



Bureau Brief



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## Academic Facilities and the Partnership Program

Arkansas's per-student foundation funding provides funding for day-to-day **operations and maintenance** of school buildings, including repairs. But the state has established other programs to help districts pay for major construction and renovation of facilities needed to provide an adequate education.

Since 2005, Arkansas has managed four such facilities funding programs: Immediate Repair, Transitional, Catastrophic and Partnership. The Immediate Repair and Transitional programs were created as short-term programs, and both have expired. The Catastrophic program continues to provide state funding to school districts to supplement insurance for emergency projects that result from an act of God or violence.

The **Partnership Program** is the state's main facilities funding program (A.C.A. 6-20-2507). Under the program, the **Division of Public School Academic Facilities and Transportation** (the Division) helps schools identify immediate and long-term building needs and distributes funding for a portion of the cost of necessary construction. Every two years, districts apply for funding, and the **Commission for Arkansas Public School Academic Facilities and Transportation** (the Commission) approves projects that qualify for funding, as it is available.

The cost of approved projects is shared by the state and the district. The percentage of the cost covered by the state depends on the district's **facility wealth index**, a calculation based on the value of one mill in the district, the total assessed valuation of taxable property and the district's **average daily membership** (student count). The wealth index is calculated as a percentage, with wealthier districts having a higher percentage. A district's wealth index indicates the percentage of a project's cost for which the district is responsible. For example, a district with a wealth index of 85%, would pay 85% of the

project's cost and the state would pick up the remaining 15%.

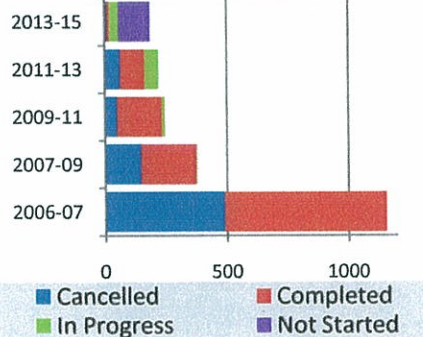
The Partnership Program funds new construction projects and major renovations, not general repair or maintenance. Only projects that cost \$150,000 or more or those that cost more than \$300 per student qualify for funding.

Through the 2013-15 funding cycle, there were two general types of projects that qualified for Partnership Program funding.

- **Warm, Safe and Dry:** Projects that supported facilities' major systems, such as plumbing or electrical systems, fire and safety needs, or a new roof.
- **Space:** Projects designed to increase or convert school space.

Since the program's start in 2006, 584 space projects and 1,602 warm, safe and dry projects have been approved. Of those 2,186 projects, 1,182 have been completed, 758 were cancelled, 117 are in progress and 129 have not started.

Partnership Projects



The following table shows the total number of approved projects and the state's financial commitment for those projects.

Cycle	Projects	State Commitment
2006-07	1,158	\$205.2 million
2007-09	378	\$261.5 million
2009-11	244	\$100.4 million
2011-13	220	\$146.6 million
2013-15	186	\$157.4 million*

\*State commitment for year one only.

The Division developed a prioritization system to determine which projects are actually funded when the total cost of all

projects exceeds the amount of funding available. Over the past five funding cycles, all warm, safe and dry projects have been ranked first, followed by space projects.

In 2012, the Division expressed concern about districts failing to adequately maintain buildings and systems in the hopes that projects to replace them would be deemed warm, safe and dry and therefore would qualify for Partnership funding. To address this concern, the Commission approved significant rule changes in 2013 that will affect project prioritization beginning with the 2015-17 cycle.

First, the rules redefine warm, safe and dry projects as those "deemed necessary by the Division to provide students a warm, safe and dry educational environment." The rules also split warm, safe and dry projects into two groups: **systems projects** and **space replacement projects**. Like the previous definition of warm, safe and dry, a "systems" project addresses a facility's major system needs. A "space replacement" project is one that replaces a building that is not deemed to be warm, safe and dry. The rules then reprioritized the three types of projects as follows:

1. Warm, Safe & Dry (Systems)
2. Space
3. Warm, Safe & Dry (Space Replacement)

Projects are then prioritized within each category. "Systems" projects are prioritized based on the district's wealth index and average daily membership. The rules also establish a \$10 million per year cap on the funding allocated for warm, safe and dry "systems" projects, as a disincentive for neglecting facilities maintenance. "Space" projects are prioritized based on districts' **10-year student growth**, while "space replacement" projects are prioritized based on **campus value** (a calculation of depreciated building value) and wealth index.