



Research Report

EXECUTIVE SUMMARY

THE RESOURCE ALLOCATION OF FOUNDATION FUNDING FOR ARKANSAS SCHOOL DISTRICTS

August 23, 2010

This study is presented in partial fulfillment of the requirements of Act 57 of the Second Extraordinary Session of 2003, and Act 1204 of 2007. Those acts require the legislature to conduct an adequacy study each biennium to assess needs related to providing an adequate education for all Arkansas K-12 students. This part of that larger study examines FY 2008-09 school district expenditures and staffing in comparison with matrix assumptions about needed funding levels for staffing and expenditures.

The matrix is the basis for determining a level of foundation funding. It was not intended to reimburse schools for actual expenditures but rather to establish a level of funding that is adequate for Arkansas schools to meet standards and to provide a substantially equal opportunity for an adequate education to the state's public school students. Districts bear responsibility for operating in an efficient and effective manner that focuses first on adequate academic instruction for their students. The variety of needs for different districts and their students' characteristics make it unlikely that all individual matrix line items will fit all schools equally well, which is why the matrix is not mandated. As a result, superintendents are provided the flexibility to utilize these resources as they best see fit, with an assumption of optimal benefit for each school district. This study reviewed each line item of the matrix in an effort to identify how schools are using these increased resources.

Matrix line items are the resources deemed necessary through evidence-based research to provide an adequate education. There is not a precise way to determine how foundation funds are expended for matrix line items because foundation funds are not segregated in the state accounting system but combined with other unrestricted funds. There is no source of funds code for foundation funding.

BUREAU OF LEGISLATIVE RESEARCH

As in past years, districts spent more on some matrix line items than provided and less on other items. The overall expenditure of foundation funds for the matrix is approximately equivalent to the amount of foundation funds received in the districts. In a statewide context, districts are spending less on teachers and certified staff than provided for in the matrix and more for the extra duty, operations and maintenance, and central office and other district-level expenditures line items. Additional review may be needed to further assess the level of the school staffing funding with regard to licensure issues and the structure of class periods within the school day. Another area where further consideration is warranted is the tracking of operations and maintenance costs.

District expenditures of foundation or matrix funding should be considered in the context of the availability of other unrestricted funds and other restricted funds from state sources, such as categorical funding. Categorical funding is designed to address additional needs that exist in districts with large numbers of students in poverty, students at-risk of academic failure, and students who are English language learners. The funding picture as a whole must be considered when determining the adequacy of the state's support for the K-12 education system.

Foundation Funding

To examine a full year of funding and expenditures, the BLR examined districts' use of their 2008-09 foundation funding, which was set at \$5,789 that year. The matrix calculates the per-student funding based on the cost of personnel and other resources for operating a prototypical school of 500 students. In general the matrix is divided into three parts:

- **School-level salaries** of 33.665 teachers and other pupil support staff, a principal and a secretary. The matrix also determines how many of which type of teachers and other personnel are needed.
- **School-level resources** including instructional materials and technology-related expenses.
- **District-level resources**, which includes funding for operations and maintenance, districts' central office, and transportation expenses.

The average teacher salary in the matrix is used to compute costs for the standards-based 33.665 school-level positions in the matrix. The average teacher salary with benefits in the matrix for 2008-09 is \$55,954. However the actual average teacher salary with benefits was \$57,407.91.

Of the 244 districts surveyed, 180 (73.8%) had averages plus benefits below the average teacher salary and benefits in the matrix. Higher salaries in larger districts appear to be driving the statewide average salary higher. The 25 districts (10.2%) with the highest teacher salary averages employ over one-third (37%) of the FTE teachers in the state. In other words, the funding for the average teacher salary and benefits in the matrix meets or exceeds the average teacher salary in 73.8% of the districts in the state.

Summary of Foundation Funding

The following tables show how districts' staffing and spending in 2008-09 compared with the matrix structure. Red numbers in the "Difference" column indicate line items in which districts spent less foundation funding or had fewer positions funded by foundation funds than the funding and staffing provided by the matrix.

Staffing

2008-09 School-Level Staffing			
Staff	Matrix Number	District Average per 500 Students	Difference
Non-administrative school-level total	33.665	29.97	-3.695
• Classroom Teachers	24.94	23.32	-1.62
• Special Education Teachers	2.9	2.86	-0.04
• Instructional Facilitators	2.5	0.72	-1.78
• Librarians and Media Specialists	0.825	1.10	0.275
• Counselors and Nurses	2.5	1.97	-0.53
Administrative school-level total	2	2.43	.43
• Principals	1	.97	-0.03
• Clerical support	1	1.46	0.46
Total	35.665	32.4	-3.265

Expenditures

2008-09 District Expenditures			
Expenditures	Matrix Amount	Districts' Actual Expenditures Per Student	Difference
Classroom Teachers	\$2,790.99	\$2,596.40	-\$194.59
Special Education Teachers	\$324.53	\$330.38	\$5.85
Instructional Facilitators	\$279.77	\$111.38	-\$168.39
Librarians and Media Specialists	\$92.32	\$120.25	\$27.93
Counselors and Nurses	\$279.77	\$215.61	-\$64.16
Principals	\$175.70	\$181.24	\$5.54
School Secretary	\$70.80	\$90.45	\$19.65
Technology	\$201	\$138.39	-\$62.61
Instructional Materials	\$163.20	\$165.74	\$2.54
Extra Duty	\$51	\$149.63	\$98.63
Supervisory Aides	\$50.35	\$8.01	-\$42.34
Substitutes	\$59	\$74.55	\$15.55
Operations and Maintenance	\$581	\$681.60	\$100.60
Central Office	\$383.50	\$598.89	\$215.39
Transportation	\$286	\$255.66	-\$30.34
Total	\$5,789	\$5,718.18	-70.75