

ARKANSAS GENERAL ASSEMBLY

HOUSE INTERIM COMMITTEE ON EDUCATION and SENATE INTERIM COMMITTEE ON EDUCATION

Senator Jane English
Senate Chair

Representative Bruce Cozart
House Chair

February 24, 2016

Senator Jonathan Dismang
President Pro Tempore
Arkansas Senate
Room 320, State Capitol
Little Rock, Arkansas 72201

Representative Jeremy Gillam
Speaker of the House
Arkansas House of Representatives
Room 350, State Capitol
Little Rock, Arkansas 72201

Re: **Review of the Funding Recommendations from the 2014 Interim Study on Educational Adequacy**

Dear President Dismang and Speaker Gillam:

The House Interim Committee on Education and the Senate Interim Committee on Education (Education Committees), pursuant to the provisions of Arkansas Code Annotated 10-3-2104(d)(1), have met to review the funding recommendations contained in the 2014 Interim Study on Educational Adequacy. The Education Committees voted to make no changes to the funding recommendations contained in the 2014 Adequacy Report. A copy of these recommendations is attached for your review.

As you receive this report, please keep in mind that the Adequacy Report is not a static document, but one that is subject to revision or modification by the Education Committees as the situation warrants and as provided for by statute.

The members of the Education Committees look forward to working with you and the members of the 90th General Assembly to ensure the continued adequacy of our state's system of public education.

Sincerely,



Senator Jane English
Chair
Senate Interim Committee on Education



Representative Bruce Cozart
Chair
House Interim Committee on Education

Attachments

cc: The Honorable Asa Hutchinson, Governor, State of Arkansas

Section 17: Recommendations

On Oct. 14 and 27, 2014, the House and Senate Education Committees voted to adopt the following recommendations for each topic addressed in this adequacy study:

Topic	Recommendation	Rationale
Definition of Adequacy	No change.	The Education Committees have used the same definition of adequacy since the 2006 adequacy study. The Arkansas Supreme Court found no fault with this definition, and no evidence was presented during the 2014 adequacy study to suggest the definition is deficient.
ACTAAP	Conduct a study of the amount of testing currently required in Arkansas schools.	The federal ESEA requires schools to test students in specified grade levels. With the adoption of the PARCC assessment, Arkansas plans to add testing in 9 th and 10 th grade English language arts as well as a new Algebra II end-of-course exam. In addition to the testing for ACTAAP and ESEA, students take a variety of other tests throughout grades K-12. To better understand the extent and necessity of testing in Arkansas schools, the Education Committees determined that testing requirements and practices should be reviewed.
Curriculum Frameworks/ Common Core	Conduct a study of the role and scope of technology in education.	In 2013, the General Assembly passed Act 1280, which requires school districts to provide at least one interactive online course beginning in 2014-15. Additionally, the evolution of technology has introduced an increasing variety of instructional materials and instructional delivery methods used in Arkansas classrooms. The current curriculum frameworks should be examined to determine if they sufficiently incorporate technology at all grade levels and prepare students for technologically driven education and careers.

Topic		Recommendation	Rationale
Fiscal Distress	Conduct a study of the Fiscal Distress program in the next biennium.		The three distress programs are a necessary part of the state's obligation to ensure students receive an adequate education. The three programs provide corrective guidance to struggling districts/schools and sanctions to those that continue to perform poorly. Although evidence provided during the 2014 adequacy study suggests these programs are operating as intended, the impact and protocols of the Fiscal Distress program should be further reviewed.
Academic Distress			
Facilities Distress			
ACSIP	Study the results of the ACSIP pilot program.		While some districts consider the ACSIP to be a vital tool in improving teaching and student achievement, a number of districts complained that the ACSIP had become a time-consuming compliance document. A subcommittee, formed to examine the issue, recommended a pilot program of a new ACSIP process and software known as Indistar. The pilot program will need to be reviewed in the next adequacy study to determine whether the Indistar system allows districts to effectively map out strategies for improvement.
State's Standing Under No Child Left Behind (ESEA)	No change.		In July 2014, the U.S. Department of Education approved a one-year extension on the state's ESEA Flexibility Plan, indicating that Arkansas is in good standing with the federal agency and in compliance with the requirements of the ESEA.
Special Education Funding	No change.		The amount of foundation funding districts spent on special education teachers closely matches the amount of funding they received, suggesting that the current funding levels are adequate to meet districts' needs.
Teacher Salaries	Amend Arkansas Code § 6-17-2403 to adopt a new minimum teacher salary schedule. The new salary schedule will increase in equal increments over the biennium to end with a minimum salary of \$31,000. The following table provides the minimum salary required for each step of the schedule for each year of the biennium.		Arkansas ranks 12 th among the 16 SREB states in both minimum teacher salary and average teacher salary. Since 2006-07, the state's rank has fallen from 9 th in average salary and 7 th in minimum salary. Additionally the minimum teacher salary schedule has not changed since the 2008-09 school year.

Topic

Recommendation

Rationale

Minimum teacher salary schedule

Years of Experience	2015-16			2016-17		
	BA	MA	MA	BA	MA	MA
0	\$30,122	\$34,640		\$31,000	\$35,650	
1	\$30,572	\$35,140		\$31,450	\$36,150	
2	\$31,022	\$35,640		\$31,900	\$36,650	
3	\$31,472	\$36,140		\$32,350	\$37,150	
4	\$31,922	\$36,640		\$32,800	\$37,650	
5	\$32,372	\$37,140		\$33,250	\$38,150	
6	\$32,822	\$37,640		\$33,700	\$38,650	
7	\$33,272	\$38,140		\$34,150	\$39,150	
8	\$33,722	\$38,640		\$34,600	\$39,650	
9	\$34,172	\$39,140		\$35,050	\$40,150	
10	\$34,622	\$39,640		\$35,500	\$40,650	
11	\$35,072	\$40,140		\$35,950	\$41,150	
12	\$35,522	\$40,640		\$36,400	\$41,650	
13	\$35,972	\$41,140		\$36,850	\$42,150	
14	\$36,422	\$41,640		\$37,300	\$42,650	
15	\$36,872	\$42,140		\$37,750	\$43,150	

Teacher Salaries, continued

To fund the proposed salary schedule increases, the Education Committees recommend providing an additional \$848 per teacher position in the matrix (see page 95). The \$848 should be added to the salary of each of the 33.69 teacher positions in the matrix (including the additional .025 librarian the Education Committees recommended). Like the salary schedule, this amount would be phased in over the biennium. In 2015-16, the salary for each teaching position in the matrix would be increased by \$424 and another \$424 in 2016-17.

In the adequacy study survey, districts ranked difficulty in offering competitive salaries as their top teacher recruitment and retention issue.

The Education Committees have determined that \$848 per teacher in the matrix is sufficient to support the salary schedule increase. The recommended \$848 is the result of two calculations:

1. First, it includes the difference between the average salary of the 2017 salary schedule (average of the top and bottom salary for a BA and the top and bottom salary for an MA, or \$36,888) and the average salary of the current minimum salary schedule (\$35,000). The result is a difference of \$1,888.
2. The actual average teacher salary in 2013 (\$47,316) was \$1,040 less than the average teacher salary funded in the matrix (\$48,356). Therefore \$1,040 is subtracted from \$1,888, for a difference of \$848.

Topic	Recommendation	Rationale
Partnership Program	<p>Provide funding to meet the \$65 million in unfunded facilities obligations identified by the Commission for Arkansas Public School Academic Facilities and Transportation. If districts' facilities needs exceed \$65 million, the General Assembly should determine the appropriate amount to add.</p> <p>Replace the \$16.3 million that was redirected from facilities funding to the Employee Benefits Division by Act 1 of the First Extraordinary Session of 2013.</p>	<p>The Commission for Arkansas Public School Academic Facilities and Transportation has identified \$65 million in unfunded facilities needs for the 2015-17 biennium. The Education Committees recommend providing funding to meet those facilities obligations. The Committees also recognize that districts' facilities needs could exceed \$65 million. In that case, the General Assembly will need to determine the appropriate amount to add.</p> <p>The Education Committees also recommend replacing \$16.3 million that previously supported the Partnership Program. Act 1 of the First Extraordinary Session of 2013 redirected \$16.3 million in facilities funding to the Public School Employee Health Insurance Plan. The Education Committees voted to ensure the Partnership Program's level of funding would be restored, but a funding source was not identified.</p>
Student Growth Funding	No change.	<p>The evidence presented during the 2014 adequacy study demonstrated to the committees that current student growth funding levels are sufficient to meet districts' needs.</p>
Declining Enrollment Funding	No change, but conduct a study of declining enrollment funding in the next biennium.	<p>Because the amount of foundation funding districts receive is based on the prior year's ADM, the formula already provides a built-in "cushion" for loss of students from one year to the next. In other words, if a district has fewer students in this year's enrollment than it had in last year's enrollment and it's being paid this year based on last year's higher student count, the district is receiving funding for more students than it is actually responsible for educating. Recognizing this, the Education Committees believe more study is necessary before making changes to the declining enrollment funding program.</p>

Topic	Recommendation	Rationale
Isolated Funding	No change, but conduct a study of isolated funding in the next biennium.	Isolated funding and special needs isolated funding appears to generally support districts with challenges that are characteristic of rural and remote schools. However the eligibility criteria used to distribute isolated funding is based as much on districts' historical status as their present condition. The Education Committees determined that more study is necessary before making any changes to the isolated funding programs.

Categorical Funding

Topic	Recommendation	Rationale	Funding Level
National School Lunch Funding	Increase the funding rates by .84% for each year of the next two years and study the NSL funding program during the next biennium.	Because NSL funding is primarily based on staff ratios, a change to the minimum teacher compensation level suggests a corresponding percentage change to NSL funding.	FY16 <70% NSL: \$522 70% to <90%: \$1,042 >90%: \$1,562 FY17 <70% NSL: \$526 70% to <90%: \$1,051 >90%: \$1,576
Professional Development Funding	Continue funding at the current level.	The number of PD hours teachers are required to have for licensure was reduced by 40% to correspond with the PD funding cut required by Act 2 of the First Extraordinary Session of 2013. Districts have other funding, particularly NSL funding, they can use to cover any additional PD needs they may have.	FY16: \$32.40 FY17: \$32.40

Topic	Recommendation	Rationale	Funding Level
English Language Learner Funding	Increase by 2% for each year of the biennium.	Districts spent all of the ELL funding they received in 2012-13 and required a transfer from the NSL categorical fund in many districts. The Education Committees determined that this categorical program should receive a cost-of-living increase to continue being adequate.	FY16: \$324 FY17: \$331
Alternative Learning Environment Funding	Increase by 2% for each year of the biennium.	Districts spent all of the ALE funding they received in 2012-13 and required a transfer from the NSL categorical fund in many districts. The Education Committees determined that this categorical program should receive a cost-of-living increase to continue being adequate.	FY16: \$4,471 FY17: \$4,560

Foundation Funding and the Matrix

Topic	Recommendation	Rationale	Funding Level
Classroom Teachers	<p>No change to the staffing number. Increase the salary amount to \$63,663 in FY16 and \$64,196 in FY17.</p> <p>This additional funding would be provided only in conjunction with the specified increase in the minimum teacher salary schedule. One measure should not be passed without the other.</p> <p>Additionally districts would be required to annually report in a public meeting the amount of funding the General Assembly has provided for teacher salaries.</p>	<p>The 24.94 classroom teachers currently in the matrix remains sufficient to meet state accreditation requirements.</p> <p>See rationale for teacher salary calculation under teacher salaries on pages 91 and 92.</p>	<p>FY16: \$3,175.51 FY17: \$3,202.10</p>

Topic	Recommendation	Rationale	Funding Level
Special Education Teachers	No change to the staffing number. Increase the salary amount to \$63,663 in FY16 and \$64,196 in FY17.	The 2.9 special education teachers currently in the matrix remain sufficient to meet the state accreditation requirements.	FY16: \$369.25 FY17: \$372.34
Instructional Facilitators	No change to the staffing number. Increase the salary amount to \$63,663 in FY16 and \$64,196 in FY17.	The 2.5 instructional facilitators currently in the matrix remain sufficient to meet state accreditation requirements.	FY16: \$318.32 FY17: \$320.98
Librarian/Media Specialist	Increase the staffing number to .85 per 500 students. Increase the salary amount to \$63,663 in FY16 and \$64,196 in FY17.	When the staffing level for librarians was set in 2007, it was determined that 912.5 librarians would be needed to support the 1,106 schools operating at the time, or .825 librarians per school. Using the same methodology with the schools operating in 2012-13, a total of 875 librarians would be needed for 1,062 schools, or .85 librarians per school.	FY16: \$108.23 FY17: \$109.13
Guidance Counselor/Nurse	No change to the staffing number. Increase the salary amount to \$63,663 in FY16 and \$64,196 in FY17.	The 2.5 pupil support personnel currently in the matrix remain sufficient to meet state accreditation requirements.	FY16: \$318.32 FY17: \$320.98
Principal	No change to the staffing number or the salary amount.	The evidence presented during the 2014 adequacy study suggests that the staffing level and salary for principals is adequate to meet districts' needs.	FY16: \$198.10 FY17: \$198.10
Secretary	No change to the staffing number or the salary amount.	The Education Committees determined that one school-level secretary remains sufficient to support a prototypical school of 500 students.	FY16: \$80.10 FY17: \$80.10
Technology	Increase the technology funding by \$12.20 per student each year of the biennium.	Picus Odden and Associates noted that technology has become a necessary instructional tool that should be embedded in student programs and school management. The consultants recommended funding technology at \$250 per student. The Education Committees agreed with that finding and recommended increasing the funding level in phases over the biennium.	FY16: \$237.80 FY17: \$250.00
Instructional Materials	Continue funding levels in FY 16 and FY 17 as they are in FY15.	Evidence presented in the July 15, 2014, Resource Allocation report indicated that the foundation funding level for instructional materials is sufficient to meet districts' needs.	FY16: \$183.10 FY17: \$183.10

Topic	Recommendation	Rationale	Funding Level
Extra Duty Funds	Increase by \$3.85 per student each year of the biennium.	The extra duty funding level was originally based on a calculation that assumed extra duty funds were not needed at the elementary school level. However, the Education Committees determined that there has been an increase in extracurricular activities in the elementary grades, particularly in STEM-related activities. Additionally, Picus Odden and Associates recommended providing extra duty funding for the elementary grades, an update to their 2006 evidence-based model.	FY16: \$61.05 FY17: \$64.90
Supervisory Aides	Reduce the funding for supervisory aides to \$50 per student each year.	The July 15, 2014 Resource Allocation report indicated that districts spent only about 20% of the foundation funding intended for supervisory aides. This may be because districts typically exhaust teachers' 60 minutes for supervisory duties—the maximum time allowed under state law—before spending additional funds for this service. The Education Committees determined that previous funding levels exceeded districts' actual need for supervisory aides.	FY16: \$50 FY17: \$50
Substitutes	Increase the per-student funding for substitutes by 2% each year of the biennium.	The July 15, 2014, Resource Allocation report indicated that districts spent slightly more foundation funding on substitutes than was provided in the matrix. The Education Committees determined that this component of the matrix should receive a cost-of-living increase to continue being adequate.	FY16: \$67.70 FY17: \$69.00
Operations and Maintenance	Increase the per-student funding for O&M by 2% for the first year of the biennium and continue that same funding level for FY17. The Education Committees recognize that additional O&M needs may be identified through further study of broadband expenses. An adjustment in this line of the matrix may be necessary in the 2016 Fiscal Session.	The Education Committees determined that more information is needed to ensure adequate funding for districts' operations and maintenance expenses. The July 15, 2014, Resource Allocation report indicated that districts spent all of the foundation funding they received for O&M on O&M costs. Therefore, the Committees opted to provide a cost-of-living adjustment for the first year of the biennium, with the option of providing more funding should additional information indicate it is warranted.	FY16: \$664.90 FY17: \$664.90

Topic	Recommendation	Rationale	Funding Level
Central Office	Continue the current central office funding level for FY16 and increase it by 2% in FY17.	The July 15, 2014, Resource Allocation report indicated that districts did not spend all of the foundation funding they received for central office resources. Therefore, the Committees opted to hold this line of the matrix flat for the first year of the biennium and apply a cost-of-living adjustment in the second year of the biennium.	FY16: \$430.20 FY17: \$438.80
Transportation	Continue the current transportation funding level in the matrix for FY16 and FY17. Create a separate, supplemental funding program for districts with high transportation costs. The funding amount should be established at the equivalent of 2% of the funding provided for transportation in FY15. Use the BLR funding distribution model to determine the amount of funding high-cost districts receive.	In their 2014 report, Picus Odden and Associates repeated their 2006 recommendation that the General Assembly distribute transportation funding to districts through a categorical program that is separate from the matrix. They suggested using a model that more closely reimburses districts based on actual transportation costs. The Bureau of Legislative Research presented potential methods of distributing transportation funding to school districts. The data indicate that 98% of the variation in districts' transportation expenditures is explained by the variation in route miles, ADM and the number of bus riders. By itself, ADM, on which the current funding model is based, explains only about 79%. The best funding distribution model uses a combination of miles, riders and ADM to determine transportation costs. The Committees agreed with the consultants and recommended creating a supplemental funding program to address high-cost transportation needs in districts.	Matrix FY16: \$321.20 FY17: \$321.20 Supplemental FY16: Equivalent of \$6.42 per student, or \$3 million FY17: Equivalent of \$6.42 per student, or \$3 million
Total Foundation Funding Rate			FY16: \$6,584 FY17: \$6,646

