

STEPHENS VALUES PUBLIC EDUCATION IN ARKANSAS, AND ITS MUNICIPAL ADVISORS SHARE THE PASSION

An interview with Jason Holsclaw, Senior Vice President of Stephens Public Finance



For more than 80 years, Stephens Public Finance’s client-first service to Arkansas school districts has found root in a sincere commitment to public education in the firm’s home state.

Knowing the value well-educated students bring to Arkansas, Stephens’ nurtures relationships with districts that have a bigger picture in mind than just the next transaction. Stephens puts the focus on long-term success rather than short-term gains, seeing its role as an ongoing partner working for the enduring benefit of its school district clients.

Stephens’ unmatched expertise and experience, along with its irreproachable integrity, are systematic, but the dedication to Arkansas schools is also personal for members of the firm. Jason Holsclaw, a senior vice president of Stephens Public Finance, believes in the profound value of a good education and wants to see Arkansas students reap the benefits of one. After a decade with the U.S. Government Accountability Office, Holsclaw brought his knowledge of public education financing to Stephens, where he knew he could have a positive impact on public education in his home state.

What makes Stephens such a good partner for Arkansas school districts?

Because Stephens is Arkansas-based, all of us at the firm care about what happens in districts throughout the state. Nearly 95 percent of Arkansas children are enrolled in public schools. Stephens understands that for the state to be competitive in the marketplace, these students need a quality education. Our philosophy is to be good community partners, and we want to be partners with our clients for a long time.

Stephens values soundness and strength, and our mission is to always put the client first. Even though we have our own financial interests, we know that the long game is more important than the short game. We would walk away from a transaction if we thought it might in any way hurt our reputation or the reputation of our clients. Arkansas

school districts appreciate our relationships with them and know we will be there supporting them, whatever they might need, for years to come. Some districts we have been partners with for more than 30 years.

What shaped your personal dedication to Arkansas public schools?

I’m the son of two educators. My parents were both public school teachers, and now my father is a college professor and my mother a college instructor. They were the first in their families to graduate from four-year universities. I have heard my whole life about the value of education, which I think can have a great impact on someone’s life path.

Even though I am not in a classroom every day, I still get to support students. When I see a new high school built or see kids playing on a new football field, it is gratifying because I know that when helping finance projects such as these, I am supporting the mission of education.

How does your background, somewhat atypical for an investment banker, better equip you to help school districts?

For 10 years I worked at the U.S. Government Accountability Office (GAO) in Washington, D.C., leading reviews of federal agency operations and programs, including the U.S. Department of Education. In that role, I gained a better understanding of education policy, programming and best practices, as well as the challenges facing our country’s public schools. I learned how the allocation, control and management of financial resources shape public policy and management. Today, I am able to transfer those skills into developing sound financing strategies for my education clients that take into account being good stewards of taxpayer monies while delivering cost-effective results for their patrons.

Does your experience at the GAO affect your perspective working on behalf of public schools?

At the GAO, we were working on behalf of the taxpayers to be a good steward of public funds and ensure monies were being spent the way they are supposed to be spent.

Stephens applies that same accountability while always putting the interest of our clients first.

That culture of accountability, reliability and integrity is why I wanted to be part of Stephens after working for the GAO. Also, my wife and I are both from Arkansas. When our son was born we wanted to get back here, and I was fortunate enough to get on with Stephens and continue my work supporting public education.

How do you serve Arkansas school districts as their municipal advisor?

The firm assists school districts with debt financing and financial advisory services. To that end, we keep in constant contact with the districts and make ourselves available if they have any financial or borrowing questions, and we work to best position them in capital markets to borrow large sums of money. We are available to them as a resource for information while also proactively working to maintain their long-term and short-term viability and flexibility. We are conservative but always looking out for positive opportunities.

My goal personally is to make sure we are providing a level of service where we are not only there when transactions are being done – for example, a big bond issue – but that we are there to be a constant resource throughout the school year.

What’s one way that Stephens provides educational resources for school district officials?

Stephens is sanctioned by the Arkansas School Board Association to offer each year two three-hour training sessions on school district finances. School board members, of course, are required by state law to have six hours of continuing education each year. We work with districts individually to set up a time most convenient for all the board members to come to a public school finance workshop. We provide a smaller setting where they can feel more comfortable asking questions and best understand their district’s financial position.

In the public finance world, what developments have unfolded that could affect Arkansas school districts?

Beginning back in January 2018, school districts could no longer refinance debt earlier than they would have otherwise, ultimately letting districts take advantage of lower interest rates years sooner – a process known as “advance refundings.” An advance refunding was a cost savings tool eliminated under tax reform in 2017 that districts had used to save millions. By some accounts, this action has reduced the supply of municipal bonds by almost 20 percent, which generally translates into increased investor demand for municipal bonds when offered.

In addition, the Federal Reserve cut its key interest rate, as expected, in part to blunt the impact of a beginning of a trade war with China. Trade war and global recession fears have sent key interest rates lower in recent weeks as investors are looking for safer assets, such as government bonds. This has translated to some of the lowest rates we have seen. For example, one district I work with recently secured a 2.96-percent rate on 30-year money.

Couple investor demand with a continuing low-interest-rate environment, and districts should be considering refinancing their bonds if they are able to do so, as well as consider moving forward with financing any new projects. There is great demand for Arkansas school bonds, and districts should take advantage.



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