Education for their own government and for the government of
477 the schools, and to transact their business at regular and special
478 meetings called and held in the manner provided by law;

479 (m) To maintain and operate all of the schools under
480 their control for such length of time during the year as may be
481 required;

482 (n) To enforce in the schools the courses of study and
483 the use of the textbooks prescribed by the proper authorities;

484 (o) To make orders directed to the superintendent of
485 schools for the issuance of pay certificates for lawful purposes
486 on any available funds of the district and to have full control of
487 the receipt, distribution, allotment and disbursement of all funds
488 provided for the support and operation of the schools of such
489 school district whether such funds be derived from state

490 appropriations, local ad valorem tax collections, or otherwise.
491 The local school board shall be authorized and empowered to
492 promulgate rules and regulations that specify the types of claims
493 and set limits of the dollar amount for payment of claims by the
494 superintendent of schools to be ratified by the board at the next
495 regularly scheduled meeting after payment has been made;

496 (p) To select all school district personnel in the
497 manner provided by law, and to provide for such employee fringe
498 benefit programs, including accident reimbursement plans, as may
499 be deemed necessary and appropriate by the board;

500 (q) To provide athletic programs and other school
501 activities and to regulate the establishment and operation of such
502 programs and activities;

503 (r) To join, in their discretion, any association of
504 school boards and other public school-related organizations, and
505 to pay from local funds other than minimum foundation funds, any
506 membership dues;

507 (s) To expend local school activity funds, or other
508 available school district funds, other than minimum education
509 program funds, for the purposes prescribed under this paragraph.
510 "Activity funds" shall mean all funds received by school officials
511 in all school districts paid or collected to participate in any
512 school activity, such activity being part of the school program
513 and partially financed with public funds or supplemented by public
514 funds. The term "activity funds" shall not include any funds
515 raised and/or expended by any organization unless commingled in a
516 bank account with existing activity funds, regardless of whether
517 the funds were raised by school employees or received by school
518 employees during school hours or using school facilities, and
519 regardless of whether a school employee exercises influence over
520 the expenditure or disposition of such funds. Organizations shall
521 not be required to make any payment to any school for the use of
522 any school facility if, in the discretion of the local school

523 governing board, the organization's function shall be deemed to be
524 beneficial to the official or extracurricular programs of the
525 school. For the purposes of this provision, the term
526 "organization" shall not include any organization subject to the
527 control of the local school governing board. Activity funds may
528 only be expended for any necessary expenses or travel costs,
529 including advances, incurred by students and their chaperons in
530 attending any in-state or out-of-state school-related programs,
531 conventions or seminars and/or any commodities, equipment, travel
532 expenses, purchased services or school supplies which the local
533 school governing board, in its discretion, shall deem beneficial
534 to the official or extracurricular programs of the district,
535 including items which may subsequently become the personal
536 property of individuals, including yearbooks, athletic apparel,
537 book covers and trophies. Activity funds may be used to pay
538 travel expenses of school district personnel. The local school
539 governing board shall be authorized and empowered to promulgate
540 rules and regulations specifically designating for what purposes
541 school activity funds may be expended. The local school governing
542 board shall provide (i) that such school activity funds shall be
543 maintained and expended by the principal of the school generating
544 the funds in individual bank accounts, or (ii) that such school
545 activity funds shall be maintained and expended by the
546 superintendent of schools in a central depository approved by the
547 board. The local school governing board shall provide that such
548 school activity funds be audited as part of the annual audit
549 required in Section 37-9-18. The State Department of Education
550 shall prescribe a uniform system of accounting and financial
551 reporting for all school activity fund transactions;

552 (t) To contract, on a shared savings, lease or
553 lease-purchase basis, for energy efficiency services and/or
554 equipment as provided for in Section 31-7-14, not to exceed ten
555 (10) years;

556 (u) To maintain accounts and issue pay certificates on
557 school food service bank accounts;

558 (v) (i) To lease a school building from an individual,
559 partnership, nonprofit corporation or a private for-profit
560 corporation for the use of such school district, and to expend
561 funds therefor as may be available from any nonminimum program
562 sources. The school board of the school district desiring to
563 lease a school building shall declare by resolution that a need
564 exists for a school building and that the school district cannot
565 provide the necessary funds to pay the cost or its proportionate
566 share of the cost of a school building required to meet the
567 present needs. The resolution so adopted by the school board
568 shall be published once each week for three (3) consecutive weeks
569 in a newspaper having a general circulation in the school district
570 involved, with the first publication thereof to be made not less
571 than thirty (30) days prior to the date upon which the school
572 board is to act on the question of leasing a school building. If
573 no petition requesting an election is filed prior to such meeting
574 as hereinafter provided, then the school board may, by resolution
575 spread upon its minutes, proceed to lease a school building. If
576 at any time prior to said meeting a petition signed by not less
577 than twenty percent (20%) or fifteen hundred (1500), whichever is
578 less, of the qualified electors of the school district involved
579 shall be filed with the school board requesting that an election
580 be called on the question, then the school board shall, not later
581 than the next regular meeting, adopt a resolution calling an
582 election to be held within such school district upon the question
583 of authorizing the school board to lease a school building. Such
584 election shall be called and held, and notice thereof shall be
585 given, in the same manner for elections upon the questions of the
586 issuance of the bonds of school districts, and the results thereof
587 shall be certified to the school board. If at least three-fifths
588 (3/5) of the qualified electors of the school district who voted

589 in such election shall vote in favor of the leasing of a school
590 building, then the school board shall proceed to lease a school
591 building. The term of the lease contract shall not exceed twenty
592 (20) years, and the total cost of such lease shall be either the
593 amount of the lowest and best bid accepted by the school board
594 after advertisement for bids or an amount not to exceed the
595 current fair market value of the lease as determined by the
596 averaging of at least two (2) appraisals by certified general
597 appraisers licensed by the State of Mississippi. The term "school
598 building" as used in this paragraph (v)(i) shall be construed to
599 mean any building or buildings used for classroom purposes in
600 connection with the operation of schools and shall include the
601 site therefor, necessary support facilities, and the equipment
602 thereof and appurtenances thereto such as heating facilities,
603 water supply, sewage disposal, landscaping, walks, drives and
604 playgrounds. The term "lease" as used in this paragraph (v)(i)
605 may include a lease/purchase contract;

606 (ii) If two (2) or more school districts propose
607 to enter into a lease contract jointly, then joint meetings of the
608 school boards having control may be held but no action taken shall
609 be binding on any such school district unless the question of
610 leasing a school building is approved in each participating school
611 district under the procedure hereinabove set forth in paragraph
612 (v)(i). All of the provisions of paragraph (v)(i) regarding the
613 term and amount of the lease contract shall apply to the school
614 boards of school districts acting jointly. Any lease contract
615 executed by two (2) or more school districts as joint lessees
616 shall set out the amount of the aggregate lease rental to be paid
617 by each, which may be agreed upon, but there shall be no right of
618 occupancy by any lessee unless the aggregate rental is paid as
619 stipulated in the lease contract. All rights of joint lessees
620 under the lease contract shall be in proportion to the amount of
621 lease rental paid by each;

622 (w) To employ all noninstructional and noncertificated
623 employees and fix the duties and compensation of such personnel
624 deemed necessary pursuant to the recommendation of the
625 superintendent of schools;

626 (x) To employ and fix the duties and compensation of
627 such legal counsel as deemed necessary;

628 (y) Subject to rules and regulations of the State Board
629 of Education, to purchase, own and operate trucks, vans and other
630 motor vehicles, which shall bear the proper identification
631 required by law;

632 (z) To expend funds for the payment of substitute
633 teachers and to adopt reasonable regulations for the employment
634 and compensation of such substitute teachers;

635 (aa) To acquire in its own name by purchase all real
636 property which shall be necessary and desirable in connection with
637 the construction, renovation or improvement of any public school
638 building or structure. Whenever the purchase price for such real
639 property is greater than Fifty Thousand Dollars (\$50,000.00), the
640 school board shall not purchase the property for an amount
641 exceeding the fair market value of such property as determined by
642 the average of at least two (2) independent appraisals by
643 certified general appraisers licensed by the State of Mississippi.
644 If the board shall be unable to agree with the owner of any such
645 real property in connection with any such project, the board shall
646 have the power and authority to acquire any such real property by
647 condemnation proceedings pursuant to Section 11-27-1 et seq.,
648 Mississippi Code of 1972, and for such purpose, the right of
649 eminent domain is hereby conferred upon and vested in said board.
650 Provided further, that the local school board is authorized to
651 grant an easement for ingress and egress over sixteenth section
652 land or lieu land in exchange for a similar easement upon
653 adjoining land where the exchange of easements affords substantial
654 benefit to the sixteenth section land; provided, however, the

655 exchange must be based upon values as determined by a competent
656 appraiser, with any differential in value to be adjusted by cash
657 payment. Any easement rights granted over sixteenth section land
658 under such authority shall terminate when the easement ceases to
659 be used for its stated purpose. No sixteenth section or lieu land
660 which is subject to an existing lease shall be burdened by any
661 such easement except by consent of the lessee or unless the school
662 district shall acquire the unexpired leasehold interest affected
663 by the easement;

664 (bb) To charge reasonable fees related to the
665 educational programs of the district, in the manner prescribed in
666 Section 37-7-335;

667 (cc) Subject to rules and regulations of the State
668 Board of Education, to purchase relocatable classrooms for the use
669 of such school district, in the manner prescribed in Section
670 37-1-13;

671 (dd) Enter into contracts or agreements with other
672 school districts, political subdivisions or governmental entities
673 to carry out one or more of the powers or duties of the school
674 board, or to allow more efficient utilization of limited resources
675 for providing services to the public;

676 (ee) To provide for in-service training for employees
677 of the district. Until June 30, 1994, the school boards may
678 designate two (2) days of the minimum school term, as defined in
679 Section 37-19-1, for employee in-service training for
680 implementation of the new statewide testing system as developed by
681 the State Board of Education. Such designation shall be subject
682 to approval by the State Board of Education pursuant to uniform
683 rules and regulations;

684 (ff) As part of their duties to prescribe the use of
685 textbooks, to provide that parents and legal guardians shall be
686 responsible for the textbooks and for the compensation to the
687 school district for any books which are not returned to the proper

688 schools upon the withdrawal of their dependent child. If a
689 textbook is lost or not returned by any student who drops out of
690 the public school district, the parent or legal guardian shall
691 also compensate the school district for the fair market value of
692 the textbooks;

693 (gg) To conduct fund-raising activities on behalf of
694 the school district that the local school board, in its
695 discretion, deems appropriate or beneficial to the official or
696 extracurricular programs of the district; provided that:

697 (i) Any proceeds of the fund-raising activities
698 shall be treated as "activity funds" and shall be accounted for as
699 are other activity funds under this section; and

700 (ii) Fund-raising activities conducted or
701 authorized by the board for the sale of school pictures, the
702 rental of caps and gowns or the sale of graduation invitations for
703 which the school board receives a commission, rebate or fee shall
704 contain a disclosure statement advising that a portion of the
705 proceeds of the sales or rentals shall be contributed to the
706 student activity fund;

707 (hh) To allow individual lessons for music, art and
708 other curriculum-related activities for academic credit or
709 nonacademic credit during school hours and using school equipment
710 and facilities, subject to uniform rules and regulations adopted
711 by the school board;

712 (ii) To charge reasonable fees for participating in an
713 extracurricular activity for academic or nonacademic credit for
714 necessary and required equipment such as safety equipment, band
715 instruments and uniforms;

716 (jj) To conduct or participate in any fund-raising
717 activities on behalf of or in connection with a tax-exempt
718 charitable organization;

719 (kk) To exercise such powers as may be reasonably
720 necessary to carry out the provisions of this section;

721 (ll) To expend funds for the services of nonprofit arts
722 organizations or other such nonprofit organizations who provide
723 performances or other services for the students of the school
724 district;

725 (mm) To expend federal No Child Left Behind Act funds,
726 or any other available funds that are expressly designated and
727 authorized for that use, to pay training, educational expenses,
728 salary incentives and salary supplements to employees of local
729 school districts; except that incentives shall not be considered
730 part of the local supplement as defined in Section 37-151-5(o),
731 nor shall incentives be considered part of the local supplement
732 paid to an individual teacher for the purposes of Section
733 37-19-7(1). Mississippi Adequate Education Program funds or any
734 other state funds may not be used for salary incentives or salary
735 supplements as provided in this paragraph (mm);

736 (nn) To use any available funds, not appropriated or
737 designated for any other purpose, for reimbursement to the
738 state-licensed employees from both in-state and out-of-state, who
739 enter into a contract for employment in a school district, for the
740 expense of moving when the employment necessitates the relocation
741 of the licensed employee to a different geographical area than
742 that in which the licensed employee resides before entering into
743 the contract. The reimbursement shall not exceed One Thousand
744 Dollars (\$1,000.00) for the documented actual expenses incurred in
745 the course of relocating, including the expense of any
746 professional moving company or persons employed to assist with the
747 move, rented moving vehicles or equipment, mileage in the amount
748 authorized for county and municipal employees under Section
749 25-3-41 if the licensed employee used his personal vehicle or
750 vehicles for the move, meals and such other expenses associated
751 with the relocation. No licensed employee may be reimbursed for
752 moving expenses under this section on more than one (1) occasion
753 by the same school district. Nothing in this section shall be

754 construed to require the actual residence to which the licensed
755 employee relocates to be within the boundaries of the school
756 district that has executed a contract for employment in order for
757 the licensed employee to be eligible for reimbursement for the
758 moving expenses. However, the licensed employee must relocate
759 within the boundaries of the State of Mississippi. Any individual
760 receiving relocation assistance through the Critical Teacher
761 Shortage Act as provided in Section 37-159-5 shall not be eligible
762 to receive additional relocation funds as authorized in this
763 paragraph;

764 (oo) To use any available funds, not appropriated or
765 designated for any other purpose, to reimburse persons who
766 interview for employment as a licensed employee with the district
767 for the mileage and other actual expenses incurred in the course
768 of travel to and from the interview at the rate authorized for
769 county and municipal employees under Section 25-3-41;

770 (pp) Consistent with the report of the Task Force to
771 Conduct a Best Financial Management Practices Review, to improve
772 school district management and use of resources and identify cost
773 savings as established in Section 8 of Chapter 610, Laws of 2002,
774 local school boards are encouraged to conduct independent reviews
775 of the management and efficiency of schools and school districts.
776 Such management and efficiency reviews shall provide state and
777 local officials and the public with the following:

778 (i) An assessment of a school district's
779 governance and organizational structure;

780 (ii) An assessment of the school district's
781 financial and personnel management;

782 (iii) An assessment of revenue levels and sources;

783 (iv) An assessment of facilities utilization,
784 planning and maintenance;

785 (v) An assessment of food services, transportation
786 and safety/security systems;

787 (vi) An assessment of instructional and
788 administrative technology;

789 (vii) A review of the instructional management and
790 the efficiency and effectiveness of existing instructional
791 programs; and

792 (viii) Recommended methods for increasing
793 efficiency and effectiveness in providing educational services to
794 the public;

795 (qq) To enter into agreements with other local school
796 boards for the establishment of an educational service agency
797 (ESA) to provide for the cooperative needs of the region in which
798 the school district is located, as provided in Section 37-7-345.
799 This paragraph shall repeal on July 1, 2007;

800 (rr) To implement a financial literacy program for
801 students in Grades 10 and 11. The board may review the national
802 programs and obtain free literature from various nationally
803 recognized programs. After review of the different programs, the
804 board may certify a program that is most appropriate for the
805 school districts' needs. If a district implements a financial
806 literacy program, then any student in Grade 10 or 11 may
807 participate in the program. The financial literacy program shall
808 include, but is not limited to, instruction in the same areas of
809 personal business and finance as required under Section
810 37-1-3(2)(b). The school board may coordinate with volunteer
811 teachers from local community organizations, including, but not
812 limited to, the following: United States Department of
813 Agriculture Rural Development, United States Department of Housing
814 and Urban Development, Junior Achievement, bankers and other
815 nonprofit organizations. Nothing in this paragraph shall be
816 construed as to require school boards to implement a financial
817 literacy program;

818 (ss) To collaborate with the State Board of Education,
819 Community Action Agencies or the Department of Human Services to

820 develop and implement a voluntary program to provide services for
821 a full-day prekindergarten program that addresses the cognitive,
822 social, and emotional needs of four-year-old and three-year-old
823 children. The school board may utilize nonstate source special
824 funds, grants, donations or gifts to fund the voluntary program;

825 (tt) With respect to any lawful, written obligation of
826 a school district, including, but not limited to, leases
827 (excluding leases of sixteenth section public school trust land),
828 bonds, notes, or other agreement, to agree in writing with the
829 obligee that the State Tax Commission or any state agency,
830 department or commission created under state law may:

831 (i) Withhold all or any part (as agreed by the
832 school board) of any monies which such local school board is
833 entitled to receive from time to time under any law and which is
834 in the possession of the State Tax Commission, or any state
835 agency, department or commission created under state law; and

836 (ii) Pay the same over to any financial
837 institution, trustee or other obligee, as directed in writing by
838 the school board, to satisfy all or part of such obligation of the
839 school district.

840 The school board may make such written agreement to withhold
841 and transfer funds irrevocable for the term of the written
842 obligation and may include in the written agreement any other
843 terms and provisions acceptable to the school board. If the
844 school board files a copy of such written agreement with the State
845 Tax Commission, or any state agency, department or commission
846 created under state law then the State Tax Commission or any state
847 agency, department or commission created under state law shall
848 immediately make the withholdings provided in such agreement from
849 the amounts due the local school board and shall continue to pay
850 the same over to such financial institution, trustee or obligee
851 for the term of the agreement.

852 This paragraph (tt) shall not grant any extra authority to a
853 school board to issue debt in any amount exceeding statutory
854 limitations on assessed value of taxable property within such
855 school district or the statutory limitations on debt maturities,
856 and shall not grant any extra authority to impose, levy or collect
857 a tax which is not otherwise expressly provided for, and shall not
858 be construed to apply to sixteenth section public school trust
859 land;

860 (uu) With respect to any matter or transaction that is
861 competitively bid by a school district, to accept from any bidder
862 as a good faith deposit or bid bond or bid surety, the same type
863 of good faith deposit or bid bond or bid surety that may be
864 accepted by the state or any other political subdivision on
865 similar competitively bid matters or transactions. This paragraph
866 (uu) shall not be construed to apply to sixteenth section public
867 school trust land. The school board may authorize the investment
868 of any school district funds in the same kind and manner of
869 investments, including pooled investments, as any other political
870 subdivision, including community hospitals; and

871 (vv) To utilize the alternate method for the conveyance
872 or exchange of unused school buildings and/or land, reserving a
873 partial or other undivided interest in the property, as
874 specifically authorized and provided in Section 37-7-485,
875 Mississippi Code of 1972.

876 **SECTION 6.** Section 37-37-1, Mississippi Code of 1972, is
877 amended as follows:

878 37-37-1. The State Department of Education is hereby
879 authorized and directed to prescribe and formulate for use by all
880 school districts of this state, including municipal separate
881 school districts, adequate accounting systems and other essential
882 financial records which shall be uniform for all of the school
883 districts of this state. Such uniform system shall include a
884 method of accounting for and keeping records of all funds

885 received, handled and disbursed by such school district, whether
886 derived from taxation or otherwise, including funds derived from
887 donations, athletic events and other special activities of the
888 school district. The uniform system of accounts so prescribed and
889 formulated by the State Department of Education shall be
890 distributed and disseminated to all of the school districts of
891 this state and it shall be mandatory that the boards of trustees
892 of all such school districts install, utilize and follow said
893 uniform system of accounts in keeping the financial records of the
894 school district.

895 **SECTION 7.** Section 37-37-7, Mississippi Code of 1972, is
896 amended as follows:

897 37-37-7. (1) In making audits under the provisions of this
898 chapter, the examiners may call the attendance rolls at the
899 schools, make field investigations and surveys, make checks of the
900 number of students being transported upon publicly or privately
901 owned buses, and make other and further examinations and
902 investigations as may be necessary to determine whether or not the
903 students reported are actually enrolled in and attending the
904 public schools or are actually being transported or entitled to
905 transportation to such public schools.

906 (2) In addition to the powers and duties of examiners in
907 subsection (1), the State Department of Education may establish
908 policies and procedures to ensure the accuracy and reliability of
909 student data used to determine state funding for local school
910 districts, which may include, but are not limited to, the
911 following:

912 (a) On-site audits;

913 (b) An auditing process that ensures the timeliness and
914 accuracy of reports generated by school districts of this state
915 regarding all student transactions;

916 (c) An auditing process that provides for the
917 timeliness, process and accuracy of the electronic transmission of

918 all student data to the Mississippi Department of Education,
919 including, but not limited to, student enrollment, attendance,
920 transportation, absenteeism, graduation and dropouts and other
921 student data and administrative functions as deemed necessary;

922 (d) An audit of the accuracy and validity of all
923 student transactions using the Mississippi Student Information
924 System; and

925 (e) An audit process that ensures the timeliness and
926 accuracy of reports, other than student data, required for
927 submission in accordance with state law and/or State Board of
928 Education policies.

929 Reviews and audits shall be conducted with advance notice,
930 except that unannounced audits may be made upon the determination
931 of the State Department of Education when they are necessary due
932 to complaints or valid concerns. Examiners shall make every
933 effort to work with school districts in scheduling audits in
934 consideration of instructional activities such as statewide
935 student testing days. The Department of Education and the school
936 district shall cooperate fully with examiners in providing any
937 related information requested in order to properly conduct the
938 review or audit.

939 **SECTION 8.** Section 37-61-23, Mississippi Code of 1972, is
940 amended as follows:

941 37-61-23. The superintendent of schools of each school
942 district shall open and keep regular sets of books, as prescribed
943 by the State Department of Education, which shall be subject to
944 inspection during office hours by any citizen so desiring to
945 inspect the same. The books for each fiscal year shall be kept
946 separately and same shall be safely preserved by the
947 superintendent of schools.

948 **SECTION 9.** Section 37-61-33, Mississippi Code of 1972, is
949 amended as follows:

950 37-61-33. (1) There is created within the State Treasury a
951 special fund to be designated the "Education Enhancement Fund"
952 into which shall be deposited all the revenues collected pursuant
953 to Sections 27-65-75(7) and (8) and 27-67-31(a) and (b).

954 (2) Of the amount deposited into the Education Enhancement
955 Fund, Sixteen Million Dollars (\$16,000,000.00) shall be
956 appropriated each fiscal year to the State Department of Education
957 to be distributed to all school districts. Such money shall be
958 distributed to all school districts in the proportion that the
959 average daily attendance of each school district bears to the
960 average daily attendance of all school districts within the state
961 for the following purposes:

962 (a) Purchasing, erecting, repairing, equipping,
963 remodeling and enlarging school buildings and related facilities,
964 including gymnasiums, auditoriums, lunchrooms, vocational training
965 buildings, libraries, teachers' homes, school barns,
966 transportation vehicles (which shall include new and used
967 transportation vehicles) and garages for transportation vehicles,
968 and purchasing land therefor.

969 (b) Establishing and equipping school athletic fields
970 and necessary facilities connected therewith, and purchasing land
971 therefor.

972 (c) Providing necessary water, light, heating, air
973 conditioning and sewerage facilities for school buildings, and
974 purchasing land therefor.

975 (d) As a pledge to pay all or a portion of the debt
976 service on debt issued by the school district under Sections
977 37-59-1 through 37-59-45, 37-59-101 through 37-59-115, 37-7-351
978 through 37-7-359, 37-41-89 through 37-41-99, 37-7-301, 37-7-302
979 and 37-41-81, or debt issued by boards of supervisors for
980 agricultural high schools pursuant to Section 37-27-65, if such
981 pledge is accomplished pursuant to a written contract or
982 resolution approved and spread upon the minutes of an official

983 meeting of the district's school board or board of supervisors.
984 The annual grant to such district in any subsequent year during
985 the term of the resolution or contract shall not be reduced below
986 an amount equal to the district's grant amount for the year in
987 which the contract or resolution was adopted. The intent of this
988 provision is to allow school districts to irrevocably pledge a
989 certain, constant stream of revenue as security for long-term
990 obligations issued under the code sections enumerated in this
991 paragraph or as otherwise allowed by law. It is the intent of the
992 Legislature that the provisions of this paragraph shall be
993 cumulative and supplemental to any existing funding programs or
994 other authority conferred upon school districts or school boards.
995 Debt of a district secured by a pledge of sales tax revenue
996 pursuant to this paragraph shall not be subject to any debt
997 limitation contained in the foregoing enumerated code sections.

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

1000 (a) To the State Department of Education as follows:
1001 (i) Sixteen and sixty-one one-hundredths percent
1002 (16.61%) to the cost of the adequate education program determined
1003 under Section 37-151-7; of the funds generated by the percentage
1004 set forth in this section for the support of the adequate
1005 education program, one and one hundred seventy-eight
1006 one-thousandths percent (1.178%) of the funds shall be
1007 appropriated to be used by the State Department of Education for
1008 the purchase of textbooks to be loaned under Sections 37-43-1
1009 through 37-43-59 to approved nonpublic schools, as described in
1010 Section 37-43-1. The funds to be distributed to each nonpublic
1011 school shall be in the proportion that the average daily
1012 attendance of each nonpublic school bears to the total average
1013 daily attendance of all nonpublic schools;

1014 (ii) Seven and ninety-seven one-hundredths percent
1015 (7.97%) to assist the funding of transportation operations and
1016 maintenance pursuant to Section 37-19-23; and

1017 (iii) Nine and sixty-one one-hundredths percent
1018 (9.61%) for classroom supplies, instructional materials and
1019 equipment, including computers and computer software, to be
1020 distributed to all school districts in the proportion that the
1021 average daily attendance of each school district bears to the
1022 average daily attendance of all school districts within the state.
1023 Classroom supply funds shall not be expended for administrative
1024 purposes. Local school districts shall allocate classroom supply
1025 funds equally among all classroom teachers in the school district.
1026 For purposes of this subparagraph, "teacher" means any employee of
1027 the school board of a school district who is required by law to
1028 obtain a teacher's license from the State Department of Education
1029 and who is assigned to an instructional area of work as defined by
1030 the department, but shall not include a federally funded teacher.
1031 Two (2) or more teachers may agree to pool their classroom supply
1032 funds for the benefit of a school within the district. It is the
1033 intent of the Legislature that all classroom teachers shall be
1034 involved in the development of a spending plan that addresses
1035 individual classroom needs and supports the overall goals of the
1036 school regarding supplies, instructional materials, equipment,
1037 computers or computer software under the provisions of this
1038 subparagraph, including the type, quantity and quality of such
1039 supplies, materials and equipment. This plan shall be submitted
1040 in writing to the school principal for approval. Classroom supply
1041 funds allocated under this subparagraph shall supplement, not
1042 replace, other local and state funds available for the same
1043 purposes. School districts need not fully expend the funds
1044 received under this subparagraph in the year in which they are
1045 received, but such funds may be carried forward for expenditure in
1046 any succeeding school year. Any individual teacher or group of

1047 teachers with an approved spending plan that has not been fully
1048 funded need not expend the funds allocated under this subparagraph
1049 in the year in which they are received. Such funds may be carried
1050 forward for expenditure in any subsequent school year in which
1051 their plan is fully funded. However, beginning July 1, 2006, any
1052 funds allocated under this subparagraph that remain unspent,
1053 unless it is reserved in an approved spending plan, by March 31 of
1054 the fiscal year in which they were allotted, shall be utilized by
1055 the school where the teacher is employed for instructional supply
1056 and equipment purposes. The State Board of Education shall
1057 develop and promulgate rules and regulations for the
1058 administration of this subparagraph consistent with the above
1059 criteria, with particular emphasis on allowing the individual
1060 teachers to expend funds as they deem appropriate;

1061 (b) Twenty-two and nine one-hundredths percent (22.09%)
1062 to the Board of Trustees of State Institutions of Higher Learning
1063 for the purpose of supporting institutions of higher learning; and

1064 (c) Fourteen and forty-one one-hundredths percent
1065 (14.41%) to the State Board for Community and Junior Colleges for
1066 the purpose of providing support to community and junior colleges.

1067 (4) The amount remaining in the Education Enhancement Fund
1068 after funds are distributed as provided in subsections (2) and (3)
1069 of this section shall be disbursed as follows:

1070 (a) Twenty-five Million Dollars (\$25,000,000.00) shall
1071 be deposited into the Working Cash-Stabilization Reserve Fund
1072 created pursuant to Section 27-103-203(1), until the balance in
1073 such fund reaches the maximum balance of seven and one-half
1074 percent (7-1/2%) of the General Fund appropriations in the
1075 appropriate fiscal year. After the maximum balance in the Working
1076 Cash-Stabilization Reserve Fund is reached, such money shall
1077 remain in the Education Enhancement Fund to be appropriated in the
1078 manner provided for in paragraph (b) of this subsection.

1079 (b) The remainder shall be appropriated for other
1080 educational needs.

1081 (5) None of the funds appropriated pursuant to subsection
1082 (3)(a) of this section shall be used to reduce the state's General
1083 Fund appropriation for the categories listed in an amount below
1084 the following amounts:

1085 (a) For subsection (3)(a)(ii) of this section,
1086 Thirty-six Million Seven Hundred Thousand Dollars
1087 (\$36,700,000.00);

1088 (b) For the aggregate of minimum program allotments in
1089 the 1997 fiscal year, formerly provided for in Chapter 19, Title
1090 37, Mississippi Code of 1972, as amended, excluding those funds
1091 for transportation as provided for in subsection (5)(a) in this
1092 section.

1093 **SECTION 10.** This act shall take effect and be in force from
1094 and after July 1, 2006.