

Exhibit 21

02/17/2000 09:01:00 AM

EXHIBIT #65

**THE ARKANSAS COMMISSION OF PUBLIC SCHOOL ACADEMIC
FACILITIES AND TRANSPORTATION
RULES GOVERNING THE
TRANSITIONAL ACADEMIC FACILITIES PROGRAM
November 2005**

1.0 REGULATORY AUTHORITY

- 1.01 These rules are promulgated pursuant to Ark. Code Ann. §§ 6-20-2506, 6-21-804(b), 25-15-204 and Acts 1327, 1426 and 2206 of the 85th Arkansas General Assembly.

2.0 PURPOSE

- 2.01 The purpose of this rule is to establish the process and procedures governing the Transitional Academic Facilities Program under which the Division of Public School Academic Facilities and Transportation shall provide state financial participation based on an eligible school district's academic facilities wealth index in the form of reimbursement to a school district for eligible new construction projects for which the debt is incurred or funds are spent after January 1, 2005, and on or before June 30, 2006.

3.0 DEFINITIONS

- 3.01 For purposes of this rule, the following terms are as defined in Ark. Code Ann. §6-21-803 and §6-20-2502 (§ 1 of Act 1426 and Act 2206 of the 85th Arkansas General Assembly):

- 3.01.1 Academic facility;
- 3.01.2 Academic facilities wealth index;
- 3.01.3 Average daily membership;
- 3.01.4 Facility condition index;
- 3.01.5 Facilities improvement plan;
- 3.01.6 Facilities master plan;
- 3.01.7 Foundation funding;
- 3.01.8 Immediate repair project;
- 3.01.9 Local enhancements;
- 3.01.10 Local resources;
- 3.01.11 Maintenance, repair and renovation;
- 3.01.12 Millage rate;
- 3.01.13 New construction;
- 3.01.14 Project;
- 3.01.15 School district; and,
- 3.01.16 Space utilization

EXHIBIT #65**4.0 TRANSITIONAL ACADEMIC FACILITIES PROGRAM**

- 4.01 Under the rules of this program, a school district may proceed with new construction of an academic facility through the expenditure of local resources prior to the school district's eligibility for state financial participation and may apply the expenditure of local resources after January 1, 2005, and on or before June 30, 2006, toward meeting the school district's share of financial participation in the cost of the new construction project when, and if, the school district becomes eligible for state financial participation.
- 4.01.1 However, without regard to the general provisions of § 4.01, no school district may become eligible for state financial participation if the funding used to fund the new construction project resulted from proceeds of a debt issue prior to January 1, 2005.
- 4.01.2 No open-enrollment charter school shall be eligible for state financial participation in this program.
- 4.02 In the application process for state financial participation under this program, a school district shall provide the division with evidence of the following:
- 4.02.1 A new construction project for which debt was incurred or funds were spent after January 1, 2005, and on or before June 30, 2006;
- 4.02.2 The total cost of the new construction project. Districts have to be prepared to fund the entire project, as there is no guarantee of state funding. Total cost of new construction will include professional fees for design and construction management;
- 4.02.3 The new construction project's conformance with sound educational practices. The division shall consider, but is not limited to, rules, standards, practices and goals established by the division, the Department of Education, State Board of Education and the Arkansas General Assembly;
- 4.02.4 The new construction project's compliance with current academic facilities standards, including, without limitation, appropriate space utilization of existing academic facilities in the district as determined by the division. Appropriate space utilization refers to a district's over or under utilization of space based on the number of students within each academic facility within the school district.
- 4.02.4.1 The academic facilities standards in effect on the date the plans are submitted to the division are the academic facilities standards that will apply to the new construction project subject to § 6.0 of this rule;
- 4.02.5 The allocation of project costs between new construction activities and maintenance, repair, and renovation activities if the new

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construction project includes improvements that could be classified as maintenance, repair, and renovation; and,

- 4.02.6 How the new construction project supports the prudent and resourceful expenditure of state funds and improves the school district's ability to deliver an adequate and equitable education to public school students in the district.
 - 4.03 All applications for state financial participation under this program shall be postmarked and submitted via first class mail, return receipt requested, or via stamped receipt of hand delivery, in the Office of the Director of The Division of Public School Academic Facilities and Transportation, 501 Woodlane St., 520-S, Little Rock, Arkansas 72201, no later than 4:30 p.m. on December 2, 2005.
 - 4.04 School districts may only submit one application and shall identify all new construction transitional academic facilities projects on the application.
 - 4.05 School districts may identify and prioritize new construction projects and provide a narrative description of the project(s) including graphic documentation and descriptions.
- 5.0 THE EVALUATION PROCESS AND AUTHORITY
- 5.01 The division shall evaluate a school district's application for state financial participation under the program and shall conduct an on-site inspection prior to making a determination of the new construction project's eligibility for reimbursement from the state.
 - 5.02 During the on-site inspection, the division shall evaluate all of the following:
 - 5.02.1 Student health and safety, including, without limitation, critical health and safety needs;
 - 5.02.2 The new construction project's compliance with current academic facilities standards, including, without limitation, appropriate space utilization of existing academic facilities in the district;
 - 5.02.3 The new construction project's conformance with sound educational practices;
 - 5.02.4 Curriculum improvement and diversification, including without limitation, the use of instructional technology, distance learning, and access to advanced courses in science, mathematics, language arts, and social studies;
 - 5.02.5 Multischool, multidistrict and regional planning to achieve the most effective and efficient instructional delivery system;
 - 5.02.6 Reasonable travel time and practical means of addressing other demographic considerations; and,

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- 5.02.7 Regularly scheduled maintenance, repair and renovation.
 - 5.03 The division shall base its decision to approve or not approve an application in § 4.0 of this rule on certain factors, including, without limitation, the following:
 - 5.03.1 The division's evaluation of the evidence submitted in the application as required in § 4.02 of this rule;
 - 5.03.2 The division's evaluation of the on-site inspection required in § 5.02 of this rule;
 - 5.03.3 The academic facilities wealth index of the school district; and,
 - 5.03.4 The prudent and resourceful expenditure of state funds with regard to public school district academic facilities.
 - 5.04 As soon as practicable, upon determination to approve or not approve an application for state participation under this program, the division shall provide written notice to the superintendent of the school district of the division's determination via first class mail, return receipt requested, at the mailing address of the administrative office of the school district.
 - 5.05 If a school district qualifies for state financial participation under this program, the division shall, within thirty (30) calendar days of approval, certify in writing the amount of participation to the Commission on Public School Academic Facilities and Transportation for oversight purposes. The Commission shall certify in writing, within thirty (30) calendar days of receipt of certification from the division, the amount to the Department of Education, who shall then make payments to the approved school district.
 - 5.06 For tracking purposes, the approved school district shall account for the funds received as state financial participation under this section as restricted funds and shall account for the funds in accordance with provisions of law, including, without limitation, the Arkansas Educational Financial Accounting and Reporting Act of 2005, Ark. Code Ann. § 6-20-2201 et seq. (Act 730 of the 85th Arkansas General Assembly) and related rules established by the State Board of Education or the Commission.
- 6.0 FUNDING
- 6.01 To the extent a school district's new construction project is approved, the project may be funded as follows:
 - 6.01.1 The project may qualify for funding in the amount of the product of \$90.00 or the actual contract dollar amount or a dollar amount established by the Division (whichever is the lesser amount) per

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square foot multiplied by the difference of one hundred percent (100%) minus the school district's wealth index.

- 6.01.2 The Division and Commission shall have the right in its discretion to deny application funding approval in whole or in part when the Division of Commission determines denial of application for funding is prudent and in the best interest of the resourceful expenditures of state funds with regard to public school district academic facilities.
- 6.02 School districts shall make every effort to conform a new construction project to current academic facilities standards, including, without limitation, appropriate space utilization requirements, unless in the judgment of the division it is impractical to conform the new construction project to current standards.
- 6.03 If the division determines that it is impractical for a school district to conform to current standards, the division shall establish which academic facilities standards the school district shall conform to in order to be eligible for state participation under this program.
- 6.04 If a school district does not substantially begin the new construction project which received application approval pursuant to these rules by June 30, 2006, the state's approved financial participation may be rescinded and otherwise applied as in the best interest of resourceful expenditures of state funds with regard to public school district academic facilities.

7.0 APPEAL PROCESS

- 7.01 A school district may appeal any determination of the division to the Commission as follows:
 - 7.01.1 A school district may request and the division shall provide upon request a written determination of any appealable issue by the division.
 - 7.01.2 After receipt of a written determination from the division, the school district shall file its written appeal within ten (10) calendar days via first class mail, return receipt requested, in the Office of the Director of the Division of Public School Academic Facilities and Transportation, 501 Woodlane St., Suite 520-S, Little Rock, Arkansas 72201, no later than 4:30 pm on the tenth calendar day from receipt of the division's written determination. The division shall within thirty (30) calendar days receipt of the appeal schedule the appeal for the Commission's consideration and determination.

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- 7.01.3 The school district shall provide in clear express terms a detailed explanation and evidence showing that the division's decision was clearly erroneous or outside the legal authority vested in the division.
 - 7.01.4 The school district shall have the burden to establish a *prima facie* case, unless the Commission shall decide to hear the appeal *sua sponte*.
 - 7.01.5 The school district shall not be entitled to a hearing before the Commission unless the Commission should indicate in writing that it desires to hear the appeal and provides notice of the time and location of the hearing.
 - 7.01.6 Any appeal hearing shall be conducted pursuant to the hearing policy established by the Commission.
 - 7.01.7 Provided the Commission determines the school district has established a *prima facie* case or the Commission *sua sponte* decides to hear an appeal, the Commission shall render a decision to approve or deny the appeal within sixty (60) calendar days of receipt of the appeal by the Commission from the division.
- 7.02 All decisions of the Commission regarding a school district's appeal of a division determination shall be final and shall not be subject to any right of further appeal or request for rehearing to the Commission or subject to right to petition for judicial review under the Arkansas Administrative Procedures Act, §25-15-201 *et seq.*

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THE ARKANSAS COMMISSION OF PUBLIC SCHOOL
ACADEMIC FACILITIES AND TRANSPORTATION
GOVERNING THE
ACADEMIC FACILITIES IMMEDIATE REPAIR PROGRAM
May 3, 2005

1.00 REGULATORY AUTHORITY

- 1.0.1 These rules are promulgated pursuant to Act 1327 and Act 2206 of the 85th General Assembly and Ark. Code Ann. § 25-15-204.

2.00 PURPOSE

- 2.01 The purpose of these rules is to establish a program and process of providing state financial participation on a qualified basis for the correction of deficiencies in academic facilities that present an immediate hazard to the health and safety of students and staff, for meeting minimum health and safety building standards, or for addressing the extraordinary deterioration of the academic facility.

3.00 DEFINITIONS

- 3.01 For purposes of these rules, the following terms are as defined in § 1 of Act 2206 of the Regular Session of the 85th General Assembly:

- 3.01.1 Academic facility;
- 3.01.2 Academic facilities wealth index;
- 3.01.3 Average daily membership;
- 3.01.4 Facility condition index;
- 3.01.5 Immediate repair project;
- 3.01.6 Local enhancements;
- 3.01.7 Local resources;
- 3.01.8 Maintenance, repair and renovation;
- 3.01.9 Millage rate;
- 3.01.10 New construction;
- 3.01.11 Project; and
- 3.01.12 Space utilization

4.00 ACADEMIC FACILITIES IMMEDIATE REPAIR ELIGIBILITY CRITERIA

- 4.01 The Division of Public School Academic Facilities and Transportation shall provide qualified school districts with state financial participation for eligible immediate repair projects based on the following criteria:

- 4.01.1 The school district's application for financial participation is received by the division on a form provided by the division and

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- incorporated into this rule as attached Exhibit A, via certified first class mail or via stamped receipt of hand delivery to the office of the Director of the Division, no later than July 1, 2005;
- 4.01.2 The condition for which the immediate repair is needed was in existence on January 1, 2005;
 - 4.01.3 The facility condition index (FCI) of the academic facility involved in the proposed repair is less than a threshold amount of sixty-five percent (65%); and
 - 4.01.4 The repair project involves one (1) or more of the following:
 - 4.01.4.1 Heating, ventilation, and air conditioning systems;
 - 4.01.4.2 Floors;
 - 4.01.4.3 Roofs;
 - 4.01.4.4 Sewage systems;
 - 4.01.4.5 Water supplies;
 - 4.01.4.6 Asbestos abatement;
 - 4.01.4.7 Fire alarm systems;
 - 4.01.4.8 Exterior doors;
 - 4.01.4.9 Emergency exit or egress passageway lighting;
 - 4.01.4.10 Academic program or facility accessibility for individuals with disabilities; and
 - 4.01.4.11 Any other repair to a building system necessary to satisfy life-safety code requirements as determined by the division.
- 4.02 In addition, as part of and at the time of submission of its application for state financial participation in an immediate repair project, a school district shall provide the division with evidence of:
- 4.02.1 Documentation, including photographs, of the deficiency in need of correction and how it presents an immediate hazard to:
 - (A) The health or safety of students, teachers, administrators, or staff of a school district;
 - (B) The integrity of the public school academic facility with regard to meeting minimum health or safety standards; or
 - (C) The extraordinary deterioration of the public school academic facility.
 - 4.02.2 That the estimated cost of an immediate repair project shall at a minimum be one hundred dollars (\$100) per student or fifty thousand dollars (\$50,000), whichever is less;
 - 4.02.3 The availability of insurance and any other public or private emergency assistance to pay for the immediate repair project; and
 - 4.02.4 Whether or not the academic facility is reasonably expected to close or be substantially replaced within three (3) years.

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5.00 APPLICATION PROCESS

- 5.01 School districts may only submit one application and shall identify all immediate repair projects on the application that need immediate repair assistance.
- 5.02 School districts are required to identify and prioritize repair projects and provide a narrative description of the project including photographic documentation.
- 5.03 All applications shall be received, via first class mail return receipt requested or via stamped receipt of hand delivery, in the Office of the Director of The Division of Public School Academic Facilities and Transportation, 501 Woodlane St., Suite 520S, Little Rock, Arkansas 72201, no later than 4:30 pm on July 1, 2005.

6.00 DIVISION APPROVAL PROCESS AND AUTHORITY

- 6.01 The division shall evaluate a school district's immediate repair application and may conduct an on-site inspection prior to making a decision on the application as it deems necessary.
- 6.02 The division shall notify a school district in writing to the office of the superintendent of the district, via first class mail return receipt, of the division's decision on the application and, if applicable, the amount of state financial participation provided.
- 6.03 The division shall base its decision to approve or not approve an application on several factors, including, but not limited to the following:
 - 6.03.1 The seriousness of the deficiency that the immediate repair project is intended to correct;
 - 6.03.2 Compliance with current academic facility standards, including, but not limited to, appropriate space utilization;
 - 6.03.3 The amount and availability of insurance and any other public or private emergency assistance;
 - 6.03.4 Whether the academic facility is reasonably expected to close or be substantially replaced within three (3) years;
 - 6.03.5 The academic facilities wealth index of the school district; and
 - 6.03.6 The prudent and resourceful expenditure of state funds with regard to public school academic facilities.
- 6.04 If a school district qualifies for state financial participation under this section, the division shall, within thirty (30) calendar days of approval, certify in writing the amount of participation to the Commission on Public School Academic Facilities and Transportation for oversight purposes.

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The Commission shall certify in writing, within thirty (30) calendar days of receipt of certification from the division, the amount to the Department of Education, who shall then make payment to the approved school district.

7.00 PROCESS FOR USE OF IMMEDIATE REPAIR STATE FUNDS

7.01 Upon receipt of written notification of award of state funds, the qualifying school district shall proceed as follows:

7.01.1 Contract with qualified design firm to correct immediate repair project(s) as required by law;

7.01.2 Advertise for bids to correct immediate repair project(s) as required by law; and

7.01.3 Receive and open bids to correct immediate repair projects(s) and notify the division of results and selection of contractor.

7.02 Upon receipt of the bid results from the school district, the division shall proceed with the following actions:

7.02.1 Review the submitted bid information;

7.02.2 If information is approved, the division shall approve the distribution of funds for the final immediate repair project cost(s); and

7.02.3 Certify the necessary funding and request the Arkansas Department of Education forward the required funds to the local school district.

7.03 Upon receipt of funding from the Arkansas Department of Education, the school district shall:

7.03.1 Enter into contract with construction trades to correct those approved immediate repair project(s);

7.03.2 Commence with approved repairs;

7.03.3 Provide monthly reports on the progress of the repairs to the division; and

7.03.4 Provide a close-out report on the approved project(s) to the division.

7.04 Upon receipt of a close-out report, the Division shall proceed as follows:

7.04.1 Dispatch an evaluation team to inspect the corrections to the immediate repair project(s);

7.04.2 After the school district obtains a final written approval from the division, the school district may release any retainage provided for in the contract; and

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7.04.3 The immediate repair project shall be deemed completed and closed-out.

8.00 SCHOOL DISTRICT OBLIGATIONS

- 8.01 For tracking purposes, school districts shall account for the funds received as state financial participation under this section as restricted funds and shall account for the funds in accordance with provisions of law, including but not limited to, the Arkansas Educational Financial Accounting and Reporting Act of 2005, Ark. Code Ann. § 6-20-2201 et seq., and rules established by the Arkansas State Board of Education and the Commission.
- 8.02 School districts shall make every effort to conform any immediate repair project to current academic facilities standards, including but not limited to, appropriate space utilization requirements, unless the division determines it is impractical for the school district to conform the immediate repair project to current standards.
- 8.03 School districts shall use state financial participation funds in an immediate repair project to only pay the cost of the portion of an immediate repair project that is not covered by insurance proceeds or other public or private emergency assistance received by or payable to the school district.
- 8.04 School districts shall be solely responsible for all costs incurred in an immediate repair project(s) that is in excess of the state financial participation grant award and for any cost ineligible for state financial participation assistance.

**QUESTION AND ANSWER TESTIMONY
FOR
ACADEMIC FACILITIES OVERSIGHT COMMITTEE**

“Updated August 2006”

1. Purpose and Use of the Facilities Assessment.

The Statewide Building Assessment conducted during the summer of 2004 was conducted for three purposes:

- a. Update the accurate inventory of all educational facilities in the State of Arkansas.
- b. Assist in determining current needs. Current need is the basis for facility improvements and includes an analysis of all space to determine current condition, what needs to be repaired or what is missing.
- c. Life cycle forecast determines what systems in the building will wear out and require replacement over the course of time. The completed assessment showed the age, condition and physical limitations of all Arkansas school buildings. The life cycle cost estimates were based on an average across the state and are to be used only to compare anticipated costs for the upgrading and establishing of adequacy of all of these buildings.

The purpose of the assessment, to identify a school facility inadequacy and the order of magnitude estimate of the cost to correct these inadequacies, was intended for use by the State Legislature to determine funding formulas and mechanisms for addressing these education inadequacy issues. The assessment is not intended to be a building program nor a master plan. An assessment provides the basic information regarding existing deficiencies and life cycle data that can be used to compare the relative condition from one school to another. It is a critical starting point in developing a master plan but in itself does not denote such.

2. Explanation of the funding method for the Immediate Repair Program and the Transitional Repair Program during the 2005/2007 biennium.

The Immediate Repair Program was established pursuant to Act 2206 to address immediate school facilities repairs. Under the oversight of the Division of Public School Academic Facilities and Transportation (DPSAFT), school districts were to be provided with state financial participation for eligible repair projects based on the academic facilities wealth index of the school districts. To be eligible for funding, the school district must meet the following criteria:

- a. An application was to have been received at the division by July 1, 2005.

- b. The condition for which the repair is needed was in existence on January 1, 2005.
- c. The building's facility condition index is less than 65%.

Districts submitted their project applications to the DPSAFT. Included within that application was documentation relating to the deficiency in need of correction, the health or safety of students, teachers, administrators or staff of a school district, the integrity of the public school academic facility with regard to meeting minimum health or safety standards or the extraordinary deterioration of the public school academic facility.

The DPSAFT would fund repair projects on a competitive basis using a point system to score each application with 0-100 points possible. Points were awarded based on the following criteria:

- a. The seriousness of the deficiency.
- b. Whether the academic facility is reasonably expected to close or be substantially replaced within the next three years.
- c. The academic wealth index of the school district.
- d. The prudent and resourceful expenditure of state funds with regard to public school academic facilities.

Each Immediate Repair project was validated onsite by an architect/engineer evaluation team prior to final approval by the DPSAFT. Once a project had been reviewed, accepted and approved by the Commission on Public School Academic Facilities and Transportation, the district was immediately notified of the state level of participation. Districts immediately proceeded to construct or repair as per their application. Funding was forwarded to the district upon receipt of bid information.

The Transitional Academic Facilities Program was created within Act 2206 to provide state financial participation based on a school district's academic facilities wealth index in the form of reimbursement to a school district for eligible new construction projects for which debt is incurred or funds are spent after January 1, 2005 and on or before June 30, 2006. Under this program a school district may proceed with new construction of an academic facility through the expenditure of local resources prior to the district's eligibility for state financial participation. They may apply the expenditure of local resources after January 1, 2005 and incurred prior to June 30, 2006 toward meeting the school district's share of financial participation in the cost of the new construction project when and if the school district becomes eligible for state participation under the Transitional Academic Facilities Program. Districts were instructed to be prepared to fund the entire cost, as there was no guarantee of state funding. Under the Transitional Program school districts were required to complete application forms in accordance with the rules and procedures published by the DPSAFT. The DPSAFT then prioritized all new construction project applications on a competitive basis to include the following:

- a. The division's evaluation of the application and all supporting evidence and documentation.

- b. The division's evaluation of the onsite inspection.
- c. The academic facilities wealth index of the school district.
- d. The prudent and resourceful expenditure of state funds with regard to public school academic facilities.

If a school district qualified for state financial participation through the Transitional Academic Facilities Program, the DPSAFT certified that amount of state financial participation and made a recommendation to the Commission on Public School Academic Facilities and Transportation for oversight purposes. Reimbursement is being made to the districts upon either satisfactory completion of the project, if the project was completed prior to the date of submission of evaluation of the projects to the Commission which was January 2006, or prorated payments, which are being made to the districts as the projects continue provided that projects were substantially begun prior to June 30, 2006.

Funding for the Transitional Program was based on a formula utilizing the most current R. S. Means estimates for construction in the State of Arkansas on a regional basis. All projects were prioritized and placed in priority order for available funds.

3. Explanation of the funding levels for the Immediate Repair Program and the Transitional Program during the 2005/2007 biennium.

The initial funding for the Immediate Repair Program was established at \$20 million. Due to the high volume of project submissions and the high percent of verification by independent architect/engineer firms, the list of approved projects totaled approximately \$35 million in state participation funds with a match of approximately \$38 million from local districts. A request was made to the Commission on Public School Academic Facilities and Transportation to transfer \$15 million from those funds allocated for the Transitional Program into the Immediate Repair Program to help the districts. This action was recommended and approved in late 2005. Present state project funding for the immediate repair program is at \$35 million.

Funding levels for the Transitional Program were originally established at \$50 million. \$15 million of this was moved into the Immediate Repair Program as noted above. The total of Transitional projects submitted to the DPSAFT and certified as eligible for state participation funding totaled almost \$300 million of which \$85 million is the total for state participation. The recommended project list was presented to the Commission in January 2006 and agreed upon and concurred to as being a conditional project list subject to final project evaluation. Upon either completion of the project or certification from the districts that they have begun so that partial payments can be made, the DPSAFT is dispersing funds based on the priority list as approved by the Commission.

In March 2006, commensurate with the approval of the final transitional Project list the Commission voted to move the necessary funds into the transitional program and fund the entire state's participation at \$87 million dollars. To date, those projects are

progressing satisfactorily and strides are being made in the districts schools across the state.

4. Explanation of the Master Plan Process.

The Master Plan process is the mechanism by which the State of Arkansas will move from its present condition of academic facilities as determined by the assessment report of 2004 to better, more modern, up-to-date and safer equitable facilities throughout our school districts. The Master Plan itself is the document generated by the school districts based on the information provided from the assessment and from local sources to determine a plan commensurate with the districts' funding abilities and programs established by the state for state participation and funding that will bring the districts up to a standard which is acceptable to the state government. The Master Plan process begins with a snapshot assessment of the facilities. This assessment conducted in 2004 provided the state government of Arkansas a level of the condition of its academic facilities and an approximate cost to bring these facilities up to the most current building standard.

While the Master Plans are being prepared by the various districts to allow them to determine how they are going to progress from where they are, funding programs were put in place to assist districts with facilities that required immediate repairs to ensure that the buildings are being occupied in a safe and dry condition and to allow districts whose need for upgraded and new facilities could not wait until the master plans were completed but rather allowed them to begin on the modernization path with an anticipation of state participation in the funding.

These two programs are referred to as the Immediate Repair Program and the Transitional Program and are important steps of the Master Plan process which will allow a district to move forward with its most critical repairs and move forward with its construction for renovation and new additions while analyzing the district's posture into the future.

The Master Plan process is to encompass a span of ten years. It requires from the districts an initial Master Plan of Phase I to be submitted in February 2006. The Master Plan is to list all of those projects that a district feels it needs to accomplish over the first three years to begin on the road to achieving equitable facilities. The Plan requires the district to list the facilities in priority sequence, indicate the year in which they will attempt to meet that Master Plan goal and identify those projects for which they desire state participation in funding.

The purpose of the Master Plan, as established in Act 1426, is to develop an improvement process to remediate the buildings and facilities inadequacies where students learn. The intent is to improve the equality and efficiency of education for the students in the State of Arkansas. The purpose is three fold:

- a. Establish a mechanism for state supervision of school district activities impacting academic facilities and equipment.
- b. Develop and continually update information critical to identifying academic facilities needs at the local level and across the state.
- c. Allow the state to manage state financial participation and eligible academic facilities projects.

The ultimate goal of the ten-year Master Plan process would be to have all district-owned educational facilities to a condition only requiring routine maintenance within the ten-year horizon of the Master Plan.

Master Plans look at a wide, diverse parameter of issues such as:

- Original building assessment and need for repairs;
- Educational suitability to bring the facilities in line with current academic standards and methods of instruction;
- Need to bring buildings in line with new building codes and standards published for building systems;
- Demographics of the existing population;
- Population projections resulting in increases/decreases or shifts within the district's boundaries for which new or updated facilities may be needed or for which schools may be considered as not being prudent to repair because of decreasing student enrollment and exorbitant repair and maintenance costs.

The Master Plans submitted on February 1, 2006 cover the immediate needs that the school districts intend to address during the 2007/2009 biennium. The DPSAFT is reviewing the districts' Phase I facilities Master Plans. The districts were notified on or about July 1, 2006 with regard to academic facilities master plan projects for which a school district intends to apply for state financial participation for the 2006-2007 funding year.

Districts were required to file Partnership Program applications by March 1, 2006 for Master Plan projects for which they desire state participation during the 2006/2007 funding year. The adopted facilities Master Plan shall become the facilities Master Plan of the local school district and shall be implemented to the extent that the financial ability of the district shall permit as determined by the Commission. The scope of the construction projects recommended in the facilities Master Plan shall remain in effect until any changes have been approved by the Commission. Nothing in the administration regulations prohibit a school district from requesting an amendment to its facilities master plan at other times during the ten-year cycle. Master Plans are required to be developed in accordance with the standards and guidelines contained within the Arkansas School Facility Manual. Amendments may be made by the district between the two-year submittals, 2006 and 2007, if there is a change in major enrollment, major curriculum, major disaster or unforeseen occurrence.

The second phase of the Master Plan process requires districts to submit a Master Plan update report to the DPSAFT by February 1, 2007 for 2009 through 2016 identifying the short-term and long-term needs/goals of the district for that period. School districts will follow up and submit a report to the division in the odd-numbered years beginning with 2007 indicating:

- a. A description of all projects completed in the school district since the submission of the school district's most recent facilities master plan.
- b. The district's most current enrollment projections.
- c. New or continuing needs of the school district with regard to academic facilities and equipment.
- d. An accounting of any changes in the school district's insurance coverage from the most recent submission.

School districts shall submit a 10-year district-wide facilities Master Plan to the DPSAFT by February 1 of every even-numbered year beginning in 2008. The exact requirements to be included within the district's facilities plan submittal are outlined in the Academic Facilities Master Plan Program Guidelines provided by the DPSAFT.

In summary, the Master Plan process is an initial assessment of the requirements, a long-range developed plan to correct deficiencies and upgrade those requirements, a process to provide state participation for those needs that are beyond the local district's ability to fund and a continued, updating process until at some point in time the facilities are deemed adequate and equitable across the state.

5. Explanation of the inter-relationship between the expiration of the Immediate Repair and Transitional Programs and the beginning of the Partnership Program in the second year of the biennium, 2006/2007 school year.

There is no direct, causal relationship between the expiration of the Immediate Repair and Transitional Programs and the beginning of the Partnership Program. The Immediate Repair Program was organized and implemented to provide assistance to the districts for those repairs that needed immediate attention. The quick time allotted for project submission, onsite evaluation and approval allowed the districts to immediately begin repairing those facilities they deemed having critical needs and significant deficiencies. It is anticipated that the immediate repair program will end in the Fall of 2006 with the completion of the projects for which state participation was requested.

The Transitional Program was meant to bridge the gap after having completed the immediate repairs and to allow districts to begin major renovations, additions and upgrades to their facilities that could not wait for the Partnership Program to go into effect in early 2006. It is clear from the established dates that these two programs overlap. It is not determinate that the Transitional Program begins after the end of the immediate repair but rather be ongoing as a district completes its immediate repairs. This allows districts, of course, to apply for both programs given that the basic project

requirements differ within these two programs. It was not intended to fund the Immediate Repair and Transitional Programs in 06-07, less what has been committed in the approved project list, but rather phase into the Partnership Program which will serve as the primary participation program in the future. All of the approved Immediate Repair Projects requested by the districts have been funded as well as all approved Transitional Projects

The Partnership and Program began with the submission of the Master Plans in February 2006 is designated to be the long-term program in which the state will participate in funding projects in the school districts in the out years. The program covers additions, new schools, and major improvements and upgrades to the facilities for which participation may be requested. In essence this means that some school districts will be completing projects under all three programs at the same time. I stress this to show that there is no relationship between one program ending and the start of the next. Each of the programs had an intended purpose and stands alone as to its intent and duration.

6. Discuss structure of the facilities program as a whole especially as it relates to the form of state financial participation under the Transitional Program as opposed to the form of state financial participation under the Partnership Program.

The Transitional Program and the Partnership Program have similar project requirements. Each on the surface requires a district commitment to construct a new facility, make an addition to an existing facility and renovate or repair to a substantially upgraded position. After those similarities the programs have differing requirements.

The Transitional Program is a reimbursement program. It is to assist those districts that met the criteria as established in the transitional rules and guidelines for which reimbursement is sought. The projects have begun; funding was identified as having debt incurred between January 2005 and July 2006. It is anticipated that the Transitional Program can run as long as early 2008. Because this is a reimbursement program, the distribution of funds in one instance is different that we anticipate in the Partnership Program. The disbursement of funds to districts to reimburse them for projects under the Transitional Program will allow for:

- a. A disbursement of 100% of the state participation to those districts once the project has been completed, pending availability of state funding.
- b. Partial payments to be made to districts who have ongoing projects at a rate equal to the percent of completion of the project as computed on a quarterly basis and submitted to the DPSAFT for approval.

Because of the magnitude of the Partnership Program and the number of projects, it was anticipated that the disbursement of funds equating to the state participation would be made on a quarterly basis as the districts submit invoices and certification as to the percent of completion. There may be districts that prefer to fund the entire project and

then request the state participation. DPSAFT will examine those requests as they are made.

The structure of the facilities program is not solely centered on the state funding in the Transitional and Partnership Programs and later in the Partnership Program as the principal instrument of state participation.

The facilities program also encompasses the establishment of rules and assistance programs in custodial, maintenance and equipment. All three of these issues greatly impact the equality of the educational facilities across the state. The final outcome of a successful Master Plan, if funded fully, will be a range of facilities whose principal cost will be the preventive maintenance and periodic repairs as opposed to major significant repairs to keep the facilities on line. That portion of the program can only be supported by a clear, concise Custodial and Maintenance Program at each of the districts to ensure that the buildings are being cleaned and maintained to preclude or minimize deterioration due to normal, fair wear and tear. While the issue of equipment at our school facilities has not been clarified, the ability of the academic program to be successful rests largely in part on the district's ability to provide the equipment necessary to meet the academic need.

There are some areas within the facilities program that may require examination in the future with regard to state participation. I specifically cite a major maintenance program, a training program for district personnel in facilities operations, an educational program on facilities requirements to meet state and federal guidelines and an equipment assistance program.

In addition, the facilities program requires checks and balances to ensure compliance with the rules and instructions that have been prepared and forwarded to the districts. Periodic inspections for compliance in concert with local district personnel are mandatory according to current legislation. These inspections provide spot reports to measure the success of our districts in maintaining their facilities. These inspections go hand in hand with the periodic reports required from the districts to notify the DPSAFT of all projects undertaken and completed over any given year and the comparison of the districts' maintenance level and construction initiatives in these projects against both the master plan and the initial assessment. Only by using the initial assessment as updated by current conditions can we truly ascertain if we have moved from where we began in the summer of 2004 to where we are at any point in time.

A mainstay of the structure of the state facility program is the Arkansas School Facility Manual. This manual was compiled to establish standards and guidelines across the state against which schools would be constructed and modified such that we are continuing to increase the equity of Arkansas schools both within districts in the state and as compared to surrounding states. The Facility Manual mandates the sizes and dedicated spaces necessary in all new school construction to ensure that adequate space is being built in Arkansas schools to handle the multitude of teaching methods

and the wide diversity of academic programs. Districts are required to ensure, through coordination with the Division of Public School Academic Facilities and Transportation that all new school are built to this standard. The standard also identifies the most current construction methods and options for renovations of facilities.

The Facility Manual was approved by the Commission for Public School Academic Facilities in late 2005, and became the guide for all new construction in the state from that point in time. Partnership Program projects must adhere to the new facility standard, they must meet the definition of a new construction project as outlined in the legislation and the rules, and must be directly tied to both the Master Plan and the Facility Manual where applicable.

The overall structure of the state facilities program has taken a tremendous turn towards ensuring that future construction in the state of Arkansas in its school buildings will meet the most current construction standards and meet the needs of our academic programs. This new construction program, which is being used to help remedy the deficiencies found in the 2004 assessment by assisting the districts both financially and through written guidance to remedy those deficiencies through new or upgraded construction, is the foundation for the overall program of developing equitable facilities.

Exhibit #97

ID	LEA	County	District	WealthIndex
1	0101	ARKANSAS	DEWITT	0.60493507
2	0104	ARKANSAS	STUTTGART	0.729545828
3	0201	ASHLEY	CROSSETT	0.771791604
4	0203	ASHLEY	HAMBURG	0.439534264
5	0302	BAXTER	COTTER	0.507707825
6	0303	BAXTER	MOUNTAIN HOME	0.970828878
7	0304	BAXTER	NORFORK	0.763480389
8	0401	BENTON	BENTONVILLE	0.903586096
9	0402	BENTON	DECATUR	0.595533709
10	0403	BENTON	GENTRY	0.72955868
11	0404	BENTON	GRAVETTE	1.006493987
12	0405	BENTON	ROGERS	0.758239103
13	0406	BENTON	SILOAM SPRINGS	0.610920922
14	0407	BENTON	PEA RIDGE	0.385680482
15	0501	BOONE	ALPENA	0.350536663
16	0502	BOONE	BERGMAN	0.331879566
17	0503	BOONE	HARRISON	0.808449218
18	0504	BOONE	OMAHA	0.437288508
19	0505	BOONE	VALLEY SPRINGS	0.361961366
20	0506	BOONE	LEAD HILL	0.527448921
21	0601	BRADLEY	HERMITAGE	0.478473633
22	0602	BRADLEY	WARREN	0.45625821
23	0701	CALHOUN	HAMPTON	0.856093137
24	0801	CARROLL	BERRYVILLE	0.497863255
25	0802	CARROLL	EUREKA SPRINGS	2.021952254
26	0803	CARROLL	GREEN FOREST	0.425909578
27	0901	CHICOT	DERMOTT	0.432278628
28	0902	CHICOT	EUDORA	0.505167149
29	0903	CHICOT	LAKESIDE	0.666319655
30	1002	CLARK	ARKADELPHIA	0.641207508
31	1003	CLARK	GURDON	0.569595455
32	1101	CLAY	CORNING	0.611895935
33	1104	CLAY	PIGGOTT	0.504914228
34	1106	CLAY	RECTOR	0.497696059
35	1201	CLEBURNE	CONCORD	0.482896783
36	1202	CLEBURNE	HEBER SPRINGS	0.981827348
37	1203	CLEBURNE	QUITMAN	0.626054049
38	1204	CLEBURNE	WEST SIDE	1.491303473
39	1304	CLEVELAND	WOODLAWN	0.326428345
40	1305	CLEVELAND	CLEVELAND COUNTY	0.475937704
41	1402	COLUMBIA	MAGNOLIA	0.543331807
42	1406	COLUMBIA	WALDO	0.482600229
43	1408	COLUMBIA	EMERSON-TAYLOR	0.778164588

ID	LEA	County	District	WealthIndex
44	1503	CONWAY	NEMO VISTA	0.28856829
45	1505	CONWAY	WONDERVIEW	0.40291295
46	1507	CONWAY	SO CONWAY COUNTY	0.640322436
47	1601	CRAIGHEAD	BAY	0.382276856
48	1602	CRAIGHEAD	WESTSIDE CONSOLIDAT	0.44676033
49	1603	CRAIGHEAD	BROOKLAND	0.485762321
50	1605	CRAIGHEAD	BUFFALO ISLAND CENT	0.47600385
51	1608	CRAIGHEAD	JONESBORO	0.789975733
52	1611	CRAIGHEAD	NETTLETON	0.845027634
53	1612	CRAIGHEAD	VALLEY VIEW	0.555887267
54	1613	CRAIGHEAD	RIVERSIDE	0.359481322
55	1701	CRAWFORD	ALMA	0.318442845
56	1702	CRAWFORD	CEDARVILLE	0.258443959
57	1703	CRAWFORD	MOUNTAINBURG	0.347547515
58	1704	CRAWFORD	MULBERRY	0.516847173
59	1705	CRAWFORD	VAN BUREN	0.484899846
60	1802	CRITTENDEN	EARLE	0.287224907
61	1803	CRITTENDEN	WEST MEMPHIS	0.372482409
62	1804	CRITTENDEN	MARION	0.479164919
63	1805	CRITTENDEN	TURRELL	0.289604692
64	1901	CROSS	CROSS COUNTY	0.551941129
65	1903	CROSS	PARKIN	0.464060159
66	1905	CROSS	WYNNE	0.4019712
67	2002	DALLAS	FORDYCE	0.383338981
68	2104	DESHA	DUMAS	0.420228952
69	2105	DESHA	MCGEHEE	0.74628987
70	2202	DREW	DREW CENTRAL	0.482092623
71	2203	DREW	MONTICELLO	0.419247958
72	2301	FAULKNER	CONWAY	0.737876972
73	2303	FAULKNER	GREENBRIER	0.371255657
74	2304	FAULKNER	GUY-PERKINS	0.33308461
75	2305	FAULKNER	MAYFLOWER	0.486388841
76	2306	FAULKNER	MOUNT VERNON/ENOLA	0.369383406
77	2307	FAULKNER	VILONIA	0.296169718
78	2402	FRANKLIN	CHARLESTON	0.39806522
79	2403	FRANKLIN	COUNTY LINE	0.695411324
80	2404	FRANKLIN	OZARK	0.612057437
81	2501	FULTON	MAMMOTH SPRING	0.484474189
82	2502	FULTON	SALEM	0.442980008
83	2503	FULTON	VIOLA	0.551988538
84	2601	GARLAND	CUTTER-MORNING STAF	0.362392693
85	2602	GARLAND	FOUNTAIN LAKE	1.967559979
86	2603	GARLAND	HOT SPRINGS	0.879662294
87	2604	GARLAND	JESSIEVILLE	1.140403691
88	2605	GARLAND	LAKE HAMILTON	0.535623597
89	2606	GARLAND	LAKESIDE	0.802313425

ID	LEA	County	District	WealthIndex
90	2607	GARLAND	MOUNTAIN PINE	0.525774887
91	2703	GRANT	POYEN	0.179187294
92	2705	GRANT	SHERIDAN	0.481634087
93	2803	GREENE	MARMADUKE	0.367780635
94	2807	GREENE	GREENE COUNTY TECH	0.468415495
95	2808	GREENE	PARAGOULD	0.628964744
96	2901	HEMPSTEAD	BLEVINS	0.3050611
97	2903	HEMPSTEAD	HOPE	0.482459179
98	2906	HEMPSTEAD	SPRING HILL	0.18716552
99	3001	HOT SPRING	BISMARCK	0.388073004
100	3002	HOT SPRING	GLEN ROSE	0.338009742
101	3003	HOT SPRING	MAGNET COVE	0.636803477
102	3004	HOT SPRING	MALVERN	0.616823281
103	3005	HOT SPRING	OUACHITA	0.436197209
104	3102	HOWARD	DIERKS	0.620687407
105	3104	HOWARD	MINERAL SPRINGS	0.408789252
106	3105	HOWARD	NASHVILLE	0.569710453
107	3201	INDEPENDENCE	BATESVILLE	0.703428512
108	3203	INDEPENDENCE	CUSHMAN	0.238830533
109	3209	INDEPENDENCE	SOUTHSIDE	0.253706683
110	3211	INDEPENDENCE	MIDLAND	0.375524302
111	3212	INDEPENDENCE	CEDAR RIDGE	1.709212832
112	3301	IZARD	CALICO ROCK	0.417507384
113	3302	IZARD	MELBOURNE	0.52519386
114	3306	IZARD	IZARD CNTY CONSOL	0.740343691
115	3403	JACKSON	NEWPORT	0.689834806
116	3405	JACKSON	JACKSON COUNTY	0.478481653
117	3501	JEFFERSON	ALTHEIMER UNIFIED	0.803555264
118	3502	JEFFERSON	DOLLARWAY	0.299713857
119	3505	JEFFERSON	PINE BLUFF	0.540564239
120	3509	JEFFERSON	WATSON CHAPEL	0.268235434
121	3510	JEFFERSON	WHITE HALL	0.638705086
122	3601	JOHNSON	CLARKSVILLE	0.538964194
123	3604	JOHNSON	LAMAR	0.414282566
124	3606	JOHNSON	WESTSIDE	0.363588172
125	3701	LAFAYETTE	BRADLEY	0.619698719
126	3704	LAFAYETTE	LAFAYETTE COUNTY	0.507793568
127	3801	LAWRENCE	BLACK ROCK	0.400614913
128	3804	LAWRENCE	HOXIE	0.339085479
129	3806	LAWRENCE	SLOAN-HENDRIX	0.324760845
130	3808	LAWRENCE	WALNUT RIDGE	0.739689045
131	3809	LAWRENCE	HILLCREST	0.497627362
132	3904	LEE	LEE COUNTY	0.475759879
133	4003	LINCOLN	STAR CITY	0.385807571
134	4101	LITTLE RIVER	ASHDOWN	1.189608049
135	4102	LITTLE RIVER	FOREMAN	0.567460301

ID	LEA	County	District	WealthIndex
136	4201	LOGAN	BOONEVILLE	0.414378931
137	4202	LOGAN	MAGAZINE	0.33410297
138	4203	LOGAN	PARIS	0.463910047
139	4204	LOGAN	SCRANTON	0.623030565
140	4301	LONOKE	LONOKE	0.465910294
141	4302	LONOKE	ENGLAND	0.454162192
142	4303	LONOKE	CARLISLE	0.611363068
143	4304	LONOKE	CABOT	0.397470508
144	4401	MADISON	HUNTSVILLE	0.423713818
145	4501	MARION	FLIPPIN	0.701678867
146	4502	MARION	YELLVILLE-SUMMIT	0.433986554
147	4602	MILLER	GENOA CENTRAL	0.234171607
148	4603	MILLER	FOUKE	0.315044991
149	4605	MILLER	TEXARKANA	0.567348594
150	4701	MISSISSIPPI	ARMOREL	1.581619899
151	4702	MISSISSIPPI	BLYTHEVILLE	0.396499072
152	4706	MISSISSIPPI	SO MISSISSIPPI COUNT	0.337808743
153	4708	MISSISSIPPI	GOSNELL	0.286556629
154	4712	MISSISSIPPI	MANILA	0.329667435
155	4713	MISSISSIPPI	OSCEOLA	0.349861309
156	4801	MONROE	BRINKLEY	0.471875441
157	4802	MONROE	CLARENDON	0.523314701
158	4901	MONTGOMERY	CADDO HILLS	0.345531286
159	4902	MONTGOMERY	MOUNT IDA	0.750757112
160	5006	NEVADA	PRESCOTT	0.406702802
161	5008	NEVADA	NEVADA	0.63455013
162	5102	NEWTON	JASPER	0.432577992
163	5106	NEWTON	DEER/MT. JUDEA	0.348939327
164	5201	OUACHITA	BEARDEN	0.430766469
165	5204	OUACHITA	CAMDEN-FAIRVIEW	0.405240024
166	5205	OUACHITA	HARMONY GROVE	0.34407038
167	5206	OUACHITA	STEPHENS	0.46389901
168	5301	PERRY	EAST END	0.313909115
169	5303	PERRY	PERRYVILLE	0.360153243
170	5401	PHILLIPS	BARTON-LEXA	0.274525265
171	5402	PHILLIPS	ELAINE	0.694155383
172	5403	PHILLIPS	HELENA-W HELENA	0.306002392
173	5404	PHILLIPS	MARVELL	0.405667157
174	5501	PIKE	DELIGHT	0.394368717
175	5502	PIKE	CENTERPOINT	0.424905439
176	5503	PIKE	KIRBY	0.493277989
177	5504	PIKE	MURFREESBORO	0.550785187
178	5602	POINSETT	HARRISBURG	0.392387179
179	5604	POINSETT	MARKED TREE	0.432405856
180	5605	POINSETT	TRUMANN	0.372403873
181	5607	POINSETT	WEINER	0.902450718

ID	LEA	County	District	WealthIndex
182	5608	POINSETT	EAST POINSETT COUNT	0.30868176
183	5703	POLK	MENA	0.463491845
184	5704	POLK	VAN COVE	0.236404069
185	5705	POLK	WICKES	0.383622795
186	5706	POLK	OUACHITA RIVER	0.431058315
187	5801	POPE	ATKINS	0.346939012
188	5802	POPE	DOVER	0.343340014
189	5803	POPE	HECTOR	0.270904547
190	5804	POPE	POTTSVILLE	0.33937417
191	5805	POPE	RUSSELLVILLE	1.084449363
192	5901	PRAIRIE	DES ARC	0.566696598
193	5902	PRAIRIE	DEVALLS BLUFF	0.610721718
194	5903	PRAIRIE	HAZEN	0.99460841
195	6001	PULASKI	LITTLE ROCK	1
196	6002	PULASKI	N LITTLE ROCK	0.595420254
197	6003	PULASKI	PULASKI COUNTY	0.819147847
198	6102	RANDOLPH	MAYNARD	0.352506427
199	6103	RANDOLPH	POCAHONTAS	0.479117002
200	6201	ST FRANCIS	FORREST CITY	0.38207888
201	6202	ST FRANCIS	HUGHES	0.58599921
202	6205	ST FRANCIS	PALESTINE-WHEATLEY	0.40602912
203	6301	SALINE	BAUXITE	0.336695859
204	6302	SALINE	BENTON	0.615642109
205	6303	SALINE	BRYANT	0.563744548
206	6304	SALINE	HARMONY GROVE	0.377454574
207	6401	SCOTT	WALDRON	0.325977863
208	6502	SEARCY	SEARCY COUNTY	0.452939046
209	6505	SEARCY	OZARK MOUNTAIN	0.414216246
210	6601	SEBASTIAN	FORT SMITH	0.792482649
211	6602	SEBASTIAN	GREENWOOD	0.563586041
212	6603	SEBASTIAN	HACKETT	0.322802927
213	6604	SEBASTIAN	HARTFORD	0.384695111
214	6605	SEBASTIAN	LAVACA	0.424641143
215	6606	SEBASTIAN	MANSFIELD	0.345865295
216	6701	SEVIER	DEQUEEN	0.331980925
217	6703	SEVIER	HORATIO	0.265858886
218	6704	SEVIER	LOCKESBURG	0.43598686
219	6802	SHARP	CAVE CITY	0.323372429
220	6804	SHARP	HIGHLAND	0.647720673
221	6806	SHARP	TWIN RIVERS	0.512181397
222	6901	STONE	MOUNTAIN VIEW	0.470608362
223	7001	UNION	EL DORADO	0.621806793
224	7003	UNION	JUNCTION CITY	0.669824433
225	7006	UNION	NORPHLET	0.409683054
226	7007	UNION	PARKERS CHAPEL	0.521445327
227	7008	UNION	SMACKOVER	0.585212404

ID	LEA	County	District	WealthIndex
228	7009	UNION	STRONG-HUTTIG	0.45678835
229	7102	VAN BUREN	CLINTON	0.518259252
230	7104	VAN BUREN	SHIRLEY	0.886659681
231	7105	VAN BUREN	SOUTH SIDE	0.397147812
232	7201	WASHINGTON	ELKINS	0.327514577
233	7202	WASHINGTON	FARMINGTON	0.4403167
234	7203	WASHINGTON	FAYETTEVILLE	0.995210592
235	7204	WASHINGTON	GREENLAND	0.460651226
236	7205	WASHINGTON	LINCOLN CONSOLIDATE	0.4018162
237	7206	WASHINGTON	PRAIRIE GROVE	0.417631405
238	7207	WASHINGTON	SPRINGDALE	0.640947009
239	7208	WASHINGTON	WEST FORK	0.315652924
240	7301	WHITE	BALD KNOB	0.346196346
241	7302	WHITE	BEEBE	0.36709966
242	7303	WHITE	BRADFORD	0.307535821
243	7304	WHITE	WHITE COUNTY CENTRAL	0.284757665
244	7307	WHITE	RIVERVIEW	0.444561618
245	7309	WHITE	PANGBURN	0.269125328
246	7310	WHITE	ROSE BUD	0.33291635
247	7311	WHITE	SEARCY	0.768879687
248	7401	WOODRUFF	AUGUSTA	0.518683028
249	7403	WOODRUFF	MCCRORY	0.497483742
250	7503	YELL	DANVILLE	0.326264606
251	7504	YELL	DARDANELLE	0.370473457
252	7509	YELL	WESTERN YELL COUNTY	0.40395882
253	7510	YELL	TWO RIVERS	0.408654577
254	9000	SPECIAL	SPECIAL	1
255	9999	SPECIAL	SPECIAL	0

ID	LEA	County	District	WealthIndex
55	1701	CRAWFORD	ALMA	0.318442845
15	0501	BOONE	ALPENA	0.350536663
117	3501	JEFFERSON	ALTHEIMER UNIFIED	0.803555264
30	1002	CLARK	ARKADELPHIA	0.641207508
150	4701	MISSISSIPPI	ARMOREL	1.581619899
134	4101	LITTLE RIVER	ASHDOWN	1.189608049
187	5801	POPE	ATKINS	0.346939012
248	7401	WOODRUFF	AUGUSTA	0.518683028
240	7301	WHITE	BALD KNOB	0.346196346
170	5401	PHILLIPS	BARTON-LEXA	0.274525265
107	3201	INDEPENDENCE	BATESVILLE	0.703428512
203	6301	SALINE	BAUXITE	0.336695859
47	1601	CRAIGHEAD	BAY	0.382276856
164	5201	OUACHITA	BEARDEN	0.430766469
241	7302	WHITE	BEEBE	0.36709966
204	6302	SALINE	BENTON	0.615642109
8	0401	BENTON	BENTONVILLE	0.903586096
16	0502	BOONE	BERGMAN	0.331879566
24	0801	CARROLL	BERRYVILLE	0.497863255
99	3001	HOT SPRING	BISMARCK	0.388073004
127	3801	LAWRENCE	BLACK ROCK	0.400614913
96	2901	HEMPSTEAD	BLEVINS	0.3050611
151	4702	MISSISSIPPI	BLYTHEVILLE	0.396499072
136	4201	LOGAN	BOONEVILLE	0.414378931
242	7303	WHITE	BRADFORD	0.307535821
125	3701	LAFAYETTE	BRADLEY	0.619698719
156	4801	MONROE	BRINKLEY	0.471875441
49	1603	CRAIGHEAD	BROOKLAND	0.485762321
205	6303	SALINE	BRYANT	0.563744548
50	1605	CRAIGHEAD	BUFFALO ISLAND CENTR	0.47600385
143	4304	LONOKE	CABOT	0.397470508
158	4901	MONTGOMERY	CADDO HILLS	0.345531286
112	3301	IZARD	CALICO ROCK	0.417507384
165	5204	OUACHITA	CAMDEN-FAIRVIEW	0.405240024
142	4303	LONOKE	CARLISLE	0.611363068
219	6802	SHARP	CAVE CITY	0.323372429
111	3212	INDEPENDENCE	CEDAR RIDGE	1.709212832
56	1702	CRAWFORD	CEDARVILLE	0.258443959
175	5502	PIKE	CENTERPOINT	0.424905439
78	2402	FRANKLIN	CHARLESTON	0.39806522

157	4802	MONROE	CLARENDON	0.523314701
122	3601	JOHNSON	CLARKSVILLE	0.538964194
40	1305	CLEVELAND	CLEVELAND COUNTY	0.475937704
229	7102	VAN BUREN	CLINTON	0.518259252
35	1201	CLEBURNE	CONCORD	0.482896783
72	2301	FAULKNER	CONWAY	0.737876972
32	1101	CLAY	CORNING	0.611895935
5	0302	BAXTER	COTTER	0.507707825
79	2403	FRANKLIN	COUNTY LINE	0.695411324
64	1901	CROSS	CROSS COUNTY	0.551941129
3	0201	ASHLEY	CROSSETT	0.771791604
108	3203	INDEPENDENCE	CUSHMAN	0.238830533
84	2601	GARLAND	CUTTER-MORNING STAR	0.362392693
250	7503	YELL	DANVILLE	0.326264606
251	7504	YELL	DARDANELLE	0.370473457
9	0402	BENTON	DECATUR	0.595533709
163	5106	NEWTON	DEER/MT. JUDEA	0.348939327
174	5501	PIKE	DELIGHT	0.394368717
216	6701	SEVIER	DEQUEEN	0.331980925
27	0901	CHICOT	DERMOTT	0.432278628
192	5901	PRAIRIE	DES ARC	0.566696598
193	5902	PRAIRIE	DEVALLS BLUFF	0.610721718
1	0101	ARKANSAS	DEWITT	0.60493507
104	3102	HOWARD	DIERKS	0.620687407
118	3502	JEFFERSON	DOLLARWAY	0.299713857
188	5802	POPE	DOVER	0.343340014
70	2202	DREW	DREW CENTRAL	0.482092623
68	2104	DESHA	DUMAS	0.420228952
60	1802	CRITTENDEN	EARLE	0.287224907
168	5301	PERRY	EAST END	0.313909115
182	5608	POINSETT	EAST POINSETT COUNTY	0.30868176
223	7001	UNION	EL DORADO	0.621806793
171	5402	PHILLIPS	ELAINE	0.694155383
232	7201	WASHINGTON	ELKINS	0.327514577
43	1408	COLUMBIA	EMERSON-TAYLOR	0.778164588
141	4302	LONOKE	ENGLAND	0.454162192
28	0902	CHICOT	EUDORA	0.505167149
25	0802	CARROLL	EUREKA SPRINGS	2.021952254
233	7202	WASHINGTON	FARMINGTON	0.4403167
234	7203	WASHINGTON	FAYETTEVILLE	0.995210592
145	4501	MARION	FLIPPIN	0.701678867
67	2002	DALLAS	FORDYCE	0.383338981
135	4102	LITTLE RIVER	FOREMAN	0.567460301
200	6201	ST FRANCIS	FORREST CITY	0.38207888

210	6601	SEBASTIAN	FORT SMITH	0.792482649
148	4603	MILLER	FOUKE	0.315044991
85	2602	GARLAND	FOUNTAIN LAKE	1.967559979
147	4602	MILLER	GENOA CENTRAL	0.234171607
10	0403	BENTON	GENTRY	0.72955868
100	3002	HOT SPRING	GLEN ROSE	0.338009742
153	4708	MISSISSIPPI	GOSNELL	0.286556629
11	0404	BENTON	GRAVETTE	1.006493987
26	0803	CARROLL	GREEN FOREST	0.425909578
73	2303	FAULKNER	GREENBRIER	0.371255657
94	2807	GREENE	GREENE COUNTY TECH	0.468415495
235	7204	WASHINGTON	GREENLAND	0.460651226
211	6602	SEBASTIAN	GREENWOOD	0.563586041
31	1003	CLARK	GURDON	0.569595455
74	2304	FAULKNER	GUY-PERKINS	0.33308461
212	6603	SEBASTIAN	HACKETT	0.322802927
4	0203	ASHLEY	HAMBURG	0.439534264
23	0701	CALHOUN	HAMPTON	0.856093137
166	5205	OUACHITA	HARMONY GROVE	0.34407038
206	6304	SALINE	HARMONY GROVE	0.377454574
178	5602	POINSETT	HARRISBURG	0.392387179
17	0503	BOONE	HARRISON	0.808449218
213	6604	SEBASTIAN	HARTFORD	0.384695111
194	5903	PRAIRIE	HAZEN	0.99460841
36	1202	CLEBURNE	HEBER SPRINGS	0.981827348
189	5803	POPE	HECTOR	0.270904547
172	5403	PHILLIPS	HELENA-W HELENA	0.306002392
21	0601	BRADLEY	HERMITAGE	0.478473633
220	6804	SHARP	HIGHLAND	0.647720673
131	3809	LAWRENCE	HILLCREST	0.497627362
97	2903	HEMPSTEAD	HOPE	0.482459179
217	6703	SEVIER	HORATIO	0.265858886
86	2603	GARLAND	HOT SPRINGS	0.879662294
128	3804	LAWRENCE	HOXIE	0.339085479
201	6202	ST FRANCIS	HUGHES	0.58599921
144	4401	MADISON	HUNTSVILLE	0.423713818
114	3306	IZARD	IZARD CNTY CONSOL	0.740343691
116	3405	JACKSON	JACKSON COUNTY	0.478481653
162	5102	NEWTON	JASPER	0.432577992
87	2604	GARLAND	JESSIEVILLE	1.140403691
51	1608	CRAIGHEAD	JONESBORO	0.789975733
224	7003	UNION	JUNCTION CITY	0.669824433
176	5503	PIKE	KIRBY	0.493277989
126	3704	LAFAYETTE	LAFAYETTE COUNTY	0.507793568

88	2605	GARLAND	LAKE HAMILTON	0.535623597
29	0903	CHICOT	LAKESIDE	0.666319655
89	2606	GARLAND	LAKESIDE	0.802313425
123	3604	JOHNSON	LAMAR	0.414282566
214	6605	SEBASTIAN	LAVACA	0.424641143
20	0506	BOONE	LEAD HILL	0.527448921
132	3904	LEE	LEE COUNTY	0.475759879
236	7205	WASHINGTON	LINCOLN CONSOLIDATE	0.4018162
195	6001	PULASKI	LITTLE ROCK	1
218	6704	SEVIER	LOCKESBURG	0.43598686
140	4301	LONOKE	LONOKE	0.465910294
137	4202	LOGAN	MAGAZINE	0.33410297
101	3003	HOT SPRING	MAGNET COVE	0.636803477
41	1402	COLUMBIA	MAGNOLIA	0.543331807
102	3004	HOT SPRING	MALVERN	0.616823281
81	2501	FULTON	MAMMOTH SPRING	0.484474189
154	4712	MISSISSIPPI	MANILA	0.329667435
215	6606	SEBASTIAN	MANSFIELD	0.345865295
62	1804	CRITTENDEN	MARION	0.479164919
179	5604	POINSETT	MARKED TREE	0.432405856
93	2803	GREENE	MARMADUKE	0.367780635
173	5404	PHILLIPS	MARVELL	0.405667157
75	2305	FAULKNER	MAYFLOWER	0.486388841
198	6102	RANDOLPH	MAYNARD	0.352506427
249	7403	WOODRUFF	MCCRORY	0.497483742
69	2105	DESHA	MCGEHEE	0.74628987
113	3302	IZARD	MELBOURNE	0.52519386
183	5703	POLK	MENA	0.463491845
110	3211	INDEPENDENCE	MIDLAND	0.375524302
105	3104	HOWARD	MINERAL SPRINGS	0.408789252
71	2203	DREW	MONTICELLO	0.419247958
159	4902	MONTGOMERY	MOUNT IDA	0.750757112
76	2306	FAULKNER	MOUNT VERNON/ENOLA	0.369383406
6	0303	BAXTER	MOUNTAIN HOME	0.970828878
90	2607	GARLAND	MOUNTAIN PINE	0.525774887
222	6901	STONE	MOUNTAIN VIEW	0.470608362
57	1703	CRAWFORD	MOUNTAINBURG	0.347547515
58	1704	CRAWFORD	MULBERRY	0.516847173
177	5504	PIKE	MURFREESBORO	0.550785187
196	6002	PULASKI	N LITTLE ROCK	0.595420254
106	3105	HOWARD	NASHVILLE	0.569710453
44	1503	CONWAY	NEMO VISTA	0.28856829
52	1611	CRAIGHEAD	NETTLETON	0.845027634
161	5008	NEVADA	NEVADA	0.63455013

115	3403	JACKSON	NEWPORT	0.689834806
7	0304	BAXTER	NORFORK	0.763480389
225	7006	UNION	NORPHLET	0.409683054
18	0504	BOONE	OMAHA	0.437288508
155	4713	MISSISSIPPI	OSCEOLA	0.349861309
103	3005	HOT SPRING	OUACHITA	0.436197209
186	5706	POLK	OUACHITA RIVER	0.431058315
80	2404	FRANKLIN	OZARK	0.612057437
209	6505	SEARCY	OZARK MOUNTAIN	0.414216246
202	6205	ST FRANCIS	PALESTINE-WHEATLEY	0.40602912
245	7309	WHITE	PANGBURN	0.269125328
95	2808	GREENE	PARAGOULD	0.628964744
138	4203	LOGAN	PARIS	0.463910047
226	7007	UNION	PARKERS CHAPEL	0.521445327
65	1903	CROSS	PARKIN	0.464060159
14	0407	BENTON	PEA RIDGE	0.385680482
169	5303	PERRY	PERRYVILLE	0.360153243
33	1104	CLAY	PIGGOTT	0.504914228
119	3505	JEFFERSON	PINE BLUFF	0.540564239
199	6103	RANDOLPH	POCAHONTAS	0.479117002
190	5804	POPE	POTTSVILLE	0.33937417
91	2703	GRANT	POYEN	0.179187294
237	7206	WASHINGTON	PRAIRIE GROVE	0.417631405
160	5006	NEVADA	PRESCOTT	0.406702802
197	6003	PULASKI	PULASKI COUNTY	0.819147847
37	1203	CLEBURNE	QUITMAN	0.626054049
34	1106	CLAY	RECTOR	0.497696059
54	1613	CRAIGHEAD	RIVERSIDE	0.359481322
244	7307	WHITE	RIVERVIEW	0.444561618
12	0405	BENTON	ROGERS	0.758239103
246	7310	WHITE	ROSE BUD	0.33291635
191	5805	POPE	RUSSELLVILLE	1.084449363
82	2502	FULTON	SALEM	0.442980008
139	4204	LOGAN	SCRANTON	0.623030565
247	7311	WHITE	SEARCY	0.768879687
208	6502	SEARCY	SEARCY COUNTY	0.452939046
92	2705	GRANT	SHERIDAN	0.481634087
230	7104	VAN BUREN	SHIRLEY	0.886659681
13	0406	BENTON	SILOAM SPRINGS	0.610920922
129	3806	LAWRENCE	SLOAN-HENDRIX	0.324760845
227	7008	UNION	SMACKOVER	0.585212404
46	1507	CONWAY	SO CONWAY COUNTY	0.640322436
152	4706	MISSISSIPPI	SO MISSISSIPPI COUNT	0.337808743
231	7105	VAN BUREN	SOUTH SIDE	0.397147812

109	3209	INDEPENDENCE	SOUTHSIDE	0.253706683
254	9000	SPECIAL	SPECIAL	1
255	9999	SPECIAL	SPECIAL	0
98	2906	HEMPSTEAD	SPRING HILL	0.18716552
238	7207	WASHINGTON	SPRINGDALE	0.640947009
133	4003	LINCOLN	STAR CITY	0.385807571
167	5206	OUACHITA	STEPHENS	0.46389901
228	7009	UNION	STRONG-HUTTIG	0.45678835
2	0104	ARKANSAS	STUTTGART	0.729545828
149	4605	MILLER	TEXARKANA	0.567348594
180	5605	POINSETT	TRUMANN	0.372403873
63	1805	CRITTENDEN	TURRELL	0.289604692
221	6806	SHARP	TWIN RIVERS	0.512181397
253	7510	YELL	TWO RIVERS	0.408654577
19	0505	BOONE	VALLEY SPRINGS	0.361961366
53	1612	CRAIGHEAD	VALLEY VIEW	0.555887267
59	1705	CRAWFORD	VAN BUREN	0.484899846
184	5704	POLK	VAN COVE	0.236404069
77	2307	FAULKNER	VILONIA	0.296169718
83	2503	FULTON	VIOLA	0.551988538
42	1406	COLUMBIA	WALDO	0.482600229
207	6401	SCOTT	WALDRON	0.325977863
130	3808	LAWRENCE	WALNUT RIDGE	0.739689045
22	0602	BRADLEY	WARREN	0.45625821
120	3509	JEFFERSON	WATSON CHAPEL	0.268235434
181	5607	POINSETT	WEINER	0.902450718
239	7208	WASHINGTON	WEST FORK	0.315652924
61	1803	CRITTENDEN	WEST MEMPHIS	0.372482409
38	1204	CLEBURNE	WEST SIDE	1.491303473
252	7509	YELL	WESTERN YELL COUNTY	0.40395882
124	3606	JOHNSON	WESTSIDE	0.363588172
48	1602	CRAIGHEAD	WESTSIDE CONSOLIDAT	0.44676033
243	7304	WHITE	WHITE COUNTY CENTRA	0.284757665
121	3510	JEFFERSON	WHITE HALL	0.638705086
185	5705	POLK	WICKES	0.383622795
45	1505	CONWAY	WONDERVIEW	0.40291295
39	1304	CLEVELAND	WOODLAWN	0.326428345
66	1905	CROSS	WYNNE	0.4019712
146	4502	MARION	YELLVILLE-SUMMIT	0.433986554

TESTIMONY OF DOUGLAS C. EATON

“Updated August 2006”

1. Academic Facilities Wealth Index Ranking.

The Academic Facilities Wealth Index is specified in Act 2206 of 2005. Simply stated it is intended to levelize the funding equally among the state's school districts. It is based on the amount of money one mill will raise per student in the various districts as compared to the 95th percentile district which in 2006 is the Bentonville School District. Each district is a percent of that number. As an example, if a district is .970828878, it means the one mill that a district raises equals about 97% of what one mill raises in Bentonville. The state reimburses a district the difference to get it up to one mill. The actual calculation is the total assessment of the district times .001 divided by the number of students. It expresses the amount of money that one mill raises per student in the district. Any wealth index over one indicates a district whose one mill raises more and therefore would not be considered for reimbursements under the current programs.

Attached hereto is the 2005 Wealth Index which was used for the Immediate Repair, Transitional, and Partnership Program. It is similar to those funding equalization formulas used in a number of education departments throughout the United States. It appears to be the most reasonable way to equitably distribute funds as it is based on the wealth of the individual school districts.

2. Participation of High-Growth Districts in the Immediate Repair, Transitional and Partnership Programs

The ten-year enrollment growth average projection for the State of Arkansas is 8.18%. For examination purposes 15% growth is considered to constitute high growth. Using this percentage, 43 Arkansas school districts meet the definition of high growth. The enclosed chart indicates the number of projects that these 43 districts submitted. In the area of Immediate Repair, projects totaled \$17.1 million and represents approximately 23.4% of the total of \$73 million in Immediate Repair projects to be accomplished by the districts. The state participation of \$8.8 million approximates 25.1% of the \$35 million to be distributed to all districts.

In the Transitional Program, the financial share of the high growth districts of \$132.2 million represents 44.4% of the \$300 million to be undertaken over the next couple of years in this project category. The state's participation of 29.9% represents 34.8% of the approximate \$85.9 million of state monies to be distributed under this program.

The Partnership Program began with applications being submitted to the division in March of 2006. On June 29 2006, a list was presented to the Commission for approval outlining the projects and estimated amounts to include the state's share for the first

year's Partnership Program. With regard to the high growth districts their financial share of the first year Partnership Program is \$259.4 million dollars which represents 40.5% percent of the total projects to be undertaken over the next couple of years in this program. The state's participation of \$99.2 million dollars represents 37.37% percent of the approximate \$265.7 million dollars of state monies to be distributed under this program for the fiscal year.

3. Responsibility of the Division with regard to the report to the General Assembly as to whether or not additional facilities funding assistance is needed for high-growth districts

The division is aware of the stipulation in Act 2206 to provide a report in January 2007 as to whether or not an additional funding program should be established to assist high-growth districts. At this point in time it would be premature to give any estimate as to what this program might consist of or whether or not the need for an additional program presents itself. We must have an opportunity to see what impact the Partnership Program will have on meeting projected needs. Based on the determination, recommendations will be made to the Commission. The Division is aware of the requirement for rules should another program be developed for high growth districts.

4. What impact did the Special Session of 2006 have on the overall facilities programs?

The special session of 2006 served to clarify the operating instructions pertaining to the facility program and initiated new programs for consideration.

Act 19 of the Special Extraordinary Session expanded the requirement for Master Planning and developmental custodial maintenance plans to include all public school facilities as opposed to just academic facilities. This allows the division and the Commission to gain better control over the monitoring of how all public school facilities in the state of Arkansas are being constructed and maintained. We additionally expanded the definition that the 9% of Foundation Funding to be used as a funding account for the maintenance of academic facilities would be expanded to include all public school facilities. To further clarify the rules regarding excess funds and the 9% should those funds not be used for maintenance repair by the school district.

Act 35 of the First Ordinary Session established the Extraordinary Circumstances Program for Public School Academic Facilities. The intent of this Act is to develop a program to provide state financial assistance to eligible school districts that do not have sufficient means to contribute an amount of local resources necessary to qualify for state financial participation. The Commission for Public School Academic Facilities and Transportation Division is required to develop rules for this program to be submitted to the General Assembly in January 2007. Included within the definition and eligibility criteria will include school districts with declining enrollments, with rapid enrollment growth, with insufficient bonding capacity, with low assessed property values, or

districts at or above the 95th percentile of facility wealth index, and any other circumstances deemed extraordinary by the division.

5. Other Initiatives Under Consideration by the Division for Public School Academic Facilities and Transportation

While not specifically mandated by law the division has begun to look at support areas for transportation within the state. Considered within this realm is consideration of multiple state wide contracts for fueling for the districts. This is intended to stabilize the price paid by districts across the state for gas diesel and Bio diesel. No final determination has been reached regarding this possibility; the division is still in the stage of collecting the data necessary to determine the amount of fuel in consideration, the cost, and the feasibility of such a program.

The division is also beginning to gather information to determine whether or not state assistance should be rendered to school districts in the routing of school buses. Presently the routing of school buses is at the discretion of local school district, and few districts have automated routing systems and consideration is being given to investigate the possibility of a state wide system.

Investigation is also being made into possibility of a state wide Maintenance Management System. As mandated by law the Division of Public School Academic Facilities and Transportation was charged with maintaining a continuous data bank of information regarding the current condition of all Arkansas school facilities. We are investigating the possibility that the best way to meet this requirement is a state wide Maintenance Management system. It would be both functional for the districts to use in monitoring their preventive maintenance as required by law, and would be used by the division in monitoring the condition of facilities at any given point and time and the advancement being made by the districts in eliminating facility deficiencies.

Exhibit 186

**ARKANSAS DIVISION OF PUBLIC SCHOOL ACADEMIC
FACILITIES AND TRANSPORTATION RULE
GOVERNING THE RETIREMENT AND TERMINATION OF BONDED DEBT
ASSISTANCE, GENERAL FACILITIES FUNDING AND SUPPLEMENTAL
MILLAGE INCENTIVE FUNDING**

November 2005

1.0 AUTHORITY

- 1.01 The authority for promulgating this Rule is pursuant to § § 6-20-2501 et seq. and 25-15-201 et seq.
- 1.02 This Rule shall be known as the Arkansas Division of Public School Academic Facilities and Transportation (Division) Rule Governing Bonded Debt Assistance.

2.0 DEFINITIONS

- 2.01 “Academic facility” means a building or space, including related areas such as the physical plant and grounds, where students receive instruction that is an integral part of an adequate education as described in § 6-20-2302. A public school building or space, including related areas such as the physical plant and grounds, used for an extracurricular activity or an organized physical activity course as defined in § 6-16-137 shall not be considered an academic facility for the purposes of this rule to the extent that the building space, or related area is used for extracurricular activities or organized physical activities courses, except for physical educational training and instruction under § 6-16-132.
- 2.02 “Academic facilities wealth index” means a percentage derived from the following computations:
 - 2.02.1 Determine the value of one (1) mill per student in each school district, as follows:
 - 2.02.1.1 Multiply the value of one (1) mill by the total assessed valuation of taxable real, personal, and utility property in the school district as show by the applicable county assessment for the most recent year; and
 - 2.02.1.2 Divide the product from § 2.02.1.1 of this section by the greater of the prior year average daily membership of the school district or the prior three-year average of the school district’s average daily membership.
 - 2.02.1.3 Determine student millage rankings by listing the computation under § 2.02.1.1 of this section for each school district from students with the lowest

- value per mill to students with the highest value per mill;
- 2.02.1.4 Allocate the student millage rankings into percentiles with the first percentile containing the one percent (1%) of students with the lowest value per mill and the one-hundredth percentile containing the one percent (1%) of students with the highest value per mill; and
- 2.02.1.5 Divide the value of one (1) mill per student in each school district as computed under § 2.02.1.1 of this section by the amount corresponding to the ninety-fifth percentile of the student millage rankings under § 2.02.1.4 of this section by the amount corresponding to the ninety-fifth percentile of the student millage rankings under subdivision § 2.02.1.4 of this section.
- 2.02.1.6 The percentage derived from the computation under §2.02.1.5 of this section is the academic facilities wealth index for a school district, which shall be computed annually and used to determine the amount of the school district's share of financial participation in a local academic facilities project eligible for state financial participation under priorities established by the division.
- 2.02.1.7 The state's share of financial participation in a local academic facilities project eligible for state financial participation under priorities established by the division is the percentage derived from subtracting the school district's percentage share of financial participation determined under § 2.02.1.6 of this section from one hundred percent (100%).
- 2.03 "Average daily membership" means the total number of days of school attended plus the total number of days absent by students in grades kindergarten through twelve (K-12) during the first three (3) quarters of each school year divided by the number of school days actually taught in the school district during that period of time rounded up to the nearest hundredth.
- 2.04 "Eligible school district" means any school district deemed to have existing bonded debt as of January 1, 2005, and said debt continues to exist each fiscal year the district qualifies for bonded debt financial assistance.
- 2.05 "Facility condition index" means a methodology established by the division for comparing the cost of repairing the condition of a public

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

- 2.06 “Foundation funding” means an amount of money specified by the General Assembly for each school year to be expended by school districts for the provision of an adequate education for each student as that amount is established in § 6-20-2305.
- 2.07 “Funding factor” means a funding factor per average daily membership determined by the Division for each fiscal year pursuant to § 6-20-2503(3)(A)(iii)(a) and (b).
- 2.08 “Immediate repair project” means a project involving a public school academic facility that is necessary to resolve a deficiency that presents an immediate hazard to:
- 2.08.1 The health or safety of students, teachers, administrators or staff;
 - 2.08.2 The integrity of the public school academic facility with regard to meeting minimum health and safety standards; or
 - 2.08.3 The extraordinary deterioration of the public school academic facility.
- 2.09 “Local enhancements” means the portion of any maintenance, repair, or renovation project or new construction project that is designed to bring an academic facility or related areas such as the physical plant or grounds to a state of condition or efficiency that exceeds state academic facilities standards.
- 2.10 “Local resources” means any moneys lawfully generated by a school district for the purpose of funding the school district’s share of financial participation in any academic facilities project for which a school district is eligible to receive state financial participation under priorities established by the division.
- 2.11 “Local revenue per student” means in each school year ninety-eight percent (98%) of the amount of revenue available, whether or not collected, in a school district solely from the levy of the uniform rate of tax plus seventy-five percent (75%) of the average miscellaneous funds collected in the previous five (5) years or the previous year, whichever is less, divided by the average daily membership of the school district.
- 2.12 “Maintenance, repair, and renovation” means any activity or improvement to an academic facility and, if necessary, related areas such as the physical plant and grounds that:
- 2.12.1 Maintains, conserves or protects the state of condition or efficiency of the academic facility; or

2.12.2 Brings the state of condition or efficiency of the academic facility up to the facility's original condition of completeness or efficiency.

2.13 "Mandatory callable bonds" means a bond issue in which all net proceeds from debt service millage used to secure the issuance of that bond must be applied to payment of the issue and cannot be used for any other purpose.

2.14 "Millage rate" means the millage rate listed in the most recent tax ordinance approved by the county quorum court under the authority of § 14-14-904.

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

2.16 "New construction" means any improvement to an academic facility and, if necessary, related areas such as the physical plant and grounds that brings the state of condition or efficiency of the academic facility to a state of condition or efficiency better than the academic facility's original condition of completeness or efficiency and includes additions to existing academic facilities and new academic facilities.

2.17 "Project" means an undertaking in which a school district engages in:
2.17.1 Maintenance, repair and renovation activities with regard to an academic facility;
2.17.2 New construction of an academic facility; or
2.17.3 Any combination of maintenance, repair and renovation and new construction activities with regard to an academic facility.

2.18 "Space utilization" means the number of gross square feet per student in a public school academic facility adjusted for academic program, school enrollment, grade configuration and type of public school in accordance with rules promulgated by the Commission for Arkansas Public School Academic Facilities and Transportation.

2.19 "State wealth index" means the result of one (1) minus the ratio of local revenue per student divided by the difference between foundation funding and local revenue per student.

3.0 BONDED DEBT ASSISTANCE PROGRAM

3.01 In accord with the requirements and limitations set forth in this rule, the Division shall provide eligible school districts with financial assistance for

the purpose of retiring outstanding bonded indebtedness in existence as of January 1, 2005.

- 3.02 The Commission by way of this rule directs the Division to work with the Arkansas Department of Education to determine the amount of financial assistance for each eligible school district as set forth in these rules.
- 3.03 The Division shall ascertain the scheduled debt payment on a fiscal year basis from the principal and interest payment schedule in effect and on file with the Department of Education on January 1, 2005, and reduce the amount of the payment by ten percent (10%) as provided in § 4.01 of this rule.
- 3.04 The Commission shall determine the amount of state bonded debt financial assistance for each eligible school district no later than July 15 of each year.
 - 3.04.1 State bonded debt financial assistance shall be payable to each eligible school district in two (2) equal installments;
 - 3.04.2 The first yearly bonded debt financial assistance installment shall be by August 1 of each year; and
 - 3.04.3 The second yearly bonded debt financial assistance installment shall be by February 1 of each year.
- 3.05 Each eligible school district receiving bonded debt financial assistance shall account for the funds received as restricted funds and shall account for the funds in accordance with provisions of law, including without limitation, the Arkansas Educational Financial Accounting and Reporting Act of 2004, § 6-20-2201 *et seq.*, and any other rules established by this Commission.
- 3.06 School districts are not prohibited from refunding bonds that were issued and outstanding as of January 1, 2005. Provided a school district qualifies for state bonded debt financial assistance, the amount of bonded debt assistance is not reduced or altered as a result of refunding the bonds that were issued and outstanding as of January 1, 2005, and the bonded debt assistance will continue after the refunding based on the principal and interest payment schedule in effect and on file with the Department of Education on January 1, 2005.
 - 3.06.1 A school district shall use the debt service savings, if any, produced by refunding the outstanding bonds as follows:
 - 3.06.1.1 The annual savings produced by the refunding shall be deposited into a bond refunding savings fund to be used by the school district solely for the new

3.06.1.2 construction of academic facilities or the purchase of academic equipment; and
Before the date that refunding bonds are sold at a public sale, the school district shall certify to the commission that the yearly debt services saving will be used solely for the purposes described in § 3.07.1.1.

- 3.07 School districts are not prohibited from issuing second lien bonds. If a school district qualifies for state bonded debt financial assistance under this section, the amount of state financial assistance under this rule shall not be increased or reduced as a result of the issuance of second lien bonds.
- 3.08 Nothing in this rule shall be construed to prevent the annual adjustment of state financial assistance in accordance with annual variations in the state wealth index and the school district's principal and interest payment schedule in effect and on file with the Department of Education on January 1, 2005. The state shall not assume any debt of a school district or incur any obligation with regard to a school district's bonded indebtedness by providing the financial assistance described in this rule. Any school district receiving financial bonded debt assistance under this section is and will remain independently liable for all outstanding indebtedness.
- 3.09 Although school districts are not prohibited from refunding bonds or issuing second lien bonds as allowed in §§ 3.06 and 3.07 of this rule, upon the termination of any bonded debt for which a school district was receiving bonded debt financial assistance, said state bonded debt assistance shall likewise terminate on the termination date of that bonded debt.

4.0 BONDED DEBT ASSISTANCE FUNDING

- 4.01 Each year that financial bonded debt assistance is to be provided under this rule to an eligible school district, the Division shall ascertain the scheduled debt payment on a fiscal year basis from the principal and interest payment schedule in effect and on file with the Department of Education on January 1, 2005, except mandatory callable debt payments which shall be calculated using the formula set forth in § 4.01.1. The amount of scheduled debt payment calculated shall be reduced by ten percent (10%) except as allowed in § 4.02 of this rule.
- 4.01.1 Scheduled debt payments for mandatory callable bonds shall be the pledged millage for the mandatory callable bonds multiplied by the total assessed valuation of taxable real, personal, and utility property in the school district as shown by the applicable county

assessment for each relevant school district for the most recent year.

- 4.02 Provided a school district can demonstrate pursuant to § 5.0 of this rule and to the satisfaction of the Division, or the Commission on valid appeal, that all or a portion of the ten percent (10%) reduction in its scheduled debt payment under § 4.01 of this rule can be attributed to the support of academic facilities, then the Commission shall reverse all or a portion of the ten percent (10%) reduction by a percentage proportionate to the amount attributable to academic facilities.
- 4.03 Each year that bonded debt financial assistance is to be provided to eligible school districts, the Division shall divide the scheduled debt payment as adjusted under § 4.01 of this rule by the total assessed valuation of taxable real, personal, and utility property in the school district as shown by the applicable county assessment for each relevant school district for the most recent year with the result multiplied by one thousand (1,000).
- 4.04 The product of § 4.03 of this rule shall then be multiplied by a funding factor (established as required by law) per average daily membership. The product of this calculation shall then be multiplied by the state wealth index and this shall be the net result of bonded debt financial assistance a school district is entitled to per fiscal year absent any appeal under § 5.0 of these rules.
- 4.05 The net result of the calculations in § 4.04 shall be paid as bonded debt financial assistance as required in § 3.04 of this rule.

5.0 BONDED DEBT ASSISTANCE APPEAL

- 5.01 Pursuant to § 4.02 of this rule, any school district which has been determined to be a school district eligible for bonded debt financial assistance from the state in the 2005-06 school year may submit a one-time written appeal to the Commission via the Division concerning the ten percent (10%) reduction in scheduled debt payment determined in § 4.01 of this rule.
- 5.02 The school district written appeal shall be submitted via certified mail to the Office of the Director of the Division at 501 Woodlane, Suite 600, Little Rock, AR 72201. The appeal must be postmarked or received in the Office of the Director by 4:30 pm on October 31, 2005.
- 5.03 The Division (with the assistance of consultants) shall review all appeals and submit its written recommendation on whether to reverse all or a portion of the ten percent (10%) reduction called for in § 4.01 of this rule

by November 28, 2005 to each respective school district and the Commission.

- 5.04 Any eligible school district who is notified that their appeal is recommended for denial by the Division to the Commission may request a limited hearing of their appeal before the Commission by submitting their written request for hearing to the Commission to the Office of the Director of the Division at 501 Woodlane, Suite 600, Little Rock, AR 72201 by 4:30 p.m. on December 9, 2005. The appeal must be received or postmarked by 4:30 pm on December 9, 2005.
- 5.05 The Commission shall review all properly submitted appeals, consider the Division's recommendation and provide any necessary hearing before issuing the Commission's final determination on the school district's request to reverse all or a portion of the ten percent (10%) reduction called for in § 4.01 of this rule by December 30, 2005. Upon reaching a final determination, the Commission shall certify in writing the final determination for each appealing school district to the Department of Education and each respective school district by January 6, 2006. The decision of the Commission is final with no further right of appeal.
- 5.06 When filing an appeal pursuant to this rule, school districts shall submit a written appeal using the attached form referenced in § 5.06.1 known as exhibit A, which is hereby incorporated in this rule, and the district shall complete the form providing all information as requested in the form and provide the following documentation related to any bonded debt in order to have a valid appeal:
- 5.06.1 The district's written appeal as required in the attached exhibit A of this rule; and
 - 5.06.2 Copy of the ballot title related to any bonded debt election; and/or
 - 5.06.3 Copy of the bonded debt contract instrument related to the appealed bonded debt; and/or
 - 5.06.4 Copy of related tax certificates filed with appropriate tax agencies related to the appealed bonded debt; and/or
 - 5.06.5 Copy of any applications to the Department of Education which request permission to sell or refinance bonded debt, which related to the appealed bonded debt; and/or
 - 5.06.6 Any other relevant evidentiary documentation.
- 5.07 Any school district appealing the ten percent (10%) reduction called for in § 4.01 of this rule shall prove by clear and convincing evidence that more than ninety percent (90%) of the outstanding bonded debt existing on January 1, 2005, was utilized to directly support academic facilities. To the extent that a school district can prove to the Commission that more than ninety percent (90%) of the outstanding bonded debt was utilized to

directly support academic facilities, the Commission shall reverse all or a portion of the ten percent (10%) reduction by an amount attributable to academic facilities greater than ninety (90%) of the debt..

- 5.08 When conducting its review of the appeals, the Commission shall use its best judgment to determine whether the school district's request for appeal meets the qualification for consideration in § 5.07 of this rule and whether by clear and convincing evidence the appeal demonstrates that the bonded debt can be attributed to the direct support of academic facilities.
- 5.09 In order to sustain all or a portion of an appeal, a majority of the Commission shall vote yes to sustain all of the appeal or yes to sustain a specific portion of an appeal.

6.0 GENERAL FACILITY FUNDING

- 6.01 The Commission shall compute the amount of general facilities funding that each school district received or would have received under the Supplemental School District Funding Act of 2003, § 6-20-2401 *et seq.*, during fiscal year 2005.
- 6.02 In addition to any bonded debt financial assistance funding an eligible school district may be entitled to pursuant to this rule, each school district entitled to receive general facilities funding, as determined by the Commission, shall receive state general facilities funding assistance equal to all or a portion of the general facilities funding that the school district received or would have received under the Supplemental District Funding Act of 2003, § 6-20-401 *et seq.*, during fiscal year 2005 and each year thereafter except that, the Commission shall phase-out general facilities funding assistance over a ten-year time period by reducing the amount of general facilities funding assistance received by a school district starting after fiscal year 2006 by reducing by one-tenth (1/10) in each subsequent year of the ten-year period until the general facilities funding assistance to the school district is terminated in full.
- 6.03 Savings from the elimination of general facilities funding assistance to the school districts shall be distributed through the Educational Facilities Partnership Fund Account in accordance with rules promulgated by the Commission.
- 6.04 General facilities funding assistance payable to each school district entitled to payment, as determined by the Commission, shall be made in two (2) equal installments. The first installment of payments shall be made to the school districts by August 1 of each school year and the second installment of payments shall be made by February 1 of each school year.

- 6.05 The Commission shall certify in writing to the Department of Education the amount of payment to be made to each entitled school district.

7.0 SUPPLEMENTAL MILLAGE INCENTIVE FUNDING

- 7.01 If a school district elected to receive supplement millage incentive funding under the Supplemental School District Funding Act of 2003, § 6-20-2401 *et seq.*, during fiscal year 2005, the Commission shall compute the difference between the amount of supplemental millage incentive funding that a school district received in fiscal year 2005 and the amount of debt service funding supplement and general facilities funding that the school district would have received under the Supplemental School District Funding Act of 2003, § 6-20-2401 *et seq.*, in fiscal year 2005.
- 7.02 In addition to any bonded debt financial assistance funding an eligible school district may be entitled to under this rule, a school district that elected to receive supplemental millage incentive funding under the Supplemental School District Funding Act of 2003, § 6-20-2401 *et seq.*, shall receive supplemental millage incentive funding assistance equal to all or a portion of the amount of supplemental millage incentive funding that exceeded the amount that the school district would have received under debt service funding supplement and general facilities funding under the Supplemental School District Funding Act of 2003, § 6-20-2401 *et seq.*, in fiscal year 2005 except that the Commission shall phase-out the supplemental millage incentive funding assistance provided under this rule over a ten-year period by reducing the amount received by a school district after fiscal year 2006 by one-tenth (1/10) in each subsequent year of the ten-year period.
- 7.03 Savings from reduction of any supplemental millage incentive funding assistance shall be distributed through the Educational Facilities Partnership Fund Account in accordance with rules promulgated by the Commission.
- 7.04 Supplemental millage incentive funding assistance as provided pursuant to this rule shall be payable to each entitled school district, as determined by the Commission, in two (2) equal installments. The first installment of payments shall be made to school districts by August 1 of each school year and the second installment of payments shall be made by February 1 of each school year.

BONDED DEBT ASSISTANCE APPEALS

GENERAL INFORMATION

- School districts could submit a one-time written appeal to the Commission on Public School Academic Facilities and Transportation concerning the 10% reduction in scheduled bond debt assistance payments.
- Appeals had to be postmarked or received by October 31, 2005.
- 112 school districts submitted written appeals. (Two school districts submitted written appeals after the deadline. Those two appeals were not reviewed.)
- 107 school districts received all or some portion of their 10% reduction reversed.

Arkansas Department of Education
 Projected Bonded Debt Assistance Reversal
 09-Feb-06

02/28/2006 DSF-DPSFT-DE-3
 Exhibit #188

Notes: This calculation is pursuant to Ark. Code Ann. § 6-20-2503.

This calculation includes all adjustments to date. Further data changes may require further adjustments.

The percentage reversal data used in this calculation was provided by the Arkansas Division of Public School Academic Facilities and Transportation.

This calculation is subject to review and approval by the Commission for Arkansas Public School Academic Facilities and Transportation.

LEA NO.	County	School District	Amount Funded	Funding amount adjusted to include reversal	Amount due from reversal
101	ARKANSAS	DEWITT	86,127.00	86,127.00	0.00
104	ARKANSAS	STUTTGART	84,592.00	84,592.00	0.00
201	ASHLEY	CROSSETT	56,605.00	56,605.00	0.00
203	ASHLEY	HAMBURG	93,042.00	93,042.00	0.00
302	BAXTER	COTTER	35,539.00	37,387.00	1,848.00
303	BAXTER	MOUNTAIN HOME	17,469.00	17,469.00	0.00
304	BAXTER	NORFORK	8,666.00	8,666.00	0.00
401	BENTON	BENTONVILLE	156,745.00	156,745.00	0.00
402	BENTON	DECATUR	13,705.00	13,705.00	0.00
403	BENTON	GENTRY	105,691.00	115,802.00	10,111.00
404	BENTON	GRAVETTE	9,439.00	10,190.00	751.00
405	BENTON	ROGERS	601,122.00	667,913.00	66,791.00
406	BENTON	SILOAM SPRINGS	225,901.00	237,020.00	11,119.00
407	BENTON	PEA RIDGE	193,346.00	210,834.00	17,488.00
501	BOONE	ALPENA	18,411.00	18,411.00	0.00
502	BOONE	BERGMAN	67,707.00	67,707.00	0.00
503	BOONE	HARRISON	79,000.00	79,000.00	0.00
504	BOONE	OMAHA	61,691.00	65,385.00	3,694.00
505	BOONE	VALLEY SPRINGS	87,484.00	91,382.00	3,898.00
506	BOONE	LEAD HILL	36,625.00	36,625.00	0.00
601	BRADLEY	HERMITAGE	45,351.00	49,649.00	4,298.00
602	BRADLEY	WARREN	141,786.00	141,786.00	0.00
701	CALHOUN	HAMPTON	0	0	0.00
801	CARROLL	BERRYVILLE	93,225.00	103,583.00	10,358.00
802	CARROLL	EUREKA SPRINGS	0	0	0.00
803	CARROLL	GREEN FOREST	103,387.00	103,387.00	0.00
901	CHICOT	DERMOTT	46,133.00	50,592.00	4,459.00
902	CHICOT	EUDORA	25,578.00	28,420.00	2,842.00
903	CHICOT	LAKESIDE	45,177.00	45,177.00	0.00
1002	CLARK	ARKADELPHIA	118,532.00	118,532.00	0.00
1003	CLARK	GURDON	67,552.00	67,552.00	0.00
1101	CLAY	CORNING	22,725.00	23,972.00	1,247.00
1104	CLAY	PIGGOTT	82,618.00	82,618.00	0.00
1106	CLAY	RECTOR	33,036.00	33,036.00	0.00
1201	CLEBURNE	CONCORD	14,003.00	15,290.00	1,287.00
1202	CLEBURNE	HEBER SPRINGS	5,277.00	5,277.00	0.00
1203	CLEBURNE	QUITMAN	29,303.00	32,559.00	3,256.00
1204	CLEBURNE	WEST SIDE	0	0	0.00
1304	CLEVELAND	WOODLAWN	50,276.00	53,868.00	3,592.00
1305	CLEVELAND	CLEVELAND COUNTY	65,789.00	70,555.00	4,766.00
1402	COLUMBIA	MAGNOLIA	111,829.00	111,829.00	0.00

1406 COLUMBIA	WALDO	0	0	0.00
1408 COLUMBIA	EMERSON-TAYLOR	8,131.00	9,034.00	903.00
1503 CONWAY	NEMO VISTA	42,864.00	42,864.00	0.00
1505 CONWAY	WONDERVIEW	28,096.00	31,218.00	3,122.00
1507 CONWAY	SO CONWAY COUNTY	144,997.00	144,997.00	0.00
1601 CRAIGHEAD	BAY	40,258.00	44,731.00	4,473.00
1602 CRAIGHEAD	WESTSIDE CONSOLD	105,220.00	115,228.00	10,008.00
1603 CRAIGHEAD	BROOKLAND	134,680.00	137,882.00	3,202.00
1605 CRAIGHEAD	BUFFALO ISLAND CENTR	51,330.00	51,330.00	0.00
1608 CRAIGHEAD	JONESBORO	109,254.00	109,254.00	0.00
1611 CRAIGHEAD	NETTLETON	87,401.00	87,401.00	0.00
1612 CRAIGHEAD	VALLEY VIEW	148,226.00	164,696.00	16,470.00
1613 CRAIGHEAD	RIVERSIDE	51,055.00	51,055.00	0.00
1701 CRAWFORD	ALMA	712,172.00	712,172.00	0.00
1702 CRAWFORD	CEDARVILLE	37,027.00	37,027.00	0.00
1703 CRAWFORD	MOUNTAINBURG	91,188.00	97,612.00	6,424.00
1704 CRAWFORD	MULBERRY	32,144.00	35,716.00	3,572.00
1705 CRAWFORD	VAN BUREN	786,571.00	841,893.00	55,322.00
1802 CRITTENDEN	EARLE	178,463.00	178,463.00	0.00
1803 CRITTENDEN	WEST MEMPHIS	90,411.00	100,457.00	10,046.00
1804 CRITTENDEN	MARION	353,056.00	353,056.00	0.00
1805 CRITTENDEN	TURRELL	80,055.00	84,663.00	4,608.00
1901 CROSS	CROSS COUNTY	25,441.00	25,441.00	0.00
1905 CROSS	WYNNE	235,819.00	247,427.00	11,608.00
2002 DALLAS	FORDYCE	126,765.00	126,765.00	0.00
2104 DESHA	DUMAS	140,334.00	140,334.00	0.00
2105 DESHA	MCGEHEE	40,700.00	40,700.00	0.00
2202 DREW	DREW CENTRAL	91,975.00	102,194.00	10,219.00
2203 DREW	MONTICELLO	285,949.00	285,949.00	0.00
2301 FAULKNER	CONWAY	477,037.00	477,037.00	0.00
2303 FAULKNER	GREENBRIER	288,078.00	288,078.00	0.00
2304 FAULKNER	GUY-PERKINS	47,485.00	47,485.00	0.00
2305 FAULKNER	MAYFLOWER	68,099.00	74,228.00	6,129.00
2306 FAULKNER	MOUNT VERNON/ENOLA	24,990.00	27,179.00	2,189.00
2307 FAULKNER	VILONIA	399,440.00	424,205.00	24,765.00
2402 FRANKLIN	CHARLESTON	130,495.00	142,573.00	12,078.00
2403 FRANKLIN	COUNTY LINE	12,628.00	14,032.00	1,404.00
2404 FRANKLIN	OZARK	104,600.00	104,600.00	0.00
2501 FULTON	MAMMOTH SPRING	9,600.00	9,600.00	0.00
2502 FULTON	SALEM	42,095.00	43,826.00	1,731.00
2503 FULTON	VIOLA	13,661.00	13,661.00	0.00
2601 GARLAND	CUTTER-MORNING STAR	71,055.00	78,334.00	7,279.00
2602 GARLAND	FOUNTAIN LAKE	0	0	0.00
2603 GARLAND	HOT SPRINGS	68,552.00	68,552.00	0.00
2604 GARLAND	JESSIEVILLE	0	0	0.00
2605 GARLAND	LAKE HAMILTON	217,836.00	217,836.00	0.00
2606 GARLAND	LAKESIDE	62,905.00	62,905.00	0.00
2607 GARLAND	MOUNTAIN PINE	29,983.00	33,115.00	3,132.00
2703 GRANT	POYEN	86,449.00	96,054.00	9,605.00
2705 GRANT	SHERIDAN	246,355.00	271,429.00	25,074.00
2803 GREENE	MARMADUKE	38,573.00	38,573.00	0.00
2807 GREENE	GREENE COUNTY TECH	183,587.00	183,587.00	0.00
2808 GREENE	PARAGOULD	152,619.00	152,619.00	0.00
2901 HEMPSTEAD	BLEVINS	34,251.00	38,057.00	3,806.00
2903 HEMPSTEAD	HOPE	213,029.00	236,699.00	23,670.00

2906 HEMPSTEAD	SPRING HILL	115,353.00	115,353.00	0.00
3001 HOT SPRING	BISMARCK	36,537.00	36,537.00	0.00
3002 HOT SPRING	GLEN ROSE	134,814.00	134,814.00	0.00
3003 HOT SPRING	MAGNET COVE	30,814.00	30,814.00	0.00
3004 HOT SPRING	MALVERN	112,879.00	125,421.00	12,542.00
3005 HOT SPRING	OUACHITA	56,177.00	60,528.00	4,351.00
3102 HOWARD	DIERKS	38,865.00	38,865.00	0.00
3104 HOWARD	MINERAL SPRINGS	41,995.00	46,661.00	4,666.00
3105 HOWARD	NASHVILLE	90,588.00	90,588.00	0.00
3201 INDEPENDENCE	BATESVILLE	70,168.00	70,168.00	0.00
3203 INDEPENDENCE	CUSHMAN	66,513.00	66,513.00	0.00
3209 INDEPENDENCE	SOUTHSIDE	182,575.00	182,575.00	0.00
3211 INDEPENDENCE	MIDLAND	24,887.00	24,887.00	0.00
3212 INDEPENDENCE	CEDAR RIDGE	0	0	0.00
3301 IZARD	CALICO ROCK	68,096.00	68,535.00	439.00
3302 IZARD	MELBOURNE	28,167.00	28,167.00	0.00
3306 IZARD	IZARD COUNTY CONS	16,522.00	16,522.00	0.00
3403 JACKSON	NEWPORT	12,596.00	12,596.00	0.00
3405 JACKSON	JACKSON COUNTY	62,529.00	69,296.00	6,767.00
3501 JEFFERSON	ALTHEIMER UNIFIED	5,254.00	5,254.00	0.00
3502 JEFFERSON	DOLLARWAY	254,984.00	254,984.00	0.00
3505 JEFFERSON	PINE BLUFF	166,837.00	185,374.00	18,537.00
3509 JEFFERSON	WATSON CHAPEL	66,814.00	72,605.00	5,791.00
3510 JEFFERSON	WHITE HALL	184,326.00	184,326.00	0.00
3601 JOHNSON	CLARKSVILLE	175,402.00	175,402.00	0.00
3604 JOHNSON	LAMAR	85,933.00	85,933.00	0.00
3606 JOHNSON	WESTSIDE	60,468.00	67,186.00	6,718.00
3701 LAFAYETTE	BRADLEY	10,251.00	10,251.00	0.00
3704 LAFAYETTE	LAFAYETTE COUNTY	40,370.00	40,370.00	0.00
3801 LAWRENCE	BLACK ROCK	18,876.00	20,973.00	2,097.00
3804 LAWRENCE	HOXIE	39,600.00	39,600.00	0.00
3806 LAWRENCE	SLOAN-HENDRIX	58,278.00	58,278.00	0.00
3808 LAWRENCE	WALNUT RIDGE	8,596.00	8,596.00	0.00
3809 LAWRENCE	HILLCREST	40,496.00	40,496.00	0.00
3904 LEE	LEE COUNTY	16,599.00	16,599.00	0.00
4003 LINCOLN	STAR CITY	202,535.00	211,852.00	9,317.00
4101 LITTLE RIVER	ASHDOWN	0	0	0.00
4102 LITTLE RIVER	FOREMAN	26,262.00	29,180.00	2,918.00
4201 LOGAN	BOONEVILLE	228,512.00	228,969.00	457.00
4202 LOGAN	MAGAZINE	42,271.00	46,968.00	4,697.00
4203 LOGAN	PARIS	136,212.00	146,367.00	10,155.00
4204 LOGAN	SCRANTON	12,393.00	12,393.00	0.00
4301 LONOKE	LONOKE	239,996.00	266,396.00	26,400.00
4302 LONOKE	ENGLAND	89,794.00	96,658.00	6,864.00
4303 LONOKE	CARLISLE	39,804.00	44,226.00	4,422.00
4304 LONOKE	CABOT	640,498.00	711,664.00	71,166.00
4401 MADISON	HUNTSVILLE	130,422.00	144,913.00	14,491.00
4501 MARION	FLIPPIN	16,745.00	16,745.00	0.00
4502 MARION	YELLVILLE-SUMMIT	53,957.00	59,952.00	5,995.00
4602 MILLER	GENOA CENTRAL	216,649.00	240,721.00	24,072.00
4603 MILLER	FOUKE	175,910.00	175,910.00	0.00
4605 MILLER	TEXARKANA	260,155.00	260,155.00	0.00
4701 MISSISSIPPI	ARMOREL	0	0	0.00
4702 MISSISSIPPI	BLYTHEVILLE	298,420.00	298,420.00	0.00
4706 MISSISSIPPI	SO MISSISSIPPI COUNTY	130,311.00	130,311.00	0.00

4708 MISSISSIPPI	GOSNELL	0	0	0.00
4712 MISSISSIPPI	MANILA	60,399.00	60,399.00	0.00
4713 MISSISSIPPI	OSCEOLA	100,980.00	100,980.00	0.00
4801 MONROE	BRINKLEY	31,610.00	35,123.00	3,513.00
4802 MONROE	CLARENDON	14,928.00	16,587.00	1,659.00
4901 MONTGOMERY	CADDO HILLS	23,223.00	23,223.00	0.00
4902 MONTGOMERY	MOUNT IDA	9,670.00	9,670.00	0.00
5006 NEVADA	PRESCOTT	106,194.00	106,194.00	0.00
5008 NEVADA	NEVADA	8,405.00	8,405.00	0.00
5102 NEWTON	JASPER	59,824.00	59,824.00	0.00
5106 NEWTON	DEER/MT. JUDEA	43,994.00	43,994.00	0.00
5201 OUACHITA	BEARDEN	54,780.00	58,590.00	3,810.00
5204 OUACHITA	CAMDEN-FAIRVIEW	274,966.00	274,966.00	0.00
5205 OUACHITA	HARMONY GROVE	110,513.00	110,513.00	0.00
5206 OUACHITA	STEPHENS	8,905.00	8,905.00	0.00
5301 PERRY	EAST END	86,683.00	95,544.00	8,861.00
5303 PERRY	PERRYVILLE	91,749.00	99,089.00	7,340.00
5401 PHILLIPS	BARTON-LEXA	43,873.00	43,873.00	0.00
5402 PHILLIPS	ELAINE	0	0	0.00
5403 PHILLIPS	HELENA-W HELENA	290,687.00	290,687.00	0.00
5404 PHILLIPS	MARVELL	66,922.00	66,922.00	0.00
5501 PIKE	DELIGHT	18,851.00	20,946.00	2,095.00
5502 PIKE	CENTERPOINT	125,195.00	125,195.00	0.00
5503 PIKE	KIRBY	36,665.00	36,665.00	0.00
5504 PIKE	MURFREESBORO	39,600.00	44,000.00	4,400.00
5602 POINSETT	HARRISBURG	99,557.00	99,557.00	0.00
5604 POINSETT	MARKED TREE	35,831.00	38,331.00	2,500.00
5605 POINSETT	TRUMANN	53,544.00	53,544.00	0.00
5607 POINSETT	WEINER	3,225.00	3,225.00	0.00
5608 POINSETT	EAST POINSETT COUNTY	54,458.00	59,964.00	5,506.00
5703 POLK	MENA	68,630.00	74,662.00	6,032.00
5704 POLK	VAN COVE	61,456.00	68,285.00	6,829.00
5705 POLK	WICKES	68,706.00	68,706.00	0.00
5706 POLK	OUACHITA RIVER	32,017.00	32,888.00	871.00
5801 POPE	ATKINS	78,492.00	84,248.00	5,756.00
5802 POPE	DOVER	147,774.00	158,939.00	11,165.00
5803 POPE	HECTOR	98,219.00	109,132.00	10,913.00
5804 POPE	POTTSVILLE	277,752.00	287,627.00	9,875.00
5805 POPE	RUSSELLVILLE	0	0	0.00
5901 PRAIRIE	DES ARC	12,715.00	12,715.00	0.00
5902 PRAIRIE	DEVALLS BLUFF	8,047.00	8,047.00	0.00
5903 PRAIRIE	HAZEN	624.00	624.00	0.00
6001 PULASKI	LITTLE ROCK	88,988.00	95,514.00	6,526.00
6002 PULASKI	N LITTLE ROCK	244,248.00	244,248.00	0.00
6003 PULASKI	PULASKI COUNTY	281,957.00	281,957.00	0.00
6102 RANDOLPH	MAYNARD	9,121.00	10,134.00	1,013.00
6103 RANDOLPH	POCAHONTAS	65,188.00	65,188.00	0.00
6201 ST FRANCIS	FORREST CITY	233,888.00	253,509.00	19,621.00
6202 ST FRANCIS	HUGHES	11,992.00	13,325.00	1,333.00
6205 ST FRANCIS	PALESTINE-WHEATLEY	21,585.00	21,585.00	0.00
6301 SALINE	BAUXITE	158,646.00	158,646.00	0.00
6302 SALINE	BENTON	271,474.00	301,216.00	29,742.00
6303 SALINE	BRYANT	273,459.00	273,459.00	0.00
6304 SALINE	HARMONY GROVE	109,854.00	109,854.00	0.00
6401 SCOTT	WALDRON	165,032.00	179,811.00	14,779.00

6502 SEARCY	SEARCY COUNTY	50,633.00	50,633.00	0.00
6505 SEARCY	OZARK MOUNTAIN	37,661.00	40,783.00	3,122.00
6601 SEBASTIAN	FORT SMITH	91,867.00	102,074.00	10,207.00
6602 SEBASTIAN	GREENWOOD	390,616.00	390,616.00	0.00
6603 SEBASTIAN	HACKETT	80,034.00	80,034.00	0.00
6604 SEBASTIAN	HARTFORD	12,221.00	12,221.00	0.00
6605 SEBASTIAN	LAVACA	92,038.00	96,169.00	4,131.00
6606 SEBASTIAN	MANSFIELD	172,829.00	192,032.00	19,203.00
6701 SEVIER	DEQUEEN	49,026.00	49,026.00	0.00
6703 SEVIER	HORATIO	56,488.00	56,488.00	0.00
6704 SEVIER	LOCKESBURG	23,533.00	23,533.00	0.00
6802 SHARP	CAVE CITY	202,654.00	202,654.00	0.00
6804 SHARP	HIGHLAND	32,694.00	36,327.00	3,633.00
6806 SHARP	TWIN RIVERS	10,796.00	10,796.00	0.00
6901 STONE	MOUNTAIN VIEW	47,977.00	48,724.00	747.00
7001 UNION	EL DORADO	10,500.00	10,500.00	0.00
7003 UNION	JUNCTION CITY	16,229.00	18,033.00	1,804.00
7006 UNION	NORPHLET	55,946.00	55,946.00	0.00
7007 UNION	PARKERS CHAPEL	41,689.00	41,689.00	0.00
7008 UNION	SMACKOVER	37,617.00	37,617.00	0.00
7009 UNION	STRONG-HUTTIG	24,022.00	24,022.00	0.00
7102 VAN BUREN	CLINTON	90,073.00	90,073.00	0.00
7104 VAN BUREN	SHIRLEY	3,933.00	4,370.00	437.00
7105 VAN BUREN	SOUTH SIDE	28,088.00	31,209.00	3,121.00
7201 WASHINGTON	ELKINS	169,402.00	169,402.00	0.00
7202 WASHINGTON	FARMINGTON	282,552.00	313,946.00	31,394.00
7203 WASHINGTON	FAYETTEVILLE	42,523.00	44,555.00	2,032.00
7204 WASHINGTON	GREENLAND	92,757.00	92,757.00	0.00
7205 WASHINGTON	LINCOLN CONSOLIDATED	153,745.00	166,728.00	12,983.00
7206 WASHINGTON	PRAIRIE GROVE	195,428.00	216,143.00	20,715.00
7207 WASHINGTON	SPRINGDALE	1,014,449.00	1,055,816.00	41,367.00
7208 WASHINGTON	WEST FORK	170,606.00	178,946.00	8,340.00
7301 WHITE	BALD KNOB	205,105.00	216,272.00	11,167.00
7302 WHITE	BEEBE	318,873.00	341,123.00	22,250.00
7303 WHITE	BRADFORD	25,608.00	25,608.00	0.00
7304 WHITE	WHITE COUNTY CENTRAL	88,382.00	94,981.00	6,599.00
7307 WHITE	RIVERVIEW	76,240.00	81,322.00	5,082.00
7309 WHITE	PANGBURN	72,805.00	72,805.00	0.00
7310 WHITE	ROSE BUD	102,730.00	102,730.00	0.00
7311 WHITE	SEARCY	128,438.00	141,852.00	13,414.00
7401 WOODRUFF	AUGUSTA	32,811.00	32,811.00	0.00
7403 WOODRUFF	MCCRORY	44,082.00	47,609.00	3,527.00
7503 YELL	DANVILLE	39,049.00	39,049.00	0.00
7504 YELL	DARDANELLE	127,949.00	127,949.00	0.00
7509 YELL	WESTERN YELL COUNTY	14,295.00	15,645.00	1,350.00
7510 YELL	TWO RIVERS	81,513.00	81,513.00	0.00
		25,671,074.00	26,717,344.00	1,046,270.00

The Participation of High Growth Districts In State Funded Programs for Academic Facilities

School District	Wealth Index	Oct 2005 Total Current Enrollment	Total 10yr Projected Enrollment	10yr % Enrollment Growth	Immediate Repair Projects			Transitional Projects			Partnership Projects		
					Total # Projects	Project Cost	State Participation	Total # Projects	Project Cost	State Participation	Total # Projects	Project Cost	State Participation
Bentonville	0.903586096	10107	17316	71.33%	0	\$0.00	\$0.00	1	\$9,409,878.20	\$762,539.49	1	\$10,500,000.00	\$860,518.00
Gentry	0.72955868	1455	2196	50.93%	3	\$359,000.00	\$97,088.43	1	\$5,947,000.00	\$405,661.98	5	\$6,585,040.00	\$2,181,927.00
Farmington	0.4403167	2039	2871	40.80%	0	\$0.00	\$0.00	0	\$0.00	\$0.00	8	\$6,069,673.00	\$4,044,064.00
Rogers	0.758239103	13063	18323	40.27%	3	\$757,000.00	\$183,013.00	5	\$2,670,185.00	\$463,081.40	6	\$64,223,000.00	\$15,161,927.00
Springdale	0.640947009	15660	21545	37.58%	0	\$0.00	\$0.00	3	\$36,569,470.29	\$8,259,655.00	11	\$17,924,486.00	\$6,029,551.00
Clarksville	0.538964194	2377	3239	36.26%	0	\$0.00	\$0.00	2	\$91,908.06	\$42,372.91	16	\$19,173,169.00	\$5,808,684.00
Siloam Springs	0.610920922	3504	4755	35.70%	3	\$492,772.00	\$191,727.28	1	\$9,906,513.00	\$116,723.72	0	\$0.00	\$0.00
Mt. Vernon/Enola	0.369383406	475	639	34.53%	3	\$216,000.00	\$136,213.18	2	\$1,891,958.97	\$733,577.37	2	\$1,125,000.00	\$709,443.00
Elkins	0.327514577	1136	1517	33.54%	5	\$1,500,558.00	\$1,009,103.38	0	\$0.00	\$0.00	0	\$0.00	\$0.00
Cabot	0.397470508	8488	11231	32.32%	2	\$1,411,410.00	\$850,416.15	3	\$6,852,702.80	\$3,264,605.26	10	\$24,720,840.00	\$13,906,634.00
Gravette	1.006493987	1662	2145	29.06%	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00
Prairie Grove	0.417631405	1594	2043	28.17%	2	\$135,000.00	\$78,619.76	0	\$0.00	\$0.00	17	\$3,078,500.00	\$1,402,658.00
Danville	0.326264606	892	1132	26.91%	1	\$132,539.00	\$89,296.22	1	\$578,315.00	\$389,631.28	2	\$5,861,376.00	\$4,108,353.00
Pottsville	0.33937417	1382	1751	26.70%	2	\$76,800.00	\$50,736.06	2	\$7,960,830.00	\$1,291,307.47	5	\$3,194,000.00	\$2,840,050.00
Greenbrier	0.371255657	2806	3297	26.52%	3	\$297,000.00	\$186,737.07	3	\$3,335,296.00	\$1,979,666.83	14	\$6,820,555.00	\$4,551,436.00
Pea Ridge	0.385680482	1302	1645	26.34%	2	\$783,000.00	\$481,012.18	1	\$5,843,250.00	\$1,412,934.89	3	\$1,579,506.00	\$1,075,240.00
Dequene	0.331980925	2098	2648	26.22%	3	\$341,138.00	\$227,886.69	0	\$0.00	\$0.00	62	\$4,919,983.00	\$2,416,692.00
Fayetteville	0.995210592	8343	10520	25.57%	1	\$58,080.00	\$38,734.45	1	\$1,503,405.58	\$938,384.43	13	\$3,746,800.00	\$12,211.00
Guy-Perkins	0.33308461	438	550	25.54%	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00
Jessieville	1.140403691	881	1106	25.11%	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00
Mayflower	0.486386841	944	1181	25.11%	0	\$0.00	\$0.00	0	\$0.00	\$0.00	2	\$2,801,240.00	\$1,513,995.00
South Side	0.397147812	508	634	24.80%	2	\$85,183.00	\$51,352.76	0	\$0.00	\$0.00	0	\$0.00	\$0.00
Hot Springs	0.879662294	3754	4678	24.61%	2	\$845,095.00	\$501,696.79	0	\$0.00	\$0.00	0	\$0.00	\$0.00
Valley View	0.555887267	1793	2198	22.59%	4	\$703,573.00	\$321,836.81	3	\$10,161,478.00	\$4,308,638.73	1	\$15,000,000.00	\$1,418,319.00
Brookland	0.485762321	1316	1613	22.57%	1	\$128,000.00	\$65,822.42	0	\$0.00	\$0.00	0	\$0.00	\$0.00
Lincoln	0.4018162	1237	1515	22.47%	2	\$1,274,835.00	\$762,585.64	1	\$5,000,000.00	\$717,820.56	2	\$547,725.00	\$281,661.00
Greene Co. Tech	0.468415485	3435	4198	22.21%	0	\$0.00	\$0.00	5	\$7,632,686.38	\$627,141.72	52	\$2,464,529.00	\$1,078,122.00
Vilonia	0.296169718	2710	3271	20.70%	3	\$1,081,000.00	\$760,840.53	5	\$1,196,951.81	\$662,161.76	6	\$466,779.00	\$322,944.00
Beebe	0.36709966	2899	3478	19.97%	0	\$0.00	\$0.00	4	\$2,618,676.78	\$1,423,055.92	11	\$1,294,805.00	\$1,520,065.00
West Fork	0.315652924	1254	1504	19.94%	5	\$1,136,692.00	\$777,891.85	0	\$0.00	\$0.00	1	\$4,500.00	\$3,080.00
Marmaduke	0.367780635	776	926	19.33%	0	\$0.00	\$0.00	0	\$0.00	\$0.00	2	\$4,701,223.00	\$2,464,879.00
Conway	0.737876972	8618	10279	19.27%	5	\$2,780,000.00	\$728,702.02	0	\$0.00	\$0.00	1	\$11,220,375.00	\$2,340,379.00
Ouachita	0.436197209	408	483	18.38%	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00
Hermitage	0.478473633	499	589	18.04%	5	\$361,231.00	\$188,391.49	3	\$828,656.00	\$415,973.60	14	\$354,729	\$185,000.53
Rose Bud	0.33291635	820	959	16.95%	3	\$918,200.00	\$612,516.21	1	\$2,953,166.00	\$1,750,776.22	2	\$396,000.00	\$264,165.00
Nemo Vista	0.28856829	463	541	16.85%	2	\$61,635.00	\$43,849.09	0	\$0.00	\$0.00	1	\$0.00	\$0.00
Hackett	0.322802927	624	727	16.51%	1	\$66,758.00	\$45,208.32	7	\$211,051.48	\$142,923.44	0	\$0.00	\$0.00
Greenland	0.460651226	873	1014	16.15%	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00
Bryant	0.563744548	6851	7956	16.13%	0	\$0.00	\$0.00	1	\$9,000,000.00	\$3,136,333.80	6	\$110,478.00	\$48,197.00
Berryville	0.497863255	1804	2087	15.69%	1	\$102,000.00	\$51,217.95	1	\$190,339.00	\$40,892.71	7	\$14,955,010.00	\$6,894,711.00
Dover	0.343340014	1439	1662	15.50%	2	\$661,452.00	\$368,683.06	0	\$0.00	\$0.00	3	\$10,182,386.00	\$6,686,367.00
Dardanelle	0.370473457	1811	2085	15.13%	2	\$102,168.00	\$64,317.47	0	\$0.00	\$0.00	3	\$5,426,200.00	\$2,646,202.00
TOTALS					73	\$13,988,119.00	\$8,565,496.26	57	\$132,293,718.35	\$29,941,255.23	290	\$259,430,150.00	\$99,176,950.53

Note:
Arkansas - 10 yr Enrollment Growth Average Percentage = 8.18%
U.S. - Age 5-19 Population Growth Percentage:
2000 - 2010 = 0.8%
2010 - 2020 = 6.7%

APPENDIX
SUMMARY OF LEGISLATION
PERTAINING TO PUBLIC SCHOOL ACADEMIC FACILITIES
FIRST EXTRAORDINARY SESSION OF 2006

I. ADMINISTRATION

6-11-131. Divisions of the Department of Education.

(a)(1) Effective July 1, 2005, the Department of Education shall consist of a central administration and the following divisions:

- (A) The Division of Fiscal and Administrative Services;
- (B) The Division of Human Resources;
- (C) The Division of Learning Services; and
- (D) The Division of Research and Technology.

(2) Effective April 11, 2006, the Division of Public School Academic Facilities and Transportation, established under § 6-21-112, shall be under the department.

(3) Effective July 1, 2007, the Division of Public School Accountability, established under § 6-15-102, shall be under the department.

(b)(1) The Division of Public School Accountability shall have such duties as provided by law.

(2) The Division of Public School Academic Facilities and Transportation shall have duties as provided by law and such responsibility and programs as may be assigned by the Commission for Arkansas Public School Academic Facilities and Transportation.

(3) The remaining divisions shall have such responsibility and programs as may be assigned to them by the Commissioner of Education.

(c)(1) Except as provided in subdivision (c)(2) of this section, each division of the department shall be under the direction, control, and supervision of the Commissioner of Education.

(2) The Division of Public School Academic Facilities and Transportation shall be under the direction, control, and supervision of the Commission for Arkansas Public School Academic Facilities and Transportation.

History. Acts 2005, No. 1672, § 3; 2006 (1st Ex. Sess.), No. 32, § 1; 2006 (1st Ex. Sess.), No. 33, § 1.

6-21-114. Commission for Arkansas Public School Academic Facilities and Transportation - Created.

(a) There is created the Commission for Arkansas Public School Academic Facilities and Transportation, which shall consist of the following:

- (1) The Director of the Department of Finance and Administration;
- (2) The Commissioner of Education; and
- (3) The President of the Arkansas Development Finance Authority.

(b)(1) The members of the commission shall meet and organize immediately after March 29, 2005. The Commissioner of Education shall be the chair of the commission.

(2)(A) The commission shall meet at least quarterly and upon the call of the chair.

(B)(i) The secretary of the commission shall be an employee of the Division of Public School Academic Facilities and Transportation assigned to the commission by the chair of the commission.

(ii) The secretary shall give members advance notice of the agenda of each meeting.

(3)(A) Two (2) members of the commission shall constitute a quorum for the purpose of transacting business.

(B) A quorum is required for any action of the commission.

(4) Members of the commission shall serve without compensation but may receive expense reimbursement in accordance with § 25-16-902.

(c) Staff support shall be provided by appropriate personnel of the Department of Finance and Administration, the Department of Education, the Arkansas Development Finance Authority, and the division.

(d) The commission shall oversee the operations of the division.

(e) The commission may:

(1) Perform any act and provide for the performance of any function necessary or desirable to carry out the purposes of the Arkansas Public School Academic Facilities Program and any other related program;

(2)(A) Adopt, amend, and rescind rules as necessary or desirable for the administration of the Arkansas Public School Academic Facilities Program and any other related program.

(B) The commission shall report to the Subcommittee on Administrative Rules and Regulations of the Legislative Council in a manner consistent with § 10-3-309 on the adoption, amendment, rescission, or repeal of any proposed rule related to the administration of the Arkansas Public School Academic Facilities Funding Act, § 6-20-2501 et seq., the Arkansas Public School Academic Facilities Program Act, § 6-21-801 et seq., or any other related program; and

(3) Contract with, retain the services of, or designate and fix the compensation of consultants, advisors, architects, engineers, and other independent contractors as may be necessary or desirable to carry out the Arkansas Public School Academic Facilities Program or any related program.

APPENDIX

Summary of Legislation Pertaining to Public School Academic Facilities
First Extraordinary Session of 2006

(f) The commission shall report annually on its activities to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Governor, the House Interim Committee on Education, the Senate Interim Committee on Education, the State Board of Education, and the Academic Facilities Oversight Committee.

History. Acts 2005, No. 1327, § 2; 2006 (1st Ex. Sess.), No. 32, § 2; 2006 (1st Ex. Sess.), No. 33, § 2.

6-21-115. Name of division - Operation - Director.

(a) The division established under § 6-21-112 shall be known as the Division of Public School Academic Facilities and Transportation of the Department of Education.

(b)(1) The division shall operate under the direction, control, and supervision of the Commission for Arkansas Public School Academic Facilities and Transportation.

(2) The division shall not operate under the direction, control, and supervision of the State Board of Education.

(c) The director of the division shall be selected by the commission and shall serve at the pleasure of the commission.

History. Acts 2005, No. 1672, § 5; 2006 (1st Ex. Sess.), No. 32, § 3; 2006 (1st Ex. Sess.), No. 33, § 3.

II. FUNDING

A. 9% DEDICATED TO MAINTENANCE AND UTILITIES

6-10-120. Adequate and equitable public education system.

The General Assembly finds:

(1) It is the duty of the state of Arkansas to provide a general, suitable, and efficient system of free public schools to the children of the state, under Arkansas Constitution, Article 14, § 1;

(2) The General Assembly is obligated to ensure the provision of an adequate and equitable system of education;

(3) The House Interim Committee on Education and Senate Interim Committee on Education conducted hearings in 2006 after the 2005 Arkansas Supreme Court decision in *Lake View School District v. Huckabee*, 01-836 (Ark. 12-15-2005);

(4) The Eighty-fifth General Assembly, in the First Extraordinary Session of 2006, implemented revisions to Arkansas law recommended by the House Interim Committee on Education and the Senate Interim Committee on Education based on the committees' findings following the 2006 hearings; and

APPENDIX

Summary of Legislation Pertaining to Public School Academic Facilities
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(5) The acts passed upon the recommendation of the House Interim Committee on Education and the Senate Interim Committee on Education result in a system of public education that is adequate and equitable.

History. Acts 2006 (1st Ex. Sess.), No. 19, § 1.

6-21-803. Definitions.

As used in this subchapter:

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

(B) A public school building or space, including related areas such as the physical plant and grounds, used for an extracurricular activity or an organized physical activity course as defined in § 6-16-137 shall not be considered an academic facility for the purposes of this subchapter to the extent that the building, space, or related area is used for extracurricular activities or organized physical activities courses, except for physical educational training and instruction under § 6-16-132.

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

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

(2) "Annexation" means the joining of an affected school district or part of the school district with a receiving district under § 6-13-1401 et seq.;

(3) "Consolidation" means the joining of two (2) or more school districts or parts of the districts to create a new single school district under § 6-13-1401 et seq.;

(4) "Custodial activities" means routine and renovation cleaning activities related to the daily operations and upkeep of a public school facility, including related supervisory and management activities;

(5) "Facilities distress status" means a public school district determined by the Division of Public School Academic Facilities and Transportation as being in academic facilities distress status under this subchapter;

(6) "Facilities improvement plan" means a remedial plan developed by a school district for a public school or school district identified as being in academic facilities distress that supplements the school district's facilities master plan by:

(A) Identifying specific interventions and actions the public school or school district will undertake in order to correct deficient areas of practice

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with regard to custodial, maintenance, repair, and renovation activities with regard to academic facilities in the school district; and

(B) Describing how the school district will remedy those areas in which the school district is experiencing facilities distress, including the designation of the time period by which the school district will correct all deficiencies that placed the school district in facilities distress status;

(7) "Facilities master plan" means a ten-year plan developed by a school district that contains:

(A) Current enrollment projections;

(B) The school district's strategy for maintaining, repairing, renovating, and improving through new construction or otherwise the school district's academic facilities and equipment; and

(C) Other information as required by law;

(8) "Foundation funding" means the same as in § 6-20-2303;

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

(10) "Maintenance, repair, and renovation" means any activity or improvement to a public school facility that:

(A) Maintains, conserves, or protects the state, condition, or efficiency of the public school facility; or

(B) Brings the state, condition, or efficiency of the public school facility up to the facility's original condition of completeness or efficiency;

(11)(A) "New construction" means any improvement to an academic facility and, if necessary, related areas such as the physical plant and grounds that brings the state, condition, or efficiency of the academic facility to a state of condition or efficiency better than the academic facility's original condition of completeness or efficiency.

(B) "New construction" includes a new addition to an existing academic facility and construction of a new academic facility;

(12) "Project" means an undertaking in which a school district engages in:

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

(B) New construction of an academic facility; or

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

(13) "Public school facility" means any public school building or space, including related areas such as the physical plant and grounds, that is used for any purpose, including, without limitation:

(A) An extracurricular activity;

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137; (B) An organized physical activity course as defined in § 6-16-

(C) Prekindergarten education;
(D) District administration; or
(E) Delivery of instruction to public school students that is an integral part of an adequate education as described in § 6-20-2302;

(14) "Reconstitution" means the reorganization of the administrative unit or the governing school board of a school district, including, but not limited to, the replacement or removal of a current superintendent or the removal or replacement of a current school board, or both;

(15) "School district" means a geographic area with an elected board of directors that qualifies as a taxing unit for purposes of ad valorem property taxes under § 26-1-101 et seq. and which board conducts the daily affairs of public schools under the supervisory authority vested in it by the General Assembly and § 6-1-101 et seq.; and

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

History. Acts 2005, No. 1426, § 1; 2006 (1st Ex. Sess.), No. 19, § 4.

6-21-804. Arkansas Public School Academic Facilities Program.

(a) The Division of Public School Academic Facilities and Transportation shall develop a comprehensive Arkansas Public School Academic Facilities Program that includes the following components:

(1) An Academic Facilities Master Plan Program that establishes a process by which:

(A) Each school district develops and submits a facilities master plan for review and approval by the division; and

(B) The division develops a comprehensive state master plan for managing state financial participation in local academic facilities projects across the state;

(2) A Public School Facilities Custodial, Maintenance, Repair, and Renovation Manual that contains uniform standards to direct custodial, maintenance, repair, and renovation activities in public school facilities;

(3) A Public School Academic Facilities Manual that contains uniform standards to guide the planning, design, and construction of new academic facilities and additions to existing academic facilities;

(4) A Public School Academic Equipment Manual that contains uniform standards for technology systems, instructional materials, and related

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academic equipment determined to be necessary for a public school to provide an adequate education as described in § 6-20-2302; and

(5) An Academic Facilities Distress Program to assist school districts that are unable to conserve and protect their academic facilities in accordance with this subchapter and rules adopted by the Commission for Arkansas Public School Academic Facilities and Transportation.

(b) The commission shall promulgate rules necessary to administer the Arkansas Public School Academic Facilities Program, all its component and related programs, and the provisions of this subchapter, which shall promote the intent and purposes of this subchapter and assure the prudent and resourceful expenditure of state funds with regard to public school academic facilities throughout the state.

History. Acts 2005, No. 1426, § 1; 2006 (1st Ex. Sess.), No. 19, § 5.

6-21-806. Academic Facilities Master Plan Program - School districts.

(a) The Academic Facilities Master Plan Program shall require each school district to:

(1) Develop a ten-year districtwide facilities master plan that shall be approved by the school district's board of directors for submission to and approval by the Division of Public School Academic Facilities and Transportation;

(2) Base its facilities master plan on the provisions of the Public School Academic Facility Manual as adopted by the Commission for Public School Academic Facilities and Transportation and on priorities indicated by statewide assessment and other pertinent data specific to the needs of the school district with regard to academic facilities and equipment;

(3) Present a draft of the school district's facilities master plan in a public hearing in the same locality as the school district and take public comments;

(4) Submit evidence of the school district's insurance coverage to the division by July 1, 2006, including coverage amounts, types of coverage, identification of buildings covered, policy renewal dates, and all riders;

(5) Submit the school district's facilities master plan with a summary of comments made at public hearing to the division by February 1 of each even-numbered year; and

(6) Submit a report to the division by February 1 of each odd-numbered year that includes a description of all projects completed in the school district since the submission of the school district's most recent facilities master plan, the school district's current enrollment projections, new or continuing needs of the school district with regard to academic facilities and equipment, and an accounting of any changes in the school district's insurance coverage from the most recent submission.

(b) A facilities master plan shall include, at a minimum, the following:

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(1) A schedule of custodial activities for each public school facility used by a school district;

(2) A schedule of maintenance, repair, and renovation activities for each public school facility used by a school district. The schedule shall distinguish between work associated with academic facilities and work associated with nonacademic public school facilities;

(3) Documentation that describes preventive maintenance work for each public school facility and identifies the completion date of the work. The documentation shall distinguish between preventive maintenance work associated with academic facilities and preventive maintenance work associated with nonacademic public school facilities;

(4)(A) Annual expenditures of the school district for all custodial, maintenance, repair, and renovation activities in the school district.

(B) The section of the facilities master plan pertaining to the annual expenditures under subdivision (b)(4) of this section shall distinguish between expenditures associated with academic facilities and expenditures associated with nonacademic public school facilities;

(5) A projected replacement schedule for major building systems in each academic facility;

(6) The school district's plan for caring for and maintaining technology systems, instructional materials, and related academic equipment in each academic facility;

(7) A projected replacement schedule for technology systems, instructional materials, and related academic equipment;

(8) Identification of issues with regard to public school facility and program access to individuals with disabilities and, if necessary, proposed methods for improving access;

(9)(A) Identification of committed projects within the school district that includes, as applicable, a breakdown of the portion of each project into maintenance, repair, and renovation activities and new construction activities.

(B) The portion of a committed project pertaining to maintenance, repair, and renovation activities shall identify, as applicable, maintenance, repair, and renovation activities associated with academic facilities and maintenance, repair, and renovation activities associated with nonacademic public school facilities;

(10) Annual expenditures of the school district for capital outlay;

(11) A description of planned new construction projects with cost estimates for each public school facility within the school district and needs prioritized as follows:

(A) Immediate needs that the school district intends to address within three (3) years following the submission of the facilities master plan;

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(B) Short-term needs that the school district intends to address within the four (4) to six (6) years following the submission of the facilities master plan; and

(C) Long-term needs that the school district intends to address within the seven (7) to ten (10) years following the submission of the facilities master plan; and

(12) Evidence of the school district's insurance coverage, including coverage amounts, types of coverage, identification of public school facilities covered, policy renewal dates, and all riders.

(c)(1) The division shall establish procedures and timelines for a school district to submit a preliminary facilities master plan or a master plan outline to the division before the submission of the school district's final facilities master plan.

(2) The preliminary master plan or master plan outline shall form the basis for a consultation meeting between representatives of the district and members of the division.

(3) As soon as practicable after submission of the preliminary master plan or master plan outline, the division shall hold the consultation meeting with the school district to:

(A) Assure understanding of the general goals of this subchapter and the criteria by which projects will be evaluated;

(B) Discuss ways the facilities master plan may be structured to meet the goals of this subchapter;

(C) Assist districts to prepare accurate budgets and reasonable project schedules; and

(D) Provide for efficiency and productivity in the approval process for local academic facilities projects and state financial participation in local projects.

(d)(1)(A) The division shall review and approve a school district's facilities master plan no later than May 1, 2006, with regard to academic facilities projects for which a school district intends to apply for state financial participation during fiscal year 2006-2007.

(B) The division shall notify a school district no later than July 1, 2006, that the school district's application for state financial participation during fiscal year 2006-2007 in an eligible new construction project has been approved.

(2) Except as provided in subdivision (d)(1) of this section, the division shall review and approve a school district's facilities master plan no later than September 1 of each even-numbered year and shall notify a school district no later than May 1 of each odd-numbered year that the school district's application for state financial participation during the upcoming biennium in an eligible new construction project has been approved.

History. Acts 2005, No. 1426, § 1; 2006 (1st Ex. Sess.), No. 19, § 6.

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6-21-808. Public School Facilities Custodial, Maintenance, Repair, and Renovation Manual.

(a) The purposes of the Public School Facilities Custodial, Maintenance, Repair, and Renovation Manual and this section are to:

(1) Provide for the long-term conservation and protection of public school facilities;

(2) Eliminate the deterioration of existing and future public school facilities;

(3) Provide a safe and healthy environment for students, teachers, administrators, and staff of the public schools; and

(4) Provide for the efficient use of state and local funds in support of academic facilities in each school district in the state.

(b)(1) The manual shall contain standards for custodial operations related to public school facilities.

(2) Standards for custodial operations in public school facilities shall include the following:

(A) The required contents of a custodial care plan;

(B) A suggested schedule for routine care and renovation cleaning;

(C) Levels of personnel necessary to perform custodial operations;

(D) Training criteria for the use and storage of supplies and equipment, with emphasis given to chemical right-to-know, indoor air quality, and other applicable standards;

(E) Supplies and equipment necessary to perform custodial operations, including space standards for the proper storage of supplies and equipment;

(F) In-service training opportunities for custodial personnel;

(G) Designation of routine duties; and

(H) Designation of renovation cleaning duties.

(c)(1) The manual shall contain standards for maintenance, repair, and renovation activities related to public school facilities.

(2) Standards for maintenance, repair, and renovation activities in public school facilities shall include the following:

(A) The required contents of a preventive maintenance plan, which shall include guidelines for:

(i) Scheduling preventive maintenance activities for public school facilities; and

(ii) Preparing and retaining documentation that describes preventive maintenance work related to public school facilities and identifies the completion date of the work;

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(B) Development and implementation of a work-request system to allow others to inform a public school's maintenance department of needs and to allow the responsible person to prioritize responses;

(C) Levels of personnel necessary to perform maintenance operations;

(D) Training criteria for maintenance personnel with regard to:
(i) School policies;
(ii) Safety procedures;
(iii) Use of specialized equipment;
(iv) Compliance with federal, state, county, and municipal laws and regulations impacting public school facilities and equipment; and
(v) Other applicable areas;

(E) In-service training opportunities for maintenance personnel;

(F) Inspection, cleaning, servicing, and repair of heating, ventilation, and air-conditioning systems;

(G) Inspection and repair of:
(i) Electrical systems;
(ii) Hot water boilers and heaters;
(iii) Fire alarms;
(iv) Fire extinguishers and kitchen hood vent suppression systems;

(v) Emergency lighting and exit light fixtures;
(vi) Elevators and wheelchair lifts;
(vii) Plumbing;
(viii) Roofs;
(ix) Stairwell areas;
(x) Interior and exterior lighting;
(xi) Doors and windows;
(xii) Floor coverings;
(xiii) Masonry and concrete building exteriors;
(xiv) Interior and exterior finishes;
(xv) Kitchen equipment;
(xvi) Sidewalks, driveways, parking areas, and paved play areas; and

(xvii) Parking lots, handicap parking spaces, driveways, fire and emergency vehicle zones, and bus and car loading and unloading areas;

(H) Inspection and repair and servicing of fire sprinkler systems;

(I) Maintenance of a pest control program;

(J) Inspection of playground equipment; and

(K) Grounds maintenance.

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(d)(1)(A) Each school district shall dedicate nine percent (9%) of its foundation funding exclusively to payment of utilities and costs of custodial, maintenance, repair, and renovation activities, which include related personnel costs, for public school facilities.

(B)(i) If any amount of the dedicated nine percent (9%) is unspent at the end of the school district's fiscal year, the funds shall carry over, and the school district shall transfer the remaining amount into a public school facilities escrow account.

(ii) A school district may use funds from its public school facilities escrow account in any fiscal year for payment of utilities and costs of custodial, maintenance, repair, and renovation activities, which include related personnel costs, for public school facilities.

(iii) If a school district wants to use funds from its public school facilities escrow account for new construction, the school district shall apply to the Division of Public School Academic Facilities and Transportation for its approval. If the division authorizes the release of funds from the school district's public school facilities escrow account and approves the new construction, the school district may use the funds as authorized by the division.

(2)(A) A school district is not required to use funds in its public school facilities escrow account for new construction.

(B)(i) New construction shall be funded by local resources, which may include funds in the school district's public school facilities escrow account if approved by the division.

(ii) In addition, new construction may be eligible for state financial participation.

History. Acts 2005, No. 1426, § 1; 2006 (1st Ex. Sess.), No. 19, § 7.

B. DOOMSDAY PROVISION

19-5-1227. Educational Adequacy Fund.

(a) There is created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a fund to be known as the "Educational Adequacy Fund".

(b) After the Treasurer of State has made deductions from the revenues under § 19-5-203(b)(2)(A), the Educational Adequacy Fund shall consist of:

(1) All net revenues collected due to enactments of the Eighty-Fourth General Assembly meeting in Second Extraordinary Session, unless a different distribution of those additional net revenues is otherwise provided in the act creating those additional net revenues;

(2) The revenues credited to the Educational Adequacy Fund under § 26-54-113(b)(2);

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(3) The revenues generated by §§ 26-52-302(d), 26-53-107(d), 26-52-316, and 26-57-1002(d)(1)(A)(ii); and

(4) Other revenues as provided by law.

(c)(1) The Chief Fiscal Officer of the State will determine, from time to time, the amount of funds required from the Educational Adequacy Fund which, when added to other resources available to the Department of Education Public School Fund Account of the Public School Fund and the Department of Education Fund Account of the Education Fund, is needed to fulfill the financial obligation of the state to provide an adequate educational system as authorized by law and shall certify the amounts to the Treasurer of State.

(2) At the end of each month, the Treasurer of State shall transfer all moneys available from the Educational Adequacy Fund to the Department of Education Public School Fund Account of the Public School Fund and to the Department of Education Fund Account of the Education Fund until the sum of all transfers from the Educational Adequacy Fund equal the amounts determined in subdivision (c)(1) of this section, there to be used as determined by law.

(d) In the event the Chief Fiscal Officer of the State determines that the transfers from the Educational Adequacy Fund, when added to the other resources available to the Department of Education Public School Fund Account of the Public School Fund, are not sufficient to meet the state's financial obligation to provide an adequate educational system as authorized by law, the additional amount required shall be transferred from the other funds and fund accounts, except the Educational Facilities Partnership Fund Account, within §§ 19-5-402(a) and 19-5-404(a) based upon the proportion that each of the remaining fund and fund accounts, excluding the Educational Facilities Partnership Fund Account, bears to the total of the remaining funds and fund accounts in §§ 19-5-402(a) and 19-5-404(a).

History. Acts 2003 (2nd Ex. Sess.), No. 94, § 5; 2003 (2nd Ex. Sess.), No. 107, § 11; 2003 (2nd Ex. Sess.), No. 108, § 1; 2005, No. 2131, § 35; 2006 (1st Ex. Sess.), No. 20, § 10.

C. RESPONSE TO IMPACT OF ACADEMIC FACILITIES WEALTH INDEX

1. BONDED INDEBTEDNESS

6-20-402. Limitation on current indebtedness - Postdated warrants and installment contracts - Liability.

(a)(1)(A) The amount of obligations incurred by a school district for any school fiscal year shall not be in excess of the revenue receipts of the district for that year except as provided in this section and in § 6-20-801 et seq.

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(B) A school district or charter school may enter into public-private partnerships whereby the school district or charter school enters into a lease-purchase agreement for the acquisition or construction of a school building or related facilities or acquired by the private entities with facilities bonds exempt from federal taxes under 26 U.S.C. § 142(a)(13), as in existence on January 1, 2003, or otherwise exempt under 26 U.S.C. § 103, as it existed on January 1, 2005.

(2) A school district may issue postdated warrants or enter into installment contracts or short-term lease-purchase agreements for the following purposes:

(A) Purchase of school buses;

(B) Payment of premiums of insurance policies on school buildings, facilities, and equipment in instances in which the insurance coverage extends three (3) years or longer;

(C)(i) Purchase of equipment.

(ii) However, "purchase of equipment" does not include separate equipment service agreements, equipment repair contracts, or extended warranties for the equipment;

(D) Installation or purchase, or both, of energy conservation measures in school facilities;

(E) Construction, repair, and renovation of school facilities;

(F) Purchase of school sites;

(G) Payment on loans secured for settlement resulting from litigation against a school district;

(H) Payment of the district's pro rata part of employing professional appraisers as authorized by laws providing for the appraisal or reappraisal and assessment of property for ad valorem tax purposes; and

(I) The professional development and training of teachers or other programs authorized under the federally recognized Qualified Zone Academy Bond Program codified at 26 U.S.C. § 1397E.

(3) School districts may issue postdated warrants or enter into installment contracts or lease purchase agreements in an amount sufficient to accomplish the purposes listed in subdivision (a)(2) of this section and to pay the costs of issuing the postdated warrants or entering into the installment contracts or lease purchase agreements.

(b)(1)(A) Except as provided in subdivisions (b)(1)(B) and (C) of this section, a postdated warrant, a short-term lease-purchase agreement, or an installment contract must be paid within ten (10) of the date of issuance of the postdated warrant or the execution of the written lease-purchase agreement or installment contract, as the case may be.

(B)(i) A school district's acquisition of energy conservation measures under § 6-20-405 may be financed by the school

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district over a twenty-year period after the execution by the school district of the postdated warrant, lease-purchase agreement, or installment contract.

(ii) However, no financing shall exceed the reasonably expected useful life of the energy facilities or equipment subject to the energy savings contract in favor of either a qualified provider or a third-party financing company designated by a qualified provider.

(C) A long-term lease agreement allowed under subdivision (a)(1)(B) of this section:

(i) Shall be paid within thirty (30) years of the date of the execution of the written lease-purchase agreement; and

(ii)(a) May contain a provision allowing the school district an option to terminate the agreement at the end of any fiscal year for the school district.

Any long-term lease containing an option to terminate at the end of a fiscal year shall not be included in the calculation of the debt ratio applicable to that school district.

(2) Any long-term lease allowed under subdivision (a)(1)(B) of this section that does not contain an option to terminate at the end of the fiscal year shall be included in the calculation of the debt ratio applicable to that school district.

(iii) All school buildings or related facilities shall comply with the requirements of the Arkansas School Facility Manual in effect at the time the lease became effective.

(D)(i) A school district may sublease a portion of a school building or facility whenever that building or facility is not being used for educational purposes.

(ii) Rent received from a sublease:

(a) Shall be deposited in the school district's general fund; and

(b) May be used for any operational or capital purpose.

(E) Postdated warrants, lease-purchase agreements, and installment contracts must be registered on forms provided or approved by the State Board of Education with the treasurer of the district and the board.

(2)(A) Each lease-purchase agreement and installment contract must have attached thereto a schedule of the rent or installments to be paid, showing:

(i) The payee and any assignee;

(ii) The school district;

(iii) The purpose of the purchase or payment;

(iv) The due date of each installment; and

(v) The amount of principal and interest of each installment and the fiscal year in which the installment is to be paid.

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(B) A copy of each contract and of the schedule of payments shall be filed with the treasurer of the district and with the state board, and when so filed, each installment may be paid as it becomes due.

(3)(A) Except as provided in subdivision (b)(3)(B) of this section, the unpaid principal amount of postdated warrants issued and installment contracts and lease-purchase agreements entered into shall be a part of the total debt of the district as limited by § 6-20-803 with the district fiscal officer and his or her surety liable for exceeding the limitations.

(B) The unpaid principal amount of postdated warrants, lease-purchase agreements, or installment contracts entered into in connection with a guaranteed energy savings contract under § 6-20-405 shall not be a part of the total debt of the district.

(4) A copy of any guaranteed energy savings contract that is executed in connection with the acquisition, installation, or construction of energy conservation measures under this section shall be filed with the Department of Education.

(5) Payments by a school district pursuant to postdated warrants, installment contracts, and lease-purchase agreements shall be charged against the budget of the school fiscal year in which they become due and shall be paid out of the revenue receipts for that fiscal year.

(6) All warrants issued or installment contracts and lease-purchase agreements entered into in excess of the revenue of a school district for a school fiscal year are null and void except as provided in this section.

(7) It shall be the duty of the school fiscal officer to indicate on each school district warrant or on the schedule of payments attached to a written installment contract or lease-purchase agreement the school year's revenues against which the obligation was incurred and is to be paid. It shall be unlawful for the school fiscal officer to issue a school district warrant or to enter into an installment contract or lease-purchase agreement the installments for which are to be charged against the revenues of a school year if the obligation thereof was incurred in a different school year except as otherwise authorized in this section.

(8) The school fiscal officer may comply with the provisions of this section by indicating on each warrant or schedule of payments attached to any installment contract or lease-purchase agreement the school year's revenues against which each payment is to be charged, or he or she may use a warrant of a distinct color for a particular year and shall advise the county treasurer, if the county treasurer serves as the school district treasurer, in writing of the color of warrant being used for credit against the revenues of a particular year.

(9) The county treasurer, or the district treasurer if the school district has its own treasurer, and his or her surety shall be jointly liable with the school fiscal officer and his or her surety for the payment of any school

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warrant or payment on a contract or agreement that is charged against the revenues of a school year if the amount thereof is in excess of the revenue receipts of the district for the school year against which the school fiscal officer has indicated the payment is to be charged or if he or she approved the payment with knowledge that the payment is being charged by the school fiscal officer against the revenues of another school year in violation of this section.

(10) It is the purpose and intent of this section to place primary responsibility on the school fiscal officer and his or her surety for compliance with the provisions of this section and to make the county treasurer, or district treasurer if the school district has its own treasurer, and his or her surety liable for any payment on a warrant, contract, or agreement drawn in violation of this section when the amount of the payment exceeds the revenue receipts of the district for the school year against which it is charged as indicated on the warrant, contract, or agreement or when the county treasurer approves a payment with the knowledge that it is in payment of an obligation of a different school year as prohibited in this section.

(c)(1) A school district may refinance one (1) or more outstanding postdated warrants, lease-purchase agreements, or installment contracts and pay the usual, customary, and reasonable costs of the refinancing by issuing one (1) postdated warrant, lease-purchase agreement, or installment contract if the refinancing:

(A)(i) Results in a net savings to the school district.

(ii) A net savings results if the outstanding principal balance plus the remaining interest payments and any early call penalties is greater than the new principal balance plus the total interest to be paid and the cost of the refinancing of the outstanding postdated warrant, lease-purchase agreement, or installment contract;

(B) Does not extend the term of the postdated warrant, lease-purchase agreement, or installment contract more than five (5) years beyond the term of the existing individual outstanding postdated warrants, lease-purchase agreements, or installment contracts, and if the original term together with any extension does not exceed ten (10) years;

(C) Does not increase the outstanding debt owed by the school district under the existing outstanding postdated warrants, lease-purchase agreements, or installment contracts except to the extent necessary to cover usual, customary, and reasonable costs of issuance of the new refunding postdated warrant, lease-purchase agreement, or installment contract and except to the extent necessary for new financing as authorized by subsection (a) of this section;

(D)(i) Except as allowed under subdivision (D)(ii) of this section, the outstanding postdated warrants, lease-purchase agreements, or installment contracts have not been previously refinanced.

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(ii) Any outstanding postdated warrants, lease-purchase agreements, or installment contracts may be refinanced more than one (1) time if:

(a) The school district realizes a savings from the refinancing;

(b) The term of the debt obligation is not extended; and

(c) The refinancing does not increase the total debt obligation of the school district; and

(E) The school district obtains the prior written approval of the department to refinance one (1) or more outstanding postdated warrants, lease-purchase agreements, or installment contracts.

(2) The state board may promulgate rules and regulations as necessary to implement subdivision (c)(1) of this section.

(d)(1) A school district may incur current indebtedness and issue its notes or other evidence thereof as provided in this subsection.

(2) All current indebtedness incurred in a fiscal year shall mature on or before December 31 of the calendar year in which the fiscal year ends.

(3) Current indebtedness is not included in the term "bonded indebtedness" and shall not be considered a part of the total debt of a district as limited by § 6-20-803.

(4) Current indebtedness shall be payable from and may be secured by a pledge of all or any part of the revenue receipts of the issuing district for the fiscal year in which the debt is incurred.

(5) The amount of obligations incurred by a school district for any school fiscal year, including current indebtedness, shall not be in excess of the revenue receipts of the district for that year except as expressly authorized in subsection (a) of this section.

(e)(1)(A)(i) Except as provided in subdivision (e)(1)(B) of this section, as additional security for the payment of any postdated warrant, installment contract, lease-purchase agreement, or current indebtedness of a school district authorized under subdivision (a)(2) of this section, the district may authorize the state board to cure any delinquencies of the school district by withholding state foundation funding due the district.

(ii) Authorization shall be given by the school district at the time that the postdated warrant, installment contract, or lease-purchase agreement is issued or the current indebtedness authorized under subdivision (a)(2) of this section is incurred and shall be given in the manner and in the form that the state board shall prescribe.

(B) A school district may not authorize the state board to cure and the state board shall not cure any delinquencies of the district in

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contracts or extended warranties on equipment by withholding state foundation funding due the district.

(2)(A) If a school district has authorized withholding of its state foundation funding under subdivision (e)(1)(A) of this section and the school district has failed to pay the payee or paying agent amounts due under a postdated warrant, installment contract, or lease-purchase agreement described in subdivision (a)(2) of this section, the payee or paying agent shall be entitled to payment from the school district's withheld state foundation funding if the payee or paying agent:

(i) Obtains a final judgment establishing the payee's or paying agent's right to payment from the school district under a postdated warrant, installment contract, or lease-purchase agreement described in subdivision (a)(2) of this section; and

(ii) Submits a written request for payment of the amount of the unpaid judgment and a certified copy of the final judgment to the Commissioner of Education and the superintendent of the school district.

(B)(i) Except as provided in subdivision (e)(1)(B) of this section, unless the superintendent of the school district certifies in writing to the commissioner that payment has been made by the district to the payee or the paying agent and the judgment has been paid in full, the commissioner shall withhold from the next distribution to the school district of state foundation funding and remit to the payee or paying agent an amount sufficient to pay the judgment amount.

(ii) If the amount withheld under subdivision (e)(1)(B)(i) is insufficient to pay the judgment in full, the commissioner shall continue withholding subsequent distributions of state foundation funding to the school district until the superintendent certifies to the commissioner that the judgment is paid in full.

(3) In the event that the amount next due to be distributed to the delinquent district is not sufficient to cure the delinquency, the commissioner shall continue to withhold state aid as due and remit it to the payee or paying agent until the payment deficiency has been cured.

(4) If the commissioner is notified that a district is delinquent on two (2) or more obligations for which a district has authorized withholding of state aid to cure a delinquency, the commissioner shall make payment to payees or paying agents in the order of receipt of notices of the delinquencies.

(f) If the state board withholds state aid from a school district pursuant to subsection (e) of this section, the school district shall be classified as a Phase III school district in distress as described in § 6-20-1609 [repealed].

(g) Any duties required of any officer of the state pursuant to subsection (e) of this section shall be only ministerial in nature and shall in no

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way transfer any liability of the debtor to the state or any agency or any officer thereof.

(h) The rate of interest on postdated warrants, installment contracts, lease-purchase agreements, and current indebtedness shall not exceed the maximum interest rate for school bonds as determined under § 6-20-1206.

History. Acts 1939, No. 194, § 3; 1949, No. 150, § 2; 1969, No. 76, § 1; 1977, No. 494, § 1; 1981, No. 550, § 1; 1983, No. 438, § 1; 1985, No. 223, § 1; A.S.A. 1947, § 80-1003; Acts 1989, No. 105, §§ 2, 3; 1991, No. 401, § 15; 1993, No. 314, § 2; 1995, No. 233, § 11; 1997, No. 962, §§ 2, 3; 1997, No. 1265, § 1; 1997, No. 1329, § 2; 2001, No. 1220, §§ 8-10; 2003, No. 840, § 1; 2003, No. 1754, §§ 1, 2; 2003 (2nd Ex. Sess.), No. 58, §§ 1, 2; 2005, No. 1866, § 1; 2005, No. 2005, § 1; 2005, No. 2121, §§ 12, 23; 2005, No. 2156, § 2; 2005, No. 2177, § 1; 2006 (1st Ex. Sess.), No. 22, §§ 1-3; 2006 (1st Ex. Sess.), No. 23, §§ 1-3.

6-20-803. Loans to local school districts.

The maximum amount of money a local school district may borrow from the Revolving Loan Fund shall be five hundred thousand dollars (\$500,000).

History. Acts 1987, No. 552, § 1; 1995, No. 913, § 1; 2006 (1st Ex. Sess.), No. 22, § 4; 2006 (1st Ex. Sess.), No. 23, § 4.

6-20-1202. Limitations of bonded indebtedness - Conversion of authorized bond issues.

(a) For acquiring a building site, building or equipping a new school building, repairing, making additions to, or equipping a present school building, purchasing new or used school buses or refurbishing school buses, or the professional development and training of teachers or other programs authorized under the federally recognized qualified zone academy bond program codified at 26 U.S.C. § 1397E, any school district of the State of Arkansas is authorized to borrow money and issue negotiable bonds for the repayment thereof from school funds.

(b) Subsection (a) of this section shall not prohibit the conversion of authorized bond issues to bonds bearing a lower rate of interest, subject to the approval of the Commissioner of Education, upon such terms that the district shall receive no less and pay no more in principal and interest combined than it would receive and pay in principal and interest combined if the bonds were not converted.

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History. Acts 1947, No. 84, § 1; 1949, No. 161, § 1; 1961, No. 38, § 1; 1969, No. 158, § 1; 1975, No. 596, § 1; 1979, No. 460, § 1; 1981, No. 661, § 1; A.S.A. 1947, § 80-1102; Acts 1991, No. 405, § 2; 1993, No. 486, §§ 1, 2; 1995, No. 619, §§ 1, 2; 2001, No. 1214, § 1; 2001, No. 1220, § 16; 2006 (1st Ex. Sess.), No. 22, § 5; 2006 (1st Ex. Sess.), No. 23, § 5.

2. EXTRAORDINARY CIRCUMSTANCES PROGRAM

6-20-2514. Academic Facilities Extraordinary Circumstances Program.

(a) The General Assembly finds that:

(1) In *Lake View School District v. Huckabee*, 01-836 (Ark. 12-15-2005), the Arkansas Supreme Court raised concerns that some school districts might not receive any state financial assistance with academic facilities projects because the districts might not have sufficient resources to qualify for state funds under the Arkansas Public School Academic Facilities Funding Act, § 6-20-2501 et seq., which requires a local contribution based on the relative wealth of the district;

(2) During the 2006 hearings conducted by the House Interim Committee on Education and Senate Interim Committee on Education after the 2005 Arkansas Supreme Court decision in the Lake View matter, no school district came forward to testify that the district will be unable to adequately repair, renovate, or construct school buildings;

(3) The contention in subdivision (a)(1) of this section, while not without merit as a theory, has not been substantiated. Therefore, the implementation and funding of a program to provide additional state financial assistance to school districts with limited resources is premature; and

(4) While implementation and funding may be premature, the development of a program to provide state financial assistance to eligible school districts that do not have sufficient means to contribute an amount of local resources necessary to qualify for state financial participation should be initiated immediately.

(b)(1) The Commission for Arkansas Public School Academic Facilities and Transportation shall develop by rule the Academic Facilities Extraordinary Circumstances Program under which the Division of Public School Academic Facilities and Transportation shall provide state financial assistance to eligible school districts that do not have sufficient means to contribute an amount of local resources necessary to qualify for state financial participation under the Academic Facilities Partnership Program, § 6-20-2507, or the Academic Facilities Catastrophic Program, § 6-20-2508.

(2) At a minimum, eligibility criteria for the program shall address:

(A) School districts with declining enrollment;

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(B) School districts with rapid enrollment growth;
(C) School districts with insufficient bonding capacity;
(D) School districts with low assessed-property valuations;
(E) School districts at or above the ninety-fifth percentile on the academic facilities wealth index; and
(F) Any other circumstance deemed extraordinary by the division.

(3) At a minimum, the application process for the program shall require a school district to provide the division with evidence of:

(A) The estimated cost of the project;
(B) The amount of local resources available to contribute to the project;
(C) The amount and availability of funds from school district fund balances;
(D) The amount and availability of other public or private assistance;
(E) Effort made by the school district and the local community to develop and provide local resources;
(F) How state financial participation, if granted, will support the prudent and resourceful expenditure of state funds and will improve the school district's ability to deliver an adequate and equitable education to public school students in the district.

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

History. Acts 2006 (1st Ex. Sess.), No. 34, § 1; 2006 (1st Ex. Sess.), No. 35, § 1.

3. FUND BALANCES

6-20-2202. Budget and expenditure report.

(a)(1) The board of directors of each school district, open-enrollment charter school, and education service cooperative shall annually prepare a budget of expenditures and receipts that shall be filed with the Department of Education by September 15 of each year pursuant to this subchapter.

(2) Each budget shall be approved by the board of directors of each school district, open-enrollment charter school, and education service cooperative at a legally held meeting and shall be signed by the president of the board and the ex officio financial secretary of each school district, open-enrollment charter school, and education service cooperative. The budget shall

contain the information and be prepared in an electronic format prescribed by the department governing financial accounting for Arkansas school districts, open-enrollment charter schools, and education service cooperatives.

(3)(A) The electronic format required by the department shall be available for completion by school districts, open-enrollment charter schools, and educational service cooperatives not later than August 1 of each year.

(B) The department shall declare when the electronic format is accessible to school districts, open-enrollment charter schools, and education service cooperatives via a Commissioner of Education's memo.

(b)(1)(A) Warrants or checks of a school district, open-enrollment charter school, or education service cooperative issued after the date required by subsection (a) of this section shall be invalid unless a budget has been filed as required by this subchapter and in compliance with appropriate rules.

(B) The ex officio financial secretary of a school district, open-enrollment charter school, or education service cooperative and his or her surety shall be liable for any warrants or checks countersigned after the date required by subsection (a) of this section if a budget has not been filed.

(2) After the department has met all deadlines for providing information to school districts, open-enrollment charter schools, or education service cooperatives, distribution of all grants and aids from the state for which the school district, open-enrollment charter school, or education service cooperative may be eligible shall be suspended until the requirements of this subchapter are met by the school districts, open-enrollment charter schools, or education service cooperatives.

(c)(1)(A) School district, open-enrollment charter school, and education service cooperative budgets filed pursuant to this section shall be reviewed by the auditors of the financial accountability office of the department to determine whether the requirements of state law and the rules of the state board regarding the use of school, open-enrollment charter school, and education service cooperative funds and expenditure requirements are being met.

(B) The review and the determination shall be completed not later than February 15 of each year. If the auditors of the financial accountability office determine that the financial records are deficient, then the school district, open-enrollment charter school, or education service cooperative shall be notified and shall have thirty (30) days to respond prior to suspension of the grants and aids.

(2) Upon approval by the auditors, copies of the approved budget shall be filed with the school district, the open-enrollment charter school, the education service cooperative, the county treasurer if serving as school treasurer, and the department.

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(d)(1)(A) The ex officio financial secretary of each school district, open-enrollment charter school, and education service cooperative shall keep a record of the following information in a format required by the department:

(i) The daily expenditures and receipts of the school district, open-enrollment charter school, or education service cooperative; and

(ii)(a) Information on fund balances maintained by the school district, open-enrollment charter school, or education service cooperative, including, but not limited to, the:

(1) Sources of the funds maintained as fund balances, to the extent practicable;

(2) Reasons for maintaining, instead of spending, the fund balances;

(3)(A) Amount of funds transferred between various funds during the past year.

(B) The school district, open-enrollment charter school, and education service cooperative shall identify the funds transferred between and the amount of funds transferred; and

(4) Amount of fund balances dedicated for the construction, maintenance, or repair of academic or athletic facilities.

(b) The department shall promulgate rules that require reporting of fund balances sufficient to verify whether funds allocated for educational purposes, including, but not limited to, student academic needs and the maintenance and operation of public school district facilities, are used for their intended purposes or retained by the district in its fund balances.

(B) An annual report summarizing the information required in subdivision (d)(1)(A) of this section in a format required by the department shall be filed by September 15 of each year with the department.

(2) If the auditors of the financial accountability office of the department determine that the financial records of any school district, open-enrollment charter school, or education service cooperative are not properly maintained or that the financial affairs of the school district, open-enrollment charter school, or education service cooperative are not administered in accordance with state law or state board rules, grants and aids from the state to which the school district, open-enrollment charter school, or education service cooperative may be entitled shall be withheld until it is determined that the fiscal records of the school district, open-enrollment charter school, or education service cooperative are in order or that the financial affairs are being properly administered as established by statute or by rule promulgated by the board, provided that the department has met all deadlines for providing

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information to school districts, open-enrollment charter schools, or education service cooperatives.

(e)(1) The department may withhold state aid from any school district, open-enrollment charter school, or education service cooperative that fails to file its budget or any other required report with the department by the deadline established by statute or by rule promulgated by the state board or by the due dates established by the department pursuant to subdivision (e)(2) of this section, provided that the department has met all deadlines for providing pertinent information to school districts, open-enrollment charter schools, or education service cooperatives.

(2) The department shall submit a list of all required financial accountability reports along with due dates to each school district, open-enrollment charter school, and education service cooperative by July 1 of each year.

(f) The State Board of Education shall promulgate the necessary rules to fully implement this section.

(g)(1) The Treasurer of State shall withhold the monthly distribution of county aid provided under § 19-5-602(c) from any county whose county official who is the preparer of the tax books fails to provide by March 15 of each calendar year information concerning the annual abstract of assessment that reflects the aggregate value of the real and personal property for each school district located wholly or in part in the county as follows:

(A) If the county is capable of providing the information electronically, then the information shall be provided to both the Department of Education and the Assessment Coordination Department; and

(B) If the county is not capable of providing the information electronically, then the information shall be provided only to the Assessment Coordination Department.

(2) The information transmitted to the departments shall also include:

(A) The previous calendar year's property assessment that will be used for ad valorem tax collections in the current year; and

(B) The millage rates, which shall be listed by the type of millage, levied against that property assessment.

History. Acts 2003 (2nd Ex. Sess.), No. 61, § 1; 2005, No. 77, §§ 1, 2; 2005, No. 730, § 1; 2006 (1st Ex. Sess.), No. 26, § 1; 2006 (1st Ex. Sess.), No. 27, § 1; 2006 (1st Ex. Sess.), No. 28, § 1; 2006 (1st Ex. Sess.), No. 29, § 1.

6-20-2209. Study of improved reporting systems.

(a)(1) The General Assembly finds that ensuring the provision of an adequate and equitable education to the children of the State of Arkansas

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requires prompt and reliable information on school finances, including, but not limited to, reports on school district expenditures and school district fund balances and interfund transfers.

(2) The General Assembly further finds that current financial accounting and reporting systems do not promptly provide the crucial information necessary to make informed decisions on matters pertaining to public education in this state.

(b) On or before November 1, 2006, the House Interim Committee on Education, the Senate Interim Committee on Education, and the Department of Education shall jointly study potential upgrades in public school district financial accounting and reporting systems that would result in the prompt availability of crucial information, including, but not limited to:

(1) The cost to the state of any potential upgrades;

(2) The time necessary to implement any upgrades; and

(3)(A) A definition of the term "unallocated balances" that will ensure uniform treatment of fund balances throughout public school districts.

(B) In studying possible definitions of the term "unallocated balances", the committees shall consider the amount, if any, appropriate for a public school district to maintain as a fund balance for future contingencies.

(c) In conducting the study, the House Interim Committee on Education and the Senate Interim Committee on Education shall seek the cooperation of representatives from the Arkansas Association of Educational Administrators, the Arkansas Association of School Business Officials, the Arkansas Education Association, the education service cooperatives, and the Legislative Joint Auditing Committee.

(d) On or before December 1, 2006, the House Interim Committee on Education and the Senate Interim Committee on Education shall issue a report to the Speaker of the House and the President Pro Tempore of the Senate regarding the results of the study and the recommendations of the committees.

History. Acts 2006 (1st Ex. Sess.), No. 28, § 2; 2006 (1st Ex. Sess.), No. 29, § 2.

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