

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

ADEQUACY

Wednesday October 1, 2014
1:30 P.M.
Room 171, State Capitol
Little Rock, Arkansas

Senator Joyce Elliott, the Vice Chair of the Senate Interim Committee on Education, called the meeting to order at 1:30 p.m.

MEMBERS OF THE SENATE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE: Senator Joyce Elliott, Vice Chair; Senator Alan Clark; Senator Bruce Holland; Senator Uvalde Lindsey; and Senator Jason Rapert.

MEMBERS OF THE HOUSE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE: Representative Ann Clemmer, Vice Chair; Representative Charles L. Armstrong; Representative Les Carnine; Representative Bruce Cozart; Representative Robert Dale; Representative Gary Deffenbaugh; Representative Jody Dickinson; Representative Charlotte Vining Douglas; Representative Jon Eubanks; Representative Debra Hobbs; Representative Karen Hopper; Representative Sheilla Lampkin; Representative Homer Lenderman; and Representative Mark Lowery.

NON-VOTING MEMBERS OF THE HOUSE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE: Representative Randy Alexander; and Representative Stephen Meeks.

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: Senator Jane English; Senator Missy Irvin; Senator Bobby Pierce; Representative Scott Baltz; Representative John Hutchison; and Representative Betty Overbey.

Remarks by the Co-Chairs

Senator Elliott reminded the Committees that today would be a day of questions and discussion on Adequacy preliminary to voting on issues on October 14. She added that members have a draft Adequacy Report in front of them, which does not include inflation factors, a report on which will be presented today. She said members also have a document listing issues considered in the Report.

The Honorable Ann Clemmer, State Representative, District 23, and Vice Chair of the House Interim Committee on Education, was recognized. Representative Clemmer stated this is one of the most important meetings the Committees will have.

Discussion of Fiscal Issues Related to the 2014 Adequacy Report

Presenter & Synopsis:

Mr. Richard Wilson, Assistant Director, Research Services, Bureau of Legislative Research, was recognized. Mr. Wilson commented that after a sixteen-month review of information related to Adequacy, the Committees can choose to do one of two things to change the money: 1) change the structure of the Matrix, or 2) provide a Cost-of-Living Adjustment (COLA) inflator for each line item in the Matrix. He said two sources are used to provide projections of inflationary factors for future time periods: Moody's Analytics and Global Insight. He stated these sources provide both quarterly data and annual data for calendar years, which is then translated for a fiscal year

basis. He said the merged quarterly data for FY2016 is 1.993% and for FY2017 is 2-1/3%. He said the merged annual data for FY2016 is 1.95% and for FY2017 is 2.25%. He said 2% has held up well in the past, even though there is some fluctuation.

Issues Included in the Discussion:

- clarification of how a COLA is applied to each line item within the Matrix,
- categorization of Broadband in the Matrix to ensure Adequacy,
- ensuring school districts spend foundation funds in areas for which funds are earmarked, when an evidence-based increase is applied to the level of funding for that line item in the Matrix,
- amount of COLA applied to the Matrix compared to the actual cost-of-living increase,
- addressing facilities funding,
- considering the option of a supplemental pot of money for transportation in high-cost districts,
- changing the Matrix from a *funding* Matrix to a *spending* Matrix, and
- the School Board and the Superintendent decide how the 2% is applied.

Presenter & Synopsis:

Ms. Nell Smith, Administrator, Policy Analysis and Research Section, Bureau of Legislative Research, was recognized. Ms. Smith described the handouts pertinent to Adequacy. She reiterated that the deadline for the Adequacy Report is November 1. Ms. Smith walked the Committees through a draft of the Report, discussing its contents and organization. She reviewed items in the document, *Recommendations Discussion Framework*, with conversation by the members following each item.

Contributor to the Discussion:

Mr. Tony Wood, Commissioner, Arkansas Department of Education

Issues Included in the Discussion:

- elevating standards requirements to improve capability and competency in career education,
- defining a *Carnegie Unit*,
- rule change regarding individual schools and academic distress,
- disposition of school fund balances,
- charter schools and Adequacy issues,
- effect of the new public school rating system on Adequacy,
- adding more money to the allowance for teacher salaries in the Matrix, when school districts are not utilizing the funds for the intended purpose,
- effect of the pupil per teacher ratio on funding for school districts,
- revisiting and reassessing the state of academic facilities, transportation, and teacher salaries,
- applying for student growth funding and declining enrollment funding in the same year,
- effect of fixing the transportation line item on isolated funding,
- the term, *isolated districts*, is really *isolated students*,
- regarding “winners” and “losers” in transportation, having separate pools of money to make up funding to “losers” outside of the Matrix,
- National School Lunch Act (NSLA) funding is *state* categorical funding,
- school districts reviewing Adequacy recommendations and determining if the acceptance of state funding is necessary for their operations,
- NSLA funding “cliffs,”
- giving guidance to school districts struggling to meet Adequacy,
- clarification of what benefits are included in the line item for teacher salaries in the Matrix,
- need for feedback from teachers on Professional Development (PD),
- deciding the role and stance of the Committees in order to measure the effectiveness of the process in spending funds, and
- data on what school districts are actually spending in comparison to funding received.

Senator Elliott summarized plans for future meetings and discussions.

Handouts:

Adequacy Issues
Adequacy Report, Volume I, Draft
Adequacy Study Statutory Responsibilities
Matrix FY13-FY15, CORRECTED
Picus Odden Associates AR Desk Audit
Recommendations Discussion Framework
Statute on the Adequacy Report

Next Scheduled Meetings:

Monday, October 13, 2014, at 10:00 a.m. in Room 171 of the State Capitol in Little Rock
Tuesday, October 14, 2014, at 9:00 a.m. in Room 171 of the State Capitol in Little Rock

Adjournment:

The meeting adjourned at 3:52 p.m.

Approved: 10/27/14