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## Partnership Program and Facilities Distress

The **Academic Facilities Partnership Program** is the state’s main school facilities funding program for ongoing facilities construction needs. The state and the districts share the cost of school facilities construction. The Division of Public School Academic Facilities and Transportation (Facilities Division) helps schools identify building needs and distributes Partnership Program funding for new construction projects and major renovations, not general repair or maintenance.

Since its creation in 2005, the Partnership Program has paid districts about **\$1.1 billion** for facilities construction, renovation and systems improvement (as of June 2019) for K-12 academic facilities only and agreed to pay another \$257.1 million through the 2019-21 funding cycle. Including the school districts’ matching funds, the Partnership Program has so far supported a total of \$2.8 billion for new or renovated academic facilities. Every two years, districts apply for Partnership Program funding, and the Commission for Arkansas Public School Academic Facilities and Transportation approves projects. Generally only projects that cost more than \$300 per student or a total of at least \$150,000 qualify for funding. Funding for routine maintenance is provided to districts through foundation funding. Open enrollment charter schools are not eligible for Partnership Program funding, but beginning in FY2016 the state began to distribute separate facilities funding to qualifying charter schools on a per-ADM basis.

Currently, the Partnership Program provides funding to pay for three primary categories of facilities projects:

**1. Space Projects - New facilities, add-ons or conversions:** New facilities are newly constructed buildings, not renovations of or additions to existing buildings. These projects are typically

necessary due to enrollment growth in the district. Add-ons/conversions are academic areas that are added to an existing building or projects that convert space for another academic use.

**2. Warm, Safe, and Dry (WSD) – Space Replacement:** New construction that renovates or replaces an existing building or space the Facilities Division determines does not provide a warm, safe and dry environment. According to the Division’s criteria, a facility qualifies as a WSD space replacement project if the cost of bringing the facility up to current standards is at least 65% of the cost of replacing it.

**3. WSD Systems Replacement:** New construction needed to support facilities’ basic system needs, such as fire alarms or replacement of a building’s roof, plumbing, HVAC, or electrical system.

The Partnership Program has two levels of funding prioritization for approved projects. **First**, by project category with approved projects in the Space project category receiving the highest priority, followed by WSD – Space Replacement, and WSD Systems Replacement. **Second**, approved projects are arranged in priority order within each project category, based on prioritization criteria established by program rules. Available funding is committed to projects starting with those with the highest priority and ending where the funding stops, usually with some approved projects unfunded. This prioritization has been reordered in recent years to favor construction projects for growing districts.

**2023-25 Project Category and Prioritization Changes:** Based on Advisory Committee on Public School Academic Facilities recommendations, and subsequent Commission approval, the Division is working toward implementing project category and prioritization changes in the 2023-25 funding cycle:

**Project Category** - Moving from three primary categories of approved projects funded from one pot of funding to two

primary categories, WSD and Space/Growth, funded from two equal pots of funding.

**Project Prioritization** - Each of the two categories will be ranked by the average of projects’ rankings in the following 3 categories: Statewide Facilities Needs List, Academic Facilities Wealth Index, and Facilities Maintenance Composite Assessment.

**Facilities Wealth Index (FWI)** - The amount of money the state pays for each Partnership project depends on each district’s **FWI**. The wealth index is calculated as a percentage, and is the percentage of an approved project cost a district is required to fund. A district with a FWI of .85 will pay 85% of the project’s cost. Currently, a school district’s FWI is based on the value of one mill per student.

**Forthcoming FWI Changes:** Due to concerns regarding the fairness of the current FWI calculations, the Advisory Committee recommended changes to the FWI calculations and the General Assembly enacted changes in Act 1080 of 2019. The primary changes are incorporating an adjustment in the FWI calculation for median household income to factor in income wealth of students in a district and calculating the value of a mill per student based on the greatest enrollment of the last 10 years, which can help districts experiencing significant enrollment changes.

### Academic Facilities Distress Program

In 2005, Act 1426 established the **Academic Facilities Distress Program** to provide the state with a mechanism to intervene when districts are not providing adequate academic facilities or complying with facilities rules. Facilities distress is one of two state programs (the other is fiscal distress). Facilities distress is used to identify, correct, or sanction a district or school that has not maintained the health and safety of its academic facilities. Only one district has ever been placed in facilities distress.