



## 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. Under the program, the Division of Public School Academic Facilities and Transportation helps schools identify building needs and distributes funding for a portion of the cost of necessary construction. The Partnership Program funds new construction projects and major renovations, not general repair or maintenance.

Since its creation in 2005, the Partnership Program has paid districts about **\$930.1 million** for facilities construction, renovation and systems improvement (as of August 2017) and agreed to pay another \$283 million through the 2017-19 funding cycle. Including the school districts’ matching funds, the Partnership Program has so far supported a total of \$2.54 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 that qualify for funding, as it is available. 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, and districts are required to spend at least 9% of their annual foundation funding on maintenance and operations needs. The Partnership Program pays only for K-12 academic facilities. Administration buildings, pre-K buildings and education service cooperatives are not considered academic facilities. The Partnership Program also does not pay for the purchase of land. Open enrollment charter schools are not eligible for Partnership Program funding.

The Partnership Program provides funding to pay for three main types of facilities projects:

1. **New construction** needed to ensure a **warm, safe and dry (WSD)** environment: There are two types of WSD projects:
  - **Systems** projects support facilities’ basic systems needs, such as fire alarms or replacement of a building’s roof, plumbing, HVAC, or electrical system.
  - **Space Replacement** projects renovate or replace 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.
2. **New facilities:** 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.
3. **Add-ons or conversions:** Academic areas that are added to an existing building or projects that convert space for another academic use.

Approved projects are prioritized by project type, with the top priority projects being funded first. Approved projects are ordered by the prioritization criteria established by Division rules, and 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. If a district decides against moving forward with an approved and funded project—either due to a failed millage or some other

reason—the funding for that project is freed to pay for the next project on the approved projects list.

This prioritization has been reordered in recent years to favor construction projects for growing districts. In 2013, the Facilities Division changed the rules limiting WSD systems projects. For two funding cycles (2015-17 and 2017-19), the rules capped the funding available for WSD systems projects at \$10 million, and in the 2019-21 funding cycle, WSD space and systems projects will become the lowest funding priorities.

The amount of money the state pays for each Partnership project depends on the district’s **Facilities Wealth Index**. 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%.

A school district’s Facilities Wealth Index is based on the value of one mill per student. For example, the value of one mill per student in a district with 500 students and a total assessment of \$100 million would be \$200. School districts are then ranked and each district’s value of one mill per student is divided by the value of one mill per student of the district where the state’s cumulative ADM hits 95 percent of districts’ total ADM.

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.