

**OFFICE OF CHIEF OPERATIONS OFFICER**  
**Summary of State Board of Education Agenda Items**  
**Consent Agenda**  
**May 18, 2023**

**OFFICE OF SCHOOL FINANCIAL SERVICES**

M. Approval to begin the Administrative Procedures Act process: To revise Mississippi Admin. Code 37-61-9(4). State Board Policy Chapter 3, Rule 3.1 – Administrative Expense Reduction

Background Information: The Office of School Financial Services revises the rules that apply the limitations imposed on budget expenditures for certain administration costs for school districts.

Recommendation: Approval

Back-up material attached

## Part 3 Chapter 3: Administrative Expense Reduction

### *Rule 3.1 Administrative Expense Reduction.*

~~1.—A local school district may be exempt from the required reduction in Expenditure Functions [Mississippi Code, Section Miss. Code Ann. § 37-61-9(4)] 2210, Improvement of Instruction Services; 2300, General Administration; 2400, School Administration; and/or 2500, Business Services; by one percent (1%) in the 1992-93 school year and two percent (2%) for any of the four (4) years beginning with the 1993-94 school year if the school district can demonstrate and document that the application of the reduction would result in extraordinary hardship or impair the fiscal integrity or operations of the school district. Extraordinary hardship is defined as:~~

~~a.—A level beyond which further reduction would cause a school district to not be able to meet Level 3 Accreditation Standards.~~

~~Or~~

~~b.—A level beyond which further reduction would jeopardize the district's ability to perform required accounting procedures, payroll administration, purchasing, and preparation of financial reports.~~

~~Or~~

~~e.—A level beyond which further reduction would result in a school district not being able to provide protection of school property, supervision of staff and students, or fundamental alteration or reduction in required programs and services.~~

### ~~2.—PROCEDURE~~

~~In the event a local school district board of education can document that no increases have been budgeted in Expenditure Functions 2210, Improvement of Instruction Services; 2300, General Administration; and 2500, Business Services; and can demonstrate that further reduction in any one these Functions would result in an extraordinary hardship or impair the fiscal integrity of operations of the school district, said board of education shall make a written request for exemption to the State Board of Education giving adequate justification and documentation to support said request. The local school district board of education or designated representative may address the State Board of Education in support of its request. The State Board of Education's decision will be final.~~

~~Source: *Miss. Code Ann. § 37-1-3 (Adopted 10/1992)*~~

# CORRECTED VERSION

**Rule 3.1 Administrative Expense Reduction.**

In determining the allowance for administration costs for purposes of Miss. Code Ann 37-61-9(4) the amount is limited to an amount not greater One Hundred Fifty Thousand Dollars (\$150,000.00) plus four percent (4%) of the expenditures of all school districts each year.

Administration costs, for purposes of this subsection, shall be defined as expenditures for salaries and fringe benefits paid for central administration costs from all sources of revenue in the following expenditure functions as defined in the MISSISSIPPI PUBLIC SCHOOL DISTRICT FINANCIAL ACCOUNTING MANUAL:

2300 = Support Services – General Administration

2310 = Board of Education Services

2320 = Executive Administration Services

2330 = Special Area Administration Services

2500 = Business Services

2510 = Fiscal Services

2520 = Purchasing Services

2530 = Warehousing and Distributing Services

2540 = Printing, Publishing and Duplicating Services

2590 = Other Support Services – Business

Any costs classified as administration costs which can be demonstrated by the local school board to be an expenditure that results in a net cost savings to the district for functions not covered under the definition of administration cost may be excluded from the limitations imposed. The local school board shall make a specific finding of such costs and spread such finding upon its minutes, which shall be subject to the approval of the Office of Educational Accountability of the State Department of Education.

Regulations:

- Any school district required to make expenditure cuts, as a result of application of this subsection, shall not be required to reduce such expenditures more than twenty-five percent (25%) in any year in order to comply with this mandate.
- This section shall not apply to central administration with five (5) or less full-time employees, or to those school districts which can substantiate that comparable reductions have occurred in administrative costs for the five-year period immediately prior to school year 1993-1994.
- In the event the application of this section may jeopardize the fiscal integrity or operations of the school district, have an adverse impact on the ability of the district to deliver educational services, or otherwise restrict the district from achieving or maintaining a quality education program, the State Board of Education shall be authorized to exempt the application of this section to such school district pursuant to rules and regulations of the State Board of Education consistent with the intent of this section.

Source: *Miss. Code Ann. §37-61-9 (Revised 7/2023)*