



Institutional Maintenance Financing



Funding Sources

- Institutional Reserves
- Bond and Loan Issuance through the Institution
- Sustainable Building Maintenance Program
- Restricted Reserve Fund Release



Institutional Reserves

- Utilized as fund balances allow.
- Funds can be accumulated from various sources including tuition and fee revenue.
- This is generally the funding that most institutions use to handle routine maintenance, unless a specific need exceeds current available funding.



Bond or Loan Issuance

- The Institution Board must authorize any bond issue or private loan.
- The Higher Education Coordinating Board must review the amount, term, interest rate, revenue source, and purpose of issuance, to assess feasibility. (Required by Arkansas Code § 6-62-306.)
- Any bond or loan issuance for new construction must have an amount set aside monthly for future maintenance of the building.
- Yearly, ADHE provides a report to the Coordinating Board of the balances of any maintenance set-aside funds that have been created through the bond or loan issuance process.
- There is also a report presented that shows the actual interest rate and term of any bond or loan that is acquired once the Coordinating Board approval has been received.



Sustainable Building Maintenance Program

- New program established by Act 751 of 2023. No current allocation.
- New rules are being drafted for promulgation.
- Will be utilized to assist with maintenance needs that arise with current facilities on campuses that cannot be addressed by other funding sources.
- Fund will be a revolving loan fund and function similar to the College Savings Bond fund for new construction.
- Institutions seeking funding will submit a request to ADHE, which will be fulfilled on a first-come first-served basis as long as funding is available.



Restricted Reserve Fund Release

- Funds set aside each biennium by the Legislature for various purposes.
- Institution requests approved by the Governor's Office are submitted to the Legislative Council for consideration.