

By: Senator(s) Wilemon

To: Education;
Appropriations

SENATE BILL NO. 2002

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

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

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

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

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

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

30 (b) **Determination of base student cost.** The State
31 Board of Education, on or before August 1, with adjusted estimate
32 no later than January 2, shall annually submit to the Legislative

33 Budget Office and the Governor a proposed base student cost
34 adequate to provide the following cost components of educating a
35 pupil in an average school district meeting Level III
36 accreditation standards required by the Commission on School
37 Accreditation: (i) Instructional Cost; (ii) Administrative Cost;
38 (iii) Operation and Maintenance of Plant; and (iv) Ancillary
39 Support Cost. The department shall utilize a statistical
40 methodology which considers such factors as, but not limited to,
41 (i) school size; (ii) assessed valuation per pupil; (iii) the
42 percentage of students receiving free lunch; (iv) the local
43 district maintenance tax levy; (v) other local school district
44 revenues; and (vi) the district's accreditation level, in the
45 selection of the representative Mississippi school districts for
46 which cost information shall be obtained for each of the above
47 listed cost areas.

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

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

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

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

95 Beginning with fiscal year 2007-2008 and each fiscal year
96 thereafter, the annual appropriation bill to fund the Mississippi
97 Adequate Education Program shall identify the amount appropriated
98 to fund each component of instructional cost, including teacher

99 salaries, administrative cost, plant and maintenance and ancillary
100 support, as provided under paragraphs (b) and (c).

101 (d) **Adjustment to the base student cost for at-risk**
102 **pupils.** The amount to be included for at-risk pupil programs for
103 each school district shall be computed as follows: Multiply the
104 base student cost for the appropriate fiscal year as determined
105 under paragraph (b) by five percent (5%), and multiply that
106 product by the number of pupils participating in the federal free
107 school lunch program in such school district, which yields the
108 total adjustment for at-risk pupil programs for such school
109 district. Beginning with fiscal year 2007-2008 and each fiscal
110 year thereafter, the appropriation bill to fund the Mississippi
111 Adequate Education Program shall identify the amount appropriated
112 to fund the at-risk pupil program component provided under this
113 paragraph (d).

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

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

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

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

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

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

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

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

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

143 The sum of the items listed above (i) transportation, (ii)
144 vocational or technical education, (iii) special education, (iv)
145 gifted education, (v) alternative school, (vi) extended school
146 year, (vii) university-based, and (viii) bus driver training shall
147 yield the add-on cost for each school district. Beginning with
148 fiscal year 2007-2008 and each fiscal year thereafter, the
149 appropriation bill to fund the Mississippi Adequate Education
150 Program shall identify the amount appropriated to fund each add-on
151 cost component provided under this paragraph (e).

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

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

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

166 (h) The State Auditor shall annually verify the State
167 Board of Education's estimated calculations for the Mississippi
168 Adequate Education Program that are submitted each year to the
169 Legislative Budget Office on August 1 and the final calculation
170 that is submitted on January 2.

171 (2) **Computation of the required local revenue in support of**
172 **the adequate education program.** The amount that each district
173 shall provide toward the cost of the adequate education program
174 shall be calculated as follows:

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

186 (b) The State Board of Education shall determine (i)
187 the total assessed valuation of nonexempt property for school
188 purposes in each school district; (ii) assessed value of exempt
189 property owned by homeowners aged sixty-five (65) or older or
190 disabled as defined in Section 27-33-67(2), Mississippi Code of
191 1972; (iii) the school district's tax loss from exemptions
192 provided to applicants under the age of sixty-five (65) and not
193 disabled as defined in Section 27-33-67(1), Mississippi Code of
194 1972; and (iv) the school district's homestead reimbursement
195 revenues.

196 (c) The amount of the total adequate education program
197 funding which shall be contributed by each school district shall
198 be the sum of the ad valorem receipts generated by the millage
199 required under this subsection plus the following local revenue
200 sources for the appropriate fiscal year which are or may be
201 available for current expenditure by the school district:

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

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

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

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

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

233 (i) Calculation of the full funding amount under
234 this chapter, with proportionate reductions as required by the
235 appropriation level.

236 (ii) Calculation of the amount equal to the state
237 funds allocated to school districts for fiscal year 2002 plus the
238 estimated amount to fund the adequate education program salary
239 schedule for fiscal year 2003. For purposes of this item (ii),
240 state funds shall be those described in paragraph (b) and an
241 amount equal to the allocation for the adequate education program
242 in fiscal year 2002, plus any additional amount required to
243 satisfy fiscal year 2003 pledges in accordance with paragraphs
244 (d), (e) and (f) of subsection (5) of this section. If a school
245 district's fiscal year 2003 pledge is different than the pledge
246 amount for fiscal year 2002, the district shall receive an amount
247 equal to the fiscal year 2003 pledge or the amount of funds
248 calculated under the adequate education formula for fiscal year
249 2002 before any pledge guarantee for fiscal year 2002, whichever
250 is greater. If the pledge is no longer in effect, the district
251 shall receive the amount of funds calculated under the formula for
252 fiscal year 2002 before any pledge guarantee for fiscal year 2002.

253 (iii) The portion of any district's allocation
254 calculated in item (i) of this paragraph which exceeds amounts as
255 calculated in item (ii) shall be reduced by an amount not to
256 exceed twenty-one percent (21%). The amount of funds generated by
257 this reduction of funds shall be redistributed proportionately
258 among those districts receiving insufficient funds to meet the
259 amount calculated in item (ii). In no case may any district
260 receive funds in an amount greater than the amount that the

261 district would have received under full funding of the program for
262 fiscal year 2003.

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

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

294 of Education that exceed the amount of funds due to the school
295 districts under the basic adequate education program distribution
296 as provided for in this chapter:

297 (a) Determine the percentage increase in average daily
298 attendance for the second and third months of the year for which
299 adequate education program funds are appropriated over the
300 preceding year's second and third month average daily attendance.

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

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

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

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

326 (5) The Interim School District Capital Expenditure Fund is
327 hereby established in the State Treasury which shall be used to
328 distribute any funds specifically appropriated by the Legislature
329 to such fund to school districts entitled to increased allocations
330 of state funds under the adequate education program funding
331 formula prescribed in Sections 37-151-3 through 37-151-7,
332 Mississippi Code of 1972, until such time as the said adequate
333 education program is fully funded by the Legislature. The
334 following percentages of the total state cost of increased
335 allocations of funds under the adequate education program funding
336 formula shall be appropriated by the Legislature into the Interim
337 School District Capital Expenditure Fund to be distributed to all
338 school districts under the formula: Nine and two-tenths percent
339 (9.2%) shall be appropriated in fiscal year 1998, twenty percent
340 (20%) shall be appropriated in fiscal year 1999, forty percent
341 (40%) shall be appropriated in fiscal year 2000, sixty percent
342 (60%) shall be appropriated in fiscal year 2001, eighty percent
343 (80%) shall be appropriated in fiscal year 2002, and one hundred
344 percent (100%) shall be appropriated in fiscal year 2003 into the
345 State Adequate Education Program Fund created in subsection (4).
346 Until July 1, 2002, such money shall be used by school districts
347 for the following purposes:

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

359 (b) Providing necessary water, light, heating, air
360 conditioning, and sewerage facilities for school buildings, and
361 purchasing land therefor.

362 (c) Paying debt service on existing capital improvement
363 debt of the district or refinancing outstanding debt of a district
364 if such refinancing will result in an interest cost savings to the
365 district.

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

392 under the Interim Capital Expenditure Fund if fully funded, so
393 long as such debt remains outstanding.

394 (e) From and after October 1, 1997, through June 30,
395 1998, in addition to any other authority a school district may
396 have, any school district may issue State Aid Capital Improvement
397 Bonds secured in whole by a continuing annual pledge of any
398 Mississippi Adequate Education Program funds available to the
399 district, in an amount not to exceed One Hundred Sixty Dollars
400 (\$160.00) per pupil based on the latest completed average daily
401 attendance count certified by the department prior to the issuance
402 of the bonds. Such State Aid Capital Improvement Bonds may be
403 issued for the purposes enumerated in paragraphs (a), (b), (c) and
404 (g) of this section. Prior to issuing such bonds, the school
405 board of the district shall adopt a resolution declaring the
406 necessity for and its intention of issuing such bonds and
407 borrowing such money, specifying the approximate amount to be so
408 borrowed, how such money is to be used and how such indebtedness
409 is to be evidenced. Any capital improvement project financed with
410 State Aid Capital Improvement Bonds shall be approved by the
411 department, and based on an approved long-range plan. The State
412 Board of Education shall promulgate minimum requirements for the
413 approval of such school district capital expenditure plans. The
414 State Board of Education shall not approve any capital expenditure
415 plan for a pledge of funds under this paragraph unless it
416 determines (i) that the quality of instruction in such district
417 will not be reduced as a result of this pledge, and (ii) the
418 district has other revenue available to attain and maintain at
419 least Level III accreditation.

420 A district issuing State Aid Capital Improvement Bonds may
421 pledge for the repayment of such bonds all funds received by the
422 district from the state, in an amount not to exceed One Hundred
423 Sixty Dollars (\$160.00) per pupil in average daily attendance in
424 the school district as set forth above, and not otherwise

425 permanently pledged under paragraph (d) of this subsection or
426 under Section 37-61-33(2)(d), Mississippi Code of 1972. The
427 district's school board shall specify by resolution the amount of
428 state funds, which are being pledged by the district for the
429 repayment of the State Aid Capital Improvement Bonds. Once such a
430 pledge is made to secure the bonds, the district shall notify the
431 department of such pledge. Upon making such a pledge, the school
432 district may request the department which may agree to irrevocably
433 transfer a specified amount or percentage of the district's state
434 revenue pledged to repay the district's State Aid Capital
435 Improvement Bonds directly to a state or federally chartered bank
436 serving as a trustee or paying agent on such bonds for the payment
437 of all or portion of such State Aid Capital Improvement Bonds.
438 Such instructions shall be incorporated into a resolution by the
439 school board for the benefit of holders of the bonds and may
440 provide that such withholding and transfer of such other available
441 funds shall be made only upon notification by a trustee or paying
442 agent on such bonds that the amounts available to pay such bonds
443 on any payment date will not be sufficient. It is the intent of
444 this provision to allow school districts to irrevocably pledge a
445 certain, constant stream of revenue as security for State Aid
446 Capital Improvement Bonds issued hereunder. To allow school
447 districts to make such an irrevocable pledge, the state shall take
448 all action necessary to ensure that the amount of a district's
449 state revenues up to an amount equal to One Hundred Sixty Dollars
450 (\$160.00) per pupil as set forth above which have been pledged to
451 repay debt as set forth herein shall not be reduced so long as any
452 State Aid Capital Improvement Bonds are outstanding.

453 Any such State Aid Capital Improvement Bonds shall mature as
454 determined by the district's school bond over a period not to
455 exceed twenty (20) years. Such bonds shall not bear a greater
456 overall maximum interest rate to maturity than that allowed in
457 Section 75-17-101, Mississippi Code of 1972. The further details

458 and terms of such bonds shall be as determined by the school board
459 of the district.

460 The provisions of this subsection shall be cumulative and
461 supplemental to any existing funding programs or other authority
462 conferred upon school districts or school boards. Debt of a
463 school district secured in whole by a pledge of revenue pursuant
464 to this section shall not be subject to any debt limitation.

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

469 This paragraph (e) shall stand repealed from and after June
470 30, 1998.

471 (f) As an alternative to the authority granted under
472 paragraph (e), a school district, in its discretion, may authorize
473 the State Board of Education to withhold an amount of the
474 district's adequate education program allotment equal to up to One
475 Hundred Sixty Dollars (\$160.00) per student in average daily
476 attendance in the district to be allocated to the State Public
477 School Building Fund to the credit of such school district. A
478 school district may choose the option provided under this
479 paragraph (e) or paragraph (f), but not both. In addition to the
480 grants made by the state pursuant to Section 37-47-9, a school
481 district shall be entitled to grants based on the allotments to
482 the State Public School Building Fund credited to such school
483 district under this paragraph. This paragraph (f) shall stand
484 repealed from and after June 30, 1998.

485 (g) The State Board of Education may authorize the
486 school district to expend not more than twenty percent (20%) of
487 its annual allotment of such funds or Twenty Thousand Dollars
488 (\$20,000.00), whichever is greater, for technology needs of the
489 school district, including computers, software,
490 telecommunications, cable television, interactive video, film,

491 low-power television, satellite communications, microwave
492 communications, technology-based equipment installation and
493 maintenance, and the training of staff in the use of such
494 technology-based instruction. Any such technology expenditure
495 shall be reflected in the local district technology plan approved
496 by the State Board of Education under Section 37-151-17,
497 Mississippi Code of 1972.

498 (h) To the extent a school district has not utilized
499 twenty percent (20%) of its annual allotment for technology
500 purposes under paragraph (g), a school district may expend not
501 more than twenty percent (20%) of its annual allotment or Twenty
502 Thousand Dollars (\$20,000.00), whichever is greater, for
503 instructional purposes. The State Board of Education may
504 authorize a school district to expend more than said twenty
505 percent (20%) of its annual allotment for instructional purposes
506 if it determines that such expenditures are needed for
507 accreditation purposes.

508 (i) The State Department of Education or the State
509 Board of Education may require that any project commenced under
510 this section with an estimated project cost of not less than Five
511 Million Dollars (\$5,000,000.00) shall be done only pursuant to
512 program management of the process with respect to design and
513 construction. Any individuals, partnerships, companies or other
514 entities acting as a program manager on behalf of a local school
515 district and performing program management services for projects
516 covered under this subsection shall be approved by the State
517 Department of Education.

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

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

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

527 37-61-9. (1) On or before the fifteenth day of August of
528 each year, the local school board of each school district, with
529 the assistance of the superintendent of schools, shall prepare and
530 file with the levying authority for the school district, as
531 defined in Section 37-57-1, Mississippi Code of 1972, at least two
532 (2) copies of a budget of estimated expenditures for the support,
533 maintenance and operation of the public schools of the school
534 district for the fiscal year commencing on July 1 of such year.
535 Such budget shall be prepared on forms prescribed and provided by
536 the State Auditor and shall contain such information as the State
537 Auditor may require. Beginning with fiscal year 2007-2008 and
538 fiscal years thereafter, each school district's budget shall
539 contain a detailed statement of the estimated amounts to be
540 expended for each instructional program and add-on program
541 component identified in the annual legislative appropriation bill
542 to fund the Mississippi Adequate Education Program as provided in
543 Section 37-151-7(1)(b), (d) and (e), and it shall show separately
544 the amounts of such expenses to be paid from adequate education
545 program funds, local school district maintenance funds and other
546 available funds. The budget shall also contain a detailed
547 statement of the revenues which will be available for defraying
548 the expenses of and maintaining and operating the schools of such
549 district during the fiscal year for which the budget is prepared,
550 which statement of estimated revenues shall be divided as to
551 sources and shall show the amount available from each source. The
552 State Board of Education shall prescribe and provide forms to each
553 school district for this purpose. When an operating budget has
554 been approved by the local school board and Mississippi Adequate

555 Education Program funds have been provided by appropriation of the
556 Legislature, the amount approved shall be available by budget
557 category and each budget category shall constitute the maximum
558 amount of obligations or indebtedness which may be incurred by the
559 school district for such purpose during the fiscal year. Unless
560 otherwise specified in the Mississippi Adequate Education Program
561 appropriation bill, in the event any emergency or unforeseen
562 circumstances shall arise, the local school board may authorize
563 increases in major objects of expenditure within such school
564 district's allocation of each specific budget category within the
565 appropriation bill for the current year in total amounts not to
566 exceed ten percent (10%) of the appropriated amount of each
567 object, provided that other major objects of expenditure are
568 decreased by a corresponding dollar amount. However, no transfers
569 shall be authorized which decrease the major object of expenditure
570 "Salaries, Wages and Fringe Benefits," or which decrease the major
571 object of expenditure "Capital Outlay--Equipment." The
572 superintendent of schools for such school district requesting a
573 transfer shall submit written justification for the transfer to
574 the State Board of Education on or before the fifteenth of the
575 month prior to the effective date of the transfer and the transfer
576 shall be effective the first working day of the month following
577 timely submissions required herein. In cases of extreme hardship,
578 certified in writing by the superintendent of schools, the State
579 Board of Education may, in its discretion, authorize an earlier
580 effective date for the transfer.

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

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

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

610 2300 = Support Services - General Administration
611 2310 = Board of Education Services
612 2320 = Executive Administration Services
613 2330 = Special Area Administration Services
614 2500 = Business Services
615 2510 = Fiscal Services
616 2520 = Purchasing Services
617 2530 = Warehousing and Distributing Services
618 2540 = Printing, Publishing and Duplicating Services
619 2590 = Other Support Services - Business
620 2800 = Support Services - Central

621 2810 = Planning, Research, Development and Evaluation
622 2820 = Information Services
623 2830 = Staff Services
624 2840 = Data Processing Services

625 Any costs classified as "administration costs" for purposes
626 of this subsection which can be demonstrated by the local school
627 district to be an expenditure that results in a net cost savings
628 to the district that may otherwise require budget expenditures for
629 functions not covered under the definition of administration costs
630 herein may be excluded from the limitations imposed herein. The
631 local school board shall make a specific finding of such costs and
632 spread such finding upon its minutes, which shall be subject to
633 the approval of the Office of Educational Accountability of the
634 State Department of Education. Any school district required to
635 make expenditure cuts, as a result of application of this
636 subsection, shall not be required to reduce such expenditures more
637 than twenty-five percent (25%) in any year in order to comply with
638 this mandate.

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

642 This section shall not apply to central administration with
643 five (5) or less full-time employees, or to those school districts
644 which can substantiate that comparable reductions have occurred in
645 administrative costs for the five-year period immediately prior to
646 school year 1993-1994. In the event the application of this
647 section may jeopardize the fiscal integrity or operations of the
648 school district, have an adverse impact on the ability of the
649 district to deliver educational services, or otherwise restrict
650 the district from achieving or maintaining a quality education
651 program, the State Board of Education shall be authorized to
652 exempt the application of this section to such school district

653 pursuant to rules and regulations of the State Board of Education
654 consistent with the intent of this section.

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

657 37-61-19. It shall be the duty of the superintendents of
658 schools and the school boards of all school districts to limit the
659 expenditure of school funds during the fiscal year to the
660 resources available. It shall be unlawful for any school district
661 to budget expenditures from a fund or specific budget category as
662 provided in Section 37-61-9(1), in excess of the resources
663 available within that fund. Furthermore, it shall be unlawful for
664 any contract to be entered into or any obligation incurred or
665 expenditure made in excess of the resources available for such
666 fiscal year. Any member of the school board, superintendent of
667 schools, or other school official, who shall knowingly enter into
668 any contract, incur any obligation, or make any expenditure in
669 excess of the amount available in a specific budget category for
670 the fiscal year shall be personally liable for the amount of such
671 excess. However, no school board member, superintendent or other
672 school official shall be personally liable (a) in the event of any
673 reduction in adequate education program payments by action of the
674 Governor acting through the Department of Finance and
675 Administration, or (b) for claims, damages, awards or judgments,
676 on account of any wrongful or tortious act or omission or breach
677 of implied term or condition of any warranty or contract;
678 provided, however, that the foregoing immunity provisions shall
679 not be a defense in cases of fraud, criminal action or an
680 intentional breach of fiduciary obligations imposed by statute.

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