

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

ADEQUACY

Tuesday, September 11, 2012
9:00 A.M.
Committee Room A, MAC Building
Little Rock, Arkansas

Senator Jimmy Jeffress, 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 Jimmy Jeffress, Chair; Senator Mary Anne Salmon, Vice Chair; Senator Joyce Elliott; and Senator Johnny Key.

MEMBERS OF THE HOUSE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE: Representative Eddie Cheatham, Chair; Representative Johnnie Roebuck, Vice Chair; Representative Duncan Baird; Representative Les Carnine; Representative Ann Clemmer; Representative Jody Dickinson; Representative Jane English; Representative Debra Hobbs; Representative Karen Hopper; Representative Bobby Pierce; Representative Tim Summers; and Representative Tommy Wren.

NON-VOTING MEMBERS OF THE HOUSE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE: Representative Gary Deffenbaugh; Representative Jeremy Gillam; Representative Andrea Lea; Representative Kelley Linck; Representative Tiffany Rogers; and Representative Garry Smith.

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: Senator Jonathan Dismang; Senator Bill Sample; Representative Tommy Lee Baker; Representative David Branscum; Representative John Burris; Representative Efram Elliott; Representative Billy Gaskill; Representative Jon Hubbard; Representative Sheilla Lampkin; Representative Greg Leding; Representative Uvalde Lindsey; Representative Buddy Lovell; Representative Mike Patterson; Representative James Ratliff; Representative Mary Slinkard; Representative Butch Wilkins; and Representative Jon Woods.

Senator Jeffress reminded the assembly of the significance of September 11. He called for a moment of silence in honor of those who lost their lives eleven years ago in the attacks on the World Trade Center.

Discussion of Issues Related to Student Transportation

Mr. Richard Wilson, Assistant Director, Research Services, Bureau of Legislative Research, was recognized. Mr. Wilson's report, *Options for K-12 Transportation Funding*, was delivered via PowerPoint, accompanied by a handout. Mr. Wilson, after discussing the variability within the Funding Matrix, noted that there was a variance from district to district in the transportation line item of 8 or 9:1. He noted the four sources of transportation funding are: 1) Foundation Matrix, which provides the most money, 2) Isolated Funding, 3) Desegregation Funding, and 4) Federal Funding. He said that transportation costs are the sum of those four sources. Due to the restricted nature of three of the funding sources, Mr. Wilson stated that the primary focus of his report would be on the transportation funding provided in the Funding Matrix. He said the numbers in the report are rough estimates and are used for illustrative purposes.

Mr. Wilson stated that approximately \$310 per student is being spent by school districts for student transportation, resulting in roughly two-thirds of school districts spending more than is provided in the Matrix and one-third spending less than is provided in the Matrix for transportation costs. Mr. Wilson reviewed the historical development of student transportation funding in Arkansas and the operational components of the current funding model. With this foundational information covered, Mr. Wilson went on to discuss the components of an alternative student transportation funding model. He said that under the alternative model, if no offsets are used, 203 of the 239 total current Arkansas school districts would be receiving more transportation funding and 36 receiving less transportation funding. However, due to various operational and legal constraints, the best case scenario would provide 150 districts more funding and 89 less funding. After discussing the advantages and disadvantages of the new funding model, Mr. Wilson presented options for the Committees to consider going forward:

- Do nothing – continue to distribute transportation funding by ADM as a line item in the Foundation Matrix.
- Pull \$309.90 out of the Matrix and create a Transportation Categorical.
- Leave \$127 in the Matrix as Foundation Transportation and remove the remainder of the funding to create a High Cost Transportation Categorical.
- Remove the three school districts in Pulaski County from the new calculation methodology until the Desegregation issues are resolved.

Senator Jeffress commented that the Committees have a challenge before them. He said a decision will have to be made before the next Adequacy Report is completed, and it may require thinking outside the box.

Dr. Tom Kimbrell, Commissioner, Arkansas Department of Education, **Ms. Cindy Hollowell**, Finance Program Coordinator, Department of Fiscal and Administrative Services, Arkansas Department of Education, **Ms. Cheryl Reinhart**, Staff Attorney, Legal Division, Bureau of Legislative Research, and **Mr. Scott Richardson**, Assistant Attorney General, Office of the Attorney General, were recognized, and participated, as needed, in the extensive discussion that followed the presentation. Topics included:

- the assumption that school districts are spending their transportation dollars efficiently,
- the amount of money needed to implement the new funding model,
- the option of allowing school districts to pay for their own transportation and to seek reimbursement from the State of Arkansas; auditing those numbers,
- composition of the 89 districts that would receive less funding,
- folding isolated school districts' transportation funding into the model,
- the effect of the three Pulaski County School Districts on transportation funding,
- the \$309.90 is only foundation money, and is approximately \$143 million today,
- redistribution formula for tracking isolated school district monies returned to the state,
- risks involved in changing a formula that has been approved by the court,
- involvement of transportation, if any, in the court's scrutiny,
- anticipating changes, *i.e.*, mergers, size of districts, shift of population, that affect transportation,
- legislative history of student transportation funding in the last Regular Session,
- transportation cost-of-living adjustment (COLA) distributed by this formula,
- the meaning of equity regarding transportation,
- purchasing of school buses,
- size of diesel buses; cost of diesel fuel,
- responsibility for transportation costs for students affected by the public school choice law, both open choice and No Child Left Behind (NCLB),
- number of students in the school choice program,
- assignment of desegregation monies to cover transportation costs in the three Pulaski County School Districts,
- moving forward and making the changes that are necessary, and

- the effect on rural schools.

Senator Jeffress thanked Mr. Wilson for the presentation.

Senator Jeffress announced that the next joint meeting of the Senate Interim Committee on Education and the House Interim Committee on Education would be at 10:00 a.m. on Monday, September 17, 2012, in Room 171 of the State Capitol in Little Rock to review Department of Education Rules referred to the Committees by the Administrative Rules and Regulations Subcommittee of the Arkansas Legislative Council. He reminded Committee members of their authorization to attend the meeting of the Arkansas Lottery Commission Legislative Oversight Committee at 1:30 p.m. on Tuesday, September 18, 2012, in Committee Room A of the MAC Building in Little Rock.

There being no further business, the meeting adjourned at 10:57 a.m.

Approved: 10/29/12