

State Board of Education

Minutes -- Special Telephone Conference Call Meeting
Thursday, April 30, 1998

The following Board members reported present on the conference call: Bill Fisher; Chair; Luke Gordy, Vice Chair, JoNell Caldwell; James McLarty; Richard Smith; Lewis Thompson, Jr.; and Anita Yates.

The following Board members were absent: Edwin Alderson; Carl Baggett; Martha Dixon; Betty Pickett and Sherry Walker.

Bill Fisher called the meeting to order at 1:35 p.m. and sounded the roll call. Mr. Fisher reminded the Board that this meeting has only one agenda item - to review and recommend amendments to the budget following the release of Category B funding from the Department of Finance and Administration. Fisher verified that all Board members had received the packet of information including the budget as approved last June, a print out showing staff recommendations for use of the new funds, a supplemental sheet explaining the rationale for the recommendations, and the expected disbursement of transportation funding.

The Chair recognized Mr. Simon to comment on the staff recommendation. Mr. Simon deferred to John Kunkel to make the presentation. Mr. Kunkel reported on April 17, 1998, the Department was notified that an additional \$12,056,000 in state revenue would be released which would be used to support funding of previously identified programs.

Kunkel explained the Department recommendation was based on funding Board priorities from the original budget sessions (June, 1997) that were not funded at the beginning of the year because of limited funding. The recommendations provide for decreased spending in some categories and increased spending in others. He also noted the recommendation provides for approximately \$9 to \$10 million to be held in reserve.

Mr. Gordy questioned the need for a \$9 million reserve in the public school fund. He proposed consideration be given to adding \$2.5 million to the equalization aid formula which would increase the additional per student allocation from \$5.50 to \$9.90. Kunkel responded that the Judge in the Lake View case had not made a ruling for attorney fees and if that ruling were large, the only place that it could come from would be Department of Education funds. Without funds in a balance, those funds would have to come from 1998-99 revenues. Mr. Gordy stated he wanted to push as much as possible through the formula. Kunkel indicated any funds that were not needed this year could be carried forward into year two of the biennium.

Mr. McLarty noted when the Board voted to settle the Lake View case, it was hoped that any large expenditure would come from sources that would not penalize schools or students. Mr. Fisher stated that was the intent, but there were no assurances.

Mr. Simon reminded the Board that the Lake View case was not the only issue yet to be closed – there is Pulaski County School District case regarding school insurance and workers compensation. Simon agreed it would be best to hold the funds in reserve for now, review the issue later, and put any reserves into the public school fund next year. Otherwise, the Board could be forced to reduce budgets later.

Ms. Yates asked when the transportation supplement would be released. Mr. Kunkel stated immediately.

Mr. Kunkel indicated any change in equalization aid causes recalculations of several other components in the public school fund. It takes time to be sure that all components of the funding formula have been considered in any change of calculation.

Additional technical questions about budget, carry over funds, targeted categories and transportation aid were raised by Mr. McLarty and Mr. Gordy.

Mr. Simon suggested that a part of the May Board meeting could be spent considering the budget and the budgeting issues raised. Mr. Fisher indicated that would be a productive session since some Board members have not been through a complete budget process.

Ms. Yates moved the adoption of the Department recommendations to distribute the additional Category B funding and other budget adjustments. Mr. Smith seconded the motion. The motion passed unanimously.

Mr. McLarty moved adjournment. Ms. Caldwell seconded the motion. The motion passed unanimously.

Recorded by Dr. Charles D. Watson


Raymond Simon


Bill Fisher