

By: Senator(s) Harden

To: Education;  
Appropriations

SENATE BILL NO. 2157

1 AN ACT TO AMEND SECTION 37-151-7, MISSISSIPPI CODE OF 1972,  
2 TO PROVIDE THAT THE DETERMINATION OF AVERAGE DAILY ATTENDANCE FOR  
3 ADEQUATE EDUCATION FORMULA ALLOCATIONS SHALL BE COMPUTED ON  
4 OCTOBER 30TH ANNUALLY; AND FOR RELATED PURPOSES.

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

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

8 37-151-7. The annual allocation to each school district for  
9 the operation of the adequate education program shall be  
10 determined as follows:

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

15 (a) **Determination of average daily attendance.** On  
16 October 30th of the current school year, the average daily  
17 attendance of a school district shall be computed, or the average  
18 daily attendance for the prior school year shall be used,  
19 whichever is greater. The district's average daily attendance  
20 shall be computed and currently maintained in accordance with  
21 regulations promulgated by 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 (2) **Computation of the required local revenue in support of**  
145 **the adequate education program.** The amount that each district  
146 shall provide toward the cost of the adequate education program  
147 shall be calculated as follows:

148 (a) The State Board of Education shall certify to each  
149 school district that twenty-eight (28) mills, less the estimated  
150 amount of the yield of the School Ad Valorem Tax Reduction Fund  
151 grants as determined by the State Department of Education, is the  
152 millage rate required to provide the district required local  
153 effort for that year, or twenty-seven percent (27%) of the basic  
154 adequate education program cost for such school district as  
155 determined under subsection (c), whichever is a lesser amount. In  
156 the case of an agricultural high school the millage requirement  
157 shall be set at a level which generates an equitable amount per  
158 pupil to be determined by the State Board of Education.

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

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

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

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

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

188           (b) Provided, however, that in fiscal year 1998 and in  
189 the fiscal year in which the adequate education program is fully  
190 funded by the Legislature, any increase in the said state  
191 contribution, including the supplemental grant to school districts

192 provided under subsection (1)(g), to any district calculated under  
193 this section shall be not less than eight percent (8%) in excess  
194 of the amount received by said district from state funds for the  
195 fiscal year immediately preceding. For purposes of this paragraph  
196 (b), state funds shall include minimum program funds less the  
197 add-on programs, State Uniform Millage Assistance Grant Funds,  
198 Education Enhancement Funds appropriated for Uniform Millage  
199 Assistance Grants and state textbook allocations, and State  
200 General Funds allocated for textbooks.

201 (c) If the appropriation is less than full funding for  
202 fiscal year 2003, allocations for state contributions to school  
203 districts in support of the adequate education program will be  
204 determined by the State Department of Education in the following  
205 manner:

206 (i) Calculation of the full funding amount under  
207 this chapter, with proportionate reductions as required by the  
208 appropriation level.

209 (ii) Calculation of the amount equal to the state  
210 funds allocated to school districts for fiscal year 2002 plus the  
211 estimated amount to fund the adequate education program salary  
212 schedule for fiscal year 2003. For purposes of this item (ii),  
213 state funds shall be those described in paragraph (b) and an  
214 amount equal to the allocation for the adequate education program  
215 in fiscal year 2002, plus any additional amount required to  
216 satisfy fiscal year 2003 pledges in accordance with paragraphs  
217 (d), (e) and (f) of subsection (5) of this section. If a school  
218 district's fiscal year 2003 pledge is different than the pledge  
219 amount for fiscal year 2002, the district shall receive an amount  
220 equal to the fiscal year 2003 pledge or the amount of funds  
221 calculated under the adequate education formula for fiscal year  
222 2002 before any pledge guarantee for fiscal year 2002, whichever  
223 is greater. If the pledge is no longer in effect, the district

224 shall receive the amount of funds calculated under the formula for  
225 fiscal year 2002 before any pledge guarantee for fiscal year 2002.

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

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



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

270           (a) Determine the percentage increase in average daily  
271 attendance for the second and third months of the year for which  
272 adequate education program funds are appropriated over the  
273 preceding year's second and third month average daily attendance.

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

281           (c) Subtract the percentage of the district's local  
282 contribution arrived at in subsection (2) of this section from the  
283 amount calculated in paragraph (b) of this subsection. The  
284 remainder is the additional allocation in adequate education  
285 program funds for that district.

286           If the funds available to the Department of Education are not  
287 sufficient to fully fund the additional allocations to school  
288 districts eligible for those allocations, then the department  
289 shall prorate the available funds among the eligible school

290 districts, using the same percentage of the total funds that the  
291 school district would have received if the allocations were fully  
292 funded. The State Department of Education shall study and develop  
293 a report to the Chairmen of the Senate and House Committees on  
294 Education by January 1, 2005, with options for legislative  
295 consideration that will insure that the Mississippi Adequate  
296 Education funds are distributed to school districts based on  
297 current year student attendance or enrollment.

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

299 (5) The Interim School District Capital Expenditure Fund is  
300 hereby established in the State Treasury which shall be used to  
301 distribute any funds specifically appropriated by the Legislature  
302 to such fund to school districts entitled to increased allocations  
303 of state funds under the adequate education program funding  
304 formula prescribed in Sections 37-151-3 through 37-151-7,  
305 Mississippi Code of 1972, until such time as the said adequate  
306 education program is fully funded by the Legislature. The  
307 following percentages of the total state cost of increased  
308 allocations of funds under the adequate education program funding  
309 formula shall be appropriated by the Legislature into the Interim  
310 School District Capital Expenditure Fund to be distributed to all  
311 school districts under the formula: Nine and two-tenths percent  
312 (9.2%) shall be appropriated in fiscal year 1998, twenty percent  
313 (20%) shall be appropriated in fiscal year 1999, forty percent  
314 (40%) shall be appropriated in fiscal year 2000, sixty percent  
315 (60%) shall be appropriated in fiscal year 2001, eighty percent  
316 (80%) shall be appropriated in fiscal year 2002, and one hundred  
317 percent (100%) shall be appropriated in fiscal year 2003 into the  
318 State Adequate Education Program Fund created in subsection (4).  
319 Until July 1, 2002, such money shall be used by school districts  
320 for the following purposes:

321 (a) Purchasing, erecting, repairing, equipping,  
322 remodeling and enlarging school buildings and related facilities,

323 including gymnasiums, auditoriums, lunchrooms, vocational training  
324 buildings, libraries, school barns and garages for transportation  
325 vehicles, school athletic fields and necessary facilities  
326 connected therewith, and purchasing land therefor. Any such  
327 capital improvement project by a school district shall be approved  
328 by the State Board of Education, and based on an approved  
329 long-range plan. The State Board of Education shall promulgate  
330 minimum requirements for the approval of school district capital  
331 expenditure plans.

332 (b) Providing necessary water, light, heating, air  
333 conditioning, and sewerage facilities for school buildings, and  
334 purchasing land therefor.

335 (c) Paying debt service on existing capital improvement  
336 debt of the district or refinancing outstanding debt of a district  
337 if such refinancing will result in an interest cost savings to the  
338 district.

339 (d) From and after October 1, 1997, through June 30,  
340 1998, pursuant to a school district capital expenditure plan  
341 approved by the State Department of Education, a school district  
342 may pledge such funds until July 1, 2002, plus funds provided for  
343 in paragraph (e) of this subsection (5) that are not otherwise  
344 permanently pledged under such paragraph (e) to pay all or a  
345 portion of the debt service on debt issued by the school district  
346 under Sections 37-59-1 through 37-59-45, 37-59-101 through  
347 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,  
348 37-7-301, 37-7-302 and 37-41-81, Mississippi Code of 1972, or debt  
349 issued by boards of supervisors for agricultural high schools  
350 pursuant to Section 37-27-65, Mississippi Code of 1972, or  
351 lease-purchase contracts entered into pursuant to Section 31-7-13,  
352 Mississippi Code of 1972, or to retire or refinance outstanding  
353 debt of a district, if such pledge is accomplished pursuant to a  
354 written contract or resolution approved and spread upon the  
355 minutes of an official meeting of the district's school board or

356 board of supervisors. It is the intent of this provision to allow  
357 school districts to irrevocably pledge their Interim School  
358 District Capital Expenditure Fund allotments as a constant stream  
359 of revenue to secure a debt issued under the foregoing code  
360 sections. To allow school districts to make such an irrevocable  
361 pledge, the state shall take all action necessary to ensure that  
362 the amount of a district's Interim School District Capital  
363 Expenditure Fund allotments shall not be reduced below the amount  
364 certified by the department or the district's total allotment  
365 under the Interim Capital Expenditure Fund if fully funded, so  
366 long as such debt remains outstanding.

367 (e) From and after October 1, 1997, through June 30,  
368 1998, in addition to any other authority a school district may  
369 have, any school district may issue State Aid Capital Improvement  
370 Bonds secured in whole by a continuing annual pledge of any  
371 Mississippi Adequate Education Program funds available to the  
372 district, in an amount not to exceed One Hundred Sixty Dollars  
373 (\$160.00) per pupil based on the latest completed average daily  
374 attendance count certified by the department prior to the issuance  
375 of the bonds. Such State Aid Capital Improvement Bonds may be  
376 issued for the purposes enumerated in paragraphs (a), (b), (c) and  
377 (g) of this section. Prior to issuing such bonds, the school  
378 board of the district shall adopt a resolution declaring the  
379 necessity for and its intention of issuing such bonds and  
380 borrowing such money, specifying the approximate amount to be so  
381 borrowed, how such money is to be used and how such indebtedness  
382 is to be evidenced. Any capital improvement project financed with  
383 State Aid Capital Improvement Bonds shall be approved by the  
384 department, and based on an approved long-range plan. The State  
385 Board of Education shall promulgate minimum requirements for the  
386 approval of such school district capital expenditure plans. The  
387 State Board of Education shall not approve any capital expenditure  
388 plan for a pledge of funds under this paragraph unless it

389 determines (i) that the quality of instruction in such district  
390 will not be reduced as a result of this pledge, and (ii) the  
391 district has other revenue available to attain and maintain at  
392 least Level III accreditation.

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

422 state revenues up to an amount equal to One Hundred Sixty Dollars  
423 (\$160.00) per pupil as set forth above which have been pledged to  
424 repay debt as set forth herein shall not be reduced so long as any  
425 State Aid Capital Improvement Bonds are outstanding.

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

433 The provisions of this subsection shall be cumulative and  
434 supplemental to any existing funding programs or other authority  
435 conferred upon school districts or school boards. Debt of a  
436 school district secured in whole by a pledge of revenue pursuant  
437 to this section shall not be subject to any debt limitation.

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

442 This paragraph (e) shall stand repealed from and after June  
443 30, 1998.

444 (f) As an alternative to the authority granted under  
445 paragraph (e), a school district, in its discretion, may authorize  
446 the State Board of Education to withhold an amount of the  
447 district's adequate education program allotment equal to up to One  
448 Hundred Sixty Dollars (\$160.00) per student in average daily  
449 attendance in the district to be allocated to the State Public  
450 School Building Fund to the credit of such school district. A  
451 school district may choose the option provided under this  
452 paragraph (e) or paragraph (f), but not both. In addition to the  
453 grants made by the state pursuant to Section 37-47-9, a school  
454 district shall be entitled to grants based on the allotments to

455 the State Public School Building Fund credited to such school  
456 district under this paragraph. This paragraph (f) shall stand  
457 repealed from and after June 30, 1998.

458 (g) The State Board of Education may authorize the  
459 school district to expend not more than twenty percent (20%) of  
460 its annual allotment of such funds or Twenty Thousand Dollars  
461 (\$20,000.00), whichever is greater, for technology needs of the  
462 school district, including computers, software,  
463 telecommunications, cable television, interactive video, film  
464 low-power television, satellite communications, microwave  
465 communications, technology-based equipment installation and  
466 maintenance, and the training of staff in the use of such  
467 technology-based instruction. Any such technology expenditure  
468 shall be reflected in the local district technology plan approved  
469 by the State Board of Education under Section 37-151-17,  
470 Mississippi Code of 1972.

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

481 (i) The State Department of Education or the State  
482 Board of Education may require that any project commenced under  
483 this section with an estimated project cost of not less than Five  
484 Million Dollars (\$5,000,000.00) shall be done only pursuant to  
485 program management of the process with respect to design and  
486 construction. Any individuals, partnerships, companies or other  
487 entities acting as a program manager on behalf of a local school

488 district and performing program management services for projects  
489 covered under this subsection shall be approved by the State  
490 Department of Education.

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

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

498 **SECTION 2.** This act shall take effect and be in force from  
499 and after July 1, 2005.