

**COMMISSION FOR ARKANSAS PUBLIC SCHOOL ACADEMIC FACILITIES
AND TRANSPORTATION RULES
GOVERNING BONDED DEBT ASSISTANCE**

Effective December 31, 2018

1.0 AUTHORITY

- 1.01 The Commission for Arkansas Public School Academic Facilities and Transportation's authority for promulgating these Rules is pursuant to Ark. Code Ann. §§ 6-20-2501 *et seq.*, 25-15-201 *et seq.*, and Act 931 of 2017.
- 1.02 These Rules shall be known as the Commission for Arkansas Public School Academic Facilities and Transportation Rules Governing Bonded Debt Assistance.

2.0 DEFINITIONS

- 2.01 "Academic facility has the same meaning as in Ark. Code Ann. § 6-20-2502(2).
- 2.02 "Average daily membership" has the same meaning as in Ark. Code Ann. § 6-20-2502(3).
- 2.03 "Eligible school district" means a 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 assistance and that applied for bonded debt assistance under Ark. Code Ann. § 6-20-2503 before July 1, 2005.
- 2.04 "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.
- 2.05 "Funding factor" means a funding factor of \$18.03 per average daily membership for each fiscal year pursuant to Ark. Code Ann. § 6-20-2503 (b)(3)(A)(iii)(a) and (b).
- 2.06 "Millage rate" means the millage rate listed in the tax ordinance approved by the county quorum court under the authority of Ark. Code Ann. § 14-14-904.
- 2.07 "Miscellaneous funds" has the same meaning as in Ark. Code Ann. § 6-20-2503(a)(3).

- 2.08 “Per-student revenue” means the sum of projected revenue from the uniform rate of tax and miscellaneous funds divided by the average daily membership for the school district for the previous school year.
- 2.09 “State wealth index” has the same meaning as in Ark. Code Ann. § 6-20-2503(a)(6).

3.0 BONDED DEBT ASSISTANCE PROGRAM

- 3.01 In accordance with the requirements and limitations set forth in these Rules, the state 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 these Rules directs the Division to work with the Arkansas Department of Education to determine the amount of bonded debt assistance for each eligible school district as set forth in these Rules.
- 3.03 The Commission shall determine the amount of bonded debt assistance for each eligible school district no later than July 15 of each year.
 - 3.03.1 Bonded debt assistance shall be payable to each eligible school district in two (2) installments;
 - 3.03.2 The first bonded debt assistance installment shall be paid by August 1 of each year; and
 - 3.03.3 The second bonded debt assistance installment shall be paid by February 1 of each year.
- 3.04 For tracking purposes, each eligible school district receiving bonded debt 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.
- 3.05 School districts are not prohibited from refunding bonds that were issued and outstanding as of January 1, 2005. Provided a school district qualifies for bonded debt assistance, the amount of bonded debt assistance shall not be 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 Nothing in these Rules shall be construed to prevent the annual adjustment of bonded debt 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 bonded debt assistance described in these rules. Any school district receiving bonded debt assistance under this section is and will remain independently liable for all outstanding indebtedness.
- 3.07 With the exception of refunding bonds as allowed in § 3.05 of these Rules, upon the termination of any other bonded debt for which a school district was receiving bonded debt assistance, said 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 bonded debt assistance is to be provided under these Rules 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. The amount of scheduled debt payment calculated shall be reduced by ten percent (10%) except as allowed in § 4.02 of these Rules.
- 4.02 Provided a school district has demonstrated 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 these Rules 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 assistance is to be provided to eligible school districts, the Division shall divide the scheduled debt payment as adjusted under § 4.02 of these Rules 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 these Rules shall then be multiplied by a funding factor of \$18.03 (established as required by law) and multiplied by the

prior-year average daily membership of the school district. The product of this calculation shall then be multiplied by the state wealth index. The result is the amount of bonded debt assistance a school district is entitled to for the fiscal year.

- 4.05 The result of the calculations in § 4.04 shall be paid as bonded debt assistance as required in § 3.03 of these Rules.