

ARKANSAS GENERAL ASSEMBLY

HOUSE INTERIM COMMITTEE ON EDUCATION and SENATE INTERIM COMMITTEE ON EDUCATION

Senator Johnny Key
Senate Chair

Representative James McLean
House Chair

February 25, 2014

Senator Michael Lamoureux
President Pro Tempore
Arkansas Senate
Room 320, State Capitol
Little Rock, Arkansas 72201

Representative Davy Carter
Speaker of the House
Arkansas House of Representatives
Room 350, State Capitol
Little Rock, Arkansas 72201

**Re: Review of the Funding Recommendations from the 2012 Interim Study on
Educational Adequacy**

Dear President Lamoureux and Speaker Carter:

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 2012 Interim Study on Educational Adequacy. The Education Committees voted to make no changes the funding recommendations contained in the 2012 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 89th General Assembly to ensure the continued adequacy of our state's system of public education.

Sincerely,


Senator Johnny Key
Chair
Senate Interim Committee on Education


Representative James McLean
Chair
House Interim Committee on Education

Attachments

cc: The Honorable Mike Beebe, Governor, State of Arkansas

10-3-2104. Report.

(a) The House Committee on Education and the Senate Committee on Education shall file separately or jointly, or both, reports of their findings and recommendations with the President Pro Tempore of the Senate and the Speaker of the House of Representatives no later than November 1 of each year before the convening of a regular session.

(b) For each recommendation the report shall include proposed implementation schedules with timelines, specific steps, agencies and persons responsible, resources needed, and drafts of bills proposing all necessary and recommended legislative changes.

(c) The report shall be supplemented as needed to accomplish the purposes of this continuing evaluation.

(d) (1) Before a fiscal session, the House Committee on Education and the Senate Committee on Education shall meet, jointly or separately as needed, to review the funding recommendations contained in the most recent report filed under this section.

(2) The House Committee on Education and the Senate Committee on Education, meeting jointly or separately as needed, also shall review any other matters identified by the House Committee on Education or the Senate Committee on Education that may affect the state's obligation to provide a substantially equal opportunity for an adequate education for all public school students.

(3) By November 1 of the calendar year before the beginning of a fiscal session, if the House Committee on Education and the Senate Committee on Education find that the recommendations in the most recent adequacy evaluation report filed under this section should be amended, the House Committee on Education and the Senate Committee on Education, jointly or separately, or both, shall advise in writing the President Pro Tempore of the Senate and the Speaker of the House of Representatives of their findings and amendments to the adequacy evaluation report.

(e) The House Committee on Education or the Senate Committee on Education, separately or jointly, shall publish a draft of the report required under this section or any amendment or supplement to the report not less than fourteen (14) days before the report, amendment, or supplement is submitted to the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

HISTORY: Acts 2003 (2nd Ex. Sess.), No. 57, § 1; 2007, No. 1204, § 2; 2009, No. 199, § 1; 2011, No. 725, § 2.

**A REPORT ON LEGISLATIVE HEARINGS
FOR THE 2012 INTERIM STUDY ON EDUCATIONAL
ADEQUACY**

**(ACT 57 OF THE SECOND EXTRAORDINARY SESSION OF 2003,
ACT 1204 OF 2007, AND ACT 725 OF 2011)**

VOLUME I

**RECOMMENDATIONS
OF THE
HOUSE AND SENATE
INTERIM COMMITTEES ON EDUCATION**

**NOVEMBER 1, 2012
(REVISED MARCH 2013)**

Section 16: Recommendations and Supplementary Recommendations

1. In March 2012, the House and Senate Education Committees (Education Committees) passed a motion requesting the Education Department implement the following APSCN coding changes necessary to facilitate the collection of data for the following purposes. The motion specified that these coding changes should not be optional.
 - **School improvement provider accounting records**—The funding paid to external providers should be recorded at the school level. Coding is needed for vendors used in response to school improvement status requirements. This should be maintained for the expenditures of SIG grant funding as well as other revenue sources used for school improvement providers.
 - **Parental involvement efforts**—A coding method of tracking federal funds being used for parental involvement efforts is currently being developed. That coding methodology should be used for state funds as well.
 - **Teacher absentee reporting**—The information is currently being reported as Teacher Leave Total (Days). According to ADE, this measure is an optional field for districts to enter, and they use the same database field differently, depending upon whether the employee is salaried or hourly. Recording this data should not be optional and should be recorded uniformly by the districts. These changes should be implemented to be effective for the 2012-13 school year. Approximately 205 of the 239 school districts are already entering this information.

In October 2012, the Education Committees added the following two recommendations:

2. Based on projections provided by the Bureau of Legislative Research through its subscriptions to Moody's Analytics and Global Insight, the Education Committees recommended adopting an inflationary adjustment to be applied to the per-pupil foundation and categorical funding amounts for fiscal years 2014 and 2015 in the range of 1.8% to 2.5%, with the proviso that the Education Committees may make a separate determination on the amount by which the rate of inflation will be applied to the categorical funding after a study and findings regarding categorical fund balances. The recommendation also included the requirement that the Bureau of Legislative Research inform the Education Committees of each and every revision of the inflationary projections provided by Moody's Analytics and Global Insight until a final inflationary adjustment determination is made by the 89th General Assembly.
3. The Education Committees recommended evaluating the effects of Act 1050 of 2011, as they relate to providing bandwidth in Arkansas public schools.

Supplementary Recommendations

In March 2013, the Education Committees voted to amend the 2012 adequacy report entitled "A Report on Legislative Hearings for the 2012 Interim Study on Educational Adequacy." The Committees approved the addition of supplementary information on the impact of National School Lunch funding and made the following recommendations:

4. Replace the current NSLA funding mechanism with a smoother funding model that provides funding for economically disadvantaged students on a sliding scale. This model should weight the funding to provide more money to districts for students who qualify for free lunches than it provides for students qualifying for reduced price lunches.
5. Prioritize and focus districts' allowable uses of educational funding for economically disadvantaged students.
6. Replace Recommendation #2 in the November 1, 2012 version of the adequacy report with the following:

The Education Committees recommended adopting an inflationary adjustment of 2.0% to be applied to the per-pupil foundation amount for fiscal years 2014 and 2015. A portion of that increase (0.2%) is intended to support an increase in the minimum district contribution to employees' participation in the Public School Employees Health Insurance Plan. A 1.8% increase should be applied to three of the categorical funds: English Language Learners, Alternative Learning Environment and Professional Development.