AN ACT TO AMEND SECTION 37-101-27, MISSISSIPPI CODE OF 1972,
TO PROVIDE FOR THE CREATION OF AN AYERS SETTLEMENT FUND IN THE
STATE TREASURY FOR THE PURPOSE OF PROVIDING FUNDS TO THE BOARD OF
TRUSTEES OF STATE INSTITUTIONS OF HIGHER LEARNING TO ESTABLISH A
PUBLIC ENDOWMENT FOR THE BENEFIT OF JACKSON STATE UNIVERSITY,
ALCORN STATE UNIVERSITY AND MISSISSIPPI VALLEY STATE UNIVERSITY,
AND TO REPEAL THE AYERS ENDOWMENT TRUST WITHIN THE WORKING
CASH-STABILIZATION RESERVE FUND WHEN DEPOSITS TO THE AYERS
SETTLEMENT FUND HAVE REACHED A CERTAIN AMOUNT; TO AMEND SECTION
27-103-203, MISSISSIPPI CODE OF 1972, TO REQUIRE A CERTAIN AMOUNT
OF INTEREST EARNED ON THE WORKING CASH-STABILIZATION RESERVE FUND
TO BE DEPOSITED INTO THE AYERS SETTLEMENT FUND, TO DELETE THE
"HOUSE BILL 400" PROVISION WHICH REQUIRES THAT 50% OF THE
UNENCUMBERED YEAR-END CASH BALANCE BE TRANSFERRED INTO THE
EDUCATION ENHANCEMENT FUND, AND TO PROVIDE THAT ANY SUCH
UNENCUMBERED YEAR-END CASH SHALL REMAIN IN THE STATE GENERAL FUND;
AND FOR RELATED PURPOSES.

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

SECTION 1. Section 37-101-27, Mississippi Code of 1972, is
amended as follows:

37-101-27. (1) There is created within the Working
Cash-Stabilization Reserve Fund in the State Treasury a trust to
be known as the Ayers Endowment Trust, which shall be used as
provided in this section. On July 1, 1997, Fifteen Million
Dollars ($15,000,000.00) in the Working Cash-Stabilization Reserve
Fund shall be set aside and placed in the Ayers Endowment Trust.

(2) The principal of the Ayers Endowment Trust shall remain
inviolate within the Working Cash-Stabilization Reserve Fund, and
shall be invested in the same manner as the remainder of the
Working Cash-Stabilization Reserve Fund.

(3) The interest and income earned from the investment of
the principal of the Ayers Endowment Trust shall be appropriated
by the Legislature to the Board of Trustees of State Institutions
of Higher Learning for the benefit of Jackson State University, Alcorn State University and Mississippi Valley State University, the historically black institutions of higher learning in Mississippi, with one-third (1/3) of the amount of the interest and income earned being allocated for the benefit of each of those universities. The money allotted for each university shall be used for continuing educational enhancement and racial diversity, including recruitment of white students and scholarships for white applicants.

(4) The creation of the Ayers Endowment Trust and the appropriation of the interest and income for the purposes specified in this section shall be to comply with the order of the United States District Court in the case of Ayers v. Fordice, 879 F.Supp. 1419 (N.D. Miss. 1995), with regard to Jackson State University and Alcorn State University, and to provide Mississippi Valley State University with an equal amount of funding for the same purposes as for the other historically black institutions of higher learning.

(5) If the United States District Court for the Northern District of Mississippi approves and directs the implementation of a settlement agreement in the case of Ayers v. Musgrove (Civil Action No. 4:75CV9-B-D, in the United States District Court for the Northern District of Mississippi), and if the agreement becomes final and effective according to its terms (including, but not limited to, the exhaustion of all rights of appeal) before the first day of the 2002 Regular Session of the Legislature, there shall be created in the State Treasury a fund to be known as the Ayers Settlement Fund. Monies deposited into the Ayers Settlement Fund under Section 27-103-203(2) shall be appropriated by the Legislature to the Board of Trustees of State Institutions of Higher Learning for the purpose of establishing a public endowment for the benefit of Jackson State University, Alcorn State
University and Mississippi Valley State University in compliance
with the settlement agreement.

(6) If the Ayers Settlement Fund is created under subsection
(5) of this section, subsection (1) through (4) of this section
shall be repealed when the Ayers Endowment Trust reaches Zero
Dollars ($0.00) in accordance with Section 27-103-203(3).

SECTION 2. Section 27-103-203, Mississippi Code of 1972, is
amended as follows:

27-103-203. (1) There is created in the State Treasury a
special fund, separate and apart from any other fund, to be
designated the Working Cash-Stabilization Reserve Fund, into which
shall be deposited one hundred percent (100%) of the unencumbered
General Fund cash balance at the close of each fiscal year until
such time as the balance in the fund reaches Forty Million Dollars
($40,000,000.00). After the balance in the fund reaches Forty
Million Dollars ($40,000,000.00), fifty percent (50%) of the
unencumbered General Fund cash balance at the close of each fiscal
year, not to exceed seven and one-half percent (7-1/2%) of the
General Fund appropriations for such fiscal year, shall be
deposited into the fund. The remainder of the year-end
unencumbered cash after transfer to the Working Cash-Stabilization
Reserve Fund shall remain in the General Fund **. Unencumbered
cash in the General Fund may be used for new year cash flow needs
and may also be used for deficit appropriations or regular
appropriations.

(2) The Working Cash-Stabilization Reserve Fund shall not be
considered as a surplus or available funds when adopting a
balanced budget as required by law. The State Treasurer shall
invest all sums in the Working Cash-Stabilization Reserve Fund not
needed for the purposes provided for in this section in
certificates of deposit, repurchase agreements and other
securities as authorized in Sections 27-105-33(d) or 7-9-103, as
the State Treasurer may determine to yield the highest market rate
If the Ayers Settlement Fund is created pursuant to Section 37-101-27(5), the first Five Million Dollars ($5,000,000.00) of interest earned on such sums each fiscal year shall be deposited into that fund until a total of Seventy Million Dollars ($70,000,000.00) has been deposited into the fund. The interest, or the remaining interest if the Ayers Settlement Fund is created, which is earned on such sums shall be deposited in the Working Cash-Stabilization Reserve Fund until the balance of principal and interest therein reaches seven and one-half percent (7-1/2%) of the total General Fund appropriations for the current fiscal year, and all interest earned in excess of amounts necessary to maintain the seven and one-half percent (7-1/2%) fund balance requirement shall be deposited by the State Treasurer into the State General Fund.

(3) The Working Cash-Stabilization Reserve Fund, except for Nineteen Million Dollars ($19,000,000.00) and the amount of the interest and income earned on the principal of the Ayers Endowment Trust created by Section 37-101-27, shall be used by the State Treasurer for cash flow needs throughout the year when the Executive Director of the Department of Finance and Administration certifies that in his opinion there will be cash flow deficiencies in the State General Fund. No borrowing of monies from other special funds for such purposes as authorized by Section 31-17-101 et seq. shall be made as long as an unencumbered balance in excess of Nineteen Million Dollars ($19,000,000.00) and the interest and income earned on the principal of the Ayers Endowment Trust created by Section 37-101-27 remains in the fund. The State Treasurer shall reimburse the fund for all sums borrowed for such purposes from General Fund revenues collected during the fiscal year in which such funds are used. The State Treasurer shall immediately notify the Legislative Budget Office and the State Department of Finance and Administration of each transfer into and out of such fund. Four Million Dollars ($4,000,000.00) in the
Working Cash-Stabilization Reserve Fund shall remain available for use pursuant to Section 27-103-81. Fifteen Million Dollars ($15,000,000.00) in the Working Cash-Stabilization Reserve Fund shall remain available for exclusive use of the Ayers Endowment Trust created by Section 37-101-27. If the Ayers Settlement Fund is created pursuant to Section 37-101-27(5), beginning when a total of Fifty-five Million Dollars ($55,000,000.00) has been deposited into the fund, for each annual deposit of interest to that fund under subsection (2) of this section, the Ayers Endowment Trust created under Section 37-101-27(1) shall be reduced by an equal amount annually until the Ayers Endowment Trust reaches Zero Dollars ($0.00), at which time any requirements concerning the Ayers Endowment Trust in this section shall be null and void.

(4) The Working Cash-Stabilization Reserve Fund, except for Forty Million Dollars ($40,000,000.00), shall also be used for the purpose of covering any projected deficits that may occur in the General Fund at the end of a fiscal year as a result of revenue shortfalls. In the event the Governor determines that a deficit in revenues from all sources may occur, it shall be the duty of the Executive Director of the Department of Finance and Administration to transfer such funds as necessary to the General Fund to alleviate the deficit in accordance with Sections 27-104-13 and 31-17-123; however, not more than Fifty Million Dollars ($50,000,000.00) may be transferred from the fund for such purpose in any one (1) fiscal year. In the event it becomes necessary to apply a part of the fund to this purpose, the amount so applied shall be restored to the Working Cash-Stabilization Reserve Fund out of future annual surpluses, as provided in subsection (1) of this section, until the seven and one-half percent (7-1/2%) maximum is again attained.

(5) The Working Cash-Stabilization Reserve Fund also shall be used to provide funds for the Disaster Assistance Trust Fund...
when such funds are immediately needed to provide for disaster assistance under Sections 33-15-301 through 33-15-317. Any transfer of funds from the Working Cash-Stabilization Reserve Fund to the Disaster Assistance Trust Fund shall be made in accordance with the provisions of subsection (5) of Section 33-15-307.

(6) The Department of Finance and Administration shall immediately send notice of any transfers made, or other action taken under authority of this section, to the Legislative Budget Office.

(7) Funds deposited in the Working Cash-Stabilization Reserve Fund shall be used only for the purposes specified in this section, and as long as the provisions of this section remain in effect, no other expenditure, appropriation or transfer of funds in the Working Cash-Stabilization Reserve Fund shall be made except by act of the Legislature making specific reference to the Working Cash-Stabilization Reserve Fund as the source of such funds.

SECTION 3. This act shall take effect and be in force from and after passage; however, if House Bill No. 776, 2001 Regular Session, becomes law, this act shall take effect and be in force from and after one (1) day after the date on which House Bill No. 776, 2001 Regular Session, becomes law.