

SUBCOMMITTEE ACTIONS

JOINT ADEQUACY EVALUATION OVERSIGHT SUBCOMMITTEE

Monday, August 23, 2010, 1:30 P.M.
Tuesday, August 24, 2010, 9:00 A.M.
Room 171, State Capitol
Little Rock, Arkansas

Representative Bill Abernathy, the House Chair of the Joint Adequacy Evaluation Oversight Subcommittee, called the meeting to order on Monday, August 23, 2010, at 1:30 p.m., and on Tuesday, August 24, 2010, at 9:00 a.m.

A QUORUM OF MEMBERS WAS IN ATTENDANCE AT EACH MEETING.

Monday, August 23, 2010

Without objection, the minutes of May 19, 2010, May 20, 2010, and May 24, 2010, were approved as written.

Discussion of Issues Concerning Resource Allocation

Ms. Jerri Derlikowski, Administrator, Policy Analysis and Research Services, Bureau of Legislative Services, was recognized. Ms. Derlikowski reviewed with the Subcommittee a report, **The Resource Allocation of Foundation Funding for Arkansas School Districts**, which compared resource allocations under the Funding Matrix to actual expenditures by school districts.

Representative Abernathy announced that the next meeting for the Joint Adequacy Evaluation Oversight Subcommittee would be at 9:00 a.m. on Tuesday, August 24, 2010, in Room 171 of the State Capitol.

There being no further business, the meeting adjourned at 3:55 p.m.

Tuesday, August 24, 2010

Discussion of Economic Adjustments to the Funding Matrix

Mr. Richard Wilson, Assistant Director, Research Services, Bureau of Legislative Research, was recognized. Mr. Wilson discussed with the Subcommittee possible inflationary adjustments for the Matrix or the line items therein for Fiscal Year 2012 and Fiscal Year 2013. He explained that the Bureau of Legislative Research (BLR) is a subscriber to two economic forecasting services, Global Insight and Moody's Analytics, that provide forecasted price indexes. The forecasting services estimate the inflators to be 2.52% and 2.55% for FY12, and 2.98% and 2.90% for FY13. It's expected to see that kind of consensus on the overall Consumer Price Index (CPI). These numbers have historically been applied to all payroll-types of components within the Matrix, which is the vast majority of the money. Mr. Wilson commented that the best inflator to apply is this overall CPI. The increase that it would take to fund the 2.5% for the entire Matrix would be about \$151 per ADM; using 459,000, it's approximately \$69 million a year, or \$140 million for the biennium, not counting the categoricals.

Representative Abernathy commented that looking in terms of growth, the foundation funds are consistent with the model. The growth rate of Arkansas lines up with the inflators.

Senator Jimmy Jeffress was recognized and made the following motion:

I move that the inflationary adjustment of 2.5% be used on the Matrix and the Categoricals: 2.5% for Fiscal Year 2012 and 2.9% for Fiscal Year 2013, subject to review and adjustment in the 2012 Fiscal Session.

Without objection, the motion was adopted.

Representative R.D. Saunders was recognized and made the following motion regarding transportation funding:

I move that the funding for the Transportation line item in the Funding Matrix remain at its current funding level. In addition, I move for the creation of a separate funding line item, Enhanced Transportation Funding, to be distributed using a formula based on "essential linear route miles" (those directly related to transporting students to and from school for the purpose of providing them with the opportunity to receive an adequate education) to those school districts whose transportation costs are not covered by the amount of funding provided to them by the current Transportation line item in the Matrix. I further move that the funding for the Enhanced Transportation Funding line item be established using the appropriate inflationary adjustment to the amount of funding currently allocated to the Transportation line item in the Funding Matrix.

Without objection, the motion was adopted.

Discussion of Process for Completing the Adequacy Report

Pursuant to questions from Subcommittee members, Representative Abernathy said that the next step will be for the recommendations to be presented to the Interim Committees on Education at the meeting on Monday, August 30, 2010. He said that before the Monday meeting, the Joint Adequacy Evaluation Oversight Subcommittee will sit down and come to an agreement on the appropriate places to identify components in the Matrix. Some of today's recommendations may be changed, and then the report will be complete. At the Monday meeting, all the Committee will have to do, legally, is accept it, but any part of it can be discussed until the Committee is comfortable with accepting the report.

Representative Abernathy announced that the next meeting would be for the Joint Interim Committees on Education at 1:30 p.m. on August 30, 2010, in Room 171 of the State Capitol.

There being no further business, the meeting adjourned at 10:10 a.m.