

**DIVISION OF PUBLIC SCHOOL ACADEMIC FACILITIES AND
TRANSPORTATION RULES GOVERNING THE OPEN-ENROLLMENT
PUBLIC CHARTER SCHOOLS FACILITIES LOAN PROGRAM AND THE
CHARTER SCHOOL CAPITAL GRANT PROGRAM**

2015

1.0 Regulatory Authority

- 1.01 These rules shall be known as the Division of Public School Academic Facilities and Transportation Rules Governing the Open-Enrollment Public Charter Schools Facilities Loan Program and the Charter School Capital Grant Program.
- 1.02 The Commission for Arkansas Public School Academic Facilities and Transportation promulgated these rules pursuant to Ark. Code Ann. § 6-23-801 et seq. and 6-23-901 et seq.

2.0 Definitions

- 2.01 “Academic facility” means a building or space, included related areas such as the physical plant and ground that is part of an institution in which students receive instruction.
- 2.02 “Division” shall mean the Arkansas Division of Public School Academic Facilities and Transportation.
- 2.03 “Eligible open-enrollment public charter school” means an open enrollment public charter school that:
- 2.03.1 Has been in operation in the state for two (2) or more school years or whose sponsoring entity or charter management organization has operated an open-enrollment school in the state for at least two (2) school years, and
- 2.03.2 Holds a charter that is not up for renewal in the current school year or the school year immediately following the year in which the application is made.
- 2.04 “Maintenance, repair, and renovation” means an activity or improvement to an academic facility and, if necessary, related areas such as the physical plant and grounds that maintains, conserves, or protects the state of condition or efficiency of the facility.

2.05 “New construction” means an improvement to an academic facility and, if necessary, related areas such as the physical plant and grounds, that improves the state of condition or efficiency of the academic facility.

3.0 Purposes of Grants

3.01 An open-enrollment public charter school may apply for and the Division of Public School Academic Facilities and Transportation may grant moneys from the Open Enrollment Public Charter School Capital Grant Program Fund for one (1) or more of the following purposes:

3.01.1 The maintenance, repair, renovation, and new construction of academic facilities;

3.01.2 The cost of acquiring a site and constructing and equipping an academic facility on that site;

3.01.3 The purchase of instructional materials, technology systems, and other academic equipment; and

3.01.4 The repayment of debt incurred by an open enrollment public charter school for one (1) or more of the purposes listed in Sections 3.01.1 through 3.01.3 of the Rules.

4.0 Application for Grant

4.01 The board of directors of an open enrollment public charter school may request a grant from the Open Enrollment Public Charter School Capital Grant Program by filing a formal application with the Division of Public School Academic Facilities and Transportation using the form attached to these rules as Exhibit A.

4.02 A certified copy of the written resolution passed by the board shall be submitted with each application. The resolution shall include the following information:

4.02.1 The board’s authorization for filing the application; and

4.02.2 The date and place of the meeting of the board at which the action was taken.

4.03 The open enrollment public charter school shall

4.03.1 Execute the application in duplicate;

4.03.2 File the original with the division; and

4.03.3 Retain one (1) copy in the files of the open enrollment public charter school

4.04 All applications must be filed with the Division by February 1 of each year. If February 1 falls on a weekend or day in which the Arkansas Department of Education is not open for business, the applications shall be due the following business day.

4.04.1 Only original applications will be accepted for filing. Copies or electronic versions will not be accepted.

5.0 Review of Application

5.01 Within a reasonable time after its receipt of an application for a grant from the Open Enrollment Public Charter School Capital Grant Program, the division shall review the accuracy and merits of the application and either:

5.01.1 Approve the application for the full amount of the grant request;

5.01.2 Approve the application for a grant of a lesser amount than the amount requested; or

5.01.3 Reject the application.

6.0 Grant Awards and Monitoring

6.01 An open enrollment public charter school may apply for one grant per fiscal year.

6.02 The total amount awarded under each grant shall be based on the amount of funding available and the number of completed applications received.

6.03 Each open enrollment charter school that is awarded a grant in a particular application period will receive an equal amount of funding, up to the maximum amount requested by the open enrollment charter school.

6.03.1 All purchases made with grant funds shall follow all bidding and procurement laws regardless of any waiver held by the open enrollment public charter school.

6.03.2 All grants funds must be spent within two (2) years of the award.

6.04 The division, in conjunction with the ADE Charter Schools office shall monitor the use of all grants according to the stated purpose of the grant.

7.0 Purpose of Loan

7.01 An open-enrollment public charter school may borrow and the Division of Public School Academic Facilities and Transportation may lend money from the Open-Enrollment Public Charter School Facilities Loan Fund for:

7.01.1 The construction, lease, or purchase of an academic facility;

7.01.2 The repair, improvement, or addition to an academic facility;

7.01.3 Credit enhancement for financing academic facility projects under subdivision (1) or (2) of this section.

8.0 Loan Application

8.01 The board of directors of an eligible open enrollment public charter school wanting to borrow money from the Open-Enrollment Public Charter School Facilities Loan Fund, acting through its chair or president and secretary, after approval of such action by full majority approval of the board of directors, shall file a loan application with the Division of Public School Academic Facilities and Transportation.

8.02 The loan application shall be on the application form found in Exhibit B to these rules.

8.03 The application shall be executed in duplicate with the original to be filed with the Division and the copy to be retained in the files of the open enrollment public charter school.

8.04 All applications must be filed with the Division by February 1 of each year. If February 1 falls on a weekend or day in which the Arkansas Department of Education is not open for business, the applications shall be due the following business day.

8.04.1 Only original applications will be accepted for filing. Copies or electronic versions will not be accepted.

8.05 Each loan application shall be for a minimum of \$50,000.

8.06 An open-enrollment public charter school may apply for and accept a loan from the Open Enrollment Public Charter School Facilities Loan

Fund without prior approval from the Commissioner of Education under Ark. Code Ann. § 6-23-401(a)(5).

9.0 Loan Decision

9.01 The Division shall review and assess the accuracy of the information provided in each loan application within a reasonable time after receiving an application.

9.02 After reviewing and considering the merits of the application, the Division may:

9.02.1 Approve the loan requested for the full amount;

9.02.2 Approve the loan requested for an amount less than requested; or

9.02.3 Deny the loan.

9.03 The Division shall notify the open enrollment charter school in writing of the decision.

10.0 Loan Award and Monitoring

10.01 An eligible open enrollment public charter school may apply for one loan per fiscal year.

10.02 The total amount awarded under each loan shall be based on the amount of funding available and the number of completed applications received.

10.03 Each open enrollment charter school that is awarded a loan in a particular application period will receive an equal amount of funding, up to the maximum amount requested by the open-enrollment charter school.

10.03.1 The terms and conditions of the loan will be outlined in a loan agreement signed by representatives of the open-enrollment charter school and the Division and executed after the award of the loan.

10.04 The division, in conjunction with the ADE Charter Schools office shall monitor the use of all loans according to the stated purpose of the loan.

11.0 Failure to Remit Payment

11.01 If an open-enrollment public charter school fails to remit payment of an outstanding loan under the Open-Enrollment Public Charter School Facilities Loan Fund, upon certification of the amount of delinquent funds by the Division the amount of delinquent funds, including penalties and interest may be deducted from the operating funds designated to the open-enrollment public charter school through the Department of Education and remitted directly by the department to the Open-Enrollment Public Charter School Facilities Loan Fund if requested by the division.

11.02 The operating funds from which delinquent funds may be deducted for an open-enrollment public charter school are limited to:

11.02.1 State funding distributed under Ark. Code Ann. § 6-20-2305, including without limitation state foundation funding and state categorical funding;

11.02.2 Federal funding to the extent allowed under federal law; and

11.02.3 The net assets of an open-enrollment public charter school deemed property of the state upon revocation or nonrenewal of the charter.

11.03 The state shall hold a preferred security interest in the amount of the outstanding loan.

12.0 Filing Applications

12.01 Applications for the Open-Enrollment Public Charter School Capital Grant Program and the Open-Enrollment Public Charter School Facilities Loan Program shall be filed with the Division by either delivering the application in-person or mailing the application to the following address:

12.01.1 DPSAFT
One Capitol Mall, Suite 4D-200
Little Rock, AR 72201

12.02 Applications will be considered filed if postmarked by the established deadline.

Exhibit A
Open-Enrollment Public Charter School Capital Grant Program Application

Charter School Name _____

Address _____

LEA Number _____ Amount of Grant Requested _____

The grant proceeds will be used for the following:

_____ The maintenance, repair, renovation, and new construction or academic facilities;

_____ The cost of acquiring a site and constructing and equipping an academic facility on that site;

_____ The purchase of instructional materials, technology systems, and other academic equipment; and

_____ The repayment of debt incurred by an open enrollment public charter school for one (1) or more of the purposes listed in Sections 3.01.1 through 3.01.3 of the Rules.

Describe the proposed use of grant proceeds. If the grant will be used for more than one of the categories above, specify the amounts that will be used for each category (attach additional pages, if necessary):

Include the following with the application:

- Certified copy of written resolution of board that includes the board's authorization for filing the application and the date and place of the meeting at which the action was taken
- Supporting documentation upon which the requested grant amount was based

Please note: The application shall be executed in duplicate. File the original with the Division of Public School Academic Facilities and Transportation and retain one copy in the files of the open-enrollment public charter school.

Board President

Charter School Leader

Date

Date

Draft

Exhibit B
Open-Enrollment Public Charter School Facilities Loan Application

Charter School Name _____

Address _____

LEA Number _____ Amount of Loan Requested _____

Anticipated cost of project _____

Date of board meeting approving loan application _____

Location of board meeting approving loan application _____

The loan proceeds will be used for the following:

_____ The construction, lease, or purchase of an academic facility;

_____ The repair, improvement, or addition to an academic facility;

_____ Credit enhancement for financing academic facility construction, lease, purchase, repair, improvement, or addition

Describe the proposed use of loan proceeds including a specific description of the project or facility for which funding is needed and the physical location of the project or facility. If the loan will be used for more than one of the categories above, specify the amounts that will be used for each category (attach additional pages, if necessary):

Explain the open-enrollment public charter school's inability to provide sufficient funding for the project through other resources (attached additional pages, if necessary):

Describe the funds that the open-enrollment public charter school intends to use to collateralize and pledge to secure the loan (attach additional pages, if necessary):

Describe the proposed repayment method, including a repayment period not to exceed ten (10) years (attach additional pages, if necessary)*:

Include the following with the application:

- Resolution approved by full majority of the open-enrollment public charter school's governing board stating the necessity of the requested assistance
- Supporting documentation upon which the requested loan amount was based
- Complete financial information, including all current debt obligations

Please note: The application shall be executed in duplicate. File the original with the Division of Public School Academic Facilities and Transportation and retain one copy in the files of the open-enrollment public charter school.

*The interest rate will be determined by the Division. The rate will be a maximum of 1% in excess of the interest rate earned by money in the Open-Enrollment Public Charter School Facilities Loan Fund. The rate may be recalculated annually.

Board President

Charter School Leader

Date

Date