

THE ARKANSAS COMMISSION FOR ARKANSAS PUBLIC SCHOOL FACILITIES  
AND TRANSPORTATION RULES GOVERNING THE ACADEMIC FACILITIES  
HIGH-GROWTH SCHOOL DISTRICT LOAN PROGRAM

January 2008

1.00 REGULATORY AUTHORITY

1.01 These rules shall be known as the Arkansas Commission for Public School Academic Facilities and Transportation (Commission) Rules Governing the Academic Facilities High-Growth School District Loan Program.

1.02 These rules are promulgated pursuant to Ark. Code Ann. §§ 6-20-2511 (Act 995 of 2007) and 6-20-2512.

2.00 PURPOSE

2.01 The purpose of these rules is to implement the requirements of Ark. Code Ann. § 6-20-2511 (Act 995 of 2007) to provide for an Academic Facilities High-Growth School District Loan Program.

3.00 DEFINITIONS

For purposes of this rule, the following terms shall mean as follows:

3.01 “Average daily membership” – means the total number of days attended plus the total number of days absent by students in grades kindergarten through twelve (K-12) during the first three (3) quarters of the school year divided by the number of school days actually taught in the district during that period of time rounded up to the nearest hundredth.

3.02 “Bonded indebtedness incurred for academic facilities” as used in these rules will be calculated by the Department as follows:

- a. In determining the amount of a district’s bonded indebtedness incurred for academic facilities, the Department shall assume that all construction on academic and non-academic facilities during the period of the existing bond is included in bonded indebtedness incurred prior to the application for the loan and that revenues were distributed proportionately to each project.
- b. If a school district believes the assumption concerning the distribution of revenues will produce a result that is contrary to the intent of the loan program, the school district is responsible for documenting, to the Department’s satisfaction, any other allocation

of cash and bonded indebtedness for academic and non-academic facilities built within the same time frame.

1. The documentation should include, but should not be limited to, the bond election ballot.
2. The consideration of the school district's documentation in no way limits the Department's discretion in making the final determination of the amount of a school district's bonded indebtedness incurred for academic facilities.

3.03 "Commission" – the Commission for Arkansas Public School Facilities and Transportation.

3.034 "Department" ~~means~~ - the Arkansas Department of Education.

3.045 "High-growth school district" - ~~means~~ a public school district in which the average daily membership for the public school district in the present school year is four percent (4%) higher than the school year that is two (2) years prior to the present school year.

3.056 "Maximum expected millage" - ~~means~~ for the purposes of these rules, ten (10) mills, representing the maximum number of mills that a public school district is expected to raise to service its bonded indebtedness incurred for academic facilities.

#### 4.00 LOANS TO HIGH-GROWTH SCHOOL DISTRICTS

4.01 There is established the Academic Facilities High-Growth School District Loan Program under which the Department shall provide an interest-free loan to a high-growth school district in which the mills required to service the bonded indebtedness incurred for academic facilities exceeds the maximum expected millage for the high-growth school district.

4.02 A high growth school district may apply for an interest-free loan when the high-growth school district has raised the maximum expected millage and the revenue generated from the maximum expected millage is less than the amount required to service the bonded indebtedness incurred for academic facilities.

4.03 The purpose of the loan to a high-growth school district is to assist such a school district with building new academic facilities that, as a result of high growth, will cause the school district to incur indebtedness for academic facilities that exceeds the maximum expected millage.

4.04 Applications for the Academic Facilities High-Growth School District Loan Program must be submitted to the ~~Department~~ Commission no later

than the last business day in February of every even-numbered year, beginning in 2008.

4.05 The Commission shall make a determination that the total space available in the high-growth school district is less than the amount needed to accommodate the growth of students. If the Commission finds that additional space is needed to accommodate the growth of students, then the Commission shall certify same to the Department and forward the district's application to the Department.

4.056 The amount of the loan shall be the amount of moneys required for academic facilities less the sum of:

4.0506.1 The revenues generated by the maximum expected millage; and

4.0506.2 The state revenue received by the high-growth school district under the Academic Facilities Partnership Program.

4.0607 The high-growth school district shall apply for the loan from the Revolving Loan Fund, subject to Ark. Code Ann. §§ 6-20-801 through 6-20-816 and these rules.

4.0708 When the revenue required to service the bonded indebtedness incurred for the high-growth school district's academic facilities is less than the revenue generated by maximum expected millage, the high-growth school district shall repay the loan.

4.0809 The high-growth school district shall make annual payments to the Department in the amount of:

4.0809.1 The revenue generated by the high-growth school district's millage up to the amount of the revenues generated from the maximum expected millage for the year; less

4.0809.2 The revenue required to service the high-growth school district's bonded indebtedness for academic facilities.

4.0809.3 The payments under Sections 4.056 and 4.078 of these rules shall continue until the loan is paid in full.

4.0910 During the time that the loan to the high-growth school district is in repayment, the high growth school district:

4.0910.1 Shall use all revenues generated above academic debt service payments and below the maximum expected millage to repay the loan;

4.0910.2 Shall not issue refunding bonds or refunding certificates, as provided under Ark. Code Ann. § 6-20-815; and

~~4.09~~10.3 Shall not otherwise change the amount of revenues available to repay the loan without the prior approval of the Department.

~~4.10~~11 Within a reasonable time after its receipt, each application under Sections ~~4.02 – 4.06~~7 of these rules shall be examined by the Department in accordance with rules established by the State Board of Education as to the accuracy of the answers contained therein.

~~4.11~~12 In considering the merits of each application, the Department shall determine:

- a. That the district meets the definition of a “high-growth school district” as contained in Section 3.04 of these rules;
- b. That the space available in the high-growth school district is less than the amount needed to accommodate the high growth; and
- c. Whether the high growth school district can restructure the delivery of education to use all available space without incurring additional debt.

~~4.12~~13 After considering the merits of each application, the Department may, in its discretion:

~~4.12~~13.1 Approve the application for the full amount of the proposed loan, approve the application for a loan of a lesser amount than the amount requested, or disapprove the application.

~~4.12.2~~ Prior to approving the application, the Department shall make a determination that the total space available in the high-growth school district is less than the amount needed to accommodate the growth of students.

~~4.13~~14 The Department shall notify each applicant school district and the Department’s Loans and Bonds Committee by June 15 of each even-numbered year if the school district meets the criteria under Section ~~4.14~~2 of these rules.

~~4.14~~15 The Loans and Bonds Committee should notify each applicant school district by June 30 of each even-numbered year as to whether the high-growth school district loan has been approved or denied.

~~4.15~~16 The Department shall promulgate forms and documents to be used by school districts in the loan application process.