

MEETING SUMMARY  
JOINT MEETING  
OF THE  
HOUSE AND SENATE INTERIM COMMITTEES ON EDUCATION

ADEQUACY

Tuesday, September 19, 2017

9:00 A.M.

Room 171, State Capitol

Little Rock, Arkansas

Senator Jane English, the Chair of the Senate Interim Committee on Education, called the meeting to order at 9:00 a.m.

**MEMBERS OF THE SENATE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE:** Senator Jane English, Chair; Senator Joyce Elliott, Vice Chair; Senator Linda Chesterfield; Senator Alan Clark; and Senator Uvalde Lindsey.

**MEMBERS OF THE HOUSE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE:** Representative Bruce Cozart, Chair; Representative Charlotte V. Douglas, Vice Chair; Representative Sonia Eubanks Barker; Representative Rick Beck; Representative Frances Cavanaugh; Representative Gary Deffenbaugh; Representative Jon Eubanks; Representative Mickey Gates; Representative Mark Lowery; Representative Mark McElroy; Representative George McGill; Representative Nelda Speaks; Representative Dan Sullivan; and Representative DeAnn Vaught.

**OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE:** Senator Jonathan Dismang; Senator Eddie Joe Williams; Representative Fred Allen; Representative Scott Baltz; Representative Charles Blake; Representative R. Trevor Drown; Representative Kenneth B. Ferguson; Representative Vivian Flowers; Representative Jeremy Gillam; Representative Justin Gonzales; Representative Steve Hollowell; Representative Fredrick J. Love; Representative Austin McCollum; Representative David Meeks; Representative Reginald Murdock; Representative Aaron Pilkington; Representative Johnny Rye; and Representative Carlton Wing.

Remarks by the Chairs

**The Honorable Bruce Cozart**, State Representative, and Chair of the House Interim Committee on Education, was recognized. Representative Cozart followed up on the presentation of a report, *Productivity-based Funding Model*, given by **Dr. Maria Markham**, Director, Arkansas Department of Higher Education (ADHE), in the joint meeting of the House and Senate Interim Committees on Education on Monday, September 18, 2017. He encouraged members and other interested parties to participate in the online public comment period pertinent to content of the report. He noted the website will remain open until September 25, 2017.

Discussion of Issues Related to NSL (Poverty) Funding

Presenter:

**Ms. Nell Smith**, Administrator, Policy Analysis and Research Section, Bureau of Legislative Research, was recognized. Ms. Smith reviewed the report, *National School Lunch State Categorical Funding and Expenditures*. Ms. Smith emphasized National School Lunch (NSL) State Categorical Funding is state money, not federal money; and is provided to school districts based on the number of low-income students in each district. She said the funding provides extra money to school districts to help with the educational challenges that come with a high-poverty student population. Ms. Smith noted it is one of four (4) categorical funding programs provided by

the General Assembly, and is in addition to the per student foundation funding that all districts receive. Ms. Smith presented a brief history of NSL funding, then continued with a comprehensive overview of the report which included the following topics: Eligibility; Funding Trends; Other Types of NSL Funding, including NSL Transitional Adjustments and NSL Growth Funding; Total NSL Funding; Allowable Uses and Student Achievement; NSL Fund Balances; Poverty Funding in Other States; Federal Funding for Low-income Student Populations; Student Achievement; and Other Reports on NSL Funding Use and Closing the Achievement Gap. In conclusion, Ms. Smith reviewed charts in a memorandum, *Categorical Funds Transferred*, covering transfers from/to National School Lunch (NSL), professional development (PD), English language learners (ELL), and Alternative learning environment (ALE) funds. Finally, she discussed excessive aggregate categorical fund balances in school districts.

Contributors to the Discussion:

**Mr. Mark Hudson**, Senior Legislative Analyst, Bureau of Legislative Research

**Mr. Johnny Key**, Commissioner, Arkansas Department of Education

Issues Included in the Discussion:

- ❖ cost-of-living and poverty index,
- ❖ defining the “poverty level,”
- ❖ school districts’ spending patterns and student achievement levels,
- ❖ redirecting school districts’ spending to close the achievement gap,
- ❖ redistributing the funds gained from penalizing schools that do not spend down fund balances,
- ❖ concern for increased numbers in the ALE program,
- ❖ gaining efficiencies by removing restrictions on school districts’ spending,
- ❖ adjusting percentages of the federal poverty level, which is based on a market basket of goods, to find a true state poverty level,
- ❖ availability of evidence that additional funding provided to at-risk students makes any difference in educational outcomes,
- ❖ comparing average National Assessment of Educational Progress (NAEP) scale scores for Arkansas’ students to those in surrounding states and nationally,
- ❖ concern that criteria for spending is not targeted,
- ❖ foundation funding and closing the achievement gap,
- ❖ funding the formula,
- ❖ revising the standards of accreditation,
- ❖ finding common threads as to where funds can best be spent,
- ❖ process for becoming “world class,”
- ❖ clarifying the standards of accreditation; standards of accreditation are “not necessarily standards that define the quality of a school; they are standards that define what you have to have just to have school,”
- ❖ revising the standards of accreditation will not get to the essence of closing the achievement gap,
- ❖ “core instruction is what really has to be in place, and the quality of that core instruction is what will close the achievement gap, not additional funds,”
- ❖ discussion of policy alignment between academic standards and student learning,
- ❖ school districts shifting funds to accommodate changing needs,
- ❖ developing capacity of teachers to teach kids how to read in order to improve student learning, and
- ❖ utilizing ALE models to grow opportunities for students.

Handouts:

Categorical Funds Transferred, Memorandum

NSL State Categorical Funding, Bureau Brief

National School Lunch State Categorical Funding and Expenditures, Research Report

Statutory Responsibilities, September

Discussion of Issues Related to Educational Equity

Presenter:

**Mr. Richard Wilson**, Assistant Director, Research Services, Bureau of Legislative Research, was recognized. Mr. Wilson walked members through the comprehensive report, *Equity of Revenues and Expenditures in Arkansas School Districts*, and summarized that an improvement in equity is reflected in the results of the analyses. He requested members keep in mind that the equity discussed covers equal opportunity equity, equity of revenue received by a school district, and expenditures of a school district. He discussed approaches to determining equity in public school funding: horizontal equity, vertical equity, and the use of neutrality measures. He covered topics including Horizontal Equity Statistics, Data for Horizontal Equity Statistics, Results of Horizontal Equity Statistics, Fiscal Neutrality Statistics, Results of Fiscal Neutrality Statistics, Vertical Equity Statistics, Data for Vertical Equity Statistics, Results of Vertical Equity Statistics, and Additional Expenditure Equity Measures.

Contributor to the Discussion:

**Mr. Isaac Linam**, Staff Attorney, Bureau of Legislative Research

Issues Included in the Discussion:

- clarification of Table 1, Foundation Funding and Property Taxes per Student, and Table 2, Foundation and Other Funding per Student,
- utilizing the federal range ratio as a conventional measure,
- Uniform Rate of Tax (URT) and school districts qualifying for foundation funding,
- effect of frozen property taxes for seniors on funding for school districts,
- using statistical analysis to do modeling to represent the hypothetical under horizontal equity statistics for removing transportation funding from the Matrix to categorical funding,
- removing transportation funding from the Matrix,
- two remaining areas of inequity: millage and schools with an enrollment of less than 500 students.

Handout:

Equity of Revenues and Expenditures in Arkansas School Districts, Research Report

Next Scheduled Meetings:

Wednesday, September 20, 2017 at 10:00 a.m. in Room 207, State Capitol, Little Rock – *Legislative Task Force on Workforce Education Excellence*

Tuesday, October 17, 2017 at 10:00 a.m. at Maverick Transportation, North Little Rock – *Legislative Task Force on Workforce Education Excellence*

Monday, October 23, 2017 at 1:00 p.m., Marvell-Elaine School District, Marvell, AR – *Joint Education*

Tuesday, October 23, 2017 at 9:00 a.m. in Room 171, State Capitol, Little Rock – *Joint Education/Adequacy*

Tuesday, October 24, 2017 at 1:30 p.m. in Room 171, State Capitol, Little Rock – *Academic Facilities Oversight Committee*

Adjournment:

The meeting adjourned at 11:20 a.m.

Approved: 11/20/2017