

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 2206 of the Regular Session

As Engrossed: H3/24/05 H4/5/05

A Bill

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

HOUSE BILL 2508

4
5 By: Representatives Mahony, Elliott
6 By: Senators Broadway, Bisbee

7
8
9 **For An Act To Be Entitled**

10 ARKANSAS PUBLIC SCHOOL ACADEMIC FACILITIES
11 FUNDING ACT.

12
13 **Subtitle**

14 ARKANSAS PUBLIC SCHOOL ACADEMIC
15 FACILITIES FUNDING ACT.

16
17
18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

19
20 SECTION 1. Arkansas Code Title 6, Chapter 20 is amended to add an
21 additional subchapter to read as follows:

22 6-20-2501. Title.

23 This subchapter is known as and may be cited as the "Arkansas Public
24 School Academic Facilities Funding Act".

25
26 6-20-2502. Definitions.

27 As used in this subchapter:

28 (1)(A) "Academic facility" means a building or space, including
29 related areas such as the physical plant and grounds, where students receive
30 instruction that is an integral part of an adequate education as described in
31 § 6-20-2302.

32 (B)(i) A public school building or space, including
33 related areas such as the physical plant and grounds, used for an
34 extracurricular activity or an organized physical activity course as defined
35 in Act 660 of 2005 shall not be considered an academic facility for the



1 purposes of this subchapter to the extent that the building, space, or
2 related area is used for extracurricular activities or organized physical
3 activities courses, except for physical educational training and instruction
4 under § 6-16-132.

5 (ii) The Division of Public School Academic
6 Facilities and Transportation shall determine the extent to which a building,
7 space, or related area is used for extracurricular activities or organized
8 physical activities courses based on information supplied by the school
9 district and, if necessary, on-site inspection.

10 (C) Buildings or spaces, including related areas such as
11 the physical plant and grounds, used for prekindergarten education shall not
12 be considered academic facilities for purposes of this subchapter.

13 (D) District administration buildings and spaces,
14 including related areas such as the physical plant and grounds, shall not be
15 considered academic facilities for the purpose of this subchapter;

16 (2)(A) "Academic facilities wealth index" means a percentage
17 derived from the following computations:

18 (i) Determine the value of one (1) mill per student
19 in each school district as follows:

20 (a) Multiply the value of one (1) mill by the
21 total assessed valuation of taxable real, personal, and utility property in
22 the school district as shown by the applicable county assessment for the most
23 recent year; and

24 (b) Divide the product from subdivision
25 (2)(A)(i)(a) of this section by the greater of the prior year average daily
26 membership of the school district or the prior three-year average of the
27 school district's average daily membership;

28 (ii) Determine student millage rankings by listing
29 the computation under subdivision (2)(A)(i) of this section for each school
30 district from students with the lowest value per mill to students with the
31 highest value per mill;

32 (iii) Allocate the student millage rankings into
33 percentiles with the first percentile containing the one percent (1%) of
34 students with the lowest value per mill and the one-hundredth percentile
35 containing the one percent (1%) of students with the highest value per mill;
36 and

1 (iv) Divide the value of one (1) mill per student in
2 each school district as computed under subdivision (2)(A)(i) of this section
3 by the amount corresponding to the ninety-fifth percentile of the student
4 millage rankings under subdivision (2)(A)(iii) of this section.

5 (B)(i) The percentage derived from the computation under
6 subdivision (2)(A)(iv) of this section is the academic facilities wealth
7 index for a school district, which shall be computed annually and used to
8 determine the amount of the school district's share of financial
9 participation in a local academic facilities project eligible for state
10 financial participation under priorities established by the division.

11 (ii) The state's share of financial participation in
12 a local academic facilities project eligible for state financial
13 participation under priorities established by the division is the percentage
14 derived from subtracting the school district's percentage share of financial
15 participation determined under subdivision (2)(B)(i) of this section from one
16 hundred percent (100%);

17 (3)(A) "Average daily membership" means the total number of days
18 of school attended plus the total number of days absent by students in grades
19 kindergarten through twelve (K-12) during the first three (3) quarters of
20 each school year divided by the number of school days actually taught in the
21 school district during that period of time rounded up to the nearest
22 hundredth.

23 (B) As applied to this subchapter, students who may be
24 counted for average daily membership are:

25 (i) Students who reside within the boundaries of the
26 school district and who are enrolled in a public school operated by the
27 school district;

28 (ii) Legally transferred students living outside the
29 school district but attending a public school in the school district; and

30 (iii) Students who are eligible to attend and reside
31 within the boundaries of a school district and who are enrolled in the
32 Arkansas National Guard Youth Challenge Program, so long as the students are
33 participants in the program;

34 (4) "Facility condition index" means a methodology established
35 by the Division of Public School Academic Facilities and Transportation for
36 comparing the cost of repairing the condition of a public school academic

1 facility to the cost of replacing the public school academic facility with a
2 public school academic facility containing the same amount of square footage;

3 (5) "Immediate repair project" means a project involving a
4 public school academic facility necessary to resolve a deficiency that
5 presents an immediate hazard to:

6 (A) The health or safety of students, teachers,
7 administrators, or staff;

8 (B) The integrity of the public school academic facility
9 with regard to meeting minimum health and safety standards; or

10 (C) The extraordinary deterioration of the public school
11 academic facility;

12 (6) "Local enhancements" means the portion of any maintenance,
13 repair, or renovation project or new construction project that is designed to
14 bring an academic facility or related areas, such as the physical plant or
15 grounds, to a state of condition or efficiency that exceeds state academic
16 facilities standards;

17 (7) "Local resources" means any moneys lawfully generated by a
18 school district for the purpose of funding the school district's share of
19 financial participation in any academic facilities project for which a school
20 district is eligible to receive state financial participation under
21 priorities established by the division;

22 (8) "Maintenance, repair, and renovation" means any activity or
23 improvement to an academic facility and, if necessary, related areas such as
24 the physical plant and grounds, that:

25 (A) Maintains, conserves, or protects the state of
26 condition or efficiency of the academic facility; or

27 (B) Brings the state of condition or efficiency of the
28 academic facility up to the facility's original condition of completeness or
29 efficiency;

30 (9) "Millage rate" means the millage rate listed in the most
31 recent tax ordinance approved by the county quorum court under the authority
32 of § 14-14-904;

33 (10)(A) "New construction" means any improvement to an academic
34 facility and, if necessary, related areas such as the physical plant and
35 grounds, that brings the state of condition or efficiency of the academic
36 facility to a state of condition or efficiency better than the academic

1 facility's original condition of completeness or efficiency.

2 (B) "New construction" includes additions to existing
3 academic facilities and new academic facilities;

4 (11) "Project" means an undertaking in which a school district
5 engages in:

6 (A) Maintenance, repair, and renovation activities with
7 regard to an academic facility;

8 (B) New construction of an academic facility; or

9 (C) Any combination of maintenance, repair, and renovation
10 and new construction activities with regard to an academic facility; and

11 (12) "Space utilization" means the number of gross square feet
12 per student in a public school academic facility adjusted for academic
13 program, school enrollment, grade configuration, and type of public school in
14 accordance with rules promulgated by the Commission on Public School Academic
15 Facilities and Transportation.

16
17 6-20-2503. Bonded debt assistance.

18 (a) As used in this section:

19 (1) "Foundation funding" means an amount of money specified by
20 the General Assembly for each school year to be expended by school districts
21 for the provision of an adequate education for each student as that amount is
22 established in § 6-20-2305;

23 (2) "Local revenue per student" means in each school year
24 ninety-eight percent (98%) of the amount of revenue available, whether or not
25 collected, in a school district solely from the levy of the uniform rate of
26 tax plus seventy-five percent (75%) of the average miscellaneous funds
27 collected in the previous five (5) years or the previous year, whichever is
28 less, divided by the average daily membership of the school district;

29 (3) "Miscellaneous funds" means those funds received by a local
30 school district from federal forest reserves, federal grazing rights, federal
31 mineral rights, federal impact aid, federal flood control, wildlife refuge
32 funds, severance taxes, funds received by the district in lieu of taxes, and
33 local sales and use taxes dedicated to education pursuant to §§ 26-74-201 et
34 seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et seq.; and

35 (4) "State wealth index" means the result of one (1) minus the
36 ratio of local revenue per student divided by the difference between

1 foundation funding and local revenue per student.

2 (b)(1) In accordance with the requirements and limitations of this
3 section, the state shall provide eligible school districts with financial
4 assistance for the purpose of retiring outstanding bonded indebtedness in
5 existence as of January 1, 2005.

6 (2) The amount of financial assistance under this section is
7 based on:

8 (A) The total amount required to satisfy a school
9 district's outstanding bonded indebtedness in existence as of January 1,
10 2005;

11 (B) The annual amount due on a fiscal year basis from the
12 school district in accordance with the principal and interest payment
13 schedule in effect and on file with the Department of Education on January 1,
14 2005, for the outstanding bonded indebtedness identified under subdivision
15 (b)(2)(A) of this section; and

16 (C) The calculation in subdivision (b)(3)(A) or (b)(3)(B)
17 of this section.

18 (3)(A) The Commission for Public Academic Facilities and
19 Transportation shall determine the amount of financial assistance for each
20 eligible school district as follows:

21 (i)(a) For the year that financial assistance under
22 this section will be provided, ascertain the scheduled debt payment on a
23 fiscal year basis from the principal and interest payment schedule in effect
24 and on file with the Department of Education on January 1, 2005, and reduce
25 the amount of the payment by ten percent (10%) except as provided in
26 subdivision (b)(3)(A)(i)(b) of this section.

27 (b) If a school district can demonstrate to
28 the satisfaction of the commission that all or a portion of the ten percent
29 (10%) reduction in its scheduled debt payment under subdivision
30 (b)(3)(A)(i)(a) of this section can be attributed to the support of academic
31 facilities, then the commission shall reverse all or a portion of the ten
32 percent (10%) reduction by a percentage proportionate to the amount
33 attributable to academic facilities;

34 (ii) For the year that financial assistance will be
35 provided, divide the scheduled debt payment as adjusted under subdivision
36 (b)(3)(A)(i) by the total assessed valuation of taxable real, personal, and

1 utility property in the school district as shown by the applicable county
2 assessment for the most recent year with the result multiplied by one
3 thousand (1,000);

4 (iii)(a) Multiply the calculation under subdivision
5 (b)(3)(A)(ii) of this section by a funding factor per average daily
6 membership that will distribute a total amount of state financial assistance
7 no less than the total amount of funds that would have been distributed
8 during fiscal year 2005 if every school district in the state had received an
9 amount of state financial assistance equal to an amount calculated by
10 applying the debt service funding supplement formula under the Supplemental
11 School District Funding Act of 2003, § 6-20-2401 et seq., during fiscal year
12 2005 with a funding factor of eighteen dollars and three cents (\$18.03).

13 (b) The funding factor for each fiscal year
14 after fiscal year 2006 shall be equal to the funding factor derived for
15 fiscal year 2006 under subdivision (b)(3)(A)(iii)(a) of this section; and

16 (iv) Multiply the calculation under subdivision
17 (b)(3)(A)(iii) of this section by the state wealth index.

18 (B)(i) As used in this subdivision, "mandatory callable
19 bonds" means a bond issue in which all net proceeds from debt service millage
20 used to secure the issuance of that bond must be applied to payment of the
21 issue and cannot be used for any other purposes.

22 (ii) School districts having mandatory callable
23 bonds shall receive an amount of state financial assistance with regard to
24 the mandatory callable bonds proportionate to the amount of state financial
25 assistance provided under subdivision (b)(3)(A) of this section to school
26 districts that do not have mandatory callable bonds.

27 (C) As the amount of state financial assistance under this
28 section decreases to correlate with reductions in principal and interest
29 payments and increases in property assessments, the commission shall
30 distribute any savings through the Educational Facilities Partnership Fund
31 Account in accordance with rules promulgated by the commission.

32 (4)(A) The commission shall determine the amount of state
33 financial assistance for each eligible school district no later than July 15
34 of each year.

35 (B) State financial assistance under this section is
36 payable to each eligible school district in two (2) equal installments. The

1 commission shall arrange for the payment of the first installment by August 1
2 of each year and the second installment by February 1 of each year.

3 (5) For tracking purposes, the school district shall account for
4 the funds received as state financial assistance under this section as
5 restricted funds and shall account for the funds in accordance with
6 provisions of law, including without limitation, the Arkansas Educational
7 Financial Accounting and Reporting Act of 2004, § 6-20-2201 et seq., and
8 rules established by the commission.

9 (c)(1)(A) Nothing in this section shall prohibit a school district
10 from refunding bonds that were issued and outstanding as of January 1, 2005.
11 If a school district qualifies for state financial assistance under this
12 section, the amount of state financial assistance under this section shall
13 not be altered or reduced as a result of refunding the bonds that were issued
14 and outstanding as of January 1, 2005, and the financial assistance shall
15 continue after the refunding based on the principal and interest payment
16 schedule in effect and on file with the Department of Education on January 1,
17 2005.

18 (B) The school district shall use the debt service
19 savings, if any, produced by refunding the outstanding bonds as follows:

20 (i) The annual savings produced by the refunding
21 shall be deposited into a bond refunding savings fund to be used by the
22 school district solely for the new construction of academic facilities or the
23 purchase of academic equipment; and

24 (ii) Before the date that the refunding bonds are
25 sold at public sale, the school district shall certify to the commission that
26 the yearly debt services saving will be used solely for the purposes
27 described in subdivision (c)(1)(B)(i) of this section.

28 (2) Nothing in this section shall prohibit a school district
29 from issuing second lien bonds. If a school district qualifies for state
30 financial assistance under this section, the amount of state financial
31 assistance under this section shall not be increased or reduced as a result
32 of the issuance of second lien bonds.

33 (3) Nothing in this subsection (c) shall prevent the annual
34 adjustment of state financial assistance under this section in accordance
35 with annual variations in the state wealth index and the school district's
36 principal and interest payment schedule in effect and on file with the

1 Department of Education on January 1, 2005.

2 (d) The state shall not assume any debt of a school district or incur
3 any obligation with regard to a school district's bonded indebtedness by
4 providing the financial assistance described in this section. The school
5 district receiving financial assistance under this section is and will remain
6 independently liable for all outstanding indebtedness.

7 (e)(1) The commission shall compute the amount of general facilities
8 funding that each school district received or would have received under the
9 Supplemental School District Funding Act of 2003, § 6-20-2401 et seq., during
10 fiscal year 2005.

11 (2)(A) In addition to the financial assistance provided under
12 subsection (b) of this section, a school district shall receive in accordance
13 with subdivision (e)(2)(B) of this section state financial assistance equal
14 to all or a portion of the general facilities funding that the school
15 district received or would have received under the Supplemental School
16 District Funding Act of 2003, § 6-20-2401 et seq., during fiscal year 2005.

17 (B) The commission shall phase-out state financial
18 assistance under this subsection (e) over a ten-year period by reducing the
19 amount received by a school district under this subsection (e) after fiscal
20 year 2006 by one-tenth (1/10) in each year of the ten-year period with the
21 savings distributed through the Educational Facilities Partnership Fund
22 Account in accordance with rules promulgated by the commission.

23 (3) State financial assistance under this section is payable to
24 each eligible school district in two (2) equal installments. The commission
25 shall arrange for the payment of the first installment by August 1 of each
26 year and the second installment by February 1 of each year.

27 (f)(1) If a school district elected to receive supplement millage
28 incentive funding under the Supplemental School District Funding Act of 2003,
29 § 6-20-2401 et seq., during fiscal year 2005, the commission shall compute
30 the difference between the amount of supplemental millage incentive funding
31 that a school district received in fiscal year 2005 and the amount of debt
32 service funding supplement and general facilities funding that the school
33 district would have received under the Supplemental School District Funding
34 Act of 2003, § 6-20-2401 et seq., in fiscal year 2005.

35 (2)(A) In addition to the financial assistance provided under
36 subsection (b) of this section, a school district that elected to receive

1 supplement millage incentive funding under the Supplemental School District
2 Funding Act of 2003, § 6-20-2401 et seq., shall receive in accordance with
3 subdivision (f)(2)(B) of this section state financial assistance equal to all
4 or a portion of the amount of supplemental millage incentive funding that
5 exceeded the amount that the school district would have received under debt
6 service funding supplement and general facilities funding under the
7 Supplemental School District Funding Act of 2003, § 6-20-2401 et seq., in
8 fiscal year 2005.

9 (B) The commission shall phase-out the state financial
10 assistance under this subsection (f) over a ten-year period by reducing the
11 amount received by a school district under this subsection (f) after fiscal
12 year 2006 by one-tenth (1/10) in each year of the ten-year period with the
13 savings distributed through the Educational Facilities Partnership Fund
14 Account in accordance with rules promulgated by the commission.

15 (3) State financial assistance under this section is payable to
16 each eligible school district in two (2) equal installments. The commission
17 shall arrange for the payment of the first installment by August 1 of each
18 year and the second installment by February 1 of each year.

19
20 6-20-2504. Academic Facilities Immediate Repair Program.

21 (a) There is established the Academic Facilities Immediate Repair
22 Program under which the Division of Public School Academic Facilities and
23 Transportation shall provide school districts with state financial
24 participation for eligible repair projects based on the school district's
25 academic facilities wealth index.

26 (b) A school district may apply for state financial participation in
27 an immediate repair project if:

28 (1) The school district's application is received by the
29 division no later than July 1, 2005;

30 (2) The condition for which the repair is needed was in
31 existence on January 1, 2005;

32 (3) The facility condition index of the academic facility
33 involved in the proposed repair project is less than a threshold amount
34 determined by the division; and

35 (4) The repair project involves one (1) of more of the
36 following:

- 1 (A) Heating, ventilation, and air conditioning systems;
2 (B) Floors;
3 (C) Roofs;
4 (D) Sewage systems;
5 (E) Water supplies;
6 (F) Asbestos abatement;
7 (G) Fire alarm systems;
8 (H) Exterior doors;
9 (I) Emergency exit or egress passageway lighting;
10 (J) Academic program or facility accessibility for
11 individuals with disabilities; and
12 (K) Any other repair to a building system necessary to
13 satisfy life-safety code requirements as determined by the division.

14 (c) As part of its application for state financial participation in an
15 immediate repair project, a school district shall provide the division with
16 evidence of:

17 (1) The deficiency in need of correction and how it presents an
18 immediate hazard to:

19 (A) The health or safety of students, teachers,
20 administrators, or staff of a school district;

21 (B) The integrity of the public school academic facility
22 with regard to meeting minimum health and safety standards; or

23 (C) The extraordinary deterioration of the public school
24 academic facility;

25 (2) The estimated cost of the immediate repair project, which
26 shall be a minimum of one hundred dollars (\$100) per student or fifty
27 thousand dollars (\$50,000), whichever is less;

28 (3) The availability of insurance and any other public or
29 private emergency assistance to pay for the immediate repair project; and

30 (4) Whether or not the academic facility is reasonably expected
31 to close or be substantially replaced within three (3) years.

32 (d)(1) The division shall evaluate a school district's immediate
33 repair application and may conduct an on-site inspection prior to making a
34 decision on the application as it deems necessary.

35 (2) The division shall notify the school district of the
36 division's decision on the application and, if applicable, the amount of

1 state financial participation. The division shall base its decision on
2 several factors, including, without limitation:

3 (A) The seriousness of the deficiency that the immediate
4 repair project is intended to correct;

5 (B) Compliance with current academic facility standards,
6 including, without limitation, appropriate space utilization;

7 (C) The amount and availability of insurance and any other
8 public or private emergency assistance;

9 (D) Whether the academic facility is reasonably expected
10 to close or be substantially replaced within three (3) years;

11 (E) The academic facilities wealth index of the school
12 district; and

13 (F) The prudent and resourceful expenditure of state funds
14 with regard to public school academic facilities.

15 (e)(1) If a school district qualifies for state financial
16 participation under this section, the division shall certify the amount of
17 state financial participation to the Commission on Public School Academic
18 Facilities and Transportation for oversight purposes. The commission shall
19 certify the amount to the Department of Education for payment.

20 (2) For tracking purposes, the school district shall account for
21 the funds received as state financial participation under this section as
22 restricted funds and shall account for the funds in accordance with
23 provisions of law, including, without limitation, the Arkansas Educational
24 Financial Accounting and Reporting Act of 2005, § 6-20-2201 et seq. and rules
25 established by the State Board of Education and the commission.

26 (f) Every effort shall be made to conform an immediate repair project
27 to current academic facilities standards, including, without limitation,
28 appropriate space utilization requirements, unless in the judgment of the
29 division it is impractical to conform the immediate repair project to current
30 standards.

31 (g) A school district shall use state financial participation in an
32 immediate repair project to pay the cost of only the portion of an immediate
33 repair project that is not covered by insurance or other public or private
34 emergency assistance received by or payable to the school district.

35
36 6-20-2505. Academic Equipment Program.

1 (a) There is established the Academic Equipment Program under which
2 the Division of Public School Academic Facilities and Transportation shall
3 provide school districts with state financial participation to support the
4 purchase of eligible academic equipment based on the school district's
5 academic facilities wealth index.

6 (b) A school district may apply for state financial participation to
7 support the purchase of academic equipment if:

8 (1) The school district's application is received by the
9 division no later than July 1, 2005;

10 (2) The need for the academic equipment was in existence on
11 January 1, 2005; and

12 (3) The academic equipment supports an adequate education as
13 described in § 6-20-2302.

14 (c) As part of its application for state financial participation under
15 this section, a school district shall provide the division with evidence of:

16 (1) The need for the academic equipment;

17 (2) The estimated cost of the academic equipment; and

18 (3) Any additional information determined by the division to be
19 necessary to evaluate the school district's application.

20 (d) The division shall evaluate a school district's application and
21 notify the school district of the division's decision on the application and,
22 if applicable, the amount of state financial participation. The division
23 shall base its decision on several factors, including, without limitation:

24 (1) The nature of and need for the academic equipment;

25 (2) Consistency with current academic equipment standards and
26 sound educational practices;

27 (3) The academic facilities wealth index of the school district;
28 and

29 (4) The prudent and resourceful expenditure of state funds with
30 regard to public school academic facilities and equipment.

31 (e)(1) If a school district qualifies for state financial
32 participation under this section, the division shall certify the amount of
33 state financial participation to the Commission on Public School Academic
34 Facilities and Transportation for oversight purposes. The commission shall
35 certify the amount to the Department of Education for payment.

36 (2) For tracking purposes, the school district shall account for

1 the funds received as state financial participation under this section as
2 restricted funds and shall account for the funds in accordance with
3 provisions of law, including, without limitation, the Arkansas Educational
4 Financial Accounting and Reporting Act of 2004, § 6-20-2201 et seq. and rules
5 established by the State Board of Education and the commission.

6 (f) Every effort shall be made to conform the purchase of academic
7 equipment to current academic equipment standards and sound educational
8 practices, unless in the judgment of the division it is impractical to
9 conform the purchase to current standards.

10
11 6-20-2506. Transitional Academic Facilities Program.

12 (a) There is established the Transitional Academic Facilities Program
13 under which the Division of Public School Academic Facilities and
14 Transportation shall provide state financial participation based on a school
15 district's academic facilities wealth index in the form of reimbursement to a
16 school district for eligible new construction projects for which debt is
17 incurred or funds are spent after January 1, 2005, and on or before June 30,
18 2006.

19 (b) Under the transitional academic facilities program, a school
20 district may proceed with new construction of an academic facility through
21 the expenditure of local resources prior to the school district's eligibility
22 for state financial participation and may apply the expenditure of local
23 resources after January 1, 2005, and on or before June 30, 2006, toward
24 meeting the school district's share of financial participation in the cost of
25 the new construction project when, and if, the school district becomes
26 eligible for state financial participation.

27 (c) In order to apply for state financial participation under the
28 transitional academic facilities program, the school district shall provide
29 the division with evidence of:

30 (1) A new construction project for which debt was incurred or
31 funds were spent after January 1, 2005, and on or before June 30, 2006;

32 (2) The total cost of the new construction project;

33 (3) The new construction project's conformance with sound
34 educational practices;

35 (4)(A) The new construction project's compliance with current
36 academic facilities standards, including, without limitation, appropriate

1 space utilization of existing academic facilities in the district as
2 determined by the division.

3 (B) The academic facilities standards in effect on the
4 date the plans are submitted to the Division of Public Academic Facilities
5 and Transportation are the academic facilities standards that will apply to
6 the new construction project;

7 (5) The allocation of project costs between new construction
8 activities and maintenance, repair, and renovation activities if the new
9 construction project includes improvements that could be classified as
10 maintenance, repair, and renovation; and

11 (6) How the new construction project supports the prudent and
12 resourceful expenditure of state funds and improves the school district's
13 ability to deliver an adequate and equitable education to public school
14 students in the district.

15 (d)(1) The division shall evaluate a school district's application for
16 state financial participation under the transitional academic facilities
17 program and shall conduct an on-site inspection prior to making a
18 determination of the new construction project's eligibility for reimbursement
19 from the state.

20 (2) During the on-site inspection, the division shall evaluate
21 all of the following:

22 (A) Student health and safety, including, without
23 limitation, critical health and safety needs;

24 (B) The new construction project's compliance with current
25 academic facilities standards, including, without limitation, appropriate
26 space utilization of existing academic facilities in the district;

27 (C) The new construction project's conformance with sound
28 educational practices;

29 (D) Curriculum improvement and diversification, including,
30 without limitation, the use of instructional technology, distance learning,
31 and access to advanced courses in science, mathematics, language arts, and
32 social studies;

33 (E) Multischool, multidistrict, and regional planning to
34 achieve the most effective and efficient instructional delivery system;

35 (F) Reasonable travel time and practical means of
36 addressing other demographic considerations; and

1 (G) Regularly scheduled maintenance, repair, and
2 renovation.

3 (3) The division shall notify the school district of the
4 division's decision on the application and, if applicable, the amount of
5 reimbursement from the state. The division shall base its decision, on
6 several factors, including, without limitation:

7 (A) The reasonableness and necessity of the features of
8 the academic facility according to criteria developed by the division;

9 (B) Compliance with current academic facility standards,
10 including, without limitation, appropriate space utilization;

11 (C) The academic facilities wealth index of the school
12 district; and

13 (D) The prudent and resourceful expenditure of state funds
14 with regard to public school academic facilities.

15 (e)(1) If a school district qualifies for state financial
16 participation under this section, the division shall certify the amount of
17 state financial participation to the Commission on Public School Academic
18 Facilities and Transportation for oversight purposes. The commission shall
19 certify the amount to the Department of Education for payment.

20 (2) For tracking purposes, the school district shall account for
21 the funds received as state financial participation under this section as
22 restricted funds and shall account for the funds in accordance with
23 provisions of law, including, without limitation, the Arkansas Educational
24 Financial Accounting and Reporting Act of 2005, § 6-20-2201 et seq. and rules
25 established by the State Board of Education and the commission.

26 (f) Every effort shall be made to conform a new construction project
27 to current academic facilities standards, including, without limitation,
28 appropriate space utilization requirements, unless in the judgment of the
29 division it is impractical to conform the new construction project to current
30 standards.

31
32 6-20-2507. Academic Facilities Partnership Program.

33 (a) There is established the Academic Facilities Partnership Program
34 under which the Division of Public School Academic Facilities and
35 Transportation shall provide state financial participation based on a school
36 district's academic facilities wealth index in the form of cash payments to a

1 school district for eligible new construction projects.

2 (b) In order to apply for state financial participation in a new
3 construction project, a school district shall provide the division with a
4 copy of the design plans for the project and evidence of:

5 (1) Preparation for the new construction project as demonstrated
6 by inclusion of the new construction project in the school district's
7 facilities master plan;

8 (2)(A) The adoption of a resolution certifying to the division
9 the school district's dedication of local resources to meet the school
10 district's share of financial participation in the new construction project.

11 (B) The resolution shall specify the approximate date that
12 the board of directors of the school district intends to seek elector
13 approval of any bond or tax measures or to apply other local resources to pay
14 the school district's share of financial participation in the new
15 construction project;

16 (3) The total estimated cost of the new construction project;

17 (4) The new construction project's conformance with sound
18 educational practices;

19 (5) The new construction project's compliance with current
20 academic facilities standards, including, without limitation, appropriate
21 space utilization of existing academic facilities in the district as
22 determined by the division;

23 (6) The allocation of project costs between new construction
24 activities and maintenance, repair, and renovation activities if the new
25 construction project includes improvements that could be classified as
26 maintenance, repair, and renovation; and

27 (7) How the new construction project supports the prudent and
28 resourceful expenditure of state funds and improves the school district's
29 ability to deliver an adequate and equitable education to public school
30 students in the district.

31 (c) The division shall use criteria to evaluate a school district's
32 application for state financial participation in a new construction project,
33 which shall include, without limitation, the following:

34 (1) How the school district's facilities master plan and current
35 academic facilities do not address the following:

36 (A) Student health and safety, including, without

1 limitation, but not limited to, critical health and safety needs;

2 (B) Compliance with current academic facilities standards,
3 including, without limitation, appropriate space utilization of existing
4 academic facilities in the district;

5 (C) Conformance with sound educational practices;

6 (D) Curriculum improvement and diversification, including,
7 without limitation, the use of instructional technology, distance learning,
8 and access to advanced courses in science, mathematics, language arts, and
9 social studies;

10 (E) Multischool, multidistrict, and regional planning to
11 achieve the most effective and efficient instructional delivery system;

12 (F) Reasonable travel time and practical means of
13 addressing other demographic considerations; and

14 (G) Regularly scheduled maintenance, repair, and
15 renovation;

16 (2) How the school district's facilities master plan and any new
17 construction project under the facilities master plan address the following:

18 (A) Student health and safety, including, without
19 limitation, critical health and safety needs;

20 (B) Compliance with current academic facilities standards,
21 including, without limitation, appropriate space utilization of existing
22 academic facilities in the district;

23 (C) Conformance with sound educational practices;

24 (D) Curriculum improvement and diversification, including,
25 without limitation, the use of instructional technology, distance learning,
26 and access to advanced courses in science, mathematics, language arts, and
27 social studies;

28 (E) Multischool, multidistrict, and regional planning to
29 achieve the most effective and efficient instructional delivery system;

30 (F) Reasonable travel time and practical means of
31 addressing other demographic considerations; and

32 (G) Regularly scheduled maintenance, repair, and
33 renovation;

34 (3) How the new construction project supports the prudent and
35 resourceful expenditure of state funds and improves the school district's
36 ability to deliver an adequate and equitable education to public school

1 students in the district;

2 (4) How the new construction project has been prioritized by the
3 school district; and

4 (5) The allocation and expenditure of funds in accordance with
5 this subchapter and the Arkansas Public School Academic Facility Program Act,
6 § 6-21-801 et seq.

7 (d)(1) State financial participation under the academic facilities
8 partnership program is not available until July 1, 2006. The division shall
9 give priority in state financial participation to school district proposals
10 relating to academic facilities with the highest facilities condition index.

11 (2)(A) With regard to an academic facilities project for which a
12 school district intends to apply for state financial participation during
13 fiscal year 2006-2007, the division shall notify the school district of the
14 division's decision on the application and, if applicable, the estimated
15 amount of state financial participation in the new construction project no
16 later than May 1, 2006.

17 (B) Beginning in 2007, the division shall notify the
18 school district of the division's decision on the application and, if
19 applicable, the estimated amount of state financial participation in the new
20 construction project no later than May 1 of each odd-numbered year.

21 (3) The division's notice of its decision on a school district's
22 application for state financial participation in a new construction shall
23 include an explanation of the evaluative factors underlying the decision of
24 the division to provide or not provide state financial participation in
25 support of the new construction project.

26 (e)(1) If the division determines that the new construction project is
27 eligible for state financial participation, the division and the school
28 district shall enter into an agreement specifying the terms of the state's
29 financial participation and the conditions that must be satisfied by the
30 school district.

31 (2) At a minimum, the agreement shall:

32 (A) Identify the estimated amount of local financial
33 participation and state financial participation in the new construction
34 project;

35 (B) Define the method of and schedule for transferring
36 state financial participation funds to the school district;

1 (C) Identify whether the new construction project includes
2 any improvements that are classified as maintenance, repair, and renovation,
3 and how the project costs will be allocated between new construction
4 activities and maintenance, repair, and renovation activities;

5 (D) Provide that changes to the plans for the new
6 construction project shall be made in consultation with the division;

7 (E) Provide that the division or any person acting on
8 behalf of the division may conduct on-site inspections of the new
9 construction project as frequently as the division deems necessary to assure
10 the prudent and resourceful expenditure of state funds with regard to public
11 school academic facilities;

12 (F) Determine how risk will be allocated between the
13 school district and the state if the new construction project is not
14 completed;

15 (G) Describe how changes in the school district's wealth
16 index over the course of the new construction project will be treated; and

17 (H) Specify that the agreement is void and the state will
18 have no further obligation to provide state funds to the school district for
19 the new construction project that is the subject of the agreement if the
20 school district does not raise local resources and apply local resources
21 toward the new construction project as provided under the agreement.

22 (f)(1) If a school district qualifies for state financial
23 participation under this section, the division shall certify the amount of
24 state financial participation to the Commission on Public School Academic
25 Facilities and Transportation for oversight purposes. The commission shall
26 certify the amount to the Department of Education for payment.

27 (2) For tracking purposes, the school district shall account for
28 the funds received as state financial participation under this section as
29 restricted funds and shall account for the funds in accordance with
30 provisions of law, including, without limitation, the Arkansas Educational
31 Financial Accounting and Reporting Act of 2005, § 6-20-2201 et seq. and rules
32 established by the State Board of Education and the commission.

33
34 6-20-2508. Academic Facilities Catastrophic Program.

35 (a) There is established the Academic Facilities Catastrophic Program
36 under which the Division of Public School Academic Facilities and

1 Transportation shall award state financial participation to a school district
2 based on a school district's academic facilities wealth index for eligible
3 catastrophic repair and new construction projects for the purpose of
4 supplementing insurance or other public or private emergency assistance
5 received by or payable to the school district.

6 (b) A school district may apply for state financial participation in a
7 catastrophic project if an academic facility in the district is damaged due
8 to an act of God or violence that could not have been prevented by reasonable
9 maintenance, repair, or renovation of the building.

10 (c) As part of its application for state financial participation in a
11 catastrophic project, the school district shall provide the division with
12 evidence of:

13 (1) The estimated cost of the project;

14 (2) The availability of insurance and any other public or
15 private emergency assistance to pay for the project; and

16 (3) How the catastrophic project supports the prudent and
17 resourceful expenditure of state funds and improves the school district's
18 ability to deliver an adequate and equitable education to public school
19 students in the district.

20 (d)(1) The division shall evaluate a school district's application for
21 catastrophic assistance and may conduct an on-site inspection prior to making
22 a decision on the application as it deems necessary.

23 (2) The division shall notify the school district of the
24 division's decision on the application and, if applicable, the amount of
25 state financial participation. The division shall base its decision, on
26 several factors, including, without limitation:

27 (A) Compliance with appropriate academic facility
28 standards, including, without limitation, appropriate space utilization;

29 (B) The amount and availability of insurance or other
30 public or private emergency assistance;

31 (C) The academic facilities wealth index of the school
32 district; and

33 (D) The prudent and resourceful expenditure of state funds
34 with regard to public school academic facilities.

35 (e)(1) If a school district qualifies for state financial
36 participation under this section, the division shall certify the amount of

1 state financial participation to the Commission on Public School Academic
2 Facilities and Transportation for oversight purposes. The commission shall
3 certify the amount to the Department of Education for payment.

4 (2) For tracking purposes, the school district shall account for
5 the funds received as state financial participation under this section as
6 restricted funds and shall account for the funds in accordance with
7 provisions of law, including without limitation, the Arkansas Educational
8 Financial Accounting and Reporting Act of 2005, § 6-20-2201 et seq. and rules
9 established by the State Board of Education and the commission.

10 (f) Every effort shall be made to conform a catastrophic project to
11 current academic facilities standards, including appropriate space
12 utilization requirements, unless in the judgment of the division it is
13 impractical to conform the catastrophic project to current standards.

14 (g) A school district shall use state financial participation in a
15 catastrophic program to pay the cost of only the portion of a catastrophic
16 project that is not covered by insurance or other public or private emergency
17 assistance received by or payable to the school district.

18
19 6-20-2509. Project cost guidelines.

20 (a)(1) The Division of Public School Academic Facilities and
21 Transportation shall establish formulas that shall be updated annually for
22 determining the basic project cost per student for various types of new
23 construction projects, including, without limitation:

24 (A) New academic facilities;

25 (B) Additions to existing academic facilities; and

26 (C) Major improvements to academic facilities that bring
27 the state of condition or efficiency of the academic facility to a state of
28 condition or efficiency better than the facility's original condition of
29 completeness or efficiency.

30 (2) In establishing the formulas, the division shall take into
31 consideration:

32 (A) The academic programs offered;

33 (B) Current enrollment levels;

34 (C) Enrollment projections;

35 (D) Grade configuration;

36 (E) Type of public school; and

1 (F) Nationally recognized design and construction
2 standards for cost per square foot.

3 (3) The division shall establish a process for determining the
4 cost of local enhancements and shall include a mechanism in the formulas for
5 determining basic project cost that excludes the cost of local enhancements
6 from the adjusted project cost.

7 (b) When a school district applies for state financial participation,
8 the division shall use the appropriate formula to compute an adjusted project
9 cost. The division shall determine the estimated amount of the state's share
10 of financial participation based on the adjusted project cost and the school
11 district's wealth index as determined under § 6-20-2502.

12
13 6-20-2510. Incentives for collaboration.

14 (a) It is the intent of the General Assembly to encourage school
15 districts to explore and consider arrangements with other districts that have
16 the potential to:

17 (1) Improve academic facilities and equipment available to the
18 public school students in the districts;

19 (2) Result in improved transportation arrangements for public
20 school students in the state;

21 (3) Have the potential to create any type of efficiency for
22 school districts or enhanced learning opportunities for public school
23 students in the state; and

24 (4) Facilitate the highest and best use of state funds in
25 support of public school academic facilities.

26 (b) If school districts voluntarily consolidate or if one (1) school
27 district annexes another school district, then the division shall use the
28 lowest wealth index of the participating school districts to determine the
29 amount of state financial participation in the first eligible academic
30 facilities project undertaken by the resulting school district. After the
31 completion of the first academic facilities project, the Division of Public
32 School Academic Facilities and Transportation shall compute a new wealth
33 index for the resulting district that shall be used to determine the amount
34 of state financial participation in future academic facilities projects
35 undertaken by the resulting school district.

36

1 6-20-2511. High-growth school districts.

2 (a) The Division of Public School Academic Facilities and
3 Transportation shall develop a program to provide state financial
4 participation in the form of emergency loans to eligible high-growth school
5 districts for assistance with excess debt service requirements. The amount
6 of an emergency loan shall be based on:

7 (1) Growth trends in the district;

8 (2) The application of space utilization standards in the
9 district;

10 (3) The academic facilities wealth index of the school district;
11 and

12 (4) The prudent and resourceful expenditure of state funds with
13 regard to public school academic facilities.

14 (b) The division shall report to the General Assembly by January 15,
15 2007 on the development of the program and obtain formal legislative approval
16 and funding before implementing the program.

17
18 6-20-2512. Regulatory Authority.

19 The Commission on Public School Academic Facilities and Transportation
20 shall promulgate rules necessary to administer this subchapter, which shall
21 promote the intent and purposes of this subchapter and assure the prudent and
22 resourceful expenditure of state funds with regard to public school academic
23 facilities throughout the state.

24
25 6-20-2513. Appeals.

26 (a) A school district may appeal any determination of the Division of
27 Public School Academic Facilities and Transportation under this subchapter to
28 the Commission on Public School Academic Facilities and Transportation in
29 accordance with procedures developed by the commission.

30 (b) All decisions of the commission resulting from a school district's
31 appeal of a division determination under this subchapter shall be final and
32 shall not be subject to further appeal or request for rehearing to the
33 commission or petition for judicial review under the Arkansas Administrative
34 Procedures Act, § 25-15-201 et seq.

35
36 SECTION 2. Effective July 1, 2005, Arkansas Code Title 6, Chapter 20,

1 Subchapter 24 is repealed.

2 ~~6-20-2401. Title.~~

3 ~~This subchapter shall be known and may be cited as the "Supplemental~~
4 ~~School District Funding Act of 2003".~~

5

6 ~~6-20-2402. Purpose.~~

7 ~~(a) The General Assembly finds that:~~

8 ~~(1) The debt service funding supplement and general~~
9 ~~facilities funding have been an integral part of school financing for a~~
10 ~~number of school districts;~~

11 ~~(2) Elimination of these sources of funds could adversely~~
12 ~~affect the ability of those districts to continue to operate in a fiscally~~
13 ~~prudent manner; and~~

14 ~~(3) School districts that voluntarily raise school district~~
15 ~~millage beyond the twenty five (25) mills required by Arkansas Constitution,~~
16 ~~Amendment 74, should receive incentive funding to encourage local financial~~
17 ~~support of schools.~~

18 ~~(b) The purpose of this subchapter is to allow eligible school~~
19 ~~districts to elect to either continue receiving the debt service funding~~
20 ~~supplement and general facilities funding or to receive supplemental millage~~
21 ~~incentive funding.~~

22

23 ~~6-20-2403. Definitions.~~

24 ~~As used in this subchapter:~~

25 ~~(1) "Average daily membership" means the total number of days~~
26 ~~attended plus the total number of days absent by students in grades~~
27 ~~kindergarten through twelve (K-12) during the first three (3) quarters of~~
28 ~~each school year divided by the number of school days actually taught in the~~
29 ~~district during that period of time rounded up to the nearest hundredth.~~
30 ~~Students who may be counted for average daily membership are:~~

31 ~~(A) Students who reside within the boundaries of the~~
32 ~~school district and who are enrolled in a public school operated by the~~
33 ~~district or a private school for special education students with their~~
34 ~~attendance resulting from a written tuition agreement approved by the~~
35 ~~Department of Education;~~

36 ~~(B) Legally transferred students living outside the~~

1 ~~district but attending a public school in the district; and~~

2 ~~(C) Students who reside within the boundaries of the~~
3 ~~school district and who are enrolled in the Arkansas National Guard Youth~~
4 ~~Challenge Program, so long as the students are participants in the program;~~

5 ~~(2) "Debt service funding supplement" means the state~~
6 ~~financial aid provided to qualifying local school districts for the purpose~~
7 ~~of reducing existing debt service burdens and increasing the amount of local~~
8 ~~revenue available for maintenance and operations expenditures;~~

9 ~~(3) "Eligible debt service millage required" means the debt~~
10 ~~service millage required for bonds issued before May 30, 2004, that is~~
11 ~~computed by dividing the scheduled debt payment by the total property~~
12 ~~assessment in the school district and then adding the result to the millage~~
13 ~~for mandatory callable bonds;~~

14 ~~(4) "General facilities funding" means the state financial~~
15 ~~aid provided to each school district from line item funds made available for~~
16 ~~that purpose;~~

17 ~~(5) "Local revenue" means in each school year ninety eight~~
18 ~~percent (98%) of the amount of revenue available, whether or not collected,~~
19 ~~in a local school district solely from the levy of the uniform rate of tax~~
20 ~~plus seventy five percent (75%) of the average miscellaneous funds collected~~
21 ~~in the previous five (5) years or the previous year, whichever is less;~~

22 ~~(6) "Mandatory callable bonds" means a bond issue in which~~
23 ~~all net proceeds from debt service millage used to secure the issuance of~~
24 ~~that bond must be applied to payment of the issue and cannot be used for any~~
25 ~~other purpose;~~

26 ~~(7) "Miscellaneous funds" mean those funds received by a~~
27 ~~local school district from federal forest reserves, federal grazing rights,~~
28 ~~federal mineral rights, federal impact aid, federal flood control, wildlife~~
29 ~~refuge funds, severance taxes, funds received by the district in lieu of~~
30 ~~taxes, and local sales and use taxes dedicated to education pursuant to §§~~
31 ~~26-74-201 et seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et~~
32 ~~seq.;~~

33 ~~(8) "Qualified school district" means a school district that:~~

34 ~~(A) Issued bonds to finance school district projects~~
35 ~~before May 30, 2004, and for which outstanding bonds exist as of May 30,~~
36 ~~2004;~~

1 ~~(B) Was approved by the Department of Education to~~
2 ~~issue bonds on or before December 31, 2003; and~~

3 ~~(C) Received debt service funding supplements~~
4 ~~pursuant to §§ 6-20-303 and 6-20-308 during school year 2003-2004 in~~
5 ~~accordance with regulations promulgated by the Department of Education;~~

6 ~~(9) "Scheduled debt payment" means the scheduled debt payment~~
7 ~~on bonded debt issued on or before May 30, 2004, for the following calendar~~
8 ~~year, not including mandatory callable bonds on file with the Department of~~
9 ~~Education as of May 30 of the previous year. The scheduled debt payment shall~~
10 ~~be adjusted by the Department of Education as follows:~~

11 ~~(A) In the case of a nonvoted refunding bond issue,~~
12 ~~the payment schedule of the issue being refunded will be compared to the~~
13 ~~payment schedule of the refunding issue. The schedule with the higher annual~~
14 ~~debt payment will be used for the purposes of calculating eligible debt~~
15 ~~service mills required if the district has provided to the Department of~~
16 ~~Education a signed certificate concerning the use of the debt service savings~~
17 ~~in conformity with § 6-20-2404;~~

18 ~~(B) If a voted refunding issue is combined with~~
19 ~~additional debt or extends the term of the original debt, the new payment~~
20 ~~schedule will be used for the purpose of calculating eligible debt service~~
21 ~~mills required; and~~

22 ~~(C) A payment that a school district makes to a third~~
23 ~~party for the eventual purpose of retiring indebtedness is deposited into an~~
24 ~~eserow account pending payment to bond holders and is included as a scheduled~~
25 ~~debt payment if the school district is unable to recover the deposited funds;~~

26 ~~(10) "School district assessment per student" means the total~~
27 ~~assessed valuation of property within a school district divided by the school~~
28 ~~district's average daily membership;~~

29 ~~(11) "State assessment per student" means the total assessed~~
30 ~~valuation of property within the state divided by the statewide average daily~~
31 ~~membership;~~

32 ~~(12) "State wealth index" means the result of one (1) minus~~
33 ~~the ratio of local revenue for a school year divided by the amount of state~~
34 ~~funds allocated to the school district from the Public School Fund for~~
35 ~~unrestricted general support of the school district;~~

36 ~~(13) "Statewide average daily membership" means the total~~

1 number of days attended plus the total number of days absent by all students
2 in grades kindergarten through twelve (K-12) in all school districts during
3 the first three (3) quarters of each school year divided by the total state
4 average daily membership and rounded up to the nearest hundredth. Students
5 who may be counted for average daily membership are:

6 (A) ~~Students who reside in Arkansas and who are~~
7 ~~enrolled in a public school operated by a school district or a private school~~
8 ~~for special education students, with their attendance resulting from a~~
9 ~~written tuition agreement approved by the Department of Education; and~~

10 (B) ~~Students who reside in Arkansas and who are~~
11 ~~enrolled in the Arkansas National Guard Youth Challenge Program, so long as~~
12 ~~the students are participants in the program;~~

13 (14) ~~"Supplemental millage incentive funding" means state~~
14 ~~funding paid to school districts who levy ad valorem taxes in excess of the~~
15 ~~twenty five (25) mills required by Arkansas Constitution, Amendment 74; and~~

16 (15) ~~"Supplemental millage incentive funding base" means the~~
17 ~~state assessment per student less the school district assessment per student~~
18 ~~multiplied by one one thousandth (.001).~~

19
20 ~~6-20-2404. Debt service funding supplement.~~

21 (a)(1) ~~Beginning with school year 2004-2005, the state shall provide~~
22 ~~to qualified school districts from available line item funds a debt service~~
23 ~~funding supplement for the purpose of reducing bonded indebtedness if the~~
24 ~~qualified school district elects to receive the funds in accordance with § 6-~~
25 ~~20-2407.~~

26 (2)(A) ~~A school district's debt service funding supplement is~~
27 ~~calculated by multiplying the district's eligible debt service millage~~
28 ~~required times an amount established annually by the State Board of~~
29 ~~Education, but no less than twelve dollars (\$12.00) per average daily~~
30 ~~membership times the state wealth index.~~

31 (B) ~~The debt service funding supplement shall be~~
32 ~~distributed quarterly.~~

33 (b) ~~A school district qualifying for a debt service funding~~
34 ~~supplement under this section shall not lose any debt service funding~~
35 ~~supplements as a result of debt service savings produced by refunding~~
36 ~~outstanding bonds if:~~

1 ~~(1) The yearly savings produced by the refunding is deposited~~
2 ~~into a refunding savings building fund and is used by the district for the~~
3 ~~building and equipping of school buildings, for major adaptations to a~~
4 ~~facility, or for purchasing facility sites; and~~

5 ~~(2) Before the date that the refunding bonds are sold at~~
6 ~~public sale, the district submits a certificate to the Director of the~~
7 ~~Department of Education certifying that the yearly debt service savings will~~
8 ~~be used for the purposes described in this subsection.~~

9 ~~(c) If the Department of Education determines that an overpayment has~~
10 ~~been made to a local school district in any appropriation authorized by this~~
11 ~~subchapter, the department shall withhold the overpayment from state funding~~
12 ~~and shall transfer the amount withheld for the overpayment to the line item~~
13 ~~appropriation from which the overpayment was initially made.~~

14
15 ~~6-20-2405. General facilities funding.~~

16 ~~(a)(1) Beginning with school year 2004-2005, the state shall provide~~
17 ~~from available line item funds general facilities funding to school districts~~
18 ~~that elect to receive the funds in accordance with § 6-20-2407.~~

19 ~~(2) A school district's general facilities funding for a~~
20 ~~school year is calculated by multiplying the school district's average daily~~
21 ~~membership for the previous school year by the state wealth index times a~~
22 ~~rate established annually by the State Board of Education.~~

23 ~~(3) General facilities funding payments shall be distributed~~
24 ~~quarterly.~~

25 ~~(b)(1) General facilities funding shall be used only for:~~

26 ~~(A) The purchase of school buses, furniture,~~
27 ~~equipment, and computer software; and~~

28 ~~(B) The renovation or repair of existing facilities.~~

29 ~~(2) Unused funds may be carried forward and shall be used~~
30 ~~exclusively for the purposes stated in subdivision (b)(1) of this section.~~

31
32 ~~6-20-2406. Supplemental millage incentive funding.~~

33 ~~(a) Beginning with school year 2004-2005, the state shall provide~~
34 ~~from available line item funds supplemental state funds to qualified school~~
35 ~~districts that increase total school district millage in excess of the~~
36 ~~twenty five (25) mills in accordance with Arkansas Constitution, Amendment~~

1 ~~74, and that elect to receive the funds in lieu of funds available under §§~~
2 ~~6-20-2404 and 6-20-2405.~~

3 ~~(b) For each school year beginning with school year 2004-2005, the~~
4 ~~Department of Education shall determine by July 31 immediately preceding the~~
5 ~~school year:~~

6 ~~(1) The total millage rate of ad valorem tax levied in each~~
7 ~~school district as of December 31 immediately preceding the school year; and~~

8 ~~(2) The number of mills, if any, by which the total millage~~
9 ~~rate exceeds the twenty five (25) mills required by Arkansas Constitution,~~
10 ~~Amendment 74.~~

11 ~~(c)(1) A school district's supplemental millage incentive funding~~
12 ~~shall be equal to the result of multiplying the lesser of the number ten (10)~~
13 ~~or the result of subdivision (b)(2) of this section by the school district's~~
14 ~~supplemental millage incentive funding base multiplied by the school~~
15 ~~district's average daily membership times a funding factor to be determined~~
16 ~~by the department.~~

17 ~~(2) The supplemental millage incentive funding base shall be~~
18 ~~computed based upon property values as of December 31 immediately preceding~~
19 ~~the school year and the average daily membership for the previous school~~
20 ~~year.~~

21 ~~(3) If a school district is eligible to receive supplemental~~
22 ~~millage incentive funding and is also eligible to receive a debt service~~
23 ~~funding supplement or general facilities funding, or both, then the school~~
24 ~~district shall make its funding election in accordance with § 6-20-2407.~~

25 ~~(4) A school district shall not receive supplemental millage~~
26 ~~incentive funding along with a debt service funding supplement or general~~
27 ~~facilities funding, or both.~~

28 ~~(d) Supplemental millage incentive funding shall be distributed~~
29 ~~quarterly.~~

30
31 ~~6-20-2407. Funding election.~~

32 ~~(a) By July 31 immediately preceding the school year, a school~~
33 ~~district that is eligible for supplemental millage incentive funding shall~~
34 ~~provide the Department of Education with a written election indicating~~
35 ~~whether for the school year the school district:~~

36 ~~(1) Elects to receive only supplemental millage incentive~~

1 ~~funding in lieu of a debt service funding supplement or general facilities~~
2 ~~funding, or both; or~~

3 ~~(2) Elects to receive a debt service funding supplement or~~
4 ~~general facilities funding, or both, in lieu of supplemental millage~~
5 ~~incentive funding.~~

6 ~~(b) The election of a school district under this section shall be~~
7 ~~effective for one (1) school year.~~

8 ~~(c) The department shall provide necessary data to each school~~
9 ~~district prior to July 15 to enable each school district to make its funding~~
10 ~~election.~~

11
12 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
13 General Assembly of the State of Arkansas that the Arkansas Supreme Court has
14 determined that current public school academic facilities in Arkansas are
15 inadequate and inequitable; that the General Assembly established the Joint
16 Committee on Educational Facilities to inventory the current condition of
17 public school academic facilities and recommend methods for bringing public
18 school academic facilities into conformity with the court's constitutional
19 expectations; that the programs established in this act are derived from
20 recommendations of the joint committee and are part of a comprehensive
21 program for overseeing the provision of constitutionally appropriate public
22 school academic facilities across the state; that this program must be
23 implemented immediately for the good of public school students in Arkansas.
24 Therefore, an emergency is declared to exist and this act being immediately
25 necessary for the preservation of the public peace, health, and safety,
26 shall become effective on:

27 (1) The date of its approval by the Governor;

28 (2) If the bill is neither approved nor vetoed by the Governor,
29 the expiration of the period of time during which the Governor may veto the
30 bill; or

31 (3) If the bill is vetoed by the Governor and the veto is
32 overridden, the date the last house overrides the veto.

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34 /s/ Mahony, et al
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