

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

ADEQUACY

Tuesday, August 21, 2018
9:00 A.M.
Room 151, State Capitol
Little Rock, Arkansas

Representative Bruce Cozart, the Chair of the House Interim Committee on Education, called the meeting to order at 9:00 a.m.

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

MEMBERS OF THE HOUSE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE: *Representatives:* Bruce Cozart, Chair; Rick Beck; Andy Davis; Gary Deffenbaugh; Jana Della Rosa; Jon S. Eubanks; Grant Hodges; Mark D. McElroy; Stephen Meeks; Nelda Speaks; James Sturch; Dan Sullivan; and John W. Walker.

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: *Senator:* Larry Teague. *Representatives:* Fred Allen; Dan M. Douglas; Trevor Drown; Les Eaves; Kenneth B. Ferguson; Jimmy Gazaway; Kim Hammer; Ken Henderson; Fredrick J. Love; Marcus E. Richmond; Laurie Rushing; Brandt Smith; Dwight Tosh; and Carlton Wing.

Remarks by the Chairs

Representative Cozart announced that **Mr. Isaac Linam**, a Staff Attorney for the Bureau of Legislative Research (BLR) who provided legal services for the Education Committees, would be leaving BLR and joining the Department of Human Services (DHS). Representative Cozart and Senator Jane English, the Chair of the Senate Interim Committee on Education, presented Mr. Linam with citations from both the House and the Senate.

Discussion of Price Estimates

Presenter:

Mr. Richard Wilson, Assistant Director, Research Services, Bureau of Legislative Research, was recognized. Speaking from *Handout 3 – Inflatars*, Mr. Wilson discussed estimates from two sources: Moody's Analytics and I-H-S Global. In addition, he stated the document provides three estimates of commonly used inflationary factors:

- 1) The CPI-U is the Consumer Price Index-Urban, which contains year-over-year estimates that are expressed in terms of percentage.
- 2) The CPI-Core is the same market basket of goods, with energy and food removed; this is commonly used by the Federal Reserve. He said those components are removed in an attempt to remove volatility. He commented that right now they are removed and the numbers are a shade higher than the CPI-U because medical services and shelter are both pushing high 3s, almost 4 percent each.
- 3) The GDP Deflator is a factor that looks at all goods.

Mr. Wilson said the CPI-U is a market basket of goods that a typical family would purchase, whereas the GDP Deflator involves everything, all goods and services in final stages, over a given time period. He continued, in other words, this would include I-beams from Nucor, and jets from Boeing, and all those things that you and I probably would not buy, as well as food and energy and medical services. He said the focus should be on 2019, 2020, and 2021, because fiscal years are going to be mid-points of those calendar-year numbers; for 2019, the CPI-U figures are a little less than two and a half, both years on both estimates. He said all three were provided so that something other than the common factor CPI-U could be reviewed and because the numbers seldom all line up this well.

Issues Included in the Discussion:

- availability of additional descriptors for CPI-U,
- numbers reflective of United States, and
- how the numbers relate directly to Arkansas.

Mr. Isaac Linam, Staff Attorney, Bureau of Legislative Research, was recognized. At the request of Representative Cozart, Mr. Linam reviewed the legal process for whenever the Committees are considering the Adequacy Report. He provided the Committees with *Handout 4 - Adequacy: Legal Overview*, which included *Questions to Ask before Recommending Changes to the Educational System*. He reminded the Committees that from the beginning Adequacy has been considered a moving target; the educational system is dynamic. He said it is the charge of the Committees to react to any changes; that is completely in line with what was envisioned by *Lake View*. Mr. Linam elaborated on the questions he provided, and to additional furnished questions related to funding changes, to adequacy and to equity. He said these would provide a guide for concerns as changes are being recommended.

Presentation of Preliminary Draft of Adequacy Report and Discussion of Adequacy Issues and Potential Recommendations

Presenter:

Ms. Nell Smith, Administrator, Policy Analysis and Research Section, Bureau of Legislative Research, was recognized. Ms. Smith called the Committees' attention to *Handout 1 – Adequacy Study Responsibilities*. She noted that each of the items listed has a date for review; the one exception is “Using evidence-based research as the basis for recalibrating as necessary the state’s system of funding public education.” She emphasized that this is the role of the Committees. Ms. Smith reviewed *Handout 2 - 10-3-2104*, providing statutory requirements for the report which is due no later than November 1 of each year before the convening of a regular session. Ms. Smith pointed out that this preliminary draft for the Adequacy Report is a summary of all reports from throughout the Adequacy Study. She said the Committees can make changes as necessary, and a blank sheet for adding recommendations is on page 116.

Issues Included in the Discussion:

- ⇒ items to list in the recommendations on page 116,
- ⇒ providing a rationale for the items listed to ensure accountability and communication,
- ⇒ sources of public comment in Section 15 of the draft report, and
- ⇒ opening up public comment to the actual public instead of educational agencies/organizations.

Representative Cozart stated he would open the floor for any questions about the adequacy process from this point on. He said there would be no presentations at the next meetings on September 24 and 25; the Committees would discuss adequacy numbers; then have the rest of September and October to finish the recommendations. He noted the Committees would work jointly with nobody else at the table but its members. Representative Cozart added that the Committees would also have October 8, 9, and 10 to finish the report.

Contributor to the Discussion:

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

Issues Included in the Discussion:

- making a distinction between what is required by the courts for adequacy and information furnished for the understanding of the legislators,
- meeting to be held on September 25 will be a joint meeting,
- explanation of topics on *Attachment 1 – Adequacy Recommendations Work Sheet*,
- list of past 10 years' recommendations for adequacy,
- teachers' and other salaries funded in the Matrix; impact of contracts,
- funding for education support professionals in the Matrix,
- explanation of line items the Matrix,
- reviewing waivers for school districts and resulting impact on equity, and
- comparison of the benefit structure for teachers with that in other states.

Relevant Action:

Representative Jana Della Rosa was recognized, and made a motion to provide a way to allow public comment, both written and verbal, on the Adequacy Funding Recommendations from this point forward. The motion was seconded by Senator Linda Chesterfield.

Following a brief discussion on allowing public comment, the motion was carried by voice vote.

Handouts:

Handout 1 – Adequacy Study Responsibilities

Handout 2 – Statute 10-3-2104

Handout 3 – Inflaters

Handout 4 – Adequacy: Legal Overview

Handout 5 – DRAFT Final Report on the Legislative Hearings for the 2018 Educational Adequacy Study

Attachments:

Attachment 1 – Adequacy Recommendations Work Sheet

Attachment 2 – Matrix Total History

Next Scheduled Meetings:

Tuesday, August 21, 2018, at 1:30 p.m. in Room 151 of the State Capitol, Little Rock (*Academic Facilities*)

Wednesday, August 22, 2018, at 9:00 a.m. at the Association of Arkansas Counties Building, 1415 West 3rd Street, Little Rock (*Legislative Task Force on Workforce Education Excellence*)

Adjournment:

The meeting adjourned at 10:06 a.m.

Approved: 09/24/2018