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To: Education;
Appropriations

SENATE BILL NO. 2408

1 AN ACT TO AMEND SECTION 37-17-6, MISSISSIPPI CODE OF 1972, TO
2 PROVIDE THAT BEGINNING WITH THE 2006-2007 SCHOOL YEAR THE STATE
3 BOARD OF EDUCATION SHALL REQUIRE EACH SCHOOL DISTRICT TO COMPLY
4 WITH THE FINANCIAL ACCOUNTABILITY AND REPORTING SYSTEM REQUIREMENT
5 THAT NOT LESS THAN 65% OF SCHOOL DISTRICT FUNDS SHALL BE EXPENDED
6 FOR INSTRUCTIONAL PURPOSES; TO AMEND SECTIONS 37-61-9 AND
7 37-61-19, MISSISSIPPI CODE OF 1972, TO REQUIRE LOCAL SCHOOL
8 DISTRICT BUDGETS TO CONTAIN A DETAILED STATEMENT OF THE ESTIMATED
9 AMOUNTS TO BE EXPENDED FOR INSTRUCTION AND OTHER PROGRAM BUDGET
10 CATEGORIES, AND TO REQUIRE SCHOOL DISTRICT EXPENDITURES TO BE
11 LIMITED BY THE SAID 65% REQUIREMENT AND TO PROVIDE PERSONAL
12 LIABILITY THEREFOR; AND FOR RELATED PURPOSES.

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

14 **SECTION 1.** Section 37-17-6, Mississippi Code of 1972, is
15 amended as follows:

16 37-17-6. (1) The State Board of Education, acting through
17 the Commission on School Accreditation, shall establish and
18 implement a permanent performance-based accreditation system, and
19 all public elementary and secondary schools shall be accredited
20 under this system.

21 (2) No later than June 30, 1995, the State Board of
22 Education, acting through the Commission on School Accreditation,
23 shall require school districts to provide school classroom space
24 that is air conditioned as a minimum requirement for
25 accreditation.

26 (3) (a) Beginning with the 1994-1995 school year, the State
27 Board of Education, acting through the Commission on School
28 Accreditation, shall require that school districts employ
29 certified school librarians according to the following formula:

30	Number of Students	Number of Certified
31	Per School Library	School Librarians

32	0 - 499 Students	½ Full-time Equivalent
33		Certified Librarian
34	500 or More Students	1 Full-time Certified
35		Librarian

36 (b) The State Board of Education, however, may increase
37 the number of positions beyond the above requirements.

38 (c) The assignment of such school librarians to the
39 particular schools shall be at the discretion of the local school
40 district. No individual shall be employed as a certified school
41 librarian without appropriate training and certification as a
42 school librarian by the State Department of Education.

43 (d) School librarians in such district shall spend at
44 least fifty percent (50%) of direct work time in a school library
45 and shall devote no more than one-fourth (1/4) of the workday to
46 administrative activities which are library related.

47 (e) Nothing in this subsection shall prohibit any
48 school district from employing more certified school librarians
49 than are provided for in this section.

50 (f) Any additional mileage levied to fund school
51 librarians required for accreditation under this subsection shall
52 be included in the tax increase limitation set forth in Sections
53 37-57-105 and 37-57-107 and shall not be deemed a new program for
54 purposes of the limitation.

55 (4) On or before December 31, 2002, the State Board of
56 Education shall implement the performance-based accreditation
57 system for school districts and for individual schools which shall
58 include the following:

59 (a) High expectations for students and high standards
60 for all schools, with a focus on the basic curriculum;

61 (b) Strong accountability for results with appropriate
62 local flexibility for local implementation;

63 (c) A process to implement accountability at both the
64 school district level and the school level;

65 (d) Individual schools shall be held accountable for
66 student growth and performance;

67 (e) Set annual performance standards for each of the
68 schools of the state and measure the performance of each school
69 against itself through the standard that has been set for it;

70 (f) A determination of which schools exceed their
71 standards and a plan for providing recognition and rewards to such
72 schools;

73 (g) A determination of which schools are failing to
74 meet their standards and a determination of the appropriate role
75 of the State Board of Education and the State Department of
76 Education in providing assistance and initiating possible
77 intervention;

78 (h) Development of a comprehensive student assessment
79 system to implement these requirements; and

80 (i) The State Board of Education may, based on a
81 written request that contains specific reasons for requesting a
82 waiver from the school districts affected by Hurricane Katrina of
83 2005, hold harmless school districts from assignment of district
84 and school level accountability ratings for the 2005-2006 school
85 year. The State Board of Education upon finding an extreme
86 hardship in the school district may grant the request. It is the
87 intent of the Legislature that all school districts maintain the
88 highest possible academic standards and instructional programs in
89 all schools as required by law and the State Board of Education.

90 The State Board of Education may continue to assign school
91 district performance levels by using a number classification and
92 may assign individual school performance levels by using a number
93 classification to be consistent with school district performance
94 levels.

95 (5) Nothing in this section shall be deemed to require a
96 nonpublic school which receives no local, state or federal funds
97 for support to become accredited by the State Board of Education.

98 (6) The State Board of Education shall create an
99 accreditation audit unit under the Commission on School
100 Accreditation to determine whether schools are complying with
101 accreditation standards.

102 (7) The State Board of Education shall be specifically
103 authorized and empowered to withhold adequate minimum education
104 program or adequate education program fund allocations, whichever
105 is applicable, to any public school district for failure to timely
106 report student, school personnel and fiscal data necessary to meet
107 state and/or federal requirements.

108 (8) Deleted.

109 (9) The State Board of Education shall establish, for those
110 school districts failing to meet accreditation standards, a
111 program of development to be complied with in order to receive
112 state funds, except as otherwise provided in subsection (14) of
113 this section when the Governor has declared a state of emergency
114 in a school district or as otherwise provided in Section 206,
115 Mississippi Constitution of 1890. The state board, in
116 establishing these standards, shall provide for notice to schools
117 and sufficient time and aid to enable schools to attempt to meet
118 these standards, unless procedures under subsection (14) of this
119 section have been invoked.

120 (10) Beginning July 1, 1998, the State Board of Education
121 shall be charged with the implementation of the program of
122 development in each applicable school district as follows:

123 (a) Develop an impairment report for each district
124 failing to meet accreditation standards in conjunction with school
125 district officials;

126 (b) Notify any applicable school district failing to
127 meet accreditation standards that it is on probation until
128 corrective actions are taken or until the deficiencies have been
129 removed. The local school district shall develop a corrective
130 action plan to improve its deficiencies. For district academic

131 deficiencies, the corrective action plan for each such school
132 district shall be based upon a complete analysis of the following:
133 student test data, student grades, student attendance reports,
134 student drop-out data, existence and other relevant data. The
135 corrective action plan shall describe the specific measures to be
136 taken by the particular school district and school to improve:
137 (a) instruction; (b) curriculum; (c) professional development; (d)
138 personnel and classroom organization; (e) student incentives for
139 performance; (f) process deficiencies; and (g) reporting to the
140 local school board, parents and the community. The corrective
141 action plan shall describe the specific individuals responsible
142 for implementing each component of the recommendation and how each
143 will be evaluated. All corrective action plans shall be provided
144 to the State Board of Education as may be required. The decision
145 of the State Board of Education establishing the probationary
146 period of time shall be final;

147 (c) Offer, during the probationary period, technical
148 assistance to the school district in making corrective actions.
149 Beginning July 1, 1998, subject to the availability of funds, the
150 State Department of Education shall provide technical and/or
151 financial assistance to all such school districts in order to
152 implement each measure identified in that district's corrective
153 action plan through professional development and on-site
154 assistance. Each such school district shall apply for and utilize
155 all available federal funding in order to support its corrective
156 action plan in addition to state funds made available under this
157 paragraph;

158 (d) Contract, in its discretion, with the institutions
159 of higher learning or other appropriate private entities to assist
160 school districts;

161 (e) Provide for publication of public notice at least
162 one (1) time during the probationary period, in a newspaper
163 published within the jurisdiction of the school district failing

164 to meet accreditation standards, or if no newspaper is published
165 therein, then in a newspaper having a general circulation therein.
166 The publication shall include the following: declaration of
167 school system's status as being on probation; all details relating
168 to the impairment report, and other information as the State Board
169 of Education deems appropriate. Public notices issued under this
170 section shall be subject to Section 13-3-31 and not contrary to
171 other laws regarding newspaper publication.

172 (11) (a) If the recommendations for corrective action are
173 not taken by the local school district or if the deficiencies are
174 not removed by the end of the probationary period, the Commission
175 on School Accreditation shall conduct a hearing to allow such
176 affected school district to present evidence or other reasons why
177 its accreditation should not be withdrawn. Subsequent to its
178 consideration of the results of such hearing, the Commission on
179 School Accreditation shall be authorized, with the approval of the
180 State Board of Education, to withdraw the accreditation of a
181 public school district, and issue a request to the Governor that a
182 state of emergency be declared in that district.

183 (b) If the State Board of Education and the Commission
184 on School Accreditation determine that an extreme emergency
185 situation exists in a school district which jeopardizes the
186 safety, security or educational interests of the children enrolled
187 in the schools in that district and such emergency situation is
188 believed to be related to a serious violation or violations of
189 accreditation standards or state or federal law, the State Board
190 of Education may request the Governor to declare a state of
191 emergency in that school district. For purposes of this
192 paragraph, such declarations of a state of emergency shall not be
193 limited to those instances when a school district's impairments
194 are related to a lack of financial resources, but also shall
195 include serious failure to meet minimum academic standards, as
196 evidenced by a continued pattern of poor student performance.

197 (c) Whenever the Governor declares a state of emergency
198 in a school district in response to a request made under paragraph
199 (a) or (b) of this subsection, the State Board of Education may
200 take one or more of the following actions:

201 (i) Declare a state of emergency, under which some
202 or all of state funds can be escrowed except as otherwise provided
203 in Section 206, Constitution of 1890, until the board determines
204 corrective actions are being taken or the deficiencies have been
205 removed, or that the needs of students warrant the release of
206 funds. Such funds may be released from escrow for any program
207 which the board determines to have been restored to standard even
208 though the state of emergency may not as yet be terminated for the
209 district as a whole;

210 (ii) Override any decision of the local school
211 board or superintendent of education, or both, concerning the
212 management and operation of the school district, or initiate and
213 make decisions concerning the management and operation of the
214 school district;

215 (iii) Assign an interim conservator who will have
216 those powers and duties prescribed in subsection (14) of this
217 section;

218 (iv) Grant transfers to students who attend this
219 school district so that they may attend other accredited schools
220 or districts in a manner which is not in violation of state or
221 federal law;

222 (v) For states of emergency declared under
223 paragraph (a) only, if the accreditation deficiencies are related
224 to the fact that the school district is too small, with too few
225 resources, to meet the required standards and if another school
226 district is willing to accept those students, abolish that
227 district and assign that territory to another school district or
228 districts. If the school district has proposed a voluntary
229 consolidation with another school district or districts, then if

230 the State Board of Education finds that it is in the best interest
231 of the pupils of the district for such consolidation to proceed,
232 the voluntary consolidation shall have priority over any such
233 assignment of territory by the State Board of Education;

234 (vi) For states of emergency declared under
235 paragraph (b) only, reduce local supplements paid to school
236 district employees, including, but not limited to, instructional
237 personnel, assistant teachers and extracurricular activities
238 personnel, if the district's impairment is related to a lack of
239 financial resources, but only to an extent which will result in
240 the salaries being comparable to districts similarly situated, as
241 determined by the State Board of Education;

242 (vii) For states of emergency declared under
243 paragraph (b) only, the State Board of Education must take such
244 action as prescribed in Section 37-17-13.

245 (d) At such time as satisfactory corrective action has
246 been taken in a school district in which a state of emergency has
247 been declared, the State Board of Education may request the
248 Governor to declare that the state of emergency no longer exists
249 in the district.

250 (e) Not later than July 1 of each year, the State
251 Department of Education shall develop an itemized accounting of
252 the expenditures associated with the management of the conservator
253 process with regard to each school district in which a conservator
254 has been appointed, and an assessment as to the extent to which
255 the conservator has achieved, or failed to achieve, the goals for
256 which the conservator was appointed to guide the local school
257 district.

258 (12) Upon the declaration of a state of emergency in a
259 school district under subsection (11) of this section, the
260 Commission on School Accreditation shall be responsible for public
261 notice at least once a week for at least three (3) consecutive
262 weeks in a newspaper published within the jurisdiction of the

263 school district failing to meet accreditation standards, or if no
264 newspaper is published therein, then in a newspaper having a
265 general circulation therein. The size of such notice shall be no
266 smaller than one-fourth (1/4) of a standard newspaper page and
267 shall be printed in bold print. If a conservator has been
268 appointed for the school district, such notice shall begin as
269 follows: "By authority of Section 37-17-6, Mississippi Code of
270 1972, as amended, adopted by the Mississippi Legislature during
271 the 1991 Regular Session, this school district (name of school
272 district) is hereby placed under the jurisdiction of the State
273 Department of Education acting through its appointed conservator
274 (name of conservator)."

275 The notice also shall include, in the discretion of the State
276 Board of Education, any or all details relating to the school
277 district's emergency status, including the declaration of a state
278 of emergency in the school district and a description of the
279 district's impairment deficiencies, conditions of any
280 conservatorship and corrective actions recommended and being
281 taken. Public notices issued under this section shall be subject
282 to Section 13-3-31 and not contrary to other laws regarding
283 newspaper publication.

284 Upon termination of the state of emergency in a school
285 district, the Commission on School Accreditation shall cause
286 notice to be published in the school district in the same manner
287 provided in this section, to include any or all details relating
288 to the corrective action taken in the school district which
289 resulted in the termination of the state of emergency.

290 (13) The State Board of Education or the Commission on
291 School Accreditation shall have the authority to require school
292 districts to produce the necessary reports, correspondence,
293 financial statements, and any other documents and information
294 necessary to fulfill the requirements of this section.

295 Nothing in this section shall be construed to grant any
296 individual, corporation, board or conservator the authority to
297 levy taxes except in accordance with presently existing statutory
298 provisions.

299 (14) (a) Whenever the Governor declares a state of
300 emergency in a school district in response to a request made under
301 subsection (11) of this section, the State Board of Education, in
302 its discretion, may assign an interim conservator to the school
303 district who will be responsible for the administration,
304 management and operation of the school district, including, but
305 not limited to, the following activities:

306 (i) Approving or disapproving all financial
307 obligations of the district, including, but not limited to, the
308 employment, termination, nonrenewal and reassignment of all
309 certified and noncertified personnel, contractual agreements and
310 purchase orders, and approving or disapproving all claim dockets
311 and the issuance of checks; in approving or disapproving
312 employment contracts of superintendents, assistant superintendents
313 or principals, the interim conservator shall not be required to
314 comply with the time limitations prescribed in Sections 37-9-15
315 and 37-9-105;

316 (ii) Supervising the day-to-day activities of the
317 district's staff, including reassigning the duties and
318 responsibilities of personnel in a manner which, in the
319 determination of the conservator, will best suit the needs of the
320 district;

321 (iii) Reviewing the district's total financial
322 obligations and operations and making recommendations to the
323 district for cost savings, including, but not limited to,
324 reassigning the duties and responsibilities of staff;

325 (iv) Attending all meetings of the district's
326 school board and administrative staff;

327 (v) Approving or disapproving all athletic, band
328 and other extracurricular activities and any matters related to
329 those activities;

330 (vi) Maintaining a detailed account of
331 recommendations made to the district and actions taken in response
332 to those recommendations;

333 (vii) Reporting periodically to the State Board of
334 Education on the progress or lack of progress being made in the
335 district to improve the district's impairments during the state of
336 emergency; and

337 (viii) Appointing a parent advisory committee,
338 comprised of parents of students in the school district, which may
339 make recommendations to the conservator concerning the
340 administration, management and operation of the school district.

341 Except when, in the determination of the State Board of
342 Education, the school district's impairment is related to a lack
343 of financial resources, the cost of the salary of the conservator
344 and any other actual and necessary costs related to the
345 conservatorship paid by the State Department of Education shall be
346 reimbursed by the local school district from nonminimum program
347 funds. The department shall submit an itemized statement to the
348 superintendent of the local school district for reimbursement
349 purposes, and any unpaid balance may be withheld from the
350 district's minimum or adequate education program funds.

351 At such time as the Governor, pursuant to the request of the
352 State Board of Education, declares that the state of emergency no
353 longer exists in a school district, the powers and
354 responsibilities of the interim conservator assigned to such
355 district shall cease.

356 (b) In order to provide loans to school districts under
357 a state of emergency which have impairments related to a lack of
358 financial resources, the School District Emergency Assistance Fund
359 is created as a special fund in the State Treasury into which

360 monies may be transferred or appropriated by the Legislature from
361 any available public education funds. The maximum amount that may
362 be appropriated or transferred to the School District Emergency
363 Assistance Fund for any one (1) emergency shall be Two Million
364 Dollars (\$2,000,000.00), and the maximum amount that may be
365 appropriated during any fiscal year shall be Three Million Dollars
366 (\$3,000,000.00).

367 The State Board of Education may loan monies from the School
368 District Emergency Assistance Fund to a school district that is
369 under a state of emergency in such amounts, as determined by the
370 board, which are necessary to correct the district's impairments
371 related to a lack of financial resources. The loans shall be
372 evidenced by an agreement between the school district and the
373 State Board of Education and shall be repayable in principal,
374 without necessity of interest, to the State General Fund or the
375 Education Enhancement Fund, depending on the source of funding for
376 such loan, by the school district from any allowable funds that
377 are available. The total amount loaned to the district shall be
378 due and payable within five (5) years after the impairments
379 related to a lack of financial resources are corrected. If a
380 school district fails to make payments on the loan in accordance
381 with the terms of the agreement between the district and the State
382 Board of Education, the State Department of Education, in
383 accordance with rules and regulations established by the State
384 Board of Education, may withhold that district's minimum program
385 funds in an amount and manner that will effectuate repayment
386 consistent with the terms of the agreement; such funds withheld by
387 the department shall be deposited into the State General Fund or
388 the Education Enhancement Fund, as the case may be.

389 If the State Board of Education determines that an extreme
390 emergency exists, simultaneous with the powers exercised in this
391 subsection, it shall take immediate action against all parties
392 responsible for the affected school districts having been

393 determined to be in an extreme emergency. Such action shall
394 include, but not be limited to, initiating civil actions to
395 recover funds and criminal actions to account for criminal
396 activity. Any funds recovered by the State Auditor or the State
397 Board of Education from the surety bonds of school officials or
398 from any civil action brought under this subsection shall be
399 applied toward the repayment of any loan made to a school district
400 hereunder.

401 (15) In the event a majority of the membership of the school
402 board of any school district resigns from office, the State Board
403 of Education shall be authorized to assign an interim conservator,
404 who shall be responsible for the administration, management and
405 operation of the school district until such time as new board
406 members are selected or the Governor declares a state of emergency
407 in that school district under subsection (11), whichever occurs
408 first. In such case, the State Board of Education, acting through
409 the interim conservator, shall have all powers which were held by
410 the previously existing school board, and may take such action as
411 prescribed in Section 37-17-13 and/or one or more of the actions
412 authorized in this section.

413 (16) Beginning with the school district audits conducted for
414 the 1997-1998 fiscal year, the State Board of Education, acting
415 through the Commission on School Accreditation, shall require each
416 school district to comply with standards established by the State
417 Department of Audit for the verification of fixed assets and the
418 auditing of fixed assets records as a minimum requirement for
419 accreditation.

420 (17) Before December 1, 1999, the State Board of Education
421 shall recommend a program to the Education Committees of the House
422 of Representatives and the Senate for identifying and rewarding
423 public schools that improve or are high performing. The program
424 shall be described by the board in a written report, which shall

425 include criteria and a process through which improving schools and
426 high-performing schools will be identified and rewarded.

427 The State Superintendent of Education and the State Board of
428 Education also shall develop a comprehensive accountability plan
429 to ensure that local school boards, superintendents, principals
430 and teachers are held accountable for student achievement. A
431 written report on the accountability plan shall be submitted to
432 the Education Committees of both houses of the Legislature before
433 December 1, 1999, with any necessary legislative recommendations.

434 (18) Beginning with the school district audits conducted for
435 the 2006-2007 school fiscal year, the State Board of Education,
436 acting through the Commission on School Accreditation, shall
437 require each school district to comply with financial
438 accountability and reporting standards established by the State
439 Department of Audit which shall include an indicator establishing
440 a requirement that not less than 65% of school district funds
441 shall be expended for direct classroom instructional purposes as
442 defined by the National Center for Education Statistics, including
443 teacher salaries, textbooks, classroom computers and other
444 activities that directly impact students. The financial
445 accountability and reporting system shall include a requirement
446 for clear and concise accounting of school district expenditures
447 related to direct instruction and expenditures not related to
448 direct instruction to ensure transparency and fiscal efficiency in
449 school district operations. In the event a school district is
450 currently spending less than sixty-five percent (65%) required for
451 direct classroom instruction, the State Board of Education shall
452 direct such school district to increase that amount by not less
453 than two percent (2%) per year until the sixty-five percent (65%)
454 requirement is met. If a local school board is of the opinion
455 that unusual circumstances prevent its school district from
456 reaching the sixty-five percent (65%) requirement or the two
457 percent (2%) annual increase requirement, it may submit a written

458 petition to the State Board of Education for a renewable one-year
459 waiver. The State Board of Education, acting through the
460 Commission on School Accreditation, shall have the sole authority
461 to grant-in-full, grant-in-part or reject the school district's
462 one-year waiver request. The Commission on School Accreditation
463 may take appropriate action under subsections (11) through (14) of
464 this section or lower a school district's accreditation rating as
465 deemed appropriate for failure to comply with the said sixty-five
466 percent (65%) requirement.

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

469 37-61-9. (1) On or before the fifteenth day of August of
470 each year, the local school board of each school district, with
471 the assistance of the superintendent of schools, shall prepare and
472 file with the levying authority for the school district, as
473 defined in Section 37-57-1, Mississippi Code of 1972, at least two
474 (2) copies of a budget of estimated expenditures for the support,
475 maintenance and operation of the public schools of the school
476 district for the fiscal year commencing on July 1 of such year.
477 Such budget shall be prepared on forms prescribed and provided by
478 the State Auditor and shall contain such information as the State
479 Auditor may require. Beginning with fiscal year 2006-2007 and
480 fiscal years thereafter, each school district's budget shall
481 contain a detailed statement of the estimated amounts to be
482 expended for direct classroom instruction and expenditures not
483 related to direct classroom instruction in compliance with the
484 financial accountability and reporting system developed by the
485 State Auditor, in order to comply with the accreditation
486 requirement that not less than sixty-five percent (65%) of school
487 district funds be expended for direct classroom instructional
488 purposes as specified under Section 37-17-6(15). The State Board
489 of Education, acting through the State Auditor, shall prescribe
490 and provide forms to each school district for this purpose. When

491 an operating budget has been approved by the local school board
492 and Mississippi Adequate Education Program funds have been
493 provided by appropriation of the Legislature, the amount approved
494 for instruction shall be the minimum amount of obligations or
495 indebtedness which may be incurred by the school district for such
496 purpose during the fiscal year.

497 (2) In addition, on or before the fifteenth day of August of
498 each year, the local school board of each school district, with
499 the assistance of the superintendent of schools, shall prepare and
500 file with the State Department of Education such budgetary
501 information as the State Board of Education may require. The
502 State Board of Education shall prescribe and provide forms to each
503 school district for this purpose.

504 (3) Prior to the adoption of a budget pursuant to this
505 section, the school board of each school district shall hold at
506 least one (1) public hearing to provide the general public with an
507 opportunity to comment on the taxing and spending plan
508 incorporated in the proposed budget. The public hearing shall be
509 held at least one (1) week prior to the adoption of the budget
510 with advance notice. After final adoption of the budget, a
511 synopsis of such budget in a form prescribed by the State
512 Department of Audit shall be published in a newspaper having
513 general circulation in the school district on a date different
514 from the date on which the county or any municipality therein may
515 publish its budget.

516 (4) Beginning with the fiscal year 1995-1996, there shall be
517 imposed limitations on budgeted expenditures for certain
518 administration costs, as defined hereinafter, in an amount not
519 greater than One Hundred Fifty Thousand Dollars (\$150,000.00) plus
520 four percent (4%) of the expenditures of all school districts each
521 year. For purposes of this subsection, "administration costs"
522 shall be defined as expenditures for salaries and fringe benefits
523 paid for central administration costs from all sources of revenue

524 in the following expenditure functions as defined in the
525 MISSISSIPPI PUBLIC SCHOOL DISTRICT FINANCIAL ACCOUNTING MANUAL:

- 526 2300 = Support Services - General Administration
- 527 2310 = Board of Education Services
- 528 2320 = Executive Administration Services
- 529 2330 = Special Area Administration Services
- 530 2500 = Business Services
- 531 2510 = Fiscal Services
- 532 2520 = Purchasing Services
- 533 2530 = Warehousing and Distributing Services
- 534 2540 = Printing, Publishing and Duplicating Services
- 535 2590 = Other Support Services - Business
- 536 2800 = Support Services - Central
- 537 2810 = Planning, Research, Development and Evaluation
- 538 2820 = Information Services
- 539 2830 = Staff Services
- 540 2840 = Data Processing Services

541 Any costs classified as "administration costs" for purposes
542 of this subsection which can be demonstrated by the local school
543 district to be an expenditure that results in a net cost savings
544 to the district that may otherwise require budget expenditures for
545 functions not covered under the definition of administration costs
546 herein may be excluded from the limitations imposed herein. The
547 local school board shall make a specific finding of such costs and
548 spread such finding upon its minutes, which shall be subject to
549 the approval of the Office of Educational Accountability of the
550 State Department of Education. Any school district required to
551 make expenditure cuts, as a result of application of this
552 subsection, shall not be required to reduce such expenditures more
553 than twenty-five percent (25%) in any year in order to comply with
554 this mandate.

555 The State Auditor shall ensure that functions in all
556 expenditure categories to which this administrative limitation
557 applies shall be properly classified.

558 This section shall not apply to central administration with
559 five (5) or less full-time employees, or to those school districts
560 which can substantiate that comparable reductions have occurred in
561 administrative costs for the five-year period immediately prior to
562 school year 1993-1994. In the event the application of this
563 section may jeopardize the fiscal integrity or operations of the
564 school district, have an adverse impact on the ability of the
565 district to deliver educational services, or otherwise restrict
566 the district from achieving or maintaining a quality education
567 program, the State Board of Education shall be authorized to
568 exempt the application of this section to such school district
569 pursuant to rules and regulations of the State Board of Education
570 consistent with the intent of this section.

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

573 37-61-19. It shall be the duty of the superintendents of
574 schools and the school boards of all school districts to limit the
575 expenditure of school funds during the fiscal year to the
576 resources available. It shall be unlawful for any school district
577 to budget expenditures from a fund in excess of the resources
578 available within that fund. Furthermore, it shall be unlawful for
579 any contract to be entered into or any obligation incurred or
580 expenditure made in excess of the resources available for such
581 fiscal year. Furthermore, it shall be unlawful for any school
582 district to expend less for direct classroom instruction than
583 sixty-five percent (65%) of available school district funds, as
584 required under Section 37-61-9(1). Any member of the school
585 board, superintendent of schools, or other school official, who
586 shall knowingly enter into any contract, incur any obligation, or
587 make any expenditure in excess of the amount available for the

588 fiscal year, or less than that budget for instructional purposes,
589 shall be personally liable for the amount of such excess.
590 However, no school board member, superintendent or other school
591 official shall be personally liable (a) in the event of any
592 reduction in adequate education program payments by action of the
593 Governor acting through the Department of Finance and
594 Administration, or (b) for claims, damages, awards or judgments,
595 on account of any wrongful or tortious act or omission or breach
596 of implied term or condition of any warranty or contract;
597 provided, however, that the foregoing immunity provisions shall
598 not be a defense in cases of fraud, criminal action or an
599 intentional breach of fiduciary obligations imposed by statute.
600 **SECTION 4.** This act shall take effect and be in force from
601 and after July 1, 2006.