

By: Senator(s) Wilemon

To: Education;
Appropriations

SENATE BILL NO. 2231

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.**
24 Effective with fiscal year 2011, the State Department of Education
25 shall determine the percentage change from the prior year of each
26 year of each school district's average of months two (2) and three
27 (3) average daily attendance (ADA) for the three (3) immediately
28 preceding school years of the year for which funds are being
29 appropriated. For any school district that experiences a positive
30 growth in the average of months two (2) and three (3) ADA each
31 year of the three (3) years, the average percentage growth over
32 the three-year period shall be multiplied times the school

33 district's average of months two (2) and three (3) ADA for the
34 year immediately preceding the year for which MAEP funds are being
35 appropriated. The resulting amount shall be added to the school
36 district's average of months two (2) and three (3) ADA for the
37 year immediately preceding the year for which MAEP funds are being
38 appropriated to arrive at the ADA to be used in determining a
39 school district's MAEP allocation. Otherwise, months two (2) and
40 three (3) ADA for the year immediately preceding the year for
41 which MAEP funds are being appropriated will be used in
42 determining a school district's MAEP allocation. In any fiscal
43 year prior to 2010 in which the MAEP formula is not fully funded,
44 for those districts that do not demonstrate a three-year positive
45 growth in months two (2) and three (3) ADA, months one (1) through
46 nine (9) ADA of the second preceding year for which funds are
47 being appropriated or months two (2) and three (3) ADA of the
48 preceding year for which funds are being appropriated, whichever
49 is greater, shall be used to calculate the district's MAEP
50 allocation. The district's average daily attendance shall be
51 computed and currently maintained in accordance with regulations
52 promulgated by the State Board of Education.

53 (b) **Determination of base student cost.** Effective with
54 fiscal year 2011 and every fourth fiscal year thereafter, the
55 State Board of Education, on or before August 1, with adjusted
56 estimate no later than January 2, shall submit to the Legislative
57 Budget Office and the Governor a proposed base student cost
58 adequate to provide the following cost components of educating a
59 pupil in a successful school district: (i) Instructional Cost;
60 (ii) Administrative Cost; (iii) Operation and Maintenance of
61 Plant; and (iv) Ancillary Support Cost. For purposes of these
62 calculations, the Department of Education shall utilize financial
63 data from the second preceding year of the year for which funds
64 are being appropriated.

65 For the instructional cost component, the Department of
66 Education shall select districts that have been identified as
67 instructionally successful and have a ratio of a number of
68 teachers per one thousand (1,000) students that is between one (1)
69 standard deviation above the mean and two (2) standard deviations
70 below the mean of the statewide average of teachers per one
71 thousand (1,000) students. The instructional cost component shall
72 be calculated by dividing the latest available months one (1)
73 through nine (9) ADA into the instructional expenditures of these
74 selected districts. For the purpose of this calculation, the
75 Department of Education shall use the following funds, functions
76 and objects:

77 Fund 1120 Functions 1110-1199 Objects 100-999, Functions
78 1210, 1220, 2150-2159 Objects 210 and 215;

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

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

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

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

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

84 Prior to the calculation of the instructional cost component,
85 there shall be subtracted from the above expenditures any revenue
86 received for Chickasaw Cession payments, Master Teacher
87 Certification payments and the district's portion of state revenue
88 received from the MAEP at-risk allocation.

89 For the administrative cost component, the Department of
90 Education shall select districts that have been identified as
91 instructionally successful and have a ratio of an administrative
92 staff to nonadministrative staff between one (1) standard
93 deviation above the mean and two (2) standard deviations below the
94 mean of the statewide average administrative staff to
95 nonadministrative staff. The administrative cost component shall
96 be calculated by dividing the latest available months one (1)
97 through nine 9 ADA of the selected districts into the

98 administrative expenditures of these selected districts. For the
99 purpose of this calculation, the Department of Education shall use
100 the following funds, functions and objects:

101 Fund 1120 Functions 2300-2599, Functions 2800-2899,
102 Objects 100-999;

103 Fund 2711 Functions 2300-2599, Functions 2800-2899,
104 Objects 100-999.

105 For the plant and maintenance cost component, the Department
106 of Education shall select districts that have been identified as
107 instructionally successful and have a ratio of plant and
108 maintenance expenditures per one hundred thousand (100,000) square
109 feet of building space and a ratio of maintenance workers per one
110 hundred thousand (100,000) square feet of building space that are
111 both between one (1) standard deviation above the mean and two (2)
112 standard deviations below the mean of the statewide average. The
113 plant and maintenance cost component shall be calculated by
114 dividing the latest available months one (1) through nine (9) ADA
115 of the selected districts into the plant and maintenance
116 expenditures of these selected districts. For the purpose of this
117 calculation, the Department of Education shall use the following
118 funds, functions and objects:

119 Fund 1120 Functions 2600-2699, Objects 100-699
120 and Objects 800-999;

121 Fund 2711 Functions 2600-2699, Objects 100-699
122 and Objects 800-999;

123 Fund 2430 Functions 2600-2699, Objects 100-699
124 and Objects 800-999.

125 For the ancillary support cost component, the Department of
126 Education shall select districts that have been identified as
127 instructionally successful and have a ratio of a number of
128 librarians, media specialists, guidance counselors and
129 psychologists per one thousand (1,000) students that is between
130 one (1) standard deviation above the mean and two (2) standard

131 deviations below the mean of the statewide average of librarians,
132 media specialists, guidance counselors and psychologists per one
133 thousand (1,000) students. The ancillary cost component shall be
134 calculated by dividing the latest available months one (1) through
135 nine (9) ADA into the ancillary expenditures instructional
136 expenditures of these selected districts. For the purpose of this
137 calculation, the Department of Education shall use the following
138 funds, functions and objects:

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

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

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

142 Fund 2001 Functions 2100-2129, Objects 100-999;

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

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

145 The total base cost for each year shall be the sum of the
146 instructional cost component, administrative cost component, plant
147 and maintenance cost component and ancillary support cost
148 component, and any estimated adjustments for additional state
149 requirements as determined by the State Board of Education.

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

152 For each of the fiscal years between the recalculation of the
153 base student cost under the provisions of this paragraph (b), the
154 base student cost shall be increased by an amount equal to forty
155 percent (40%) of the base student cost for the previous fiscal
156 year, multiplied by the latest annual rate of inflation for the
157 State of Mississippi as determined by the State Economist, plus
158 any adjustments for additional state requirements such as, but not
159 limited to, teacher pay raises and health insurance premium
160 increases.

161 (c) **Determination of the basic adequate education**
162 **program cost.** The basic amount for current operation to be

163 included in the Mississippi Adequate Education Program for each
164 school district shall be computed as follows:

165 Multiply the average daily attendance of the district by the
166 base student cost as established by the Legislature, which yields
167 the total base program cost for each school district.

168 Beginning with fiscal year 2008-2009 and each fiscal year
169 thereafter, the annual appropriation bill to fund the Mississippi
170 Adequate Education Program shall identify the amount appropriated
171 to fund each component of instructional cost, including teacher
172 salaries, administrative cost, plant and maintenance and ancillary
173 support, as provided under paragraphs (b) and (c).

174 (d) **Adjustment to the base student cost for at-risk**
175 **pupils.** The amount to be included for at-risk pupil programs for
176 each school district shall be computed as follows: Multiply the
177 base student cost for the appropriate fiscal year as determined
178 under paragraph (b) by five percent (5%), and multiply that
179 product by the number of pupils participating in the federal free
180 school lunch program in such school district, which yields the
181 total adjustment for at-risk pupil programs for such school
182 district. Beginning with fiscal year 2008-2009 and each fiscal
183 year thereafter, the appropriation bill to fund the Mississippi
184 Adequate Education Program shall identify the amount appropriated
185 to fund the at-risk pupil program component provided under this
186 paragraph (d).

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

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

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

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

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

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

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

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

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

216 The sum of the items listed above (i) transportation, (ii)
217 vocational or technical education, (iii) special education, (iv)
218 gifted education, (v) alternative school, (vi) extended school
219 year, (vii) university-based, and (viii) bus driver training shall
220 yield the add-on cost for each school district. Beginning with
221 fiscal year 2008-2009 and each fiscal year thereafter, the
222 appropriation bill to fund the Mississippi Adequate Education
223 Program shall identify the amount appropriated to fund each add-on
224 cost component provided under this paragraph (e).

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

226 The total Mississippi Adequate Education Program cost shall be the

227 sum of the total basic adequate education program cost (paragraph
228 (c)), and the adjustment to the base student cost for at-risk
229 pupils (paragraph (d)) for each school district. In any year in
230 which the MAEP is not fully funded, the Legislature shall direct
231 the Department of Education in the K-12 appropriation bill as to
232 how to allocate MAEP funds to school districts for that year.

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

238 (2) **Computation of the required local revenue in support of**
239 **the adequate education program.** The amount that each district
240 shall provide toward the cost of the adequate education program
241 shall be calculated as follows:

242 (a) The State Department of Education shall certify to
243 each school district that twenty-eight (28) mills, less the
244 estimated amount of the yield of the School Ad Valorem Tax
245 Reduction Fund grants as determined by the State Department of
246 Education, is the millage rate required to provide the district
247 required local effort for that year, or twenty-seven percent (27%)
248 of the basic adequate education program cost for such school
249 district as determined under paragraph (c), whichever is a lesser
250 amount. In the case of an agricultural high school, the millage
251 requirement shall be set at a level which generates an equitable
252 amount per pupil to be determined by the State Board of Education.

253 (b) The State Department of Education shall determine
254 (i) the total assessed valuation of nonexempt property for school
255 purposes in each school district; (ii) assessed value of exempt
256 property owned by homeowners aged sixty-five (65) or older or
257 disabled as defined in Section 27-33-67(2), Mississippi Code of
258 1972; (iii) the school district's tax loss from exemptions
259 provided to applicants under the age of sixty-five (65) and not

260 disabled as defined in Section 27-33-67(1), Mississippi Code of
261 1972; and (iv) the school district's homestead reimbursement
262 revenues.

263 (c) The amount of the total adequate education program
264 funding which shall be contributed by each school district shall
265 be the sum of the ad valorem receipts generated by the millage
266 required under this subsection plus the following local revenue
267 sources for the appropriate fiscal year which are or may be
268 available for current expenditure by the school district:

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

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

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

275 (a) The required state effort in support of the
276 adequate education program shall be determined by subtracting the
277 sum of the required local tax effort as set forth in subsection
278 (2)(a) of this section and the other local revenue sources as set
279 forth in subsection (2)(c) of this section in an amount not to
280 exceed twenty-seven percent (27%) of the total projected adequate
281 education program cost as set forth in subsection (1)(f) of this
282 section from the total projected adequate education program cost
283 as set forth in subsection (1)(f) of this section.

284 (b) Provided, however, that in fiscal year 1998 and in
285 the fiscal year in which the adequate education program is fully
286 funded by the Legislature, any increase in the said state
287 contribution to any district calculated under this section shall
288 be not less than eight percent (8%) in excess of the amount
289 received by said district from state funds for the fiscal year
290 immediately preceding. For purposes of this paragraph (b), state
291 funds shall include minimum program funds less the add-on
292 programs, State Uniform Millage Assistance Grant Funds, Education

293 Enhancement Funds appropriated for Uniform Millage Assistance
294 Grants and state textbook allocations, and State General Funds
295 allocated for textbooks.

296 (c) If the school board of any school district shall
297 determine that it is not economically feasible or practicable to
298 operate any school within the district for the full one hundred
299 eighty (180) days required for a school term of a scholastic year
300 as required in Section 37-13-63, Mississippi Code of 1972, due to
301 an enemy attack, a man-made, technological or natural disaster in
302 which the Governor has declared a disaster emergency under the
303 laws of this state or the President of the United States has
304 declared an emergency or major disaster to exist in this state,
305 said school board may notify the State Department of Education of
306 such disaster and submit a plan for altering the school term. If
307 the State Board of Education finds such disaster to be the cause
308 of the school not operating for the contemplated school term and
309 that such school was in a school district covered by the
310 Governor's or President's disaster declaration, it may permit said
311 school board to operate the schools in its district for less than
312 one hundred eighty (180) days and, in such case, the State
313 Department of Education shall not reduce the state contributions
314 to the adequate education program allotment for such district,
315 because of the failure to operate said schools for one hundred
316 eighty (180) days.

317 (4) The Interim School District Capital Expenditure Fund is
318 hereby established in the State Treasury which shall be used to
319 distribute any funds specifically appropriated by the Legislature
320 to such fund to school districts entitled to increased allocations
321 of state funds under the adequate education program funding
322 formula prescribed in Sections 37-151-3 through 37-151-7,
323 Mississippi Code of 1972, until such time as the said adequate
324 education program is fully funded by the Legislature. The
325 following percentages of the total state cost of increased

326 allocations of funds under the adequate education program funding
327 formula shall be appropriated by the Legislature into the Interim
328 School District Capital Expenditure Fund to be distributed to all
329 school districts under the formula: Nine and two-tenths percent
330 (9.2%) shall be appropriated in fiscal year 1998, twenty percent
331 (20%) shall be appropriated in fiscal year 1999, forty percent
332 (40%) shall be appropriated in fiscal year 2000, sixty percent
333 (60%) shall be appropriated in fiscal year 2001, eighty percent
334 (80%) shall be appropriated in fiscal year 2002, and one hundred
335 percent (100%) shall be appropriated in fiscal year 2003 into the
336 State Adequate Education Program Fund. Until July 1, 2002, such
337 money shall be used by school districts for the following
338 purposes:

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

350 (b) Providing necessary water, light, heating, air
351 conditioning, and sewerage facilities for school buildings, and
352 purchasing land therefor.

353 (c) Paying debt service on existing capital improvement
354 debt of the district or refinancing outstanding debt of a district
355 if such refinancing will result in an interest cost savings to the
356 district.

357 (d) From and after October 1, 1997, through June 30,
358 1998, pursuant to a school district capital expenditure plan

359 approved by the State Department of Education, a school district
360 may pledge such funds until July 1, 2002, plus funds provided for
361 in paragraph (e) of this subsection (4) that are not otherwise
362 permanently pledged under such paragraph (e) to pay all or a
363 portion of the debt service on debt issued by the school district
364 under Sections 37-59-1 through 37-59-45, 37-59-101 through
365 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,
366 37-7-301, 37-7-302 and 37-41-81, Mississippi Code of 1972, or debt
367 issued by boards of supervisors for agricultural high schools
368 pursuant to Section 37-27-65, Mississippi Code of 1972, or
369 lease-purchase contracts entered into pursuant to Section 31-7-13,
370 Mississippi Code of 1972, or to retire or refinance outstanding
371 debt of a district, if such pledge is accomplished pursuant to a
372 written contract or resolution approved and spread upon the
373 minutes of an official meeting of the district's school board or
374 board of supervisors. It is the intent of this provision to allow
375 school districts to irrevocably pledge their Interim School
376 District Capital Expenditure Fund allotments as a constant stream
377 of revenue to secure a debt issued under the foregoing code
378 sections. To allow school districts to make such an irrevocable
379 pledge, the state shall take all action necessary to ensure that
380 the amount of a district's Interim School District Capital
381 Expenditure Fund allotments shall not be reduced below the amount
382 certified by the department or the district's total allotment
383 under the Interim Capital Expenditure Fund if fully funded, so
384 long as such debt remains outstanding.

385 (e) [Repealed]

386 (f) [Repealed]

387 (g) The State Board of Education may authorize the
388 school district to expend not more than twenty percent (20%) of
389 its annual allotment of such funds or Twenty Thousand Dollars
390 (\$20,000.00), whichever is greater, for technology needs of the
391 school district, including computers, software,

392 telecommunications, cable television, interactive video, film,
393 low-power television, satellite communications, microwave
394 communications, technology-based equipment installation and
395 maintenance, and the training of staff in the use of such
396 technology-based instruction. Any such technology expenditure
397 shall be reflected in the local district technology plan approved
398 by the State Board of Education under Section 37-151-17,
399 Mississippi Code of 1972.

400 (h) To the extent a school district has not utilized
401 twenty percent (20%) of its annual allotment for technology
402 purposes under paragraph (g), a school district may expend not
403 more than twenty percent (20%) of its annual allotment or Twenty
404 Thousand Dollars (\$20,000.00), whichever is greater, for
405 instructional purposes. The State Board of Education may
406 authorize a school district to expend more than said twenty
407 percent (20%) of its annual allotment for instructional purposes
408 if it determines that such expenditures are needed for
409 accreditation purposes.

410 (i) The State Department of Education or the State
411 Board of Education may require that any project commenced under
412 this section with an estimated project cost of not less than Five
413 Million Dollars (\$5,000,000.00) shall be done only pursuant to
414 program management of the process with respect to design and
415 construction. Any individuals, partnerships, companies or other
416 entities acting as a program manager on behalf of a local school
417 district and performing program management services for projects
418 covered under this subsection shall be approved by the State
419 Department of Education.

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

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

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

429 37-61-9. (1) On or before the fifteenth day of August of
430 each year, the local school board of each school district, with
431 the assistance of the superintendent of schools, shall prepare and
432 file with the levying authority for the school district, as
433 defined in Section 37-57-1, at least two (2) copies of a budget of
434 estimated expenditures for the support, maintenance and operation
435 of the public schools of the school district for the fiscal year
436 commencing on July 1 of such year. Such budget shall be prepared
437 on forms prescribed and provided by the State Auditor and shall
438 contain such information as the State Auditor may require.
439 Beginning with fiscal year 2008-2009 and fiscal years thereafter,
440 each school district's budget shall contain a detailed statement
441 of the estimated amounts to be expended for each instructional
442 program and add-on program component identified in the annual
443 legislative appropriation bill to fund the Mississippi Adequate
444 Education Program as provided in Section 37-151-7(1)(b), (d) and
445 (e), and it shall show separately the amounts of such expenses to
446 be paid from adequate education program funds, local school
447 district maintenance funds and other available funds. The budget
448 shall also contain a detailed statement of the revenues which will
449 be available for defraying the expenses of and maintaining and
450 operating the schools of such district during the fiscal year for
451 which the budget is prepared, which statement of estimated
452 revenues shall be divided as to sources and shall show the amount
453 available from each source. The State Board of Education shall
454 prescribe and provide forms to each school district for this
455 purpose. When an operating budget has been approved by the local
456 school board and Mississippi Adequate Education Program funds have

457 been provided by appropriation of the Legislature, the amount
458 approved shall be available by budget category and each budget
459 category shall constitute the maximum amount of obligations or
460 indebtedness which may be incurred by the school district for such
461 purpose during the fiscal year. Unless otherwise specified in the
462 Mississippi Adequate Education Program appropriation bill, in the
463 event any emergency or unforeseen circumstances shall arise, the
464 local school board may authorize increases in major objects of
465 expenditure within such school district's allocation of each
466 specific budget category within the appropriation bill for the
467 current year in total amounts not to exceed ten percent (10%) of
468 the appropriated amount of each object, provided that other major
469 objects of expenditure are decreased by a corresponding dollar
470 amount. However, no transfers shall be authorized which decrease
471 the major object of expenditure "Salaries, Wages and Fringe
472 Benefits," or which decrease the major object of expenditure
473 "Capital Outlay--Equipment." The superintendent of schools for
474 such school district requesting a transfer shall submit written
475 justification for the transfer to the State Board of Education on
476 or before the fifteenth of the month prior to the effective date
477 of the transfer and the transfer shall be effective the first
478 working day of the month following timely submissions required
479 herein. In cases of extreme hardship, certified in writing by the
480 superintendent of schools, the State Board of Education may, in
481 its discretion, authorize an earlier effective date for the
482 transfer.

483 (2) In addition, on or before the fifteenth day of August of
484 each year, the local school board of each school district, with
485 the assistance of the superintendent of schools, shall prepare and
486 file with the State Department of Education such budgetary
487 information as the State Board of Education may require. The
488 State Board of Education shall prescribe and provide forms to each
489 school district for this purpose.

490 (3) Prior to the adoption of a budget pursuant to this
491 section, the school board of each school district shall hold at
492 least one (1) public hearing to provide the general public with an
493 opportunity to comment on the taxing and spending plan
494 incorporated in the proposed budget. The public hearing shall be
495 held at least one (1) week prior to the adoption of the budget
496 with advance notice. After final adoption of the budget, a
497 synopsis of such budget in a form prescribed by the State
498 Department of Audit shall be published in a newspaper having
499 general circulation in the school district on a date different
500 from the date on which the county or any municipality therein may
501 publish its budget.

502 (4) There shall be imposed limitations on budgeted
503 expenditures for certain administration costs, as defined
504 hereinafter, in an amount not greater than One Hundred Fifty
505 Thousand Dollars (\$150,000.00) plus four percent (4%) of the
506 expenditures of all school districts each year. For purposes of
507 this subsection, "administration costs" shall be defined as
508 expenditures for salaries and fringe benefits paid for central
509 administration costs from all sources of revenue in the following
510 expenditure functions as defined in the MISSISSIPPI PUBLIC SCHOOL
511 DISTRICT FINANCIAL ACCOUNTING MANUAL:

512 2300 = Support Services - General Administration
513 2310 = Board of Education Services
514 2320 = Executive Administration Services
515 2330 = Special Area Administration Services
516 2500 = Business Services
517 2510 = Fiscal Services
518 2520 = Purchasing Services
519 2530 = Warehousing and Distributing Services
520 2540 = Printing, Publishing and Duplicating Services
521 2590 = Other Support Services - Business

522 Any costs classified as "administration costs" for purposes
523 of this subsection which can be demonstrated by the local school
524 district to be an expenditure that results in a net cost savings
525 to the district that may otherwise require budget expenditures for
526 functions not covered under the definition of administration costs
527 herein may be excluded from the limitations imposed herein. The
528 local school board shall make a specific finding of such costs and
529 spread such finding upon its minutes, which shall be subject to
530 the approval of the Office of Educational Accountability of the
531 State Department of Education. Any school district required to
532 make expenditure cuts, as a result of application of this
533 subsection, shall not be required to reduce such expenditures more
534 than twenty-five percent (25%) in any year in order to comply with
535 this mandate.

536 The State Auditor shall ensure that functions in all
537 expenditure categories to which this administrative limitation
538 applies shall be properly classified.

539 This section shall not apply to central administration with
540 five (5) or less full-time employees, or to those school districts
541 which can substantiate that comparable reductions have occurred in
542 administrative costs for the five-year period immediately prior to
543 school year 1993-1994. In the event the application of this
544 section may jeopardize the fiscal integrity or operations of the
545 school district, have an adverse impact on the ability of the
546 district to deliver educational services, or otherwise restrict
547 the district from achieving or maintaining a quality education
548 program, the State Board of Education shall be authorized to
549 exempt the application of this section to such school district
550 pursuant to rules and regulations of the State Board of Education
551 consistent with the intent of this section.

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

554 37-61-19. It shall be the duty of the superintendents of
555 schools and the school boards of all school districts to limit the
556 expenditure of school funds during the fiscal year to the
557 resources available. It shall be unlawful for any school district
558 to budget expenditures from a fund or specific budget category as
559 provided in Section 37-61-9(1), in excess of the resources
560 available within that fund. Furthermore, it shall be unlawful for
561 any contract to be entered into or any obligation incurred or
562 expenditure made in excess of the resources available for such
563 fiscal year. Any member of the school board, superintendent of
564 schools, or other school official, who shall knowingly enter into
565 any contract, incur any obligation, or make any expenditure in
566 excess of the amount available in a specific budget category for
567 the fiscal year shall be personally liable for the amount of such
568 excess. However, no school board member, superintendent or other
569 school official shall be personally liable (a) in the event of any
570 reduction in adequate education program payments by action of the
571 Governor acting through the Department of Finance and
572 Administration, or (b) for claims, damages, awards or judgments,
573 on account of any wrongful or tortious act or omission or breach
574 of implied term or condition of any warranty or contract;
575 provided, however, that the foregoing immunity provisions shall
576 not be a defense in cases of fraud, criminal action or an
577 intentional breach of fiduciary obligations imposed by statute.

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