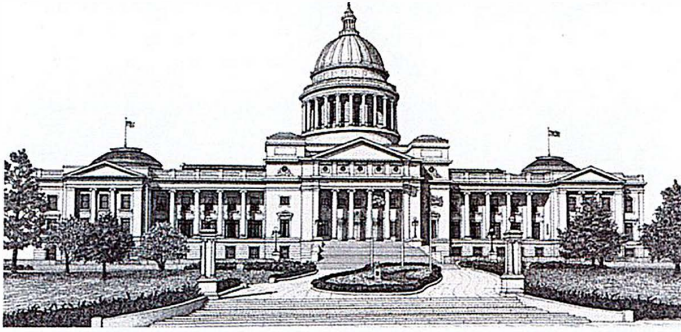


ARKANSAS REGISTER

Transmittal Sheet

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



Secretary of State

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For Office

Use Only:

Effective Date _____ Code Number _____

Name of Agency Arkansas Department of Education

Department Division of Higher Education

Contact Courtney Salas-Ford E-mail courtney.salas-ford@ade.arkansas.gov Phone (501) 682-4227

Statutory Authority for Promulgating Rules Ark. Code Ann. § 6-62-1204; § 6-80-109

Rule Title: Division of Higher Education Rules Governing the Sustainable Building Maintenance Program in State Supported Institutions of Higher Education

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 Legislative Council

Adopted by State Agency

Date

Jul. 28, 2024

Aug. 28, 2024

Oct. 17, 2024

Sep. 9, 2024

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

Alisha Price

alisha.price@ade.arkansas.gov

Oct. 21, 2024

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) 682-7590

alisha.price@ade.arkansas.gov

Phone Number

E-mail Address

Associate Legal Counsel

Title

Oct. 21, 2024

Date

**DIVISION OF HIGHER EDUCATION RULES GOVERNING
THE SUSTAINABLE BUILDING MAINTENANCE PROGRAM FOR
STATE-SUPPORTED INSTITUTIONS OF HIGHER EDUCATION**

Effective Date: October 31, 2024

1.00 DEFINITIONS.

- 1.00 “Deferred maintenance” means necessary maintenance, repairs and upgrades or replacements that are put on hold until sometime in the future, most notably due to a lack of funds needed to complete a project.
- 1.01 “Critical maintenance” means deferred maintenance projects that, if not addressed, could result in substantial damage to the structural integrity of a building or are related to the imminent failure of building systems such as HVAC, electrical and plumbing.
- 1.02 “Renovation of state-owned property” means updates to existing institutional facilities to address changing program needs on a campus.

2.00 LOANS.

- 2.01 Under the Sustainable Building Maintenance Program for State-Supported Institutions of Higher Education, the Division of Higher Education may:
 - 2.01.1 Authorize money to be loaned from the Sustainable Building Maintenance Program for State-Supported Institutions of Higher Education Revolving Loan Fund, pursuant to Arkansas Code § 19-5-1277, to a state-supported institution of higher education.
- 2.02 A loan from the fund made under 2.01 shall be:
 - 2.02.1 For:
 - 2.02.1.1 Deferred maintenance;
 - 2.02.1.2 Critical maintenance; or
 - 2.02.1.3 A renovation of state-owned property; and
 - 2.02.2 In an amount that exceeds one hundred thousand dollars (\$100,000).
- 2.03 The term for repayment of a loan from the fund made under 1.01 of this section shall not exceed ten (10) years.
- 2.04 An applicant applying for a loan under this rule shall meet the following eligibility requirements:

2.04.1 Applications for loans for construction and/or renovation projects should be accompanied by a copy of the engineer's or architect's project budget guidelines.

2.04.2 Criteria for loan approval will include, but are not limited to, the following:

2.04.2.1 The institution's current debt service requirements:

2.04.2.1.1 The total annual debt service (including that for the loan, if approved) may not exceed 25% of annual student tuition and fee revenue or,

2.04.2.1.2 If local millage is pledged against the loan, the millage income must equal no less than 120% of total annual debt service;

2.04.2.2 Feasibility of and need for the proposed project in the context of the educational and general mission of the institution; and

2.04.2.3 Availability of loan funds.

3.00 LOAN APPROVAL PROCESS.

3.01 An applicant for a loan from the Sustainable Building Maintenance Program for State-Supported Institutions of Higher Education Revolving Loan Fund under § 6-62-1202 shall:

3.01.1 Apply for the loan on a form approved by the Division of Higher Education.

3.01.1.1 The form under section 3.01.1 shall be posted on the division's website.

3.01.2 The division shall review an application submitted under 3.01.1 to determine if the applicant satisfies the eligibility criteria for a loan from the fund.

3.01.3 Upon approval by the division, each application shall then be reviewed by the legislature for final approval.

3.02 The division shall provide an applicant for a loan from the fund with written notice of its determination regarding whether:

- 3.02.1 To offer the applicant a loan from the fund, and
- 3.02.2 Any conditions for making the loan from the fund.
- 3.03 After an applicant for a loan from the fund has satisfied the preconditions, if any, for the division's approval of the applicant's loan application, and has executed a contract for the loan from the fund, the division will present the contract for the loan from the fund to Higher Education Coordinating Board for its approval.
 - 3.03.1 In determining whether to approve an application, the board will:
 - 3.03.1.1 First, based on project type give priority to critical maintenance needs.
 - 3.03.1.2 Second, give priority to deferred maintenance with renovation projects being the lowest priority for funding.
 - 3.03.1.3 As funds become available, division staff will notify the eligible institution of the intent to present the loan award for approval at the next available board meeting.
 - 3.03.2 Requirements for the issuance of a loan from the fund:
 - 3.03.2.1 Upon approval of the loan by the Higher Education Coordinating Board, the institution must sign a Certificate of Indebtedness specifying a payout schedule and asserting the commitment of the institutional board to budget and allocate the sums necessary to make the payments agreed upon in the Certificate of Indebtedness.
 - 3.03.2.2 The payout schedule will include a closing fee plus an annual service fee assessed by the Development Finance Authority as agreed upon by the division and the Authority and specified in the closing document(s).
 - 3.03.2.3 The Certificate of Indebtedness will provide for penalties for late payments.
 - 3.03.2.4 No penalties will be assessed for early retirement of the debt.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY.

DEPARTMENT _____
BOARD/COMMISSION _____
PERSON COMPLETING THIS STATEMENT _____
TELEPHONE NO. _____ **EMAIL** _____

To comply with Ark. Code Ann. § 25-15-204(e), please complete the Financial Impact Statement and email it with the questionnaire, summary, markup and clean copy of the rule, and other documents. Please attach additional pages, if necessary.

TITLE OF THIS RULE _____

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 no, please explain:

(a) how the additional benefits of the more costly rule justify its additional cost;

(b) the reason for adoption of the more costly rule;

(c) whether the reason for adoption of the more costly rule is based on the interests of public health, safety, or welfare, and if so, how; and

(d) whether the reason for adoption of the more costly rule is within the scope of the agency's statutory authority, and if so, how.

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

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

Total _____

Next Fiscal Year

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

Total _____

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

Current Fiscal Year

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

Total _____

Next Fiscal Year

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

Total _____

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

Current Fiscal Year

\$ _____

Next Fiscal Year

\$ _____

6. What is the total estimated cost by fiscal year to a state, county, or 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

\$ _____

Next Fiscal Year

\$ _____