

By: Senator(s) Flowers, Davis

To: Education;  
Appropriations

SENATE BILL NO. 2706

1 AN ACT TO AMEND SECTION 37-151-7, MISSISSIPPI CODE OF 1972,  
2 TO REVISE THE FORMULA FOR COMPUTING AVERAGE DAILY ATTENDANCE OF  
3 STUDENTS FOR PURPOSES OF THE MISSISSIPPI ADEQUATE EDUCATION  
4 PROGRAM; TO DELETE THE REPEALER ON THE PROVISION OF LAW THAT  
5 ESTABLISHES THE HIGH-GROWTH SCHOOL DISTRICT FORMULA UNDER THE  
6 ADEQUATE EDUCATION PROGRAM; AND FOR RELATED PURPOSES.

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

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

10 37-151-7. The annual allocation to each school district for  
11 the operation of the adequate education program shall be  
12 determined as follows:

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

17 (a) **Determination of average daily attendance.** During  
18 months two and three of the current school year, the average daily  
19 attendance of a school district shall be computed \* \* \* and  
20 currently maintained in accordance with regulations promulgated by  
21 the State Board of Education.

22 (b) **Determination of base student cost.** The State  
23 Board of Education, on or before August 1, with adjusted estimate  
24 no later than January 2, shall annually submit to the Legislative  
25 Budget Office and the Governor a proposed base student cost  
26 adequate to provide the following cost components of educating a  
27 pupil in an average school district meeting Level III  
28 accreditation standards required by the Commission on School

29 Accreditation: (i) Instructional Cost; (ii) Administrative Cost;

30 (iii) Operation and Maintenance of Plant; and (iv) Ancillary  
31 Support Cost. The department shall utilize a statistical  
32 methodology which considers such factors as, but not limited to,  
33 (i) school size; (ii) assessed valuation per pupil; (iii) the  
34 percentage of students receiving free lunch; (iv) the local  
35 district maintenance tax levy; (v) other local school district  
36 revenues; and (vi) the district's accreditation level, in the  
37 selection of the representative Mississippi school districts for  
38 which cost information shall be obtained for each of the above  
39 listed cost areas.

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

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

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

84 Multiply the average daily attendance of the district by the  
85 base student cost as established by the Legislature, which yields  
86 the total base program cost for each school district.

87 (d) **Adjustment to the base student cost for at-risk**  
88 **pupils.** The amount to be included for at-risk pupil programs for  
89 each school district shall be computed as follows: Multiply the  
90 base student cost for the appropriate fiscal year as determined  
91 under paragraph (b) by five percent (5%), and multiply that  
92 product by the number of pupils participating in the federal free  
93 school lunch program in such school district, which yields the  
94 total adjustment for at-risk pupil programs for such school  
95 district.

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

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

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

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

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

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

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

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

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

125                   The sum of the items listed above (i) transportation, (ii)  
126 vocational or technical education, (iii) special education, (iv)  
127 gifted education, (v) alternative school, (vi) extended school

128 year, (vii) university-based, and (viii) bus driver training shall  
129 yield the add-on cost for each school district.

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

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

135 (g) **Supplemental grant to school districts.** In  
136 addition to the adequate education program grant, the State  
137 Department of Education shall annually distribute an additional  
138 amount as follows: Multiply the base student cost for the  
139 appropriate fiscal year as determined under paragraph (b) by  
140 thirteen one-hundredths percent (.13%) and multiply that product  
141 by the average daily attendance of each school district. Such  
142 grant shall not be subject to the local revenue requirement  
143 provided in subsection (2).

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

149 (2) **Computation of the required local revenue in support of**  
150 **the adequate education program.** The amount that each district  
151 shall provide toward the cost of the adequate education program  
152 shall be calculated as follows:

153 (a) The State Board of Education shall certify to each  
154 school district that twenty-eight (28) mills, less the estimated  
155 amount of the yield of the School Ad Valorem Tax Reduction Fund  
156 grants as determined by the State Department of Education, is the  
157 millage rate required to provide the district required local  
158 effort for that year, or twenty-seven percent (27%) of the basic  
159 adequate education program cost for such school district as  
160 determined under paragraph (c), whichever is a lesser amount. In

161 the case of an agricultural high school the millage requirement  
162 shall be set at a level which generates an equitable amount per  
163 pupil to be determined by the State Board of Education.

164 (b) The State Board of Education shall determine (i)  
165 the total assessed valuation of nonexempt property for school  
166 purposes in each school district; (ii) assessed value of exempt  
167 property owned by homeowners aged sixty-five (65) or older or  
168 disabled as defined in Section 27-33-67(2), Mississippi Code of  
169 1972; (iii) the school district's tax loss from exemptions  
170 provided to applicants under the age of sixty-five (65) and not  
171 disabled as defined in Section 27-33-67(1), Mississippi Code of  
172 1972; and (iv) the school district's homestead reimbursement  
173 revenues.

174 (c) The amount of the total adequate education program  
175 funding which shall be contributed by each school district shall  
176 be the sum of the ad valorem receipts generated by the millage  
177 required under this subsection plus the following local revenue  
178 sources for the appropriate fiscal year which are or may be  
179 available for current expenditure by the school district:

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

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

184 (a) The required state effort in support of the  
185 adequate education program shall be determined by subtracting the  
186 sum of the required local tax effort as set forth in subsection  
187 (2)(a) of this section and the other local revenue sources as set  
188 forth in subsection (2)(c) of this section in an amount not to  
189 exceed twenty-seven percent (27%) of the total projected adequate  
190 education program cost as set forth in subsection (1)(f) of this  
191 section from the total projected adequate education program cost  
192 as set forth in subsection (1)(f) of this section.

193           (b) Provided, however, that in fiscal year 1998 and in  
194 the fiscal year in which the adequate education program is fully  
195 funded by the Legislature, any increase in the said state  
196 contribution, including the supplemental grant to school districts  
197 provided under subsection (1)(g), to any district calculated under  
198 this section shall be not less than eight percent (8%) in excess  
199 of the amount received by said district from state funds for the  
200 fiscal year immediately preceding. For purposes of this paragraph  
201 (b), state funds shall include minimum program funds less the  
202 add-on programs, State Uniform Millage Assistance Grant Funds,  
203 Education Enhancement Funds appropriated for Uniform Millage  
204 Assistance Grants and state textbook allocations, and State  
205 General Funds allocated for textbooks.

206           (c) If the appropriation is less than full funding for  
207 fiscal year 2003, allocations for state contributions to school  
208 districts in support of the adequate education program will be  
209 determined by the State Department of Education in the following  
210 manner:

211                   (i) Calculation of the full funding amount under  
212 this chapter, with proportionate reductions as required by the  
213 appropriation level.

214                   (ii) Calculation of the amount equal to the state  
215 funds allocated to school districts for fiscal year 2002 plus the  
216 estimated amount to fund the adequate education program salary  
217 schedule for fiscal year 2003. For purposes of this item (ii),  
218 state funds shall be those described in paragraph (b) and an  
219 amount equal to the allocation for the adequate education program  
220 in fiscal year 2002, plus any additional amount required to  
221 satisfy fiscal year 2003 pledges in accordance with paragraphs  
222 (d), (e) and (f) of subsection (5) of this section. If a school  
223 district's fiscal year 2003 pledge is different than the pledge  
224 amount for fiscal year 2002, the district shall receive an amount  
225 equal to the fiscal year 2003 pledge or the amount of funds

226 calculated under the adequate education formula for fiscal year  
227 2002 before any pledge guarantee for fiscal year 2002, whichever  
228 is greater. If the pledge is no longer in effect, the district  
229 shall receive the amount of funds calculated under the formula for  
230 fiscal year 2002 before any pledge guarantee for fiscal year 2002.

231 (iii) The portion of any district's allocation  
232 calculated in item (i) of this paragraph which exceeds amounts as  
233 calculated in item (ii) shall be reduced by an amount not to  
234 exceed twenty-one percent (21%). The amount of funds generated by  
235 this reduction of funds shall be redistributed proportionately  
236 among those districts receiving insufficient funds to meet the  
237 amount calculated in item (ii). In no case may any district  
238 receive funds in an amount greater than the amount that the  
239 district would have received under full funding of the program for  
240 fiscal year 2003.

241 (d) If the school board of any school district shall  
242 determine that it is not economically feasible or practicable to  
243 operate any school within the district for the full one hundred  
244 eighty (180) days required for a school term of a scholastic year  
245 as required in Section 37-13-63, Mississippi Code of 1972, due to  
246 an enemy attack, a man-made, technological or natural disaster in  
247 which the Governor has declared a disaster emergency under the  
248 laws of this state or the President of the United States has  
249 declared an emergency or major disaster to exist in this state,  
250 said school board may notify the State Department of Education of  
251 such disaster and submit a plan for altering the school term. If  
252 the State Board of Education finds such disaster to be the cause  
253 of the school not operating for the contemplated school term and  
254 that such school was in a school district covered by the  
255 Governor's or President's disaster declaration, it may permit said  
256 school board to operate the schools in its district for less than  
257 one hundred eighty (180) days and, in such case, the State  
258 Department of Education shall not reduce the state contributions



259 to the adequate education program allotment for such district,  
260 because of the failure to operate said schools for one hundred  
261 eighty (180) days.

262 (4) If during the year for which adequate education program  
263 funds are appropriated, any school district experiences a three  
264 percent (3%) or greater increase in average daily attendance  
265 during the second and third month over the preceding year's second  
266 and third month and the school district has requested a minimum  
267 increase of four percent (4%) in local ad valorem revenues over  
268 the previous year as authorized in Sections 37-57-104 and  
269 37-57-105, an additional allocation of adequate education program  
270 funds calculated in the following manner shall be granted to that  
271 district, using any additional funds available to the Department  
272 of Education that exceed the amount of funds due to the school  
273 districts under the basic adequate education program distribution  
274 as provided for in this chapter:

275 (a) Determine the percentage increase in average daily  
276 attendance for the second and third months of the year for which  
277 adequate education program funds are appropriated over the  
278 preceding year's second and third month average daily attendance.

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

286 (c) Subtract the percentage of the district's local  
287 contribution arrived at in subsection (2) of this section from the  
288 amount calculated in paragraph (b) of this subsection. The  
289 remainder is the additional allocation in adequate education  
290 program funds for that district.

291           If the funds available to the Department of Education are not  
292 sufficient to fully fund the additional allocations to school  
293 districts eligible for those allocations, then the department  
294 shall prorate the available funds among the eligible school  
295 districts, using the same percentage of the total funds that the  
296 school district would have received if the allocations were fully  
297 funded. The State Department of Education shall study and develop  
298 a report to the Chairmen of the Senate and House Committees on  
299 Education by January 1, 2005, with options for legislative  
300 consideration that will insure that the Mississippi Adequate  
301 Education funds are distributed to school districts based on  
302 current year student attendance or enrollment.

303       \* \* \*

304           (5) The Interim School District Capital Expenditure Fund is  
305 hereby established in the State Treasury which shall be used to  
306 distribute any funds specifically appropriated by the Legislature  
307 to such fund to school districts entitled to increased allocations  
308 of state funds under the adequate education program funding  
309 formula prescribed in Sections 37-151-3 through 37-151-7,  
310 Mississippi Code of 1972, until such time as the said adequate  
311 education program is fully funded by the Legislature. The  
312 following percentages of the total state cost of increased  
313 allocations of funds under the adequate education program funding  
314 formula shall be appropriated by the Legislature into the Interim  
315 School District Capital Expenditure Fund to be distributed to all  
316 school districts under the formula: Nine and two-tenths percent  
317 (9.2%) shall be appropriated in fiscal year 1998, twenty percent  
318 (20%) shall be appropriated in fiscal year 1999, forty percent  
319 (40%) shall be appropriated in fiscal year 2000, sixty percent  
320 (60%) shall be appropriated in fiscal year 2001, eighty percent  
321 (80%) shall be appropriated in fiscal year 2002, and one hundred  
322 percent (100%) shall be appropriated in fiscal year 2003 into the  
323 State Adequate Education Program Fund created in subsection (4).

324 Until July 1, 2002, such money shall be used by school districts  
325 for the following purposes:

326 (a) Purchasing, erecting, repairing, equipping,  
327 remodeling and enlarging school buildings and related facilities,  
328 including gymnasiums, auditoriums, lunchrooms, vocational training  
329 buildings, libraries, school barns and garages for transportation  
330 vehicles, school athletic fields and necessary facilities  
331 connected therewith, and purchasing land therefor. Any such  
332 capital improvement project by a school district shall be approved  
333 by the State Board of Education, and based on an approved  
334 long-range plan. The State Board of Education shall promulgate  
335 minimum requirements for the approval of school district capital  
336 expenditure plans.

337 (b) Providing necessary water, light, heating, air  
338 conditioning, and sewerage facilities for school buildings, and  
339 purchasing land therefor.

340 (c) Paying debt service on existing capital improvement  
341 debt of the district or refinancing outstanding debt of a district  
342 if such refinancing will result in an interest cost savings to the  
343 district.

344 (d) From and after October 1, 1997, through June 30,  
345 1998, pursuant to a school district capital expenditure plan  
346 approved by the State Department of Education, a school district  
347 may pledge such funds until July 1, 2002, plus funds provided for  
348 in paragraph (e) of this subsection (5) that are not otherwise  
349 permanently pledged under such paragraph (e) to pay all or a  
350 portion of the debt service on debt issued by the school district  
351 under Sections 37-59-1 through 37-59-45, 37-59-101 through  
352 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,  
353 37-7-301, 37-7-302 and 37-41-81, Mississippi Code of 1972, or debt  
354 issued by boards of supervisors for agricultural high schools  
355 pursuant to Section 37-27-65, Mississippi Code of 1972, or  
356 lease-purchase contracts entered into pursuant to Section 31-7-13,

357 Mississippi Code of 1972, or to retire or refinance outstanding  
358 debt of a district, if such pledge is accomplished pursuant to a  
359 written contract or resolution approved and spread upon the  
360 minutes of an official meeting of the district's school board or  
361 board of supervisors. It is the intent of this provision to allow  
362 school districts to irrevocably pledge their Interim School  
363 District Capital Expenditure Fund allotments as a constant stream  
364 of revenue to secure a debt issued under the foregoing code  
365 sections. To allow school districts to make such an irrevocable  
366 pledge, the state shall take all action necessary to ensure that  
367 the amount of a district's Interim School District Capital  
368 Expenditure Fund allotments shall not be reduced below the amount  
369 certified by the department or the district's total allotment  
370 under the Interim Capital Expenditure Fund if fully funded, so  
371 long as such debt remains outstanding.

372 (e) From and after October 1, 1997, through June 30,  
373 1998, in addition to any other authority a school district may  
374 have, any school district may issue State Aid Capital Improvement  
375 Bonds secured in whole by a continuing annual pledge of any  
376 Mississippi Adequate Education Program funds available to the  
377 district, in an amount not to exceed One Hundred Sixty Dollars  
378 (\$160.00) per pupil based on the latest completed average daily  
379 attendance count certified by the department prior to the issuance  
380 of the bonds. Such State Aid Capital Improvement Bonds may be  
381 issued for the purposes enumerated in paragraphs (a), (b), (c) and  
382 (g) of this section. Prior to issuing such bonds, the school  
383 board of the district shall adopt a resolution declaring the  
384 necessity for and its intention of issuing such bonds and  
385 borrowing such money, specifying the approximate amount to be so  
386 borrowed, how such money is to be used and how such indebtedness  
387 is to be evidenced. Any capital improvement project financed with  
388 State Aid Capital Improvement Bonds shall be approved by the  
389 department, and based on an approved long-range plan. The State

390 Board of Education shall promulgate minimum requirements for the  
391 approval of such school district capital expenditure plans. The  
392 State Board of Education shall not approve any capital expenditure  
393 plan for a pledge of funds under this paragraph unless it  
394 determines (i) that the quality of instruction in such district  
395 will not be reduced as a result of this pledge, and (ii) the  
396 district has other revenue available to attain and maintain at  
397 least Level III accreditation.

398 A district issuing State Aid Capital Improvement Bonds may  
399 pledge for the repayment of such bonds all funds received by the  
400 district from the state, in an amount not to exceed One Hundred  
401 Sixty Dollars (\$160.00) per pupil in average daily attendance in  
402 the school district as set forth above, and not otherwise  
403 permanently pledged under paragraph (d) of this subsection or  
404 under Section 37-61-33(2)(d), Mississippi Code of 1972. The  
405 district's school board shall specify by resolution the amount of  
406 state funds, which are being pledged by the district for the  
407 repayment of the State Aid Capital Improvement Bonds. Once such a  
408 pledge is made to secure the bonds, the district shall notify the  
409 department of such pledge. Upon making such a pledge, the school  
410 district may request the department which may agree to irrevocably  
411 transfer a specified amount or percentage of the district's state  
412 revenue pledged to repay the district's State Aid Capital  
413 Improvement Bonds directly to a state or federally chartered bank  
414 serving as a trustee or paying agent on such bonds for the payment  
415 of all or portion of such State Aid Capital Improvement Bonds.  
416 Such instructions shall be incorporated into a resolution by the  
417 school board for the benefit of holders of the bonds and may  
418 provide that such withholding and transfer of such other available  
419 funds shall be made only upon notification by a trustee or paying  
420 agent on such bonds that the amounts available to pay such bonds  
421 on any payment date will not be sufficient. It is the intent of  
422 this provision to allow school districts to irrevocably pledge a

423 certain, constant stream of revenue as security for State Aid  
424 Capital Improvement Bonds issued hereunder. To allow school  
425 districts to make such an irrevocable pledge, the state shall take  
426 all action necessary to ensure that the amount of a district's  
427 state revenues up to an amount equal to One Hundred Sixty Dollars  
428 (\$160.00) per pupil as set forth above which have been pledged to  
429 repay debt as set forth herein shall not be reduced so long as any  
430 State Aid Capital Improvement Bonds are outstanding.

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

438 The provisions of this subsection shall be cumulative and  
439 supplemental to any existing funding programs or other authority  
440 conferred upon school districts or school boards. Debt of a  
441 school district secured in whole by a pledge of revenue pursuant  
442 to this section shall not be subject to any debt limitation.

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

447 This paragraph (e) shall stand repealed from and after June  
448 30, 1998.

449 (f) As an alternative to the authority granted under  
450 paragraph (e), a school district, in its discretion, may authorize  
451 the State Board of Education to withhold an amount of the  
452 district's adequate education program allotment equal to up to One  
453 Hundred Sixty Dollars (\$160.00) per student in average daily  
454 attendance in the district to be allocated to the State Public  
455 School Building Fund to the credit of such school district. A

456 school district may choose the option provided under this  
457 paragraph (e) or paragraph (f), but not both. In addition to the  
458 grants made by the state pursuant to Section 37-47-9, a school  
459 district shall be entitled to grants based on the allotments to  
460 the State Public School Building Fund credited to such school  
461 district under this paragraph. This paragraph (f) shall stand  
462 repealed from and after June 30, 1998.

463 (g) The State Board of Education may authorize the  
464 school district to expend not more than twenty percent (20%) of  
465 its annual allotment of such funds or Twenty Thousand Dollars  
466 (\$20,000.00), whichever is greater, for technology needs of the  
467 school district, including computers, software,  
468 telecommunications, cable television, interactive video, film,  
469 low-power television, satellite communications, microwave  
470 communications, technology-based equipment installation and  
471 maintenance, and the training of staff in the use of such  
472 technology-based instruction. Any such technology expenditure  
473 shall be reflected in the local district technology plan approved  
474 by the State Board of Education under Section 37-151-17,  
475 Mississippi Code of 1972.

476 (h) To the extent a school district has not utilized  
477 twenty percent (20%) of its annual allotment for technology  
478 purposes under paragraph (g), a school district may expend not  
479 more than twenty percent (20%) of its annual allotment or Twenty  
480 Thousand Dollars (\$20,000.00), whichever is greater, for  
481 instructional purposes. The State Board of Education may  
482 authorize a school district to expend more than said twenty  
483 percent (20%) of its annual allotment for instructional purposes  
484 if it determines that such expenditures are needed for  
485 accreditation purposes.

486 (i) The State Department of Education or the State  
487 Board of Education may require that any project commenced under  
488 this section with an estimated project cost of not less than Five

489 Million Dollars (\$5,000,000.00) shall be done only pursuant to  
490 program management of the process with respect to design and  
491 construction. Any individuals, partnerships, companies or other  
492 entities acting as a program manager on behalf of a local school  
493 district and performing program management services for projects  
494 covered under this subsection shall be approved by the State  
495 Department of Education.

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

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

503 **SECTION 2.** This act shall take effect and be in force from  
504 and after July 1, 2006.