

Key Settlement Issues in Response to State's Points for Discussion

1. The Districts and State will be declared unitary.
2. No new Magnet or M-to-M students after transition period, but the State will continue to pay pursuant to the 1989 Settlement Agreement, including the actual cost of transportation, for students enrolled before or during the transition period.
3. After the transition period, the State begins making payments to the Districts in the maximum amount and for the maximum term authorized by Act 395.¹
4. After the transition period, each District may operate such self-funded magnet schools as it desires, and the Districts may, but are not required to, provide transportation.
5. After the transition period, there will be established a Pulaski County Public School Choice Program consistent with Arkansas Public School Choice Act of 1989, Ark. Code Ann. § 6-18-206, as that statute currently exists.
6. PCSSD and NLRSD will deposit some percentage of the State's Act 395 payments into a Foundation to be created pursuant to a separate agreement with Joshua.
7. LRSD will deposit some part of the State's Act 395 payments into a Dedicated Fund controlled by its Board pursuant to a separate agreement with Joshua.
8. The State Board of Education will agree that approving any additional open-enrollment charter schools in Pulaski County or increasing the enrollment of existing charter schools in Pulaski County will have a negative impact on the ability of the District to achieve and maintain a unitary school system absent a finding to the contrary by the Districts' Board of Directors.
9. The Districts will not be subject to sanction for fiscal, academic, or facilities distress while the State is making payments pursuant to Act 395. However, the State will provide any assistance to the Districts that would be provided to other school districts in fiscal, academic, or facilities distress.
10. The State will support legislation funding and authorizing an Educational Service Cooperative serving only the Districts.

¹ Assuming that the 2008-2009 base amount total is approximately \$70,000,000.00 and assuming that absent an agreement funding would have increased at its usual rate, which is in excess of 5 percent, it is estimated that the State will experience a total savings of approximately \$108,500,000.00 over the course of the seven complete school years as a result of the State desegregation funding being capped at the 2008-2009 Base Amounts (\$3,500,000 in 2009-2010; \$7,175,000 in 2010-2011; \$11,033,000 in 2011-2012; \$15,085,000 in 2012-2013; \$19,400,000 in 2013-2014; \$23,800,000 in 2014-2015 and \$28,500,000 in 2015-2016).

11. LRSD will have no further obligation pursuant to Section II, Paragraph O, subparagraphs 3 and 4 of the 1989 Settlement Agreement (Pooling of M-to-M funds), or any related orders or agreements.
12. LRSD will have no further obligation pursuant to Section VI, Paragraph B of the 1989 Settlement Agreement (LRSD loan), or any related orders and agreements.
13. Pursuant to Act 395, the State will reimburse each District for legal fees related to obtaining unitary status.
14. The final settlement will neither prohibit nor require the alteration of the boundaries of any of the Districts. Any new or successor district created within the Districts' territory will be subject to the terms of any final settlement.
15. The State will not retaliate against the Districts, will continue to pay the State's share of any and all programs currently funded by the State and will allow, at a minimum, each of the Districts to participate in all programs in which other school districts in the State of Arkansas are allowed to participate and to receive all payments and other benefits which other school districts in the State of Arkansas receive.
16. All sums received by the Districts shall be accounted for consistent with Section II, Paragraph H of the 1989 Settlement Agreement (Settlement funds not counted as local revenue).
17. Title to buses used for the transportation of M to M and Magnet students shall be transferred to the respective operating District.
18. The District Court will retain jurisdiction to resolve disputes between the Parties pertaining to a final settlement. The Parties will submit any dispute pertaining to the final settlement to the District Court for resolution.
19. The Districts consider these key elements necessary to the success of their plans for long-term financial stability.