

MEETING SUMMARY
ACADEMIC FACILITIES OVERSIGHT COMMITTEE

Tuesday, January 23, 2018
1:30 P.M.
Room 171, State Capitol
Little Rock, Arkansas

Representative Bruce Cozart, the House Co-Chair of the Academic Facilities Oversight Committee, called the meeting to order at 1:30 p.m.

SENATE MEMBERS OF THE ACADEMIC FACILITIES OVERSIGHT COMMITTEE IN ATTENDANCE:
Senator Jane English, Senate Co-Chair; and Senator Blake Johnson.

HOUSE MEMBERS OF THE ACADEMIC FACILITIES OVERSIGHT COMMITTEE IN ATTENDANCE:
Representative Bruce Cozart, House Co-Chair; Representative Jana Della Rosa; Representative Charlotte V. Douglas; Representative Grant Hodges; Representative George B. McGill; and Representative Dan Sullivan.

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: Senator Eddie Cheatham; Senator Alan Clark; Representative Kenneth B. Ferguson; Representative Roger Lynch; Representative James Sorvillo; and Representative Jeff Williams.

Minutes:

Without objection, the minutes of September 15, 2014, and October 9, 2014, were approved as written.

Exhibits:

Exhibit C1 – 09/15/2014 Minutes
Exhibit C2 – 10/09/2014 Minutes

Overview of the Statutory Responsibilities of the Academic Facilities Oversight Committee

Presenter:

Mr. Isaac Linam, Staff Attorney, Bureau of Legislative Research, was recognized. Mr. Linam updated members on the Academic Facilities Oversight Committee. He discussed its history, membership, rules of membership, when it shall meet, statutory powers and duties, reporting responsibilities, and committee assistance. Mr. Linam said that since part of the Committee's duties include adherence to the *Lake View School District* case, he would talk about *Lake View* and facilities. He said the Arkansas Supreme Court appointed Special Masters to evaluate efforts by the state to bring the school system back into constitutional compliance. The final Special Masters Report was submitted in 2007, adopted by the Supreme Court, and led to the school system being declared constitutional. Mr. Linam briefly reviewed items spelled out in the final report which contributed to the constitutionality of facilities being in compliance; and set out a few themes of that compliance: the state must know the state of facilities in Arkansas; there cannot be a disparity between rich districts and poor districts, as a whole, the facilities need to be substantially equal; if school districts can't afford to participate in state programs, such as the Academic Facilities Partnership Program (Partnership Program), and are unable to remedy inadequate facilities, the state must provide them. Mr. Linam discussed the four programs that the Special Masters and the Court specifically said needed to be in place to ensure constitutional compliance: the Academic Facilities Extraordinary Circumstances Program; the High-Growth School District Loan Program; the Arkansas Public Schools Academic Facilities Financing Act of 2007; and the Academic Facilities Distress Program.

Issue Included in the Discussion:

- allowable vs. unallowable use of partnership funding for workforce-related facilities.

Exhibit:

Exhibit D – Subchapter 22 - Academic Facilities Oversight Committee

Discussion of the Facilities Partnership Program and Other Funding Programs

Presenter:

Ms. Nell Smith, Administrator, Policy Analysis and Research Section, Bureau of Legislative Research, was recognized. Ms. Smith explained that the Partnership Program is the state's main school facilities funding program for ongoing facilities funding needs. She discussed the four types of facilities projects for which the Partnership Program provides funding: 1) new construction needed to ensure a warm, safe and dry environment; 2) space replacement projects, 3) new facilities, and 4) add-ons or conversions. She additionally discussed prioritization; historical project numbers and funding; current state facilities funding; impact of the Partnership Program on school districts; millage elections and debt service mills; the facilities wealth index; relationship of the free and reduced price lunch percentage; and the impact of declining enrollment and high growth on the facilities wealth index.

Contributor to the Discussion:

Mr. Johnny Key, Commissioner, Arkansas Department of Education

Issues Included in the Discussion:

- considering a district a wealthy area even though people are poor,
- revenue stream for the Partnership Program,
- application process and prioritizing approvals for facilities funding,
- effect on school districts of putting density into the wealth index,
- transfer of monies from the Rainy Day Fund, and
- clarification of funding differences between FY2015 and FY2016 in chart on page 4 of Report.

Handouts:

Academic Facilities Funding and Expenditures, Report
Partnership Program and Facilities Distress, Highlights, Bureau Brief

Overview of the Duties of the Division of Public School Academic Facilities and Transportation

Presenter:

Mr. Brad Montgomery, Director, Division of Public School Academic Facilities and Transportation, was recognized. Mr. Montgomery explained that the Division works under the oversight of the Commission for Arkansas Public School Academic Facilities and Transportation (Commission). Utilizing a PowerPoint presentation, he reviewed the table of organization; then discussed Areas of Responsibility for Cooperatives, the Master Plan Program, Academic Facilities Distress Program, Construction Approval, State Procurement Law—Project Costs, Custodial and Maintenance Expenditure Requirements, State Mandated Inspections, Statement of Assurance, Preventative Maintenance Direct, Master Plan/Partnership Program Two-Year Cycle, Partnership Program, Space Projects, Arkansas School Facilities Manual, Program of Requirements, Suitability Analysis, State Financial Participation Determination, Project Timelines, Catastrophic Program, and Charter Schools.

Issues Included in the Discussion:

- clarification of the Partnership Program funding prioritization process,
- rollover of funds at end of biennium,

- funding requirements in the maintenance and operations category in the Matrix, and
- realistic enrollment projections as part of a new strategy for Partnership Program funding.

PowerPoint Presentation:

Academic Facilities Oversight Committee, Overview of Duties

Handout:

Academic Facilities Oversight Committee, Overview of Duties

Update on the Activities of the Advisory Committee on Public School Academic Facilities

Presenter:

Mr. Brad Montgomery, Director, Division of Public School Academic Facilities and Transportation, was recognized. Mr. Montgomery stated the Advisory Committee was formed by Act 801 of 2017, sponsored by Senator Jane English and Representative Bruce Cozart. He said the Act required the Committee to be formed with new membership; and, whereas it used to focus solely on the academic facilities manual, it now is looking at the overarching processes with which the Division operates, as well as project ranking, prioritization, and wealth index. He said the Committee is due to provide a report to the Commission by July 31, 2018. He said the Governor spoke at its initial meeting in July, 2017, and shared some of the Governor's challenges to the group:

- he spoke on historical spending having been about \$100 million a year and indicated the state cannot sustain that level of funding for facilities;
- he acknowledged the starting point is the *Lake View* decision;
- he indicated that warm, safe and dry is, in his opinion, the state's first obligation. The Governor reiterated that in some years the state funded \$50 million, in other years \$120 million, and he thought there should be some annual middle ground for which the state could plan and program and budget;
- he challenged the Committee to find creative solutions and incentives for school districts; and he suggested the Committee determine what the state is doing that is good, and the methods that will help the state manage the program better from a budget standpoint.

Mr. Montgomery continued with a discussion of presentations and issues and concerns raised at Committee meetings held to date. He concluded with a timeline going forward.

Handout:

Statewide State of Condition of Academic Facilities

Next Scheduled Meeting:

Date, time, and location TBD.

Adjournment:

The meeting adjourned at 2:58 p.m.

Approved: 08/21/2018