

2018 Arkansas School Boards Association Executive Summary of Written Adequacy Testimony

The Arkansas School Boards Association requests your consideration of the following items and recommendations which are discussed in more detail in our written testimony:

Facilities and the Partnership Program – The Partnership Program has been and continues to be of great value to the public schools and local communities in Arkansas.

Recommendation: *Provide for a full review and update of the Partnership Program itself and a full review of the actual public school facilities and their condition across the state. Develop a reliable funding plan for the state to continue its contribution to providing adequate public facilities for the public school children in the State.*

Special Education Teacher Staffing - The May 31, 2016 Resource Allocation Report shows that public schools provided approximately 2.97 Special Education teachers per 500 students while the Funding Matrix only provides funding for 2.9 Special Education teachers per 500 students.

Recommendation: *Increase the Special Education teacher line in the Matrix to at least 3.0 Special Education teachers per 500 students.*

Special Education Catastrophic Occurrences Funding – Federal regulations, rising costs and lack of increased funding in this area has led districts to have to use other funds to cover mandated costs for these students.

Recommendation: *The General Assembly has recognized need and committed some additional funds over the biennium. Continue to commit increased funding until need is fully met.*

Class Size – Some studies show that a smaller class size significantly increases student performance, especially in the lower grades. That increase in performance is magnified for lower income and minority students which could be helpful in reducing the achievement gap.

Recommendation: *Carefully review results of ISP 2017-106 when it is completed and fund additional teachers to reduce class size in the lower grades if deemed effective to do so.*

Teacher Staffing – We believe a conflict may exist between the number of staff allotted in the matrix and the number of staff required by the Standards for Accreditation.

Recommendation: *Initiate a study of actual school staffing to determine the relationship between the number of teachers funded through the matrix and the number of staff positions required to meet the Standards for Accreditation.*

Cost of Living Adjustment (COLA) – The General Assembly has approved Foundation Funding for the past two biennium that did not keep up with the CPI annual rate of inflation. At that same time, legislation has been passed placing an additional cost on districts, including an increase in the minimum teacher salary schedule.

Recommendation: *The General Assembly should provide an annual increase in Foundation Funding that, at a minimum, matches the annual CPI inflation rate.*

ARKANSAS
SCHOOL BOARDS
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WRITTEN TESTIMONY ADDRESSING THE ADEQUACY OF PUBLIC EDUCATION IN ARKANSAS

A Report for the Interim House and Senate Education Committees

Submitted by the Arkansas School Boards Association

January 26, 2018

Arkansas School Boards Association's Adequacy Testimony

January 26, 2018

The Arkansas School Boards Association appreciates the opportunity to submit this testimony to the House and Senate Interim Education Committees. We realize the magnitude of the responsibility held by those committees, and the recommendations that you must eventually make to the General Assembly regarding adequacy and equity for the 479,258 students in public education in Arkansas. The information provided herein is offered to you as observations and recommendations for you to consider while deciding how to best move forward with completing that task.

Children graduating from Arkansas' public high schools should receive educational experiences that provide them every opportunity for future success. Our state's educational system must always strive to stay aligned with our societal needs; that takes constant review and adjustment as noted by the Special Masters in their testimony submitted to the Arkansas Supreme Court on the Lakeview case. As those adjustments are made, the funding needs of education in Arkansas must be reviewed and recalibrated in order to continue to maintain the Constitutional requirements of adequacy and equity as determined by the Arkansas Supreme Court.

ASBA applauds the General Assembly for its efforts in the area of career education. Members of the Education Committees, along with other legislators, have worked diligently to support a change in school culture so that students can be directed towards a viable and rewarding career path, which may or may not include college, rather than being solely directed toward a four year higher education degree. The education community has embraced this movement and is moving forward with innovative programs providing more and better options for students. We believe, with your continued efforts and a supportive collaboration between appropriate local, State and Federal resources, that we will see a continuation of change that will lead to more career options, higher paying jobs and lower unemployment for the citizens of this state.

In addition, we want to recognize your efforts to address the disparity in funding for student transportation. The addition of funds to be distributed through a special formula to those districts that have higher transportation costs due to circumstances beyond their control will add to the equity in funding for those districts. They will now have more available funds to support instructional programs within their districts. We hope to see additional funds added to this funding schedule to address a still-present inequity.

There is still much work to be done. We believe that the members of the Education Committees along with the rest of the General Assembly are strongly committed to the improvement of education in Arkansas. With that in mind, please consider these observations and recommendations regarding the adequacy of the public education system in Arkansas.

Facilities

The Lakeview case determined that it is the state's obligation to ensure all students in Arkansas have access to appropriate academic facilities regardless of local wealth. The October 1, 2017 Statewide State of Condition of Academic Facilities report states that the Partnership Program to date consists of 2,456 projects approved by the Commission for Public School Academic Facilities and Transportation with estimated total Qualified Project Costs of about \$3,256,743,606 through the 2017- 2018 year of the 2018-2019 biennium. The state has provided over \$1.2 billion of that amount and local districts have contributed the remaining amount. It is certain that the Partnership Program has made a tremendous difference in the condition of school facilities across the state.

However, there is now no carryover left from the initial \$455M placed in the program over ten years ago, which leaves future funding sources for the program uncertain. In fact, some have said that the State cannot continue to sustain the program to the level it has since the program began. A thorough review of the Partnership Program is currently being conducted and we are anxiously awaiting the outcome of that review. Once the results of a review are compiled and analyzed, an adequate and stable funding stream should be established to meet those needs. Furthermore, since it has been over ten years since the last full on-site assessment of public school facilities in Arkansas was conducted, we also recommend that another facility assessment take place prior to the next biennium. Only with a full and current review and estimate of facility needs and costs going forward can the General Assembly develop a long range plan for funding the program.

A.C.A. § 6-20-2509 requires The Division of Public School Academic Facilities and Transportation to establish formulas that shall be updated annually by the fourth quarter of the calendar year for determining the basic project cost per square foot for various types of new construction projects. However, Section 6.03 of the Academic Facilities Partnership Rules limits the per square foot cost to a maximum of \$175. A former director of the Division of Public School Academic Facilities and Transportation, Dr. Charles Stein, stated in Public Comment dated 10/23/15, "The \$175 per square foot maximum Funding Factor was established in March 2008 and has not been increased since that time. A review of national construction cost increases and construction cost increases around all Arkansas regions indicates that construction costs have escalated approximately 14% from 2008 to 2015. Additional escalation should occur between 2015 and the next Partnership Program project funding cycle in 2017-2019. Based on actual cost increases the maximum Funding Factor in Section 6.03 should be increased to $\$175 \times 114\% = \200 per square foot." It is likely the Funding Factor cap should be even higher than \$200 per square foot now due to inflationary factors since 2015. Hopefully, the review of the Partnership Program mentioned above will address this issue.

The facilities Partnership Program is not only highly beneficial to the public schools and children in Arkansas but to local and state economies as well. According to the Local Multiplier Effect concept, money spent locally circulates within that area (or state) several times over, creating a positive economic impact for the area. Arkansas based construction companies and suppliers, including local businesses, have also benefited from the Partnership Program. ASBA believes the Facilities Partnership Program has been and will continue to be a huge benefit to education and the economy in Arkansas and that the Partnership Program should be regularly reviewed and fully funded going forward.

Special Education Teacher Staffing

The Funding Matrix provides funding for 2.9 Special Education teachers for 500 students. However, according to the May 31, 2016 Resource Allocation Report, public schools provided approximately 2.97 Special Education teachers per 500 students and were paying the Special Education teachers an average salary within a thousand dollars of the salary provided for in the Matrix.

While Picus and Odden recommended 3.3 Special Education teachers per 500 students in 2014, ASBA recommends that the Special Education teacher line in the Matrix be increased at least to 3.0 Special Education teachers per 500 students for two reasons: First, this would recognize that public schools are on average hiring more Special Education teachers than what is being provided for in the Matrix; second, this would allow public schools to increase the salary of their Special Education teachers, which would potentially help in recruitment in this high need field.

Special Education Catastrophic Occurrences Funding

As you likely know, special education is heavily regulated by Federal rules and laws. Unfortunately, the cost to administer those programs is not adequately funded at the Federal level. That leaves states and local school districts shouldering a large part of that financial responsibility. ASBA recognizes and appreciates the effort the Arkansas General Assembly has made to reduce the additional cost public schools have been having to commit in order to ensure that high cost students receive the educational support they deserve. During FY 2018 and FY 2019, over four million dollars was added to the Catastrophic Occurrences Fund, which allowed public schools to continue to provide quality services for high cost students and return some local funds to being used for the general student population.

According to the 2016 Adequacy Report, there is still a shortfall of approximately fifteen million dollars in the amount the public schools are receiving and spending on these high cost students. Because every dollar the General Assembly puts into the Catastrophic Occurrences Fund is a dollar a public school does not have to cut from somewhere else when a high cost student is enrolled to provide the quality services the student requires, ASBA asks that the General Assembly continue to increase Catastrophic Occurrences Funding over the course of the next biennium.

Class Size

The General Assembly used the existing state standards regarding class size when creating the formula for the prototypical school. However, in their evidence based approach, Picus and Odden reference studies that support the positive effects of small class size, especially in the lower grades. The original 2003 Picus and Odden study contained the following evidence based recommendation, which was echoed in both their 2006 recalibration study and most recently in their 2014 Desk Audit:

- Grades K-3 15:1
- Grades 4-12 25:1

In the interest of optimizing student performance both short and long term, it is important to consider the impact of class size on student performance outcomes. In their 2014 Desk Audit, Picus and Odden referenced data derived from the Tennessee STAR study, which used a randomized controlled experiment of class sizes of approximately fifteen (15) compared to a control group of classes with approximately twenty-four (24) students in kindergarten through grade three. The study revealed that students from the smaller classes performed at a significantly higher level than those in the larger class sizes. Subsequent research showed that positive impacts of the smaller class sizes in the Tennessee study persisted into later years, even beyond high school.

Furthermore, the study found that the higher level of performance of the students in the smaller class size was magnified (actually doubled) for low income and minority students. That fact could be significant in our state's effort to reduce the achievement gap. Although the Arkansas Supreme Court approved the current class size distribution in the matrix, ASBA believes that reducing class sizes in the early grades would be worth a much closer look, perhaps even a focused pilot program in a few chronically under-performing schools.

Hopefully, Interim Study Proposal 2017-106 to determine the effect of class size on students in Kindergarten through grades three becoming proficient in reading will be beneficial in helping decide the value of reducing class size in the early grades in our state.

Section 6.06.3 of the Arkansas Department of Education Rules Governing the Distribution of Student Special Needs Funding allows the use of National School Lunch funds when hiring licensed educators to reduce class size. The Bureau of Legislative Research's report on National School Lunch State Categorical Funding and Expenditures from September 2017 shows only 6.7% of those funds are being spent for that purpose.

Teacher Staffing

ASBA once again urges the General Assembly to initiate a study of actual school staffing to determine the relationship between the number of teachers funded through the matrix and the number of staff positions required to meet the Standards for Accreditation. The complexities of teacher licensure, coupled with the challenges of developing class schedules, strongly suggest that the study should be guided by education professionals who have expertise in this area.

ASBA believes a conflict may exist between the number of staff allotted in the matrix and the number of staff required by the Standards for Accreditation. Before looking at the prototypical school actually contained in the matrix, we begin by considering, for ease of apportioning numbers, a K-4 elementary school of 500 students. With five grades in the school, each grade would have 100 students. The Standards for Accreditation permit:

- Kindergarten classes no larger than 20 students (or 22 with one half-time instructional aide). Our model school would require five kindergarten teachers.
- Grades 1-3 classes averaging no more than 23 students per classroom. Our model school would require five classrooms per grade for a total of 15 teachers.
- Fourth grade classes averaging no more than 25 students per classroom. Our model school would require a total of 4 teachers.

In sum, a district would have to hire 24 teachers to meet the requirements of the Standards for Accreditation. The matrix allocates 20.8 core teachers for every 500 students. This means a school district with a total enrollment of 1300 (100 per grade) would be underfunded by 3.2 teachers for their 500 student K-4 elementary school in order to be in compliance with the Standards for Accreditation's requirements.

The shortage of core staff positions in the matrix is compounded by an insufficient allotment of PAM teachers. Our understanding is that, in the original derivation of the matrix, PAM stood for physical education, art, and music. Apparently, the PAM definition changed to also include "all non-core classroom teachers" in the 2008 re-calibration (page 43 Volume 1, Report on Legislative Hearings for the 2008 Interim Study on Educational Adequacy, 12/30/2008). This change is significant. From a scheduling perspective, the PAM teachers were originally intended to enable elementary teachers to have their daily planning periods. Expanding PAM teachers to include all non-core classroom teachers makes the current matrix staffing and funding situation untenable.

Cost of Living Adjustment (COLA)

The original 2003 Picus and Odden study provided the basis for the funding matrix, which was sufficient to satisfy the Arkansas Supreme Court and has stood for over a decade as the cornerstone for guiding the finances distributed to the K-12 public education institutions in Arkansas. With the exception of the 2006 recalibration, the matrix funding formula was only altered to provide for a cost of living adjustment from 2009 through June of 2015. Although the COLA increases were certainly needed and appreciated, that process did little to address actual recalibration of the various components of the matrix.

At the conclusion of the 2014 interim study of adequacy, which included a Picus and Odden Desk Audit of the Arkansas Public School Funding Matrix, the Joint Education Committees approved recommendations to present to the General Assembly that addressed the matrix in a line item manner rather than the traditional fixed annual two percent (2%) COLA increase that had been added each year since 2009. Most of those recommendations were enacted by the General Assembly; however, the overall funding percentage increase through the matrix for the 2015-17 biennium was only approximately half of the two percent (2%) inflationary factor. A similar recommendation and increase, which again only added enough funding to Foundation Funding to cover about half the inflation rate, was made and approved by the legislature in 2017 for the 2017-19 biennium.

The General Assembly did add additional funds to other areas of need and the Senate Education Committee's recommendation for 2019, if approved, includes an additional increase in the areas of Enhanced Transportation and Special Education Catastrophic Occurrences Funding.

This action left some K-12 school districts not receiving enough additional Foundation Funding to cover their increasing costs. In addition to inflation, the combination of a much needed increase to the minimum teacher salary by Act 1087 of 2015 and Act 246 of 2017 and the requirements of Ark. Code Ann. § 6-17-2403 regarding salary step increases for licensed staff and Ark. Code Ann. § 6-17-2203 regarding increases for the minimum hourly wage of classified staff based on the consumer price index left some districts struggling to cover expenses. Although ASBA supports increasing teacher salaries and believes the teacher pipeline issue would benefit from increased salaries, we believe that at least enough new funding should be added to Matrix funding annually to cover inflationary increases in operations and any mandated salary increases.

Final Comments

Again, we would like to acknowledge the attention and hard work the House and Senate Education Committees and sub-committees put into providing the methods and necessary funding to ensure an adequate and equitable education for the children of Arkansas. We believe your efforts will make a positive difference moving forward in education in Arkansas. However, we must ask ourselves if adequacy is enough. The Education Week Quality Counts Report (2018) that was just released reflects that Arkansas was again, for the third year in a row, assigned a letter grade of C- with each of the three categories utilized to derive the grade remaining unchanged since 2015. However, the results may not be an accurate reflection of the state's true status due to the report utilizing 2016 data, and Arkansas transitioning to a different assessment between 2015 and 2016. We are hopeful that reliable and easily comparable data from the ACT Aspire will reflect improvement in coming years. Other changes such as Arkansas's recently approved ESSA plan also add optimism for the future of education in Arkansas.

Most Americans support a strong economy in light of past unforeseen financial disruptions and economic downturns. A recent trend in building state economy is to support and invest in local companies and entities that have a proven track record of success. This, in turn, creates additional jobs and opportunities and subsequently more dollars are spent within the State to create a positive economic domino effect. One such proven entity is the Arkansas Leadership Academy (ALA) which was established by the General Assembly over twenty-five years ago and is well known and respected across the state. The ALA is already engaged with several school districts through their School Support/Organizational Development Program and conducts numerous institutes annually. Another worthy organization is the Arkansas Center for Executive Leadership which conducts continuing education and leadership opportunities for building and district level leadership. Educational cooperatives across the state are another good resource as well as can be attested to by their respective school districts.

At ASBA, we realize that school boards are in a unique position to represent the children in their communities. School board actions, or lack of, influence the opportunities for the success of the children in their districts. Responsibilities at the local level include the generation of local funding to complement state efforts. We strive to be part of the solution to see that all children in Arkansas have their best opportunity for success. Thank you for your consideration of our observations and recommendations. We look forward to working with you to further advance public education in Arkansas.