

A Review of Adequacy Financing Public Education



**PREPARED FOR THE EDUCATION ADEQUACY
SUBCOMMITTEE OF THE ARKANSAS GENERAL
ASSEMBLY**



COLA – Cost of Living Adjustment



- As established by Act 124 of 2007, the Foundation Funding Matrix is to be adjusted each year for inflation of any appropriate component of the funding system.
- AR Code 6-17-2403 requires school districts to pay certified employees for teaching experience to 15 years and for completion of a MA degree.
- AR code 6-17-2203 provides a minimum hourly salary for classified employees and a yearly COLA added to this minimum salary equal to the % increase of the Consumer Price Index. (2009-2010 -- \$7.55 an hour)

COLA – Cost of Living Adjustment



- Typically, 70-80% of school district budgets are for personnel costs.
- Salary mandates, for both certified and classified employees, necessitates an annual COLA for public school funding.

Staffing – School Level Personnel



- AAEA recommends that 1.65 FTE be added to the current 35.665 FTE of school-level personnel.
- The Standards for Accreditation requires a full-time (1.0 FTE) media specialist for a school of 300. The current Matrix only funds .825 FTE.

+ .175 FTE

Staffing – School Level Personnel



- The current Matrix includes 20.8 FTE regular classroom teachers for a school of 500. This is inadequate. Under the Standards of Accreditation, a school of 500 cannot meet required student-teacher ratios with 20.8 regular classroom teachers.

+ 1.2 FTE

Staffing – School Level Personnel (example)



Grade K	100	20-1	5.0 FTE required
Grade 1-3	300	23-1	13.0 FTE required
Grade 4	100	25-1	4.0 FTE required
	500 students		22.0 FTE required
School of 475 students			22.0 FTE required

Staffing – School Level Personnel (example)



Grade 4	167	25-1	7.0 FTE
Grade 5	167	25-1	7.0 FTE
Grade 6	166	25-1	7.0 FTE
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	500 Students		21.0 FTE
School of 475 Students			21.0 FTE

Staffing – School Level Personnel



- The Matrix funds PAM teachers at 20% of regular classroom teachers. If the staffing in the Matrix for classroom teachers is increased from 20.8 FTE to 22.0 FTE, the PAM formula would increase from 4.14 FTE to 4.40 FTE.

+ .26 FTE

School-Level Salaries



- The most recent data from the ADE indicated an average 08-09 teacher salary in Arkansas of:

\$45,738

- This ranks Arkansas 12th of the 16 SREB states.
- The 2008 Adequacy Report had Arkansas ranked 9th among SREB states.

School Level Resources – Instructional Materials



- **AAEA recommends an appropriation of \$25 per student for formative assessments.**
- **These assessments are recognized as a valid instructional improvement strategy in monitoring student progress towards desired goals.**
- **School districts across the state are currently administering formative assessments. The educational cooperatives are leading this efforts.**

School Level Resources – Substitutes



- The \$60.20 per ADM funding in the Matrix for substitutes is severely inadequate.
- Actual cost for certified and classified substitutes in 08-09 was \$95.09 per ADM.
- Testing costs and substitute costs are closely related.

Carry-Forward – Operations and Maintenance



- **The Annual Statistical Report for the past two years show actual M&O costs of \$819.57 and \$852.55 per ADM. These actual expenses are significantly higher than the \$592.60 per ADM currently funded in the Matrix.**
- **Environmental quality – educational performance.**
- **Dramatic increase in the need for school facility management services.**

Carry Forward – Transportation



- **With actual costs of \$384.61 per student in FY08 and \$357.00 per student in FY09, the current funded amount of \$291.70 is inadequate.**
- **Fund at current expenditure levels with a yearly inflationary index.**
- **Develop a high-cost transportation formula for those schools districts with extremely high per-student transportation costs.**

Categorical Funding



- **Categorical aid is commonly used to employ additional personnel for support and supplemental services. As school-level salaries are adjusted using accurate inflationary indicators, the categorical funding levels should also be adjusted accordingly.**
- **A COLA based on the same calculations as school-level salaries should be applied yearly.**

Educational Excellence Trust Fund



- **Trust Fund requirements need to be eliminated.**
- **Original intent: Teacher salaries increase as revenue increases.**
- **Actual impact: Districts experiencing growth are required to give raises while others are not.**
- **Trust Fund requirements have become an unfunded mandate which adds to the salary disparity among districts in the State.**

Fund Balances



- **Legal net balances compared to yearly total net expenditures (ASR 05-06 to 08-09).**
- **During these years, balances have ranged from 15.8% to 16.9 %.**
- **Historical precedence for balance carryovers in this range.**