

Act 1 of the Second Special Session of 1989.

Act 1

SB1

By: Joint Budget Committee

CALL ITEM 1

For An Act To Be Entitled

"AN ACT TO AUTHORIZE THE STATE BOARD OF EDUCATION TO ENTER INTO A CONSENT ORDER ESTABLISHING THE STATE'S LIABILITY TO THE THREE PULASKI COUNTY SCHOOL DISTRICTS AND THE JOSHUA INTERVENORS AND TO TRANSFER FUNDS TO THE PUBLIC SCHOOL FUND FOR THE BIENNIAL PERIOD ENDING JUNE 30, 1991; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. CONSENT ORDER AUTHORIZED. The State Board of Education is hereby authorized to enter into a consent order which directs the Arkansas Department of Education to make payments to the three Pulaski County School Districts and the Joshua Intervenors in the case pending in the United States District Court, Eastern District of Arkansas, Western Division, styled Little Rock School District vs. Pulaski County Special School District, et al, No. LR-C-82-866, of not more than \$131,000,000 (excluding required state funding for the majority to minority students, existing magnet schools, and magnet adjustments ordered prior to June 28, 1989) above the amount of total state aid owed to the three Pulaski County School Districts for the 1988-89 fiscal year. Any such consent order must provide that such amounts shall be the total maximum liability of the State in the case. Any such consent order must also provide that the State shall not be obligated to contribute to the construction, renovation or operation of magnet schools not in existence on the effective date of this legislation.

SECTION 2. If a consent order as authorized under Section 1 is entered by the U.S. District Court, the following actions shall take place:

(A) Immediately there shall be transferred on the books of the Chief Fiscal Officer of the State, the State Treasurer and the State Auditor from the Budget Stabilization Trust Fund to the Public School Fund the sum of \$19,685,539.

(B) For the fiscal year ending June 30, 1990, the Department of Education shall from time to time as needed, certify to the State Treasurer and the Chief Fiscal Officer of the State, the amount of funds disbursed for desegregation expenses and the hold-harmless provisions under the consent order. Upon the receipt of such certification, the State Treasurer, after making those deductions as set out in Arkansas Code 19-5-202(b)(2)(B), shall also deduct up to, but not to exceed in total for FY90, the sum of \$17,100,000 plus an amount equal to any payments to the three districts under formula adjustment provisions of the settlement agreement from the net general revenues and transfer this amount to the Public School Fund.

(C) For the fiscal year ending June 30, 1991, the Department of Education shall from time to time as needed, certify to the State Treasurer and the Chief Fiscal Officer of the State, the amount of funds disbursed for desegregation expenses and the hold-harmless provisions under the consent order. Upon the receipt of such certification, the State Treasurer, after making those deductions as set out in Arkansas Code 19-5-202(b)(2)(B), shall also deduct up to, but not to exceed in total for FY91, the sum of \$21,500,000 plus an amount equal to any payments to the three districts under formula

adjustment provisions of the settlement agreement from the net general revenues and transfer this amount to the Public School Fund.

SECTION 3. Section 23 of Act 199 of 1989 First Extraordinary Session is hereby repealed, and the funds transferred pursuant to that section shall immediately be restored to the Budget Stabilization Trust Fund.

SECTION 4. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 5. The Arkansas General Assembly respectfully requests and urges the Special Master and the Court to disapprove the following items as contained in the "Pulaski County School Desegregation Settlement Agreement" executed by the parties in Little Rock School District v. Pulaski County Special School District, et al., in March, 1989, and to be filed with the United States District Court for the Eastern District of Arkansas, as follows:

- 1) Article II, Paragraph J, Recognition of Autonomy;
- 2) Article III, Paragraph M, School Construction;
- 3) Article IV, Paragraph C, Reserved Issue; and
- 4) Article VII, Paragraph D, Housing.

SECTION 6. EMERGENCY CLAUSE. It is hereby found and determined by the General Assembly of the State of Arkansas that the State has been found liable for constitutional violations in Little Rock School District vs. Pulaski County Special School District, et al, No. LR-C-82-866; that the State has exhausted its appeals on the issue of liability; that the State's potential monetary liability for desegregation costs to the Pulaski County School Districts has not been fully established but could exceed \$131,000,000 over amounts already ordered; that the parties have proposed a consent order establishing the State's maximum additional liability at not more than \$131,000,000; that legislative authorization to the State Board of Education to enter into the consent order is sought; and that the transfer of additional funds to the Public School Fund is essential to hold harmless the school districts of the State. Therefore, an emergency is hereby declared to exist and this Act being necessary for the immediate preservation of the public peace, health, and safety shall be in full force and effect from and after its passage and approval.

APPROVED: July 28, 1989
