



AUGENBLICK,  
PALAICH AND  
ASSOCIATES

**EXHIBIT F1**

# **Comparison of Prior Costing Study Recommendations and the State Funding Matrix**

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and the House Committee on Education

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# General Assembly's Response to Lake View Decision

- In 2002 the Arkansas Supreme Court found the state's education finance system unconstitutional as a result of the Lake View lawsuit
- The Supreme Court ordered the state to:
  - define educational adequacy,
  - assess the state's educational system in terms of adequacy, and
  - monitor education spending
- The Joint Committee on Educational Adequacy was created in 2003 to address the Court's order. Picus & Associates was hired to conduct an adequacy study and make recommendations. Picus & Associates conducted 3 studies or reviews in 2003, 2006 and 2014

# Adequacy Approach

- Picus & Associates used the Evidence-Based (EB) adequacy approach to determine an adequate level of funding for Arkansas
- The EB approach makes specific recommendations on staffing and spending supported by research for:
  - Certain educational system characteristics and programs such as school size, class size, length of school year, prekindergarten, full-day kindergarten, alternative learning environments
  - School personnel resources
  - Per pupil resources such as professional development, technology, instructional materials and supplies
  - In 2006 and 2014, also made recommendations for resources for central office, operations & maintenance, and transportation resources

# Funding Matrix

- Based on the Picus & Associates recommendations, the General Assembly created a funding matrix that forms the core of funding to school districts
- The funding matrix specifies key inputs and funding levels for districts and schools assuming a 500 student K-12 school/district:
  - School staff salaries
  - School staffing for administration, classroom teachers, and pupil support personnel
  - Per pupil resources for technology, instructional materials and supplies, extra duty funds, supervisory aides, and substitutes

# Funding Matrix

- Funding matrix inputs, continued:
  - Per pupil/eligible pupil categorical program
  - District-level resources – operations & maintenance, central office operations, student transportation
  - Per ADM foundation increases

# Comparison of Major Provisions: Picus & Associates Recommendations and Funding Matrix

- **2003 Study:** *An Evidence-Based Approach to School Finance Adequacy in Arkansas*, September 1, 2003
- **2006 Recalibration:** *Recalibrating the Arkansas School Funding Structure*, August 30, 2006
- **2014 Desk Audit:** *Desk Audit of the Arkansas School Funding Matrix and Developing an Understanding of the Potential Costs of Broadband Access for All Schools*, September 5, 2014

# 2003 Adequacy Study

- The 2003 study by Picus & Associates made a comprehensive set of recommendations totaling \$847 million in additional costs
- General Assembly's response was Act 59, The Public School Funding Act of 2003
- Act 59 created the funding matrix and foundation formula for distributing resources to school districts
- Act 59 adopted many of Picus & Associates' recommendations effective FY 2004-05
  - Established per pupil foundation funding amount of \$5,400

# 2003 Study Compared to Act 59 Matrix: Teachers

Element	2003 Recommendations	2004-2005 Matrix	Notes
Prototypical School Size (All levels: ES, MS, HS)	500	500	
Teacher Salary + Benefits	18% total increase: <ul style="list-style-type: none"> <li>• 10% raise</li> <li>• 5% market-based adders</li> <li>• 3% additional 5 PD days</li> </ul>	Increased minimum salaries nearly 26%	Act 59 required study of knowledge and skills-based pay system
Core Class Sizes/P.E., Art & Music (PAM) Teachers			
K	15	20	Act 59 class sizes were larger in K-3, same for 4-12
1-3	15	23	
4-12	25	25	
PAM Teachers	20% of classroom teachers	20% of classroom teachers	Same



# 2003 Study Compared to Act 59 Matrix: Pupil Support

Element	2003 Recommendations	2004-2005 Matrix	Notes
Special Ed. Mild/Moderate	2.9 FTE	2.9 FTE	Same
Special Education Severe	Keep current Catastrophic Program but reduce expenditure threshold to the base allocation	Expenditure threshold reduced to \$15,000 per high-cost disabled student	State Board lowered threshold from \$30,000 per Picus & Assoc. recommendation
Instructional Facilitators	2.5 FTE	2.5 FTE	Same
Librarian/Media Specialist	FTEs: Elementary 0.0 Middle 1.0, High 1.5	0.7 FTE all levels	Total FTE similar
Guidance Counselor, Nurse and other Pupil Support	Minimum of 1.0 + 1.0 FTE per every 100 students in poverty Elementary 2.5 Middle add 1.0 counselor: 3.5 High add 2.0 counselors: 4.5	2.5 FTE all levels	Act 59 matrix staffing is fixed, not variable with Free-Reduced Lunch (FRL) counts

# 2003 Study Compared to Act 59 Matrix: School Administration

Element	2003 Recommendations	2004-2005 Matrix	Notes
Principal	1.0 FTE	1.0 FTE	Same
School Secretary	In carry forward	In carry forward	Same

# 2003 Study Compared to Act 59 Matrix: Per Pupil Funds

Element	2003 Recommendations	2004-2005 Matrix	Notes
Technology	\$250	\$250	Same
Instructional Materials	\$250	\$250	Same
Extra Duty Funds	Elementary: None Middle \$60, High \$125	\$90 all levels	Similar on average
Supervisory Aides	\$35	\$35	Same
Substitutes	10 days per teacher: \$63	\$63	Same
Professional Development	\$50	\$50	Same
Teacher Continuing Ed Pay/ Professional Development Days	Additional 5 PD days: Approximately \$124	\$101	

# 2003 Study Compared to Act 59 Matrix: Categoricals/District

Element	2003 Recommendations	2004-2005 Matrix	Notes
Alternative Learning Environments	1 teacher per 20 ALE students: Per ALE student: \$2,438	\$3,250 per ALE Student	
Services for Struggling Students	1.0 tutor for each 20% poverty, minimum of 1.0: 2.5 FTE Approximately \$514 per eligible student	NSL/ESA: <70% =\$480 70-<90% \$960 =>90% \$1,440 Average of \$612 per eligible student	Picus & Assoc. concerned with large step funding differences in NSL
ELL Services	Additional 0.4 teacher for every 100 ELL/LEP students also in poverty: \$195 per ELL student	Applies to all ELL students \$195	Similar
Gifted & Talented Services	Retains current funding	Retains current funding	Same
Per Student Resources - District	Carried forward current expenditures for O & M, central office and transportation	\$1,152 per pupil	Roughly per pupil cost of carry forward

# 2003 Study Compared to Act 59 Matrix: Outside Matrix

Element	2003 Recommendations	2004-2005 Matrix	Notes
Length of Teacher School Year	190 days: 185 days + 5 additional PD days	190 days: 185 days + 5 additional PD days	Same. Both allow for 10 teacher PD days
Prekindergarten	1.0 Teacher and 1.0 aide for every 20 children, aged 3 or 4 from a family with income of 200% of poverty or below	Arkansas Better Chance for School Success, student-adult ratio of 10:1, children ages 3 or 4 from a family with income of 200% of poverty or below	Similar. In 2006 study Picus & Assoc. affirm state's actions on PreK
Full-Day Kindergarten	Yes	Yes	

# 2006 Recalibration

- Due in part to no increase in foundation amount in 2005-06, Lake View case was reopened and a recalibration of funding levels was ordered by the Court
- The General Assembly addressed some of the concerns during an extraordinary session in April 2006 (increased the foundation amount) and again hired Picus & Associates to review and make recommendations for recalibrating the funding matrix
- The Supreme Court upheld the revised funding system in 2007

# 2006 Recalibration vs Matrix: Significant Changes

Element	2006 Recommendations	2007-2008 Matrix	Notes
Foundation Amount	\$6,150	\$5,770	Increased to cover cost of higher retirement costs
Class Sizes	K: 20 1-3: 23 4-12: 25	K: 20 1-3: 23 4-12: 25	Picus & Assoc. affirm matrix class sizes
Instructional Facilitators (IF)	2.5 FTE	2.5 FTE	Picus & Assoc. acknowledge at least 0.5 FTE may be used for AP. Also suggest creating IF categorical
Librarian/Media Specialist	1.0 FTE all levels	0.825 FTE all levels	Picus & Assoc. add librarian to elementary, reduce high school from 1.5. Matrix increased from 0.7 FTE

# 2006 Recalibration vs Matrix: Significant Changes

Element	2006 Recommendations	2007-2008 Matrix	Notes
Guidance Counselor, Nurse and other Pupil Support	2.5 FTE all levels + additional 1.0 FTE for higher poverty levels	2.5 FTE all levels, no additional for higher poverty levels	Picus & Assoc. recommended increasing NSL to fund additional positions
Services for Struggling Students	1.0 tutor for each 20% poverty: 2.5 FTE Total Approximately \$542 per eligible student	NSL/ESA: <70% =\$496 70-<90% \$992 >90% \$1,488 Average of \$594 per eligible student	Picus & Assoc. recommended increasing NSL to fund additional positions based on poverty level
Alternative Learning Environments	1.0 Teacher for every 8 ALE student FTEs: \$6,774 per ALE FTE	\$4,063 per ALE FTE	Picus & Assoc. increased amount to account for change in funding FTEs vs student headcounts



# 2006 Recalibration vs Matrix: Significant Changes

Element	2006 Recommendations	2007-2008 Matrix	Notes
Technology	\$250	\$220	Matrix funding was reduced to as low as \$185 in FY 2007
Instructional Materials	\$250	\$160	Matrix funding was increased to as much as \$268 in FY 2007
Extra Duty Funds	\$100 all levels	\$50 all levels	Picus & Assoc. increased from \$0 for elem. and \$60 middle. Decreased from \$120 high school. Matrix reduced from \$97 in FY 2007
Supervisory Aides	\$98.70 (2.0 FTE)	\$49.35 (1.0 FTE)	Picus & Assoc. increased from \$35. Matrix increased from \$37 in 2005
Substitutes	10 days per teacher: \$67.94	\$59	Matrix decreased from \$63 in FY 2005
Professional Development	\$50	\$50	ADE used some of this funding for statewide PD. Picus & Assoc. recommended restoring to districts

# 2006 Recalibration vs Matrix: Significant Changes

Element	2006 Recommendations	2007-2008 Matrix	Notes
Teacher Continuing Ed Pay/Professional Development Days	Additional 5 PD days: Rolled into teacher salaries	Additional 5 PD days: Rolled into teacher salaries	
ELL Services	Additional 0.4 teacher for every 100 ELL students who are also in poverty: \$195 per ELL student	Applies to all ELL students \$293	Matrix increased from \$195 in 2003
School Secretary	2.0 FTE	1.0 FTE	Taken from carry over
Per Student Resources - District	Recommended per pupil: O & M: \$594 Central Office: \$591 Transportation: \$286 Total: \$1,471	O & M: \$581 Central Office: \$376 Transportation: \$286 Total: \$1,243	Taken from carry over. Picus & Assoc. based on staffing of 3,900 student district and O & M staffing standards. Matrix based on 9% of foundation + insurance

# 2014 Desk Audit

- The purpose of desk audit was to assess how Picus & Associates' EB model had changed since 2006 and how the funding matrix compared to the current EB recommendations
- The desk audit did not calculate the cost of the current EB model or how the funding matrix differed from EB model costs. Instead it compared, where possible, the inputs for each element of the EB model and funding matrix
- The General Assembly did not find it necessary to respond with specific adequacy legislation as it did following the 2003 and 2006 studies

# 2014 Desk Audit vs Matrix: Significant Changes

Element	2014 Recommendations	2015-2016 Matrix	Difference
Class Sizes	K: 15, 1-3: 15, 4-12: 25	K: 20, 1-3: 23, 4-12: 25	Picus & Assoc. returned to 15 to 1 for K-3 recommendation
PAM Teachers	20% of K-8 classroom teachers 33 1/3% of 9-12 classroom teachers	20% of classroom teachers	Picus & Assoc. increased percentage for 9-12 to allow for block schedules
Special Education Mild/Moderate	1.0 FTE teacher and 1.0 FTE aide per 150 reg. ed. students: 6.6 total FTE	2.9 FTE	Picus & Assoc. increased staffing ratio slightly for teachers, added aides
Librarian/Media Specialist K-8	1.0 FTE per 450 students K-8, 1.0 FTE per 600 students 9-12 Total FTE 1.03	0.85 FTE all levels	Picus & Assoc. slightly increased FTE by 0.03 Matrix increased from 0.825
Guidance Counselor and Nurse	Specifies 1.0 nurse per 750 K-12 school for 0.7 FTE Total of 2.3 FTE	2.5 FTE	Picus & Assoc. added specific recommendation for nurse, overall FTE similar

# 2014 Desk Audit vs Matrix: Significant Changes

Element	2014 Recommendations	2015-2016 Matrix	Difference
Assistant Principal	1.0 per 600 9-12 students: 0.26 FTE	Not included in matrix	Picus & Assoc. add 0.26 AP for grades 9-12
School Secretary	1.0 per 225 K-8 students 1.0 per 200 9-12 students: 2.31 FTE	1.0 FTE	Picus & Assoc. increased FTE from 2.0
Alternative Learning Environments	1.0 FTE AP and 3.0 FTE teachers per 21 ALE students + per student dollar resources Per ALE student: \$14,640	Per ALE student: \$4,471	Picus & Assoc. add AP position and costs of per pupil resources
Services for Struggling Students	1.0 tutor per 125 at-risk: 2.4 FTE 1 pupil support per 125 at-risk: 2.4 FTE Extended day: 1.0 teacher per 120 at-risk: 2.5 FTE Summer school: 1.0 teacher per 120 at-risk: 2.5 FTE Approximately \$2,068 per eligible student	NSL/ESA: <70% =\$522 70-<90% \$1,042 =>90% \$1,562 Average of \$733 per eligible student	Picus & Assoc. add specific resources for extended day and summer school

# 2014 Desk Audit vs Matrix: Significant Changes

Element	2014 Recommendations	2015-2016 Matrix	Difference
ELL Services	1.0 FTE teacher for every 100 ELL/LEP students: \$629 per ELL student	\$324 per ELL/LEP student	Picus & Assoc. increased FTE per 100 from 0.4 to 1.0
Gifted & Talented Services	\$25	Retained current standards and expenditure requirements. Matrix does not specify an amount	Picus & Assoc. specified per pupil dollar amount
Extra Duty Funds Elementary	\$200 K-8 and \$250 9-12	\$61.05 all levels	Picus & Assoc. increased from \$100 and Matrix increased from \$50 in FY 2008
Professional Development	\$100	\$32.40	Picus & Assoc. increased from \$50 and Matrix decreased from \$50 in FY 2008



Questions?