Exhibit C2

K-12 Public Education Expenditures

2022 ADEQUACY STUDY

February 8, 2022

Prepared for the Interim Senate Committee on Education

and the Interim House Committee on Education

Contents

Introduction

Arkansas school districts and public charter school systems have access to a variety of funds to spend on the staffing and resource items the legislature has deemed critical to providing an adequate education for all students. These items are listed in the state's funding matrix, which is the legislature's main tool for determining **foundation funding**, the main source of educational funding for Arkansas schools. In addition to foundation funds are **categorical funds**, which is money to be spent specifically to improve the achievement of students from families in poverty, for whom English is a second language, and who are unable to excel in a traditional classroom setting. Another set of categorical funds are for teachers' professional development. The state also has **supplemental funding** streams schools can use to meet adequacy and equity goals. Some are provided to support adequacy in general, while others are targeted to specific items. Some of these funding streams predate the state's 2003 "Lake View" reforms while others have been created more recently.

This report examines how Arkansas schools have spent these funds during the 2021 school year for each item in the matrix, the special populations for which categorical funds are designated and other "non-matrix" items educators deem important. Spending patterns between types of schools, such as urban versus rural, are examined, and, when possible, comparisons to other states and research from literature reviews are provided.

Overall Expenditure State Comparisons

After controlling for cost-of-living differences, Arkansas spent about $6,000 less per pupil than the highest-spending, top-performing state on the National Assessment of Educational Progress[1] in 2018 and ranked 31st among all states and the District of Columbia.

TOP NAEP STATES, 2018

State	Per Pupil Spending
Massachusetts	$13,698
New Jersey	$16,585
New Hampshire	$15,177
Minnesota	$12,719
Wyoming	**$17,828**
Virginia	$11,984
Vermont	$16,975
Indiana	$11,136
Connecticut	$15,642
Utah	**$ 7,715**

TOP SREB STATES, 2018

State	Per Pupil Spending
Virginia	$11,984
Florida	**$9,771**
Maryland	$11,542
N. Carolina	$9,870
Kentucky	**$12,071**
Georgia	$11,798
Tennessee	$10,726
Texas	$10,592

CONTIGUOUS STATES & ARK. 2018

State	Per Pupil Spending
Missouri	$12,426
Tennessee	$10,726
Texas	$10,592
Oklahoma	**$9,278**
Arkansas	***$11,502***
Mississippi	$10,395
Louisiana	**$12,432**

Source: 2020 Digest of Education Statistics, table 236.75. Total expenses exclude capital outlay expenses and interest on school debt. Expenses are adjusted for cost of living using the Missouri Economic Research and Information Cost of Living Annual 2018 Table Center.

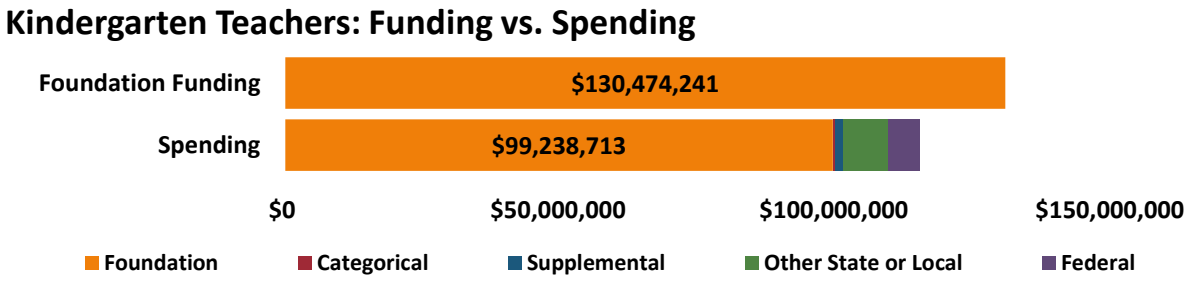
[1] Please refer to the Methodologies and Definitions Report.

Matrix Items

MATRIX/KINDERGARTEN TEACHERS

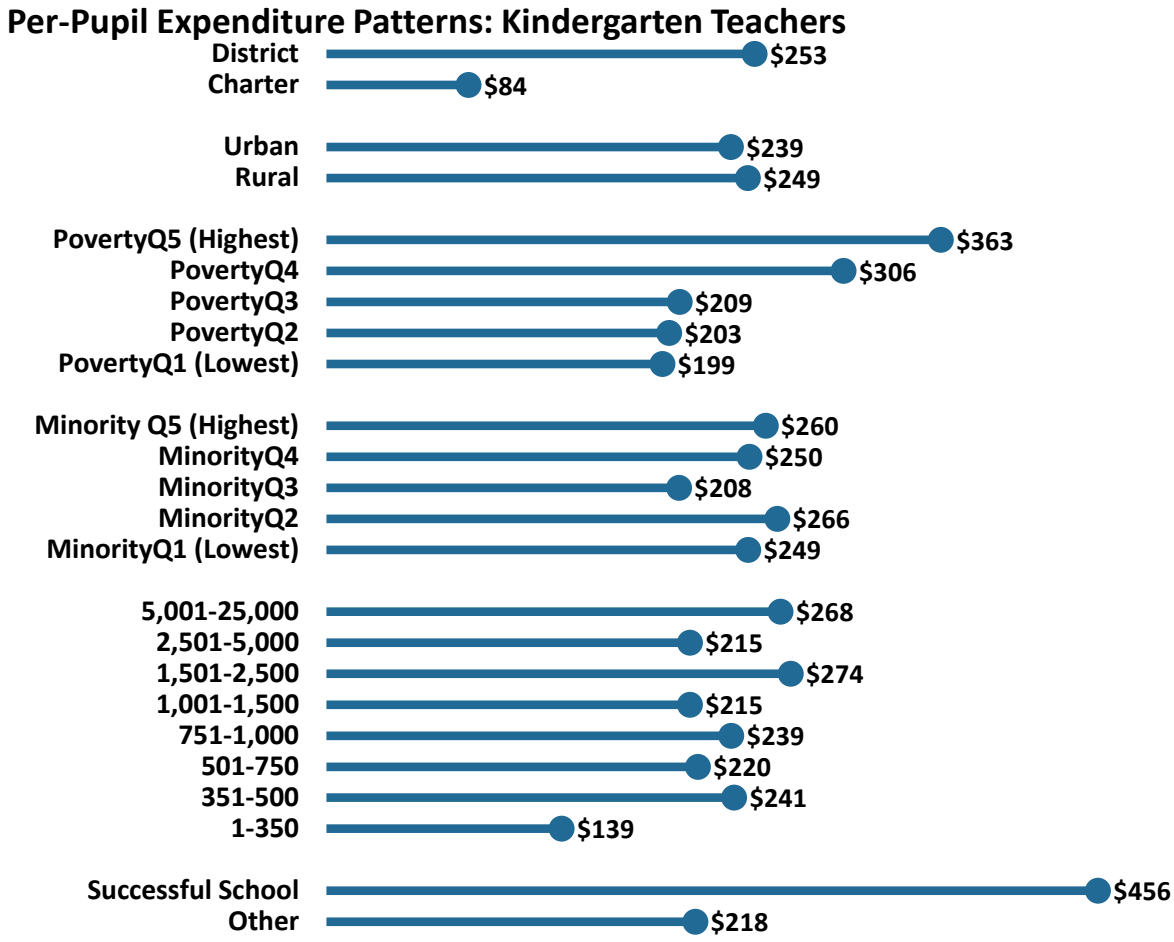
In 2021, public schools in Arkansas spent a little over $115 million on kindergarten teachers from all fund sources, close to $15 million less than they received in foundation funding.

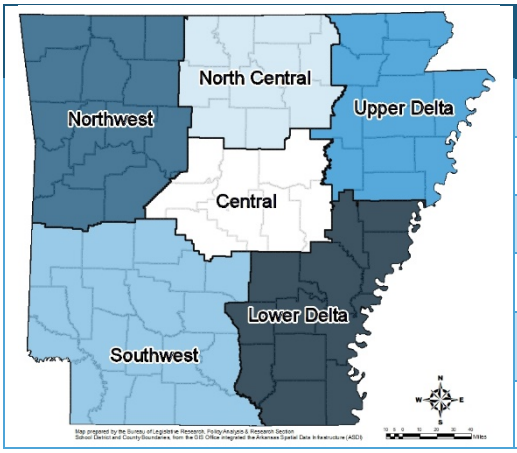
2021 Per Pupil Amount	
Foundation Funding	$274
Foundation Expenditures	$211
Total Expenditures	$245



Expenditure Patterns

When looking at different types of schools in Arkansas, districts spent three times more per-pupil than charters. Spending increased with poverty; Successful Schools spent significantly more than others.



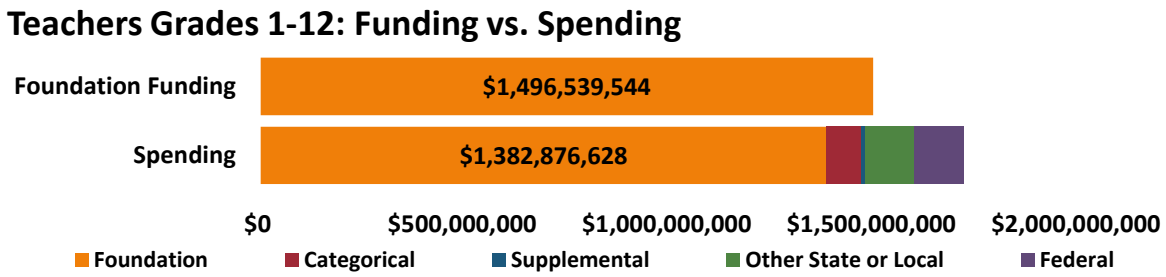


Region	2021Per Pupil Amt.
Lower Delta	$199
North Central	$224
Northwest	$237
Central	$253
Southwest	$257
Upper Delta	$268

MATRIX/CLASSROOM TEACHERS GRADES 1-12

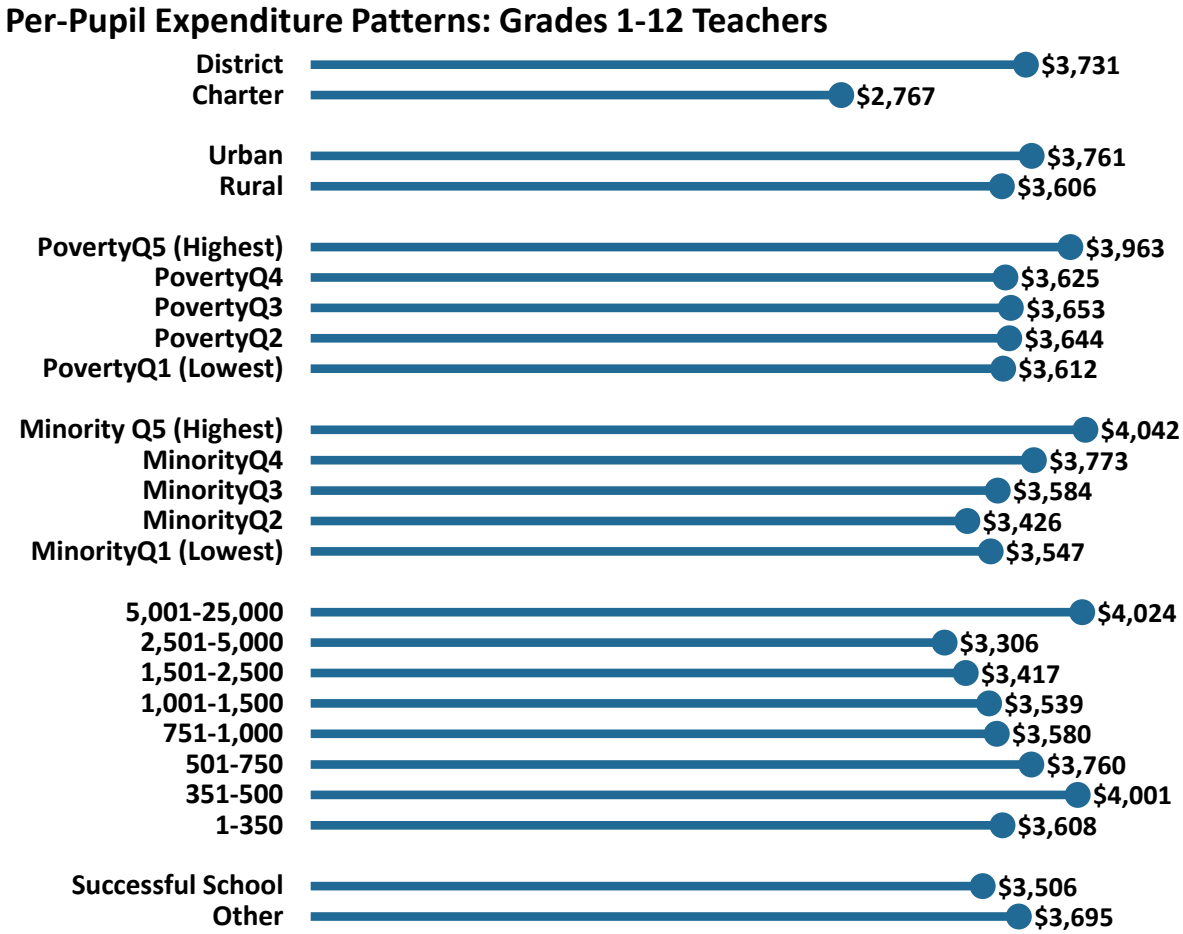
In 2021, public schools in Arkansas spent $1,730,110,867 on classroom teachers from all fund sources, $233.5 million more than they received in foundation funding. Public schools may use a variety of funds to pay their grades 1-12 teachers' salaries and benefits, as is illustrated in the following graph. A little over $347 million came from other fund sources. Schools spent 81% on regular classroom instruction and 19% on other instructional programs.

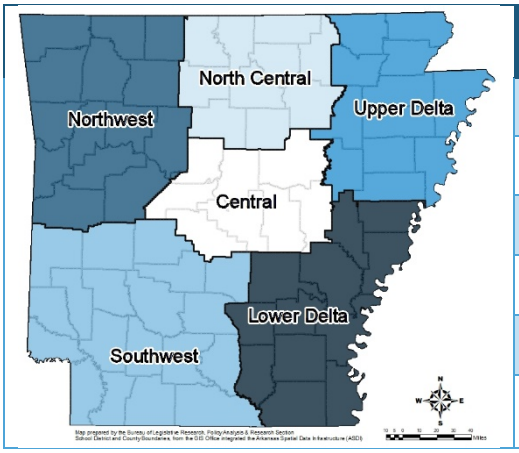
2021 Per Pupil Amount	
Foundation Funding	$3,142
Foundation Expenditures	$2,944
Total Expenditures	**$3,684**



Expenditure Patterns

Per- pupil spending levels for grades 1-12 teachers were higher for districts compared to charters. Spending increased with poverty and higher minority population. With the exception of the largest school size, schools with lower enrollment spent more per pupil.





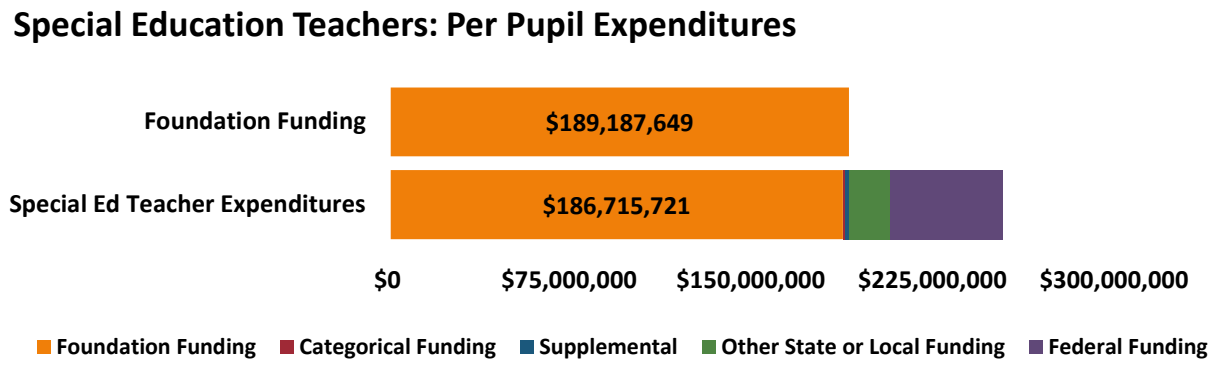
Region	2021 Per Pupil Expense
Upper Delta	$3,471
North Central	$3,569
Lower Delta	$3,570
Central	$3,658
Southwest	$3,697
Northwest	$3,823

MATRIX/SPECIAL EDUCATION TEACHERS

In 2021, public schools in Arkansas spent nearly $187 million on special education teachers, about $2.5 million less than they received in foundation funding for that purpose. However, total spending on special education teachers from all fund sources equaled about $253 million.

	2021 Per Pupil Spending (All Students)	2021 Per Pupil Spending (Students with Disabilities)
Foundation Funding (Special Education Teachers Only)	$397	$2,854
Foundation Expenditures (Special Education Teachers Only)	$398	$2,817
Total Special Education Teacher Expenditures (All Funds)	$539	$3,816

As shown in the following chart, federal funding, primarily from IDEA Part B (or Title VI-B)[2] and Medicaid, provided the next largest source of funds for special education teachers. Special education high-cost occurrences funding (included among additional state funding) totaled $13.02 million in 2021, making up less than 1% of funds used for special education teachers.



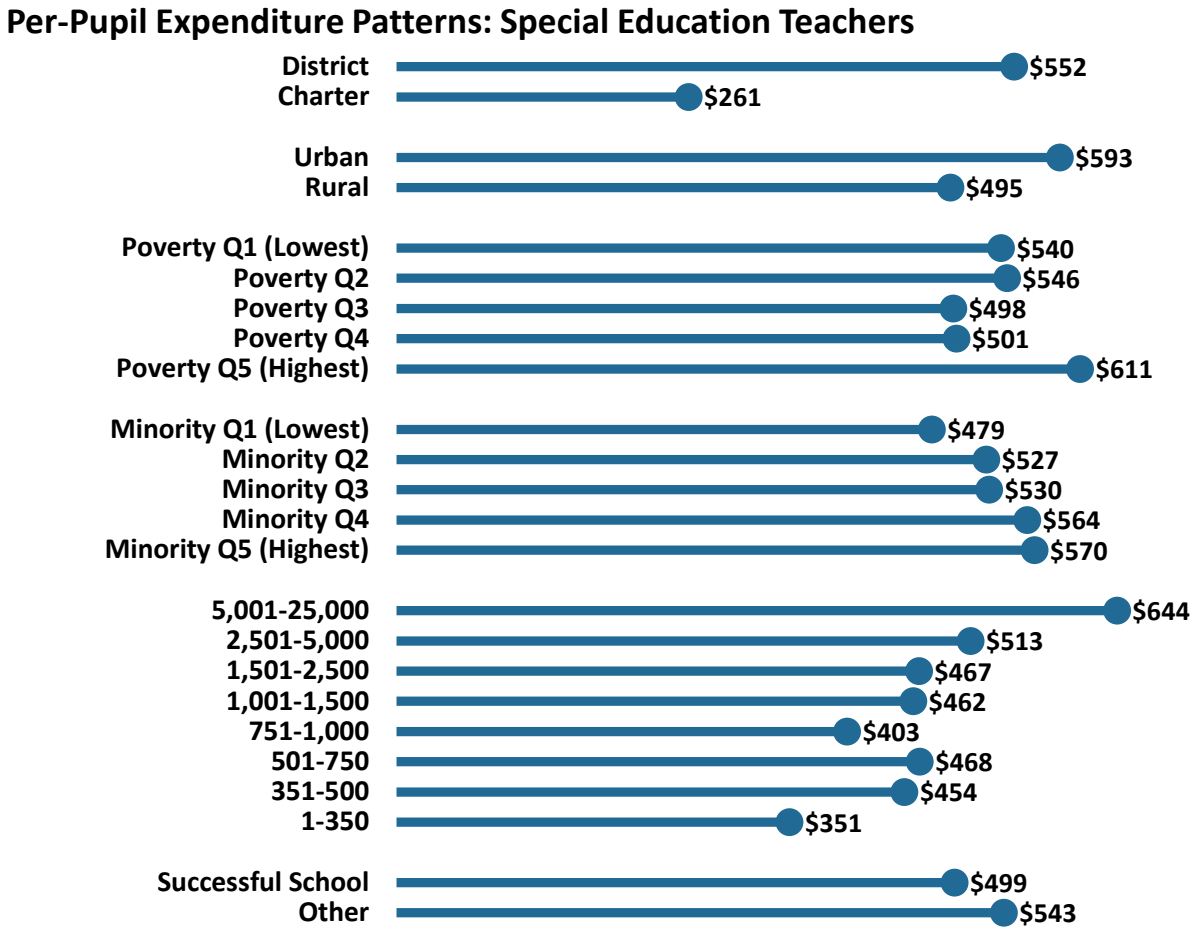
The following table shows data on special education teacher spending and full-time equivalents (FTEs) for districts and charters. As noted above, districts and charters are spending less on special education teachers than what they receive in foundation funds for that purpose. **However, when broken out, districts are spending nearly $2 million more than what they received and charters are spending $4.3 million less than what they received.** This is likely due to charters having fewer students with disabilities. In districts, students with disabilities make up 14.2% of all students; whereas in charters, students with disabilities make up 11.3%. When translated into special education teacher FTEs per 500 students from foundation funding, districts have 3.06 compared to charters with 1.83. However, when looking at all funding sources, districts and charters both almost have another full FTE per 500 students coming from other funding sources.

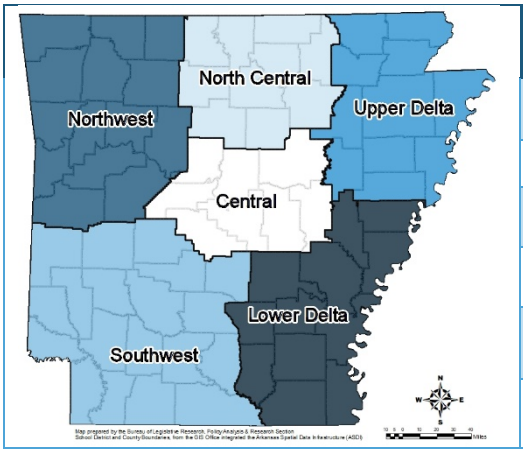
[2] IDEA Part B funding is provided to states, and subsequently to the districts and charters to meet the excess costs of providing special education and related services to children with disabilities. It is distributed based on historic funding levels, the number of children in the state, and the number of children living in poverty in the state.

	Districts	Charters	Total
Foundation Funding Received for SPED Teachers	$181,168,961	$8,018,689	$189,187,649
Foundation Funding Spent on SPED Teachers	$183,030,686	$3,685,036	$186,715,721
Number of SPED Teachers Funded in Matrix (Per 500 Students)	2.9	2.9	2.9
Number of SPED Teacher FTEs from Foundation Funding (Per 500 Students)	3.06	1.83	3.02
Number of SPED Teacher FTEs from All Funding Sources (Per 500 Students)	4.03	2.75	3.98
Percentage of Students with Disabilities of Total Enrollment	14.2%	11.3%	13.4%

The following chart shows different trends among spending for special education teachers. Districts spent more than double than charters on a per-student level. This is also likely due to the fact that charters generally have lower proportions of students in special education than districts. Districts and charters with the highest proportion of students receiving free and reduced price lunches and minority students also spent more than other districts on special education teachers, as did larger districts. Districts with more than 5,000 students spent almost double what districts with less than 350 did.

Expenditure Patterns





Region	2021 Per Pupil Expense
Lower Delta	$425
Southwest	$452
North Central	$464
Northwest	$553
Upper Delta	$558
Central	$596

The following tables show per-pupil spending on special education teachers in other states, including all students and only students with disabilities. This does not include any other special education expenditures. [3]

TOP NAEP STATES, 2018

State	Per Pupil Spending: All Students	Per Pupil Spending: Students with Disabilities Only
Massachusetts	$817	$4,926
New Jersey	$984	$6,121
New Hampshire	$870	$5,909
Minnesota	$696	$5,006
Wyoming	$944	$7,208
Virginia	**$1,025**	**$8,449**
Vermont	$982	$6,443
Indiana	$470	$3,104
Connecticut	$711	$5,093
Utah	**$286**	**$2,524**

TOP SREB STATES, 2018

State	Per Pupil Spending: All Students	Per Pupil Spending: Students with Disabilities Only
Virginia	**$1,025**	**$8,449**
Florida	$673	$5,243
Maryland	$614	$5,719
North Carolina	$360	**$3,083**
Kentucky	$651	$5,041
Georgia	$715	$6,309
Tennessee	$450	$3,895
Texas	**$342**	$3,858

[3] National Center for Education Statistics (NCES) ElSi tableGenerator. Variables: State; 2017-18; Total Students, All Grades (Excludes AE) [Public School]; Instruction Expenditures – Special Education Salaries (E11B). https://nces.ed.gov/ccd/elsi/tableGenerator.aspx Expenses have been adjusted for cost of living in each state using the Cost of Living Annual 2018 Table created by the Missouri Economic Research and Information Center.

CONTIGUOUS STATES AND ARKANSAS, 2018

State	Per Pupil Spending: All Students	Per Pupil Spending: Students with Disabilities Only
Missouri	**$1,113**	**$8,886**
Tennessee	$450	$3,895
Texas	$342	$3,858
Oklahoma	**$312**	**$2,063**
Arkansas	$452	$3,655
Mississippi	$566	$4,423
Louisiana	$635	$5,947

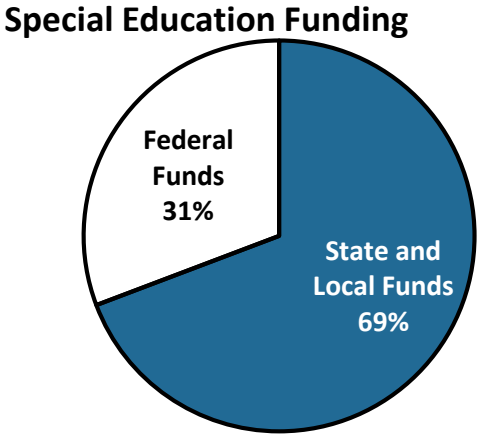
Other Special Education Expenses

When taking into account all special education expenditures includes services like speech pathology, physical and occupational therapy, transportation, and other instructional programs, total special education expenditures equaled $508 million, or $1,082 per pupil.

	2021 Per Pupil Spending (All Students)	2021 Per Pupil Spending (Students with Disabilities Only)
Foundation Funding	$397	$2,854
Foundation Expenditures	$398	$2,817
Total Special Education Teacher Expenditures	$539	$3,816
Total Special Education Expenditures	$1,082	$7,667

Nearly 70% of special education expenditures in 2021 came from state and local sources – primarily foundation funding. Special education high-cost occurrences made up almost 3% of those state funds. The remaining 31% came from federal funds.

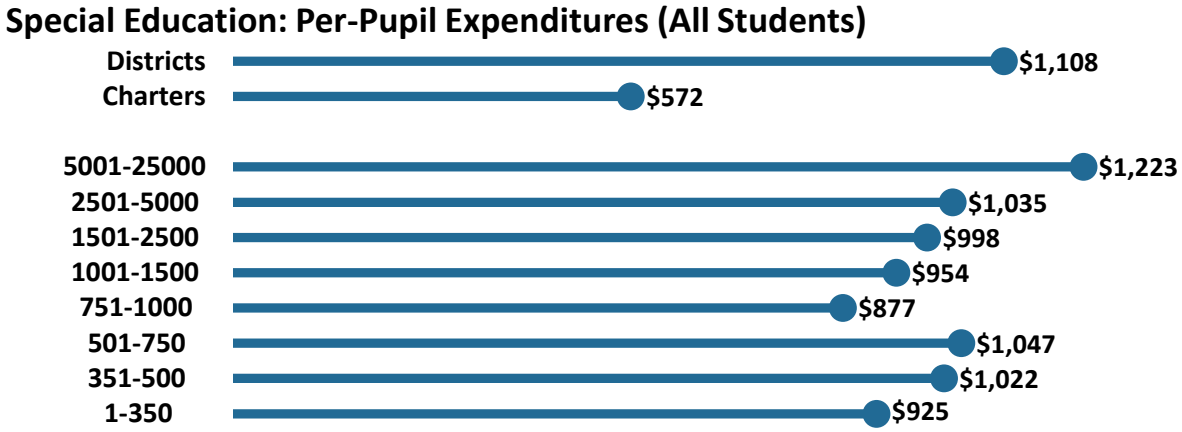
Special education expenditures are noted in the following table. Expenditures spent on resource rooms[4] and special or self-contained classrooms made up just over half of those.

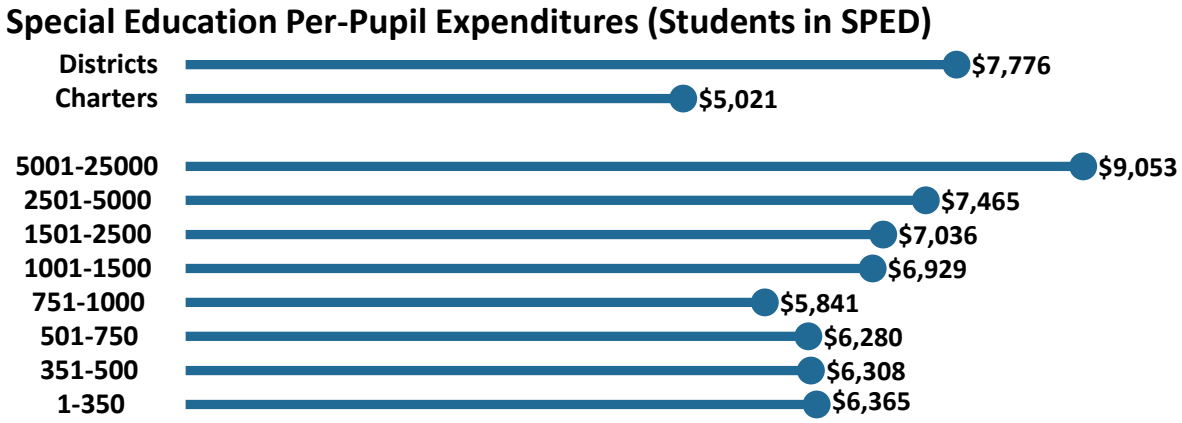


[4] Resources rooms includes education provided by a resource teacher who works with students who are assigned to regular classrooms more than half of the school day.

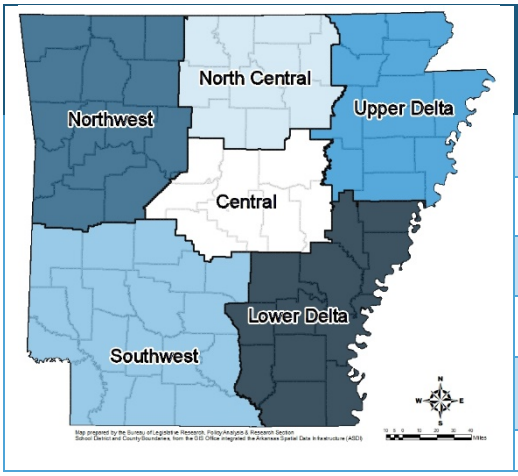
Special Education Expenditures	2021 Amount Spent	Percentage of All SPED Expenditures
Resource Room	$159,425,124	31%
Special (Self-Contained) Classes	$124,110,747	24%
Speech Pathology and Audiology Services	$60,646,949	12%
Special Education Director	$33,986,257	7%
Physical and Occupational Therapy	$29,460,064	6%
Pre-school	$26,498,150	5%
Psychological Services	$18,384,988	4%
Residential or Separate Private Education	$11,068,549	2%
Special Education Co-Teaching	$9,162,290	2%
Special Education Transportation	$7,797,462	2%
Instructional Support Services	$7,250,977	1%
Medicaid Match	$6,891,142	1%
Itinerant Instruction	$6,507,350	1%
Other SPED Programs	$2,467,573	0.5%
Health Services	$2,138,550	0.4%
Student Support Services	$899,513	0.2%
Other Instructional Programs	$551,619	0.1%
School-Based Mental Health	$485,434	0.1%
Other Expenditures	$454,576	0.1%

When looking at total special education expenditures, similar spending trends occur among district type and size. Districts still spent about double on special education than charter schools and larger districts spent more than the smaller districts, even when looking at per-pupil expenditures based on total students and based on the number of students with disabilities.





Regionally, the central region of the state spent the most in special education expenditures when based on all students, but the northwest region spent more when based on actual students with disabilities.



Region	Per-Pupil Expense (All Students)	Per-Pupil Expense (Students in SPED)
Southwest	$989	$7,712
Lower Delta	$1,009	$7,430
North Central	$1,061	$6,729
Upper Delta	$1,079	$6,914
Northwest	$1,092	$8,119
Central	$1,143	$7,787

The number of students with disabilities in Arkansas has been increasing for the past several years. That trend will be examined in more detail in a later report about special education. The increase in the number of students with disabilities also comes with an increase in spending as shown in the following table. Preschool students with disabilities are not included in this analysis, but special education expenditures for these students cannot be fully separated so the total special education expenditures shown in the following table include some expenses for students with disabilities in preschool. The following table shows a larger increase in total expenditures in the 2021 school year. This is due in part to a 2019 Medicaid change in which local educational agencies (LEAs), instead of Early Intervention Day Treatment (EIDT) facilities, are now responsible for providing a free appropriate public education to preschool age children enrolled in these facilities.

Prior to this change, preschool age children who were eligible for special education services under the Individuals with Disabilities Act received those from EIDT facilities, district-run preschools, or educational service cooperatives on behalf of districts. In many cases, districts have agreements with other facilities or education service cooperatives to serve these students, including providing a therapist

to come work with student(s) at a facility, but the district is still receiving/expending the special education funds for these students.

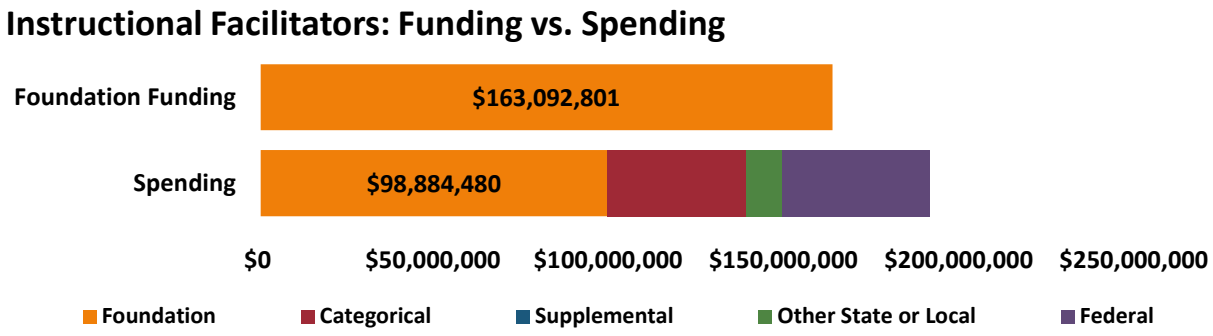
School Year	Number of Students with Disabilities	Per-Pupil (Students with Disabilities Only) Spending	Total Expenditure Amount (All Funds)	Annual % Change in Total Expenditures
2017	59,672	$7,417	$442,602,797	0
2018	61,553	$7,369	$453,599,836	2.5%
2019	63,935	$7,308	$467,245,075	3.0%
2020	66,015	$7,244	$478,239,363	2.4%
2021	66,279	$7,667	$508,187,313	6.3%

MATRIX/INSTRUCTIONAL FACILITATORS

In 2021, public schools in Arkansas spent nearly $191 million on instructional facilitators from all fund sources, about $28 million more than they received in foundation funding. Schools spent the 66% of foundation fund expenditures for this matrix line on Assistant Principals.

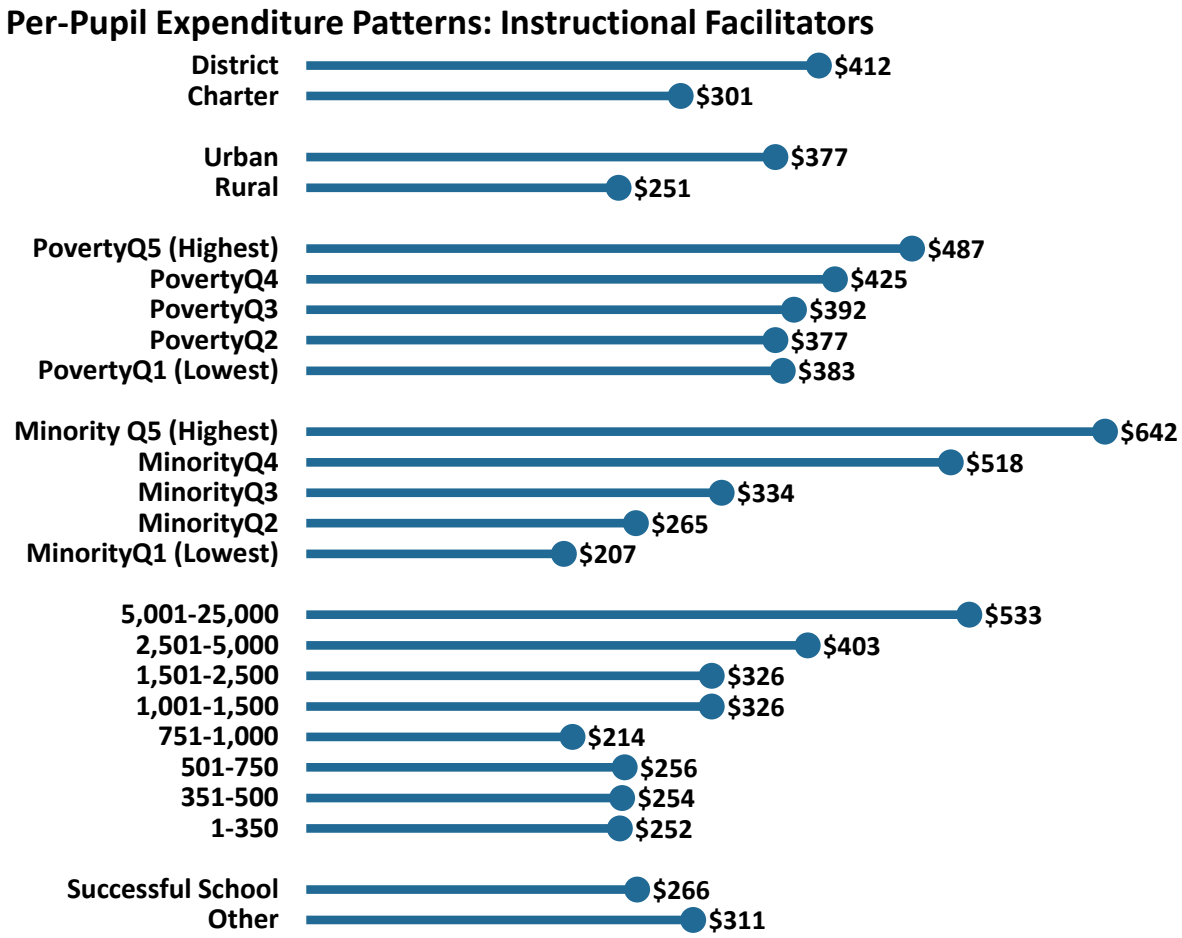
2021 Per Pupil Amount	
Foundation Funding	$342
Foundation Expenditures	$211
Total Expenditures	$407

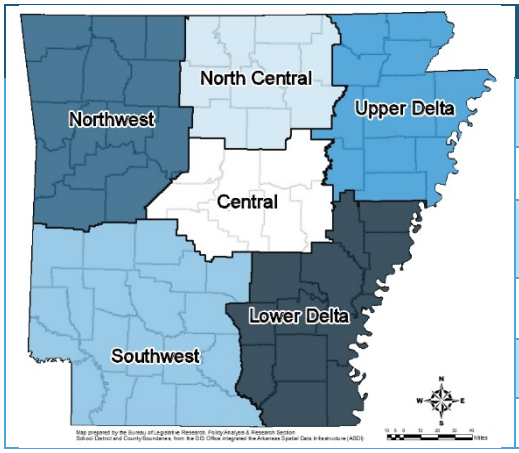
Schools used a little over $92 million from other fund sources, primarily categorical and federal funds.



Expenditure Patterns

Per-pupil spending levels for instructional facilitators were higher for districts compared to charters. Spending increased significantly with poverty, minority populations, and size.





Region	2021 Per Pupil Expense
North Central	$278
Lower Delta	$375
Northwest	$411
Upper Delta	$411
Central	$427
Southwest	$441

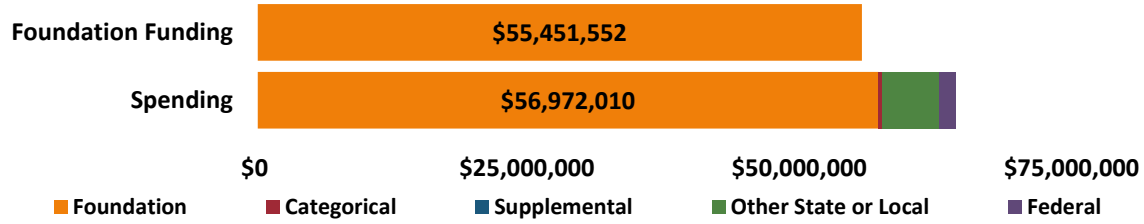
MATRIX/LIBRARIANS-MEDIA SPECIALISTS

In 2021, public schools in Arkansas spent slightly more than $64 million on librarians/media specialists, almost $9 million more than they received in foundation funding.

2021 Per Pupil Amount	
Foundation Funding	$116
Foundation Expenditures	$121
Total Expenditures	$136

Schools used a little over $7 million from other fund sources. The majority of these funds came from the other state and local funding stream.

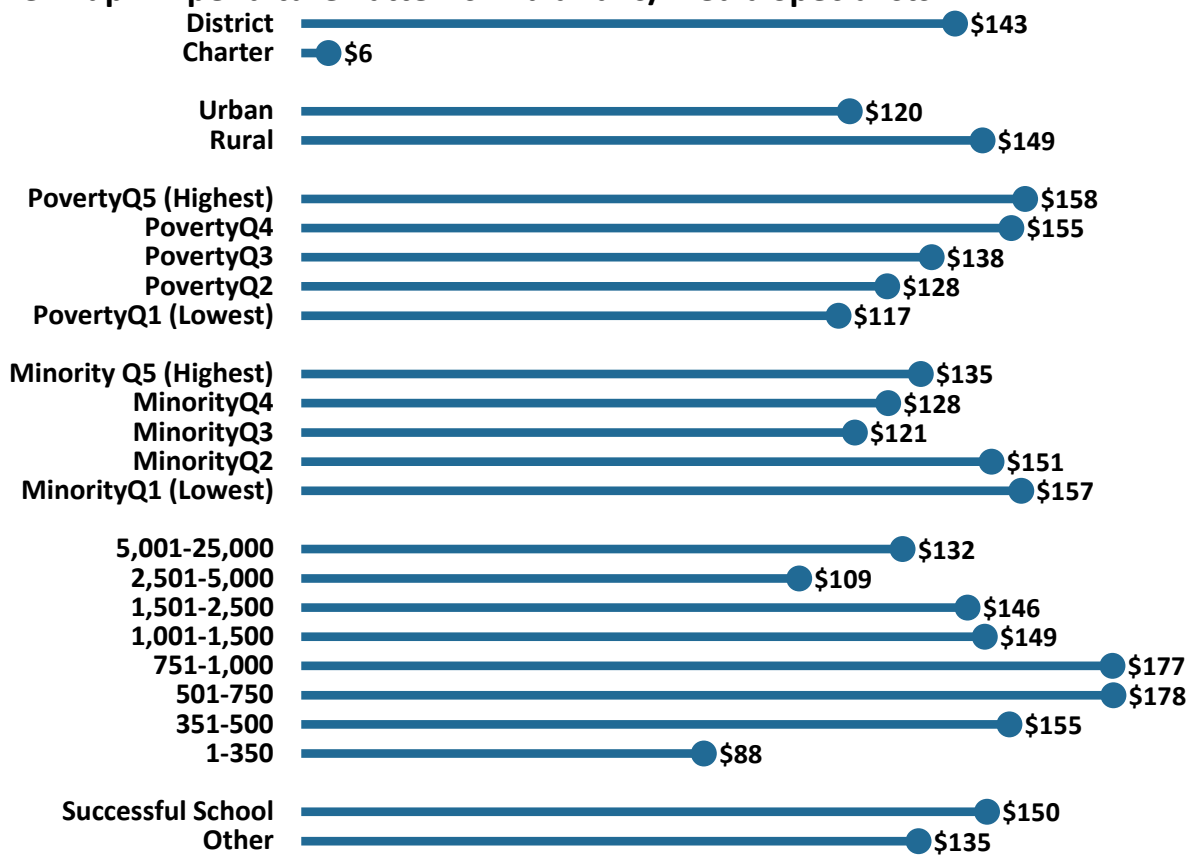
Librarians/Media Specialists: Funding vs. Spending

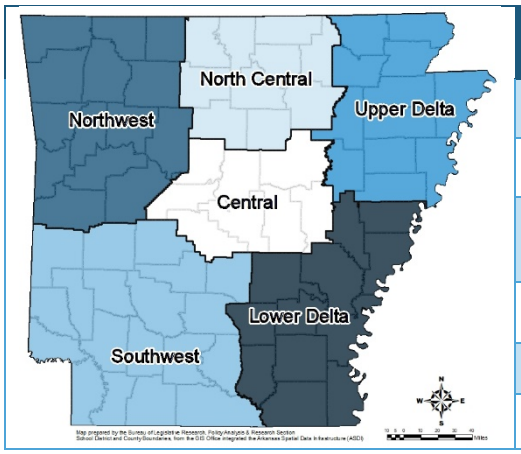


Expenditure Patterns

Districts spent significantly more than charters, which may be due to the number of waivers charters receive. Rural schools spent more per pupil on librarians/media specialists. Spending increased with poverty, but decreased with higher minority populations. Successful Schools spent more than others.

Per-Pupil Expenditure Patterns: Librarians/Media Specialists





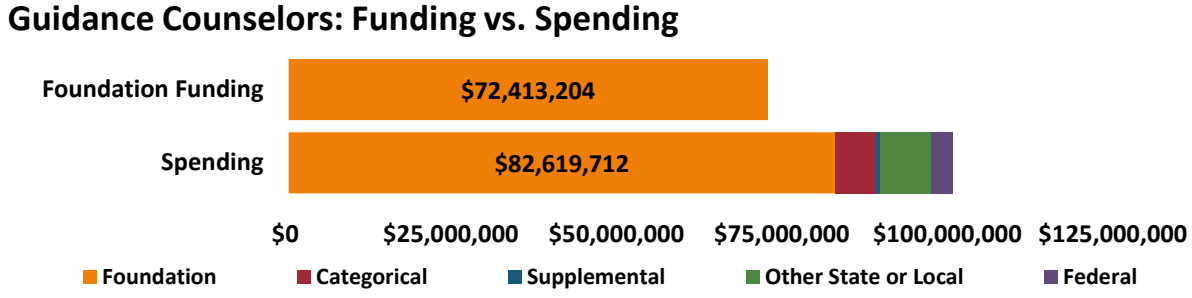
Region	2021 Per Pupil Expense
Central	$127
Northwest	$134
Upper Delta	$137
North Central	$145
Southwest	$147
Lower Delta	$158

MATRIX/GUIDANCE COUNSELORS

In 2021, public schools in Arkansas spent a little over $100 million on guidance counselors from all fund sources, close to $28 million more than they received in foundation funding.

2021 Per Pupil Amount	
Foundation Funding	$152
Foundation Expenditures	$176
Total Expenditures	$214

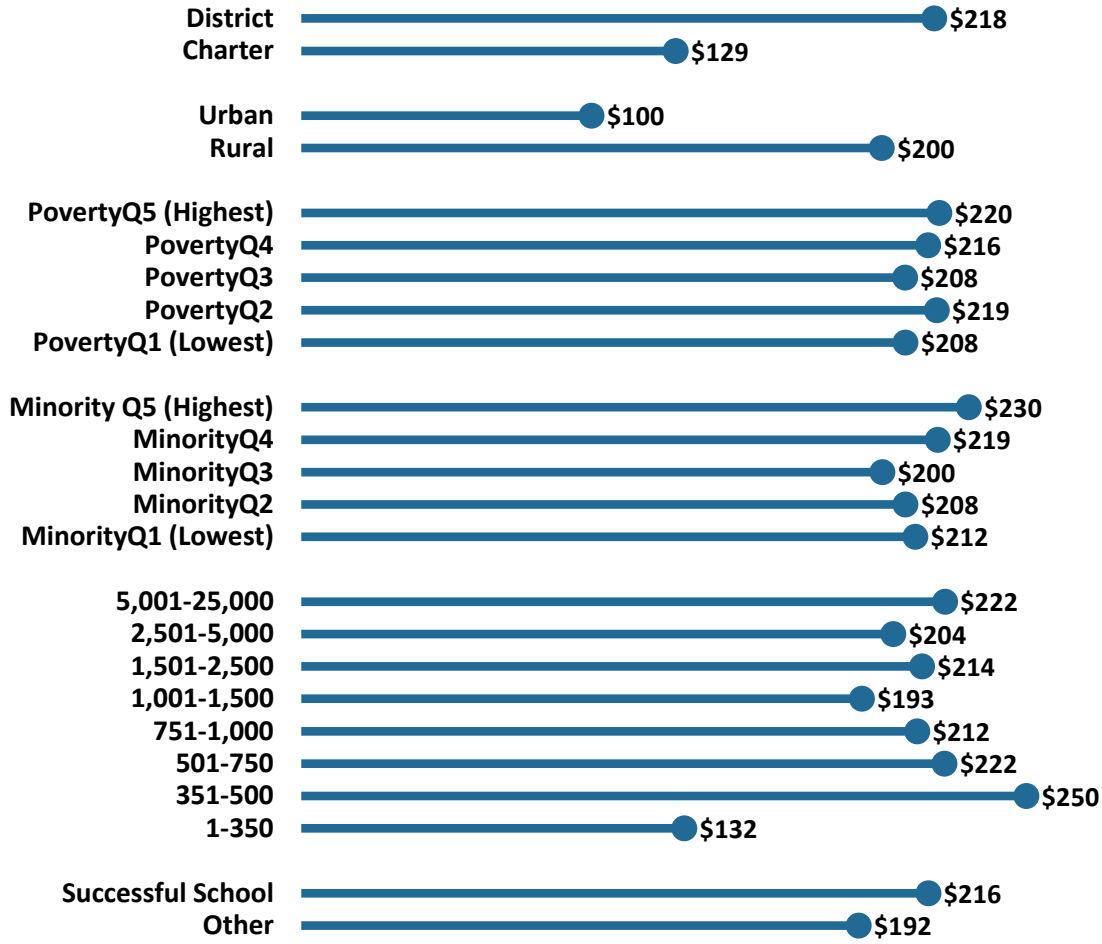
Schools used almost $18 million from other fund sources, as illustrated in the following chart.

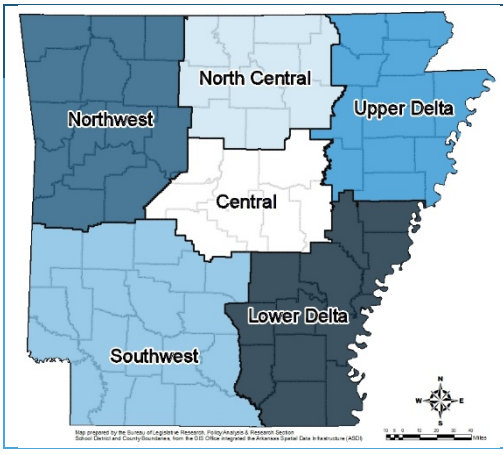


Expenditure Patterns

When looking at different types of schools in Arkansas, per-pupil spending levels for guidance counselors show that districts spend more than charters. Rural schools spend double the amount of urban schools. Spending by poverty varied, but increased with higher minority populations. Successful Schools again spent more than others.

Per-Pupil Expenditure Patterns: Guidance Counselors





Region	2021 Per Pupil Expense
Northwest	$208
North Central	$208
Central	$213
Upper Delta	$214
Lower Delta	$224
Southwest	$227

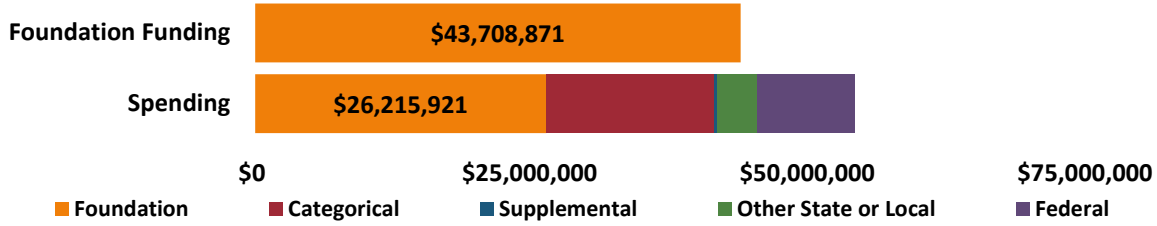
MATRIX/NURSES

In 2021, public schools in Arkansas spent close to $54 million on nurses from all fund sources, a little over $10 million more than they received in foundation funding.

2021 Per Pupil Amount	
Foundation Funding	$92
Foundation Expenditures	$56
Total Expenditures	$115

Schools spent almost $28 million on nurses using other funding sources, with the majority coming from categorical funds.

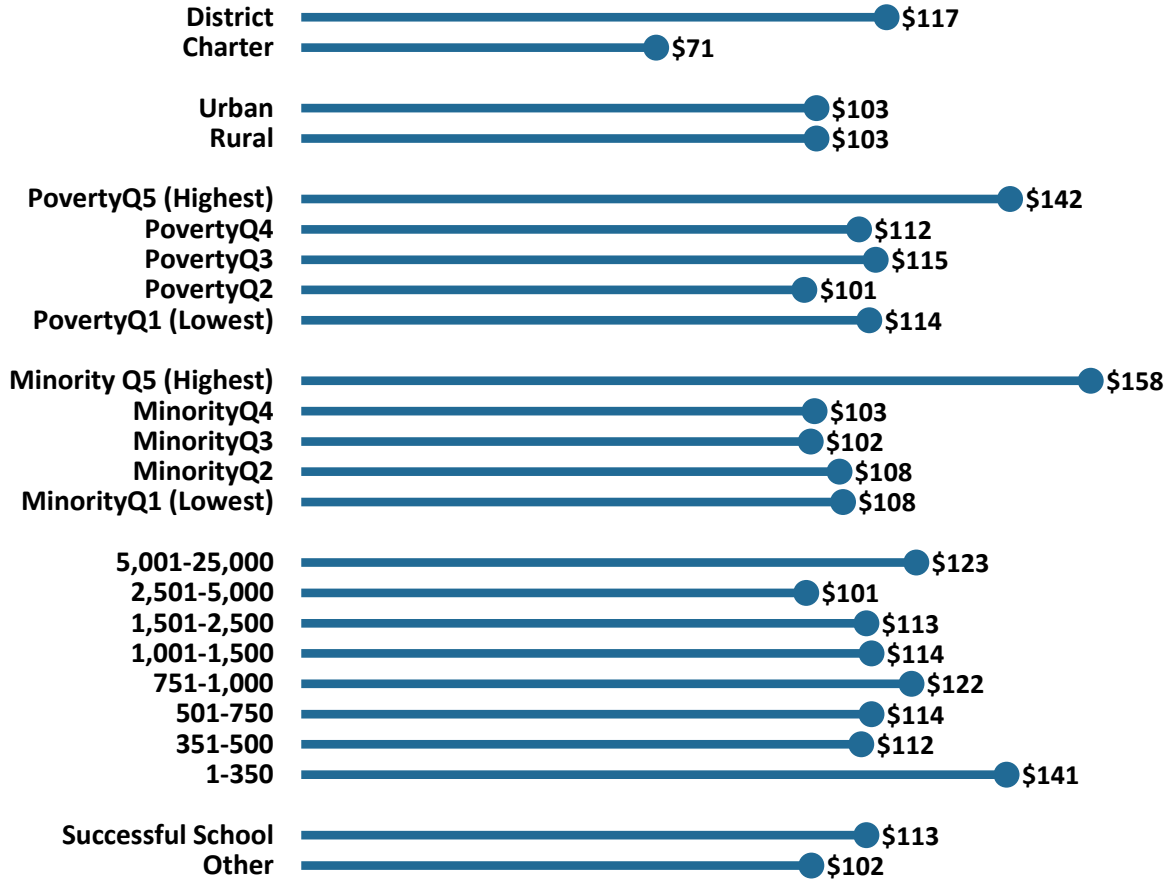
Nurses: Funding vs. Spending

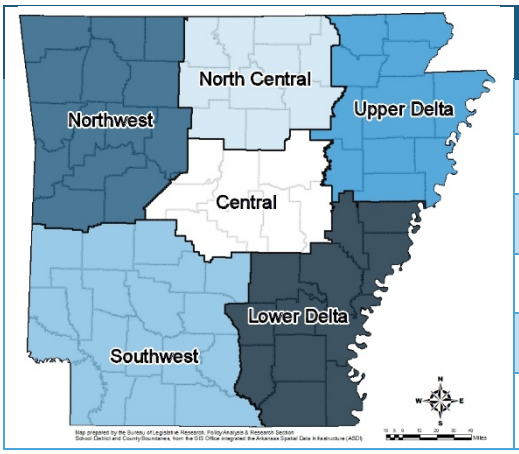


Expenditure Patterns

Districts spent more than charters, but there was not a difference between rural and urban schools. Spending increased with poverty and higher minority populations. Schools with the lowest enrollment spent more per pupil, as did Successful Schools.

Per-Pupil Expenditure Patterns: Nurses





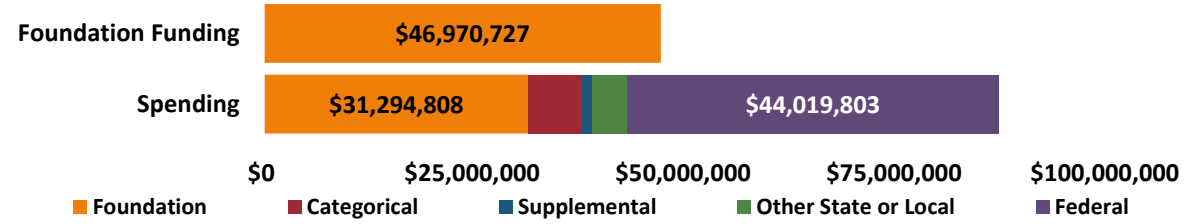
Region	2021 Per Pupil Expense
North Central	$104
Northwest	$106
Upper Delta	$108
Southwest	$112
Lower Delta	$122
Central	$131

Matrix/Other Student Support

In 2021, schools in Arkansas spent a little over $87 million on other student support staff from all funds sources, slightly over $40 million than they received in foundation funding. Schools spent almost $56 million from other funding streams, with about 79% of that from federal funds.

2021 Per Pupil Amount	
Foundation Funding	$99
Foundation Expenditures	$67
Total Expenditures	$185

Other Pupil Support: Funding vs. Spending



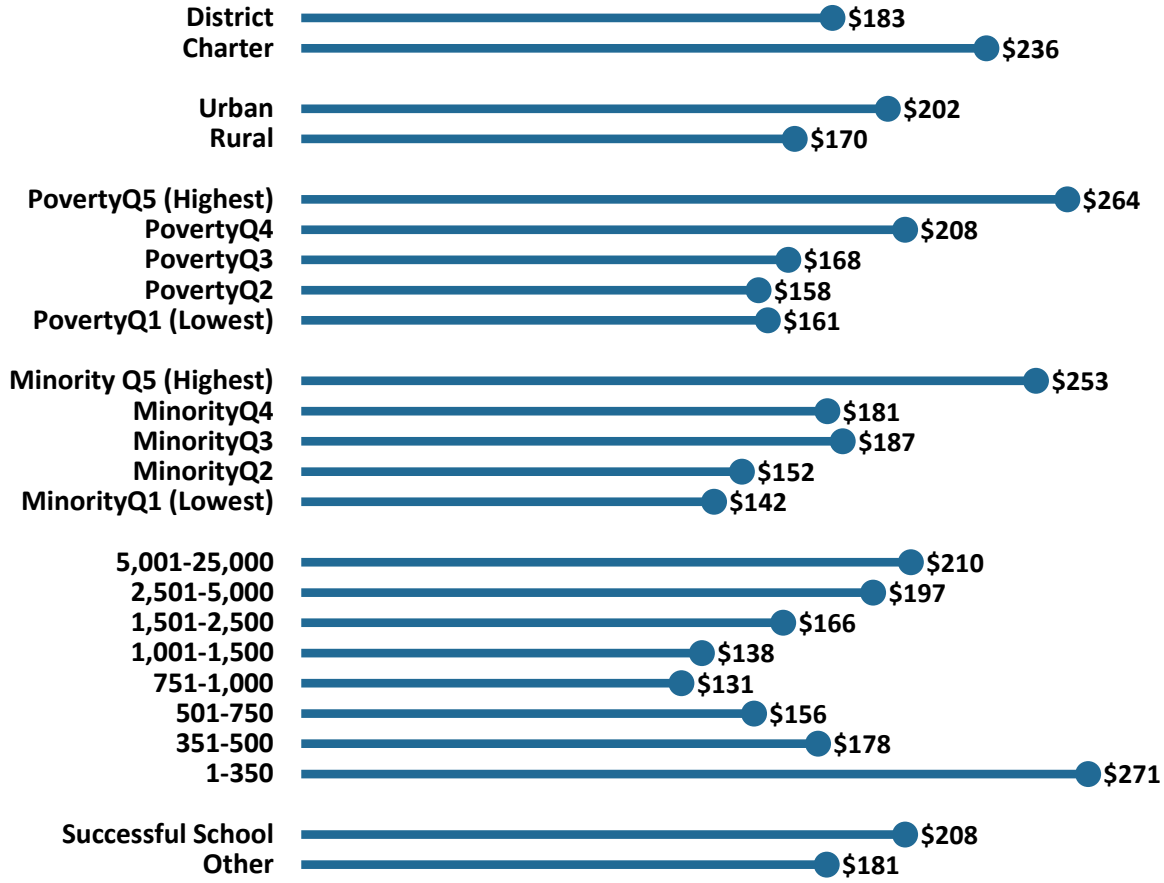
The largest pupil support expenditures were for speech and audiology services, followed closely by physical and occupational therapy. Charter school expenditures outpaced those of school districts most significantly in speech pathology and audiology services.

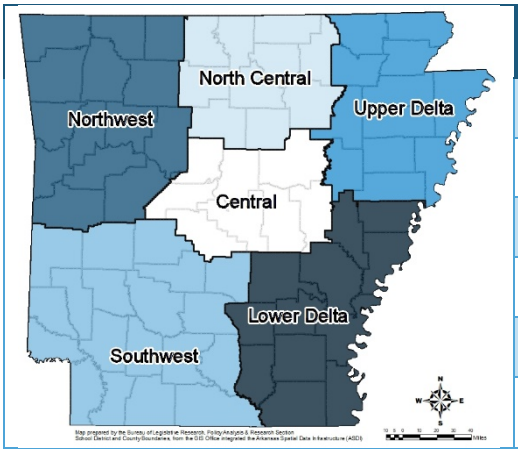
Function Description	2021 Foundation Expenditures	2021 Total Expenditures
Speech Pathology and Audiology	$10.4 M	$29.6 M
Physical and Occupational Therapy	$8.1 M	$23 M
Psychological Testing and Services	$7.7 M	$16.6 M
Attendance and Social Work Services	$2.1 M	$7.6 M
Student Accounting and Other Support Services	$920 K	$1 M
Parental Involvement	$760 K	$5.8 M
School Based Mental Health	$680 K	$2 M
Behavior Support Specialist	$510 K	$1.5 M
Total	**$31.1 M**	**$87 M**

Expenditure Patterns

Charter schools' per-student expenditures for student support services exceeded that of school districts in both foundation funding expenditures and in total expenditures from all funding sources. Spending increased with poverty and higher minority populations. The smallest schools spent the most per pupil, and Successful Schools spent more than others.

Per-Pupil Expenditure Patterns: Other Student Support





Region	2021 Per Pupil Expense
Upper Delta	$145
North Central	$170
Lower Delta	$177
Northwest	$182
Southwest	$197
Central	$209

MATRIX/PRINCIPAL

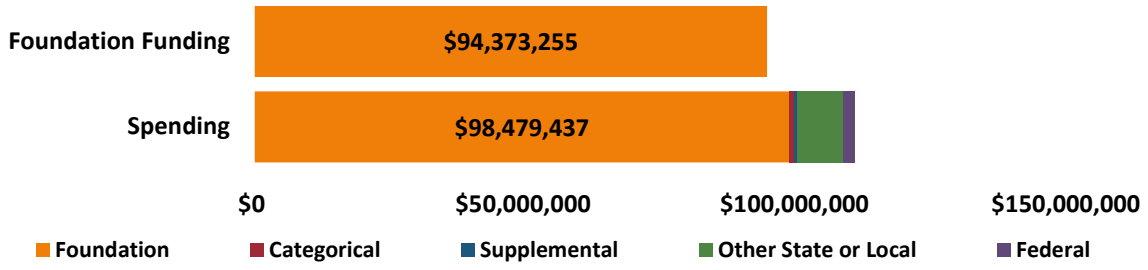
2021 Per Pupil Amount	
Foundation Funding	$198
Foundation Funding Expenditures	$210
Total Expenditures	$235

Successful applicants for building-level administrator licensure in Arkansas will have a current Arkansas standard teacher's license, at least three years as a licensed classroom teacher, school counselor, or library media specialist, an official college or university transcript reflecting a master's level program of study and passing scores for the School Leaders Licensure Exam.[5] In addition, new principals are required to take part in a one- to three-year mentoring program.

In addition, licensed educators studying to obtain a relevant master's degree may be hired as a building-level administrator under an Administrator Licensure Completion Plan.[6]

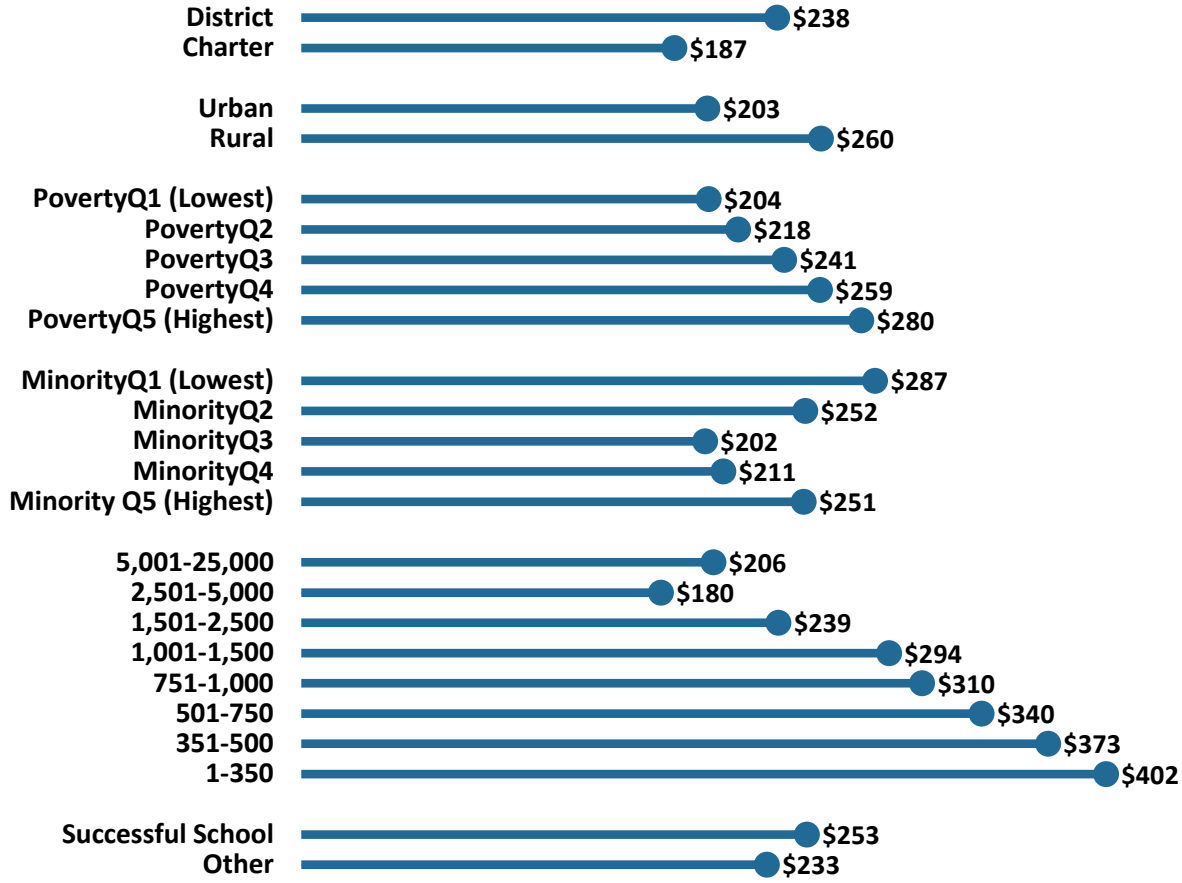
In 2021, public schools in Arkansas spent $110.5 million from all fund sources on principals' salaries and benefits, over $15 million more than they received in foundation funding. The average school-level expenditure for Arkansas principals' salaries and benefits in the 2021 school year was $110,416 for traditional school principals and $95,176 for public charter school principals.[7] The most recent national data comparison is from the 2018 school year, when traditional public school principals reported salaries of $98,700 and public charter school principals reported salaries of $93,100.[8]

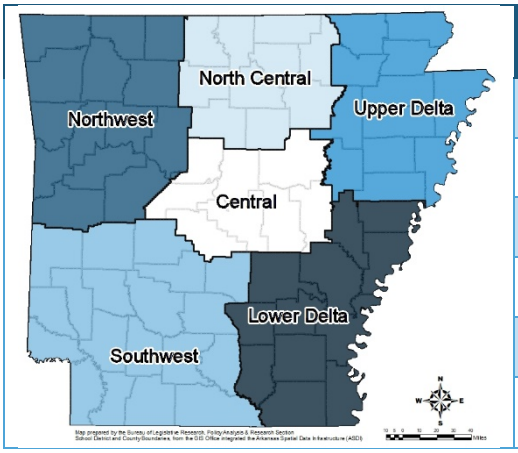
Principal Foundation Funding vs. All Expenditures



[5] Arkansas Department of Education Standard License Application, Building Level Administrator found at https://dese.ade.arkansas.gov/Files/20201030145456_Standard_Building_Level_Administrator_application_7_10_18.pdf.
[6] https://dese.ade.arkansas.gov/Offices/educator-effectiveness/becoming-a-teacher-or-school-leader/preparation-for-school-leader-licensure
[7] Analysis of 2021 school level data in APSCN/Cognos.
[8] National Teacher and Principal Survey (2017-18), National Center for Education Statistics (https://nces.ed.gov/surveys/ntps/tables/ntps1718_2019082204_a12n.asp)

Per-Pupil Expenditure Patterns: Principals





Region	2021 Per Pupil Expenses
Central	$223
Northwest	$224
Upper Delta	$244
Southwest	$252
North Central	$254
Lower Delta	$277

Survey Says: In the 2021 school year, most Arkansas school principals (81.8%) were white, non-Hispanic while nationally 77.7% were white, non-Hispanic. Black, non-Hispanics accounted for 10.1% of principals in Arkansas and 10.5% nationally[9]. Arkansas principals reported 6.4 years prior experience as a principal[10], which was very close to the national average of 6.8 years.[11]

Eight percent of Arkansas principals held doctorates or professional degrees in the 2021 school year, while another 57% had master's degrees.[12] Only 5% had no license or certification in school administration.[13] Three percent said they currently teach in addition to their administrative roles.[14]

Arkansas principals also reported in 2021 that they spent an average of 52 hours per week on the job, with the most time consuming chores being curriculum and teaching-related tasks (including teaching, lesson preparation, classroom observations, and mentoring teachers), student interactions (including discipline and academic guidance) and internal administrative tasks (including human resource/personnel issues, regulations, reports, and school budget).[15]

Job satisfaction among Arkansas principals was high in the 2021 school year, with 96% saying they were generally satisfied with being principal at their schools. Almost half – 41% – planned to remain a principal as long as they are able, while 16% planned to leave once they were eligible for retirement benefits.[16]

Arkansas principals were asked to rank nine educational goals in order of the importance. The three goals with the highest average ranking were 1) promoting students' good work habits and self-discipline; 2) Building students' basic literacy skills, defined as reading, math, writing and speaking; and 3) promoting students' personal growth. The three goals with the lowest average ranking were 1) promoting students' specific moral values; 2) promoting students' occupational or vocational skills; and 3) promoting students' multicultural awareness or understanding.[17]

> ***"The stress is real; however, I am surrounded by good people at my school. Being a principal feels like you are juggling many plates at the same time with many duties. There is not enough man power or time-EVER. It can take a mental and physical toll on you."***
> – Arkansas school principal

Leadership was the top reason teachers listed for selecting their current school, ahead of closeness to family, community's quality of life and salary.[18]

Since 2006, 48 principals have completed the Master Principal program, which was established to enhance leadership qualities and also encourage (with a $25,000 per year bonus for five years)

[9] See Principals Survey Responses, question 2 and 3 and National Teacher and Principal Survey (2017-18), National Center for Education Statistics. (https://nces.ed.gov/surveys/ntps/tables/ntps1718_19110501_a1s.asp)
[10] See Principals Survey Responses, question 6.
[11] National Teacher and Principal Survey (2017-18), National Center for Education Statistics. (https://nces.ed.gov/surveys/ntps/tables/ntps1718_19110505_a1s.asp)
[12] See Principals Survey Responses, question 7.
[13] See Principals Survey Responses, question 8.
[14] See Principals Survey Responses, question 9.
[15] See Principals Survey Responses, questions 11 and 12.
[16] See Principals Survey Responses, questions 13 and 14.
[17] See Principals Survey Responses, question 15.
[18] See Teacher Survey Responses, question 17.

principals to take positions in high needs schools. Two principals have qualified for those funds, though only one completed the full five years in a high needs districts.[19]

State Comparisons – Principal Salaries

The following charts compare data from the National Center for Education Statistics regarding school administrator salary and benefits divided by the total enrollment. School administrators include principals *and* administrative staff, including department heads. Arkansas ranked 39th among all states, after controlling for cost-of-living differences.

TOP NAEP STATES, 2018

States	Per Pupil Spending
Massachusetts	$571
New Jersey	$784
New Hampshire	$805
Minnesota	$495
Wyoming	$926
Virginia	$685
Vermont	**$1,034**
Indiana	$707
Connecticut	$870
Utah	**$491**

TOP SREB STATES, 2018

States	Per Pupil Spending
Virginia	$685
Florida	**$524**
Maryland	**$732**
No. Carolina	$581
Kentucky	$682
Georgia	$711
Tennessee	$625
Texas	$595

CONTIGUOUS STATES & ARK, 2018

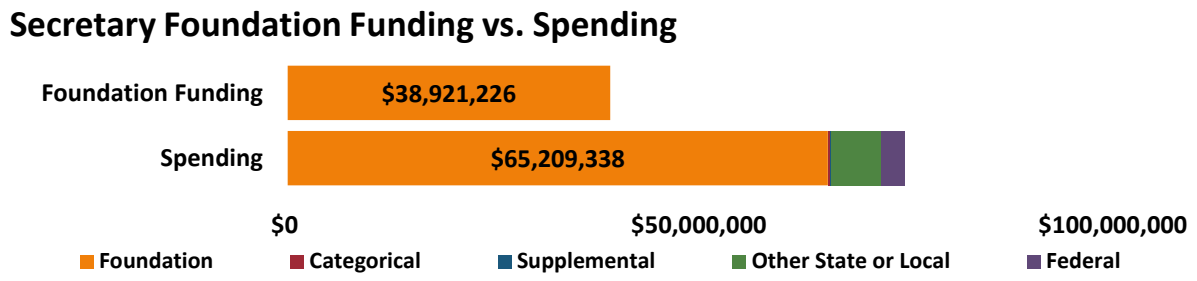
State	Per Pupil Spending
Missouri	$685
Tennessee	$625
Texas	$595
Oklahoma	**$506**
Arkansas	***$580***
Mississippi	$613
Louisiana	**$735**

Source: National Center for Education Statistics ELSi tableGenerator. Expenditures include administrative office expense (not principal salary only). Expenses have been adjusted for cost of living in each state using the Cost of Living Annual 2018 Table created by the Missouri Economic Research and Information Center.

MATRIX/SECRETARY

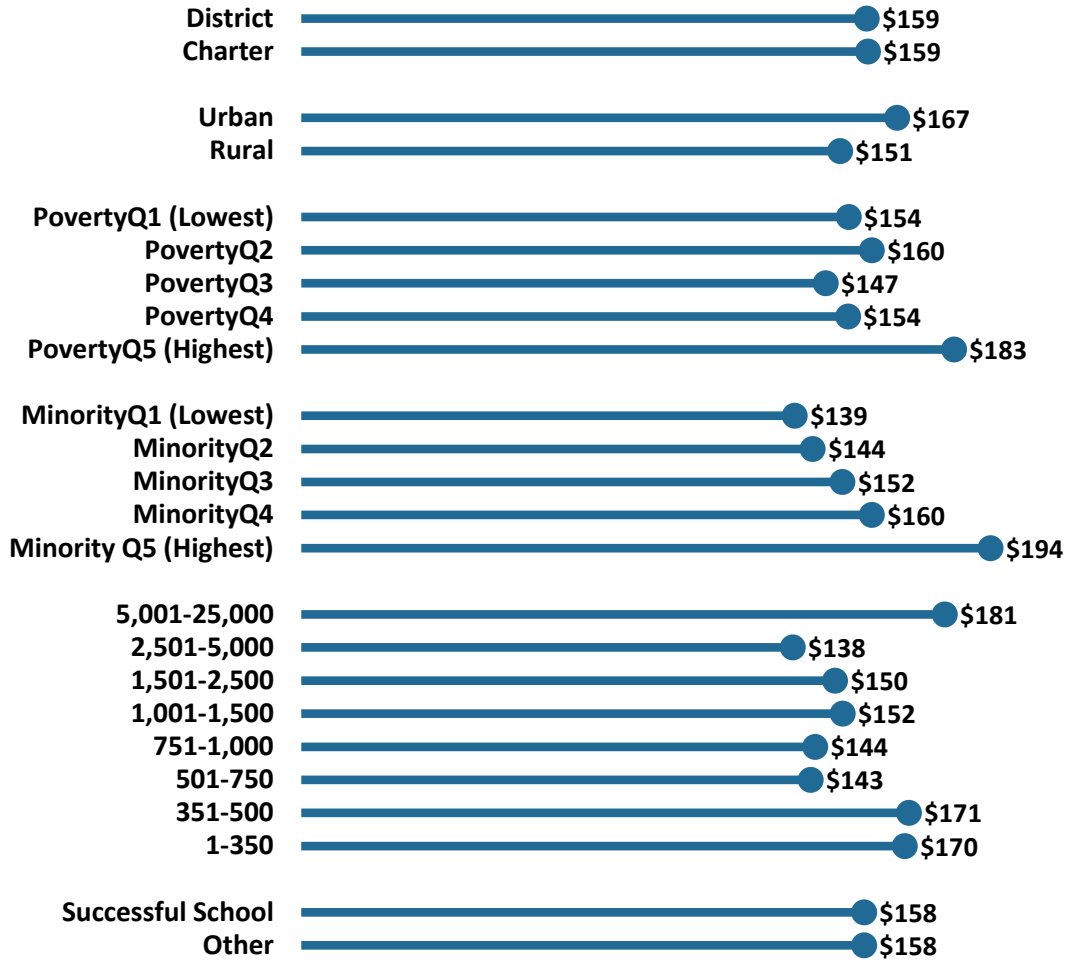
In 2021, schools in Arkansas spent $74.5 million on secretaries, almost twice as much as they received in foundation funding

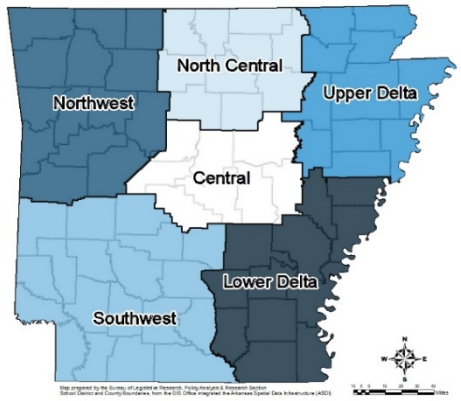
2021 Per Pupil Amount	
Foundation Funding	$82
Foundation Funding Expenditures	$139
Total Expenditures	$159



[19] Email from Karli Saracini, Assistant Commissioner, Arkansas Department of Education Division of Elementary and Secondary Education, dated Jan. 14, 2021.

Secretaries: Per Pupil Expenditure Patterns





Region	2021 Per Pupil Expense
Northwest	$169
Lower Delta	$168
Central	$167
Upper Delta	$144
North Central	$140
Southwest	$138

MATRIX/TECHNOLOGY

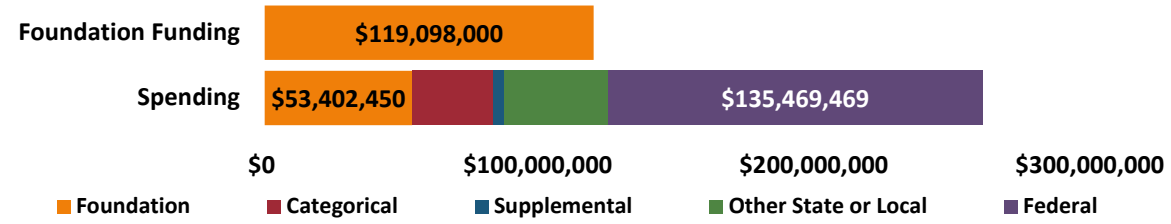
2021 Per Pupil Amount	
Foundation Funding	$250
Foundation Funding Expenditures	$114
Total Expenditures	$553

In 2021, public school districts and charter systems in Arkansas spent more than $260 million on technology, which was twice the amount they received in foundation funding. However, $135 million of the technology purchases were made using federal funds, with about $97 million of that coming from the one-time Elementary and Secondary School Emergency Relief (ESSER) I and II funds provided to assist schools with the unexpected costs associated with COVID-19.

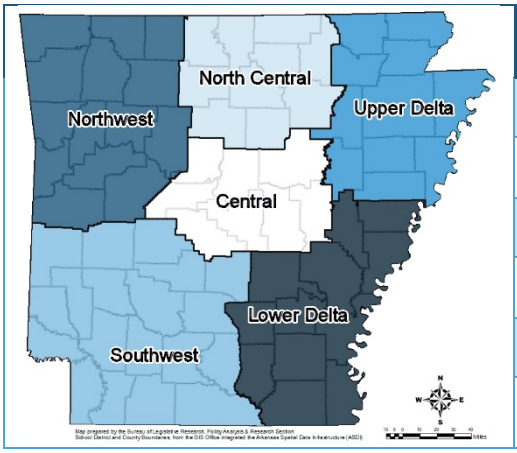
Indeed, the presence of COVID-19, which first hit during the spring of the 2020 school year, caused schools to expand their investments in technology to cover much more learning that occurred at home, either as entire schools had to pivot to out-of-school instruction due to COVID-19 infection levels or because of districts that made at home learning a long-term option for students. Both circumstances called for expanding broadband, devices and software to enable at-home learning (and sometimes teaching). The largest categories of expenditures were for software and licenses ($35.8 million), devices ($30 million) and general supplies and consultants/outside services ($16.5 million).

Because many technology expenses are coded to the district offices rather than to individual school buildings, the following charts make comparisons among districts only and not among school types.

Technology: Funding vs. Spending



Technology Per-Pupil Expenditure Patterns: (Total for District)



Region	2021 Per Pupil Expense
Upper Delta	$634
Southwest	$626
Central	$593
Lower Delta	$582
Northwest	$476
North Central	$451

Survey Says: Almost all superintendents (86%), principals (86%) and teachers (84%) responded that the school's broadband is sufficient most of the time, while only about ½ to 2/3 of superintendents (46%), principals (61%) and teachers (66%) reported that the community's broadband reached that same standard.[20]

According to superintendents, on average, 90% of students were allowed to take home a district-owned computer during the 2021 school year,[21] while about 34% of students, on average, were thought to have access to home computers already.[22]

Matrix/Instructional Materials

In 2021, public schools in Arkansas spent $136.6 million on instructional materials, about $47 million more than they received in foundation funding. Federal funding accounted for almost $38 million of that total, with one-time ESSER funds making up just over a third of the federal spending.

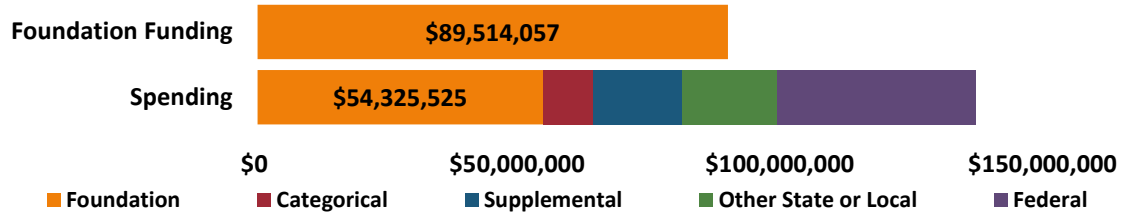
2021 Per Pupil Amount	
Foundation Funding	$188
Foundation Funding Expenditures	$116
Total Expenditures	$291

Charter schools spent about $800 per pupil more on average than did schools in traditional school districts ($1,048 vs. $252).

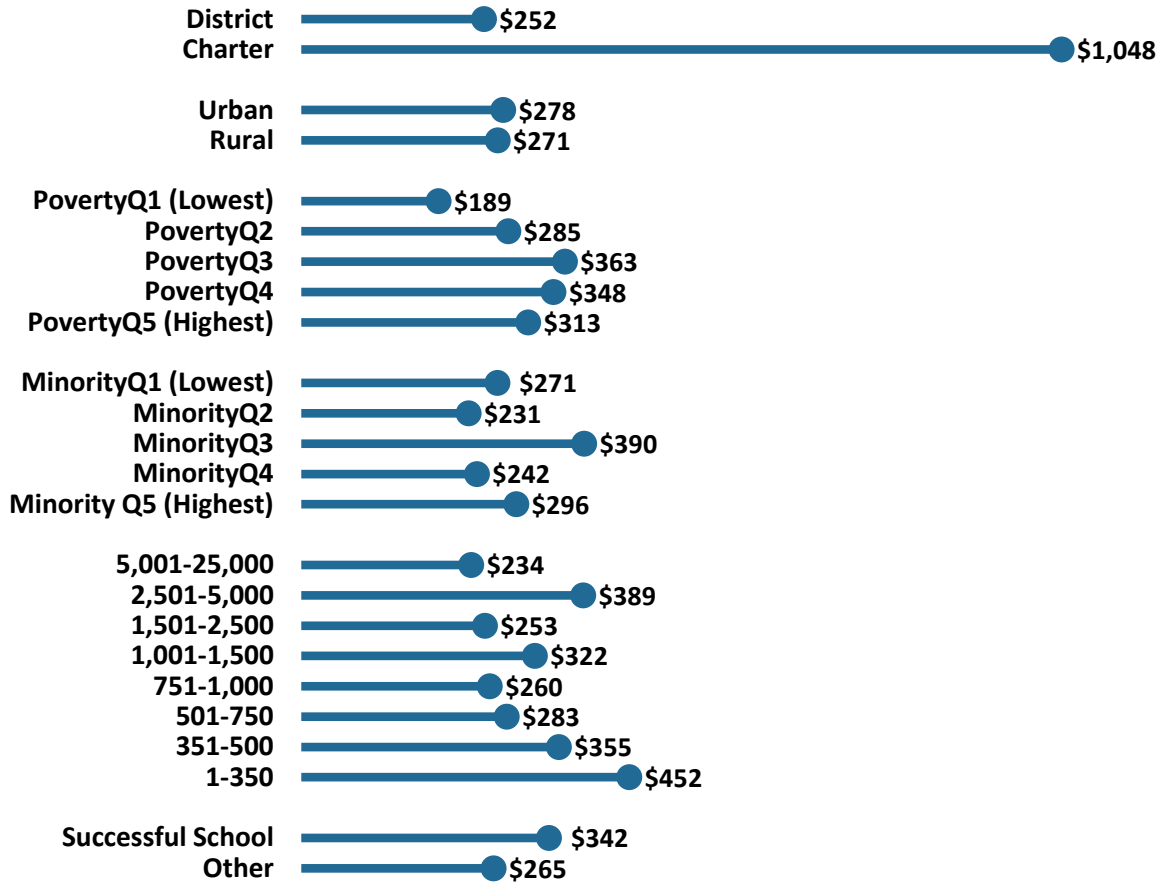
State law calls for districts to provide all instructional materials and related equipment free to students.[23] Instructional materials include electronic and physical textbooks, workbooks, worksheets and other consumables, math manipulatives, science supplies, and library materials.

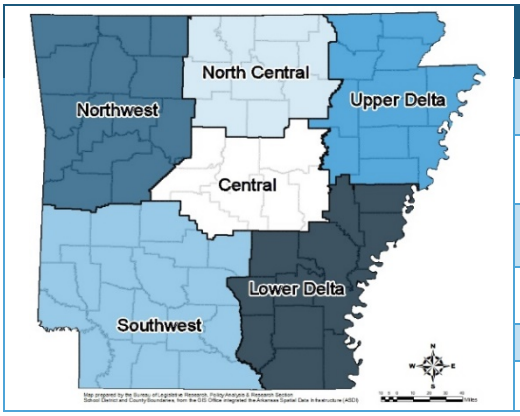
[20] See Superintendents' Survey Responses, questions 41 and 42, Principals' Survey Responses, questions 63 and 64, and Teachers' Survey Responses, questions 59 and 60.
[21] See Superintendent's Survey Responses, question 45.
[22] See Superintendent's Survey Responses, question 46.
[23] A.C.A. § 6-21-403(a)

Instructional Materials: Funding vs. Spending



Instructional Materials: Per-Pupil Expenditure Patterns



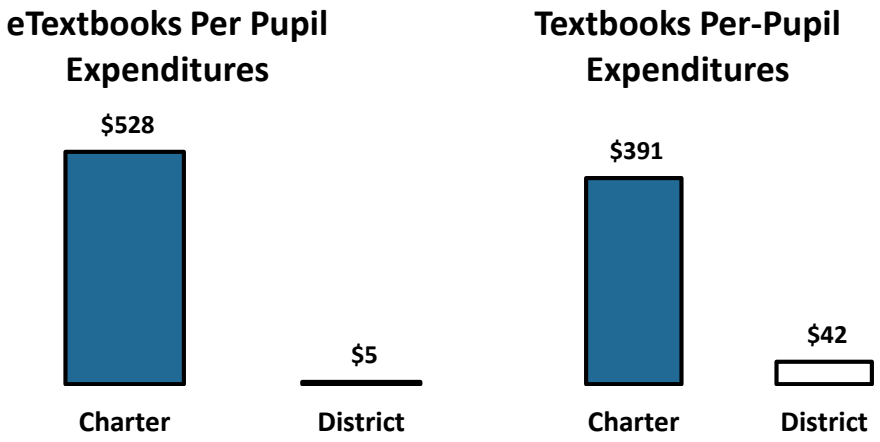


Region	2021 Per Pupil Expense
Central	$340
North Central	$333
Upper Delta	$283
Southwest	$276
Northwest	$264
Lower Delta	$243

Major Expenditures

Textbooks and Reading Materials

One of the main expenses under the instructional materials heading is for textbooks and e-textbooks. In the 2021 school year, Arkansas schools spent a total of $42 million ($89 per student), with 66% for textbooks and 34% for e-textbooks. Much of that per-pupil cost is driven by the charter schools systems, as illustrated in the following graph.



School districts are to have instructional materials selection committees that include classroom teachers. To purchase materials with state funds, the materials must be consistent with the Arkansas Academic Content Standards.[24]

Expenditures for library books and periodicals in both print and electronic format totaled just over $4, with 85% of that going toward the purchase of library books. Regular districts spent twice per pupil of what charter systems spent on library materials, likely due to the fact that waivers from library media-programs are much more common among charter systems.

Survey Says: The majority of teachers and principals – 86% and 95%, respectively – said their schools' classrooms had a good supply of high quality textbooks and reading materials.[25] Meanwhile, 88% of teachers and 96% of principals said their schools' media center had a good supply of high-quality reading materials.[26]

[24] Division of Elementary and Secondary Education Rules Governing Instructional Materials, May 2020.
[25] See Teachers Survey Responses, question 52, and Principals' Survey Responses, question 58.
[26] See Teachers Survey Responses, question 53, and Principals' Survey Responses, question 59.

State Comparison

The following charts show comparisons with other states for expenditures for textbooks. Seven states do not report text book expenditures to the National Center for Education Statistics. Among the other forty-three and the District of Columbia, Arkansas ranked 19th for textbook expenditures in 2018.

TOP NAEP STATES, 2018

States	Per Pupil Spending
Massachusetts	$52
New Jersey	$33
New Hampshire	Not reported
Minnesota	$49
Wyoming	$83
Virginia	$52
Vermont	**$30**
Indiana	**$99**
Connecticut	NA
Utah	$56

TOP SREB STATES, 2018

States	Per Pupil Spending
Virginia	$52
Florida	**$74**
Maryland	$26
No. Carolina	**$3**
Kentucky	$39
Georgia	$75
Tennessee	$51
Texas	NA

CONTIGUOUS STATES & ARK, 2018

State	Per Pupil Spending
Missouri	$59
Tennessee	$51
Texas	NA
Oklahoma	$59
Arkansas	***$56***
Mississippi	**$39**
Louisiana	**$77**

Source: BLR calculations of data from https://nces.ed.gov/ccd/elsi/tableGenerator.aspx. Expenses have been adjusted for cost of living in each state using the Cost of Living Annual 2018 Table created by the Missouri Economic Research and Information Center.

Formative Assessments

Formative assessments are periodic tests to inform teachers how well their students are mastering materials throughout the school year. Some districts purchase vendor-prepared formative assessments while others prepare their own. Recent research has found that instructional practices driven by data-based decisions improve student performance.[27]

Survey Says: Superintendents reported spending an average of $14,736 on formative assessments during the 2021 school year, with about 28% of that coming out of foundation funds.[28]

Technology or Digital Learning

When looking at technology expenditures with an instruction-related function, public schools spent more than $99 million, with $61 million of that being federal dollars. The top categories of expenditures are shown in the following chart.

Item	Total Expenditure
Low Value Equip Tec. Supplies*	$39,257,900
Technology Supplies	$17,947,869
Tablet computers	$11,203,944
Software	$10,731,772
eTextbooks	$10,064,111
Other	$ 5,046,456
District Defined	$ 4,139,487
Technology APPS	$ 413,558
Broadband	$ 374,501
eLibrary Books	$60,316

*Low Value Equipment Technology Supplies are those that cost less than $1,000 per unit.

[27] Odden, Allan, & Picus, Lawrence O. (2019). *School finance: A policy* perspective, 6th ed. New York: McGraw-Hill

[28] See Superintendents Survey Responses, questions 17 and 18.

Expenses Incurred by Teachers

In addition to using school funds, 82% of teachers responding to the BLR's adequacy survey reported spending an average of $348 of their own money during the 2021 school year to supplement instructional materials in their classrooms or media centers, with some reporting spending as much as $5,000 out of pocket. Arkansas law allows teachers to deduct up to $500 of out-of-pocket expenditures for qualified classroom items.

> ***"Random things I buy for my classroom... lightbulbs, extension cords for charging laptops ($25), cheap earbuds for students ($60), bleach, paper towels, other cleaning supplies, staples, paperclips, sticky notes, box of 300 pencils ($25), dry erase markers for students and teacher, books at book sales ($50-$100)."***
>
> – Arkansas school teacher

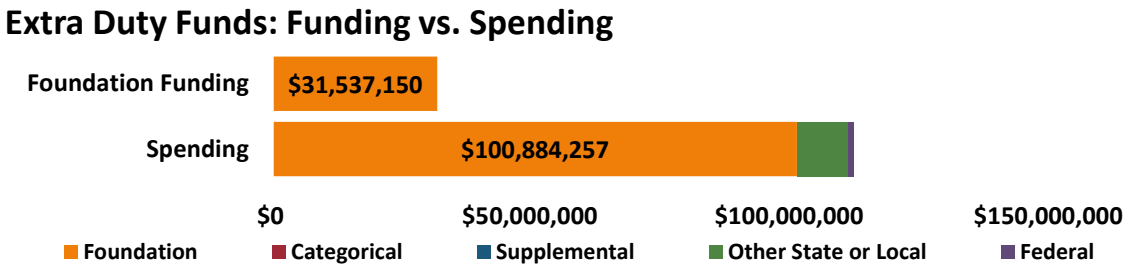
State law provides for Pre-K through 6th grade teachers to receive the greater of $20 per student or $500 total of school funds to spend on instructional supplies. Forty percent of elementary teachers said they received $500 or more from their schools to pay for classroom supplies and other related commodities.[29] A quarter of the 87 responders who provided additional comments said that the money provided by schools (sometimes less than $500) was not enough to meet the needs of their classrooms. In addition, 15% commented that the process for reimbursement was so complicated that they opted to spend their own money.

Matrix/Extra Duty Funds

In 2021, schools in Arkansas spent $112 million on extra duty, about $81 million more than they received in foundation funding. While the bulk was paid for out of foundation funding, other state and local funds and federal funds covered most of the rest.

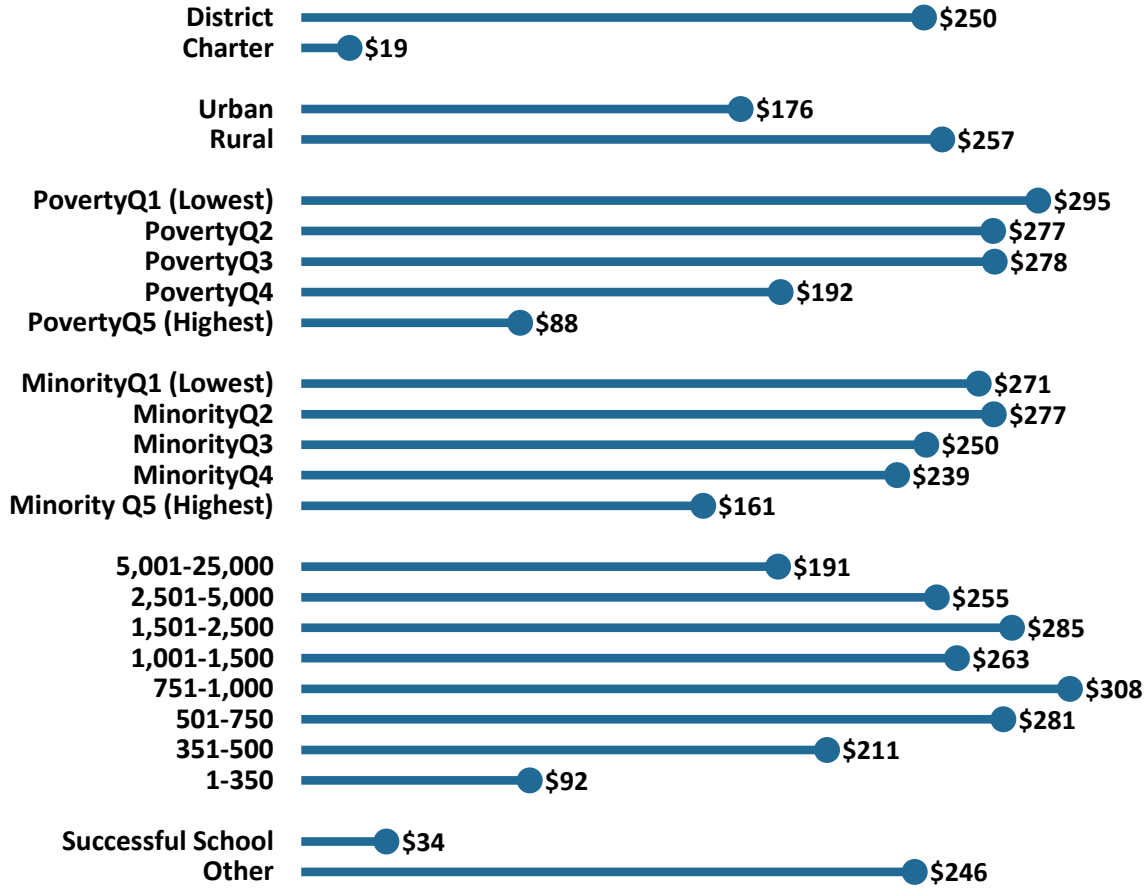
2021 Per Pupil Amount	
Foundation Funding	$66
Foundation Funding Expenditures	$215
Total Expenditures	$238

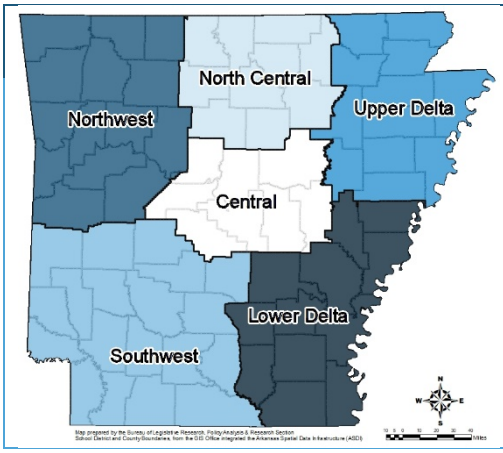
Charter school systems spent much less on extra duties than did traditional school districts, perhaps because fewer of them have large athletic programs. The other noticeable difference in this spending occurred between the group of Successful Schools and all other schools.



[29] See Adequacy Study Teacher Survey Responses, question 54.

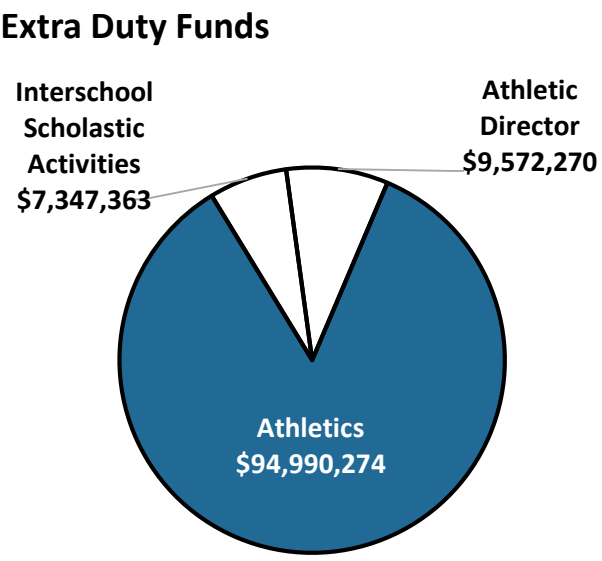
Extra Duty: Per-Pupil Expenditure Patterns





Region	2021 Per Pupil Expense
Southwest	$321
North Central	$258
Upper Delta	$238
Lower Delta	$236
Northwest	$236
Central	$195

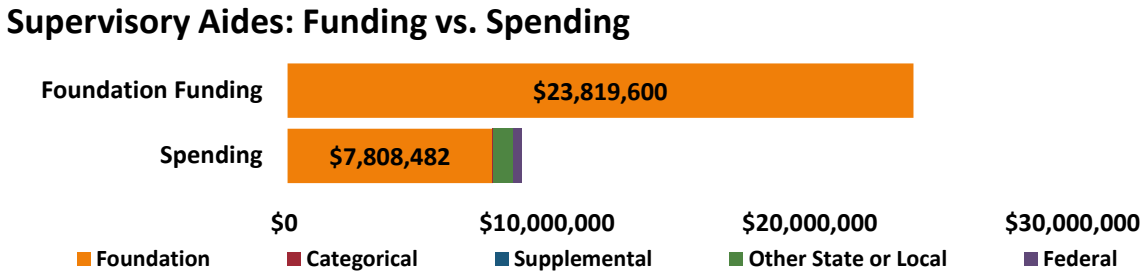
Extra duty funds are spent for stipends or salaries of personnel who oversee extracurricular activities. The three large groups of these expenditures are athletics, athletic directors, and other school-based activities. Athletic expenditures dominate spending of these funds.



MATRIX/SUPERVISORY AIDES

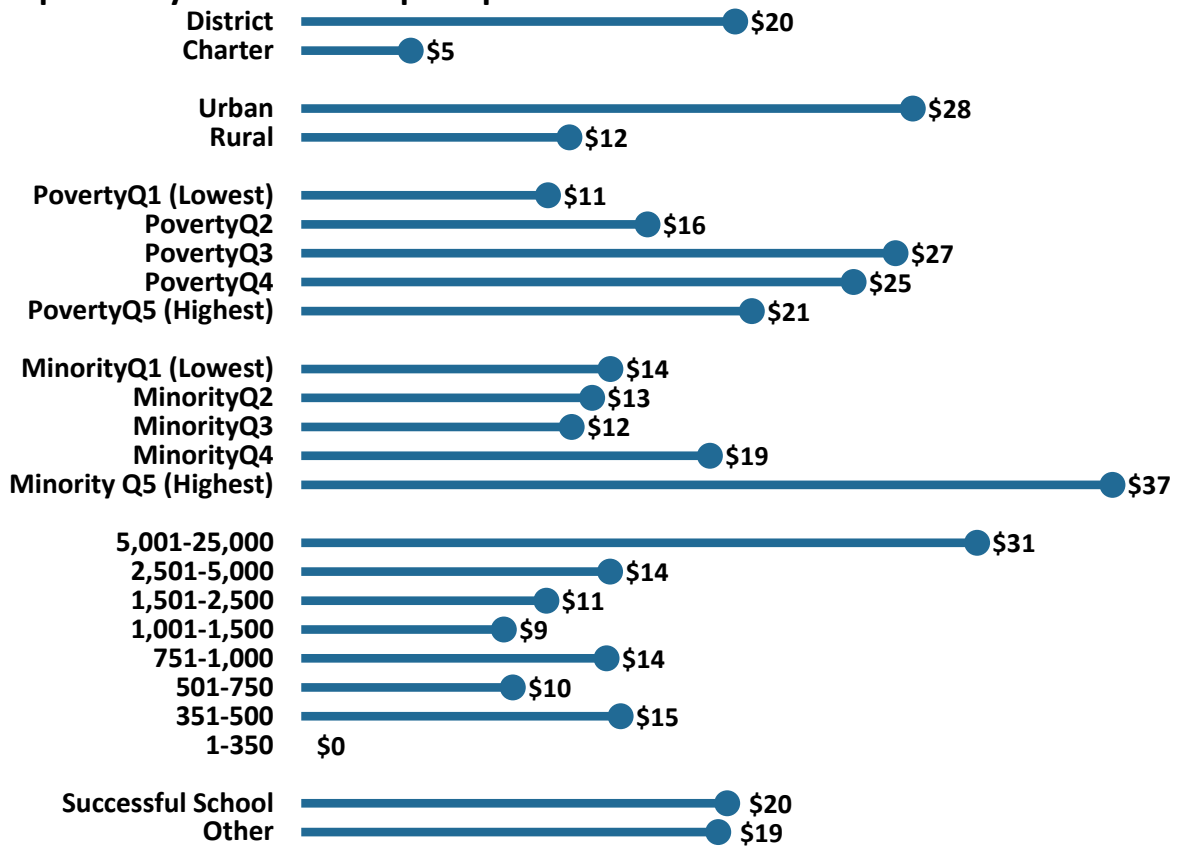
In 2021, public schools in Arkansas spent $9 million on supervisory aides, less than half of what they received in foundation funding. While most of that spending was from foundation funds, other state and local dollars and federal dollars were used to pay for these personnel. Supervisory aides monitor lunch and recess and perform bus duty before and after school.

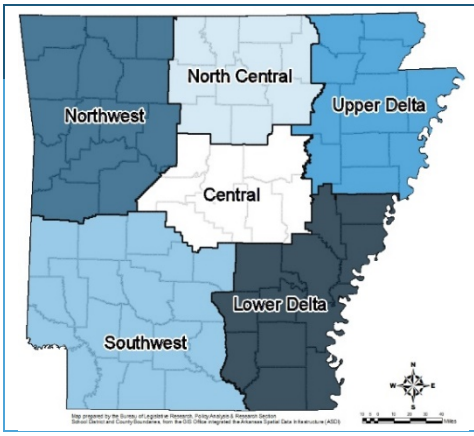
2021 Per Pupil Amount	
Foundation Funding	$50
Foundation Funding Expenditures	$17
Total Expenditures	$19



The smallest 20% of schools spent no money on supervisory aides, meaning these duties were most likely not required or they were incorporated into the jobs of other school employees. Similarly, charter school systems spent an average of $5 per student on supervisory aides, while the most per-pupil ($37) was spent by the 20% of schools with the highest percentage of minority students.

Supervisory Aides: Per-Pupil Expenditure Patterns





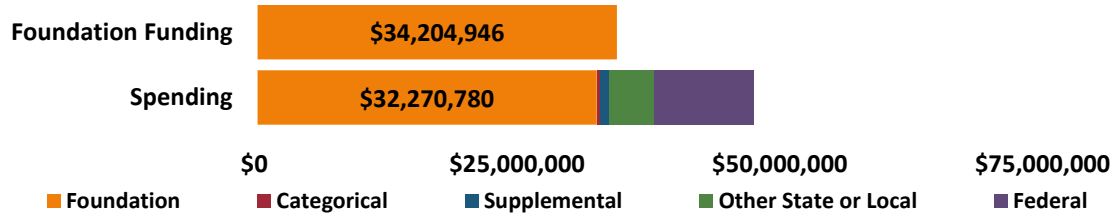
Region	2021 Per Pupil Expense
Central	$26
Northwest	$21
Lower Delta	$20
Upper Delta	$17
North Central	$10
Southwest	$7

MATRIX/SUBSTITUTES

In 2021, public schools in Arkansas spent $47 million on substitutes, $13 million more than they received in foundation funding. In addition to foundation funds, federal dollars accounted for $9.5 million of the money spent on substitutes in 2021. The need for substitutes caused by COVID-19 and the one-time federal dollars sent to public schools to help deal with COVID-related expenses accounted for 44% of the federal funds spent on substitutes.

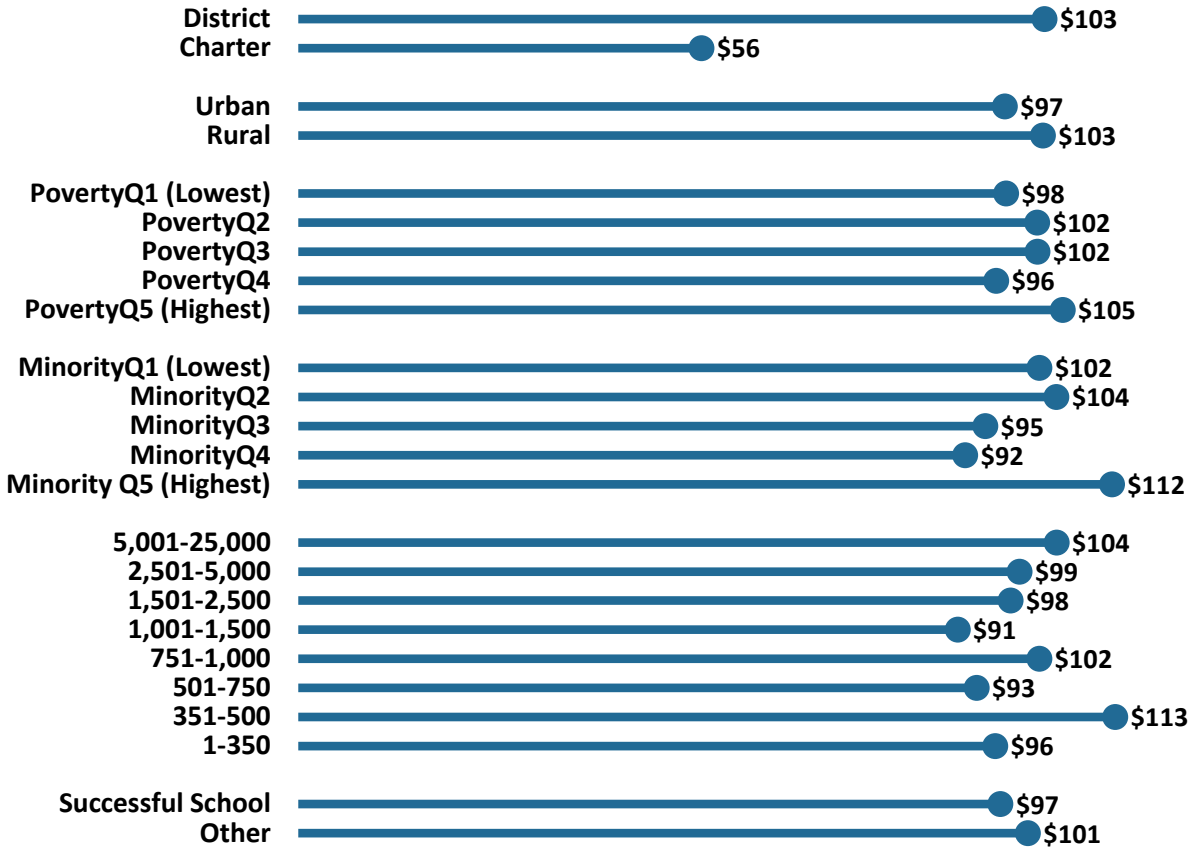
2021 Per Pupil Amount	
Foundation Funding	$72
Foundation Funding Expenditures	$69
Total Expenditures	$100

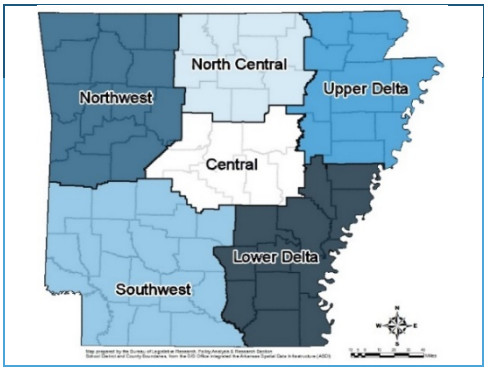
Substitutes: Funding vs. Spending



Charter school systems paid the least for substitutes on a per-student basis ($55) while schools sized 350-500 paid the most ($113).

Substitutes: Per-Pupil Expenditure Patterns





Region	2021 Per Pupil Expenditure
Central	$116
Lower Delta	$111
North Central	$106
Southwest	$99
Northwest	$93
Upper Delta	$82

Survey Says: Superintendents reported the average daily rate of pay for three categories of substitutes. The average and the range of superintendents' responses are noted in the following chart.[30]

	Average	Range
Certified	$97	$31 to $241.10
With Degree	$86	$28 to $189.47
No Degree	$83	$55 to $112

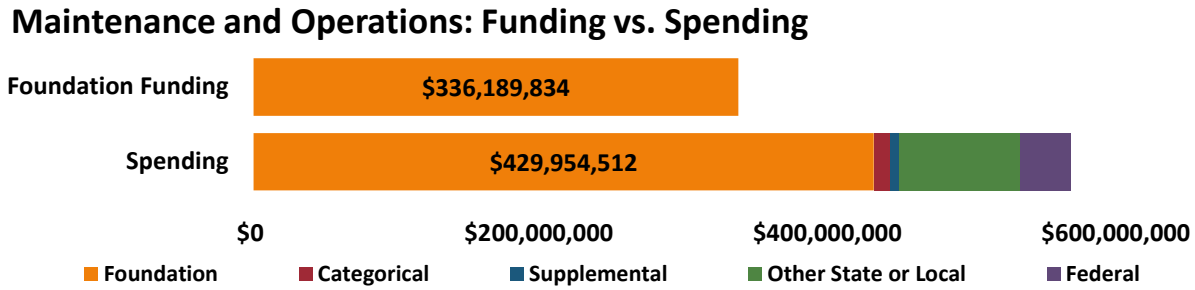
[30] See Superintendents Survey Responses, question 23.

MATRIX/OPERATIONS AND MAINTENANCE

In 2021, public schools in Arkansas spent a little over $566 million on operations and maintenance, almost $230 million more than they received in foundation funding.

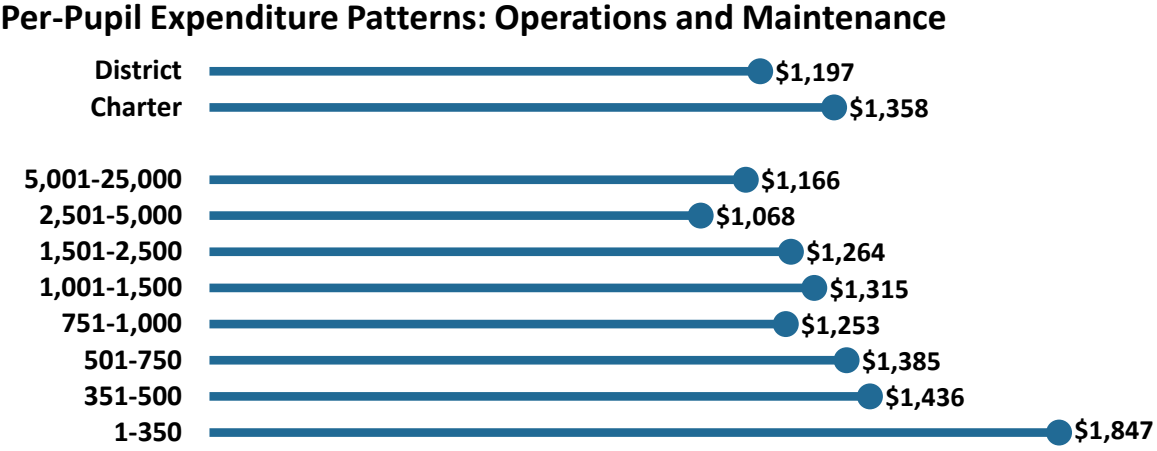
2021 Per Pupil Amount	
Foundation Funding	$706
Foundation Expenditures	$915
Total Expenditures	$1,205

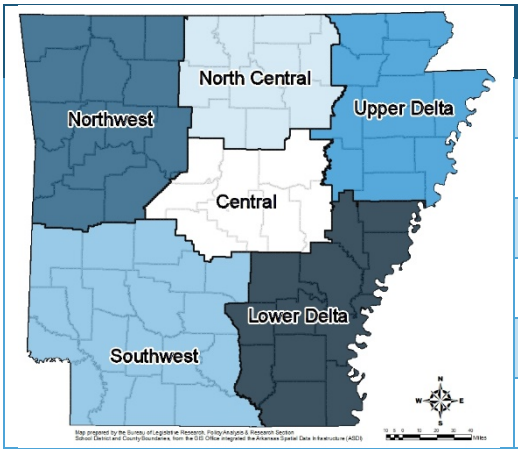
Schools used over $136 million from other funding sources, with the majority coming from other state or local.



Expenditure Patterns

Expenditure patterns show that charters spent more than districts per pupil. Spending mostly decreased with size, and the smallest schools spent the most per pupil on operations and maintenance.





Region	2021 Per Pupil Expense
Lower Delta	$1,385
Southwest	$1,319
Central	$1,220
North Central	$1,192
Upper Delta	$1,166
Northwest	$1,130

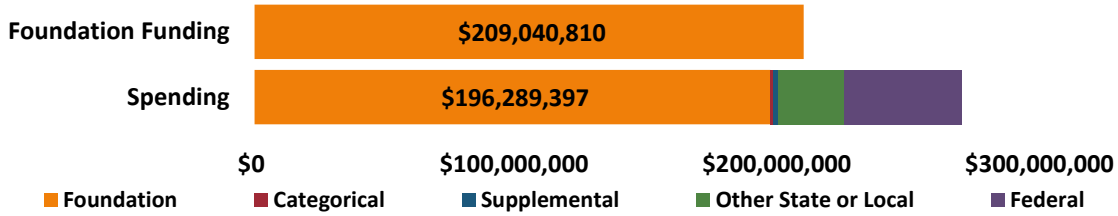
MATRIX/CENTRAL OFFICE

In 2021, schools in Arkansas spent $269 million on central office, nearly $60 more than what they received in foundation funding.

	2021 Per Pupil Amount
Foundation Funding	$445
Foundation Expenditures	$418
Total Expenditures	$573

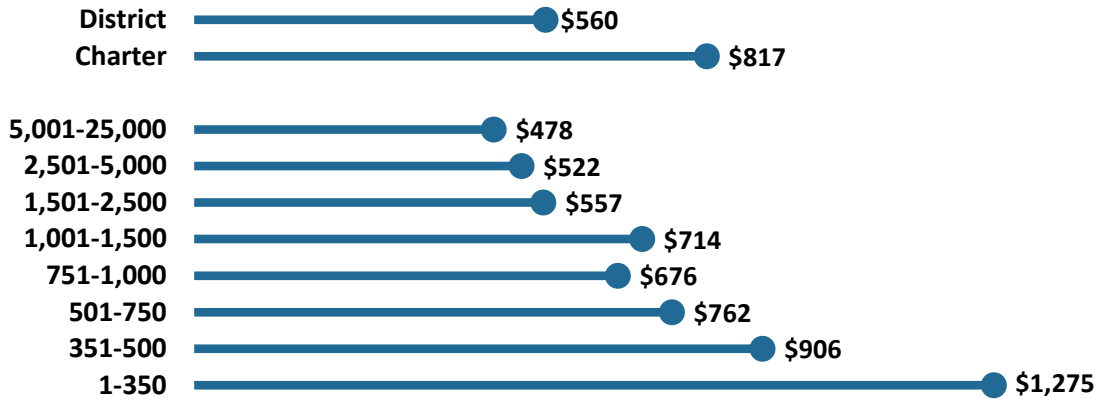
The following chart shows that in addition to foundation funding, districts and charters are primarily also spending from federal and other state or local funds to cover central office expenditures.

Central Office: Funding vs. Spending



When compared by district type, charters spend $257 more than districts spent per student on central office expenses. Additionally, districts and charters with smaller enrollment spent significantly more on central office expenses than larger districts spent on the same expenses. Districts and charters with less than 350 students spent $1,275 per student compared to $478 among districts with more than 5,000 students.

Per-Pupil Expenditure Patterns: Central Office



The following tables show per-student spending on general administration expenses in other states. These general administration expenses include boards of education and their staff, executive administration, and legal activities in interpretation of laws and statutes and general liability situations. Among the top NAEP states, New Hampshire spent the most per students on central office type expenditures at $589 per student compared to Utah at $90 per student. Kentucky spent the most among the top SREB states at $243 per student compared to Florida that also spent $90 per student. Among the contiguous states, Mississippi spent the most at $316 per student and Texas spent the least at $162.

TOP NAEP STATES, 2018

States	Per Pupil Spending
Massachusetts	$220
New Jersey	$344
New Hampshire	**$539**
Minnesota	$479
Wyoming	$343
Virginia	$194
Vermont	$359
Indiana	$238
Connecticut	$362
Utah	**$92**

TOP SREB STATES, 2018

States	Per Pupil Spending
Virginia	$194
Florida	$91
Maryland	**$81**
No. Carolina	$175
Kentucky	**$265**
Georgia	$147
Tennessee	$218
Texas	$178

CONTIGUOUS STATES & ARK, 2018

State	Per Pupil Spending
Missouri	**$499**
Tennessee	$218
Texas	**$178**
Oklahoma	$286
Arkansas	$290
Mississippi	$368
Louisiana	$322

Source: BLR calculations of data from https://nces.ed.gov/ccd/elsi/tableGenerator.aspx [31]

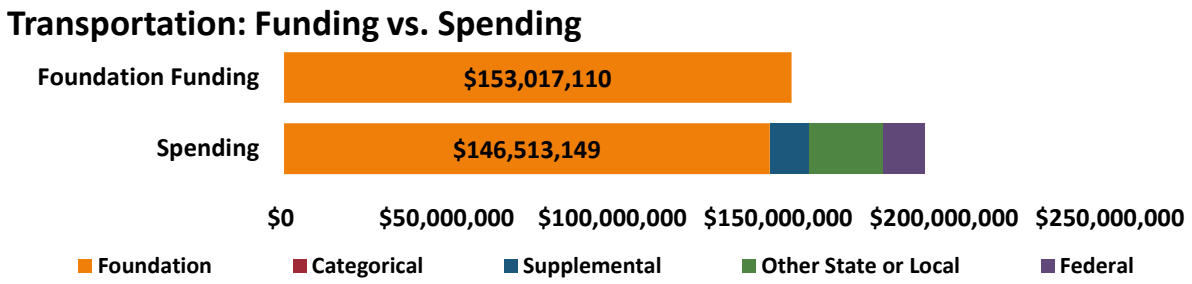
Just over a quarter of central office expenditures were for superintendents and assistant superintendents. The remaining funds were spent primarily on district level administrative services, including personnel services (e.g. recruitment, non-instructional staff training, and background checks) and business and fiscal services and technology services.

MATRIX/TRANSPORTATION

In 2021, schools in Arkansas spent a little over $193 million on transportation, close to $40 million more than they received in foundation funding.

Schools spent almost $47 million from other funding streams, with the majority coming from other state or local funds

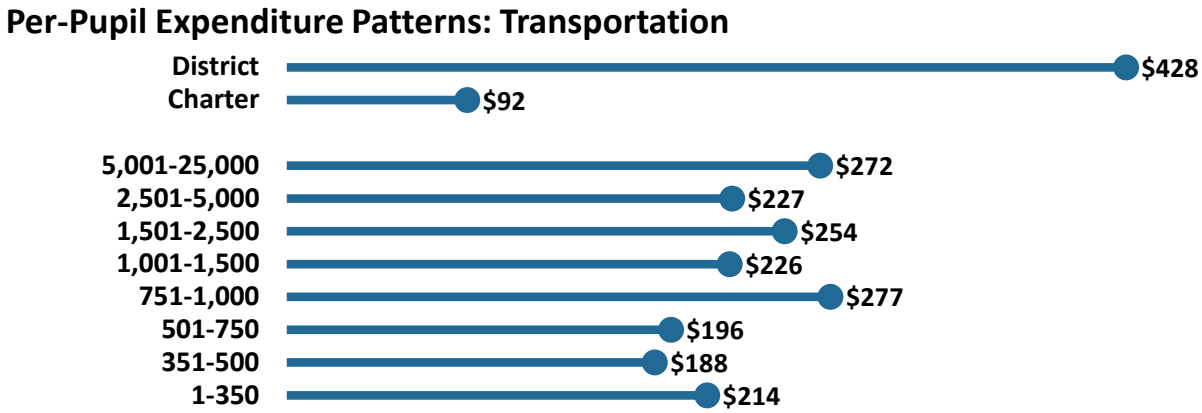
2021 Per Pupil Amount	
Foundation Funding	$321
Foundation Expenditures	$211
Total Expenditures	$407

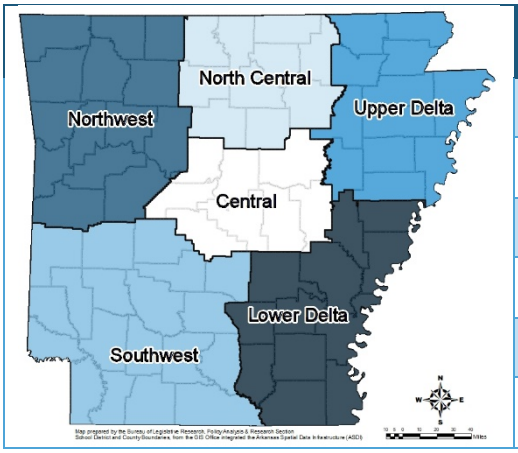


[31] National Center for Education Statistics (NCES) ElSi tableGenerator. Variables: State; 2017-18; Total Students, All Grades (Excludes AE) [Public School]; General Administration Subtotal (STE24) Expenditures. https://nces.ed.gov/ccd/elsi/tableGenerator.aspx Expenses have been adjusted for cost of living in each state using the Cost of Living Annual 2018 Table created by the Missouri Economic Research and Information Center..

Expenditure Patterns

While spending by district size varied, districts spent significantly more per pupil on transportation than did charter systems. However, most charters do not provide student transportation.





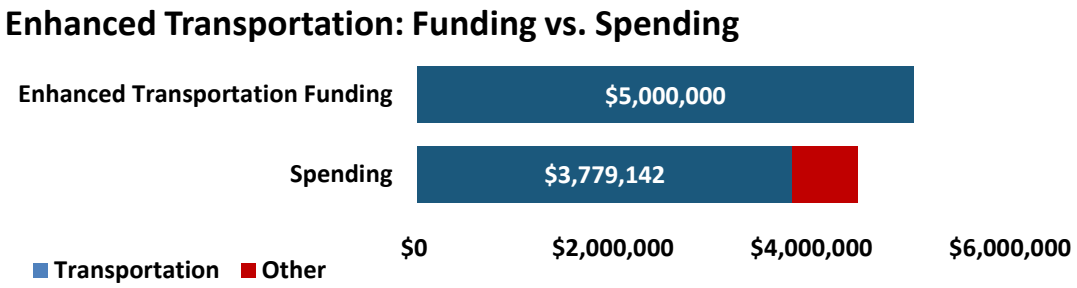
Region	2021 Per Pupil Expense
North Central	$531
Southwest	$472
Lower Delta	$461
Central	$413
Upper Delta	$409
Northwest	$357

Enhanced Transportation Fund Expenditures

Year	Enhanced Transportation Funding Total
2017	$3 million
2018	$3 million
2019	$3 million
2020	$5 million
2021	$5 million

In 2015 the legislature passed Act 987 to create a supplemental $3 million stream of funds outside of the matrix called enhanced transportation funding to assist those school districts with extraordinarily high transportation costs. A complex formula predicts expenditures based on three factors: school average daily membership; the number of bus riders; and the number of bus route miles covered each day and then compares that with both the actual amount funded through the adequacy matrix and the actual amount spent by each district. (Charter schools with transportation programs were included in the calculations for the first time in 2021.)

Enhanced transportation is not restricted money and therefore may be spent on items other than transportation. Of the $4.4 million spent from enhanced transportation funds in 2021, $3.7 million was spent on transportation-related items such as vehicles, gasoline and classified salaries. Of the expenditures on other items, $47,146 was spent for elementary school purposes (substitute classified staff and substitute teachers being the most costly) and $43,357 was spent for high school (instruction services and substitute teachers being the most costly).

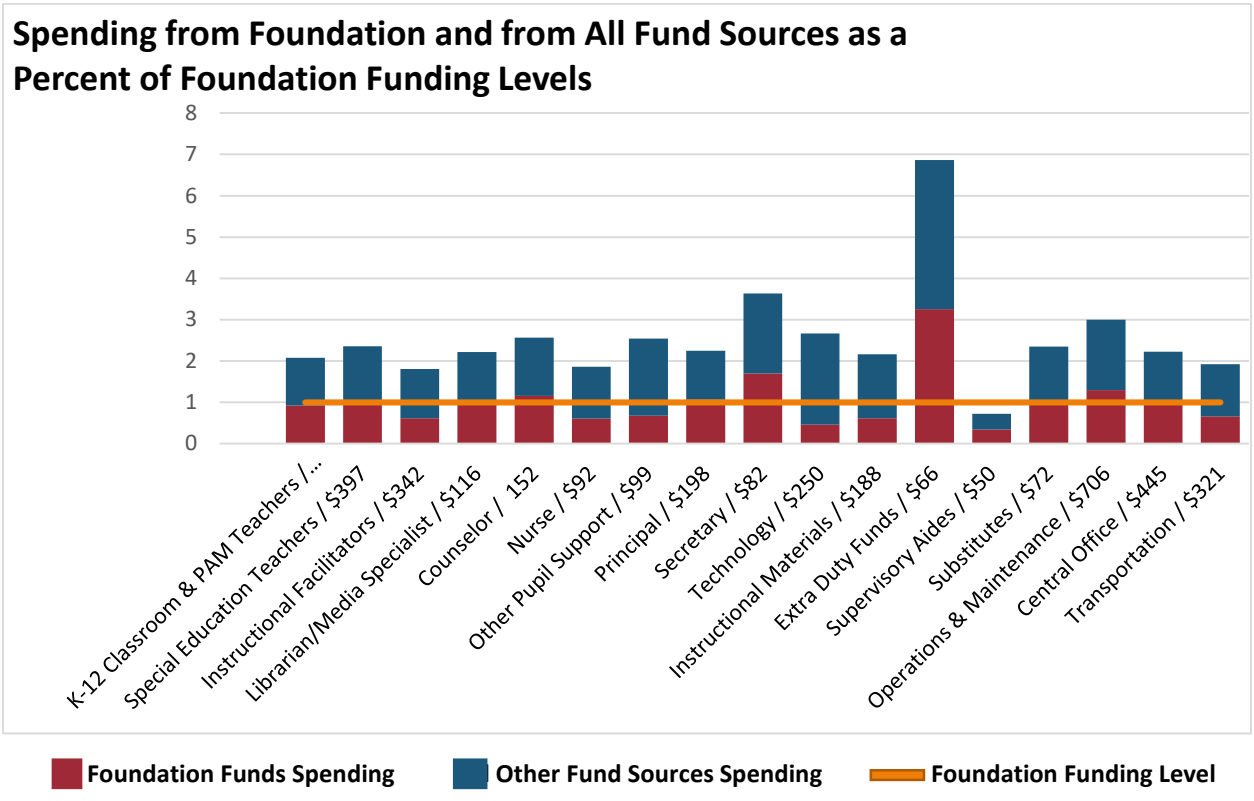


Literature Review and Best Practices

Pupil transportation consumes approximately 5% of total K-12 educational expenditures. Factors that affect district transportation expenditures include the size of the district, geographical terrain, transportation of students with disabilities, associated safety measures, and transportation policies.[32]

The Full Matrix Spending Picture

When looking at what is spent on all matrix items, spending of foundation dollars fails to meet the legislative intent set in the matrix on seven items: instructional facilitators; nurses; other pupil support; technology; instructional materials; supervisory aides; and transportation. However, when spending on these items from all fund sources is considered, spending surpasses legislative intent on all but supervisory aides. Foundation funds are used significantly more than the legislative intent for two items: secretaries and extra duty funds. Even so, additional monies are also used to help pay for these items.



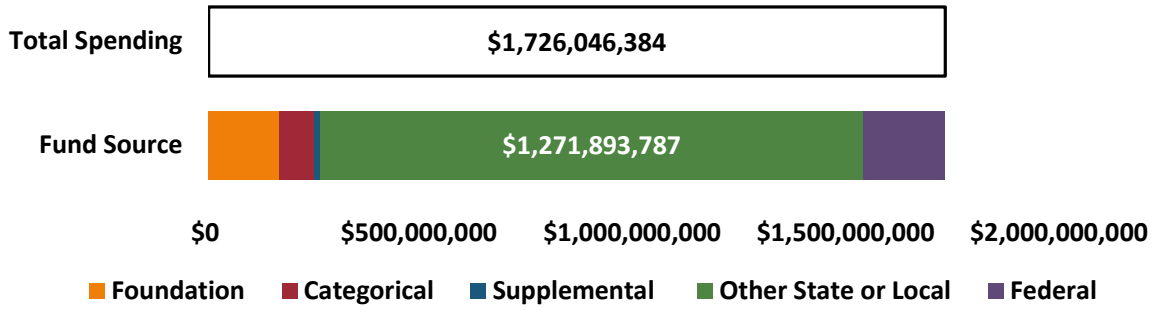
[32]Chingos, M., and Blagg, K. (2017, Feb. 23) "Student Transportation and Educational Access. The Urban Institute. https://www.urban.org/research/publication/student-transportation-and-educational-access

Non-Matrix Items

Several items are not included specifically in the matrix but are frequently purchased by public schools using foundation funds. These non-matrix items include a variety of expenditures for resources that have not been assigned to a specific matrix line item in this analysis. It is important to note that foundation funding is unrestricted funding, and districts are free to use it however best fits their needs. Spending on non-matrix items should not be considered necessarily problematic or incorrect. In some cases, expenditures were placed in this category simply because they did not fit with the specific intent of the matrix.

In 2021, schools in Arkansas spent a total of $1.7 billion on items not specifically identified in the matrix. Almost $160 million in foundation funding was spent on non-matrix expenditures, as shown in the following table.

Non-Matrix Items: Spending by Fund Source

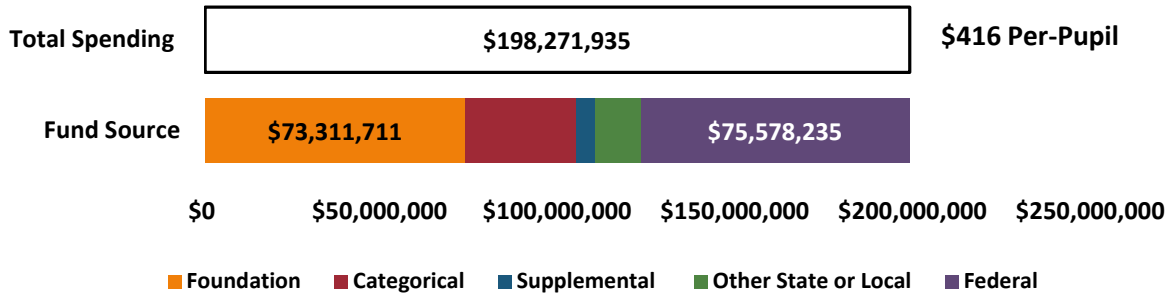


	2021 Foundation Spending Amt.
Instructional Aides	$73.3 M
Instructional Supplies and Objects	$27.8 M
Activity and Athletic Supplies and Transportation	$23.2 M
Classified Guidance, Library, and Instructional Support	$19 M
Other Reconciling Items	$11.3 M
Non-Technology Related Facilities	$6.4 M
Counselor, Nurse, Other Student Support Supplies	$3.3 M
LEA Indebtedness	$1.2 M
Pre-K	$.5 M
Total	**$166 M**

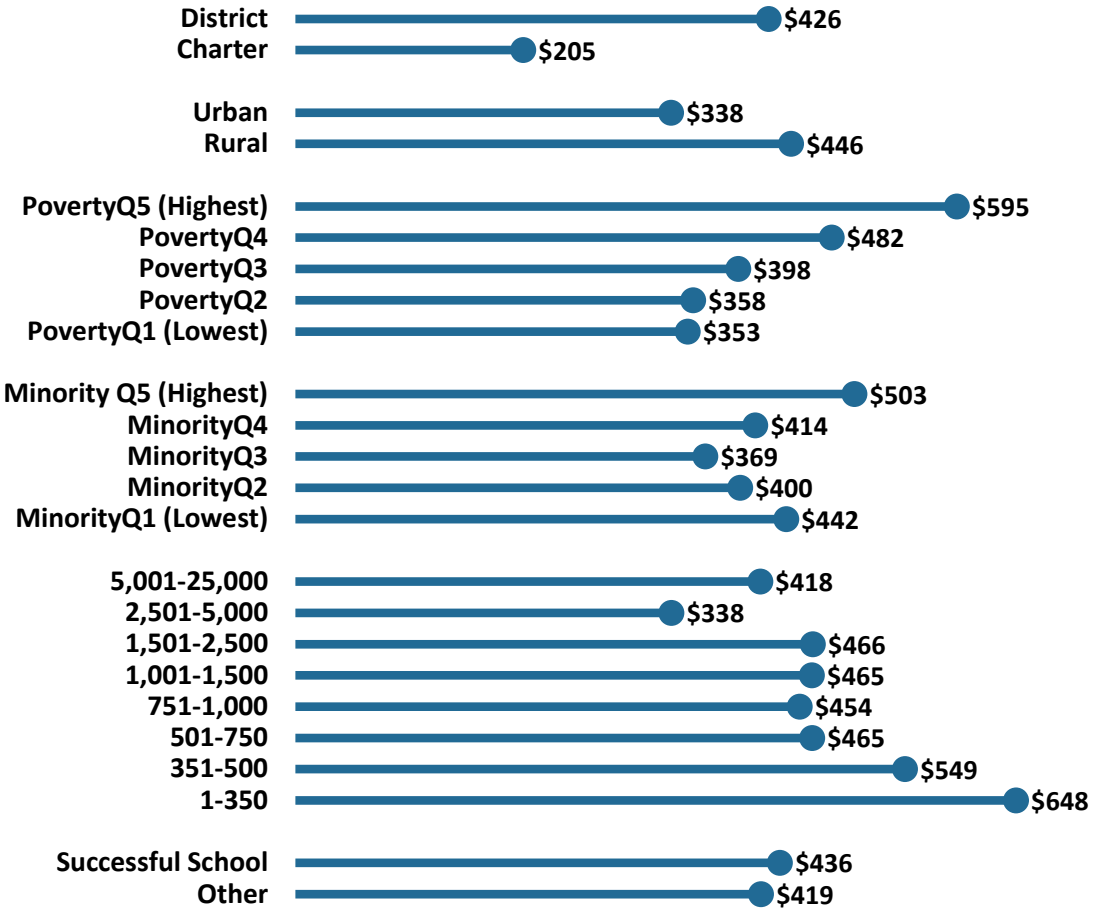
The highest total expenditure using foundation funds was for instructional aides, which accounted for 44% of total non-matrix expenditures.

Per-pupil expenditure patterns show districts spent more than charters, and rural schools spent more than those in urban areas. Spending increased with poverty, and schools with the highest and lowest minority populations spent the most per pupil. Spending decreased with size, and the smallest sized schools spent significantly more per pupil. Successful Schools spent slightly more than others.

Instructional Aides: Spending by Fund Source



Per-Pupil Expenditure Patterns: Instructional Aides



ADDITIONAL ADEQUACY RESOURCES

Superintendents were asked if there were any resources not included in the matrix they believe are an important part of providing an adequate education. As shown in the Funding Report, the top five areas where superintendents reported additional resources were needed in the matrix are provided again here.

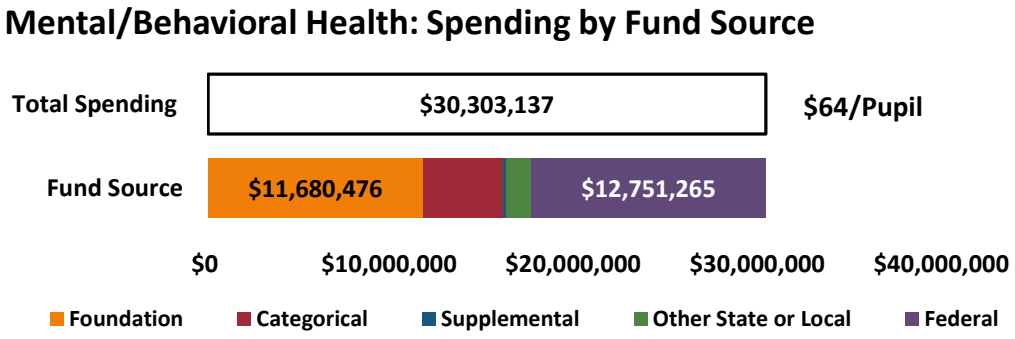
Resource Component Need
Mental Health Services
School Safety/SROs
Dyslexia Support Services
Special Education Support
Preschool

The following sections provide expenditure analyses on all of the areas cited as highly in need of funding, with the exception of Special Education Support which will be discussed in a separate report.

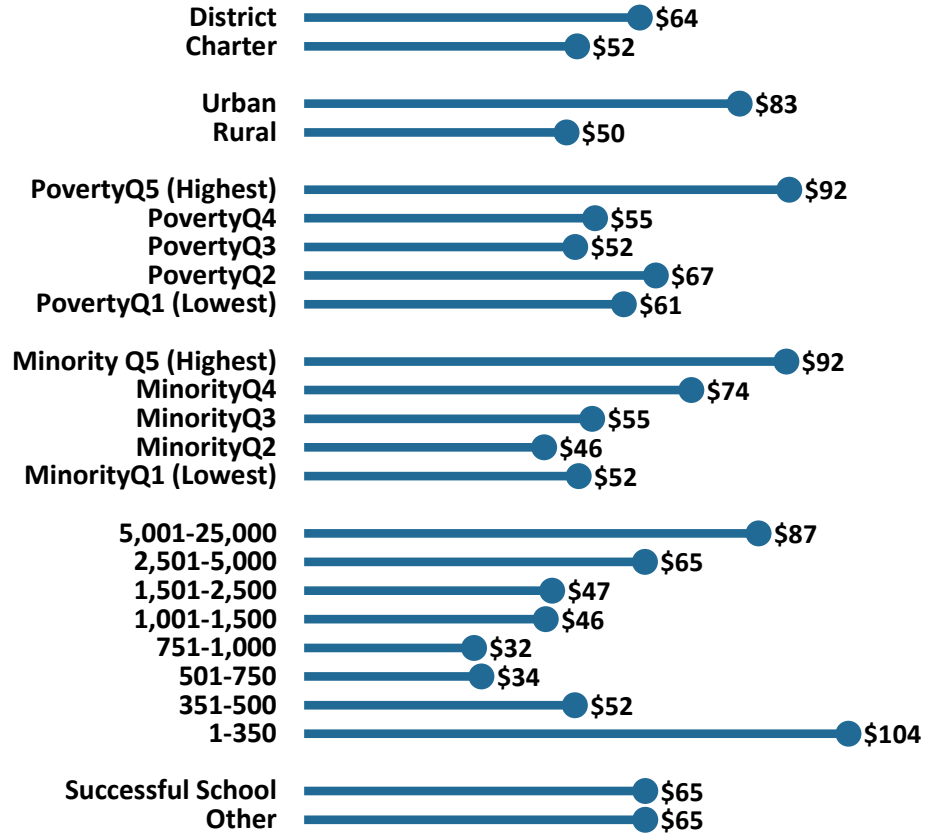
Mental and Behavioral Health Services

The mental health resources schools and students need are hard to measure using school expenditures since only a small amount of therapeutic services are paid for by schools and districts. In 2021, schools in Arkansas spent a little over $30 million on items related to students' mental health or around $64 per-pupil. Foundation and federal aid were the two major funding streams used for these expenditures.

Spending patterns indicate that districts spent slightly more than charters, and urban schools spent more than those in rural areas. Spending varied by poverty, but increased with higher minority populations. Spending decreased by size until the under 500 range. There was no difference between Successful Schools and others.



Per-Pupil Expenditure Patterns: Mental/Behavioral Health

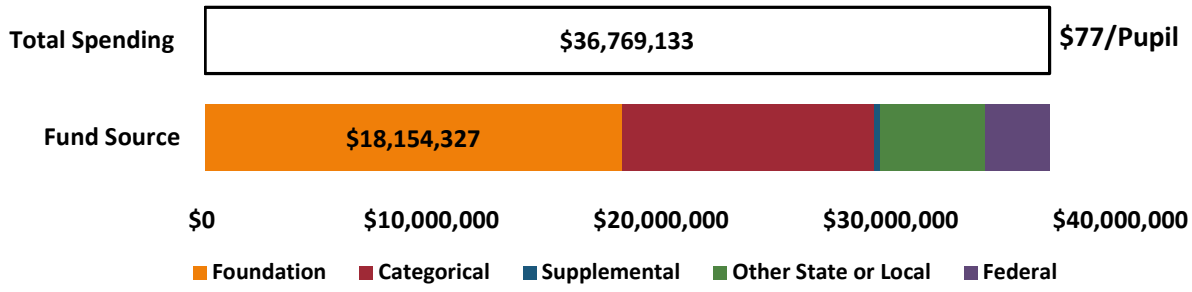


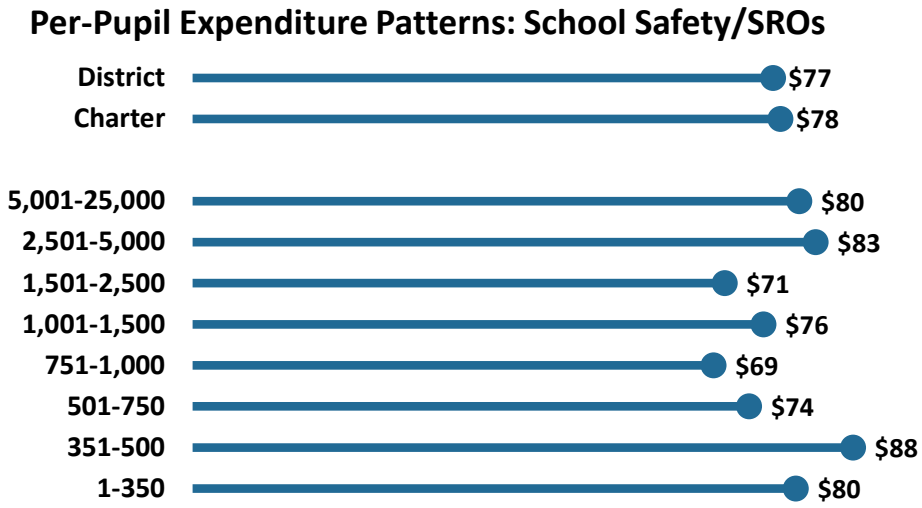
School Safety and SROs

In 2021, schools in Arkansas spent almost $37 million on school safety. Foundation and categorical aid were the two major funding streams used for these expenditures.

The vast majority of expenditures were coded at the district level, so per pupil expenditure patterns could only be calculated at the district level. Spending comparisons indicate little difference between district and charters. Spending by size ranged between $71 and $88 per pupil.

School Safety/SROs: Spending by Fund Source

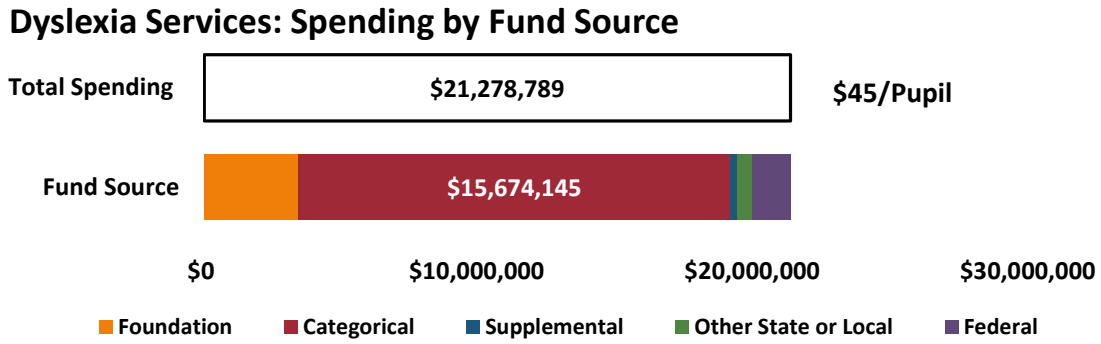


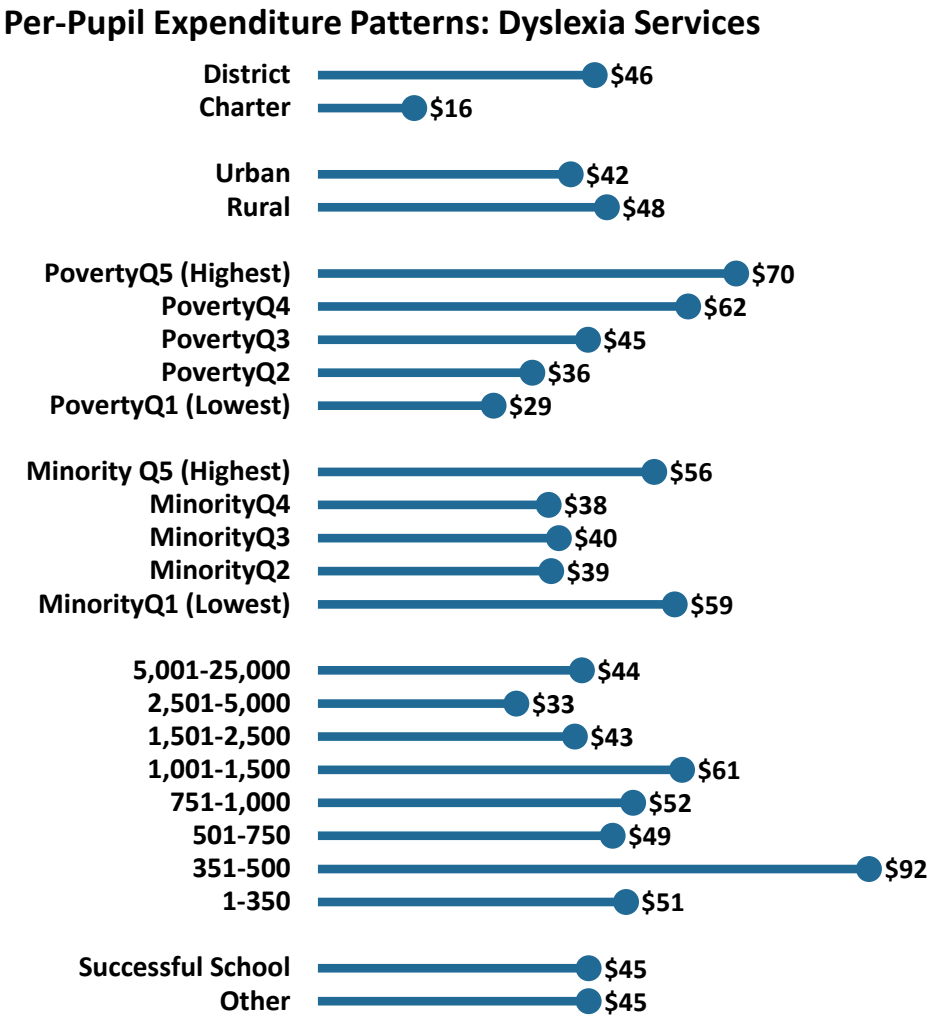


Dyslexia Support Services

Public schools in Arkansas spent a little over $21 million on dyslexia support services in 2021. Categorical aid was the major funding stream used for these expenditures.

Districts spent almost three times more per pupil than charters. Spending patterns also reflect schools in the 351-500 size range spent significantly more per pupil.

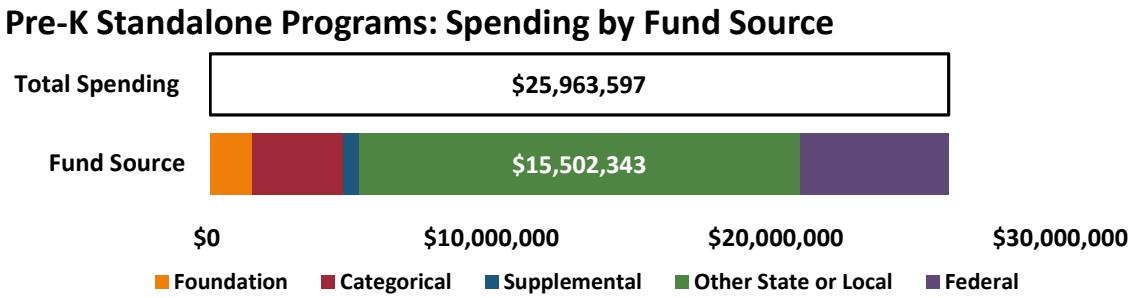


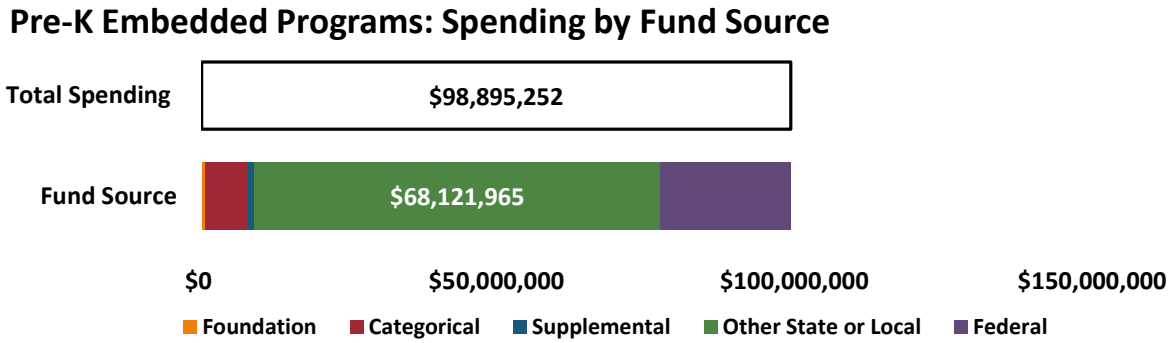


Preschool

Preschool programs have not been included as part of the adequacy study in the past because they are not defined in legislation as part of adequacy. While the BLR has strived to exclude Pre-K expenditures from analyses, doing so has become increasingly challenging due to the growth in the number of Pre-K programs within public elementary schools. Because Pre-K programs, both those within, and some outside of public schools, use foundation funds and other funding streams reviewed as part of the adequacy study, the BLR has included spending patterns for Pre-K in this section of the report to account for all expenditures.

Close to $26 million was spent on standalone preschool programs, including almost $1.5 million from foundation funds. Other state or local was the major funding stream used for these expenditures. For preschool programs embedded in public schools, expenditures were much higher at almost $99 million. Again, other state or local was the major funding source. In total, approximately $125 million from all fund sources were spent on Pre-K, with $2 million from foundation funds.





RESOURCES IDENTIFIED IN RESEARCH FOR STUDENT SUCCESS

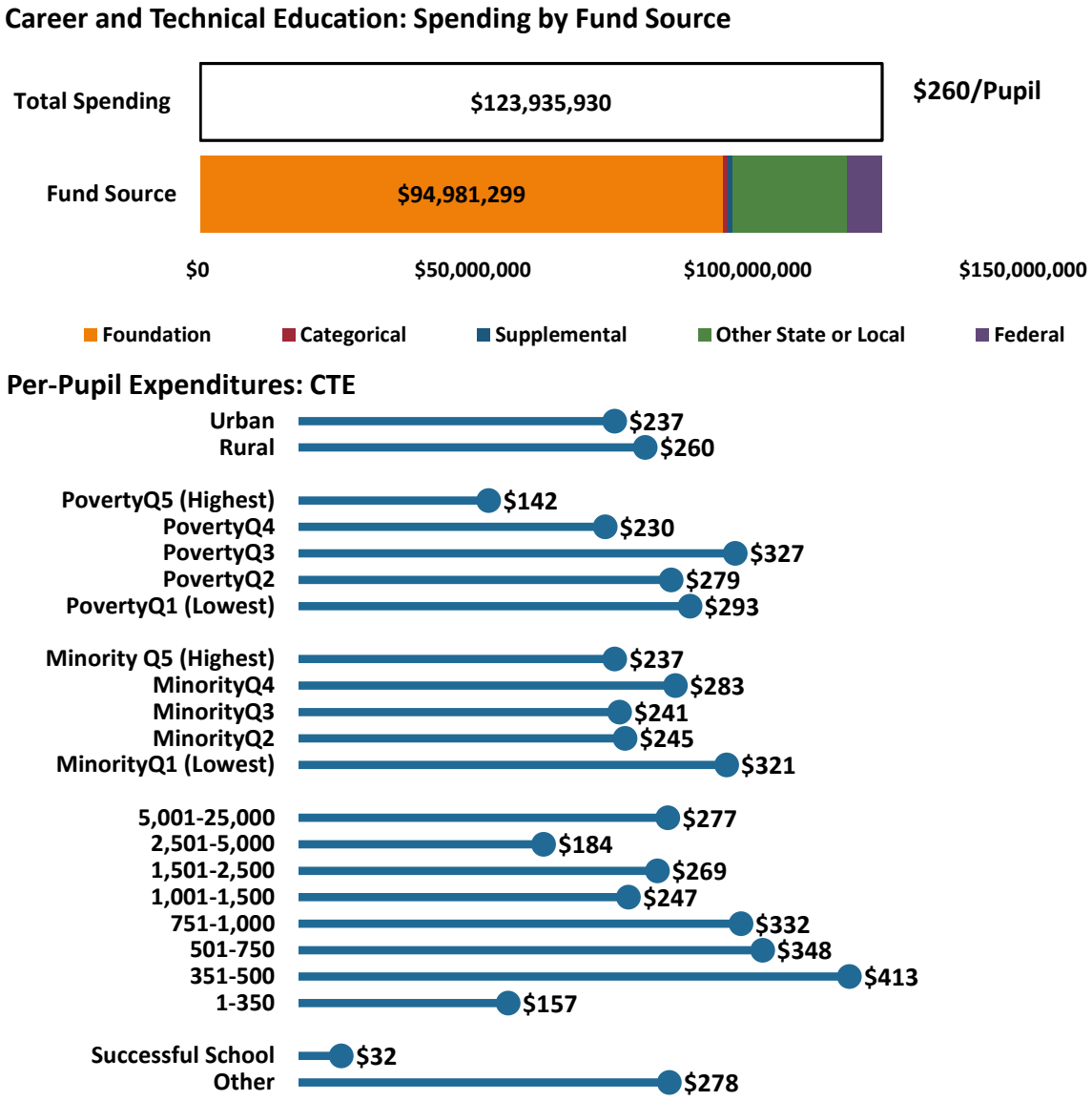
Other resources not currently funded in Arkansas's matrix but identified in Odden and Picus' evidence-based model as critical to the core educational program and for student success include Core Tutors as part of the core instructional program, as well as per-student funding resource recommendations for funding Gifted and Talented Education and Career and Technical Education (see Appendix D of Funding Report).

Additionally, their evidence-based model identifies key resources for at-risk students which includes staffing for additional tutors and pupil support staff, extended-day, summer school, and ESL programs based on the number of poverty and ELL students. The specific resource recommendations for struggling students can be found in Appendix D of the 2022 Adequacy Funding Report**.**

Career and Technical Education

The matrix does not provide a dollar amount specific for career and technical education (CTE); however, the General Assembly currently includes "curriculum and career and technical frameworks" as part of the definition of adequacy.

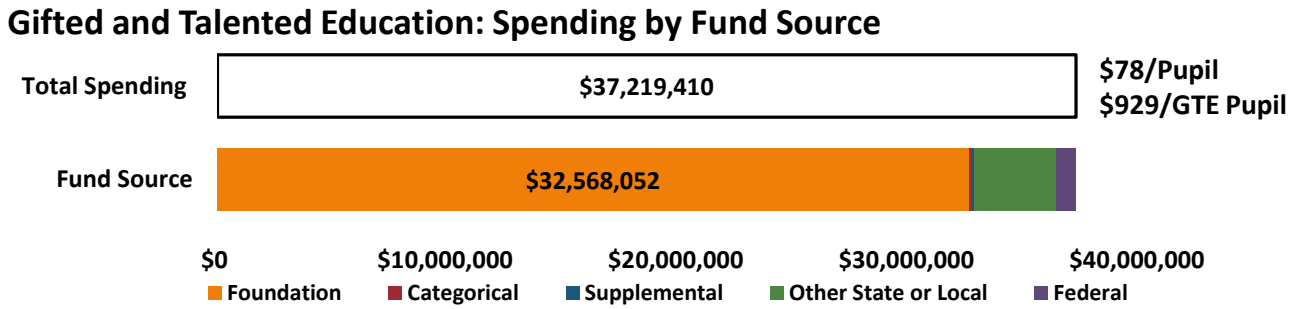
Arkansas public schools spent almost $124 million on career and technical Education. Approximately 77% of CTE expenditures were from foundation funding. Districts spent significantly more per pupil than charters, but this is most likely due to two very large district expenditures. Rural schools spent more than those in urban areas. Schools with lower poverty spent more, as did those with the lowest minority population. Successful Schools spent less, but this is most likely attributed to a higher number of Successful Schools being at the elementary level.

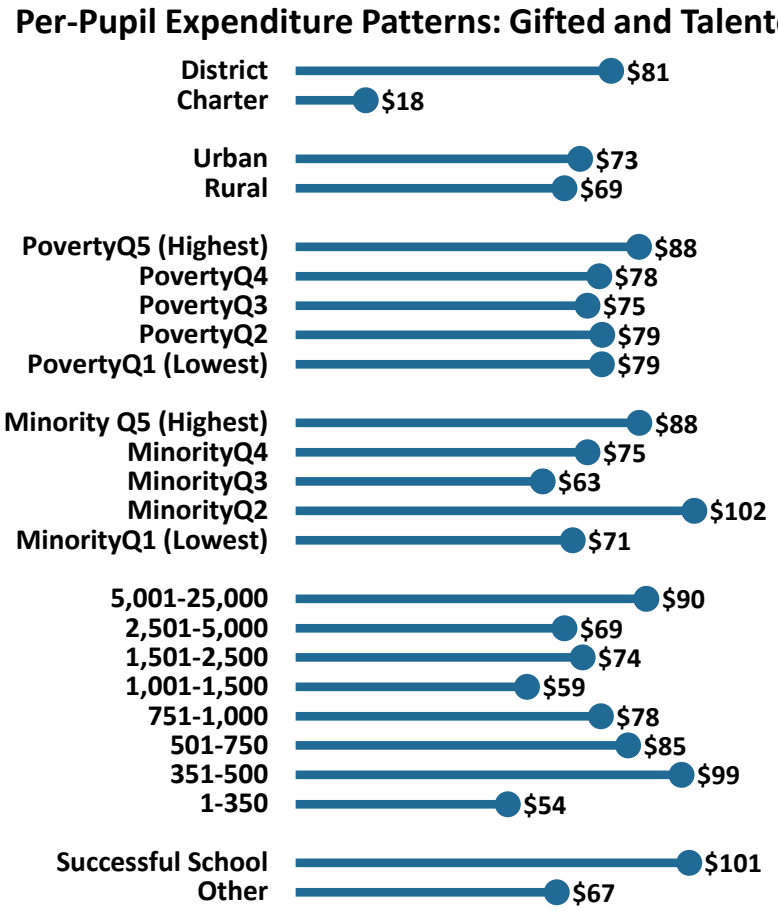


Gifted and Talented Education

As stated in the Funding Report, the matrix does not provide funding specifically for gifted and talented education, but pursuant to state law, districts are required to expend state and local revenues on gifted and talented programs in an amount equal to 15% of the foundation funding amount multiplied by 5% of the school district's prior year three quarter ADM.

In 2021, Arkansas public schools spent a little over $37 million on gifted and talented education, with 88% coming from foundation funds. Districts spent more per pupil than charters spent, and urban schools spent more than those in rural areas. Spending per pupil varied by size, and poverty and minority ranges. Successful Schools spent more per pupil than others.



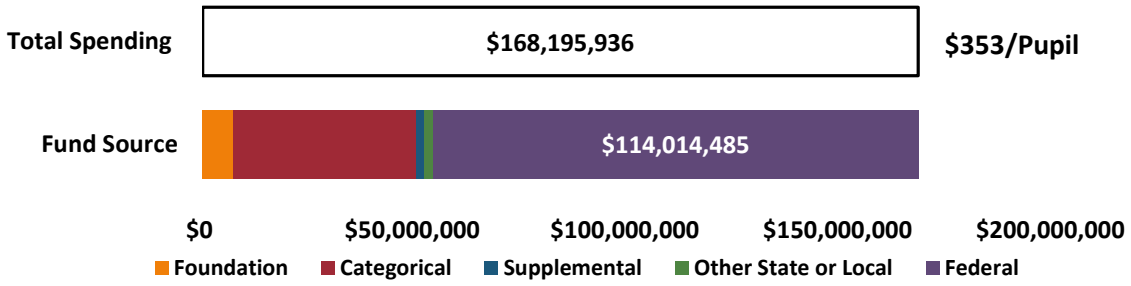


Compensatory Education

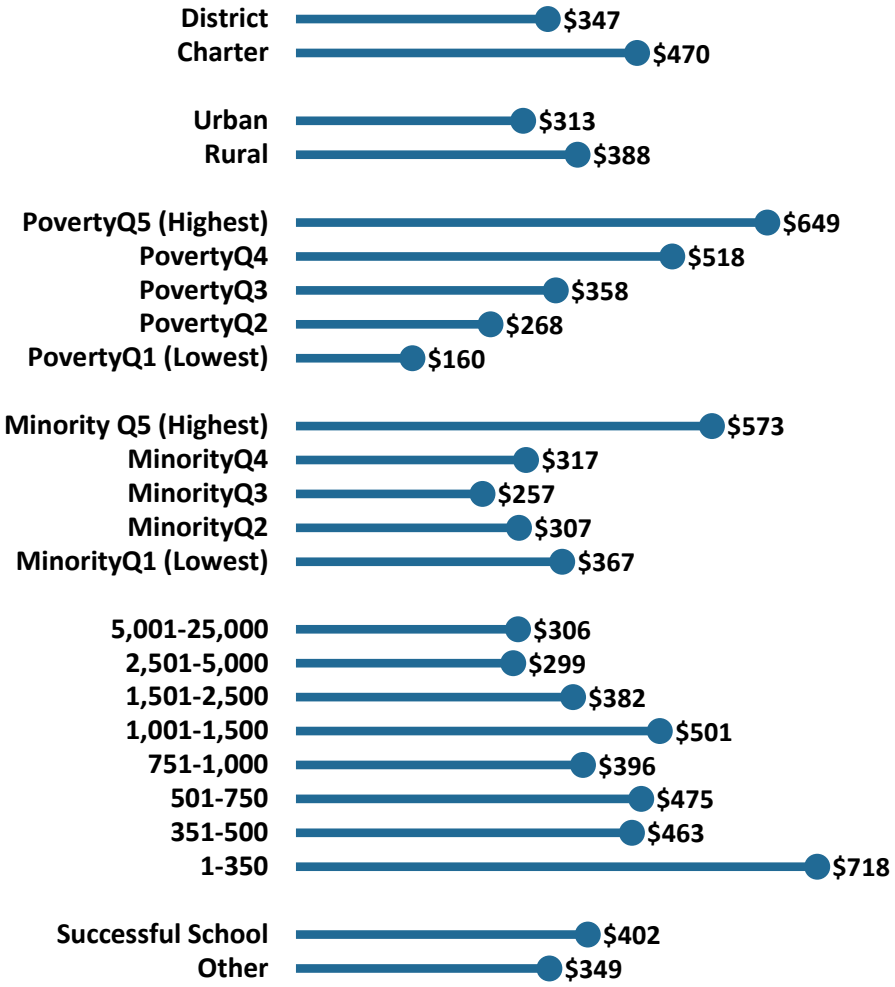
Compensatory Education Programs are those instructional activities designed primarily to meet the educational needs of students who are judged to be underachievers or educationally deprived. All compensatory education must be supplemental to the normal instruction in areas covered. In cases of joint programs that substitute for normal instruction, only the excess cost may be charged to compensatory education.

Public schools spent a little over $168 million on compensatory education in the 2021 school year; the majority of these expenditures were from federal funds. Spending patterns indicate charters spent more than districts per pupil, as did rural schools. Spending per pupil increased with poverty, as well as in schools with the highest and lowest minority levels.

Compensatory Education: Spending by Fund Source



Per-Pupil Expenditure Patterns: Compensatory Education



Categorical Funding

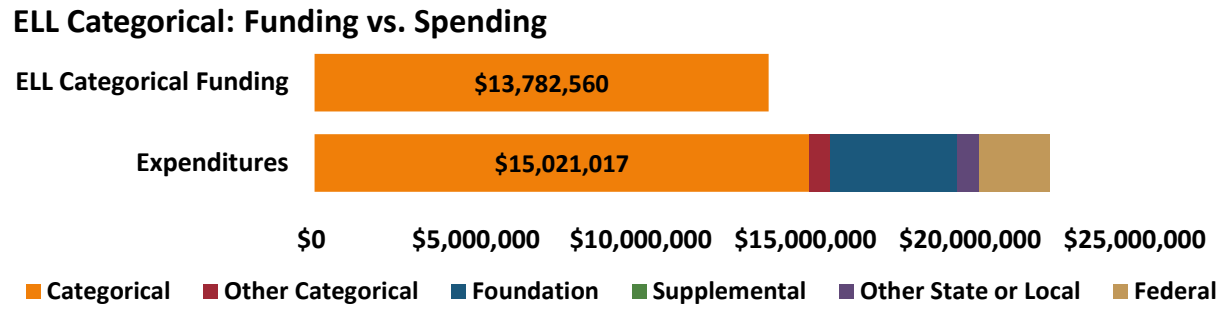
Four streams of categorical funding (for professional development, poverty students, English learners and alternative learning environment students) have been distributed on top of foundation funding since it was first distributed in 2005. With the exception of professional development funds, the monies are distributed based on the number of students qualifying in each category. Mainly to address equity issues, categorical funds are considered restricted and may be spent only on the intended uses defined in statute and/or rule. They may also be transferred to other categorical fund accounts. For instance, it is common for districts to transfer some of their funding for poverty students to fund accounts dedicated to English learners or to students in alternative learning environments.

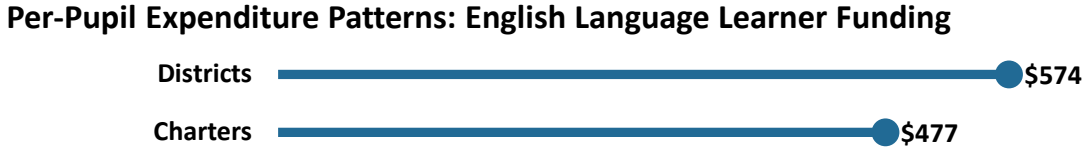
English Language Learners (ELL)

English Language Learner (ELL) categorical funding is provided to districts based on the number of students identified as not proficient in the English language based upon a state-approved English proficiency assessment instrument, the ELPA21, for the purpose of educating these students.[33] In 2021, schools in Arkansas spent about $22 million on ELL students, almost $9 million more than they received in ELL funding (including transfers into the ELL fund).

	2021 Per ELL Student Amount
Categorical Funding	$352
Categorical Expenditures	$400
Total ELL Expenditures	$570

When looking at all money spent to provide ELL services, districts relied on multiple sources of funds in addition to the state categorical funds. The other main sources of ELL funding came from foundation and federal funds. Federal funds primarily consisted of Title III, federal funding for English as a Second Language (ESL) programs. The other main source of federal funds came from ESSER II. The majority of English Language Learner funding is spent on English as a Second Language programs followed by instructional support services. Districts spent about $100 more per ELL student than charter schools did.





[33] A.C.A. § 6-20-2305

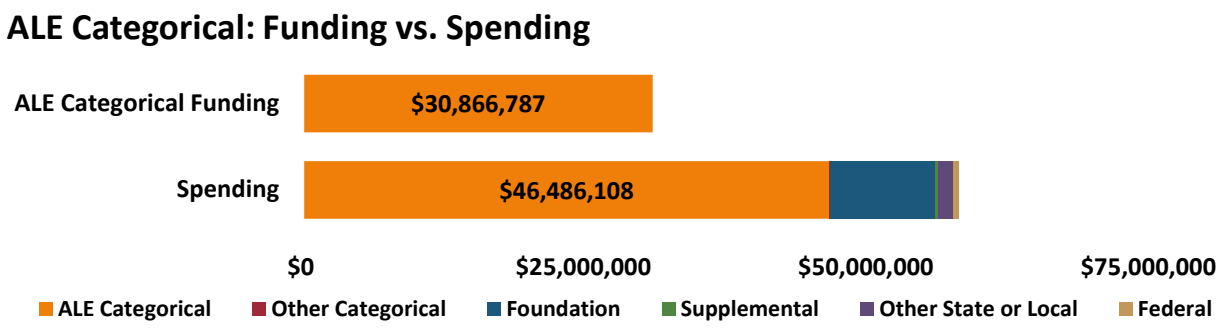
English Language Learner categorical funding spending restrictions are found in DESE rules[34]. Restrictions include salaries for English Language Learner-skilled instructional services, relevant trainings for teachers and other providers, program development, instructional materials and services, and assessment and evaluation activities. Nearly 97% of these categorical funds were spent on salaries and benefits.

ALTERNAVE LEARNING ENVIRONMENT (ALE)

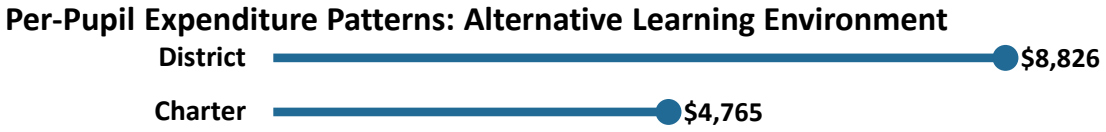
In 2021, schools in Arkansas spent a little over $60 million on ALE, almost $30 million more than they received in categorical funding.

	2021 Per ALE Student Amt.
ALE Categorical Funding	$4,700
ALE Categorical Expenditures	$7,079
Total ALE Expenditures	$9,176

When looking at all expenditures for ALE, districts relied on multiple sources of funds in addition to the ALE categorical funds. The other main source of ALE funding came from foundation funds.



Spending patterns indicate districts spent significantly more per pupil on ALE programs than charters. This may be due to charters receiving waivers for ALE.



ALE Categorical dollars were coded to two different programs as shown in the following table.

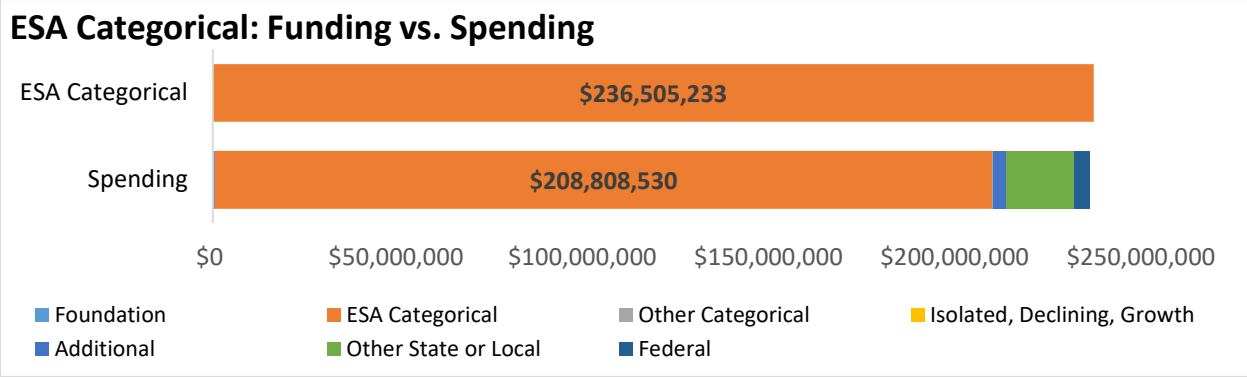
Program Description	Amount
Alternative Learning Environment	$46,265,974
Special Education	$220,134

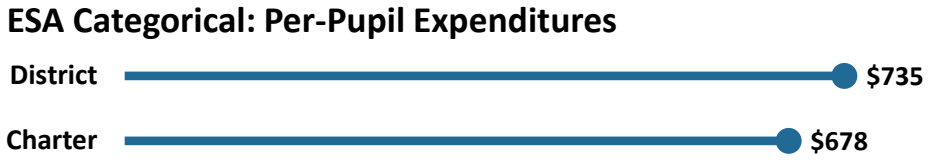
[34] Arkansas Division of Elementary and Secondary Education Rules Governing Student Special Needs Funding (July 2020). https://dese.ade.arkansas.gov/Files/20201102120657_dese_268_StudentSpecialNeedsFunding2020RV.pdf

ENHANCED STUDENT ACHIEVEMENT (ESA)

Enhanced Student Achievement traditionally has been restricted to resources or programs approved by DESE that are research-based and will improve the achievement of students facing the challenges caused by poverty, with the ultimate goal of closing the achievement gap between poverty and non-poverty students. With the passage of Act 322 in 2021, however, that goal is no longer a stated purpose for these funds. Likewise, the majority of principals stated that this was their goal for spending ESA dollars.[35]

In 2021, public schools in Arkansas spent $235.3 million on ESA students (as identified by program intent codes), which was about $1.2 million less than they received in ESA Categorical funding that year. Those expenses included $209 million in ESA Categorical funding, $3.5 million in ESA Matching grant funds and $18 million in other state and local funds.





ESA Categorical dollars were coded for 53 different uses, with ten uses accounting for 82% of the funds. These are shown in the following table:

Program Description	Amount	% of Total
ESA Other activities approved by the ADE	$33,711,212	14%
Literacy, Math, Science Specialists/Coaches	$30,435,295	13%
CRT. Counselors, Licensed Social Workers, Nurses	$25,576,293	11%
School Improvement Plan	$22,277,150	9%
Professional Development Literacy, Math/Science	$20,232,789	9%
Early Intervention Program	$15,816,623	7%
Teachers Aides	$15,806,862	7%
High Qualified Classroom Teachers	$9,932,328	4%
Tutors	$9,916,629	4%
Pre-K	$9,476,577	4%

[35] See Adequacy Study Principal Responses, question 43.

The ESA Matching Grant funds, which reimburse schools for three research-based methods for increasing the achievement of low-income students (tutors, pre-school, and after-school/summer school programs), were spent on those same uses:

Program Description	Amount	% of Total
Tutors	$1,669,561	48%
Pre-K	$1,229,850	36%
Before and After Academic Program	$531,012	15%
SPED Tutors	$26,621	1%
SPED Pre-K	$7,077	0%

While only $3.5 million of the $5.3 million ESA Matching Grant funds distributed in the 2021 school year was spent by K-12 regular and charter schools, five school districts spent an additional $566,930 of the funds on six stand-alone preschools, which are not considered when analyzing spending for adequacy but are a research-proven method for increasing achievement among poverty-level students.

Literature Review and Best Practices

A study across multiple states found that spending about 20% more throughout all 12 years of school for low-income students is large enough to eliminate the education attainment gap between children of low-income and of non-poor families. Lower levels of investment can make a sizable difference, but the additional 20% effectively eliminated the gap. "Achieving learning results for all children requires investments in human resources. Greater overall investment in education typically results in more intensive staffing per pupil and/or more investment in teacher salaries. Investments in more and higher quality teachers are, in turn, related to higher learning outcomes for all children."[36]

The most recent evidence-based study from Odden and Picus maintains that the key concept is to keep standards high for all (the maxim for standards-based education reform) while varying instructional time so all students have multiple opportunities to reach proficient levels of learning. Resources recommended for struggling students (which, for Odden and Picus' recommendations include English learners, alternative education and special education students as well as students in poverty) are tutoring, additional pupil support, summer school, extended day programs, and teachers certified for English language learning.

> ***"The students who come to [to kindergarten] from our Pre-K are a lot more prepared and ready for learning than kids who are not [from our Pre-K]."***
> – Arkansas Successful School principal

In addition to the resources listed above, Odden and Picus' original adequacy study for Arkansas recommended preschool as a proven method for helping students in poverty begin school on an even playing field. Current research reiterates that point. One recent study reports that kindergarten readiness is key to students' long-term achievement, and that 50% of low-income children are at risk of not being ready to succeed in that early grade. (More than 60% of Arkansas's public school enrollment each year qualifies for free and reduced-price lunches, the state's definition for poverty student.)

[36] "How Money Matters for Schools" by Bruce D. Baker in The Learning Policy Institute's School Finance Series, 2018.

States vary in the ways they use funds generated for poverty students. For instance, Illinois mandates different student-to-teacher ratios for low-income students and assigns a student-teacher ratio of 15:1 in grades K-3 and 20:1 for grades 4-12. The state also supplies additional staff in the form of intervention teachers, extended day teachers and summer school teachers. In Iowa, on the other hand, funding generated by the number of low-income students serves at-risk pupils and secondary students in alternative learning.

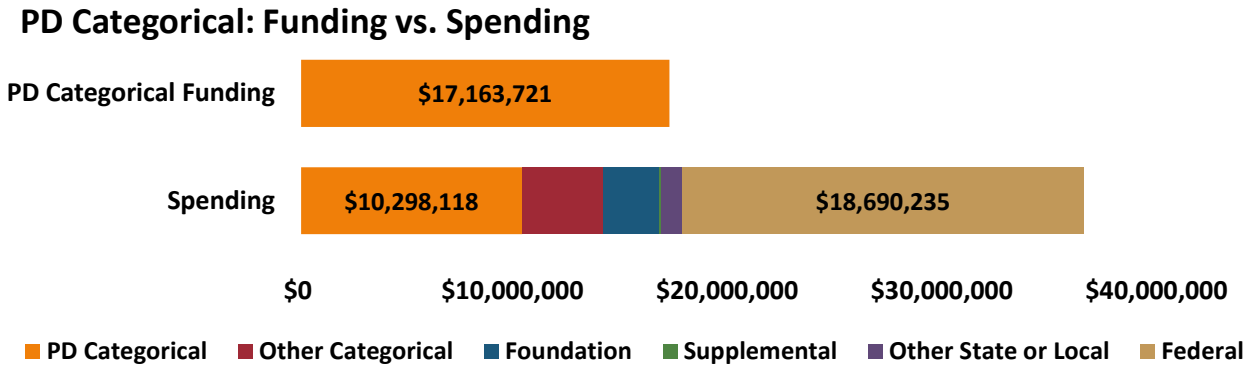
PROFESSIONAL DEVELOPMENT

Professional development categorical funds are split three ways: Districts and charters; Arkansas Educational Television Network (AETN); and Solution Tree. In 2021, districts and charter systems received $32.40 per student to provide professional development for teachers and staff. They spent about $30 per student using those categorical funds but total PD expenditures equaled about $78 per student.

	2021 Per Pupil Amount
Categorical Funding*	$36
Categorical Expenditures	$30
Total PD Expenditures	$78

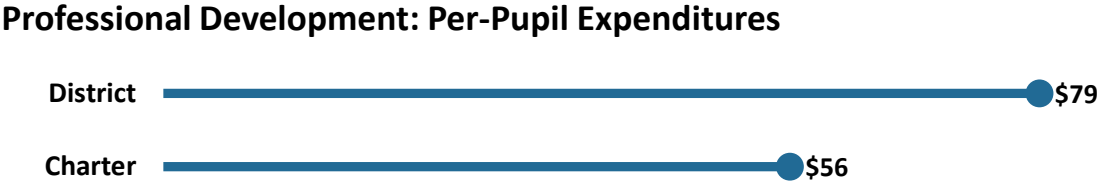
* A.C.A. § 6-20-2305 requires that professional development funding equal to an amount of up to $40.80 per student.

PD categorical funding made up about 39% of total PD expenditures, with federal funding making up about 52%.



In 2021, districts spent about $20 more than charters spent per student.

Professional development categorical funds are required to be spent on activities and materials that do the following: improve the knowledge, skills, and effectiveness of teachers; address the knowledge and skills of administrators and paraprofessionals concerning effective instructional strategies, methods, and skills; lead to improved student academic achievement; and provide training for school bus drivers. Nearly 60% of these funds were spent on purchased services that primarily included training and development services (i.e. course registration fees, training courses). About 30% of these categorical funds were spent on salaries and benefits.



The remaining professional development categorical funds are distributed to Solution Tree for implementation of the professional learning communities (PLC) program and to the Arkansas Education Television Network (AETN) for the implementation of ArkansasIDEAS.

	2021 Funding	2021 Spending
Districts and Charters	$17,163,721	$36,462,799
Solution Tree	$12,500,000	$12,500,000
AETN	$2,744,350	$2,744,350
Total PD Categorical	**$32,408,071**	**$51,707,149**

The PLC Pilot program is a partnership between DESE and Solution Tree, a private organization that provides PD resources, training, and support to K-12 educators, to implement the PLC at work model in selected districts and schools. Since it began in 2017, 60 schools and districts have participated in the PLC program. The fifth cohort of participating schools and districts began in the 2022 school year. This program began as a result of recommendations from the 2016 Adequacy report. Since 2017, Solution Tree has received $37.5 million (excluding 2022).

Additional State Funding

Student Growth, Declining Enrollment, and Isolated Funding

Student growth funding is supplemental funding the state provides to growing districts to help support their additional students.

Declining enrollment funding is supplemental funding provided to districts that have lost students and therefore experience a loss in foundation funding.

Isolated funding is supplemental funding distributed to districts with low enrollment or geographic challenges, such as rugged road systems and/or low-student density, which can increase costs. There are three types of isolated funding: isolated funding; special needs isolated funding; and special needs isolated – transportation funding. Each type comes with its own spending restrictions. With the exception of special needs isolated – transportation, the uses are relatively broad. All of these funds are supposed to be used for the specific isolated school area for which they are receiving funds. In some districts, these areas make up the majority, if not all, of the district, or a portion of the district. A list of isolated areas, the corresponding current school in which the district it is located, and its funding amount can be found in the 2022 Funding K-12 Education Adequacy Report.

All three funding types are included in the following chart. In 2021, districts spent about $9.3 million in isolated and special needs isolated funding.

Funding Stream	2021 Funding	2021 Spending	Spending Restrictions
Student Growth	$29,536,568	$30,203,978	Unrestricted
Declining Enrollment	$14,681,796	$11,748,025	Unrestricted
Isolated and Special Needs Isolated	$10,895,997	$9,275,982	**Isolated:** Operation, maintenance, and support of the isolated school area
			Special Needs Isolated: Operation of the isolated school area
			Special Needs Isolated (Small District): None
			Special Needs Isolated – Transportation: Transportation costs for the isolated school area

The top uses of student growth, declining enrollment, and isolated funding are shown in the following table.

Student Growth		Declining Enrollment		Isolated & Special Needs Isolated	
Top Five Expenditures	%	Top Five Expenditures	%	Top Five Expenditures	%
Regular Instruction	63%	Regular Instruction	39%	Transportation	38%
Support Services	13%	Operations and Maintenance	20%	Regular Instruction	34%
Operations and Maintenance	6%	Transportation	18%	District/School Administration	12%
Facilities Acquisition and Construction Services	5%	District/School Administration	8%	Operations and Maintenance	8%
Transportation	5%	Other Instructional Programs*	7%	Other Instructional Programs*	4%

*Other Instructional Programs includes special education, career education, compensatory education, and other forms of instruction like gifted and talented, arts education, and alternative learning education.

2021 Legislation

Below is a listing of the legislation passed by the General Assembly during the 2021 session pertaining to spending by districts and charters:

ACT 633 (SB61) provides that a school district may use **enhanced student achievement funds** to support the school district's participation in the College and Career Coaches Program. The act provides that, to participate in the program, a school district shall apply jointly with an institution of higher education, an education service cooperative, or a nonprofit organization to the Division of Career and Technical Education. The act provides that implementation of the program shall be monitored by on-site technical assistance visits at least one (1) time every two (2) years. The act also adds additional criteria for evaluating the effectiveness of the program.

ACT 322 (SB101) specifies when school districts are permitted to **expend Enhanced Student Achievement Funding** to provide supports and resources. The act requires each public school district to submit, by July 1, 2022, a three-year enhanced student achievement plan to the Division of Elementary and Secondary Education describing the school district's intended and implemented strategies to enhance student achievement and how enhanced student achievement funds will be used to support the strategies of the school district as permitted by the law and rules promulgated by the State Board of Education. The act also addresses the review and update of enhanced student achievement plans.