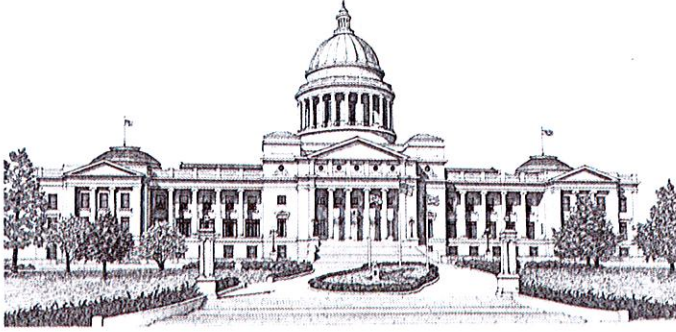


ARKANSAS REGISTER

Transmittal Sheet

Use only for **FINAL** and **EMERGENCY RULES**



Secretary of State

Mark Martin

500 Woodlane, Suite 026

Little Rock, Arkansas 72201-1094

(501) 682-5070

www.sos.arkansas.gov



For Office

Use Only:

Effective Date _____ Code Number _____

Name of Agency Commission for Arkansas Public School Academic Facilities and Transportation

Department Arkansas Division of Public School Academic Facilities and Transportation

Contact Lori Freno E-mail lori.freno@arkansas.gov Phone 501-682-4234

Statutory Authority for Promulgating Rules Ark. Code Ann. § 6-20-2501 et seq, 25-15-201 et seq, Act 931 of 2017

Rule Title: CAPSFT Rules Governing Bonded Debt Assistance

Intended Effective Date

(Check One)

Emergency (ACA 25-15-204)

10 Days After Filing (ACA 25-15-204)

Other _____
(Must be more than 10 days after filing date.)

Legal Notice Published

Final Date for Public Comment

Reviewed by Legislatice Council

Adopted by State Agency

Date

8/4 - 8/6/18

9/4/18

12/21/18

10/9/18

Electronic Copy of Rule e-mailed from: (Required under ACA 25-15-218)

Lori Freno lori.freno@arkansas.gov

12/21/18

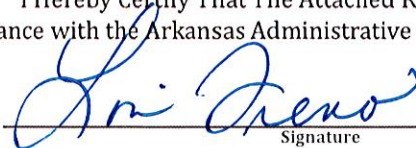
Contact Person

E-mail Address

Date

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted
In Compliance with the Arkansas Administrative Act. (ACA 25-15-201 et. seq.)



Signature

(501) 682-4234

lori.freno@arkansas.gov

Phone Number

E-mail Address

General Counsel, Arkansas Department of Education

Title

December 21, 2018

Date

**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.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Commission for Arkansas Public School Academic Facilities and Transportation

DIVISION Division of Public School Academic Facilities and Transportation

PERSON COMPLETING THIS STATEMENT Lori Freno

TELEPHONE 501/682-4234 **FAX** 501/682-4249 **EMAIL:** lori.freno@arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE CAPSAFT Rules Governing Bonded Debt Assistance

- 1. Does this proposed, amended, or repealed rule have a financial impact? Yes No

- 2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule? Yes No

- 3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes No

If an agency is proposing a more costly rule, please state the following:

(a) How the additional benefits of the more costly rule justify its additional cost;
N/A

(b) The reason for adoption of the more costly rule;
N/A

(c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;
N/A

(d) Whether the reason is within the scope of the agency's statutory authority; and if so, please explain.
N/A

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

(a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

Next Fiscal Year

General Revenue N/A
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total _____

General Revenue N/A
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total _____

(b) What is the additional cost of the state rule?

Current Fiscal Year

General Revenue Zero
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total _____

Next Fiscal Year

General Revenue Zero
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total _____

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

\$ Zero

Next Fiscal Year

\$ Zero

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

\$ Zero

Next Fiscal Year

\$ Zero

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes No

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.