

ARKANSAS GENERAL ASSEMBLY
HOUSE INTERIM COMMITTEE ON EDUCATION
and
SENATE INTERIM COMMITTEE ON EDUCATION

Senator Jane English
Senate Chair

Representative Bruce Cozart
House Chair

October 30, 2020

Senator Jim Hendren
President Pro Tempore
Arkansas Senate
Room 320, State Capitol
Little Rock, Arkansas 72201

Representative Matthew Shepherd
Speaker of the House
Arkansas House of Representatives
Room 350, State Capitol
Little Rock, Arkansas 72201

Re: A Report on Legislative Hearings for the 2020 Interim Study on Educational Adequacy
(Act 57 of the Second Extraordinary Session of 2003, Act 1204 of 2007, and Act 725 of 2011)

Dear President Hendren and Speaker Shepherd:

The House Interim Committee on Education and the Senate Interim Committee on Education (Education Committees), pursuant to the provisions of Arkansas Code Annotated 10-3-2101 et seq., are pleased to submit their report on the legislative hearings held for the purpose of completing the 2020 interim study on the adequacy of the state’s system of public education.

The 2020 Adequacy Report consists of two (2) volumes. Volume I contains the initial findings and recommendations of the Education Committees. Volume II contains copies of all materials presented to the Education Committees for this adequacy review. Those materials are in the enclosed thumb drive and available at the following link:

<https://www.arkleg.state.ar.us/Education/K12/AdequacyReports?folder=2020>.

As you will see in Section 14 of Volume I, the Education Committees made the following recommendations for changes concerning educational adequacy:

Topic	FY22	FY23
Definition of Adequacy	<p>Current definition:</p> <ol style="list-style-type: none"> 1. The standards included in the state's curriculum and career and technical frameworks, which define what Arkansas students are to be taught, including specific grade level curriculum and a mandatory thirty-eight (38) Carnegie units defined by the Arkansas Standards of Accreditation to be taught at the high school level; 2. The standards included in the state's testing system. The goal is to have all, or all but the most severely disabled, students perform at or above proficiency on these tests; and 3. Sufficient funding to provide adequate resources as identified by the General Assembly. 	

Topic	FY22	FY23
Special Education	Increase special education catastrophic funding by 3.7% to \$13,500,000.	Increase special education catastrophic funding by 3.7% to \$13,998,150.
Teacher Salaries	Increase average salary + benefits in the matrix by 2.25% to \$70,011, or \$4,717 per child. Use a formula to distribute \$15,000,000 in Enhanced Salary funding to qualifying schools.	Increase average salary + benefits in the matrix by 2.25% to \$71,586, or \$4,824 per child. Use a formula to distribute \$15,000,000 in Enhanced Salary funding to qualifying schools.
Partnership Program	No changes recommended.	No changes recommended.
Student Growth Funding	No changes recommended.	No changes recommended.
Declining Enrollment Funding	No changes recommended.	No changes recommended.
Isolated Funding	No changes recommended.	No changes recommended.
Adequacy Study	No changes recommended until the final report from the consultants, APA, is received in December 2020.	
Enhanced Student Achievement (ESA) Funding	Increase each level by 1.16%, so amounts per student will be \$532, \$1,063 and \$1,594. Keep the \$5,300,000 amount for the "Additional ESA" funds to provide matching grants.	Increase each level by 1.16%, so amounts per student would be \$538, \$1,076 and \$1,613. Keep the \$5,300,000 amount for the "Additional ESA" funds to provide matching grants.
Professional Development (PD) Funding	PD funding as a categorical remains the same at \$40.80 per student. Additional PD funding for PLC grants increases by 16% to \$14,500,000.	PD funding as a categorical remains the same at \$40.80 per student; Additional PD funding for PLC grants increases by 13.8% to \$16,500,000.
English Language Learner (ELL) Funding	Increase funding by 2% to \$359 per student.	Increase funding by 2% to \$366 per student.
Alternative Learning Environment (ALE) Funding	Increase funding by 2% to \$4,794 per student.	Increase funding by 2% to \$4,890 per student.
Principal	Increase funding for salary + benefits by 2.5% to \$101,487 or \$203 per student.	Increase funding for salary + benefits by 2.5% to \$104,024 or \$208 per student.
Secretary	Increase funding for salary + benefits by 2.5% to \$41,876 or \$83.80 per student.	Increase funding for salary + benefits by 2.5% to \$42,923 or \$85.80 per student.
Technology	Maintain funding level of \$250 per student.	Maintain funding level of \$250 per student.
Instructional Materials	Increase funding level by 2.5% to \$193 per student.	Increase funding level by 2.5% to \$197 per student.
Extra Duty Funds	Increase funding level by 2.6% to \$67.90 per student.	Increase funding level by 2.6% to \$69.60 per student.
Supervisory Aides	Increase funding by 2.6% to \$51.30 per student.	Increase funding by 2.6% to \$52.60 per student.
Substitutes	Increase funding by 2.5% to \$73.60 per student.	Increase funding by 2.5% to \$75.40 per student.
Operations and Maintenance	Increase funding by 2.5% to \$723 per student.	Increase funding by 2.5% to \$741 per student.
Central Office	Increase funding 2% to \$448 per student.	Increase funding by 2% to \$456 per student.
Transportation	Maintain funding level of \$321 per student.	Maintain funding level of \$321 per student.
Adjustment for Retirement	Increase funding level by 51.5% to \$50 per student.	Increase funding level by 34% to \$67 per student.
Total Foundation Funding Rate	The total foundation funding rate per student, including the adjustment for retirement, increases by 2.3% to \$7,182.	The total foundation funding rate per student, including the adjustment for retirement, increases by 2.3% to \$7,349.

Senator Jim Hendren
Representative Matthew Shepherd
October 30, 2020
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As you review this report, please keep in mind that it is not a static document, but one that is subject to revision or modification by the Education Committees as the situation warrants and as provided for by statute.

The members of the Education Committees look forward to working with you, the members of the 92nd General Assembly, and the incoming members of the 93rd General Assembly to ensure the continued adequacy of our state's system of public education.

Sincerely,



Senator Jane English
Chair
Senate Interim Committee on Education

Representative Bruce Cozart
Chair
House Interim Committee on Education

cc: The Honorable Asa Hutchinson, Governor, State of Arkansas

Enclosures: Volume I and Volume II

***FINAL REPORT ON THE LEGISLATIVE
HEARINGS FOR THE 2020 EDUCATIONAL
ADEQUACY STUDY***

**(ACT 57 OF THE SECOND EXTRAORDINARY SESSION OF 2003,
ACT 1204 OF 2007, ACT 725 OF 2011 AND ACT 936 OF 2017)**

**VOLUME I OF II
(VOLUME I REPORT
VOLUME II EXHIBITS)**

**RECOMMENDATIONS
OF THE
HOUSE INTERIM COMMITTEE ON EDUCATION AND
SENATE INTERIM COMMITTEE ON EDUCATION**

October 30, 2020

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ACRONYMS

Acronyms	Name
AACF	Arkansas Advocates for Children and Families
AAE	Association of American Educators
AAEA	Arkansas Association of Educational Administrators
AAGEA	Arkansas Association of Gifted Education Administrators
AASA	The School Superintendents Association
ABC	Arkansas Better Chance
ACSIP	Arkansas Comprehensive School Improvement Process
ACTAAP	Arkansas Comprehensive Testing, Assessment, & Accountability Program
ADE	Arkansas Dept. of Education
ADE – CPSAFT	Commission for Public School Academic Facilities and Transportation
ADE – DESE	Division of Elementary & Secondary Education fka: ADE
ADE – DHE/ADHE	Division of Higher Education fka: Ark. Dept. of Higher Education
ADE – DPSAFT	Division of Public School Academic Facilities and Transportation
ADM	Average Daily Membership
AEA	Arkansas Education Association
AESAA	Arkansas Education Support and Accountability Act
AESAP	Arkansas Educational Support and Accountability Program
AGATE	Arkansans for Gifted and Talented Education
AETN	Arkansas Education Television Network
ALE	Alternative Learning Environment
ALP	Additional Licensure Plan
AP	Advanced Placement
APPEL	Arkansas Professional Pathway to Educator Licensure
APSCN	Arkansas Public School Computer Network
APSRC	Arkansas Public School Resource Center
ARCareerEd	Arkansas Department of Career Education
AREA	Arkansas Rural Education Association
Arkansas IDEAS	Internet Delivered Education for Arkansas Schools
ARMAC	Arkansas Medicaid Administrative Claiming

Acronyms	Name
ASBA	Arkansas School Boards Association
ASR	Annual Statistical Report
ATRS	Arkansas Teacher Retirement System
BA	Bachelor
B-K	Birth through Kindergarten
BLR	Bureau of Legislative Research
CEIS	Coordinated Early Intervening Services
CEP	Community Eligibility Provision
CGR	College-going rate
CHMS	Child Health Management Services
CMMS-School Dude	Computerized Maintenance Management System
COLA	Cost of Living Adjustment
CPI-U	Consumer Price Index-All Urban Consumers
CPTED	Crime Prevention Through Environmental Design
CTE	Career and Technical Education
CWIFT	Comparable Wage Index for Teachers
DDCTS	Developmental Day Treatment Clinic Services
DDS	Division of Developmental Disabilities Services
DIS	Department of Information Systems
DLM	Dynamic Learning Maps
EAF	Educational Adequacy Fund
EBD	Employee Benefits Division
EC	Early Childhood
ECRP	Educator Compensation Reform Program
ECS	Education Commission of the States
EETF	Educational Excellence Trust Fund
EIDT	Early Intervention Day Treatment
EL	English Learner
ELA	English language arts
ELDA	English Language Development Assessment
ELL	English Language Learners
ELP	English Language Proficiency
ELPA21	English Language Proficiency Assessment 21 st Century
EPPQR	Educator Preparation Performance Quality Report

Acronyms	Name
ESA	Enhanced Student Achievement fka: National School Lunch
ESEA	Elementary and Secondary Education Act
ESL	English as a Second Language
ESOL	English for Speakers of Other Languages
ESSA	Every Student Succeeds Act
FAPE	Free, Appropriate Public Education
FCI	Facility Condition Index
FICA	Federal Insurance Contributions Act
FPL	federal poverty level
FRPL/FRL	Free and Reduced-Price Lunch
FTE	Full-Time Equivalent
FWI	Facilities Wealth Index
FY	Fiscal Year
GED	General Educational Development
GIF	General Improvement Funds
GPA	Grade Point Average
GSF	Gross Square Feet
GT	Gifted and Talented
IB	International Baccalaureate
IDEA	Individuals with Disabilities Education Act
IEP	Individualized Education Program
ISP	Interim Study Proposal
LEA	Local Educational Agency
LEADS	Leader Excellence and Development System
LEP	Limited English Proficient
LPAC	Language Placement and Assessment Committee
MAT	Masters of Arts in Teaching
MOE	memorandum of understanding
MSAA	Multi-State Alternate Assessment
NAEP	National Assessment of Educational Progress
NBCT	National Board Certified Teacher
NBPTS	National Board for Professional Teaching Standards
NCES	National Center for Education Statistics
NCLB	No Child Left Behind
NEA	National Education Association
NPBEA	National Policy Board for Educational Administration
NSL/ESA	National School Lunch (Renamed to Enhanced Student Achievement)
O&M/M&O	Operations and Maintenance
OEPCS	Open-Enrollment Public Charter School
PAM	Physical education, art and music
PARCC	Partnership for Assessment of Readiness for College and Careers

Acronyms	Name
PCP	Primary Care Provider
PD	Professional Development
PGP	Professional Growth Plan
PLC	Professional Learning Community
PSEL	Professional Standards for Educational Leaders
PSF	Public School Fund Account
PY	Prior Year
RDA	Results-Driven Accountability (RDA)
RISE	Reading Initiative for Student Excellence
RTI	Response to Intervention
SBOE/SBE	State Board of Education
SCDE	South Carolina Department of Education
SFP	State Financial Participation
SNAP	Supplemental Nutrition Assistance Program fka Food Stamps
SNI	Special Needs Isolated
SQSS	School Quality and Student Success
SREB	Southern Regional Education Board
ST	Speech Therapy
TANF	Temporary Assistance for Needy Families
TESS	Teacher Excellence and Support System
URT	Uniform Rate of Tax
US DOE/DOE	U.S. Department of Education
WRF	Winthrop Rockefeller Foundation
WSD	Warm, Safe and Dry

SECTION 1: INTRODUCTION

The adequacy study is a key element in the continued constitutionality of the state's system of funding public education. The study process began during the 2003 Regular Legislative Session when the General Assembly enacted Act 94 of 2003 to create the Joint Committee on Educational Adequacy. The Joint Committee's charge was to study the state's educational system and determine how it could offer an adequate education to Arkansas public school students. In early 2004, the General Assembly made that responsibility ongoing with Act 57 of the Second Extraordinary Session of 2003, which requires the Education Committees to study the entire educational system and report their findings and recommendations before every regular session.

In 2005, the General Assembly passed Act 723, which allowed the Education Committees to hire consultants or other experts, as necessary, for the adequacy review (which was also allowed under Act 94). During the 2007 legislative session, the General Assembly passed Act 1204, which refined the Act 57 requirements. In the 2011 Regular Legislative Session, the General Assembly passed Act 725, which added one new area of study, changed the deadline for the final adequacy study report to November 1 and required a draft of the report to be published two weeks before the report's deadline. Act 936 of 2017 changed the terminology used for certain study requirements and eliminated the requirement that Academic Distress programs be reviewed. These changes were made in alignment with Act 930 of 2017, which made the language changes and replaced the Academic Distress program with a new state support program. The adequacy study acts are codified at A.C.A. § 10-3-2101 et seq. (See Appendix A.) During the 2019 session, Act 545 addressed the timing of delivering the Education Committees' funding recommendations for the following year to align with session dates as determined by which month the state primary elections are held.

THE STATUTORY REQUIREMENTS

Act 57 of the Second Extraordinary Session of 2003 established eight broad areas the Education Committees must review each biennium. These include examining "the entire spectrum of public education" in Arkansas, reviewing the components of an adequate education and evaluating the costs of an adequate education. Act 1204 of 2007 (as amended by later acts) specified that these broad reviews should be accomplished by:

- Reviewing a report prepared by Arkansas Legislative Audit compiling all funding received by public schools for each program;
- Reviewing the academic standards developed by the Department of Education;
- Reviewing the Arkansas Educational Support and Accountability Act;
- Reviewing fiscal and facilities distress programs;
- Reviewing the state's standing under the Elementary and Secondary Education Act of 1965 as reauthorized by the Every Student Succeeds Act;
- Comparing the average teacher salary in Arkansas with surrounding states and Southern Regional Education Board member states, including:
 - Comparing teacher salaries as adjusted by a cost-of-living index or a comparative wage index;
 - Reviewing the minimum teacher compensation salary schedule;
- Reviewing expenditures from:
 - Isolated school funding;
 - National school lunch state funding;
 - Declining enrollment funding;
 - Student growth funding;
 - Special education funding;
- Reviewing disparities in teacher salaries;
- Completing an expenditure analysis and resource allocation review;
- Using evidence-based research as the basis for recalibrating, as necessary, the state's system of funding public education;
- Adjusting for the inflation or deflation of any appropriate component of the system of funding public education; and
- Reviewing legislation enacted or rules promulgated during the biennium covered by the study to determine the impact of the legislation and rules on educational adequacy-related public school costs.

Act 1204 of 2007 also established that the Education Committees would review any other program or topic they identified for further study. This report is presented to document the Education Committees' compliance with those statutory mandates.

HOW THE 2020 STUDY WAS CONDUCTED

For the 2020 adequacy study, the Chairs of the House and Senate Education Committees, Representative Bruce Cozart and Senator Jane English, opted to include all members of both Education Committees in the review. Committee members began meeting for the study in June 2019. The committees met in person 17 times, with an additional set of presentations presented electronically due to the COVID-19 restrictions on in-person meetings. Presenters included representatives from the Bureau of Legislative Research (BLR), Arkansas Legislative Audit, the Division of Elementary and Secondary Education (DESE) and advocacy and other interested organizations. (A list of all presenters and contributors can be found in Appendix C.) This report represents a summary of all testimony and reports presented to the Education Committees for this adequacy study and provides the recommendations the Committees developed based on that information.

As part of this study, BLR staff surveyed school district superintendents and charter school directors and school principals using online surveys. The BLR also visited a randomly selected sample of 74 schools for on-site interviews with principals. The BLR surveyed the teachers in those 74 schools using an online survey. BLR staff used the data collected through these surveys and visits to add context to most reports presented to the Education Committees.

The testimony and reports presented to the Education Committees drew from a wide variety of sources, including data submitted by districts to DESE, reviews of policies in other states and data from national and regional authorities, such as the National Education Association (NEA), the National Center for Education Statistics (NCES) and the Southern Regional Education Board (SREB). The Education Committees also solicited comment from Arkansas educational associations, other interested organizations and individual members of the public.

This report serves as Volume I of the 2020 final adequacy report. Volume II of this report contains copies of all materials presented to the Education Committees for this adequacy review. Those materials are available at the following link: <https://www.arkleg.state.ar.us/Education/K12/AdequacyReports?folder=2020>. Additional analyses data sources and research citations mentioned in this report can be found in the original materials presented to the committees.

The Education Committees carefully considered all of the information presented and made a variety of recommendations concerning educational funding. The recommendations (**will be**) described in Section 16 of this report.

HOW THIS REPORT IS ORGANIZED

For readability and coherence, this report is organized to present a comprehensive picture of Arkansas's approach to ensuring an adequacy education in all of the state's public schools, from funding and expenditures to educational outcomes. Specifically, the report considers:

- State-level funding and disbursement of education dollars
- District- and charter system-level funding and expenditures
- Academic facilities funding programs
- Arkansas's teachers and educators (salary, recruitment and retention)
- Arkansas's learning expectations for students
- Specific academic programs and outcomes
- Waivers from Arkansas's education-related statutes and rules
- Federal and state accountability programs
- Status of Arkansas education compared with Judge Kilgore's Lake View measures
- Public Comment from educational organizations and advocacy groups
- Recommendations by the Senate Committee on Education and the House Committee on Education

Sections dealing with career and technical education and with equity, which are normally included in this report, are addressed in the parallel adequacy study being performed by Augenblick, Palaich and Associates. For a guide linking specific statutory requirements to report topic, see Appendix B. A list of the acronyms used in this report is provided on page ii.

SECTION 2: EDUCATIONAL ADEQUACY OVERVIEW

LEGAL LANDSCAPE

The Arkansas Constitution provides that the state "shall ever maintain a general, suitable and efficient system of free public schools and shall adopt all suitable means to secure to the people the advantages and opportunities of education." Ark. Const. art. 14, § 1. The primary Arkansas Supreme Court decisions interpreting this constitutional provision are *Dupree v. Alma Sch. Dist. No. 30 of Crawford County*, 279 Ark. 340, 651 S.W.2d 90 (1983) and the *Lake View* decisions.¹ The *Dupree* court held that the state's constitutional responsibility included providing "equal educational opportunity" to the state's public school children.

The court further interpreted the state's constitutional obligations through 15 years of litigation in the *Lake View* case.

HISTORICAL DEFICIENCIES LEADING TO LAKE VIEW

In *Lake View*, the Arkansas Supreme Court found that the state's public school funding system was unconstitutional and identified the following reasons:

1. Failure to conduct an adequacy study or define adequacy;
2. "Abysmal" Arkansas educational rankings;
3. Low Benchmark scores;
4. Need for Arkansas student remediation in college;
5. Teacher salaries not comparable to surrounding states;
6. Disparities in teacher salaries within the state;
7. Recruitment and retention of quality teachers;
8. Special needs of poverty level students, including English-language learners;
9. Needs of school districts in low-income areas (for improved and advanced curriculum, quality teachers, and adequate facilities, supplies, and equipment); and
10. Needs of school districts in high enrollment growth areas.

STATE ACTIONS TO REMEDY THE CONSTITUTIONAL DEFICIENCIES

In May of 2007 the court found that the actions taken by the General Assembly had satisfied the constitutional obligations of the state, including:

1. Act 57 of the Second Extraordinary Session of 2003 - the adequacy study;
2. Act 108 of the Second Extraordinary Session of 2003 - the "doomsday" provision that protects funding in the Educational Adequacy Fund and other resources available to the Department of Education Public School Fund Account of the Public School Fund;
3. Adoption of a comprehensive system of accounting and accountability to provide state oversight of school district expenditures;
4. Establishment of the Immediate Repair Program for facilities, the Academic Facilities Partnership Program, modification of the academic facilities wealth index, and other provisions assisting school districts with academic facility needs;

¹ *Lake View School Dist. No. 25 v. Huckabee*, 351 Ark. 31, 91 S.W.3d 472 (2002); *Lake View School Dist. No. 25 v. Huckabee*, 355 Ark. 617, 142 S.W.3d 643 (2004); *Lake View School Dist. No. 25 v. Huckabee*, 358 Ark. 137, 189 S.W.3d 1 (2004); *Lake View School Dist. No. 25 v. Huckabee*, 362 Ark. 520, 210 S.W.3d 28 (2005); *Lake View School Dist. No. 25 v. Huckabee*, 364 Ark. 398 (2005); and *Lake View School Dist. No. 25 v. Huckabee*, 370 Ark. 139, 257 S.W.3d 879 (2007)

5. Adoption of Amendment 74 to provide a 25 mill Uniform Rate of Tax and ensuring that school districts receive the full amount of foundation funding if the actual school tax collection is less than 98%;
6. Categorical funding for alternative learning environments, English-language learners, and national school lunch students;
7. Foundation funding;
8. Growth or declining enrollment funding; and
9. Adoption of a minimum teacher salary schedule allowance of the use of national school lunch categorical funding to supplement certain teacher salaries, and provision of incentives to attract and retain teachers in high-priority districts.

The court held that:

- (1) An adequate education must be provided to all school children on a substantially equal basis with regard to curricula, facilities, and equipment, and
- (2) It is the state's responsibility to:
 - (a) define adequacy;
 - (b) assess, evaluate, and monitor the entire spectrum of public education to determine whether equal educational opportunity is being substantially afforded to Arkansas's school children; and
 - (c) know how state revenues are spent and whether true equality in education is being achieved.

The court further noted that the General Assembly must exercise "constant vigilance" for constitutionality, recognizing that continual assessment is vital under Act 57. The court stated that **the General Assembly has put into place the "framework for a much improved Arkansas public education system," the funds to support it, and the "continuous financial and standards review" needed to ensure future success.**

MAINTAINING CONSTITUTIONAL COMPLIANCE

The court identified four essential components for continued constitutional compliance:

1. Act 57's required biennial adequacy review;
2. Funding education first under Act 108;
3. The comprehensive system for accounting and accountability for providing state oversight of school-district expenditures; and
4. The General Assembly's express showing that "constitutional compliance is an ongoing task requiring constant study, review, and adjustment."

In both *Dupree* and *Lake View*, the court held that the ultimate responsibility for maintaining constitutionality rests with the state, even if local government fails to use state funding resources to provide an adequate education. (*Lake View*, 351 Ark. at 79, 91 S.W.3d at 500, citing *Dupree*, 279 Ark. at 349, 651 S.W.2d at 95). As a result, the General Assembly's efforts in recent years to define and fund an adequate education have been driven largely by the *Lake View* decisions.

EDUCATIONAL ADEQUACY DEFINITION

The Education Committees used the following working definition of "educational adequacy," which was updated during the 2018 adequacy study, to serve as a basis for identifying the resources required for adequate funding:

1. The standards included in the state's curriculum and career and technical frameworks, which define what Arkansas students are to be taught, including specific grade level curriculum; and a mandatory thirty-eight (38) Carnegie units defined by the Arkansas Standards of Accreditation to be taught at the high school level;
2. The standards included in the state's testing system. The goal is to have all, or all but the most severely disabled, students perform at or above proficiency on these tests; and
3. Sufficient funding to provide adequate resources as identified by the General Assembly.

SECTION 3: STATE FUNDING AND DISBURSEMENTS

Several sources of funds are utilized to provide the state's funding to support public K-12 education.

The **Public School Fund Account (PSF)** is the primary account used to distribute state funds to school districts and charter schools. The primary sources of funding for the PSF are state general revenue, the Educational Excellence Trust Fund and transfers from the Educational Adequacy Fund.

The **Educational Excellence Trust Fund (EETF)** is funded with an "off-the-top" deduction from gross general revenues, and the amount distributed to EETF is 14.14% of prior year sales and use tax collections. The EETF was created in 1991 to provide additional funding for teacher salaries; and to support other programs of educational opportunity. The PSF receives 67.16% of the total funding available to the EETF, and these funds are used by DESE to provide a portion of the State Foundation Funding Aid distributed to districts and are to be used for teacher salaries.

The **Educational Adequacy Fund (EAF)** derives its funding from:

- A 7/8th cent sales tax increase
- The expansion of sales taxes to some services
- An increase in vending machine decal fees
- An increased minimum corporate franchise tax and tax rate, and
- A portion of the six-cent per gallon dyed diesel tax.

A.C.A. § 19-5-1227(c)(1) provides that the EAF is to be used to provide funds to the Department of Education PSF and the Department of Education Fund Account "to fulfill the financial obligation of the state to provide an adequate educational system as authorized by law".

The **Department of Education Fund Account** is primarily used for the operations of DESE. The primary sources of funding for the **Department of Education Fund Account** are state general revenue and transfers from the EAF and the EETF.

The **Educational Facilities Partnership Fund Account (EFPF)** is the account used to distribute school district funding for facilities construction. The primary funding sources for the **Educational Facilities Partnership Fund Account** are state general revenue and unexpended balances of funds allocated in the Public School Fund for the Bonded Debt Assistance Program as required in A.C.A. § 6-20-2503(b)(3)(B). The Educational Facilities Partnership Fund Account has also received funding through one-time transfers from the General Improvement Fund and from state surplus funds held in the General Revenue Allotment Reserve Fund.

The following table shows the state funding that has been made available to DESE from the 2004-05 through the 2019-20 school years for K-12 education. These are not the amounts allocated or expended from these fund accounts.

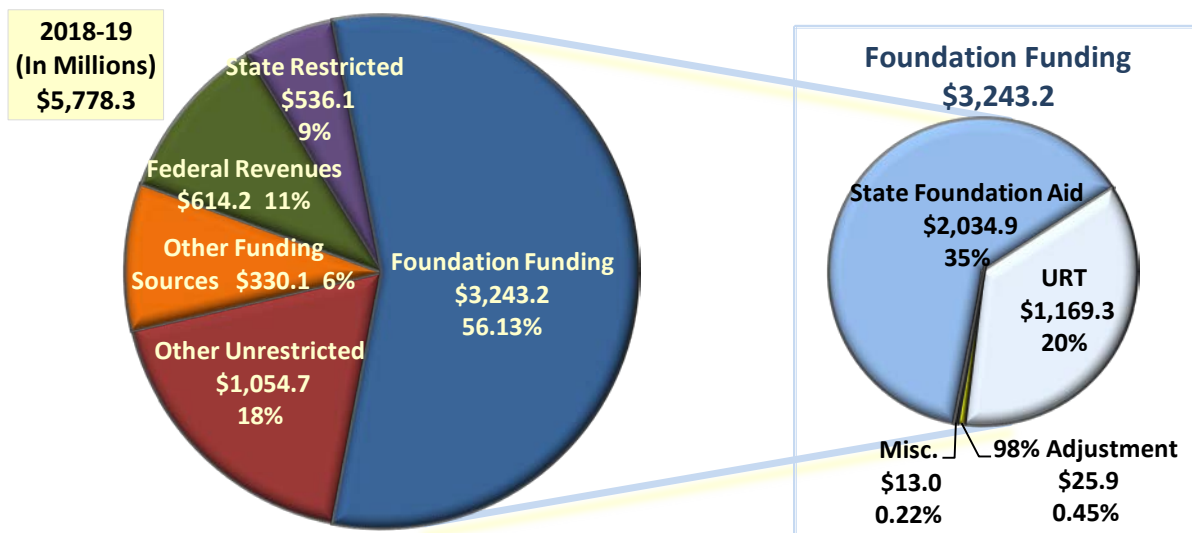
Fiscal Year	Dept. of Education Public School Fund Account	General Education Fund-Dept. of Education Fund Account	Educational Excellence Trust Fund		EFPF and Dept. of Public School Academic Facilities and Transp. Fund Account	Educational Adequacy Fund	Total All Selected Funds
			Dept. of Education Public School Fund Account	Dept. of Education Fund Account			
2005	\$1,587,868,208	\$11,841,192	\$165,146,201	\$809,075	\$20,439,774	\$442,872,886	\$2,228,977,336
2006	\$1,664,928,944	\$13,536,267	\$178,219,239	\$873,122	\$54,214,982	\$426,505,888	\$2,338,278,442
2007	\$1,722,737,993	\$13,433,942	\$191,219,957	\$936,815	\$90,976,326	\$448,450,030	\$2,467,755,062
2008	\$1,830,265,989	\$15,799,231	\$200,422,877	\$981,901	\$502,643,494	\$438,730,903	\$2,988,844,395
2009	\$1,843,274,503	\$14,769,806	\$193,587,342	\$948,413	\$51,585,902	\$433,090,041	\$2,537,256,006
2010	\$1,790,947,911	\$17,529,999	\$190,786,665	\$934,692	\$36,916,527	\$411,286,403	\$2,448,402,197
2011	\$1,829,267,307	\$15,167,661	\$180,391,694	\$883,765	\$57,704,295	\$451,110,054	\$2,534,524,776
2012	\$1,882,316,142	\$15,701,088	\$188,051,836	\$921,294	\$58,528,882	\$438,147,425	\$2,583,666,667
2013	\$1,936,432,524	\$15,471,687	\$193,026,506	\$945,665	\$62,465,585	\$444,832,631	\$2,653,174,598
2014	\$1,980,965,210	\$16,578,345	\$195,093,479	\$955,792	\$84,858,082	\$456,647,180	\$2,735,098,088
2015	\$2,072,170,259	\$16,587,878	\$199,766,427	\$978,685	\$51,071,087	\$460,221,761	\$2,800,796,097

Fiscal Year	Dept. of Education Public School Fund Account	General Education Fund-Dept. of Education Fund Account	Educational Excellence Trust Fund		EFPF and Dept. of Public School Academic Facilities and Transp. Fund Account	Educational Adequacy Fund	Total All Selected Funds
			Dept. of Education Public School Fund Account	Dept. of Education Fund Account			
2016	\$2,113,356,522	\$16,162,434	\$202,031,412	\$989,781	\$98,785,465	\$477,029,412	\$2,908,355,026
2017	\$2,136,234,690	\$16,162,434	\$210,504,218	\$1,031,291	\$59,633,327	\$488,716,784	\$2,912,282,744
2018	\$2,110,560,691	\$16,162,434	\$215,134,282	\$1,053,974	\$150,579,640	\$504,750,501	\$2,998,241,522
2019	\$2,156,934,175	\$15,677,561	\$222,454,322	\$1,089,836	\$61,355,437	\$467,249,996	\$2,924,761,327
2020	\$2,169,729,298	\$16,298,264	\$226,827,803	\$1,111,263	\$62,387,201	\$595,416,316	\$3,071,770,145

A net increase of \$147 million in funding resulted for these selected funds in FY20 over the prior year. This net increase includes an additional \$10 million in the Education - Public School Fund, marginal increases to the Department of Education Fund and the Division of Public School Academic Facilities and Transportation. The funding available to from the Educational Adequacy Fund increased by \$128 million from FY19. The funding for the Education Excellence Trust fund also increased by \$4.3 million due to revenue growth.

ARKANSAS PUBLIC SCHOOL FUNDING OVERVIEW

Arkansas schools receive many different types of funding. In 2018-19, school districts and open-enrollment charter schools received about \$5.8 billion in total revenue. **Foundation funding makes up 56% of that amount.** The following chart illustrates the significance of foundation funding as a part of districts' and charter schools' total revenue. The pie chart also demonstrates that a significant amount of additional revenue is available to districts and charter schools to meet their needs.



- **Foundation Funding** primarily consists of property tax revenues (URT) and the state aid portion of foundation funding. (The components of foundation funding are described in Section 4 of this report.)
- **Other Unrestricted Funds** include student growth funding, declining enrollment funding, isolated funding and other local revenue sources. School districts have broad authority to spend these funds for their educational needs without limitation.
- **Other Funding Sources** include the sale of bonds for construction activities, loans, insurance compensation for loss of assets, other gains from disposals of assets and other miscellaneous funding.
- **Federal Revenues** include Title I funding, the Individuals with Disabilities Education Act (IDEA), Part B funding, School Lunch and Breakfast grant funds and other federal grant funding.
- **State Restricted Funds** include ESA and other categorical funds, as well as funding for early childhood education, adult education, career education, special education, educational service cooperatives, academic facilities and other grants for specific programs.

This adequacy study was conducted, in part, to determine whether the money provided by the state's funding formula provides public school districts with the resources needed to offer all public school students a substantially equal opportunity for an adequate education.

STATE DISBURSEMENTS TO LOCAL SCHOOL DISTRICTS

During the Jan. 7, 2020, adequacy study meeting, Arkansas Legislative Audit presented its annual report, *Department of Education Grants Summarized by Arkansas Legislative Audit, for the Year Ended June 30, 2019*. This report provides the amount of grant funds disbursed to school districts, open enrollment charter schools, and other entities. The table below illustrates the total amount of grant funding disbursed to school districts and open enrollment charter schools by fund source in FY19.

2018-19 Department of Education Grant Payments to School Districts and Open Enrollment Charter Schools	
Fund	Grant Payments
Public School Fund	\$2,533,737,807
Educational Facilities Partnership Fund	\$95,403,442
Federal Funds	\$499,828,535
Miscellaneous Funds	\$16,709,040
Total Grant Payments	\$3,145,678,824

The report shows that DESE distributed more than \$2.32 billion in State Foundation Funding Aid and categorical funding to school districts and open enrollment charter schools, which is almost 92% of the total amount of grants disbursed from the Public School Fund. (See Section 4 for more information on foundation funding and categorical funding.) These grant payments to school districts are not inclusive of the proceeds that school districts receive from the 25 mills, referred to as URT, levied on the assessed value of all taxable real, personal, and utility property for maintenance and operation of schools. In FY19, proceeds from the URT provided districts almost \$1.2 billion.²

DESE disbursed a total of \$499.8 million in federal grant funds to school districts for a variety of purposes, including programs for English language learners, national school breakfast and lunch, special education and programs through the federal Title I program for students most at-risk of failing. In addition, the Department distributed \$16.7 million in grants from miscellaneous funds, most of which are cash funds. Examples include the cash fund for the Alternative Certification Program, which is funded by registration fees paid by participants in the program, the cash fund for the Professional Licensure Standards Board, which receives its funding from licensure fees, fines and penalties, and the Arkansas Medicaid Administration Claiming Program which distributes reimbursements from the Department of Human Services for district administrative activities that directly support the Arkansas Medicaid Program.

SECTION 4: PUBLIC SCHOOL FUNDING AND SPENDING

Foundation funding is provided by the state on a per pupil basis to ensure that all children in the state have access to an adequate education. Collectively, foundation funding accounts for just over half of school districts' and charter schools' overall funding. For instance, the state also provides "categorical funds" to supplement the education of students facing such learning barriers as poverty, a limited ability to speak English or other barriers that make learning in a regular classroom setting difficult. Other types of state funding address the challenges schools face when losing or gaining enrollment or when situated in remote areas. Schools benefit from additional state funds targeted for special education needs as well as from the targeted federal grant funds mentioned in the previous section.

The methods for determining the amount of funding for each of these types of *state funding* as well, as expenditures associated with them, are detailed in the following subsections.

² Department of Education, Division of Elementary and Secondary Education, Fiscal and Administrative Services, 2018-19 Final State Aid Data File, July 22, 2019.

FOUNDATION FUNDING AND SPENDING

Arkansas's K-12 education foundation funding formula, referred to as the matrix, is used to determine the per-pupil level of foundation funding disbursed to each school district. The matrix was not intended to reimburse schools for actual expenditures but rather to provide a methodology for determining an adequate level of funding to allow schools to meet the state's Accreditation Standards and adequately educate Arkansas students.

FOUNDATION FUNDING OVERVIEW

Foundation funding is the building block of public education funding in the state of Arkansas. Every year the state distributes foundation funding to each school district on a per-student basis. Foundation funding is **unrestricted**, meaning the state does not specify what school districts may or may not purchase with it. This policy is intended to provide flexibility for the specific needs of each school district, allowing some districts to spend more on teacher salaries, for example, while other districts may have higher transportation needs.

	Foundation Funding	
	Per Student	Total
2012-13	\$6,267	\$2,912,966,526
2013-14	\$6,393	\$2,991,127,688
2014-15	\$6,521	\$3,072,903,260
2015-16	\$6,584	\$3,110,129,510
2016-17	\$6,646	\$3,141,094,992
2017-18	\$6,713	\$3,187,356,298
2018-19	\$6,781	\$3,243,157,489
2019-20	\$6,899	\$3,275,035,052

Foundation funding is made up of four types of funding. The two primary sources of funding are the **Uniform Rate of Tax (URT)** and **state foundation funding aid**. The URT is a constitutionally mandated minimum millage rate (or property tax rate) that school districts must levy at the local level set at 25 mills. The revenue generated is used specifically for school operations. State foundation funding aid is then provided to make up the difference between the amount of money raised through the URT (plus the two other smaller types of funding) and the funding level set by the Legislature. For example, if a district's URT generated \$2,899 per student in 2019-20, the district would have received an additional \$4,000 in state foundation funding aid, for a total of \$6,781. The two smaller components of foundation funding are the 98% URT Actual Collection Adjustment and other types of funding collectively considered "miscellaneous funds." The **98% URT Adjustment funding** is state money used to supplement districts where actual URT collections are less than 98% of what was anticipated based on assessments. This funding ensures that districts receive at least 98% of their total URT funding when the county is unable to collect the full amount from its citizens. **Miscellaneous funds** are monies school districts receive from "federal forest reserves, federal grazing rights, federal mineral rights, federal impact aid, federal flood control, wildlife refuge funds, and severance taxes," that are "in lieu of taxes and local sales and use taxes dedicated to education" [A.C.A. § 6-20-2303(12)(A) and (B)].

Statewide, local funding from URT made up about 36% of the total foundation funding in 2018-19, while state foundation funding aid covered about 63%, a pattern that's been consistent for the past decade. However, these percentages varied greatly among individual districts. For example, in the Poyen School District, state foundation aid covered 92% of the foundation funding, with URT paying just 8%. Four districts in 2018-19 collected more than \$6,781 per student in URT alone and therefore received no state foundation funding aid. For charter schools, which have no tax base from which to collect funds, the entire foundation funding amount is covered by state foundation funding aid.

Foundation Funding Components	District Total	% of Total	Charter Total	% of Total
URT	\$1,169,273,935	37.4%	\$0	0%
State Foundation Funding Aid	\$1,916,781,794	61.3%	\$118,161,086	100%
98% Adjustment	\$25,942,934	0.8%	\$0	0%
Miscellaneous	\$12,997,740	0.4%	\$0	0%
Total	\$3,124,996,403		\$118,161,086	

Foundation funding is distributed based on a school district’s **ADM**, which is the calculation representing a district’s total number of students. Each school district receives the foundation funding amount set for each year multiplied by its prior year ADM. For example, the foundation funding rate was \$6,899 for the 2019-20 school year, so a school district with 1,000 ADM would receive \$6,899,000 in foundation funding.

THE MATRIX

Arkansas uses a specific formula, known as the **matrix**, to arrive at the per-student funding amount. The matrix calculates the per-student funding based on the cost of personnel and other resources needed to operate a prototypical school of 500 students. Legislators involved in the biennial Adequacy Study determine the dollar amount needed to fund each line item of the matrix, based on the money needed to adequately fund school districts’ educational needs. Unlike the foundation funding rate (\$6,899 for 2019-20), the matrix is not established in statute. Instead, it is used as

	Matrix Item	2019 FTE
Classroom Teachers	Kindergarten	2.00
	Grades 1-3	5.00
	Grades 4-12	13.80
	Non-Core	4.14
	Subtotal	24.94
Pupil Support Staff	Special Education	2.90
	Instructional Facilitators	2.50
	Library Media Specialist	0.85
	Counselors & Nurses	2.50
	Subtotal	8.75
Administration	Principal	1.00
	Secretary	1.00
	Total	35.69

a tool to set the foundation funding rate. The matrix is divided into two basic sections: 1.) the number of people needed for the prototypical school of 500 students, and 2.) the cost of all needed resources.

The second section of the matrix specifies the cost of the staff described in the first section of the matrix, as well as the cost of all other needed resources. The matrix is divided into three cost categories:³

1. **School-level salaries** for teachers, other pupil support staff, a principal and a secretary. The matrix identifies the salaries for the school-level staff and calculates the per-student cost of paying the identified salaries for the number of staff needed. For example, 24.94 classroom teachers at \$65,811 each costs a total of \$1,641,326.

School-Level Staffing	Salary & Benefits	Per-Student Funding Amt.
Classroom Teachers	\$65,811	\$3,282.65
Pupil Support Staff	\$65,811	\$1,151.75
Principal	\$99,012	\$198.10
Secretary	\$40,855	\$81.70

2. **School-level resources**, including instructional materials, technology-related expenses and supplemental staff.

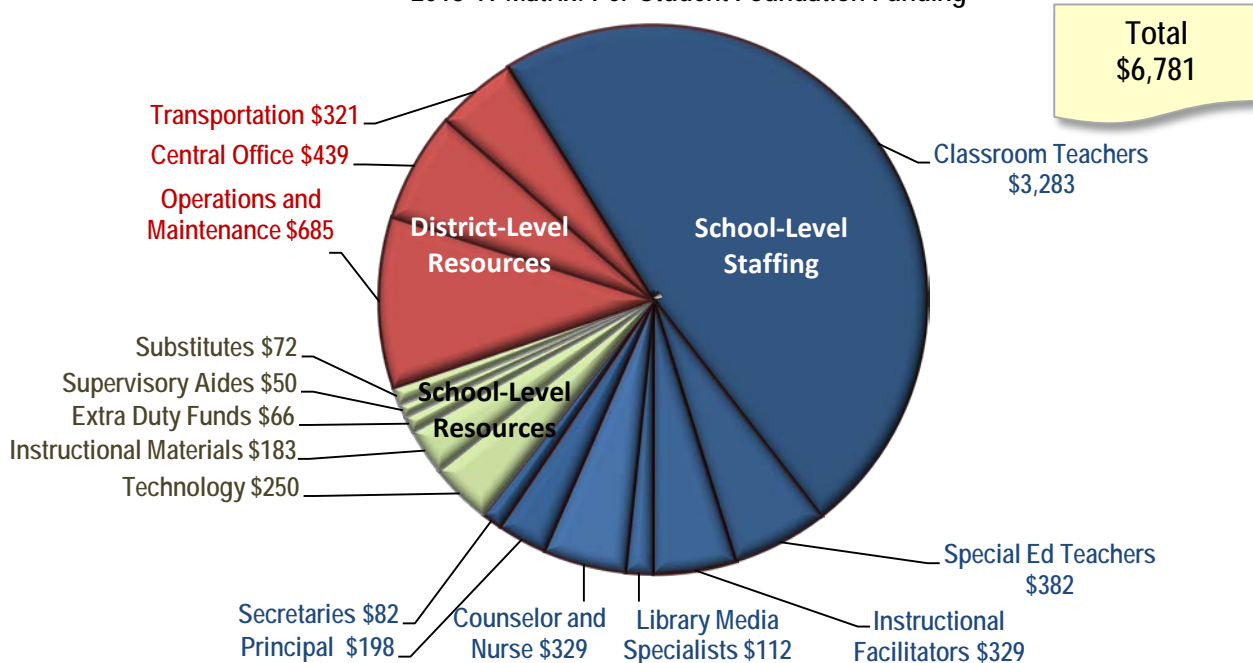
School-Level Resources	Per-Student Funding Amt.
Technology	\$250.00
Instructional Materials	\$183.10
Extra Duty Funds	\$66.20
Supervisory Aides	\$50.00
Substitutes	\$71.80

3. **District-level resources**, which include funding for districts’ operations & maintenance, central office and transportation expenses.

District-Level Resources	Per-Student Funding Amt.
Operations & Maintenance	\$685.00
Central Office	\$438.80
Transportation	\$321.20

³ The individual per-student funding amounts total \$6,645.63, which was rounded up to \$6,646 per student for the total foundation funding rate.

2018-19 Matrix: Per-Student Foundation Funding



School-Level Staffing

The first component of the matrix is school-level staffing required for a school of 500 students. This component is made up of 24.94 full-time classroom teachers and another 8.725 pupil support staff. This matrix component also includes one principal and one school-level secretary, for a total of 35.69 school-level full-time employees (FTEs).

Unlike other parts of the matrix, the school-level staffing section is made up of the number of each type of staff and the salary and benefits for each of those employees. In 2018-19, the per-student funding amount was calculated using a salary of \$65,811 (including benefits) for the teachers and other pupil support staff (guidance counselor, librarian, instructional facilitators, nurses, etc.). The principal funding amount was calculated using a salary of \$99,012 (including benefits), and the school secretary funding amount used a salary of \$40,855 (including benefits). School-level staffing includes the following staff:

Classroom Teachers

The matrix funds 24.94 full-time classroom teachers, accounting for about 70% of the school-level personnel funded in the matrix. Classroom teachers are teachers who have direct daily interaction with students.

	Matrix FTEs	Actual Foundation Paid FTEs Districts/Charters	Matrix Salary (excluding benefits)	Actual Average Salary (Districts & Charters)
Classroom teachers	24.94	24.81 / 27.91	\$52,386	\$48,963

Districts and charter systems collectively **spent about 93 cents of every matrix dollar they received** for classroom teachers’ salaries in 2018-19.

Special Education Teachers

The matrix provides funding for 2.90 special education teachers. These teachers are in addition to classroom teachers.

	Matrix FTEs	Actual Foundation Paid FTEs Districts/Charters	Matrix Salary (excluding benefits)	Actual Average Salary (Districts & Charters)
Special education teachers	2.90	3.05 / 1.74	\$52,386	\$50,301

Districts and charter systems collectively **spent about 96 cents of every matrix dollar they received** for special education teachers’ salaries in 2018-19.

Instructional Facilitators

The instructional facilitator line of the matrix funds 2.5 employees for each school of 500 students. Those 2.5 positions allow for a half-time assistant principal (.5 FTE) and a half-time technology assistant (.5 FTE) -- staff who help teachers plan, develop and evaluate instruction. Instructional facilitators may also be referred to as academic coaches, specialists or curriculum supervisors.

	Matrix FTEs	Actual Foundation Paid FTEs Districts/Charters	Matrix Salary (excluding benefits)	Actual Average Salary (Districts & Charters)
Instructional facilitators	2.00	1.14 / 1.43	\$52,386	\$63,368
Assistant principals	0.50	1.14 / 1.43	\$52,386	\$75,245

Districts and charter systems collectively **spent about 98 cents of every matrix dollar they received** for instructional facilitators' salaries in 2018-19.

Districts and charter systems collectively **spent about \$1.43 cents for every matrix dollar they received** for assistant principals' salaries in 2018-19.

Library Media Specialists

The matrix provides .85 FTE library media specialists for every 500 students. The school library media specialist is responsible for budgeting, purchasing and maintaining an appropriate library collection for each school. Library media specialists also ensure that access to records and resource databases are available for students. As licensed teachers, library media specialists also teach students special subject offerings.

	Matrix FTEs	Actual Foundation Paid FTEs Districts/Charters	Matrix Salary (excluding benefits)	Actual Average Salary (Districts & Charters)
Librarian	0.85	0.87 / 0.08	\$55,271	\$54,010

Districts and charter systems collectively **spent about 98 cents of every matrix dollar they received** for librarians' salaries in 2018-19.

Counselors, Nurses, and Other Pupil Support

The matrix establishes a staffing level of 2.5 FTEs for counselors, nurses and other pupil support staff, such as speech therapists.

Counselors

The matrix provides funding for 1.11 FTE guidance counselors for every 500 students. A guidance counselor is a master's-level certified staff member responsible for a wide variety of activities, including individual and group counseling, orientation programs for new students, and academic advisement for class selection.

	Matrix FTEs	Actual Foundation Paid FTEs Districts/Charters	Matrix Salary (excluding benefits)	Actual Average Salary (Districts & Charters)
Guidance counselor	1.11	1.16 / .61	\$52,386	\$58,184

Districts and charter systems collectively **spent about \$1.11 for every matrix dollar they received** for counselors' salaries in 2018-19.

Nurses

The matrix provides funding for a 0.67 FTE nurse for every 500 students. School nurses assess the health of students, deliver emergency care, administer medication and vaccines, perform health care procedures, and provide required health screenings.

	Matrix FTEs	Actual Foundation Paid FTEs Districts/Charters	Matrix Salary (excluding benefits)	Actual Average Salary (Districts & Charters)
Nurse	0.67	0.52 / 0.7	\$52,386	\$37,699

Considering foundation funds only, districts and charter systems collectively **spent about 80 cents of every matrix dollar they received** for nurses' salaries in 2018-19.

Other Pupil Support Services

The matrix provides 0.72 FTE positions within the 2.5 pupil support services staff for student services personnel described under the Public School Student Services Act (§ 6-18-1001 et seq.). Other pupil support services include psychological services, social work services, speech pathology services and audiology services.

	Matrix FTEs	Actual Foundation Paid FTEs Districts/Charters	Matrix Salary (excluding benefits)	Actual Average Salary (Districts & Charters)
Other pupil support	0.72	0.20 (does not include contracted pupil support)	\$52,386	varies depending on position

Principals

The matrix provides funding for 1.0 FTE principal for every 500 students. Principals serve as the building-level leader, ensuring schools run smoothly and improve student achievement. A school principal provides not only administrative oversight for a school but also instructional leadership.

	Matrix FTEs	Actual Foundation Paid FTEs Districts/Charters	Matrix Salary (excluding benefits)	Actual Average Salary (Districts & Charters)
Principal	1.00	0.93 / 1.25	\$79,631	\$83,265

Out of foundation funds districts and charter systems collectively **spent about \$1.04 for every matrix dollar they received** for principals' salaries in 2018-19.

School-Level Secretary

The matrix provides funding for 1.0 FTE school secretary for every 500 students. School clerical personnel perform duties essential for the orderly administration of a school's day-to-day operation, including record-keeping, answering phones, managing the office, and serving as a liaison to parents.

	Matrix FTEs	Actual Foundation Paid FTEs Districts/Charters	Matrix Salary (excluding benefits)	Actual Average Salary (Districts & Charters)
Secretary	1.00	Not available at the school level	\$31,286	\$28,123 (includes clerical staff at the central office)

Considering foundation funds only, districts and charter systems collectively **spent about 90 cents of every matrix dollar they received** for secretaries' salaries in 2018-19.

School-Level Resources and Expenditures

The school level resources in the matrix include five general categories: technology, instructional materials, extra duty funds, supervisory aides and substitutes.

Technology

Technology is a powerful tool that gives teachers, students and administrators additional ways to access information and structure education. Expenditures for this category include broadband and hotspots for connectivity, computers and other devices, digital learning classes and curricula, and other software for digital learning.

Technology: Foundation Funding and Expenditures			
	Per Pupil Matrix Amt.	Funding	Expenditures
2018-19	\$250	\$119,399,150	\$48,832,714

Considering foundation funds only, school districts and charter systems together **spent about 45 cents of every per-pupil matrix dollar they received** for technology during the 2018-19 school year.

Instructional Materials

Instructional materials include textbooks, workbooks, worksheets and other consumables, math manipulatives, science supplies and library materials.

Instructional Materials: Foundation Funding and Expenditures			
	Per Pupil Matrix Amt.	Funding	Expenditures
2018-19	\$183.10	\$87,447,937	\$68,183,267

In 2018-19, considering foundation funds only, school districts and public charter school **systems spent about 78 cents of every instructional materials dollar they received** in the matrix.

Extra-Duty Funds

Schools use extra duty funds to pay stipends for teachers who coach athletics and who supervise after-school clubs or other extracurricular activities, such as cheerleading, the newspaper or the yearbook.

In 2018-19, considering foundation funds only, school districts and charter systems together **spent about \$3.31 for every per-pupil matrix dollar they received** for extra duty expenditures during the 2018-19 school year, or \$2.31 per pupil over what they receive in the matrix for that purpose.

Extra Duty: Foundation Funding and Expenditures			
	Per Pupil Matrix Amt.	Funding	Expenditures
2018-19	\$66.20	\$31,616,895	\$104,511,997

Supervisory Aides

Supervisory aides are staff who help students get on and off buses in the morning and afternoon and supervise lunch and recess periods. There are no statutory or regulatory requirements that schools employ supervisory aides. However, there are statutory limitations on districts' use of teachers for non-instructional supervisory duties. State law prohibits districts from assigning teachers to more than 60 minutes of "non-instructional duties" per week without providing them additional pay (§ 6-17-117). Additionally, state law requires school districts to provide teachers with at least a 30-minute uninterrupted lunch period free of supervisory duties (§ 6-17-111).

Supervisory Aides: Foundation Funding and Expenditures			
	Per Pupil Matrix Amt.	Funding	Expenditures
2018-19	\$50	\$23,780,000	\$7,568,570

Out of foundation funds, school districts and charter systems together only **spent about 35 cents for every per-pupil matrix dollar they received** for supervisory aides during the 2018-19 school year.

Substitutes

When teachers are absent, schools must rely on substitute teachers to manage classes. In 2003, the Joint Adequacy Committee recommended that districts receive funding to pay for 10 days for each classroom teacher and specialist teacher (non-core) in the matrix. State statute requires districts to provide teachers with one day of paid sick leave per contract month (§ 6-17-1204), or a total of nine or ten days for most teachers. These leave days, in addition to days the teachers are out of the classroom to attend professional development programs, result in the need for districts and charter schools to employ substitute teachers.

Considering foundation funds only, school districts and charter systems together **spent 29 cents over every per-pupil matrix dollar they received** for substitutes during the 2018-19 school year.

Substitutes: Foundation Funding and Expenditures			
	Per Pupil Matrix Amt.	Funding	Expenditures
2018-19	\$71.80	\$34,291,436	\$39,443,485

District-Level Resources

The district-level resources in the matrix include three general categories: operations and maintenance, central office resources, and transportation.

Operations and Maintenance

This line of the matrix includes the staff and other resources necessary to maintain school facilities and grounds and to keep school buildings clean, heated and cooled. State law requires districts to spend at least 9% of their foundation funding to pay for utilities, custodial services, maintenance, repair and renovation activities. Districts that do not spend the required 9% must transfer unspent funds into an escrow account to be used for future O&M expenses. In the 2018-19 school year all districts but one, Blevins School District, spent 9% or more on O&M.

For the period 2011 through 2019, both traditional school districts and open enrollment public charter schools expended more foundation funding per student on O&M than was provided by the matrix. Out of foundation funds only, school districts and charter systems **spent \$1.25 for every \$1 of foundation funding they received** for operation and maintenance expenditures in 2018-19.

O & M: Foundation Funding and Expenditures			
	Per Pupil Matrix Amt.	Funding	Expenditures
2018-19	\$649.70	\$327,152,993	\$409,554,935

Central Office

The matrix provides funding for district-level administrative expenses including the salaries and benefits of the superintendent, administration personnel (legal, fiscal, human resources, communications, etc.), certain district instructional and pupil support directors, and clerical staff. The central office line of the matrix also provides funding for activities of the local school board.

The central office positions required by the state accreditation standards are the superintendent and a district business manager. The standards also allow a superintendent to serve as a half-time principal if the district enrollment is less than 300, if the superintendent has the appropriate certification, and is not teaching classes. In 2018-19, all districts did have a superintendent.

The Arkansas Public School Computer Network (APSCN) Division provided a report of filled positions reported by districts that would demonstrate compliance with the business manager standard. The report indicated that one district (Earle) and 15 charters did not report having a filled position that complied with this standard,⁴ though none had a waiver.

⁴ Arkansas Public School Computer Network (APSCN) Report, Business Manager_CFO_District Treasurer Report_Job Assignment.xlsx, provided by Kathleen Crain via email on March 17, 2020.

For the period between 2011 and 2019, districts have consistently spent less foundation funding per student on central administration than they were provided in the matrix, while charter schools have historically spent more foundation funding per student than they have received in foundation funding.

Out of foundation funds in 2018-19, **for every \$1 of foundation funding meant for central office expenses that school districts and charter systems received, they collectively spent about 89 cents in 2018-19.**

Central Office: Foundation Funding and Expenditures			
	Per Pupil Matrix Amt.	Funding	Expenditures
2018-19	\$438.80	\$209,568,954	\$186,967,485

Transportation

Transportation expenditures include school bus and district vehicle operations and maintenance, transportation personnel, insurance, equipment costs and bus purchases. Transportation expenditures do not include expenditures for athletic or activity transportation. State law does not require school districts to provide general transportation to students,⁵ although all districts and some charter schools provide bussing services.

Since 2011, districts’ per-student transportation expenditures from foundation funding have generally tracked with the matrix funding provided for that purpose, while charter schools’ foundation funding expenditures have fallen below the matrix amount. In 2018-19, out of foundation funds only, **for every \$1 of foundation funding intended for transportation, districts and charters collectively spent about 99 cents.**

Transportation: Foundation Funding and Expenditures			
	Per Pupil Matrix Amt.	Funding	Expenditures
2018-19	\$321.20	\$153,403,710	\$151,509,816

While the per-student rate of \$321.20 has remained the same since 2015, supplemental funding has been provided to districts in some years beyond the transportation funding provided within foundation funding. Supplemental transportation funding was first provided in 2011-12. Act 1075 of 2011 authorized a \$500,000 appropriation and special language that required the Division of Elementary and Secondary Education (DESE) to allocate and commit \$500,000 in funding for extraordinary transportation needs of districts and develop rules and regulations to govern the distribution.

Legislative authorization for supplemental funding was not provided again until Act 987 of 2015 authorized an appropriation of \$3 million for enhanced transportation funding for 2015-16, as recommended by the House and Senate Education Committees in their 2014 Adequacy Study recommendations. This enhanced transportation funding was intended for districts with high transportation costs, with the total funding amount to be established at the equivalent of 2% of the total funding provided for transportation in 2015-16 and 2016-17 (about \$3 million each year) and the funding was to be distributed by a method developed by the BLR. A method of distributing the money to the districts was specified in statute with the passage of Act 445 of 2017, and DESE began distributing funding using this methodology in 2016-17.

The Division of Elementary and Secondary Education continued the distribution of \$3,000,000 in enhanced transportation funding in 2017-18 and 2018-19, as required by Section 6 of Act 743 of 2017. The House and Senate Education Committees recommended a \$2,000,000 increase for enhanced transportation funding to \$5,000,000 for 2019-20 and 2020-21 in their 2018 Adequacy Study recommendations, and the General Assembly authorized this increase in appropriation to \$5,000,000 for enhanced transportation funding for 2019-20 in Act 877 of 2019 and for 2020-21 in Act 154 of 2020. The DESE also spent \$5,000,000 in 2019-20 and is budgeting to spend \$5,000,000 in 2020-21 in accordance with A.C.A. § 6-20-2309.

⁵See Arkansas Code § 6-19-102(a) (“The board of directors of each school district in the state is authorized to purchase vehicles and otherwise provide means for transporting pupils to and from school, when necessary.”)

Non-Matrix Items

Districts and charter schools use foundation funding for purposes not included in the matrix and not specifically noted as being essential for educational adequacy. 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. The highest total expenditure was for instructional aides.

Description	2018-19 Expenditures From Foundation Funds	2018-19 Expenditures Per Student From Foundation Funds
Athletic supplies and transportation	\$24,284,161	\$50.85
Activity supplies and transportation	\$2,799,326	\$5.86
Supplies and objects in instruction and instructional support not otherwise classified as instructional materials, technology, etc.	\$33,290,439	\$69.70
Selected instructional program coordinators and other instructional personnel for programs outside regular school programs, including preschool, summer school, homebound instruction	\$12,463,829	\$26.10
Classified guidance services	\$3,908,833	\$8.18
Instructional aides	\$69,502,990	\$145.53
Classified library support	\$4,039,774	\$8.46
Supplies and materials for counselors, nurses, and other student support services	\$3,955,162	\$8.28
Pre-kindergarten programs	\$540,463	\$1.13
Food service	\$43,708	\$0.09
Community outreach	\$0	\$0.00
Other financing uses such as bonded indebtedness not accounted for in the debt service fund and indirect costs	\$331,873	\$0.69
Non-technology related facilities construction and site improvement	\$7,379,700	\$15.45
Other miscellaneous items	\$14,924,560	\$31.25
Total other non-matrix items	\$177,464,818	\$371.58

In 2018-19, districts and charter schools spent about \$177.5 million of their foundation funding dollars on items not specifically identified in the matrix. **This equates to about \$372 per student.**

Other Non-Matrix Items: Foundation Funding and Expenditures			
	Per Pupil Matrix Amt.	Funding	Expenditures
2018-19	\$0	\$0	\$177,464,818

District Comparisons

Because school districts and charter school systems spend both foundation and other funds on expenses delineated in the matrix, the tables below show expenditure totals by school districts and charter school systems for foundation dollars alone and for all sources of funds. In many cases, the intended expenditure amount set forth in the matrix is not achieved by spending foundation dollars – the funding supplied to ensure adequacy – alone. However, the legislative intent for spending on each line item considered to be necessary for an adequacy education is often met when spending from all fund sources are considered.

The first table compares spending on each line item between charter school systems and school districts. The next two tables consider categories of school districts only. **Numbers in Red indicate that spending is below the matrix amount; Green/Bold indicates spending above the matrix amount.**

By Governance: Districts and Charter Systems

Per Pupil Expenditures (Red = below matrix amount; Green/Bold = above matrix amount)

	Matrix Funding	Traditional w/Matrix Funds	Traditional w/All Funds	Charter w/Matrix Funds	Charter w/All Funds
Classroom Teachers	\$3,282.65	\$3,018	\$3,655	\$2,665	\$3,015
Special Education Teachers	\$381.72	\$384	\$508	\$166	\$272
Instructional Facilitators	\$329.08	\$194	\$381	\$130	\$268
Library Media Specialists	\$111.88	\$121	\$134	\$8	\$9
Counselors	\$146.11	\$169	\$202	\$79	\$90
Nurses	\$88.19	\$52	\$102	\$57	\$74
Other Pupil Support	\$94.77	\$61	\$174	\$88	\$226
Principal	\$198.10	\$194	\$220	\$229	\$239
School-level Secretary	\$81.70	\$124	\$141	\$156	\$163
Technology	\$250	\$98	\$278	\$217	\$332
Instructional Materials	\$183.10	\$113	\$227	\$581	\$710
Extra Duty Funds	\$66.20	\$208	\$233	\$17	\$20
Supervisory Aides	\$50	\$16	\$18	\$8	\$8
Substitutes	\$71.80	\$84	\$105	\$50	\$62
Operation & Maintenance	\$685.00	\$859	\$1,059	\$822	\$1,456
Central Office	\$438.80	\$374	\$528	\$843	\$961
Transportation	\$321.20	\$327	\$418	\$69	\$113
Other Non-matrix Items	\$0	\$372	\$4,042	\$355	\$1,590
TOTAL (w/out non-matrix items)	\$6,780.30	\$6,768	\$8,383	\$6,185	\$8,018
TOTAL (w/non-matrix items)		\$7,140	\$12,425	\$6,540	\$9,608

Districts by Size

Per Pupil Expenditures (Red = below matrix amount; Green/Bold = above matrix amount)

	Matrix Funding	Small w/Matrix Funds	Small W/All Funds	Med. w/Matrix Funds	Med. w/All Funds	Large w/Matrix Funds	Large w/All Funds
Classroom Teachers	\$3,282.65	\$2,927	\$3,704	\$2,940	\$3,444	\$3,144	\$3,925
Special Education Teachers	\$381.72	\$304	\$417	\$357	\$457	\$440	\$599
Instructional Facilitators	\$329.08	\$62	\$223	\$163	\$325	\$267	\$495
Library Media Specialists	\$111.88	\$136	\$158	\$126	\$136	\$110	\$126
Counselors	\$146.11	\$151	\$209	\$166	\$194	\$178	\$211
Nurses	\$88.19	\$59	\$95	\$45	\$95	\$60	\$112
Other Pupil Support	\$94.77	\$38	\$155	\$45	\$156	\$88	\$204
Principal	\$198.10	\$276	\$317	\$205	\$226	\$160	\$188
School-level Secretary	\$81.70	\$112	\$131	\$119	\$129	\$134	\$159
Technology	\$250.00	\$82	\$286	\$108	\$262	\$88	\$298
Instructional Materials	\$183.10	\$116	\$265	\$121	\$225	\$103	\$222
Extra Duty Funds	\$66.20	\$205	\$234	\$253	\$274	\$147	\$179
Supervisory Aides	\$50.00	\$7	\$9	\$12	\$13	\$24	\$27
Substitutes	\$71.80	\$90	\$112	\$87	\$104	\$78	\$104
Operation & Maintenance	\$685.00	\$926	\$1,242	\$879	\$1,055	\$816	\$1,020
Central Office	\$438.80	\$532	\$738	\$407	\$523	\$292	\$484
Transportation	\$321.20	\$353	\$512	\$344	\$422	\$297	\$390

	Matrix Funding	Small w/ Matrix Funds	Small W/All Funds	Med. w/Matrix Funds	Med. w/All Funds	Large w/Matrix Funds	Large w/All Funds
Other Non-matrix Items	\$0	\$381	\$3,668	\$389	\$3,295	\$347	\$4,055
TOTAL (w/out non-matrix items)	\$6,780.30	\$6,376	\$8,807	\$6,377	\$8,040	\$6,426	\$8,743
TOTAL (w/ non-matrix items)		\$6,757	\$12,475	\$6,766	\$11,335	\$6,773	\$12,798

Districts by Poverty

Per Pupil Expenditures (Red = below matrix amount; Green/Bold = above matrix amount)

	Matrix	Low w/ Matrix Funds	Low w/All Funds	Med. w/Matrix Funds	Med. w/All Funds	High w/Matrix Funds	High w/All Funds
Classroom Teachers	\$3,282.65	\$3,035	\$3,657	\$3,001	\$3,639	\$2,728	\$3,958
Special Education Teachers	\$381.72	\$401	\$535	\$360	\$467	\$330	\$470
Instructional Facilitators	\$329.08	\$203	\$357	\$182	\$413	\$119	\$554
Library Media Specialists	\$111.88	\$118	\$132	\$127	\$138	\$106	\$131
Counselors	\$146.11	\$172	\$202	\$165	\$201	\$132	\$228
Nurses	\$88.19	\$65	\$103	\$32	\$97	\$52	\$159
Other Pupil Support	\$94.77	\$58	\$162	\$67	\$193	\$40	\$233
Principal	\$198.10	\$185	\$213	\$207	\$227	\$223	\$289
School-level Secretary	\$81.70	\$122	\$141	\$128	\$142	\$108	\$132
Technology	\$250.00	\$102	\$264	\$93	\$294	\$77	\$460
Instructional Materials	\$183.10	\$117	\$216	\$108	\$244	\$72	\$270
Extra Duty Funds	\$66.20	\$209	\$235	\$206	\$232	\$165	\$214
Supervisory Aides	\$50.00	\$14	\$15	\$21	\$24	\$0	\$1
Substitutes	\$71.80	\$83	\$104	\$83	\$102	\$138	\$203
Operations & Maintenance	\$685.00	\$815	\$1,016	\$918	\$1,109	\$1,109	\$1,531
Central Office	\$438.80	\$357	\$521	\$393	\$522	\$620	\$1,007
Transportation	\$321.20	\$320	\$412	\$335	\$420	\$392	\$593
Other Non-Matrix Items	\$0	\$390	\$3,849	\$344	\$3,895	\$368	\$8,540
TOTAL (w/out non-matrix items)	\$6,780.30	\$6,376	\$8,285	\$6,426	\$8,464	\$6,408	\$10,433
TOTAL (w/ non-matrix items)		\$6,804	\$12,134	\$6,770	\$12,359	\$6,779	\$18,973

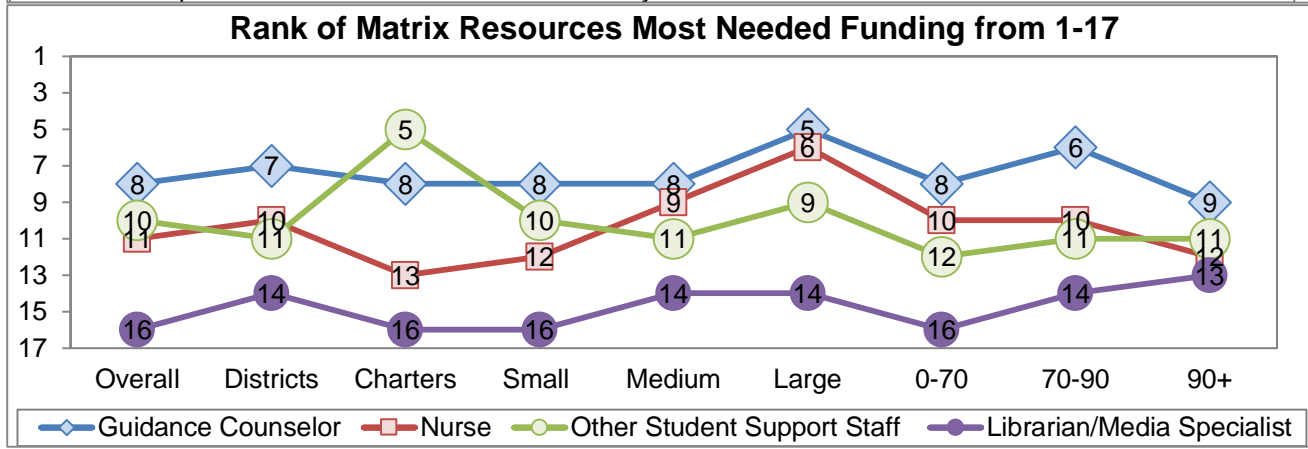
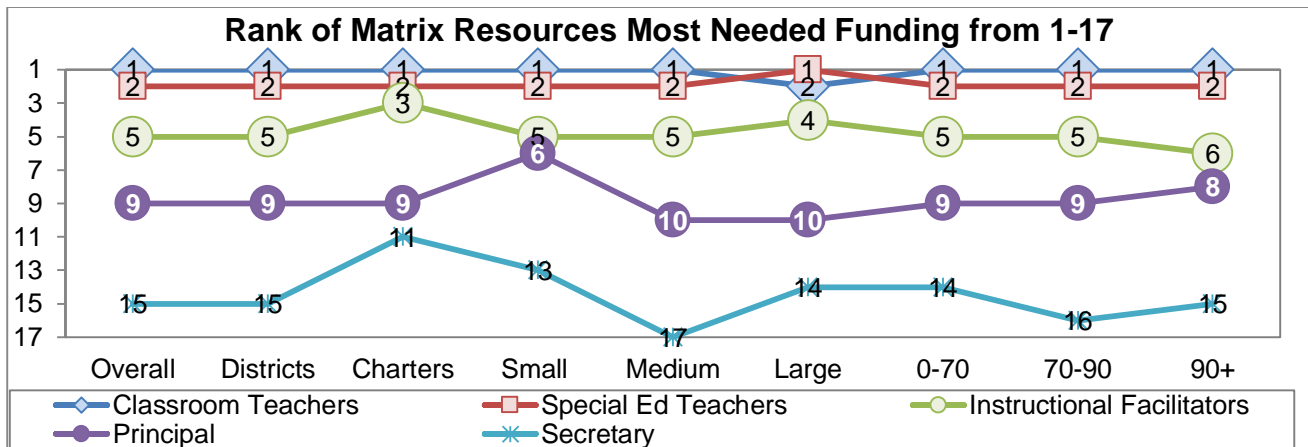
DISTRICT SURVEY RESPONSES

To gauge administrators' assessment of how well the current matrix is meeting districts' needs, the BLR surveyed superintendents, asking them to rank the components of the matrix from those resources for which more funding is most needed to the resources where more funding is least needed.

The BLR survey of superintendents for the 2020 adequacy study found that:

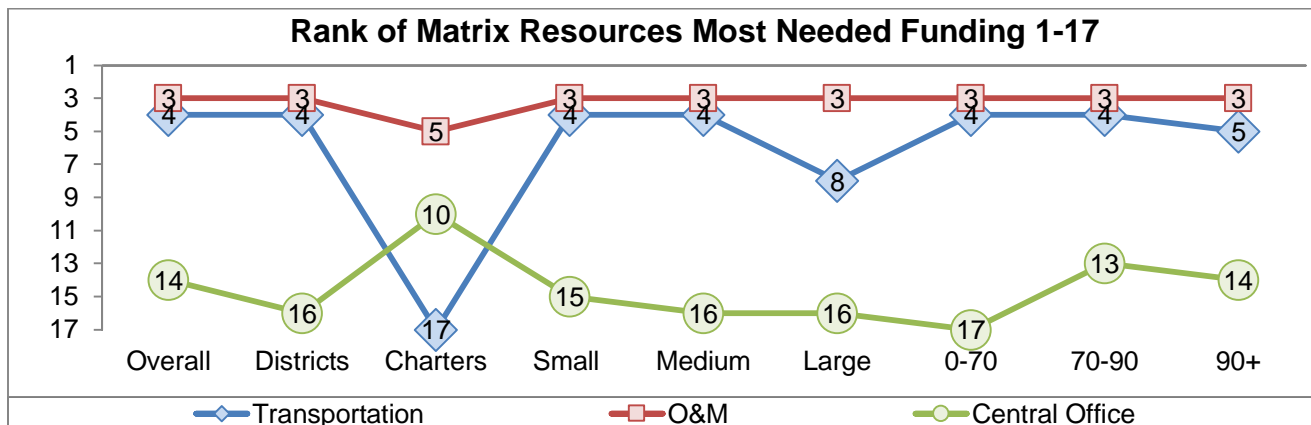
- **62%** extensively or moderately use the matrix as a guide for staffing while **10%** say they never do or had no response to the question.
- **59%** extensively or moderately use the matrix as a guide for spending while **9%** said they never do or had no response to the question.

The following two charts provide the superintendents' rankings (1 = most in need of additional funding; 17 = least in need of additional funding) for the matrix items discussed in the School-Level Staffing Resource Allocation Report.



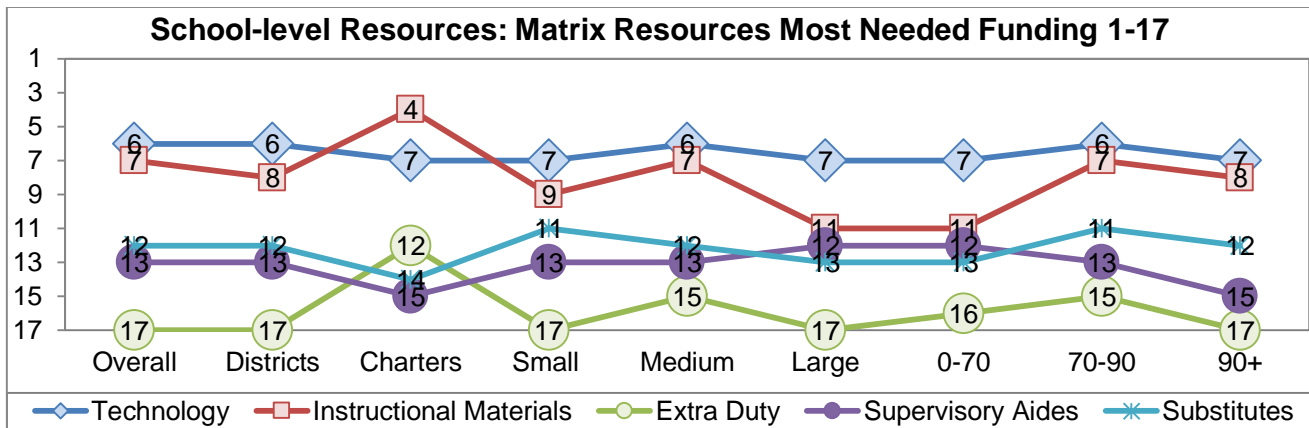
The various groups of districts and charter schools ranked classroom teachers and special education teachers as the areas of the matrix most in need of additional foundation funding. Instructional facilitators/assistant principals also ranked fairly high, with most groups ranking this staffing position as the 4th or 5th highest funding need. Charter schools ranked instructional facilitators even higher at 3rd.

The following chart provides the superintendents' rankings for the matrix items discussed in the District-Level Resources Resource Allocation Report.



Districts generally rated O&M and transportation as top areas needing additional funding and central office expenses as a lower area of need. Charter schools also rated O&M as a relatively high need for additional funding, and ranked transportation as a lower need area than other district groupings did.

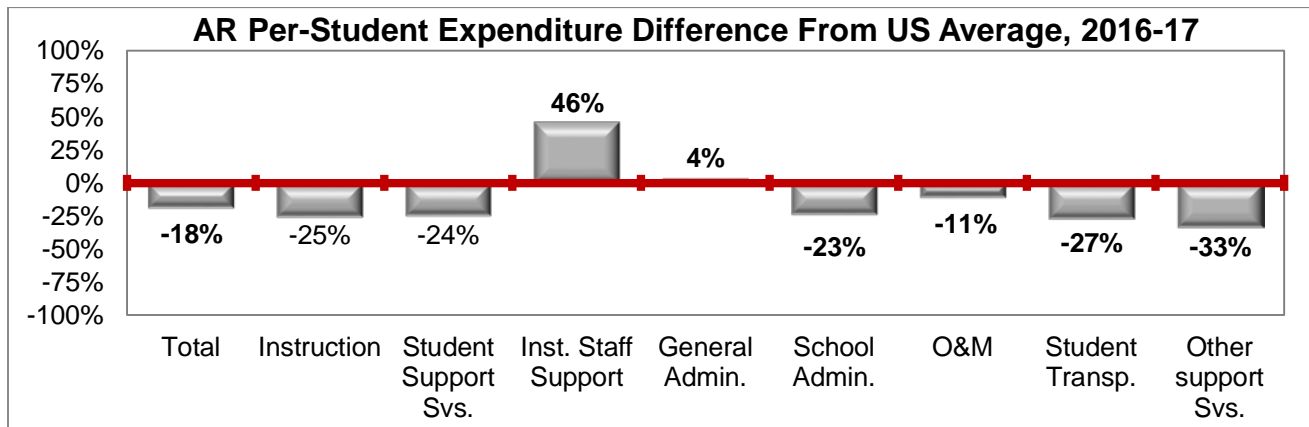
Finally, the following chart provides the rankings for the matrix items discussed in the School-Level Resources Resource Allocation Report.



Of the five school-level resources matrix items, the various groups of districts and charter schools ranked technology as the area of the matrix most in need of additional foundation funding, with a ranking ranging from 6th to 7th. Instructional materials was the next highest ranked school-level resources matrix item, with rankings ranging from 4th for charter schools to 11th for large and low-poverty schools.

National Comparison

The following bar chart shows how Arkansas’s 2016-17 per-student spending compares with the national average. The definitions of each expenditure category is provided below the chart. Arkansas’s spending falls below the national average in all categories except Instructional Staff Support and General Administration.



Instruction: expenditures for “activities related to the interaction between teachers and students,” including “salaries and benefits for teachers and teacher aides, textbooks, supplies, and purchased services. These expenditures also include expenditures relating to extracurricular and cocurricular activities.”⁶

Student support services: expenditures for services including “attendance and social work, guidance, health, psychological services, speech pathology, audiology.”

Instructional staff support: expenditures for “activities that include instructional staff training, educational media (library and audiovisual), and other instructional staff support services.”

General administration expenditures are those “for the board of education and superintendent’s office for the administration of LEAs, including salaries and benefits for the superintendent, the school board, and their staff.”

School administration: expenditures for the “office of the principal, full-time department chairpersons, and graduation expenses.”

⁶ Appendix B: Definitions, Digest of Education Statistics: 2018, https://nces.ed.gov/programs/digest/d18/app_b.asp

Operation and maintenance (O&M) expenditures are those for “the operation of buildings, the care and upkeep of grounds and equipment, vehicle operations (other than student transportation) and maintenance, and security.”

Student transportation services expenditures are those for vehicle operation, monitoring, and vehicle servicing and maintenance associated with transportation services. Expenditures for purchasing buses are reported under equipment.

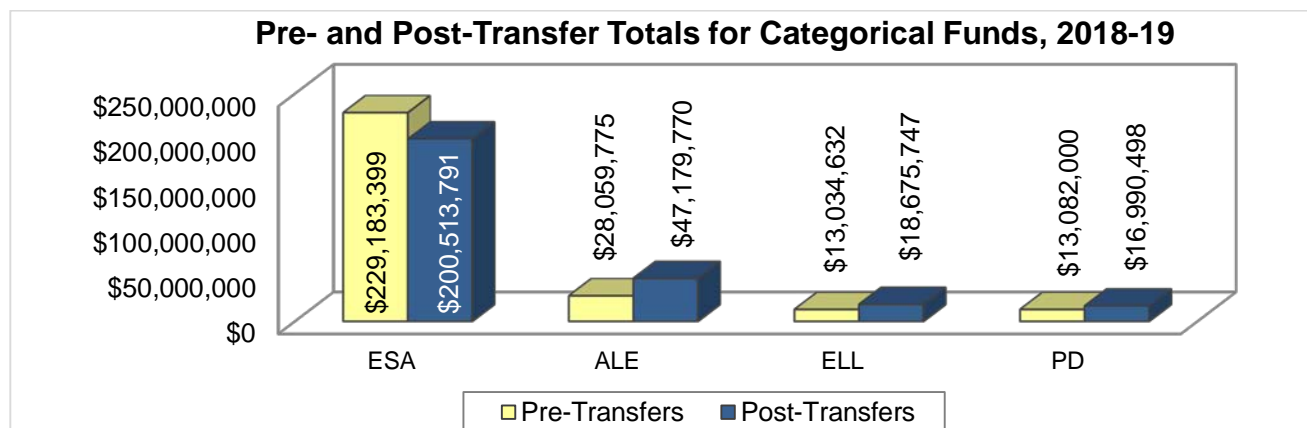
Other support services expenditures are those “for business support services (activities concerned with the fiscal operation of the LEA), central support services (activities, other than general administration, which support each of the other instructional and support services programs, including planning, research, development, evaluation, information, and data processing services).”

CATEGORICAL FUNDING AND SPENDING

In addition to foundation funding, additional funding called categorical funding is provided to help schools address learning barriers caused by poverty, limited proficiency in English and other barriers that make learning in the traditional classroom difficult. Another category of funding supports professional development for educators.

While professional development funds are distributed on a per student basis (like foundation funding is), the other three categorical funds are distributed according to the number of students in a district who are in that category. For instance, schools receive additional money to fund alternative education programs, but those funds are calculated for a district based on its actual full-time equivalent alternative education students in the previous year.

Another thing that distinguishes categorical funds from foundation funds is that they are “restricted,” meaning they must be used for the purposes for which they are distributed. The single caveat to that condition, however, is that funds may be transferred among categorical pots. This is a common practice, as illustrated in the chart below which compares original state funding of each categorical to the amounts in each fund after transfers have occurred.



ENHANCED STUDENT ACHIEVEMENT STATE CATEGORICAL FUNDING

Enhanced Student Achievement (ESA) state categorical funding is distributed to school districts and charter schools based on the number and percentage of students eligible for free or reduced-price lunch (FRL) under the federal National School Lunch Act program, which subsidizes school meals. According to the federal program rules, children from families with incomes below 130% of the federal poverty level are eligible for free meals, and those with incomes between 130% and 185% of the poverty level are eligible for reduced-price meals. For a family of four in 2019, 130% of the federal poverty level was \$33,475, and 185% was \$47,638.⁷

⁷ <https://aspe.hhs.gov/poverty-guidelines>

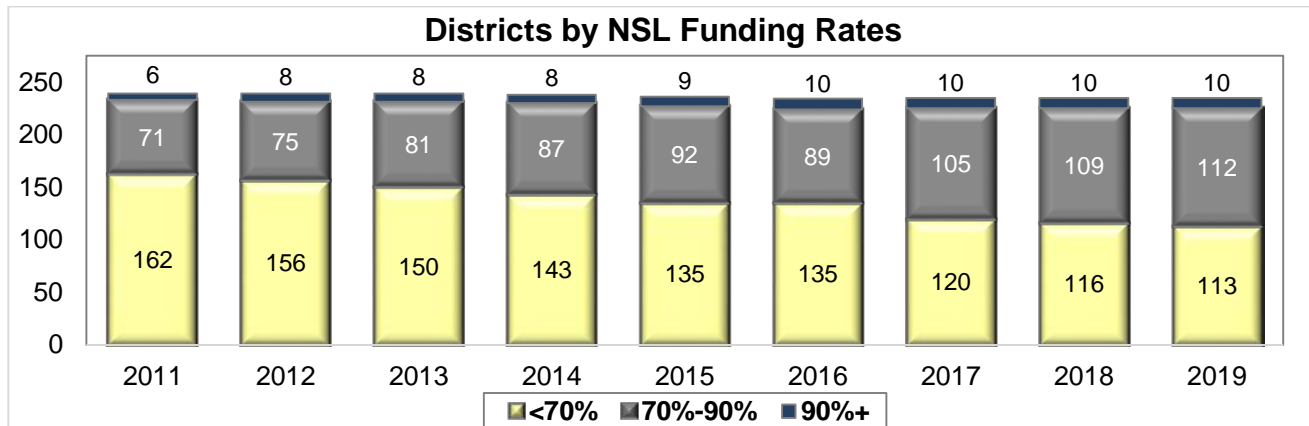
Districts receive one of the three ESA funding rates for each student eligible for a free or reduced-price lunch based on the percentage of students eligible for the free or reduced-price lunch program in the previous year. For example, if a 1,000-student district had 800 students eligible for free or reduced-price lunches (80%) in 2019, the district would receive \$1,051 for each of those 800 students in 2020, or \$840,800, as can be seen in the following table.

% FRL Students	FY18	FY19	FY20	FY21
< 70%	\$526	\$526	\$526	\$526
70% - < 90%	\$1,051	\$1,051	\$1,051	\$1,051
90% >	\$1,576	\$1,576	\$1,576	\$1,576
% Annual Change	0%	0%	0%	0%

The General Assembly has not increased the ESA funding rates since FY17. However, the General Assembly has supplemented the existing ESA funds with additional funding for a separate matching grant program to be used to help districts provide tutoring services, pre-kindergarten programs and before- and after-school programs.

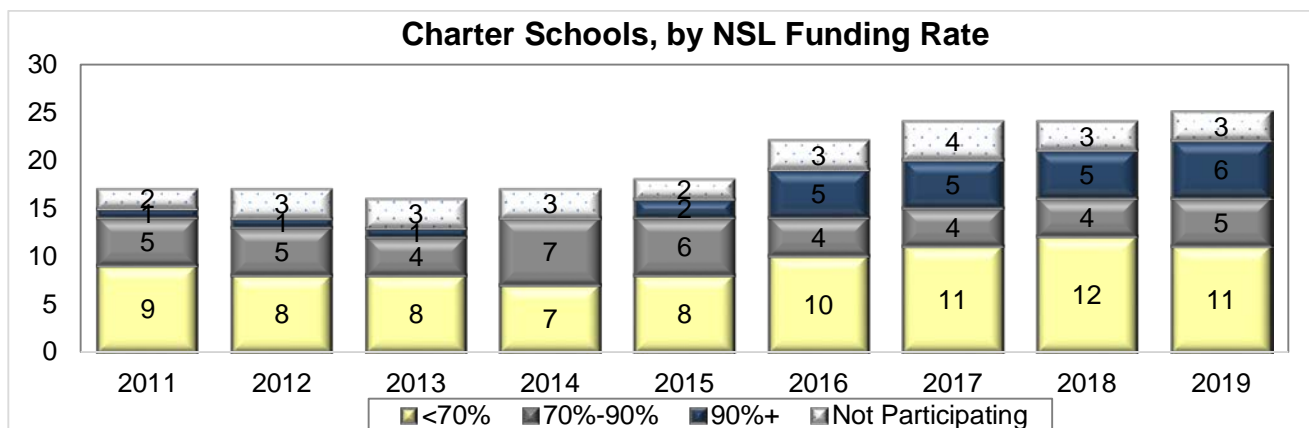
ESA Funding Trends

In 2018-19, about 48% of the districts fell into the lowest ESA funding rate (<70%), and 48% were in the middle rate (70%-<90%). Ten districts (4%) were in the highest funding rate (90%+).



Data Source: Division of Elementary and Secondary Education, State Aid Notice. The data represent the funding rates that districts received each year based on prior year enrollment counts.

In 2018-19, 11 charter schools (44%) fell into the lowest ESA funding rate (<70%), while five (20%) were in the middle rate (70%-<90%) and six (24%) were in the highest funding rate (90%+). DESE rules call for charter schools to be eligible for ESA state categorical funds only if they participate in the National School Lunch Program—the federal meal program.



Data Source: Division of Elementary and Secondary Education, State Aid Notice. The data represent the funding rates that charter schools received each year based on the relevant enrollment counts.

Other Types of ESA Funding and Funding Adjustments

In addition to the regular ESA funding, there are three other related state funding programs: ESA transitional adjustments, ESA growth funding, and ESA matching grants.

ESA Transitional Adjustments

Districts with FRL percentages that are close to the funding rate break points (for example, 69%-70% and 89%-90%) can easily shift between rates from one year to the next, resulting in significant gains or losses in funding. To ease the transition from one rate to another, Act 811 of 2007 created a provision that allows districts moving from a higher or lower funding rate to receive adjustments over a three-year period. This ensures that districts shift to a higher or lower rate gradually, rather than all at once.

Shifting to a Higher Rate				
From	To	Year One	Year Two	Year Three
69%	71%	$\$1,051 - (2 \times \$175) =$	$\$1,051 - (1 \times \$175) =$	$\$1,051 - (0 \times \$175) =$
\$526	\$1,051	\$701	\$876	\$1,051

Shifting to a Lower Rate				
From	To	Year One	Year Two	Year Three
71%	69%	$\$526 + (2 \times \$175) =$	$\$526 + (1 \times \$175) =$	$\$526 + (0 \times \$175) =$
\$1,051	\$526	\$876	\$701	\$526

In 2018-19, 17 districts received a transitional adjustment. Of those, four (Hillcrest, Des Arc, Little Rock and White County Central) shifted to a lower rate (lower poverty, less funding), while 13 shifted to a higher rate (higher poverty, more funding).

ESA Growth Funding

Because ESA funding is based on the prior year’s enrollment data, growing districts receive ESA funding for a smaller number of students than they are responsible for educating. To adjust for this issue, Act 2283 of 2005 created a provision that provides additional ESA funding for growing districts. A total of \$314,835 in ESA growth funding was provided to 14 districts and two charter schools in 2018-19.

ESA Matching Grant and Expenditures

In FY18, the General Assembly began providing a new type of ESA funding, ESA Matching Grants. Instead of increasing the per-student funding rate, the General Assembly provided \$4.3 million in matching grants to districts that, in the previous year, spent their ESA funding on three types of programs: **tutoring services, pre-K programs and before- and after-school programs**. The General Assembly provided \$4.3 million for FY18 and for FY19 and authorized up to \$5.3 million for FY20. The 2018 Final Adequacy Report recommended providing another \$5.3 million in FY21, which will be determined in the 2020 Fiscal Session.

	FY18	FY19	FY20
Number of Districts and Charters	158	166	191
Total ESA Matching Grant Funding	\$4,300,000	\$4,300,000	\$5,300,000

The matching grant appears to have **effectively incentivized spending of ESA dollars on pre-K and tutoring, while total ESA spending on before- and after-school programs decreased**. The majority of the decrease in before- and after-school ESA spending between 2016-17 and 2017-18, however, was due to a miscoding in 2016-17. Another district that decreased its ESA spending for before- and after-school programs indicated the district’s elementary schools *had shifted away* from before- and after-school programs toward summer school programs.⁸

⁸ Walters, K., Bryant School District, Oct. 24, 2019, email.

Districts receive ESA matching grants based on their expenditures of regular ESA funding on tutors, pre-K and before- and after-school programs, but DESE also restricts the use of the grant funding itself to those same three programs.⁹ The table below provides information on how the districts that received matching grant funding spent those dollars.

	2017-18	2018-19
Total ESA Match Funding Districts Received	\$4,300,000	\$4,300,000
Before and After School Academic Programs	\$497,409	\$514,100
Pre-K	\$1,099,637	\$1,254,041
Tutoring	\$470,939	\$1,391,883
Other*	\$3,517	--
Total ESA Match Funding Districts Spent	\$2,071,502	\$3,160,024

*Although districts and charters are required to spend ESA Match funding on one of the three allowable programs, one district coded—or miscoded—a small amount of expenditures to a different type of program.

Total ESA Funding

When all types of ESA funding are added together, the ESA funding that districts and charter schools received in 2018-19 totaled more than \$233 million.

	2018-19		
	Districts	Charters	Total
ESA funding (with ESA Transitional Adjustments)	\$222,626,870	\$6,488,243	\$229,115,113
ESA Growth	\$246,549	\$68,286	\$314,835
ESA Matching Grant	\$4,146,227	\$153,773	\$4,300,000
Total	\$227,019,646	\$6,710,302	\$233,729,948

Note: The funding above does not include ESA funding withheld from districts under Act 1220 of 2011.

ESA ALLOWABLE USES AND EXPENDITURES

Districts and charters can spend ESA dollars only for certain activities. Arkansas Code § 6-20-2305(b)(4)(C) requires the State Board of Education to establish by rule a list of approved uses of ESA funds, but the statute provides a list of allowable uses that must be included in the State Board's list. The uses on which districts were allowed to spend their ESA funding through the 2018-19 school year as set by statute and/or rule are listed in the following table and include the percentage of expenditures from ESA funds made on each:

Allowable Use	% of ESA Exp. in 2018-19
Classroom teachers, provided the district meets the minimum salary schedule without using ESA funds (rule includes hiring of highly qualified teachers to reduce pupil-to-teacher ratio below those required by the Accreditation Standards)	4.6%
Curriculum specialists	16.6%
Before- and after-school academic programs, including transportation	1.0%
Pre-kindergarten programs coordinated by the Department of Human Services	3.7%
Tutors	2.2%
Teachers' aides	8.0%
Counselors, social workers, and nurses	10.3%
Parent education	0.5%
Summer programs	1.0%
Early intervention programs	8.0%
Materials, supplies, and equipment, including technology, used in approved programs or for approved purposes	**
Supplement all classroom teacher salaries, after minimum teacher salary schedule is met	1.5%
Allow each student in grade 11 to take the ACT Assessment without charge to the student by using district funding (however, statute does not specify ESA funding); Operate and support a postsecondary preparatory program	0.04%

⁹ DESE Commissioner's Memo, FIN-20-019

Allowable Use	% of ESA Exp. in 2018-19		
In a chronically underperforming school's comprehensive school improvement plan, DESE shall direct the use of ESA funds for strategies to close gaps in academic achievement, including: <ul style="list-style-type: none"> • Using an Arkansas Scholastic Audit; • Using disaggregated school data to set academic improvement targets in reading, writing, mathematics, and science; • Using improvement targets to define professional development needs related to content, instruction, differentiation, and best practices in educating student subgroups; • Developing interim building-level assessments to monitor student progress toward proficiency on the state benchmark assessments; • Developing a plan to immediately address gaps in learning; • Examining and realigning, as needed, school scheduling, academic support systems, and assignments of personnel • Designing a plan for increasing parental knowledge and skill to support academic objectives 	9.0%***		
Federal child nutrition program free meals under the Provision 2 program or free meals for reduced-price students	1.1%		
Expenses directly related to a longer school day or school year	0%		
Partnering with higher education institutions and technical institutes to provide concurrent courses or technical education	**		
Teach For America professional development	0.01%		
The Arkansas Advanced Initiative for Math & Science	0.0003%		
College and career coaches	.2%		
Transfers to other categorical funds	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> ALE 8.4%; ELL 2.3%; PD 2.0%; ESA 0.2% </td> <td style="width: 50%; text-align: center; vertical-align: middle;">12.9%</td> </tr> </table>	ALE 8.4%; ELL 2.3%; PD 2.0%; ESA 0.2%	12.9%
ALE 8.4%; ELL 2.3%; PD 2.0%; ESA 0.2%	12.9%		
Program using arts-infused curriculum	**		
Research-based professional development in literacy, mathematics, or science (Rule only)	1.6%		
School Resource Officers whose job duties include research-based methods and strategies tied to improving achievement of students at risk (Rule only)	**10		
Experience-based field trips (Rule only)	**		
Coordinated school health coordinator (Rule only)	**		
Developing and implementing interim building-level assessments to monitor student progress toward proficiency on state assessments (Rule only)	**		
Other activities approved by the DESE. Such activities include, but are not limited to, research-based activities and activities directed at chronically underperforming schools. (Rule only)	17.6%		

** These uses do not appear to have a specific expenditure code (program code) for districts to use to record these types of expenditures.

*** These expenditures include those coded as “Scholastic Audit” and “School Improvement Plan.”

In addition to the expenditures listed above, about 0.1% of districts’ collective expenditures were spent on “Remediation activities for college preparation,” according to the description of the expenditure codes in the Arkansas Financial Accounting Handbook. Remediation for high school students was an allowable use in statute until the law was amended by 2015 legislation. Act 994 of 2015 changed the allowable use to “Partnering with state-supported institutions of higher education and technical institutes to provide concurrent courses or technical education options for academic learning” to high school students. However, the expenditure codes districts use to classify their expenditures were not changed to match the new allowable use.

2019 Legislative Changes to the Allowable Uses

Two acts during the 2019 legislative session made substantial changes to the allowable uses for ESA funding. Act 532 both added and deleted some allowable uses, while Act 1082 called for the **expiration of the “list of approved programs established before the passage of this act by the state board” as of June 30, 2022. That means in the absence of further legislation in the 2021 legislative session, all of the allowable uses listed in statute and rules will be eliminated on that date, and ESA funding will be effectively unrestricted.**

¹⁰ There is no *program* code districts can use to indicate that they’ve spent NSL funds on school resource officers (SROs). However, there is an expenditure code for SROs in a separate set of codes known as function codes. The function code for SROs indicates districts spent about \$6.6 million on SROs in 2018-19. The vast majority of these expenditures were coded with a program code designating it as an “other activity approved by DESE.”

OVERALL ESA EXPENDITURES

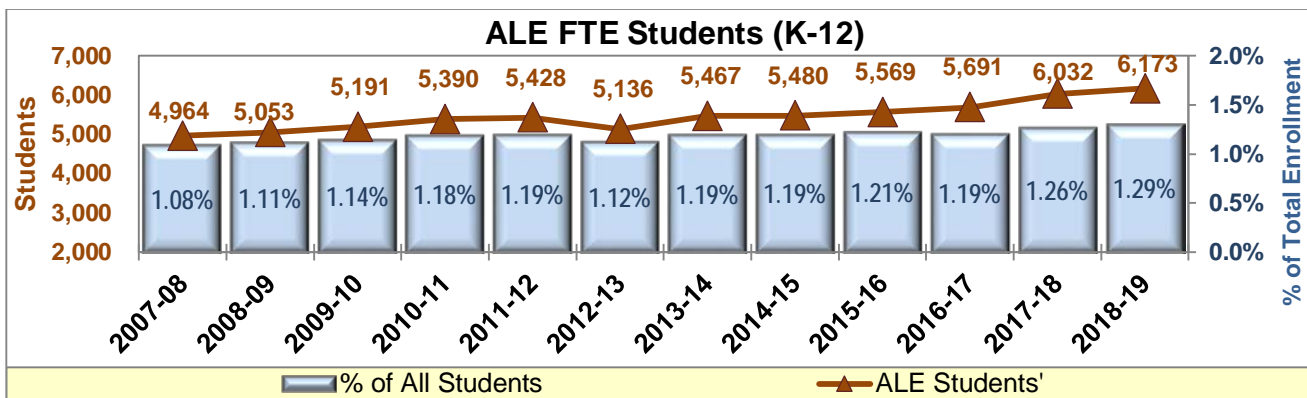
In 2018-19, districts and charters received about \$233.7 million in ESA funding (including ESA transitional adjustments, ESA growth funding and ESA matching grants). Collectively they spent about \$233 million, including \$29.2 million that they transferred from ESA funds to other categorical funding programs.

2018-19	ESA Expenditures
Districts	\$226,339,064
Charters	\$6,684,757
Total	\$233,023,820

ALTERNATIVE LEARNING ENVIRONMENT CATEGORICAL FUNDING

Alternative learning education funding is meant to help those students who have difficulties learning in a regular classroom setting. A student can be recommended for alternative learning if he or she meets two or more specified barriers to learning, with the goal of remaining in or returning to the regular classroom as soon as appropriate. Therefore, students rarely remain in ALE for the full day or the full year.

As such, funding is based for full-time equivalent students (FTEs) – not the count of individual students – enrolled during the previous school year. Statewide, the average ALE student spent 123 days per year in ALE (out of 178) in the 2017-18 school year and 304.3 minutes per day in ALE (out of 360).¹¹



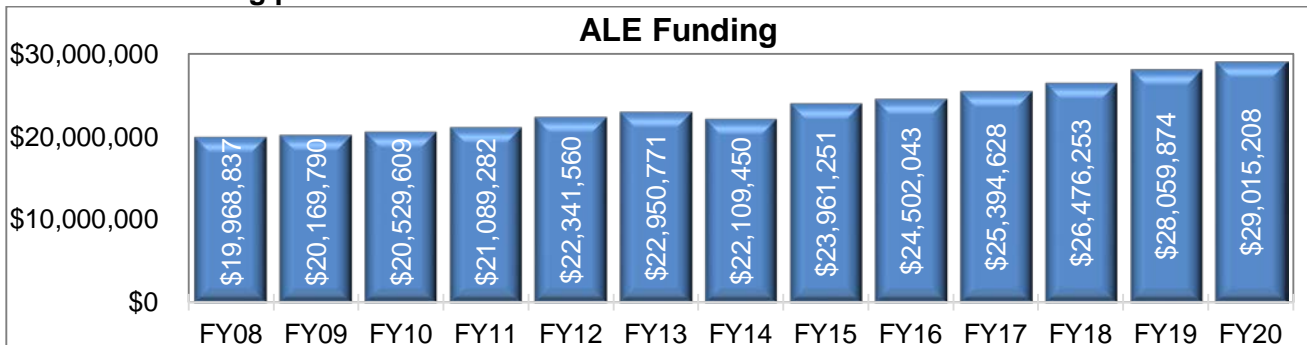
Source: DESE State Aid Notice

NOTE: 2018-19 funding is from the initial State Aid Report and could change with the release of the final report.

ALE FUNDING

In 2018-19, school districts and charter school systems received \$4,640 per previous-year FTE to support ALE programs. Act 667 of 2019 increased that amount to \$4,700 for each school year of the 2019-2021 biennium. The following chart shows the increase in ALE funding over recent years.

ALE Total Funding per Year



NOTE: FY20 data are not final and includes districts only; FY18 and FY19 data include districts and one charter school.

According to the 2018-19 State Aid Notice, 25 school districts did not report having any ALE students in 2017-18, and therefore received no ALE funding in 2018-19. Only two of those districts were holding waivers from offering ALE programs.

¹¹ Analysis of 2018-19 de-identified student-level data supplied to BLR by the Office of Innovation for Education.

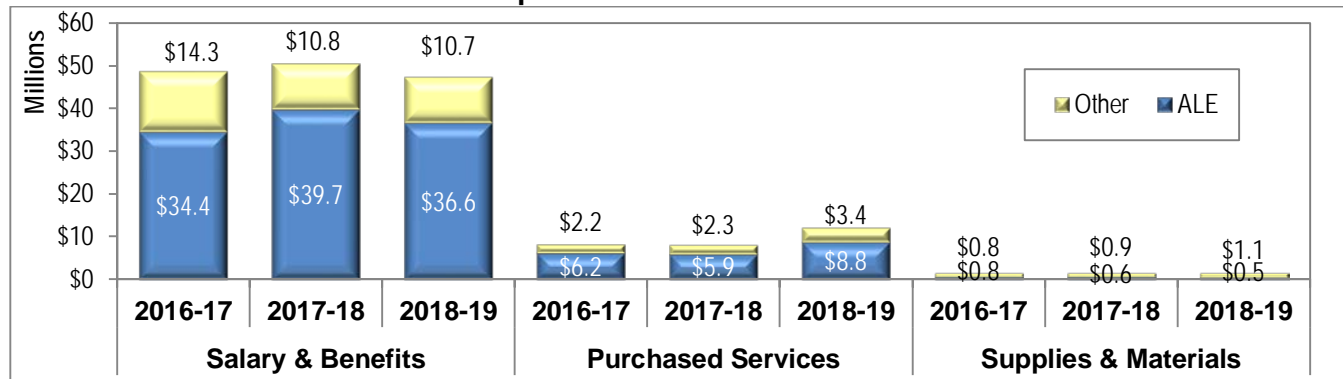
ALE EXPENDITURES

On the whole, school districts spend more than they are allotted for ALE programs. In 2018-19, ALE expenses were \$61,390,425. The chart below shows that ALE program expenses are much higher than the per-student ALE funding received, and almost as high as the total amount of ALE and foundation funding received for each student. These expenses, however, have been decreasing over recent years.

	Per Student ALE Funding	Per Student Foundation Funding	Per Student ALE + Foundation	Per Student ALE Program Expenditures*
2016-17	\$4,560	\$6,646	\$11,206	\$10,633
2017-18	\$4,640	\$6,713	\$11,353	\$10,612
2018-19	\$4,700	\$6,781	\$11,481	\$10,169

The following table shows the distribution of districts' expenditures for ALE programs over the three most recent years for which the data is complete. The table shows the district expenditures from ALE categorical funds (including funds transferred into ALE) and expenditures made using other district resources.

Districts and Charter School ALE Expenditures



Note: The expenditures in the chart do not include transfers made from ALE funds to other categorical funds.

The vast majority of the expenditures were made on salaries and benefits for ALE staff, although 2018-19 was the first year that amount has decreased in at least the last six years. The reason for this decrease is most likely that the number of ALE teachers in school districts also has been decreasing in recent years. In 2018-19, the number of full-time equivalent (FTE) ALE teachers was 452.6, compared with 561.6 FTEs in 2015-16.

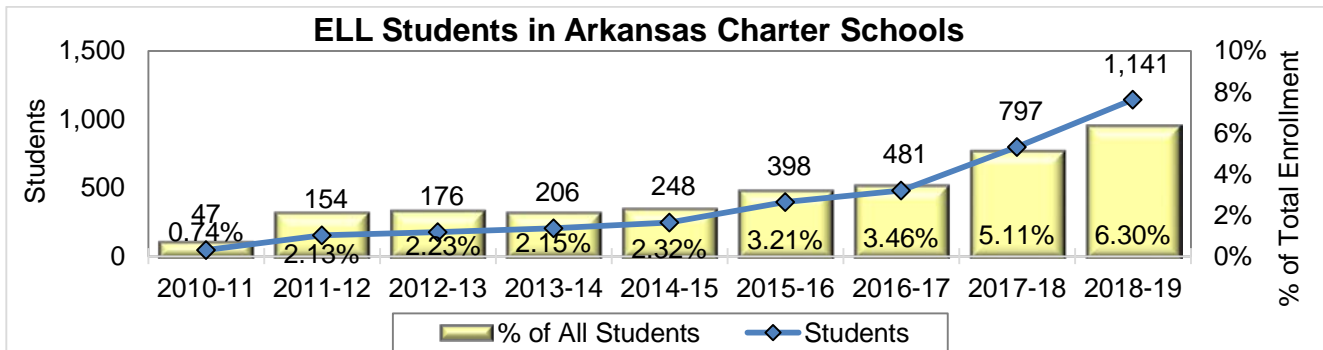
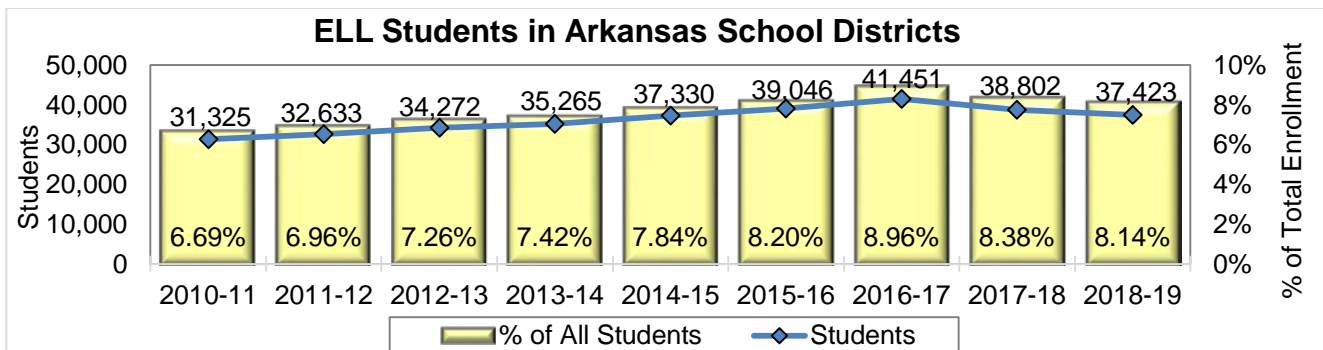
The next category, purchased services, received a notable increase the same year. The four largest expenditures in that category, totaling \$9.6 million collectively, were for “instruction services,” “other professional and technical services,” “tuition reimbursements to other LEAs with the state,” or “miscellaneous purchased service to other LEAs within the state” – all of which could represent payments for ALE consortia fees. This is likely due to an increased use of ALE consortia, which are ALE programs run by a district, educational service cooperative or other entity, to which school districts can send their ALE students to alleviate the need for on-campus programs. The Arch Ford Educational Service Cooperative operated the largest of these consortia in 2018-19.

ENGLISH LANGUAGE LEARNER CATEGORICAL FUNDING AND EXPENDITURES

Under federal law, school districts are required to identify and assess students who may be limited in English proficiency. As defined in Arkansas statute § 6-20-2303, “English-language learners” (ELLs) are students identified by the State Board of Education as not proficient in the English language based on approved English-language proficiency assessments.

ELL FUNDING

Arkansas provides additional funding to school districts and charter schools to support English learners. ELL funding is distributed to districts and charter schools based on the number of ELL students they have enrolled in the current school year. In 2019, 201 districts and 22 open enrollment charter schools received \$338 per ELL student, or about \$13 million total. That year, 37,423 ELL students were enrolled in the state’s public school districts and another 1,141 ELL students attended open-enrollment public charter schools.



Source: ELL student counts come from State Aid Notices (2010-11 through 2018-19), Arkansas Department of Education. Total student enrollment numbers used in the calculations come from DESE’s Data Center.

Total ELL enrollment in districts and charter schools increased by nearly 34% between 2011 and 2017, an annual average increase of 5%. However, the number of the state’s students who are ELLs has declined since then, decreasing by more than 3,300 students between 2017 and 2019. The decline may be related to an increase in the number of students exiting ELL programs, due to changes in language proficiency testing.

FY	Per-Student ELL Funding	Total ELL Categorical Funding Provided by \$338 Per Student Formula	Funding Transferred to ELL From Other Categorical Funds	Total
2012-13	\$305	\$10,506,640	\$4,093,403	\$14,600,043
2013-14	\$311	\$11,031,481	\$3,994,300	\$15,025,781
2014-15	\$317	\$11,912,226	\$3,877,532	\$15,789,758
2015-16	\$324	\$12,779,856	\$4,083,284	\$16,863,140
2016-17	\$331	\$13,879,492	\$4,376,452	\$18,255,944
2017-18	\$338	\$13,384,462	\$5,523,433	\$18,907,895
2018-19	\$338	\$13,034,632	\$5,754,397	\$18,290,089

ELL EXPENDITURES

ELL funding, like other categorical funding programs, is considered restricted, meaning districts can spend the money only for specific purposes. DESE rules provide the following activities as eligible uses of ELL funding: salaries for ELL instruction; professional development activities, including released time for ELL curriculum development; instructional and supplemental materials including computer-assisted technology and library materials; language and cultural skills training for school-based health providers, counseling service providers, community liaison staff; assessment of ELL students and evaluation of program effectiveness; and implementation of supplemental instructional services.¹²

Districts and charters spent almost \$24 million on ELL in 2018-19 – most of it on salaries and benefits. The table below compares the per-student ELL state funding levels each year, compared with districts' and open enrollment charter schools' per-student expenditures for ESL services.

FY	Per Student ELL Funding	Total Per-Student ELL Expenditures (Non-Federal)
2012-13	\$305	\$522
2013-14	\$311	\$507
2014-15	\$317	\$509
2015-16	\$324	\$542
2016-17	\$331	\$521
2017-18	\$338	\$580
2018-19	\$338	\$617

PROFESSIONAL DEVELOPMENT CATEGORICAL FUNDING AND EXPENDITURES

According to Arkansas statute, the purpose of professional development (PD) is to “improve teaching and learning in order to facilitate individual, school-wide, and system-wide improvements designed to ensure that all students demonstrate proficiency on state academic standards” (§ 6-17-704(b)). Professional development is funded through categorical funds to restrict the use of money for those purposes.

PD FUNDING

The following table shows the per-student amount of PD funding the state has provided since 2010-11 and includes the combined amount distributed to districts and charter schools. In 2018-19, PD funding was set at \$32.40 per student. That included funding to implement an online PD program, known as Arkansas IDEAS (Internet Delivered Education for Arkansas Schools), which was created by special language included in Act 2131 of 2005. Arkansas IDEAS is a partnership between DESE and the Arkansas Education Television Network (AETN).

During the 2017 legislative session, the General Assembly added another component to PD funding. Beginning in 2017-18, all PD funding exceeding \$32.40 per student would go to a Professional Learning Community (PLC) Pilot Program. DESE, in partnership with Solution Tree (a private organization specializing in K-12), started the PLC Pilot Program with a grant of \$4 million to operate PLCs in 11 individual schools and one school district around the state.

Beginning in the 2020-21 school year, the per-student PD funding amount will increase to \$40.80 due to Act 667 of 2019.

PD Funding Per-Student

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
\$50	\$51	\$52	\$53	\$32.40	\$32.40	\$32.40	\$32.40	\$32.40	\$32.40	\$40.80

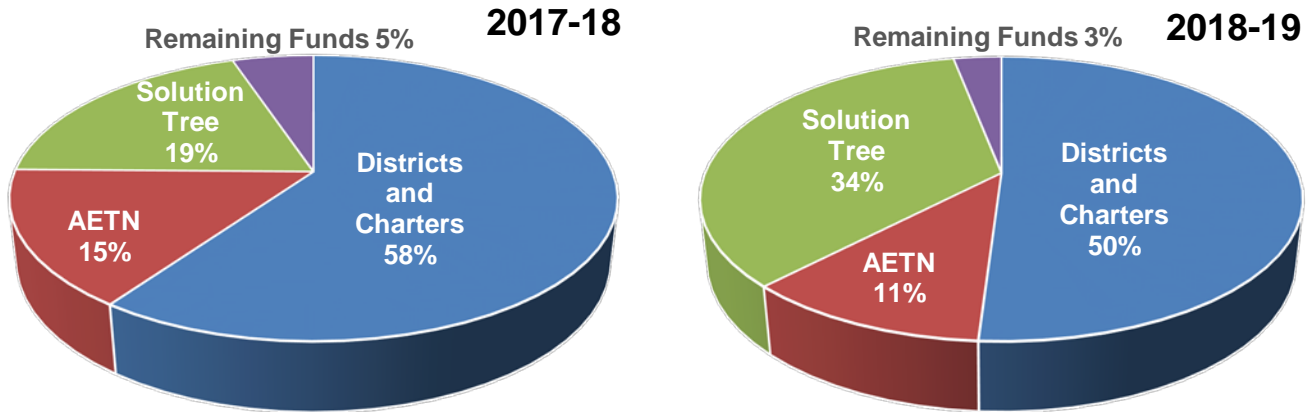
Note: Beginning in the 2017-18 school years, any funding amount above \$32.40 will support the PLC Pilot Program due to Act 427 of 2017.

¹² Arkansas Department of Education Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds, 5.04, http://dese.ade.arkansas.gov/public/userfiles/rules/Current/2016/Student_Special_Needs_Funding_Permanent_Rules_Final.pdf

The following table shows the breakdown of how the PD appropriation was distributed in the last two school years. The pie charts depict the funding as percentages of the total.

Breakdown of how PD funding is distributed

	2017-18	2018-19	Funding Method
Total Appropriation	\$20,617,836	\$25,143,702	-
Districts	\$11,983,248	\$12,604,959	Per-Student
Charters	\$393,952	\$477,041	Per-Student
AETN (Arkansas IDEAs)	\$3,138,941	\$2,830,230	Per-Student
Solution Tree (PLC Pilot Program)	\$4,000,000	\$8,500,000	Flat Amount
Estimated Remaining PD Funds	\$1,101,695	\$731,472	-



PD EXPENDITURES

The following table shows the total amount of funding provided to districts and charters in recent years and the total and per-pupil amounts of expenditures made from those categorical funds. (The expenditures do not include any PD funding districts and charters transferred to other categorical funds.) The table also calculates the PD funding and expenditures as a per-student amount.

These data show that, since 2015, collectively **districts continue to spend more money than they received in PD funding**. Districts were able to spend more money than they received in PD funding, in part, because they transferred money from other categorical funds. Since 2015, the amount transferred from other categorical funds to PD has fluctuated between \$4 million and \$5.6 million and the amount transferred from PD to other categorical funds has remained about \$800,000 for the last three years.

PD Funding and Expenditures for Districts and Charters

	Total State PD Revenue Provided by Statute	Transfers from Other Categorical Funds to PD	Total PD Expenditures	Transfers from PD to Other Categorical Funds	Per-Student PD Funding by Statute	Per-Student PD Expenditures	% of PD Expenditures from Other Categorical Funds
2014-15	\$12,584,187	\$4,273,795	\$17,089,118	\$507,214	\$26.67	\$36.22	26.36%
2015-16	\$12,309,392	\$4,751,780	\$17,439,887	\$353,979	\$26.05	\$36.91	29.42%
2016-17	\$12,315,169	\$5,605,307	\$17,124,973	\$772,216	\$26.05	\$36.22	28.09%
2017-18	\$12,377,204	\$5,096,416	\$17,292,153	\$827,673	\$26.05	\$36.39	28.42%
2018-19	\$13,082,000	\$4,691,790	\$16,925,400	\$783,219	\$26.05	\$35.45	22.71%

Data Source: DESE’s State Aid Notices and APSCN.

Note: For districts and some charters, PD funding is based on the prior year average daily membership. However, some charter schools (those receiving foundation funding based on current year enrollment), will receive PD funding based on projected enrollment student count as of July 1 of the current school year ((§6-23-501)(a)(4)).

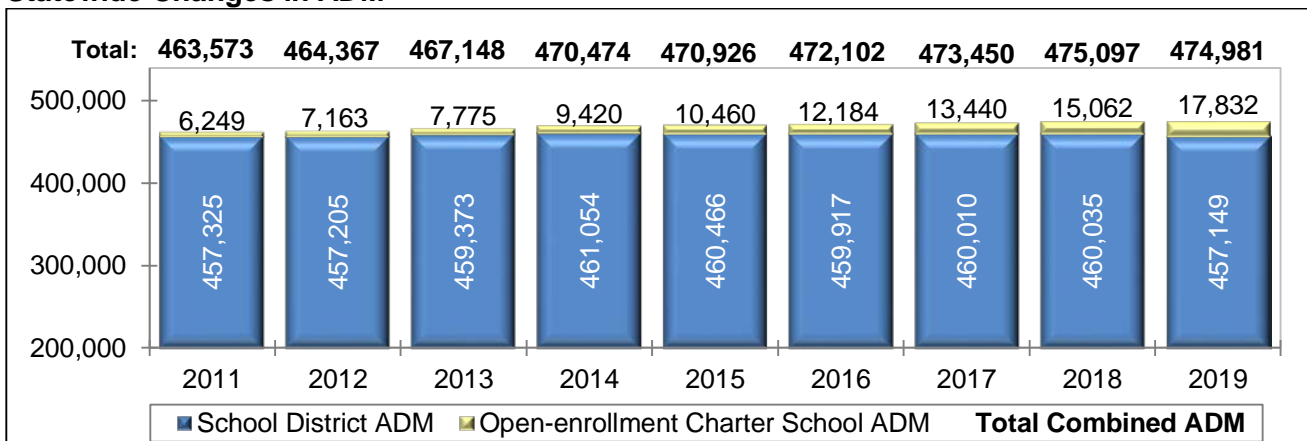
Purchased services have been the most common PD expenditures since 2016-17, making up roughly 70% of districts’ and charters’ total expenditures. Just over half of those purchased services are for consultants, speakers and course registration fees, and a quarter were for travel expenses.

DECLINING, GROWTH AND ISOLATED FUNDING AND EXPENDITURES

In addition to foundation and categorical funding, some districts and open-enrollment charter schools receive other types of state funding. Districts and charter schools may receive additional funding to help with student growth, declining enrollment or with costs related to being in an isolated (or remote) location. The adequacy study statute calls for the Education Committees to review expenditures from all three types of funding.

The chart below shows that for all public schools, the total average daily membership (ADM), the calculation representing student count, is increasing slightly—just over 2% between 2011 and 2019. However, total ADM in traditional school districts has stagnated since 2014, while the total ADM in open-enrollment public charter schools continues to increase as more charters are granted (25, excluding the Excel Center, in 2018-19, compared with 17 in 2010-11). Total charter school ADM more than doubled between 2011 and 2019.

Statewide Changes in ADM



Data Source: State Aid Notices 2011-12 through 2018-19 and the DESE¹³. The data above represent the three-quarter ADM for the years indicated.

DECLINING ENROLLMENT FUNDING AND EXPENDITURES

Arkansas Code §6-20-2305(a)(3)(A)(i) provides additional funding for school districts that have experienced a decrease in student population over the two immediately preceding school years. Declining enrollment funding is provided to help districts deal with the loss in foundation funding that results from the loss of students.

Not all district costs are easily reduced as districts lose students (and the corresponding foundation funding). Costs such as new textbooks may be lowered as districts lose students; however, other costs are much more difficult to reduce. For instance, if a district loses 25 students, it *may* be able to reduce its teaching staff, but eliminating a principal or lowering the electric bill of a school building may not be possible until a district has lost several hundred students.

Declining Enrollment Calculation

To calculate declining enrollment funding in Arkansas, a district’s ADM for the previous year is subtracted from the average ADM for the previous two years. That amount is multiplied by the per-student foundation funding amount. The calculation results in providing the foundation funding rate for about half of the students the district loses in a given year.

This means that districts with declining student populations receive foundation funding for more students than the districts are actually educating.

¹³ <https://myschoolinfo.arkansas.gov/>

Declining Enrollment Funding

Declining enrollment funding typically provides districts and charter schools with an additional \$8 million to \$14 million each year. In 2018-19, 96 districts received \$11.7 million in declining enrollment funding. This is a slight decrease of about \$1 million from 2017-18. In 2018-19, payments to districts ranged from \$305 (Star City) to \$1,134,461 (Pine Bluff), with an average payment of \$122,021. Pine Bluff received almost twice as much funding as Little Rock, the district with the second-highest amount of declining enrollment funding. In addition, seven public open-enrollment charter schools received almost \$100,000.

Year	Districts That Received Declining Enrollment Funding	Total Declining Enrollment Funding: Districts	Charters That Received Declining Enrollment Funding	Total Declining Enrollment Funding: Charters	Total Declining Enrollment Funding
2015	85	\$8,619,162	1	\$145,320	\$8,764,482
2016	99	\$13,448,877	4	\$262,339	\$13,711,216
2017	83	\$11,267,662	1	\$58,850	\$11,326,512
2018	93	\$12,743,391	8	\$500,185	\$13,243,576
2019	96	\$11,714,039	7	\$953,918	\$12,667,957

Declining Enrollment Expenditures

Declining enrollment expenditures are unrestricted. Districts and charters collectively spent the largest portions of their declining enrollment funding on regular instructional programs, operations and maintenance, and transportation. For the past five years (2015 to 2019), those three categories have been the three largest portions of declining enrollment expenditures across districts and charters.

Year	Districts		Charters	
	Funding	Expenditures	Funding	Expenditures
2015	\$8,619,162	\$10,559,728	\$145,320	\$161,604
2016	\$13,448,877	\$7,627,448	\$262,339	\$100,268
2017	\$11,267,662	\$21,839,985	\$58,850	\$157,957
2018	\$12,743,391	\$17,151,305	\$500,185	\$345,675
2019	\$11,714,039	\$11,386,810	\$953,918	\$1,093,291

GROWTH FUNDING AND EXPENDITURES

As the Adequacy Study Oversight Subcommittee noted in its 2006 adequacy report, “the loss of one (1) or even twenty-five (25) students does not necessarily correlate into the reduction of a teaching position. By the same token, the addition of one (1) or twenty-five (25) students does not necessarily correlate into the addition of a teacher.”¹⁴ Growth funding is provided to help ease the financial burden that comes with incremental increases in students.

Student growth funding is an unrestricted type of funding that is disbursed to districts and charter schools to help ease the financial burdens associated with an increase in student enrollment. School districts are eligible for growth funding if they have more students in the current year than they had in the previous year. Since foundation funding is based on the prior year’s ADM, when a district gains students, its foundation funding is not accounting for the new students. The formula DESE uses to calculate growth funding essentially provides districts and charters the full rate of foundation funding for approximately each student added.

In 2018-19, 110 districts received \$20.6 million in student growth funding. Student growth payments in 2018-19 ranged from \$882 (Conway School District) to \$2,235,424 (Bentonville School District).

¹⁴ A Report on Legislative Hearings for the 2006 Interim Study on Educational Adequacy (Act 57 of the Second Extraordinary Session of 2003), Final Report and Recommendations of the Adequacy Study Oversight Subcommittee to the House Interim Committee on Education and the Senate Interim Committee on Education, Jan. 22, 2007

In the same school year, seven charters received \$3.4 million in student growth funding. Student growth payments for charters in 2018-19 ranged from \$2,746 (SIA Tech) to \$2,038,572 (AR Virtual Academy).

Year	Districts That Received Student Growth Funding	Total Student Growth Funding: Districts	Charters That Received Student Growth Funding	Total Student Growth Funding: Charters	Total Student Growth Funding
2015	97	\$26,015,945	8	\$3,048,812	\$29,064,757
2016	101	\$19,028,284	6	\$1,826,664	\$20,854,948
2017	101	\$28,562,548	9	\$5,335,592	\$33,898,140
2018	117	\$25,702,411	6	\$2,920,878	\$28,623,289
2019	110	\$20,644,366	7	\$3,422,676	\$24,087,042

Student Growth Expenditures

In 2018-19, districts received \$20.6 million in student growth funding, and their student growth expenditures totaled \$22.4 million. The following table shows that districts' student growth expenditures have consistently exceeded their student growth funding for the past five years. This indicates that some districts were spending from their balance carried over from previous year(s) in addition to any student growth funding they may have received in the current school year.

In 2018-19, charter schools received \$3.4 million in student growth funding, and their student growth expenditures totaled \$4.6 million. In each of the last five years, excluding 2016-17, charters' student growth expenditure also exceeded their student growth funding. This means that some charter schools are also spending from their student growth balance held from previous year(s) in addition to any funding they may have received in the current school year.

Year	Districts		Charters	
	Student Growth Funding	Expenditures	Student Growth Funding	Expenditures
2015	\$26,015,945	\$27,789,677	\$2,686,505	\$2,932,826
2016	\$19,028,284	\$21,949,785	\$1,826,664	\$1,929,759
2017	\$25,562,548	\$40,295,141	\$5,420,593	\$2,137,368
2018	\$25,702,411	\$30,730,041	\$2,920,878	\$3,649,647
2019	\$20,644,366	\$22,427,435	\$3,422,676	\$4,619,021

Regular instructional programs (28%) continue to be one of the biggest student growth expenditures, followed by operations and maintenance (23%) and student transportation services (22%).

Interaction between Student Growth and Declining Enrollment Funding

Because districts can *qualify* for student growth and declining enrollment funding even when they have small increases or decreases in ADM, some districts may receive student growth funding one year due to a slight increase in students and declining enrollment the next year. Forty-one districts in the 2018-19 school year were eligible for both student growth and declining enrollment funding.

Districts may also be eligible for both student growth funding and declining enrollment funding in the same year. This phenomenon is because the calculations for two types of funding are based on ADM changes in different years. For example, the 2019 declining enrollment funding is based on the change in ADM between 2017 and 2018, while the 2019 student growth funding was based on the ADM changes between 2017 and 2019. As a result, **it is possible for a school district to qualify for both declining enrollment and student growth funding in the same year.** However, **state statute prohibits districts from actually receiving both funding types in a single year.**¹⁵ Under the DESE rules, when a district qualifies for both, DESE issues the funding type that would result in the most money for the district.

¹⁵ Arkansas Code § 6-20-2305(a)(3)(C)

ISOLATED FUNDING AND EXPENDITURES

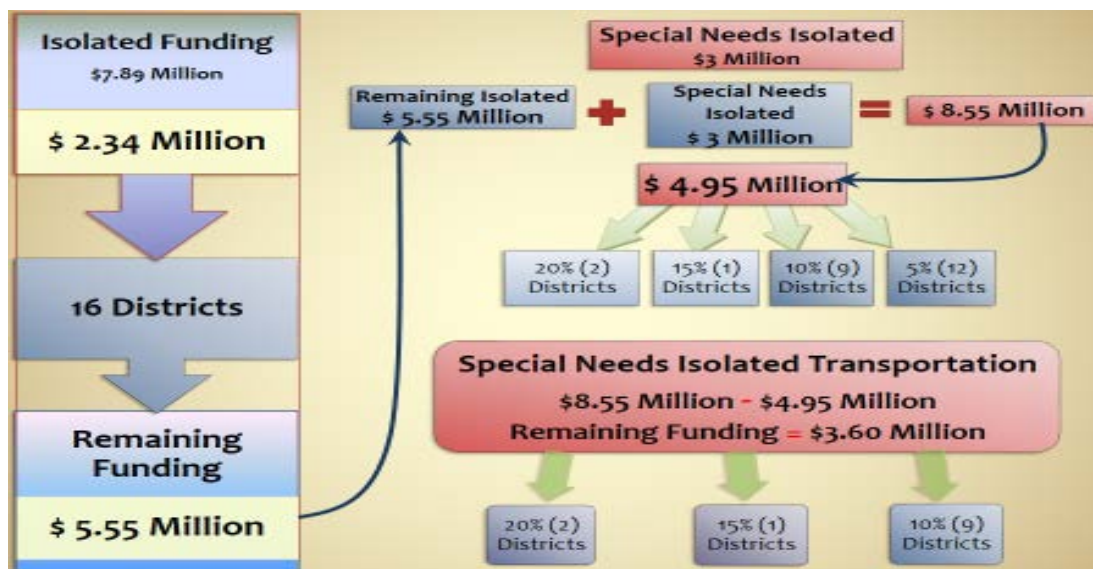
Isolated funding is supplementary money provided to school districts with geographic challenges, such as rugged road systems or low-student density, which can increase certain costs. There are three types of isolated funding: isolated funding, special needs isolated (SNI) funding, and SNI – transportation funding. While funding related to isolated schools accounts for less than one percent of the state’s education funding, it is very important for the school districts that receive it. For four districts, isolated and SNI funding accounts for more than 11% of their total funding.

Once a school district meets the definition of an isolated school district as defined in Arkansas Code § 6-20-601, a formula based on its ADM produces an amount of funding that will be paid to the district IF it meets certain budget requirements, has a prior-year three-quarter ADM of fewer than 350 students, and meets the minimum standards for accreditation of public schools prescribed by law and regulation.

SNI funding was created to provide additional funding for isolated schools. Districts with an isolated school must meet additional requirements set forth under Arkansas Code § 6-20-604(b) to qualify for SNI funds.

Isolated funding is distributed to districts first based on rates established in statute. Open-enrollment public charter schools do not receive any type of isolated funding. For more than a decade, the General Assembly has consistently appropriated and funded \$7,896,000 for isolated funding and \$3 million for SNI funding. Whatever balance is remaining after the \$7.9 million is disbursed to districts is added to the \$3 million appropriated for school districts qualifying for SNI funding. SNI funding is distributed at different amounts among the school districts meeting different conditions. Based on the conditions met (i.e., the number of isolated schools in a district, the prior year three-quarter ADM, and density ratio), districts will receive either 20%, 15%, 10%, or 5% of their foundation funding for the district or the isolated school area(s). For the districts receiving 5%, this funding is known as "SNI-small district funding." Any remaining funds are then evenly distributed to qualifying districts as SNI-transportation funding. This process is illustrated in the following flow chart.

2018-19 Isolated Funding Process

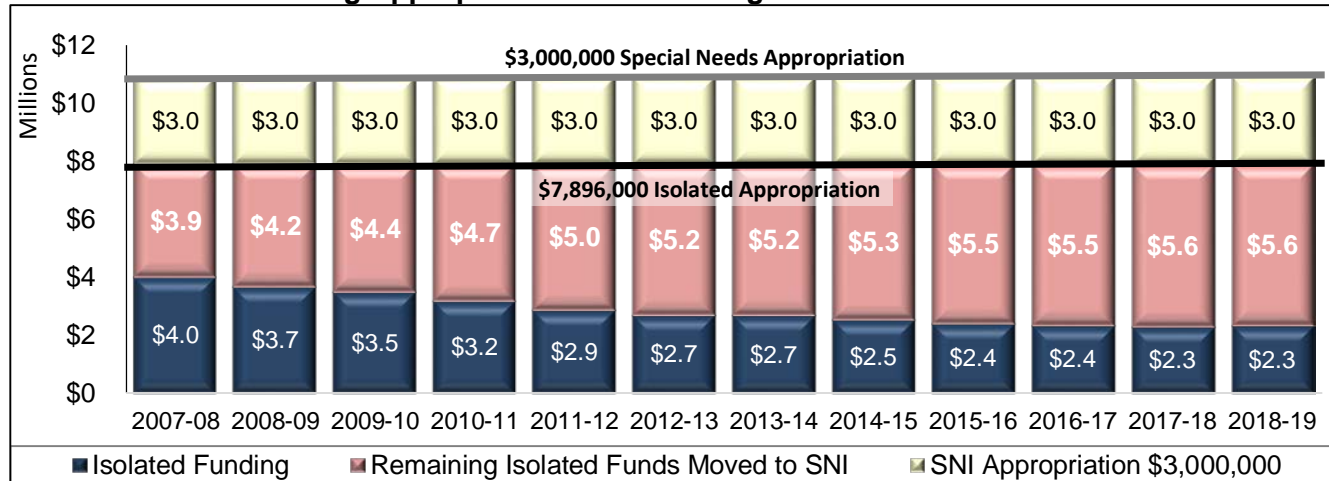


Isolated Funding

In 2018-19, 16 districts received \$2.34 million in isolated funding. The remaining \$5.6 million available for isolated funding was carried over and distributed to the 24 districts qualifying for SNI funding. Once the SNI funding was disbursed, the remaining \$3.6 million was evenly distributed to the 12 districts qualifying for SNI-transportation funding.

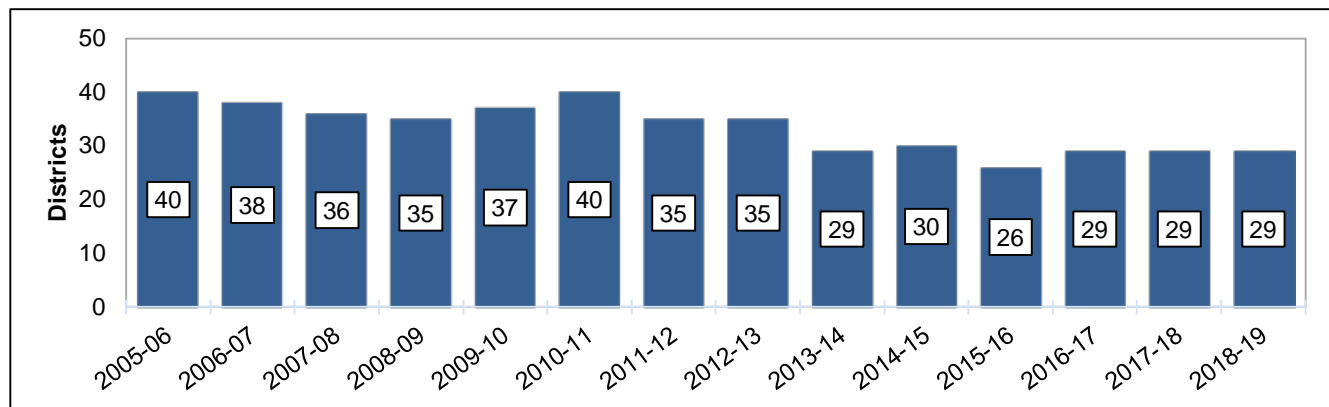
The amount of money appropriated for isolated (\$7.9 million) and SNI schools (\$3 million) has not changed for the past decade. Yet, the amount required to provide isolated funding to qualifying districts has decreased over the years as districts close isolated schools, leaving more money to be added to the SNI funding. The result is that more funds are distributed to districts as SNI, though the appropriation is actually lower. This phenomenon is illustrated in the following chart. The SNI funding amounts in the following charts include the SNI – transportation funding.

Isolated and SNI Funding Appropriations and Funding



The following chart shows the number of districts that have received isolated and/or SNI funding over the last decade. While there was some fluctuation, the number of districts receiving this funding decreased from 40 in the 2005-06 school year to 29 in the 2018-19 school year.

Districts Receiving Isolated and/or SNI Funding



Isolated Funding Expenditures

The school districts that receive isolated or special needs isolated funding tend to spend the full amount as well as funding that is carried over from previous years.

Year	# Districts Receiving Isolated/SNI Funding	Isolated/SNI Funding	Isolated/SNI Expenditures
2016-17	29	\$10,895,996	\$10,988,885
2017-18	29	\$10,895,992	\$11,046,774
2018-19	29	\$10,896,000	\$11,597,387

Arkansas law limits districts’ use of isolated funds and three of the four categories of special needs isolated funds to the support of isolated schools. SNI funding in the 5% category is for small districts, and the use of those funds is unrestricted. Use of SNI – transportation funding is confined to funding transportation needs.

Funding Type	Restricted Use
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

Interaction between Declining and Special Needs Isolated Funding

Just as a district cannot receive both declining enrollment and student growth funding in the same year, a district cannot receive both declining enrollment and special needs isolated funding. Under DESE rules, if a district qualifies for both special needs isolated funding and declining enrollment funding, DESE awards the funding type that results in the most money for the district. In nearly all cases, districts receive special needs isolated funding instead of the declining enrollment funding. The table below shows the number of districts that were eligible for both types of funding over the past five years.

Districts Eligible for Declining Enrollment and Special Needs Isolated Funding

Year	Districts
2015	17
2016	17
2017	11
2018	16
2019	17

SPECIAL EDUCATION FUNDING AND EXPENDITURES

As discussed earlier in Section 4, the major state funding school districts and charter schools receive for special education comes as part of their per-student foundation funding. The foundation funding rate includes money to pay for 2.9 special education teachers for every 500 students, or \$381.70 per student in 2018-19. Another form of state funding comes in the form of special education high-cost occurrences funding.

Special Education High-Cost Occurrences Funding

State statute defines special education high-cost occurrences (known as catastrophic occurrences funding before Act 757 of 2019) as “individual cases in which special education and related services required by the individualized education program of a particular student with disabilities are unduly expensive, extraordinary, or beyond the routine and normal costs associated with special education.”

Prior to 2019-20, districts qualified for funding for any student who needed more than \$15,000 worth of services, after Medicaid, federal IDEA Part B funding, and available third-party funding was applied. The maximum amount of reimbursement a district/charter could receive was 100% of the first \$15,000, 80% of the amount between \$15,000 and \$50,000, and 50% of the costs between \$50,000 and \$100,000. No special education high-cost occurrence was eligible for more than \$100,000 each year.

The table below shows that 164 districts and charters requested \$37 million in high-cost occurrences funding in 2018-19, and the maximum amount of reimbursement was \$33.9 million. Of that \$33.9 million, only \$13.02 million was funded. This meant that districts and charters each received 38.4568% of their special education high-cost occurrences claims.

	Number of Students	Number of Districts/Charters	Funding Per Student	Total Eligible Amount (Millions)	Maximum Amt. of Reimbursement	Total Funding Provided	% of Approved Funds Received	Total Eligible Amt. Not Funded
2017	1,303	164	\$8,442	\$32.5 M	\$29.9 M	\$11 M	36.8183%	\$21.5 M
2018	1,357	168	\$9,579	\$34.2 M	\$31.3 M	\$13 M	41.5097%	\$21.2 M
2019	1,442	164	\$9,029	\$37.0 M	\$33.9 M	\$13.02 M	38.4568%	\$24.0 M

Beginning in 2019-20, DESE changed how special education high-cost occurrences would be calculated. The new formula calls for districts to receive 0% for the first \$15,000, 100% of the

expenditures between \$15,000 and \$65,000 and 80% of expenditures above \$65,000 (with a reimbursement cap of \$100,000). According to DESE, this change was made to “promote the equitable distribution of resources for students with the most unduly expensive and extraordinary costs associated with the special education services they need, regardless of the school they attend.”¹⁶

Federal Funding

Federal funding is another source of special education funding. This comes from federal IDEA Part B funding (also known as Title VI-B) and Medicaid.

Part B funding is provided to the states, and subsequently to the districts and charters to meet the excess costs of providing special education and related services to children with disabilities. Funding 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. States are required to distribute most of the Part B funding to the districts and charters but are able to keep a small portion to use for a variety of reasons including: technical assistance and personnel preparation; assistance to districts and charters in providing positive behavioral interventions and supports; and monitoring, enforcement, and investigation of complaints.¹⁷ In 2018-19, districts received \$103 million in IDEA funding, or \$1,664 per student. Charter schools received \$3.3 million, or \$1,815 per student.

Another source of federal funds used for special education comes from Medicaid. In 2018-19, 5.9% of district expenditures for special education were spent using Medicaid and 3.8% of charters' expenditures were. Districts and charters can submit claims to Medicaid for reimbursement for the following services (included in the IEP) provided by district employees, contracted employees, or contracted agencies¹⁸: physical therapy, occupational therapy, speech-language pathology therapy and personal care assistant services. Claims also can be submitted for services and administrative duties for general education and students with disabilities. These include early periodic screening, diagnosis and treatment – vision and hearing screenings, school-based mental health services, audiology services, and Arkansas Medicaid administrative claiming (ARMAC). To be reimbursed by Medicaid for these services, districts and charters agree to pay a Medicaid match payment, or a percentage of the services, in order to keep the state Medicaid budget neutral. Typically, this match is about 30% of the total reimbursement.

Special Education Expenditures

In 2018-19, districts spent \$458 million on special education services, or about \$7,382 per student with a disability. Charters spent \$8.8 million on special education services, or about \$4,305 per student with a disability. Those figures should not be mistaken for the total cost of educating students with disabilities, because they do not include expenditures that districts make on behalf of all students, such as the cost of principal salaries or utilities. These figures represent only the expenditures that are specific to special education services.

According to expenditures reported in APSCN, districts used state and local funds to cover 71% of their special education costs, and federal funds covered the remaining 29%. Charter schools used state and local funds to cover 58% of special education costs and federal funds to cover the remaining 42%. While a larger majority of charters' special education expenditures come from federal funds as compared to districts, they both spend roughly the same amount of federal funds on a per-student basis.

¹⁶ ADE-DESE Proposed Changes to Catastrophic Occurrence Fund Rule. (September 19, 2019)

¹⁷ Guidance on IDEA Part B Funds under ARRA. September 2009. Retrieved from: <https://www2.ed.gov/policy/gen/leg/recovery/guidance/idea-b.pdf>

¹⁸ <http://www.armits.org/images/docs/pc%20fact%20sheet.pdf>

SECTION 5: ACADEMIC FACILITIES

The **Academic Facilities Partnership Program** is the state's main school facilities funding program for ongoing facilities construction needs. The state and the districts share the cost of school facilities construction based on the wealth of each school district. Under the program, the Facilities Division helps schools identify immediate and long-term building needs and distributes funding for a portion of the cost of necessary construction. The Partnership Program only pays for K-12 academic facilities. Administration buildings, pre-K buildings and education service cooperatives are not considered academic facilities. The Partnership Program funds new construction projects and major renovations, not general repair or maintenance.

Every two years, districts apply for Partnership Program funding, and the Facilities Commission approves projects that qualify for funding, as it is available. By rule, the Partnership Program does not pay for anything that "could be classified as maintenance, repair, [or] renovation other than a total renovation project." Generally, only projects that cost more than \$300 per student or a total of at least \$150,000 qualify for funding. Open enrollment charter schools are not eligible for Partnership Program funding.¹⁹ The Partnership Program provides funding for four types of projects:

1. **Warm, Safe and Dry (WSD) Projects** – New construction projects deemed necessary by the Facilities Division to provide students a warm, safe, and dry educational environment. There are two types:
 - **Systems:** Projects that support a facility's needs as they pertain to fire and safety needs, roofing, major plumbing replacements, major electrical replacements, HVAC systems and structural needs.
 - **Space Replacement:** New construction or total renovation projects to replace an existing academic facility that is not deemed by the Division to provide students a warm, safe and dry educational environment.
2. **New Facilities** – New construction projects that are not additions to, total renovations of, or conversions of an existing facility, but are new additions to a school district's building inventory. These facilities are typically necessary due to growing enrollment. If a non-growing district applies for funding under the "new facility" category and the district does not plan to build at least 50% more space than it is demolishing, the Division recategorizes the project as a WSD – Space Replacement.
3. **Add-ons and/or Conversions** – Projects that provide additional academic areas or spaces that are constructed as a part of or separate additions to an existing academic area or space. Conversions are new construction projects that convert existing academic or non-academic space into a missing academic core, special education or student dining space. Add-ons and conversions are considered to be new construction.
4. **Consolidation/Annexation Projects** – Projects that provide a new, complete school campus or one or more additions to existing campuses for the specific purpose of supporting a voluntary consolidation or annexation petition brought by two or more contiguous districts and approved by the State Board of Education.²⁰ Over the life of the Partnership Program there have not been any approved projects classified as Consolidation/Annexation projects. It could be that the absence of these types of projects is due to districts choosing to apply in another project category that has a higher prioritization than Consolidation/Annexation projects.

The way Partnership Program projects are prioritized has changed since the inception of the program. Initially, all types of warm, safe, and dry (WSD) projects were treated as the Partnership Program's highest priority, but prioritization has been reordered in recent years to favor construction projects for growing districts.

¹⁹ Act 739 of 2015 created the Open-Enrollment Charter School Facilities Funding Aid Program and Act 735 of 2015 transferred \$5 million in money available from a charter school facilities loan fund for this program. Since then, about \$5 million has been provided for each of the last two years.

²⁰ Commission on Public School Academic Facilities and Transportation Rules Governing the Academic Facilities Partnership Program, July 25, 2016, Sections 3.00 and 4.02.

Future Proposed Changes: The Division plans to prepare and promulgate revised rules to implement the following recommendations by the Advisory Committee on Public School Academic Facilities for the 2023-25 Partnership Program funding cycle.²¹

1. Change facilities planning from a district-led plan to a systematic statewide plan. This state-driven planning will be accomplished by the Division preparing two Statewide Facility Needs Lists, consistent with the provisions in Ark. Code Ann. § 6-21-806(a)(2), that identify school needs.
2. Require the Division to prepare two Statewide Needs Lists, one for Space/Growth projects and one for WSD projects. These lists are to be used as the first step in prioritizing Partnership Program projects to address the disparity of district facility conditions and design adequacy.
3. Change from the three project categories of WSD Systems Replacement, WSD Space Replacement and Space/Growth funded from one “pot” of funding, to two equal “pots” of funding provided for two project categories, WSD and Space/Growth.
4. **Space/Growth Projects will include:**
 - New schools based on 5-year enrollment projections for academic core space and 10-year enrollment projections for single purpose spaces such as student dining, media centers, etc.
 - Additions only for spaces that are required by the Division’s Program of Requirements, which Section 3.23 of the Partnership Program Rules defines as requirements for minimum adequate components and total square footage.

WSD Projects will include:

- Roofs, plumbing, electrical, fire and life safety, structural, and security.
- Partial system replacement HVAC projects are allowed, but the Advisory Committee recommended that the projects be part of an energy savings contract.

The new WSD project category will include both the current WSD Space Replacement and WSD System Replacement projects.²²

5. Establish a Maintenance Composite Assessment Program to “evaluate Arkansas school facilities conditions and appearances, and determine and verify the implementation of an effective maintenance management program.” The program will consist of, but not be limited to, the following weighted components: preventive maintenance plan in the Computerized Maintenance Management System (CMMS-School Dude), corrective action work order completion in CMMS, compliance with state mandated inspections, and professional development for maintenance personnel.
6. Rank eligible projects **within** each of the 2 project categories, WSD and Space/Growth using the average of the following rankings:
 - Statewide Facilities Needs List
 - Academic Facilities Wealth Index (FWI), and
 - Facilities Maintenance Composite Assessment

ACADEMIC FACILITIES FUNDING AND ALLOWABLE EXPENDITURES

Partnership Program

State Partnership Program funding is generally drawn from three funding sources:

1. General Revenue
2. Savings from older facilities funding programs being phased out
3. Fund transfers and balances

²¹ Sharon Hill Court Reporting, *Transcript of the December 10, 2018 meeting of the Commission for Arkansas Public School Academic Facilities and Transportation*.

²² Email from Division Staff, Murray Britton, September 20, 2019.

The following chart shows the funding amounts provided to the Facilities Division to administer facilities funding programs. Including the \$456 million General Improvement Fund (GIF) fund transfer received in FY08, **the General Assembly has provided facilities programs an average of about \$91.8 million annually between FY05 and FY20.**

State Facilities Funding Provided to the Division of Public School Academic Facilities and Transportation				
Fiscal Year	General Revenue	Savings from Older Facilities Funding Programs	Fund Transfers (Including Transfers Out)*	Total Annual Funding
FY05			\$20,000,000	\$20,000,000
FY06			\$52,442,524	\$52,442,524
FY07	\$35,000,000	\$5,211,326	\$48,960,424	\$89,171,750
FY08	\$35,000,000	\$10,534,873	\$455,597,052	\$501,131,925
FY09	\$35,000,000	\$14,140,709		\$49,140,709
FY10	\$33,633,641	\$18,163,282	(\$17,301,487)	\$34,495,436
FY11	\$34,828,951	\$20,391,765		\$55,220,716
FY12	\$35,345,364	\$22,654,247	(\$2,000,000)	\$55,999,611
FY13	\$34,828,951	\$25,144,317		\$59,973,268
FY14	\$34,828,951	\$27,477,005	\$20,000,000	\$82,305,956
FY15	\$34,828,951	\$13,690,010		\$48,518,961
FY16	\$41,828,951	\$14,447,258	\$40,000,000	\$96,276,209
FY17	\$41,828,951	\$15,295,120		\$57,124,071
FY18	\$41,727,373	\$16,343,011	\$90,000,000	\$148,070,384
FY19	\$41,828,951	\$17,017,230		\$58,846,181
FY20	\$41,828,951	\$17,940,512		\$59,769,463
Total	\$522,337,986	\$238,450,665	\$707,698,513	\$1,468,487,164

*In FY10, \$17.3 million was transferred to other state fund accounts to offset general revenue reductions as a result of a reduction in the general revenue forecast in May, 2010.
In FY12, \$2 million was transferred to the General Improvement Fund – Executive Division Fund Account for distribution to another state program.

Source: BLR Fiscal Services Division.

The House and Senate Interim Committees on Education recommended providing a total of \$90 million in funding beginning in FY21 consistent with the recommendations of the Advisory Committee on Public School Academic Facilities (“Advisory Committee”) and 2018 Adequacy recommendations. The \$90 million is to include a continuing level of \$41.8 million in general revenue and the transfers from savings from the predecessor program, Bonded Debt Assistance.

The following table shows total state expenditures for the facilities programs. This represents money the Facilities Division has spent between FY05 and FY20. **The Facilities Division has spent an average of about \$82 million annually.**²³

State Facilities Expenditures					
Fiscal Year	Immediate Repair	Transitional Academic Facilities	Partnership	Catastrophic	Total
FY2005	\$0	\$0	\$0	\$0	\$0
FY2006	\$14,823,794	\$15,791,117	\$0	\$0	\$30,614,911
FY2007	\$11,389,313	\$54,035,149	\$17,631,819	\$0	\$83,056,281
FY2008	\$1,866,846	\$12,532,629	\$90,460,859	\$135,326	\$104,995,660
FY2009	-	\$3,641,105	\$118,688,682	\$216,327	\$122,546,114
FY2010	-	-	\$111,508,049	\$1,853,136	\$113,361,185
FY2011	-	-	\$120,734,428	\$77,425	\$120,811,853
FY2012	-	-	\$93,302,830	\$114,178	\$93,417,008
FY2013	-	-	\$94,509,046	\$146,364	\$94,655,410
FY2014	-	-	\$56,219,864	\$250,552	\$56,470,416

²³ The total state expenditures include some state-level administrative costs of running the facilities funding programs. As a result, these numbers do not match exactly the amounts of funding provided to school districts for facilities projects.

State Facilities Expenditures					
Fiscal Year	Immediate Repair	Transitional Academic Facilities	Partnership	Catastrophic	Total
FY2015	-	-	\$53,298,055	\$43,610	\$53,341,665
FY2016	-	-	\$90,671,609		\$90,671,609
FY2017	-	-	\$73,790,114		\$73,790,114
FY2018	-	-	\$71,948,301	\$5,944	\$71,954,245
FY2019	-	-	\$96,253,022		\$96,253,022
FY2020	-	-	\$105,281,931		\$105,281,931
Total	\$28,079,953	\$86,000,000	\$1,194,298,609	\$2,842,862	\$1,311,221,424

Source: BLR Fiscal Services Division.

The Facilities Division has provided or committed to providing school districts a total of \$1.45 billion in total facilities funding through FY20 (including the cost of consultants hired by the Division), and the Division has received through FY20 a total of \$1.468 billion since the facilities program inception.²⁴ That leaves about **\$18 million in excess funding to be used to fund future projects**, including those already approved for FY21.

Millages

To draw down the state share of Partnership funding, districts must contribute their share of local funding. There has long been concern that some districts would be unable to pass enough millage to raise the local share. Districts use debt service millage to generate revenue to pay the long-term cost of construction and renovation. According to the millages approved in 2018 (for collection in 2019), all districts but two (Salem and Gosnell) have passed some level of debt service mills. The number of debt service mills authorized for each district ranges from 1.3 mills for the Lee County School District to 29.8 mills for the Earle School District. The average number of debt service mills among Arkansas school districts is 12.8 mills.

Since 2005, 173 of the current 235 districts have sought an increase to their debt service millage. Of the 62 districts with no elections to increase millage, the authorized debt service mills range from 0 in Gosnell and Salem School Districts to 23.9 in Fouke School District, with an average of 11.1 mills. In addition, 42 of these 63 districts' total authorized O&M mills are at the minimum of 25.

Facilities Wealth Index

The current school district's **Facilities Wealth Index (FWI)** (funding cycle 2019-21) is the percentage of the total cost of an approved Partnership Program project that a school district is required to pay. For example, a district with a FWI of .85 would pay 85% of the approved project cost, and the state would pay the remaining 15% of the cost. Those districts with a higher FWI value are considered "wealthier," while those with a lower FWI are considered "poorer" and therefore, have the least local fiscal capacity to fund adequate school facilities.²⁵ Districts' FWI values are currently calculated using two variables, value per mill (tax revenue generated for a district by one mill) and the larger of the school districts' prior year (PY) Average Daily Membership (ADM) or the prior 3-year average ADM.

The table below illustrates the final steps in the **FWI calculation** for the district with the lowest value per mill per ADM (Poyen), the district at the 95th percentile of the cumulative ADM (Russellville), and the district with the highest value per mill per ADM (Mineral Springs). Those districts with FWI values at 1.0 or higher are adjusted to .995 or a district share of 99.5% and state share of .5% so that every district is eligible for some amount of funding.

²⁴ Division of Public School Academic Facilities and Transportation, Master Planning Tool, Financial Drilldown Report, August 29, 2019.

²⁵ Advisory Committee on Public School Academic Facilities, *Arkansas Committed to Adequate & Equitable K-12 Academic Facilities – Progress, Ongoing Needs & Recommendations*, July 31, 2018, page 25.

FY19 Facilities Wealth Index Calculations					
	District	2017 Value of 1 Mill Per Student	Divided by District at 95 th %ile	=	Wealth Index (District Share)
Lowest (Poorest)	Poyen	\$22.12	\$179.71	0.12307	12.30%
95 th Percentile	Russellville	179.71	\$179.71	1	99.50%
Highest (Wealthiest)	Mineral Springs	473.98	\$179.71	2.63743	99.50%

In its July 2018 report, the Advisory Committee on Public School Academic Facilities recommended changes to the way the Facilities Division calculates the FWI to address two concerns about the fairness of the FWI calculation. One concern was that a district considered wealthy in terms of property wealth may not be a wealthy district in terms of students' family incomes. For instance, of the 14 districts with FWIs of 99.5%, three have over 90% of their students eligible for free and reduced-price lunches (FRPL). The other concern expressed by the Advisory Committee was that if a district loses students, the district's FWI increases even if the assessed valuation stays the same, and conversely, a growing district can see its FWI decrease due to the increased number of students even if the district's valuation stays the same.

The Advisory Committee made a recommendation to address both of these concerns by "adjusting the existing mill value per student by median income [of the school district's community] to account for poverty and calculate the value of the mill per student based on the greatest enrollment of the last 10 years to adjust for significant enrollment adjustments."²⁶ The Commission for Academic Facilities and Transportation tabled this recommendation, preferring this issue be debated and discussed by legislative committees. The Arkansas General Assembly then passed Act 1080 of 2019, which established the recommendation in statute. Act 1080 requires the complete transition to the new FWI calculation by the 2023-25 Partnership Program funding cycle and allows for a transitional period during the 2021-23 Partnership Program funding cycle.

During the transitional period, 2021-23 funding cycle (FY22 & FY23), a district's FWI will equal the district's FWI using the original calculation methodology **plus** one-half of the difference between the district's FWI using the original methodology and the district's FWI using the new methodology. This phases in the impact of the new FWI, so that those districts with increasing FWIs, and therefore decreasing state funding, absorb only one-half of the change. The Facilities Division will fully implement the new FWI calculation for FY24 and FY25.

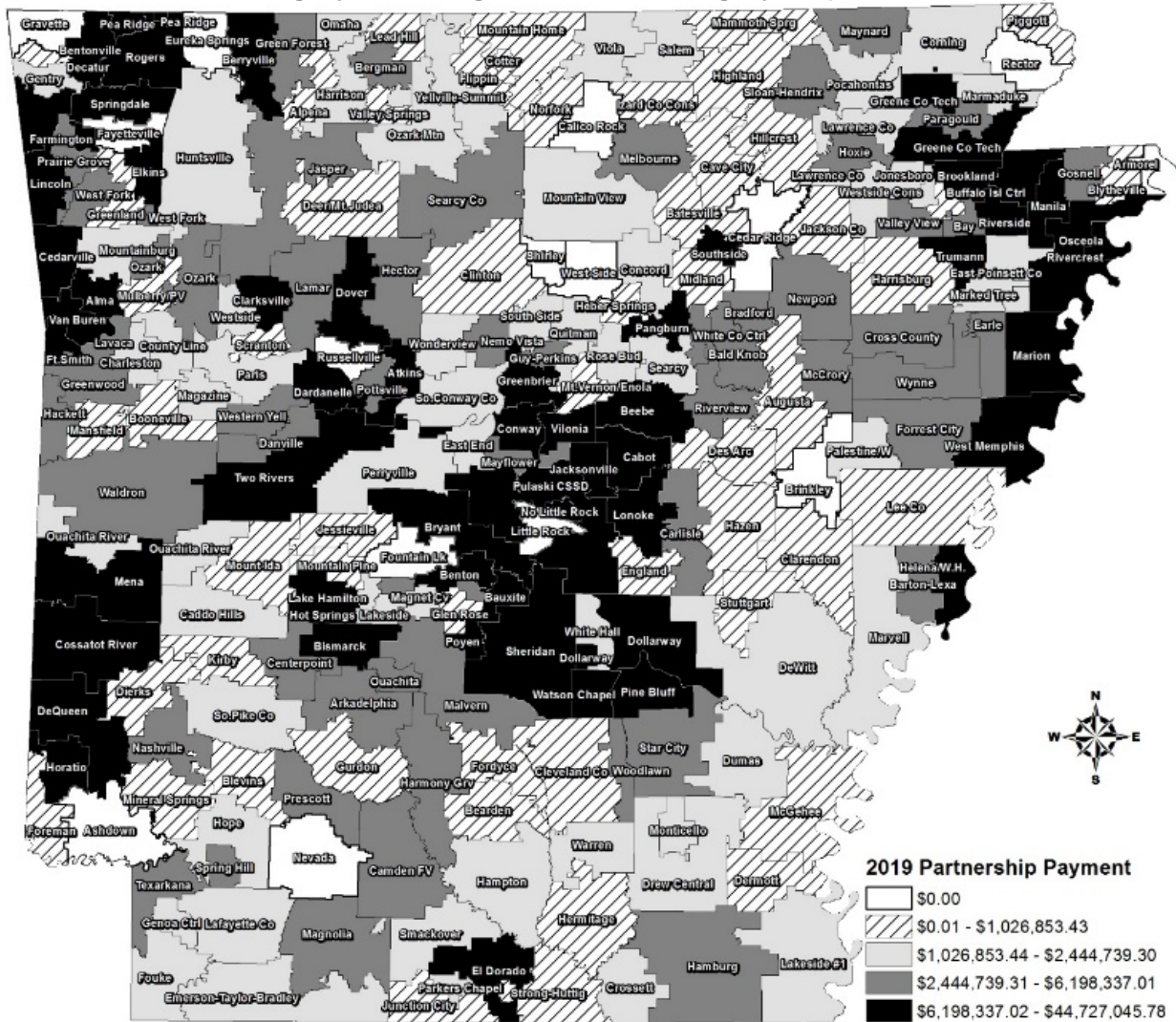
Act 1080 also makes a special provision for high-growth districts whereby their FWI is the lesser of the FWI determined using the current calculation or the new FWI under the Act 1080 calculation. High-growth districts will lose this special FWI provision if they fail to maintain their status as high-growth for two consecutive years. According to Ark. Code Ann. § 6-20-2511 (a)(1), a high-growth school district is a "public school district in which the average daily membership for the public school district in the present school year is four percent (4%) higher than the school year that is two (2) years before the present school year."

²⁶ Advisory Committee on Public School Academic Facilities, *Arkansas Committed to Adequate & Equitable K-12 Academic Facilities – Progress, Ongoing Needs & Recommendations, July 2018, page 28.*

REGIONAL ANALYSIS OF PARTNERSHIP FUNDING

The following shows the total dollar amount the state has actually paid in each district (not including outstanding obligations) since the program's inception. Partnership funding awarded to districts that have since been consolidated is counted in the funding totals of the districts into which the districts were annexed, with the exception of the funding awarded to two districts, Stephens (award amount \$625,791) and Twin Rivers (award amount \$389,201), because these two districts were consolidated into multiple districts.

**Total Partnership Program Payments
2006-07 Funding Cycle through 2017-19 Funding Cycle (as of June 2019)**



Map prepared by the Bureau of Legislative Research, Policy Analysis & Research Section
School District and County Boundaries, from the GIS Office integrated the Arkansas Spatial Data Infrastructure (ASDI)

Of the currently operating districts, 15 have never received any Partnership Program payments.

Districts That Have Never Received Partnership Funding				
Armored ²	Calico Rock ^{2,3}	Fayetteville ²	Nevada ¹	Russellville ²
Ashdown	Cedar Ridge ¹	Fountain Lake ¹	Little Rock	Shirley ^{1,3}
Brinkley ^{2,3}	Eureka Springs ¹	Gravette	Rector ^{1,3}	West Side (Cleburne) ¹

¹Seven districts that have never applied for Partnership Program funding.

²Five districts that had approved projects that were rescinded before Partnership Program funding was disbursed.

³Four districts received facilities funding from two programs that preceded the implementation of the Partnership Program, Immediate Repair and Transitional.

CHARTER SCHOOLS FACILITIES FUNDING AID PROGRAM

Act 739 of 2015 created the Open Enrollment Charter School Facilities Funding Aid Program. Act 735 of 2015 authorized a \$15 million FY16 appropriation for the new facilities funding aid program and authorized the transfer of the \$5 million previously provided for the Charter School Facilities Loan Program to the Department's Public School Fund Account for the benefit of the new Facilities Funding Aid Program. FY16 marks the first fiscal year state funds were expended for charter school facilities. The Department has continued to spend money on charter facilities in each succeeding fiscal year.

Funding Calculation: Funding is distributed on a pro-rata basis depending on the available funding for the Charter Schools Facility Funding Aid Program. A per-student funding rate is calculated by dividing the total available funding by total ADM counts for all eligible charter schools. Charter schools where virtual technology is the school's primary method of instruction do not qualify. All other charters must meet all applicable health, fire, and safety codes as well as accessibility requirements in order to be eligible for funding. The facilities funding aid for each charter school is determined by multiplying the per-student funding rate times the charter's ADM count (prior year 3-quarter ADM or current-year ADM for those schools adding grades or campuses).

The table below provides the number and percentage of charter school facilities participating and the final per-ADM funding rate for FY16, FY17 and FY18. The 3-year average funding rate is \$517. The per-ADM funding rate for charter schools has ranged from \$562 per student in FY2016 to \$455 in FY18. An increase in the ADM count of the eligible charter schools has contributed to the decline of the funding rate per student.

School Year	# of Charter Schools	# of Charters Receiving Facilities Funding Aid	% Participating	Funding Rate Per ADM
2015-16	22	14	63.6%	\$562.57
2016-17	24	17	70.8%	\$533.24
2017-18	24	16	66.7%	\$455.34

The Facility Funding Aid Program funds can be used only for the lease, purchase, renovation, repair, construction, installation, restoration, alteration, modification, or operation and maintenance of an approved facility that meets specific criteria established in statute (Ark. Code Ann. § 6-23-908(d)).

Charters reported total expenditures of \$14 million over the first three years of the Facility Funding Aid Program, for salaries and benefits costs, utilities, cleaning services, repair and maintenance, rental of land and buildings, construction, insurance, and acquisition of capital assets. Almost 75% of these total expenditures have been used for rental of land and buildings.

SECTION 6: EDUCATOR EMPLOYMENT, PAY AND EVALUATION

In addition to understanding the legislative intent for funding educator's salaries (Section 4 of this report), the adequacy process involves a deeper look at the conditions surrounding teacher recruitment and employment in Arkansas's schools. These issues are explored in the following subsections.

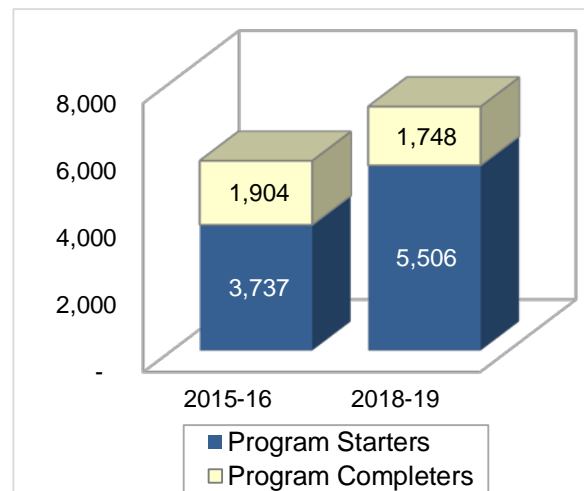
EDUCATOR EMPLOYMENT

Arkansas, as do other states, faces challenges in attracting and retaining teachers, particularly in poorer and more rural schools. DESE has put in place several programs to strengthen the teacher pipeline, including traditional and non-traditional programs.

TEACHER PREPARATION PROGRAMS

The Educator Preparation Provider Quality Report (EPPQR) contains information from DESE and Arkansas’s higher education institutions on the number of enrollees and graduates as well as the demographics of teachers produced in educator preparation programs in Arkansas. According to the most recent EPPQR, the total number of students enrolled in teacher preparation programs was 5,506 in 2018-19, with 3,683 students enrolled in traditional routes and 1,823 enrolled in alternative routes.

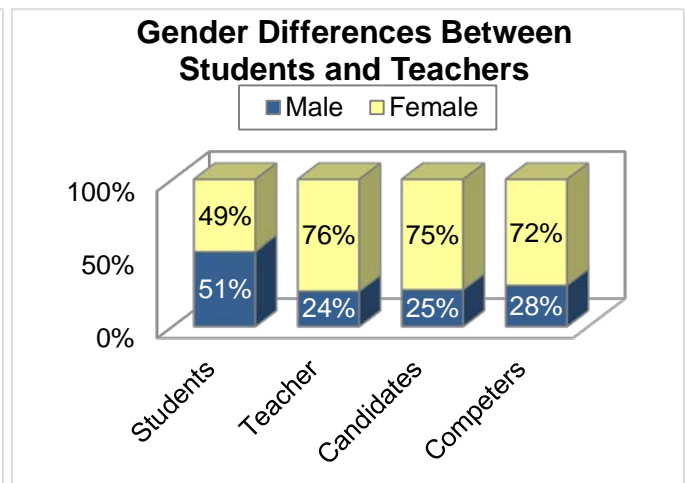
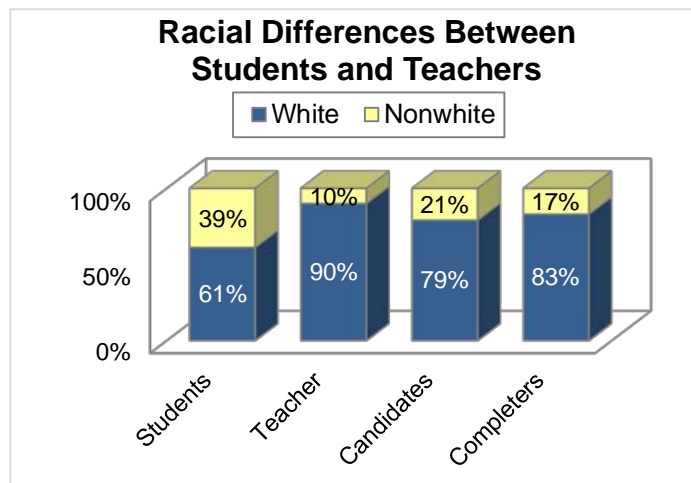
The total number of students enrolled increased from 3,737 in 2015-16. The number of students in the alternative programs has remained steady while the number of candidates in traditional programs has grown.



However, while the number of candidates in educator preparation programs is increasing, the number of program completers is decreasing. This is a result of a decline in program completers in traditional programs; program completers of traditional programs fell from 1,379 to 1,182 from 2015-16 to 2018-19. The number of program completers in alternative programs grew slightly over the same time period, from 521 to 566.

The percentage of educator preparation program completers working in Arkansas schools in their first year of teaching has remained steady since 2016-17, at about 61%. For 2018-19, of the 1,698 completers, 1,029 were employed in Arkansas public schools in 2019-2020.

According to DESE, demographic differences exist in the makeup of Arkansas public school students and Arkansas public school teachers, educator preparation program candidates, and educator preparation program completers, as shown in the following graphs:



RECRUITMENT AND RETENTION

As part of the 2020 adequacy process, the BLR conducted online surveys of superintendents and principals in Arkansas. The BLR also visited a randomly selected, representative sample of 74 schools and interviewed their principals. Teachers in the 74 schools were invited to complete an online, confidential survey.

Barriers to Teacher Recruitment and Retention

Principals and superintendents both ranked difficulty in offering competitive salaries as the highest barrier to both teacher recruitment and retention. Other highly ranked issues included scarcity of appropriately licensed teachers and high demand for teachers with certain credentials.

Programs to Address Recruitment and Retention

Principals and superintendents cited the Arkansas Professional Pathway to Educator Licensure (APPEL) as one of the most useful programs in recruiting and retaining teachers, along with the State Teacher Education Program (STEP) loan forgiveness.

Working Conditions

The teacher survey asked teachers to list the primary reasons they chose to teach at their current school. Top reasons included location, proximity to family, and the school's rating or reputation.

The survey also asked under what conditions teachers would be willing to relocate to teach in a high-poverty or remote rural community. The top answers were higher salary, they were already working in such a community, or none.

Almost a quarter of teachers indicated they were considering a move to a different school or district, with the top reasons being stress/workload, higher pay or leadership issues in the current district or school. Almost one-third of teachers indicated that they were considering leaving the profession, with the top reasons being stress/workload, salary, lack of student accountability and lack of respect for the profession.

Teachers were asked about how well they were prepared to handle certain aspects of teaching in their first year and in the current year. Teachers indicated that they felt least prepared to teach students who are limited-English proficient or English-language learners and special needs students, both in the first year and in the current year. Teachers felt most prepared to teach their subject matter and use computers in classroom instruction in the first year; teachers felt most prepared to teach their subject matter and handle classroom management or discipline situations in the current year.

PROFESSIONAL DEVELOPMENT

Districts and open-enrollment public charters must include at least six PD days in educator contracts (§ 6-17-2402). Among those days, educators are required to complete two hours of the following on a rotating basis over four years: child maltreatment, parental involvement, teen suicide awareness and prevention, and Arkansas history (for those teaching Arkansas history).

Additionally, educators are required to receive professional awareness on dyslexia. Districts are required to make available 30 minutes of PD on human trafficking as well as provide PD in specific scientific instruction. Athletic coaches shall complete training pertaining to health emergencies, environmental issues affecting student safety, communicable diseases, and cardiac arrest every three years. Licensed public-school personnel must also receive PD in bullying prevention and recognition of the relationship between bullying and risk of suicide.

<p style="text-align: center;">2018-19 PD Funding: \$13,082,000</p> <p style="text-align: center;">2018-19 PD Expenditures: \$16,925,400</p>
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PD can be earned in the following ways: approved conferences, workshops, institutes, individual learning, mentoring, peer-coaching, study groups, National Board for Professional Teaching Standards certification, distance learning, micro-credentialing approved by the department, internships, and college or university course work (§ 6-17-704(d)). Up to 12 hours of PD credit may also be earned by licensed personnel for time required at the beginning of the school year for planning and preparing a curriculum and other instructional materials (§ 6-17-705(a)).

EDUCATOR SALARY AND BENEFITS

Arkansas does not mandate teacher salaries, but it does statutorily provide for a minimum salary for teachers. Although that minimum salary for Arkansas's teachers has been increasing, the ranking of Arkansas's minimum salary has been declining when compared to other state groupings.

For instance, compared to the 16 states belonging to the Southern Regional Education Board (SREB), Arkansas's minimum salary ranked 12th in 2019 and 14th in 2020.

When the states' minimum teacher salaries are adjusted for the cost of living (COLA), Arkansas's minimum salary ranking rises to 9th for both 2019 and 2020. Among the surrounding states, Arkansas's minimum salary ranked 4th in 2019 and 6th in 2020, and remained at 4th in 2019 and 2020 when adjusted for the cost of living. Missouri is the only surrounding state that is not in the SREB. Its minimum teacher salary was lower than Arkansas's in 2018 and 2019.

SREB States' Minimum Salary Rankings -- 2019 and 2020						
SREB States	2019 Minimum Salary	2019 Rank		SREB States	2020 Minimum Salary	2020 Rank
Maryland ¹	\$42,370	1		Maryland ¹	\$43,531	1
Delaware	\$41,829	2		Delaware	\$42,666	2
Alabama	\$39,301	3		Alabama	\$40,873	3
Oklahoma	\$36,601	4		Georgia	\$37,092	4
Kentucky	\$36,558	5		Oklahoma	\$36,601	5
North Carolina	\$35,000	6		Kentucky	\$36,558	6
Tennessee	\$35,000	6		Tennessee	\$36,000	7
Mississippi	\$34,390	8		Mississippi	\$35,890	8
Georgia	\$34,092	9		North Carolina	\$35,000	9
West Virginia	\$32,335	10		West Virginia	\$34,455	10
Florida ¹	\$31,900	11		Texas	\$33,660	11
Arkansas	\$31,800	12		Louisiana ²	\$33,450	12
Virginia ¹	\$31,700	13		Virginia ¹	\$32,823	13
South Carolina	\$28,190	14		Arkansas	\$32,800	14
Texas	\$28,080	15		Florida ¹	\$32,237	15
Louisiana ²				South Carolina	\$28,190	16
SREB States' COLA Adjusted Minimum Salary Rankings -- 2019 and 2020						
SREB States	2019 Minimum Salary COLA Adjusted	2019 Rank		SREB States	2020 Minimum Salary COLA Adjusted	2020 Rank
Alabama	\$38,818	1		Alabama	\$39,911	1
Oklahoma	\$36,726	2		Mississippi	\$36,863	2
Mississippi	\$35,473	3		Oklahoma	\$36,855	3
Kentucky	\$35,204	4		Georgia	\$36,219	4
Delaware	\$34,883	5		Tennessee	\$35,391	5
Tennessee	\$34,570	6		Delaware	\$34,441	6
Georgia	\$33,045	7		Kentucky	\$34,202	7
North Carolina	\$32,915	8		West Virginia	\$33,015	8
Arkansas	\$31,800	9		Arkansas	\$32,800	9
West Virginia	\$30,184	10		North Carolina	\$32,089	10
Maryland ¹	\$28,526	11		Texas	\$31,902	11
Florida ¹	\$28,513	12		Louisiana ²	\$31,294	12
Virginia ¹	\$27,473	13		Maryland ¹	\$29,714	13
Texas	\$27,188	14		Florida ¹	\$28,593	14
South Carolina	\$25,351	15		Virginia ¹	\$28,194	15
Louisiana ²				South Carolina	\$25,444	16

See next page for notations

¹The state does not mandate a minimum salary amount. This minimum is the lowest minimum established by the state's school districts.

² The state does not mandate a minimum salary amount. After numerous attempts, we could only obtain 45 of the 69 minimum salary amounts for Louisiana's school districts, and only for 2019-20. The amount shown above is the lowest minimum salary of the sample to which we had access.

Sources: Various Department of Education websites and email and phone exchanges with relevant staff at various Departments of Education and Louisiana Legislative Staff.

SCHOOL DISTRICT MINIMUM TEACHER SALARIES

An almost \$16,000 differences exists between the minimum salary amounts adopted by Arkansas's individual school districts. In 2020, Springdale School District adopted the highest minimum salary of \$48,282, while 71 school districts adopted the state mandated minimum of \$32,800 as their minimum salary.

The table below provides the highest and lowest minimum salaries adopted by Arkansas school districts between 2014 and 2020. As the state mandated minimum salary has risen in recent years, the variance between the highest and lowest district-level minimum salary has declined, and the number of districts adopting the state-mandated minimum has increased. Only nine districts adopted the state-mandated minimum in 2014 while 71 did in 2020.

	Highest Minimum Salary	Lowest Minimum Salary	Difference
2014	\$45,820	\$29,244	\$16,576
2015	\$46,500	\$29,244	\$17,256
2016	\$46,816	\$30,122	\$16,694
2017	\$47,016	\$31,000	\$16,016
2018	\$47,266	\$31,400	\$15,866
2019	\$47,766	\$31,800	\$15,966
2020	\$48,282	\$32,800	\$15,482

It was not possible to divide the districts into quartiles with equal numbers of districts based on minimum salaries due to the significant number of districts with minimum salaries at the state mandated minimum salary. There is a concentration of a large number of districts at the lowest end of district minimum salaries, and fewer districts at the highest end of the minimums.

2020 Minimum Salary Groupings				
Salary Group	Actual Lower Salary Range	Actual Upper Salary Range	Range	# of Districts
Group 1 (\$32,800-\$32,800)	\$32,800	\$32,800	\$0	71
Group 2 (\$32,801-\$34,999)	\$32,805	\$34,950	\$2,199	74
Group 3 (\$35,000-\$39,999)	\$35,000	\$39,911	\$5,000	64
Group 4 (\$40,000-\$48,282)	\$40,000	\$48,282	\$8,283	26

OPEN ENROLLMENT CHARTER SCHOOLS MINIMUM SALARIES

In 2020, the 24 charter schools in operation had minimum salaries for teachers ranging from \$32,000 at ScholarMade Achievement Place and Exalt Academy of Southwest Little Rock to \$43,000 for Haas Hall Academy - Fayetteville and Haas Hall Academy - Bentonville. A smaller gap exists between the highest and lowest minimum salaries for charters than for traditional public schools. This difference from traditional public schools could be due in part to 21 of the 24 charters receiving a waiver from the minimum teacher compensation schedule requirements found in A.C.A. § 6-17-2403.

AVERAGE SALARY

Arkansas’s 2019 average teacher salary as reported by the National Education Association (NEA) for state-to-state comparisons was \$49,438 which ranked 13th among the 16 SREB states, but rose to 9th when a cost of living adjustment was applied to the salaries. Arkansas’s 2019 salary ranking fell one place, to 13th, from the prior year’s ranking of 12th, and the COLA-adjusted average salary ranking fell as well, from 7th to 9th. The table below provides the average salary and rank for each SREB state for 2018 and 2019.

SREB States’ NEA Average Salary Ranking -- 2018 and 2019					
States	2018 NEA Avg. Salary	2018 Rank	States	2019 NEA Avg. Salary	2019 Rank
Maryland	69,627	1	Maryland	70,463	1
Delaware	62,422	2	Delaware	63,662	2
Georgia	56,329	3	Georgia	57,095	3
Texas	53,334	4	Texas	54,121	4
Virginia	53,091	5	North Carolina	53,940	5
Kentucky	52,952	6	Kentucky	53,434	6
North Carolina	51,234	7	Virginia	53,267	7
Tennessee	50,958	8	Oklahoma	52,397	8
Alabama	50,568	9	Alabama	52,009	9
Louisiana	50,359	10	Tennessee	51,349	10
South Carolina	50,182	11	South Carolina	50,882	11
Arkansas	49,096	12	Louisiana	50,288	12
Florida	48,168	13	Arkansas	49,438	13
Oklahoma	46,300	14	Florida	48,314	14
West Virginia	45,642	15	West Virginia	47,681	15
Mississippi	44,926	16	Mississippi	45,105	16

Source: National Education Association’s (NEA) Rankings of the States 2019 and Estimates of School Statistics 2020, May 2020, Table B-6 Average Salaries of Public School Teachers.

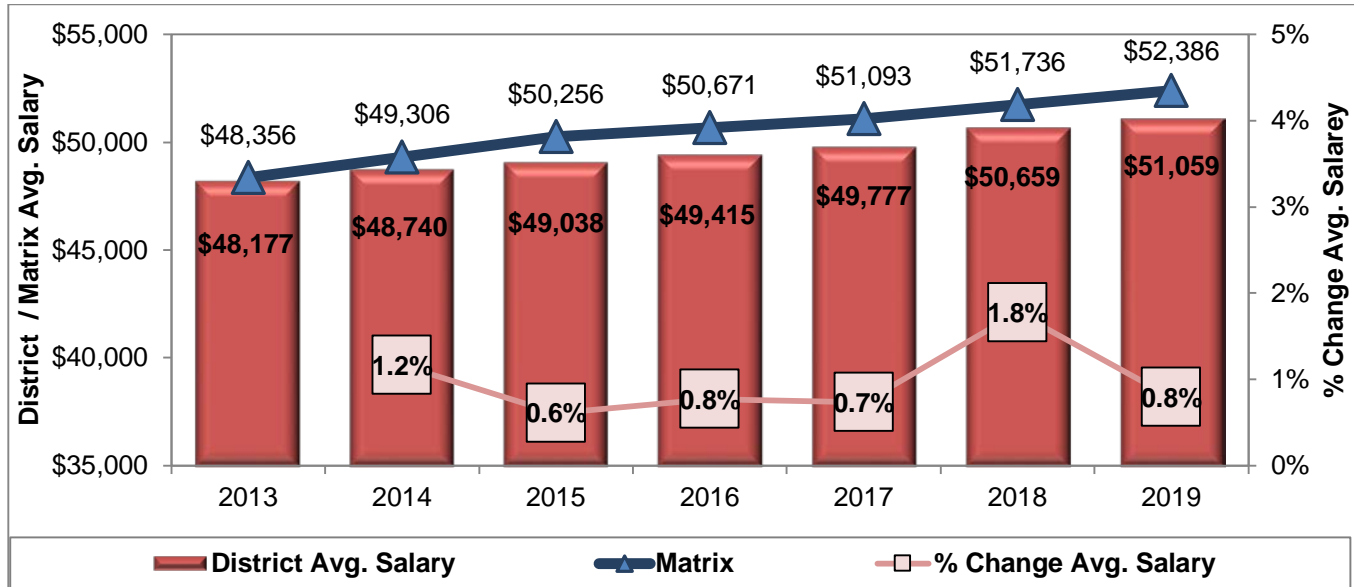
SREB States’ NEA COLA Adjusted Average Salary Ranking -- 2018 and 2019					
States	2018 COLA Adj. Salary	COLA Adj. Rank	States	2019 COLA Adj. Salary	COLA Adj. Rank
Georgia	\$54,600	1	Georgia	\$55,751	1
Delaware	\$52,058	2	Oklahoma	\$52,760	2
Texas	\$51,640	3	Delaware	\$51,390	3
Kentucky	\$50,991	4	Texas	\$51,294	4
Tennessee	\$50,332	5	Alabama	\$50,785	5
Alabama	\$49,946	6	Tennessee	\$50,480	6
Arkansas	\$49,096	7	Kentucky	\$49,990	7
North Carolina	\$48,182	8	North Carolina	\$49,454	8
Louisiana	\$47,561	9	Arkansas	\$49,438	9
Maryland	\$46,878	10	Maryland	\$48,098	10
Oklahoma	\$46,458	11	Louisiana	\$47,047	11
Mississippi	\$46,341	12	Mississippi	\$46,328	12
Virginia	\$46,012	13	South Carolina	\$45,926	13
South Carolina	\$45,128	14	Virginia	\$45,755	14
Florida	\$43,054	15	West Virginia	\$45,688	15
West Virginia	\$42,606	16	Florida	\$42,853	16

Sources:
 National Education Association’s (NEA) Rankings of the States 2019 and Estimates of School Statistics 2020, May 2020, Table B-6 Average Salaries of Teachers.
 Missouri Cost of Living Data Series Index, Missouri Economic Research and Information Center, 2018 and 2019, 2018 received by email from MERIC staff, and 2019 found at <https://meric.mo.gov/data/cost-living-data-series>.

Among the surrounding states, Arkansas’s 2019 average salary ranked 6th, and this ranking rose to 4th after applying a cost of living adjustment to the salaries. Missouri is the only surrounding state that is not in the SREB. Its average teacher salary was higher than Arkansas’s in both years.

The NEA average salary amounts are not available at the district levels, so the BLR used data from APSCN, to calculate an average salary for all districts and an overall statewide average based on the same methodology. The chart below illustrates that Arkansas’s average teacher salaries grew from \$48,177 in 2013 to \$51,059 in 2019, an increase of \$2,882 or 6%. The teacher salary amount used in the matrix to calculate foundation funding increased \$4,030, or 8.3%, and has consistently been higher than the statewide average teacher salary paid.

Statewide District Average Teacher Salary – 2013 – 2019



Data Source: BLR Analysis of DESE – APSCN Data

The table below shows the matrix salary amounts exceeded the actual average salary amounts paid each year for the period 2013 through 2019. **The variance between the two is growing, from \$179 in 2013 to \$1,327 in 2019.**

	2013	2014	2015	2016	2017	2018	2019
Matrix Salary	\$48,356	\$49,306	\$50,256	\$50,671	\$51,093	\$51,736	\$52,386
Average Salary	\$48,177	\$48,740	\$49,038	\$49,415	\$49,777	\$50,659	\$51,059
Difference	\$179	\$566	\$1,218	\$1,256	\$1,316	\$1,077	\$1,327

District Average Teacher Salaries

A variance of more than \$21,000 exists between the highest and the lowest average salaries paid by individual school districts in 2018-19. Fayetteville School District paid the highest average salary of \$60,963, and Lead Hill School District paid the lowest average salary of \$39,578. What’s more, 162 districts’ 2019 average salaries fell below the 2019 highest district minimum salary, Springdale School District’s \$47,766.

The next table provides the highest and lowest average salaries paid by Arkansas school districts between 2013 and 2019. The variance between the highest and lowest average district-level salaries is significant, but is gradually declining over time.

Year	Highest Avg. Salary	Lowest Avg. Salary	Difference
2013	\$58,135	\$36,818	\$21,318
2014	\$58,621	\$37,664	\$20,956
2015	\$58,982	\$36,617	\$22,366
2016	\$59,176	\$36,367	\$22,810
2017	\$59,814	\$37,965	\$21,850
2018	\$59,991	\$38,484	\$21,508
2019	\$60,963	\$39,578	\$21,385

Data Source: BLR analysis of DESE – APSCN Data.

The following table shows the 2019 average salaries of all school districts divided into average salary quartiles. The salary range for districts whose average salaries fall within Quartiles 1 through 3 (upper range for Quartile 3 minus lowest range for Quartile 1) is \$9,631, which is less than half the total range of average salaries for all districts, \$21,385, which illustrates a compression of a large number of districts in the lower average salary ranges.

2019 Average Teacher Salary Quartiles				
Quartile	Lower Range	Upper Range	Range of Each Quartile	# of Districts
1	\$39,578.28	\$44,018.74	\$4,440.46	59
2	\$44,018.75	\$45,858.30	\$1,839.55	58
3	\$45,858.31	\$49,209.48	\$3,351.17	59
4	\$49,209.49	\$60,963.00	\$11,753.51	59

Comparable Wage Index for Teachers (CWIFT) Adjusted Average Salaries

The 2019 average salary for each school district has been adjusted by the Comparable Wage Index for Teachers (CWIFT) created by the National Center for Education Statistics as a way to observe cost of living differences that exist among districts. The CWIFT is an experimental index that estimates cost of living differences and may not be exact. Because wages paid to teachers comprise the largest costs for school districts, the CWIFT is focused on measuring the variation in labor costs by geographic location, and each CWIFT value has been “normalized to the national average wage.”²⁷ The CWIFT is “designed to identify geographic variation in wages for college-educated workers outside of the education field after controlling for job-related and demographic characteristics.”²⁸

The following table shows the 2019 CWIFT adjusted average salaries of all school districts divided into average salary quartiles. The total range between the lowest and highest adjusted average salary is \$36,242. The salary range for districts whose average salaries fall within Quartiles 1 through 3 (upper range for Quartile 3 minus lowest range for Quartile 1), is \$23,670, which is almost two-thirds of the total range of CWIFT adjusted average salaries for all districts, \$36,242. It is almost double the range for the highest salary quartile, Quartile 4 - \$12,572. The CWIFT adjusted salaries are not as compressed in the lower salary quartiles as the non-adjusted average salaries.

²⁷ Cornman, S.Q., Nixon, L.C., Spence, M.J., and Taylor, L.L., Geverdt, D.E. (2019). Education Demographic and Geographic Estimates (EDGE) Program: American Community Survey Comparable Wage Index for Teachers (ACS-CWIFT) (NCES 2018-130). U.S. Department of Education. Washington, DC: National Center for Education Statistics. Retrieved May, 2020 from <https://nces.ed.gov/programs/edge/Economic/TeacherWage>

Data file: Education Demographic and Geographic Estimates (EDGE) Program. American Community Survey Comparable Wage Index for Teachers (ACS-CWIFT), 2017. Washington, DC: U.S. Department of Education, National Center for Education Statistics. Data retrieved May 2020. https://nces.ed.gov/programs/edge/data/EDGE_ACS_CWIFT_2017.zip. ACS Data used: 2015-2017.

According to the NCES CWIFT Report, “The goal of any geographic cost index is to measure uncontrollable differences in the purchasing power of school districts so that comparisons among districts or across time can be based on real educational resources. Where costs are high, districts are unable to purchase as many real resources for each dollar of expenditure; where costs are low, districts have greater purchasing power and are able to provide more real resources for similar levels of spending. In other words, school districts in high cost environments must spend more than school districts in low cost environments just to provide the same level of educational services. A geographic cost index attempts to describe how much more. The cost of labor, in particular the wages paid to teachers, is one of the largest costs for school districts. For this reason, NCES has focused on measuring the variation in labor costs by geographic location. The CWIFT is designed to identify geographic variation in wages for college-educated workers outside of the education field after controlling for job-related and demographic characteristics.” (pages 1-2)

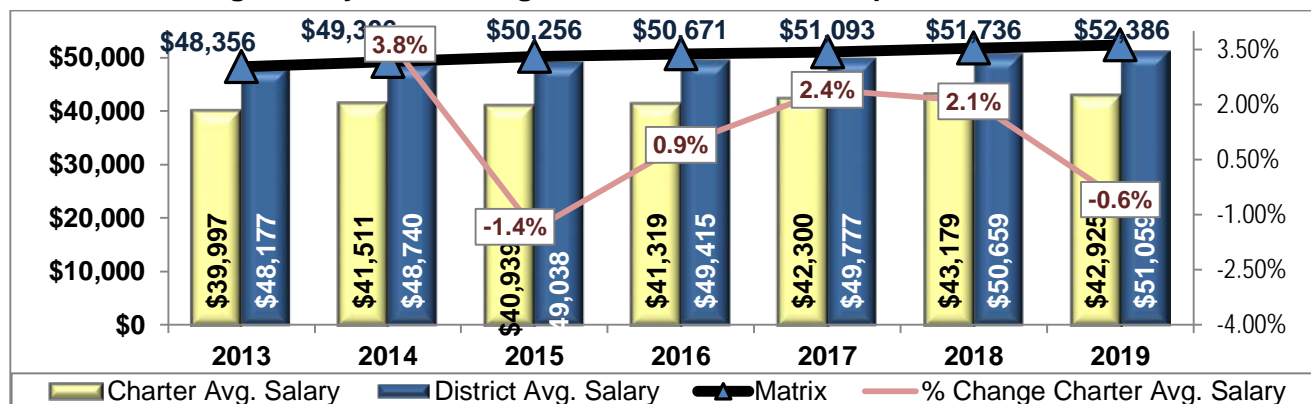
²⁸ Id.

2019 CWIFT Adjusted Average Teacher Salary Quartiles				
	Lower Range	Upper Range	Range of Each Quartile	# of Districts
Quartile 1 (\$36,448.37-\$53,666.63)	\$36,448.37	\$53,666.63	\$17,218.26	59
Quartile 2 (\$53,666.64-\$57,206.53)	\$53,666.64	\$57,206.53	\$3,539.89	58
Quartile 3 (\$57,206.54-\$60,118.18)	\$57,206.54	\$60,118.18	\$2,911.64	59
Quartile 4 (\$60,118.19-\$72,690.14)	\$60,118.19	\$72,690.14	\$12,571.95	59

Charter Average Salaries

Charter average salaries ranged from \$39,997 in 2013 to \$42,925 in 2019, an increase of \$2,928, or 7.3%. Like traditional school districts, average salaries fell below the matrix salary amount used in calculating foundation funding, and the variance grew from \$8,359 in 2013 to \$9,461 in 2019.

Charters' Average Salary 2013 through 2019 with District Comparison



HEALTH INSURANCE

The Public School Employee Health Insurance Plan has long been funded by three sources:

- A premium payment employees pay each month
- A monthly contribution paid by each district for each employee participating in the health insurance plan
- Payments the Division of Elementary and Secondary Education (DESE) pays the health plan administrator, Employee Benefits Division (EBD), from funding appropriated for that purpose

The following table provides the funding DESE paid directly to EBD for the public school Employee Health Insurance program each year since 2008. These figures include funding for employees in other educational organizations beyond the school districts and charter schools, including the education service cooperatives and secondary area vocational centers. The state funding paid directly to EBD for public school employees' health insurance increased by about 142% between fiscal years 2008 and 2019.

Fiscal Year	Total DESE Payments to EBD	Fiscal Year	Total DESE Payments to EBD
2008	\$38,141,436	2014	\$96,657,764
2009	\$38,145,368	2015	\$89,938,675
2010	\$53,445,881	2016	\$91,794,218
2011	\$53,445,553	2017	\$92,127,882
2012	\$53,400,152	2018	\$92,300,362
2013	\$53,504,008	2019	\$92,428,994

Data Source: AASIS

Districts' expenditures also have increased in recent years, although not nearly as dramatically as the direct funding to EBD. Districts and charter school health insurance expenditures increased from about \$93 million in FY13 to \$106.2 million in FY19, according to expenditure data districts recorded in APSCN.

While state statute requires districts and charter schools to pay a minimum monthly amount for each employee participating in the health plan (\$159.10 in calendar year 2019), districts and charter schools are free to pay more than the statutory minimum. The average contribution by districts and charter schools in 2019 of about \$172 was more than the required minimum amount. There was an increase of \$493, or 1.1%, in the number of employees participating in the health insurance plan in 2019.

Calendar Year	Districts/Charters Paying the Minimum Contribution Only	Districts/Charters Paying More Than the Minimum	Total Insured Employees By Districts/Charters	Range
2014	180	75	45,165	\$150-\$417
2015	187	68	43,689	\$153-\$416.66
2016	158	99	43,665	\$154.48-\$418.14
2017	123	134	44,199	\$155.93-\$416.66
2018	113	146	45,073	\$157.50-\$416.67
2019	96	163	45,566	\$159.10-\$418.27

Data Source: Employee Benefits Division. Data above do not include insured employees of education service cooperatives, vocational centers, or the Arkansas School for the Deaf/Blind.

Districts do not appear to use their health insurance contributions to balance or boost teacher compensation. The following table shows the average monthly district contribution (not including open enrollment charter schools) for each of four 2019-20 minimum salary groups used in the Teacher Salary Report prepared by the BLR. No statistically significant relationship existed between the starting salaries in school districts and the size of the contribution that each district made towards its staff's health insurance.

2019-20 Minimum Salary Group	2019 Calendar Year Average Monthly District Contribution
Group 1 (\$32,800-\$32,800)	\$160.51
Group 2 (\$32,801-\$34,999)	\$171.16
Group 3 (\$35,000-\$39,999)	\$176.73
Group 4 (\$40,000-\$48,282)	\$167.52

Data Source: DESE, Teacher Salary Schedule Analysis, http://www.arkansased.gov/public/userfiles/Fiscal_and_Admin_Services/Publication%20and%20reports/Salary%20Reports/Teacher_Salary_Schedule_Analysis_20162017_revised_3_20_17.pdf and Howlett, C., Employee Benefits Division, Minimum Contributions by District, July 1, 2020 email.

Meanwhile, open enrollment public charter school monthly contributions averaged about \$206 and ranged from \$159.10 to \$418.27 per participating employee, and their minimum salaries ranged from \$32,000 to \$43,000. There is a negative correlation between charter school health insurance contributions and minimum salaries, so generally, as minimum salaries for charter schools increase, the contributions by charter schools for health insurance decrease.

TEACHER RETIREMENT

For many years, districts have been required to contribute 14% of every school employee's salary to the Arkansas Teacher Retirement System (ATRS). Act 1446 of 2013 gave ATRS the authority to increase the employer contribution percentage to 15%, and in November 2017, the ATRS Board of Trustees voted to increase the percentage beginning in 2019-20 to 14.25%. The employer contribution will increase a quarter of a percentage point each year over the four-year period, FY20 through FY23.

EDUCATOR EVALUATIONS

Arkansas has two statewide evaluation systems in place to observe, evaluate, and support teachers and principals. These include the Teacher Excellence and Support System (TESS) and the Leader Excellence and Development System (LEADS).

TEACHER EVALUATION AND SUPPORT SYSTEM

Act 1209 of 2011 created the statewide teacher evaluation system known as TESS. It is used for licensed and non-licensed K-12 classroom and specialty teachers such as librarians and school counselors. TESS began with a soft rollout in 11 schools in 2011-12. That was followed by a statewide pilot in 2013-14 and then full implementation in all schools beginning in 2014-15.

TESS is based on Charlotte Danielson's Framework for Teaching. The framework measures teachers' effectiveness in the four domains: **planning and preparation, classroom environment, instruction, and professional responsibilities**. Each domain has multiple components.

TESS has undergone a number of changes since it was first created. For instance, student growth measures initially were a required component; now, they can still be used in the evaluation but there is no requirement as to their impact on the overall rating. Another change decreased the frequency TESS was to be administered for each teacher, going from once every three years to once every four years. Act 295 of 2017 gave more flexibility and local control to schools and districts.

LEADER EXCELLENCE AND DEVELOPMENT SYSTEM

Unlike the TESS requirements first put forth in Act 1209 of 2011, the only initial requirement for evaluating administrators (also referred to as leaders) was that DESE provide technical assistance to districts to develop and implement an administrator evaluation system similar to TESS. Act 709 of 2013 authorized (but did not require) DESE to develop and implement an evaluation system for school administrators known as LEADS. However, DESE did develop LEADS pursuant to this authorization. LEADS is used for building-level administrators, such as principals and assistant principals. It does not include superintendents. All districts and schools piloted LEADS in 2013-14 and fully implemented it beginning in 2014-15.

Previously, the LEADS framework was based on the Interstate School Leaders' Licensure Consortium Standards adopted by the National Policy Board for Educational Administration (NPBEA). This framework was replaced with the Professional Standards for Educational Leaders, also from the NPBEA. The rubric format was also reworked to mirror the TESS rubric with domains and components. The four domains used under LEADS 2.0 include **school organization and management, school culture and climate, teaching and learning, and human capital management**. These new standards were piloted in 2018-19 and were implemented statewide in 2019-20 as LEADS 2.0.

EVALUATION PROCESS

Both evaluation processes operate similarly, with some notable differences. Their similarities include:

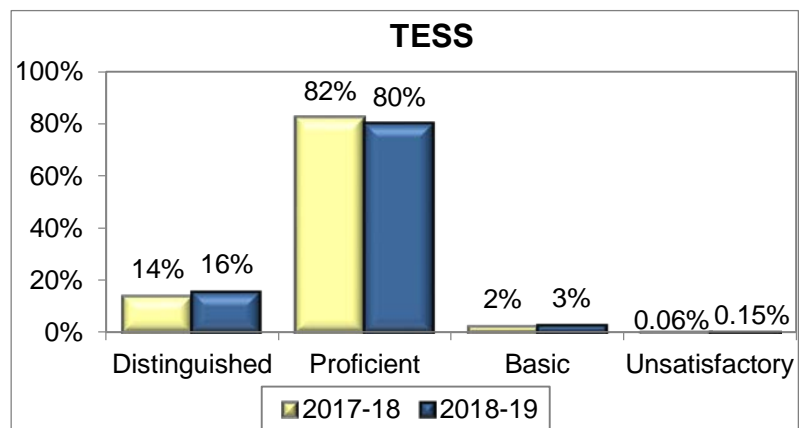
- Novice Teachers or Beginner Administrators are defined as those with less than three years of experience.
- Career Summative Educators include those with three years or more experience.
- All career summative educators are given a summative evaluation every four years.
- Evaluations can be given at any time.
- Novice or beginners must receive support by their respective district or charter.
- Four rating options are available for teachers and administrators.
- Educators create a Professional Growth Plan with their evaluator.
- Waivers are available through the Arkansas State Board of Education.
- Educators can be placed in Intensive Support Status.

TESS and LEADS differ in the types of evidence used in the evaluation. In TESS, the evaluation is based on direct observation, indirect observation, artifacts and data. The evaluator schedules and conducts announced and unannounced observations of teachers. In LEADS, the evaluator uses formative observation conferences which can consist of several formats. The administrator does not have to be observed directly. The evaluator can also gather evidence from stakeholders, students or the school’s physical environment.

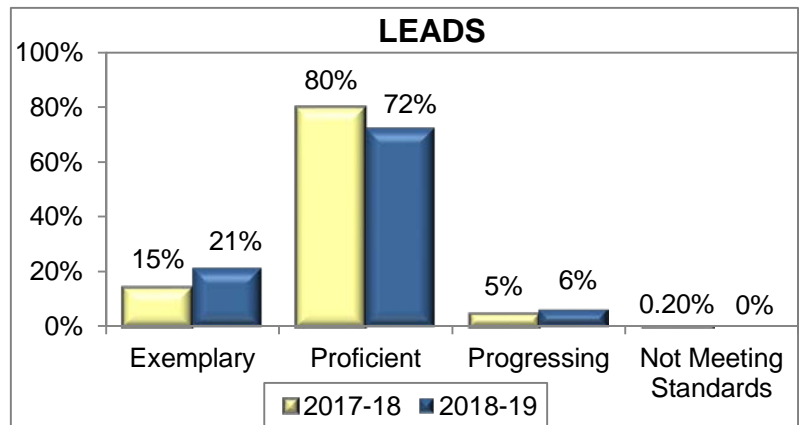
TESS AND LEADS RATINGS

The following charts show the state level TESS and LEADS ratings for 2017-18 and 2018-19. The state requires that educators be evaluated only once every four years, and novice educators are not required to receive a summative evaluation. However, schools or districts can choose to evaluate any educator at any time. These ratings do not include specialty teachers like school counselors or gifted and talented teachers but do include ratings from districts and charters that have a waiver from TESS, as well as the Arkansas School for the Blind and School for the Deaf, preschools, and the Excel Charter.

The following chart shows that 96% of between 6,600 and 8,000 teachers who received summative evaluations in each of the past two years got a rating of proficient or exceeding. The percentage of teachers scoring proficient dropped by two percentage points, while the percentage of teachers scoring distinguished increased by two percentage points. About 3% of teachers received a rating of basic or unsatisfactory, which is a decrease of one percentage point.



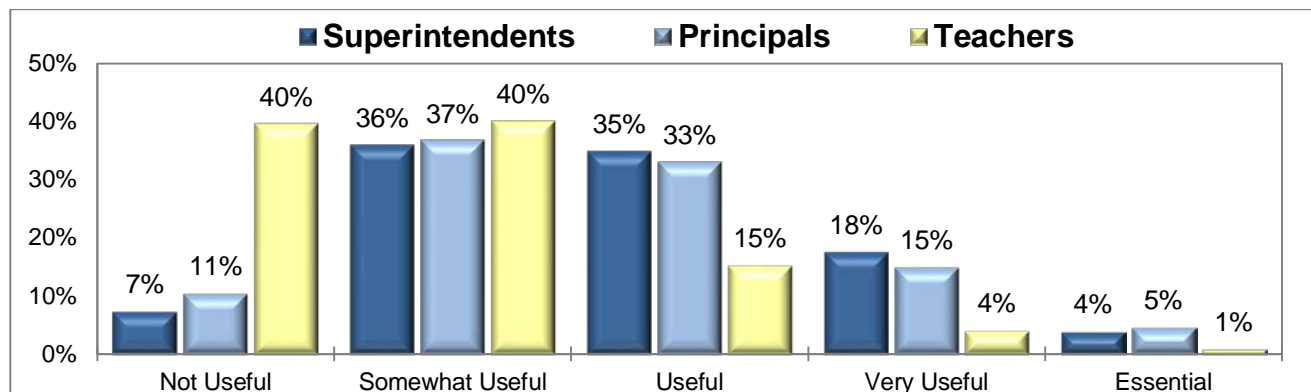
The following chart shows the combined state level ratings for principals, assistant principals and non-principal administrators like special education coordinators. About 93% of administrators received a rating of proficient or exemplary. This has decreased two percentage points since 2017-18. About 6% of administrators received a rating of progressing in 2018-19, an increase of one percentage point since 2017-18.



SURVEY RESULTS

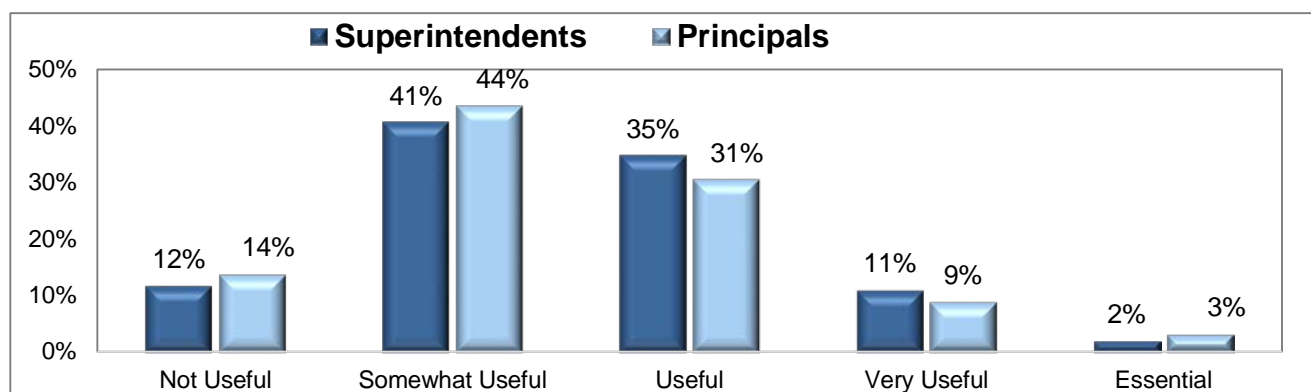
In the 2020 adequacy survey, teachers, principals and superintendents were asked how useful the TESS evaluation system was in terms of providing support and improving teaching in their districts. About 40% of teachers considered TESS not useful compared to 7% of principals and 11% of superintendents. Only 20% of teachers considered TESS to be useful, very useful, or essential, compared to about 45% for principals and superintendents. Less than 5% of all teachers, principals and superintendents found it to be essential.

Survey Question: How useful is the new TESS evaluation system in terms of providing support and improving teaching in your district?



Principals and superintendents were also asked how useful the LEADS evaluation system was in terms of providing support and improving leadership in their districts. More than half of both superintendents and principals considered LEADS to be somewhat or not very useful.

Survey Question: How useful is the LEADS evaluation system in terms of providing support to school leaders and improving leadership in your district?



STAFFING COMPARISONS NATIONALLY

One measure of the adequacy of Arkansas's education funding system is its staffing levels compared with those of other states. The 2017-18 school year is the most recent for which national data are available through the National Center for Education Statistics (NCES).

Nationally Arkansas ranked high (top 10) in the staffing levels for librarians, student support services (health services, speech pathology, etc.), and district administrative support staff. The state ranked between 11th and 20th in the number of school administrative support, guidance counselors, instructional coordinators, and pupil to teacher ratio, and ranked between 25th and 35th in the number of school administrators, district administrators and library support staff.

	U.S. Average	AR Average	U.S. Rank (of 51)	SREB Rank (of 16)	Surrounding States Rank (of 7)
Pupil to Teacher Ratio	16.0	13.9	15 th lowest	lowest	2 nd lowest

	U.S. Average Per 500 Students	AR Average Per 500 Students	U.S. Rank (of 51, unless otherwise noted)	SREB Rank (of 16 unless otherwise noted)	Surrounding States Rank (of 7)
Instructional Coordinators	0.94	.99	20 th highest	5 th highest	1 st
Librarians	0.42	0.96	3 rd highest	1 st	1 st

	U.S. Average Per 500 Students	AR Average Per 500 Students	U.S. Rank (of 51, unless otherwise noted)	SREB Rank (of 16 unless otherwise noted)	Surrounding States Rank (of 7)
Library Support Staff	0.24	0.17	32 nd highest (of 49)	7 th highest	3 rd highest
Guidance Counselors	1.13	1.30	20 th highest	7 th highest	3 rd highest
Student Support Staff	3.52	7.52	6 th highest	1 st	1 st
School Administrators	1.87	1.90	25 th highest	11 th highest	5 th highest
School Administrative Support Staff	2.56	2.94	13 th highest	3 rd highest	1 st
District Administrators	.73	.65	35 th highest	10 th highest	3 rd highest
District Administrative Support Staff	1.92	2.61	8 th highest	2 nd highest	2 nd highest

The following table provides selected definitions for the categories of staff listed above and the pupil to teacher ratio.

Pupil to Teacher Ratio	This is a calculation of the total number of students (including pre-kindergarten students) divided by the total number of teachers, regardless of class assignment.
Instructional Coordinators	Staff who supervise instructional programs at the school or district. Instructional coordinators may be most comparable to what Arkansas calls curriculum supervisors.
Student Support Staff	Employees who provide student support services are staff “whose activities are concerned with providing non-instructional services to students.” Staff in this category include attendance officers; staff providing health, psychology, speech pathology, audiology, or social services; as well as the supervisors of these employees and of transportation and food service workers.
School Administrators	School administrators include principals, assistant principals, as well as people who supervise school operations and coordinate school instructional activities.
School Administrative Support Staff	Staff who support the teaching and administrative duties of the office of the principal or department chairpersons.
District Administrators	District administrators include superintendents, deputy superintendents, assistant superintendents, district-level business managers and instructional support staff.
District Administrative Support Staff	District administrative support staff include business office support, data processing employees, and secretarial and other clerical staff.

SECTION 7: ARKANSAS’S LEARNING EXPECTATIONS

What and how students should learn has long been a legislative concern in Arkansas. Today’s academic standards, in fact, have their roots in legislation that was passed in 1983, the same year that the Arkansas Supreme Court ruled for the first time that the state’s education funding system was inequitable (*Dupree v. Alma School District*). Act 445 of 1983 significantly strengthened the requirements both for which courses schools were expected to teach *and* which of those courses students must successfully complete to graduate.

The new Standards for Accreditation of Arkansas Public Schools were intended to be a baseline for what all schools were to provide students, not the ceiling. Furthermore, to help ensure equity for students regardless of where they lived in Arkansas, the new standards stipulated that any district with a high school that did not teach all of the required courses would risk annexation or consolidation with another school district.

The 1984 Standards outlined subjects to be taught in grades K-4, 5-8 and 9-12, with the high school offerings to include 38 units that must be taught at least every other year (up from 24 units that had to be taught annually). That meant schools not only had to show they had a designated teacher for the course, but at least one student had to be enrolled in the course for the entire unit of time.

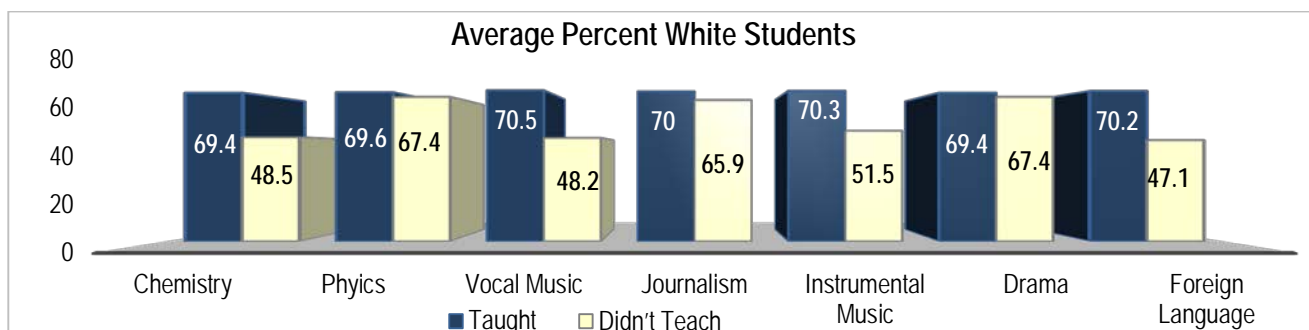
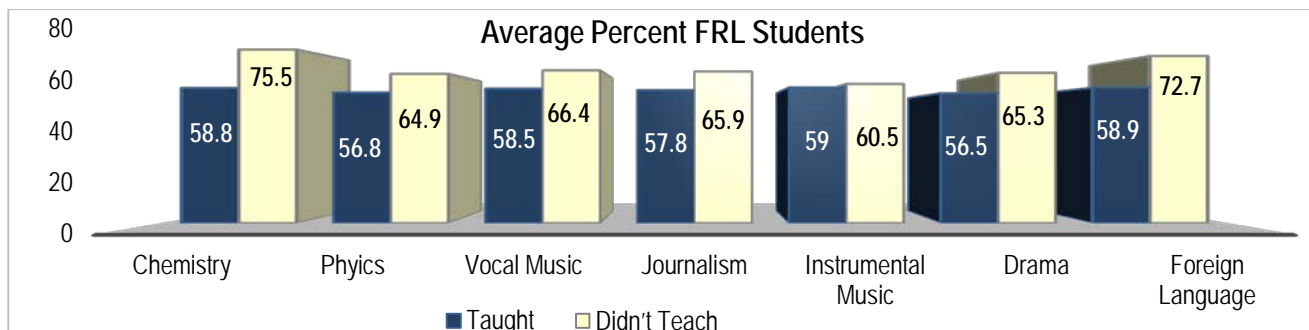
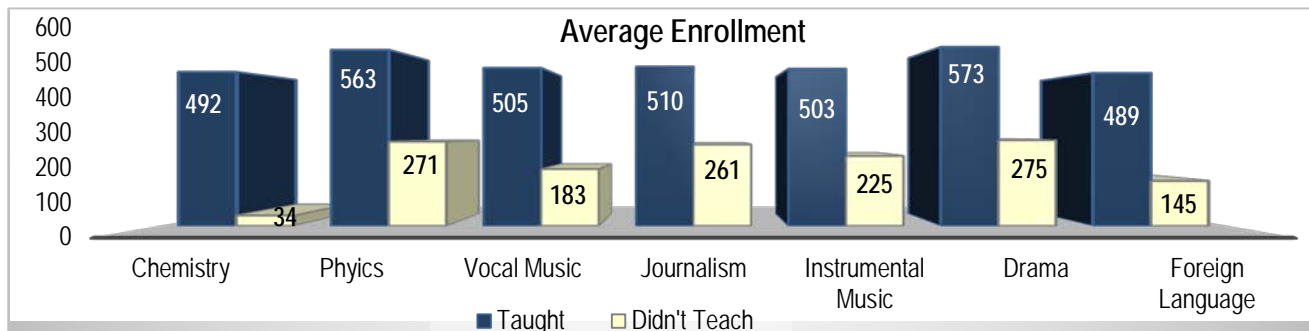
The Standards for Accreditation have been tweaked numerous times throughout the years, yet the mandate for schools to teach 38 specific units remained until the passage of Act 853 of 2015. That act

allowed a high school to *not teach* one of the required 38 units if it could show that it had offered the course(s) but that no one signed up for – or remained enrolled in – the course(s).

Another big change occurred with the 2018 revision of the Standards for Accreditation. The list of specific courses that were approved to be taught as the required 38, as well as the list of courses required for graduation, were removed from the rule, meaning that the legislature no longer has review authority over what those courses are. Instead, they are maintained in a separate document that is annually approved by the State Board of Education.

The first year the list was approved, the State Board of Education approved a set of courses that no longer required physics or journalism to be included as part of the required 38 and that reduced the oral communication requirement from one full year to one semester. (In lieu of one full year of oral communications, schools could opt to offer 1 semester of Drama ELA with one semester of oral communications. The list for the 2019-20 school year contained another change: no longer is chemistry one of the three science courses students are required to complete to graduate with a Smart Core (college ready) diploma.

A BLR analysis of courses actually taught in schools during the 2018-19 school year found that courses that are not mandated nor required for graduation are less likely to be taught in smaller schools, virtual and other charter schools and school with higher proportions of poverty or black students.



In terms of school governance, traditional high schools, including conversion charter high schools, were the most likely to offer all but one of the courses discussed in this section, as the following table shows. This may be more of a function of school size rather than governance, however, as virtual, alternative education and open enrollment charter schools tend to be smaller.

Percent Not Teaching Courses by School Governance

School Type	Chem.	Vocal Music	Instr. Music	For. Language	Physics	Journ- alism	Drama	AP
ALE	37.5%	87.5%	100%	62.5%	87.5%	37.5%	62.5%	62.5%
Virtual	25%	0%	75%	0%	25%	25%	100%	75%
O-E Charter	5%	30%	25%	20%	30%	40%	45%	40%
Traditional	0%	2.3%	1.1%	1.9%	26.3%	16.4%	26.7%	5.3%

EACH COURSE’S CONTENT MUST ADHERE TO STATE’S ACADEMIC STANDARDS

Act 930 of 2017, which created a new accountability system for the state, maintained DESE’s responsibility to establish the required courses and also the content – “academic standards” – taught within those courses. Instruction in all of the state’s public schools is to be based on these standards to “prepare students to demonstrate the skills and competencies necessary for successful academic growth and high school graduation.” The academic standards are to be reviewed and revised on a regular basis.

Content areas for which academic standards have been created include:

- Computer Science
- English Language Arts (revised from the Common Core State Standards)
- Fine Arts
- Foreign Language
- Library Media Services
- Physical Education and Health
- Science (Next Generation Science Standards)
- Social Studies
- English Language Proficiency
- Personal Finance

The Standards for Accreditation direct schools to adopt and implement curriculum aligned to the Arkansas Academic Standards. Furthermore, the rules state that students in grades K-4 and in grades 5-8 shall receive instruction annually based on the Arkansas Academic Standards in each of the following content areas:

Content Area	Grade Span(s)
English Language Arts	K-4, 5-8
Mathematics	K-4, 5-8
Social Studies	K-4, 5-8
Science	K-4, 5-8
Health/Safety/Physical Education	K-4, 5-8
Career and Technical Education	5-8
Arkansas History	A unit at each elementary grade with emphasis in grades 4 and 5; one full semester to all students at grade 7, 8, 9, 10, 11 or 12.

High schools are to offer **38** unique courses including:

Credits	Class
6	English Language Arts
6	Mathematics
5	Science
4	Social Studies
9	Career Education

Credits	Class
1 ½	Physical Education and Health
2	Foreign Language (same language)
1	Computer Science
3 ½	Fine Arts

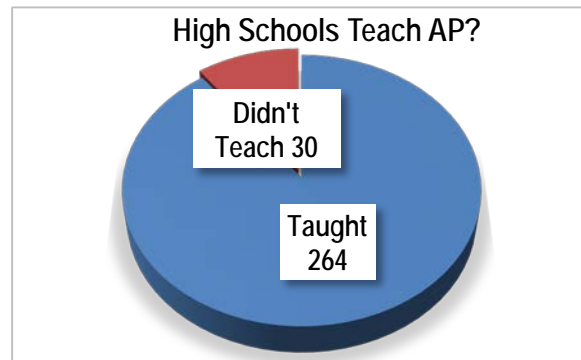
In addition, high schools must offer a transitional course (a rigorous course designed to help students who were assessed to be below college and career readiness standards meet those standards), and AP courses in endorsed areas. Schools may ask to have other courses approved as part of the required 38 courses they offer.

ADVANCED EDUCATIONAL COURSES

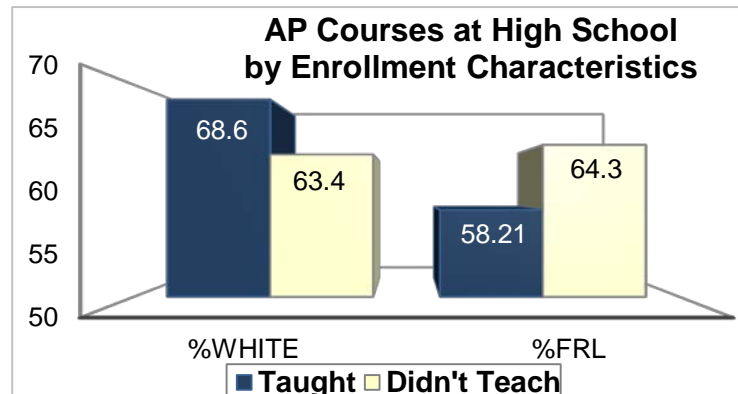
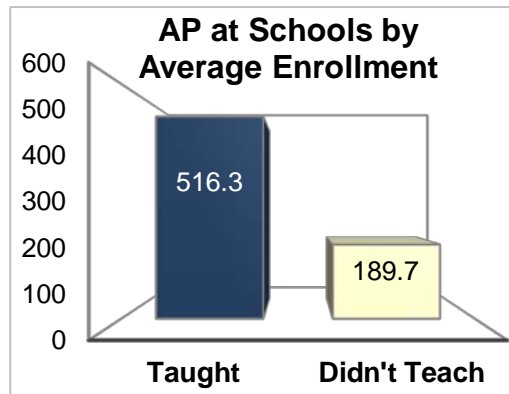
The Standards for Accreditation require schools to offer four advanced education courses (one each in English, math, social studies and science) in accordance with Arkansas laws and DESE rules. State statute allows for International Baccalaureate (IB) courses to be offered instead of AP courses.

The number of AP or IB courses taught at schools during the 2018-19 school year ranged from one AP course taught at 17 different high schools to 33 at Little Rock Central High School alone.

For the 2018-19 school year, **264 of 294 high schools** taught at least one AP or IB class. Of the 30 with no AP courses, five were alternative education centers, three were virtual charter schools, eight were charter schools and 14 were traditional or conversion charter high schools.



As with many other high school course offerings, students had more access to AP or IB courses in larger schools or in schools with lower percentages of free and reduced-price lunch students and higher percentages of white students, as shown in the following charts:



COMPUTER SCIENCE

Act 187 of 2015 required each public high school and public charter high school to offer a course “of high quality” in computer science. DESE’s website offers academic standards for the following high school options worth ½ credit per course level: Computer Science High School Courses Levels 1-4, which include Computer Science with Programming/Coding Emphasis, Mobile Application Development, Networking/Hardware Emphasis, Robotics and Information Security Emphasis. Other high school courses for which DESE has frameworks are Advanced Programming, Advanced Networking, Advanced Information Security, Computer Science Independent Study and Computer Science Internship.

In addition, DESE also has academic standards for grades K-8 so that computer science learning standards can be incorporated into the instruction at each grade level. In December of 2017, Governor Hutchinson announced that he was directing \$500,000 in state funding to provide stipends of up to \$2,000 for elementary and middle school computer science teachers to take training on higher-level computer science concepts and on how to assist other teachers with embedding computer science standards into their teaching of other subjects.²⁹ Most recently, Governor Hutchinson announced a new set of academic standards focused on cyber security to be available for course offerings in the 2020-21 school year.

²⁹ “Teacher stipends set for computer science” by Cynthia Howell, Arkansas Democrat-Gazette, Dec. 6, 2017.

The introduction of computer science as a mandatory offering has garnered the state national recognition in the last few years by organizations such as Facebook, Microsoft, Code.org and the Computer Science Teachers of America.

Enrollment in high school computer science courses continues to grow in both traditional (including conversion charters) and open-enrollment public charter high schools.

Year	# Districts	# Charter Systems	# Trad. High Sch.	# Charter High Sch.	# Trad. High Sch. Students	# Charter High Sch. Students
2017	201	12	223	14	4,045	424
2018	209	11	229	14	9,916	665
2019	211	11	231	16	13,741	764

Enrollment counts may not reflect the exact number of students as some students may be enrolled in more than one computer science course at a time.

THE NEW RECESS REQUIREMENT

In 2019, the Arkansas legislature passed Act 641 to provide 40 minutes of “unstructured social time” to allow for “extended learning opportunities” at all elementary schools. According to the act, the intent was to provide what is often called recess at each elementary school because:

- Students need the ability to learn and grow from one another in social settings.
- Learning respect and social awareness often occurs during recess.
- Opportunities for more physical activity promote healthy and active lifestyles.
- Scheduled breaks from academic learning allow better focus in the classroom.

Furthermore, because other mandates on school time had already created a packed day for schools, the 40 minutes is to be counted as instructional minutes. This time is to be supervised, though unstructured, and to occur outside as weather permits. Public elementary schools may request waivers from DESE if certain criteria are met. According to DESE, three virtual schools have requested such waivers for the 2020 school year.³⁰

The BLR received feedback about this law in response to questions on the teacher survey and during the site visits that asked for input for legislators on topics not formally asked about. Several principals touched on the subject during site visits, and most of them who did noted that while the law served children well, a lot of their teachers were not completely happy with the new requirement. Indeed, the majority of teachers who broached the subject on their surveys responded similarly to this one:

“The new recess laws are great for allowing the students to be more active, but the way in which they were written has caused a major headache to teachers. There was no consideration for teacher breaks/lunches or physical space/safety issues for indoor recess. Teacher duties increased by more than 50% and we were already working much more than 40 hours a week before this. Because of the increase of time spent on recess/lunch/after school duties, most teachers are working more than 50-60 hours a week. When students have indoor recess that is unstructured and in a small area, it is nearly impossible to keep students from getting hurt.”

³⁰ Email from Tracy Webb, Coordinator of Monitoring, Systems Support and Charter Schools, DESI, dated Jan. 1, 2020.

RISE AND THE RIGHT TO READ ACT

In 2017, DESE and Governor Hutchinson joined together to create the Reading Initiative for Student Excellence (RISE) initiative in the state's public schools. The initiative – a response to overall low reading scores by the state's public school students – had three main goals driving it:

1. Strengthen instruction by incorporating the science of reading.
2. Create community collaboration.
3. Build a culture of reading.

Act 1063 of 2017 added fuel to this drive by adding several specific mandates:

- Beginning with the 2018-19 school year, public school districts and open-enrollment public charter school systems shall provide professional development for teachers in the science of reading. Elementary and special education teachers are required to obtain *proficiency* credentials in knowledge and practices of scientific reading instruction while all other teachers are required to obtain *awareness* credentials in the same.
- By no later than 2023, persons who complete a state-approved educator preparation program or who obtain licensure through reciprocity or by adding an endorsement would have proficiency in the science of reading instructional practices.

Act 83 of 2019 provided additional requirements related to RISE, including that schools develop a literacy plan as part of its overall school improvement plan, select an approved reading curriculum program and annually provide professional development based on the science of reading.

In fall 2019, the state offered K-2 RISE Train the Trainer training to its fourth cohort of educators. Districts were able to send up to four persons to the training at a cost of \$1,200 per trainer (plus travel expenses). Each participant was required to attend 14 days of training and then pass an assessment to gain certification in order to be able to conduct RISE Academies in his or her home district.

While the BLR did not specifically ask about RISE in the surveys or site visits, a couple of administrators and at least one teacher addressed the initiative. All thought the need for RISE was there and that it was beneficial for teachers to be trained in the science of reading. Some administrators also pointed to the cost and the additional time teachers were required to be out of the classroom without any the districts' receiving any additional funding or resources.

STUDENT-FOCUSED LEARNING

Student-focused learning is an approach to education that is being tried in various communities across the nation. In the student-focused learning model, educators use multiple academic measures to determine whether a student needs additional support or is able to work at an accelerated pace. The idea is that time becomes the variable, while content mastery becomes the constant.

A few years ago, DESE created its current vision statement: "The Arkansas Department of Education is transforming Arkansas to lead the nation in student-focused education."³¹ This vision parallels components of the federal Every Student Succeeds Act, which allows states to redesign assessments for student-focused learning as well as to pilot new assessment systems that are aligned with competency-based education.³² The vision statement also undergirds much of Act 930 of 2017, which mandates the move to student-focused learning systems for all schools by the 2018-19 school year.

Beginning with the 2017-18 school year, according to Act 930, the DESE was to collaborate with school districts as they transitioned to a system of student-focused learning with the goal of supporting success for all students.

³¹ Arkansas Department of Education Vision Statement: <https://v3.boardbook.org/Public/PublicItemDownload.aspx?ik=39254741>

³² A Handbook for Personalized Competency-Based Education, by Robert J. Marzano, Jennifer S. Norford, Michelle Finn and Douglas Finn III; published by Marzano Research, 2017.

Act 867 of 2017 allows a student's attendance to be recorded without being physically present in the classroom. Additionally, Act 872 of the same year allows school districts to submit plans to the department for awarding credit for high school courses based on subject matter mastery rather than for completing a certain number of hours of classroom instruction.

Starting with the 2018-19 school year, each student was to have a student success plan mapped out for him or her by the end of 8th grade. School personnel, the student and the student's parents are to be involved with the development of the plan that is to select courses, address needs for interventions or acceleration and plan for college or career.

Within that process, multiple identifiers are to be used to assess individual student performance and needs. Act 930 says that school districts must consider a student's scores on statewide academic assessments and may also use, without limitation, grades, test scores and student work samples.

Individualized education programs (IEPs) for special education students serve as student success plans if the IEP addresses academic deficits and intervention needs and includes a transition plan that addresses college and career planning components.

EARNING AN ARKANSAS DIPLOMA

To graduate with an Arkansas diploma, students must pass a minimum of **22** credit courses including:

Credits	Class	Information
4	English Language Arts	must include English 9, 10, 11 and 12 ³³
4	Mathematics	must include Algebra I, Geometry, Algebra II and a 4 th approved math or computer science course (if a student waives the college and career preparatory diploma called Smart Core, a different math course may be substituted for Algebra II and the fourth approved math course)
3	Science	must include biology, physical science and a third science or computer science course
3	Social Studies	must include U.S. history, world history, civics (1/2 credit) and economics and personal finance (1/2 credit)
½	Oral Communications	
½	Physical Education	
½	Health and Safety	
½	Fine Arts	
6	Career Focus	

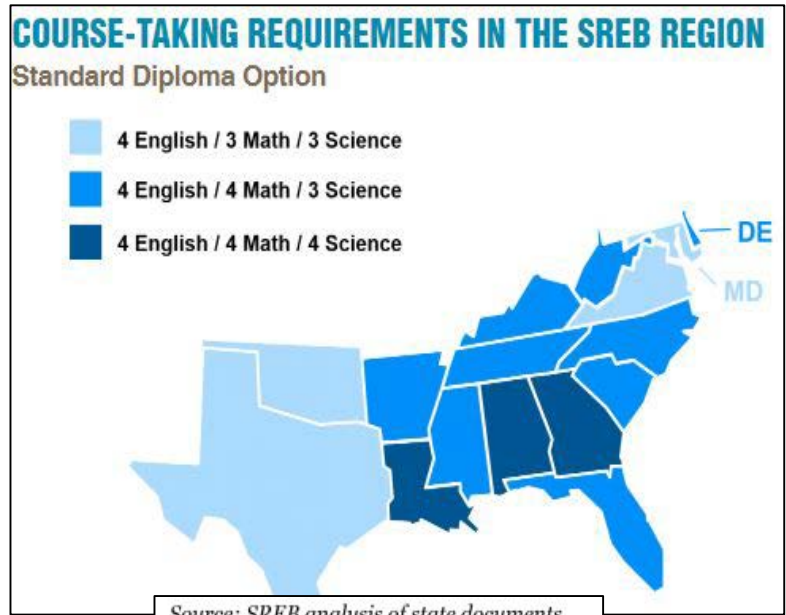
Furthermore, students must successfully complete a digital course and a course that includes personal and family finance after grade 9. In addition, students must pass the Arkansas Civics Exam and complete hands-on CPR training before receiving a diploma.

³³ The State Board of Education in December 2019 approved 10 new semester-long courses for 11th and 12th grade students focusing on college and career interests that can be taken for graduation credit in lieu of English 11 or English 12. The same academic standards are incorporated in the semester courses as are in the year-long courses, ADE's Stacy Smith told the State Board on Dec. 12, 2019. In addition, schools are allowed to offer four of the semester courses in place of English 11 or English 12.

GRADUATION REQUIREMENTS IN SREB AND OTHER STATES

In comparison with Southern Regional Education Board (SREB) states, Arkansas graduation requirements are not starkly different. All require four years of English, though five require only three years of math (as compared with Arkansas’s four) and three require four years of science (as compared with Arkansas’s three).

According to a 2019 report from the Education Commission of the States, 47 states and the District of Columbia have minimum statewide graduation requirements for high school students, while three – Colorado, Massachusetts and Pennsylvania – allow local school districts to set graduation requirements. The total units required by states to graduate vary from 13 to 24.



SECTION 8: ACADEMIC PROGRAMS AND RELATED OUTCOMES

As part of the statutory requirement for the adequacy study, the Education Committees are to biennially review educational programs implemented in the state. Below is a summary of the programs and associated educational outcomes that were reviewed by the Committees during the 2020 process.

ALTERNATIVE LEARNING ENVIRONMENTS AND RELATED OUTCOMES

2018-19 ALE Funding:
\$28,059,874

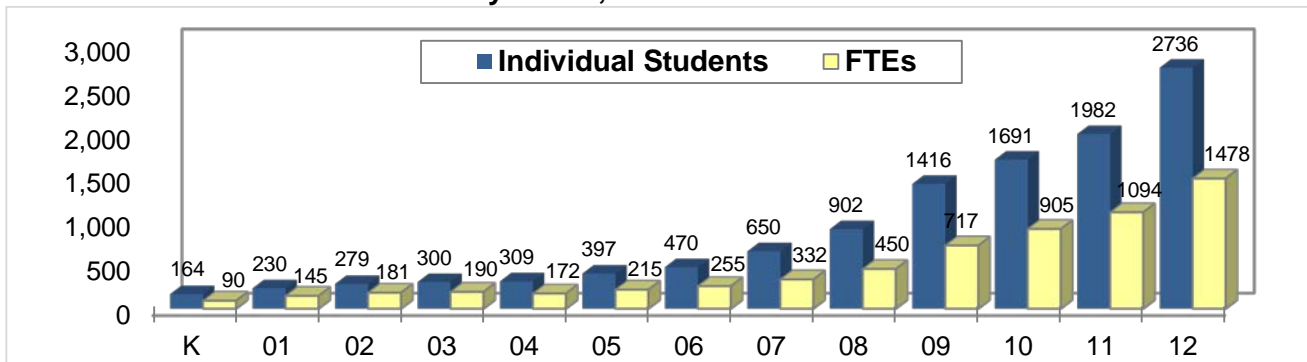
2018-19 ALE Expenditures:
\$61,390,425

Alternative Learning Environments (ALE) are supported by the state’s ALE categorical funding. Students are placed into ALE when the normal classroom environment cannot meet their needs caused by specific learning barriers.

Placement in ALE, however, cannot be based solely on academic problems. Instead, a student can be recommended for alternative learning if he or she meets

two or more specified *barriers* to learning, such as social/emotional or physical health issues. The original intent of the statute was for placement in ALE to be temporary; once a student’s learning barriers were successfully addressed, he was to resume his place in the regular classroom. The addition of some new ALE programs at the high school level that incorporate work place training have meant that some ALE students remain in ALE for most or all of the school day until they graduate.

Student and FTE Counts for ALE by Grade, 2018-19



Upon entry into ALE, the school's ALE Placement Team is to assess each student's current functioning abilities as well as all relevant social, emotional, academic, career and behavioral information to develop a Student Action Plan. Each plan addresses the specific services to be provided to the student, the goals and objectives the student must meet to return to the regular classroom and specific exit criteria. Before a student returns to the regular educational environment, the Placement Team is to develop a transition or positive behavioral plan to support the move.

ALEs are to provide a curriculum that includes the basic subjects – math, science, social studies and English language arts – that adhere to the Arkansas academic standards. ALEs can incorporate computer-based instruction for up to 49% of total instruction in any one course unless the division has approved a program's use of distance learning or computer-based instruction that exceeds that amount.

ALE STAFFING

ALE teachers are not required to obtain special endorsements or licenses to teach in an alternative learning environment, but DESE's rules do require training related to specific needs and characteristics of students in alternative learning environments. Many teachers attend the professional development offered jointly by DESE and the state's Alternative Learning Association.

Class Size Limits	Traditional Classroom	ALE Classroom
Kindergarten	20, or 22 w/aide	10, or 12 w/aide ³⁴
Grades 1-3	25	
Grades 4-6	28	
Grades 7-12	30	
		15, or 18 w/aide

During the 2018-19 school year, no districts were noted by the ALE Unit for being out of compliance with the required teacher-to-student ratios.

ALE OUTCOMES

Arkansas state statute requires DESE to promulgate rules that establish "measures of effectiveness for alternative learning environments." Act 1118 of 2011 calls for these measures to assess the ALE program's effect on students' 1) school performance, 2) need for ALE intervention, and 3) school attendance and dropout rates. State law then requires DESE to evaluate ALE programs based on those measures. If schools do not address areas of noncompliance within 30 days or so, the ALE Unit will bring in DESE's accountability monitors to assist with accountability and rectification efforts. If a district is found to be out of compliance in any of these areas, its non-compliance is reported on the district's annual report card, which is published on the districts' and the division's websites.

Arkansas school districts are required to report data on their ALE programs and students through their regular APSCN reporting. The reported data are then compiled and submitted to the House and Senate Education Committees each September as DESE's annual ALE report. Information was provided on the following effectiveness measures in the 2019 ALE Legislative Report:

ALE Students - Indicators	All Districts	
Returned to traditional educational environment	2,487	21.8%
Graduates who received ALE intervention at any point during K-12	2,519	8.1% of all graduates
Receiving a GED	135	1.2%
Exited ALE in previous year returning to ALE in 2018-19	2,980	25.8%
Exiting ALE in 2018-19 and returning in 2018-19	694	6.0%

³⁴ Middle school programs that encompasses 5th and/or 6th grade mixed in with 7th and/or 8th grade may have a ratio of 15, or 18 with an aide, according to DESE. Email from Jared Hogue dated Jan. 23, 2020.

Two additional indicators that the BLR analyzed regarding ALE program effectiveness are a comparison of test scores and of dropout rates.

TEST SCORE COMPARISON

Historically, ALE students (those attending at least 20 consecutive days in an ALE program) have been far less likely to score as well on state standardized tests. The trend has not changed, as comparisons of the 2019 ACT Aspire Math and English Language Arts scores show. A score of 3 on the ACT Aspire is considered “ready” and a 4 is “exceeding.”

2018-19	# of Test-Takers	District % scoring 3 or 4	
		Math	English Language Arts
ALE Students	4,617	8.6%	9.7%
Non-ALE Students	287,335	48.2%	45.2%

DROPOUT RATES

Dropout prevention is a primary goal of alternative education nationally. The BLR analyzed dropout rates between ALE and non-ALE students. Using APSCN data, the number of 9th- through 12th-grade ALE or non-ALE students dropping out was divided by the number of individual 9th-12th grade ALE or non-ALE students in the same district. **The average proportion of ALE students who dropped out of school during the 2018-19 school year was 12.1% compared with 1.2% of non-ALE students.** While it is not possible to know how many more students may have dropped out of school without ALE services, the dropout rate for ALE students is almost 10 times higher than it is for those students who are not enrolled in ALE.

ENGLISH LANGUAGE LEARNER PROGRAM AND RELATED OUTCOMES

Under federal law, school districts are required to identify and assess students who may have limited proficiency in the English language. As defined in Arkansas statute § 6-20-2303, “English-language learners” are students identified by the State Board of Education as not proficient in the English language based on approved English-language proficiency assessments. To identify ELLs, school districts administer a home language usage survey whenever a new student registers with the district.

Once the home language usage surveys have been submitted, a district’s English for Speakers of Other Languages (ESOL) coordinator will review the responses to identify students who speak a language other than English at home. These students then take a placement test, known as a proficiency screener, to determine if they are not fully fluent in English. Language proficiency assessments measure listening, speaking, reading, and writing proficiency.

Each student identified as an English language learner is then assigned a group of school faculty who monitor the student’s progress toward English-language proficiency. This group of educators, referred to as the student’s Language Placement and Assessment Committee, works closely with students to evaluate classroom performance, language proficiency assessment results and academic content testing results.

Districts often use a combination of instructional methods to serve their ELL population at varying levels of English proficiency. **All of the ELL programs offered in Arkansas schools are English-only.** According to DESE, that’s due to the state law requiring that the language of instruction in public and private schools “shall be the English language only.” The department considers this law a prohibition against dual language and bilingual programs,³⁵ even though Act 989 of 2017 amended this section of the law by specifying that “It shall not be a violation” for “an educator to communicate with a student in the student’s native language in order to facilitate the student’s ability to become proficient and learn in

³⁵ Freno, Lori, Arkansas Department of Education, August 14, 2019 email.

the English language.” DESE interprets this language to mean that school officials may use a student’s native language only periodically to clarify or facilitate learning.

2018-19 ELL Funding:
\$13,034,632

2018-19 ELL Expenditures:
\$23,788,971
 (excluding federal funds)

There is consensus as to which ELL instructional programs or approaches are the most effective, and the research suggests that no instructional program is appropriate for all ELL students.^{36, 37} However, several studies and research reviews published in recent years have found that bilingual instruction can be as effective as or more effective than English-only programs.

ESL STAFFING

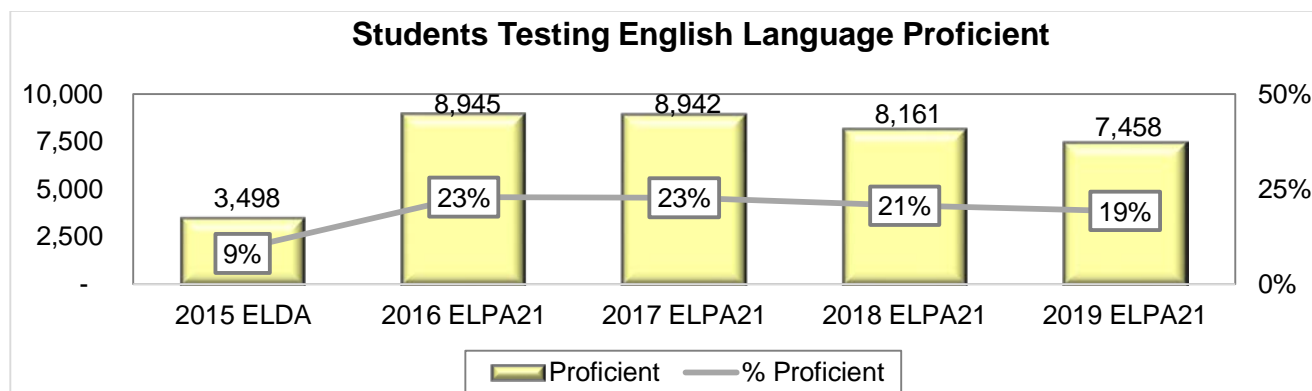
DESE’s rules do not require specialized licensure for teachers teaching ESL. However, federal policies require districts to meet the staffing requirements of the ESL program they have selected. If the research on which a particular program is based calls for ESL-licensed staff, districts selecting that program must employ ESL-licensed faculty.

DESE offers an ESL endorsement that can be added to the standard teaching license. The endorsement requires 12 hours of coursework and passage of the ESL Praxis. As of summer 2020, 4,712 licensed Arkansas teachers held ESL endorsements, including teachers who are not currently teaching ELL classes.³⁸

ASSESSING ENGLISH-LANGUAGE PROFICIENCY

Every spring, schools are required to assess their ELL students to determine whether they have progressed to English language proficiency or need continued services. The assessment is known as the English Language Proficiency Assessment for the 21st Century (ELPA21) summative assessment. The summative assessment is different from the ELPA21 screener used to determine initial ELL placement.

The ELPA21 replaced the state’s previous English language proficiency assessment, the English Language Development Assessment (ELDA), in 2015-16. **This change in assessment resulted in more students testing proficient.**

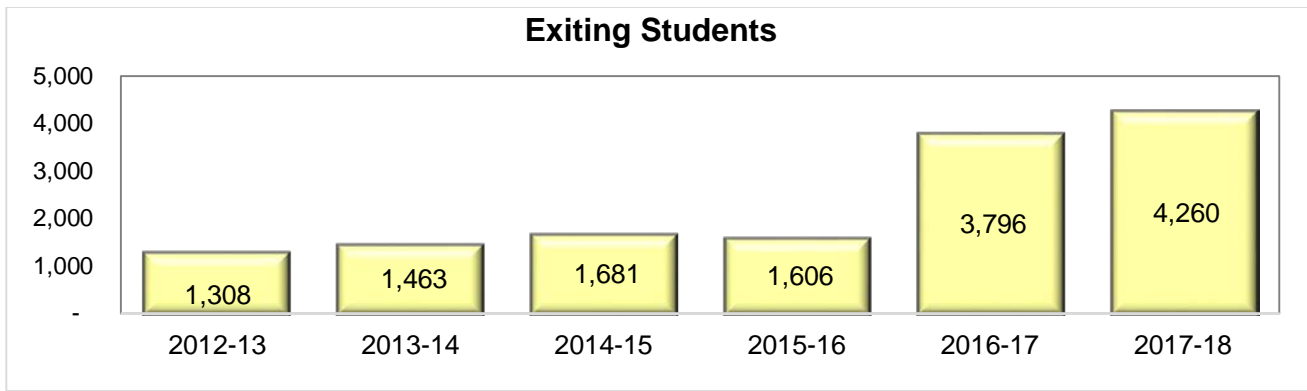


Following a review of the spring ELPA21 test results, a determination is made about whether each ELL student continues with ESL services or exits the program.

³⁶ Goldenberg, Claude. “Unlocking the Research on English Learners: What We Know—and Don’t Know Yet—about Effective Instruction.” *American Educator* (Summer 2013).

³⁷ U.S. Department of Education, Language Instruction Educational Programs (LIEPs): A Review of the Foundational Literature, May 2012

³⁸ Kerr, T., Arkansas Department of Education, Aug. 4, 2020, email.

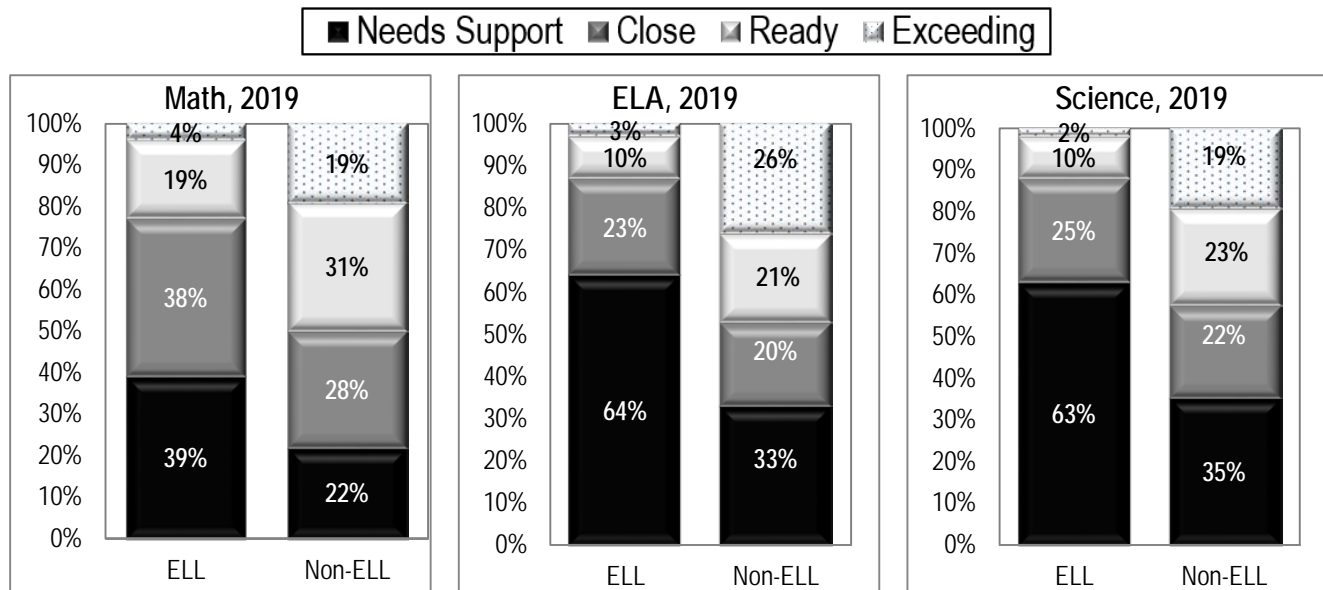


STUDENT ACHIEVEMENT ON ACADEMIC CONTENT ASSESSMENTS

In addition to assessing ELL students’ progress toward English-language proficiency, ELL students’ success in mastering academic content is also monitored. At the state level, that’s measured using the ACT Aspire, and at the national level, the National Assessment for Educational Progress (NAEP) can be used.

ACT Aspire

During the 2017-18 school year, all students in grades 3-10, including ELL students, participated in the ACT Aspire assessment. The ACT Aspire tests students’ content knowledge acquisition only and is not a test of English-language proficiency. ACT Aspire results report four levels of proficiency: (1) “in need of support”, the lowest level, (2) “close”, (3) “ready”, and (4) “exceeding.” In Arkansas, the assessment is administered only in English, but ELL students are allowed accommodations as needed. As the graphs show, the percentages of ELL students scoring “ready” or “exceeding” were lower than those for non-ELL students in math, English language arts, and science.



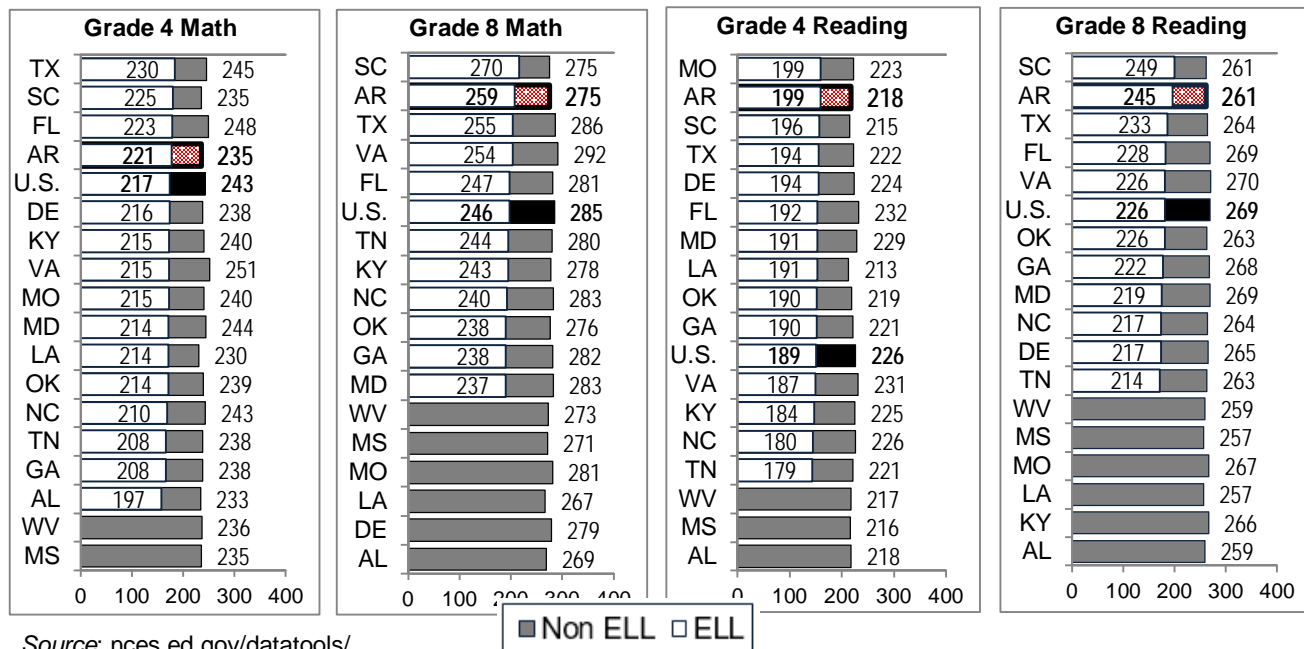
Data source: Student-level data provided by the Office of Innovation for Education, University of Arkansas

National Assessment of Educational Progress (NAEP)

NAEP scores are also important to consider when looking at the progress of Arkansas’s ELL students. These tests are given to students in grades 4 and 8 and score students on proficiency in both math and reading on a scale of 0 (the lowest score) to 500 (the highest score). The NAEP test is given to a sample of students in every state, so it allows for comparison across states on a common assessment. The following tables provide information on the average scale score of ELL versus non-ELL students on

the NAEP in 2017 (the most recent scores available) in states surrounding Arkansas and in the 16 Southern Regional Education Board (SREB) states. For some states, the data for ELL students' scores do not meet NAEP's reporting standards (likely due to small numbers of ELL students) and are therefore unavailable. Compared to the scores of other SREB states and surrounding states, Arkansas ELLs ranked 2nd on the 2017 NAEP for 8th grade math and reading and for 4th grade reading and ranked 4th in 4th grade math.

2017 NAEP



Source: nces.ed.gov/datatools/

Arkansas's Rank: Average Scale Score		
	ELL Students	Not ELL Students
4 th Grade Math	9 th of 45 states and D.C.	45 th of 50 states and D.C.
8 th Grade Math	4 th of 36 states and D.C.	44 th of 50 states and D.C.
4 th Grade Reading	6 th of 44 states and D.C.	43 rd of 50 states and D.C.
8 th Grade Reading	4 th of 35 states and D.C.	44 th of 50 states and D.C.

One reason Arkansas's ELL student performance outpaces the performance of ELL students in most other states may be due to the use of accommodations, such as allowing extended time to take the test or having the test directions read aloud in the student's native language. For example, 72% of the Arkansas ELL students identified for 4th grade NAEP reading assessment took the test with accommodations, compared with the 38% nationally. The percentage of Arkansas's 8th grade ELL test takers using accommodations—both in math and reading—was much closer to the national average (39% compared with 36% nationally in reading and 43% compared with 40% nationally in math).

The state's NAEP scores can also be viewed in terms of the percentage of students testing proficient or advanced. In Arkansas, the percentage of 4th grade ELL students who tested proficient or advanced was roughly half the percentage of proficient 4th grade students who were not ELL students. Among 8th graders, the percentage of ELL students testing proficient was about a third of the percentage of students testing proficient who were not ELL students.

2017 % Proficient or Advanced		
	ELL Students	Not ELL Students
4 th Grade Math	17.7%	34.4%
8 th Grade Math	9.4%	26.9%
4 th Grade Reading	14.2%	33.1%
8 th Grade Reading	11.8%	30.2%

ENHANCED STUDENT ACHIEVEMENT

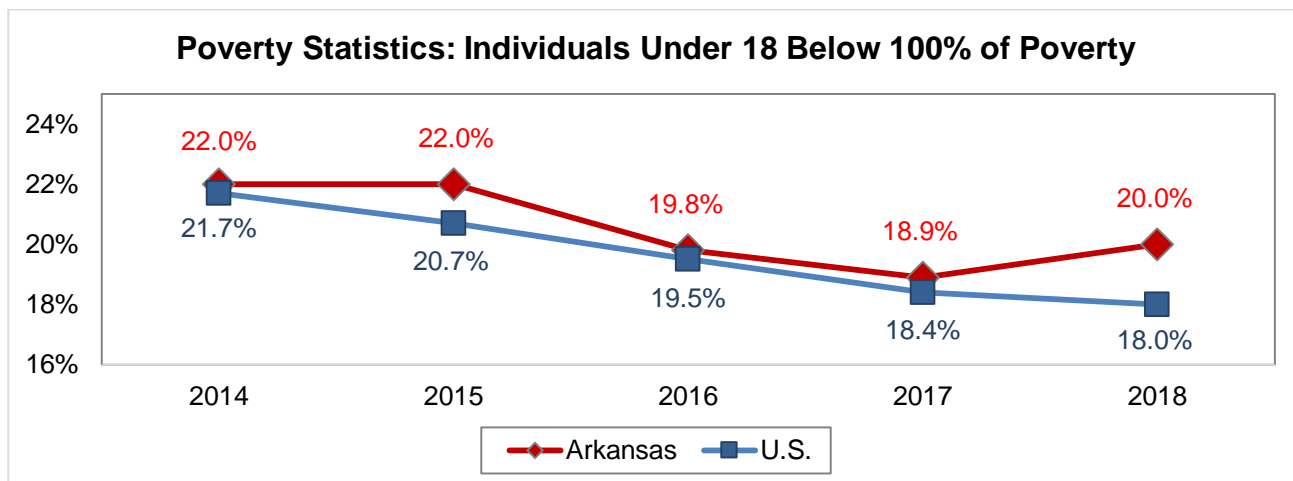
Years of academic research have documented the gap in the achievement of students based on family income. The National Assessment of Education Progress, a national assessment of K-12 student learning, has documented achievement gaps between low-income students and their more affluent counterparts since the test’s 1990 creation.³⁹ “Research supports that poverty affects many aspects of children’s lives that potentially affect and impede their educational attainment,” notes one recent literature review on the influences of poverty on educational achievement.⁴⁰

2018-19 Total ESA Funding:
\$233,729,948

2018-19 ESA Expenditures:
\$233,023,820

Poverty can affect children’s health and ability to learn by influencing nearly every aspect of children’s environment and experience: the safety of their neighborhoods, their access to nutritious food, their family resources for educational opportunities, their parent’s educational background, their exposure to adult role models and the quality of their schools. These factors can affect educational achievement and lead to differences in student outcomes between low-income students and more affluent students. “The achievement gap between lower and higher income children is present at school entry and is stable and persistent as children progress through school.”⁴¹

In Arkansas, 24.7% of children lived in poverty in 2018, compared with the national average of 18%, according to U.S. Census estimates. The state has the fourth highest child poverty rate in the nation. Poverty rates (100% of the federal poverty level) in Arkansas and nationally have dipped slightly in recent years, but they increased a bit in Arkansas in 2018 (the most recent data available).



Data Source: U.S. Census, Poverty Status in the Past 12 Months of Families, American Community Survey 1-Year Estimates

ESA funding is considered restricted, and Arkansas Code § 6-20-2305(b)(4)(C) requires the State Board of Education to establish by rule a list of approved uses of ESA funds. The statute also provides a list of allowable uses that must be included in the State Board’s list.

Additionally, DESE rules specify that ESA funds may not be used to “meet or satisfy the Arkansas Standards for Accreditation of Arkansas Public Schools and School Districts.”⁴² The Accreditation Standards specify basic requirements with which districts and schools must comply — such as

³⁹ Olszewski-Kubilius, P., and Corwith, S., Gifted Child Quarterly, Poverty, Academic Achievement and Giftedness: A Literature Review, Volume 62(1) 37-35, 2018.

⁴⁰ Olszewski-Kubilius, P., and Corwith, S., Gifted Child Quarterly, Poverty, Academic Achievement and Giftedness: A Literature Review, Volume 62(1) 37-35, 2018.

⁴¹ Olszewski-Kubilius, P., and Corwith, S., Gifted Child Quarterly, Poverty, Academic Achievement and Giftedness: A Literature Review, Volume 62(1) 37-35, 2018.

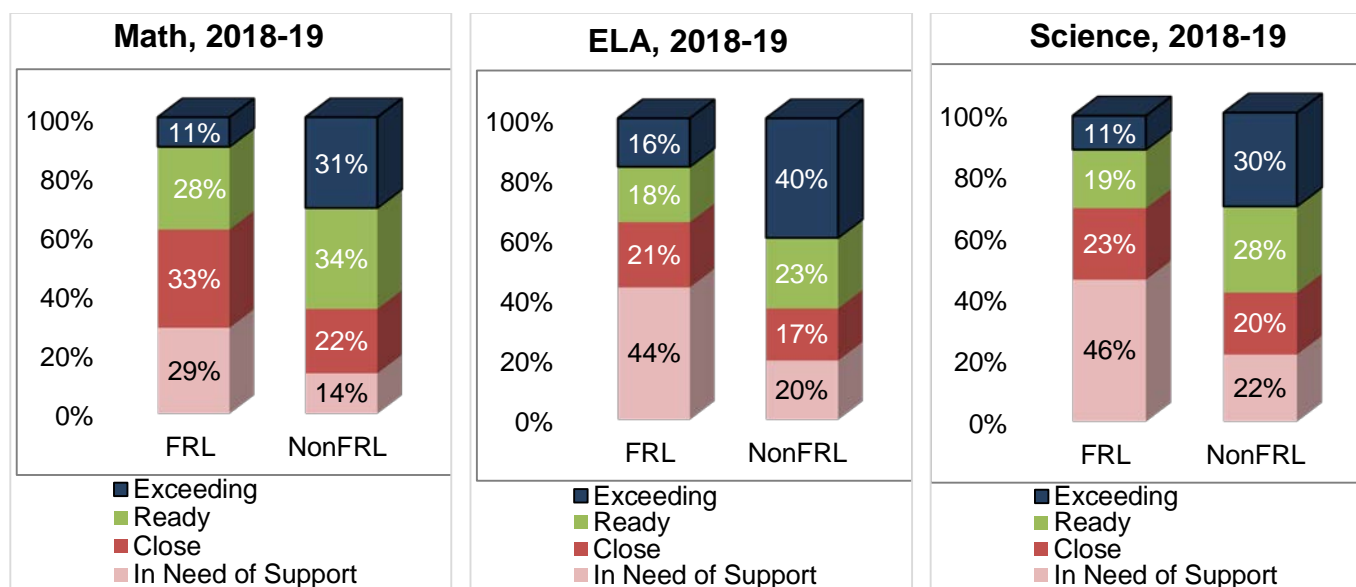
⁴² Division of Elementary and Secondary Education, Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds, May 2016, 6.06

maximum class sizes, courses schools are required to teach and credits students must earn to graduate from high school — to remain accredited by the state. The ESA restriction means, for example, a district cannot use ESA funding to hire a guidance counselor to meet the accreditation requirement of one counselor for every 450 students, but the district could use ESA funds to pay for part or all of an additional counselor above that level. Additionally, DESE rules prohibit the use of ESA funding to meet the minimum teacher salaries required by law.⁴³

DESE rules also specify that ESA funding must be used for programs and purposes that are “research-based and aligned to the Arkansas Content Standards for improving instruction and increasing achievement of students at risk of not meeting challenging academic standards.”⁴⁴

STUDENT ACHIEVEMENT

One way to measure student success is by examining the state assessment scores of students who are eligible for free or reduced-price lunch. Very large gaps exist between the two student groups in the highest and lowest scoring levels, as shown in the following chart:



STUDENT GROWTH

Another student outcome measure that can be used to examine how well low-income students are performing in school is student growth, which is an element of the overall ESSA School Index.

	FRL	Non-FRL
ELA	79.6	80.7
Math	79.3	81.4

Student growth is a measure of an individual student’s actual score as compared with the student’s expected score (based on the student’s prior assessment performance). A score of 80 is right on track with a student’s expected score based on his or her previous test scores. A score higher than 80 indicates a higher level of academic growth than what would be expected for that student, and a score less than 80 indicates a score lower than what would be expected. **Across the state, free- and reduced-price-lunch-eligible students’ average growth score for both ELA and math were below 80, meaning on average FRL students were not meeting expected levels of growth.** Non-FRL students, however, did meet expected growth levels on average.

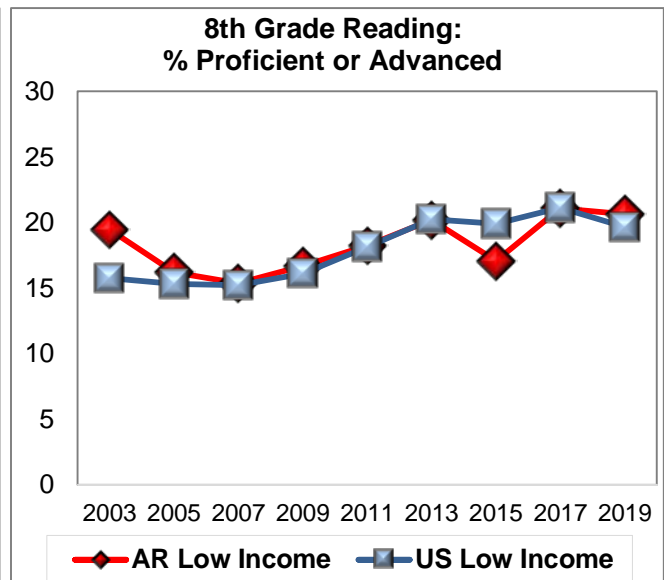
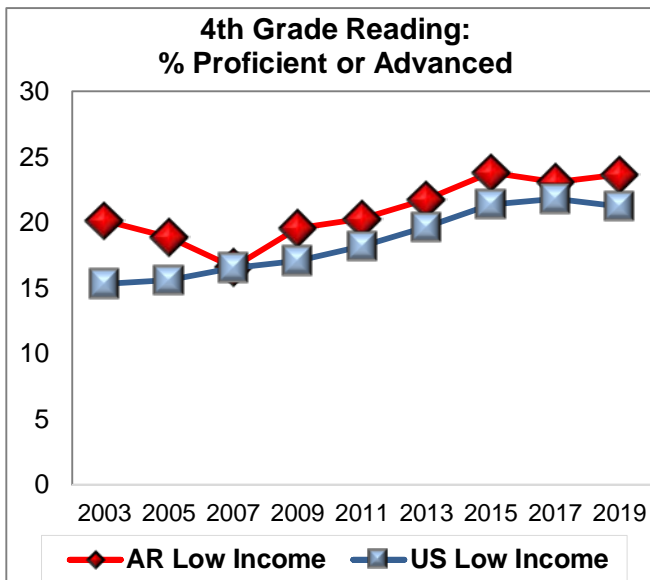
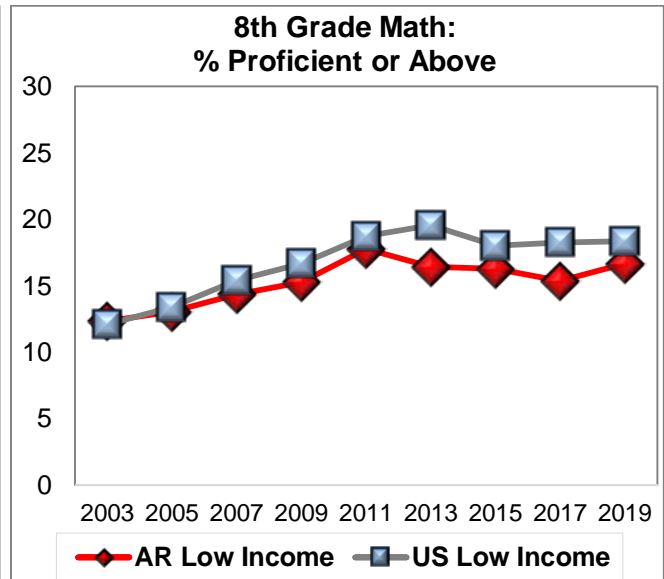
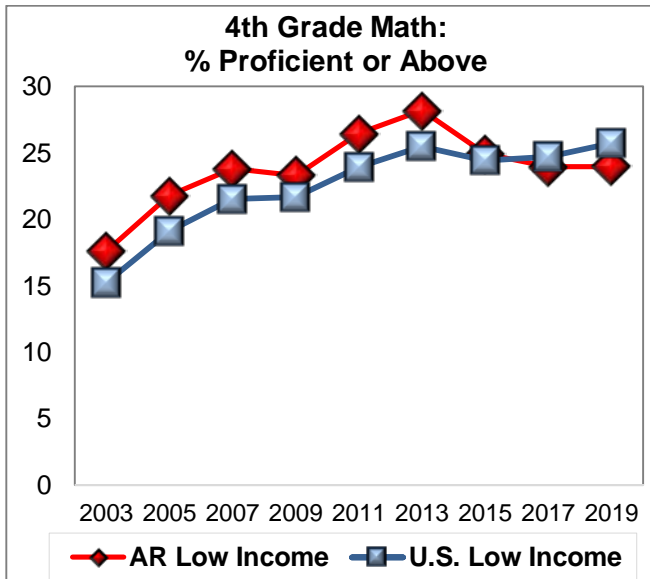
⁴³ Division of Elementary and Secondary Education, Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds, May 2016, 6.06

⁴⁴ Division of Elementary and Secondary Education, Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds, May 2016, 6.07

NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS (NAEP)

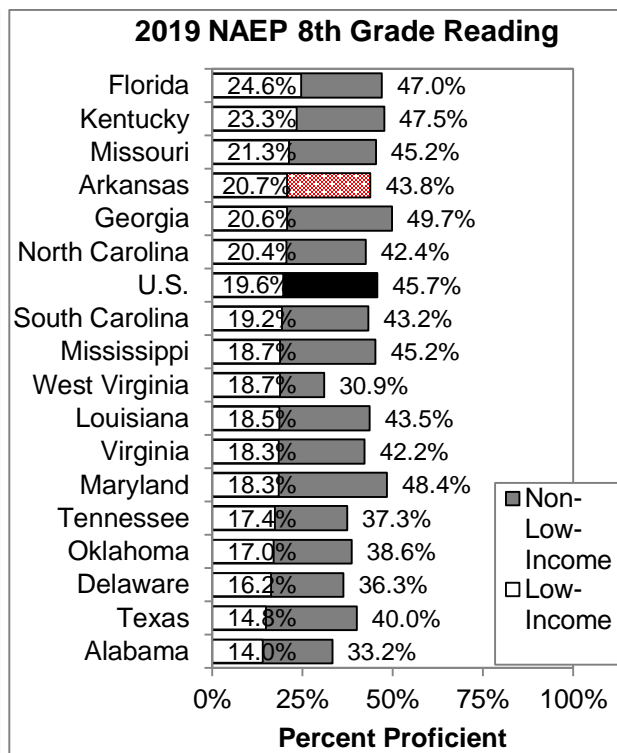
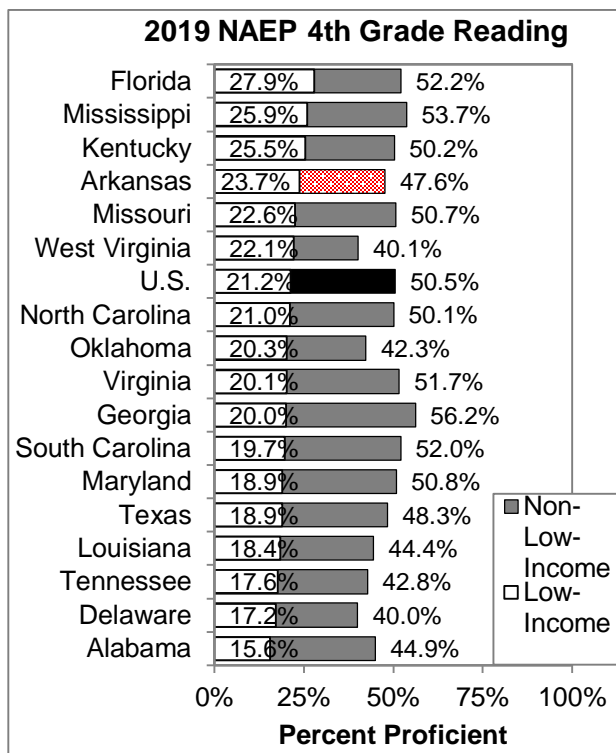
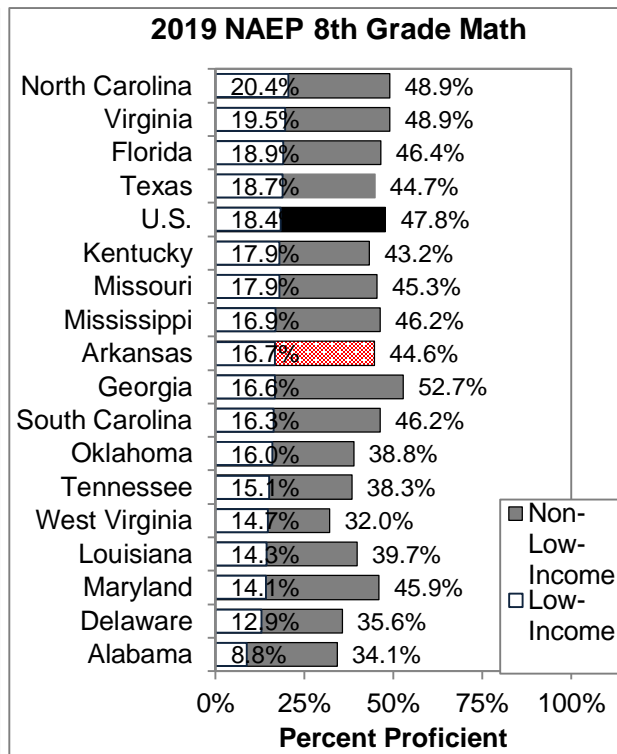
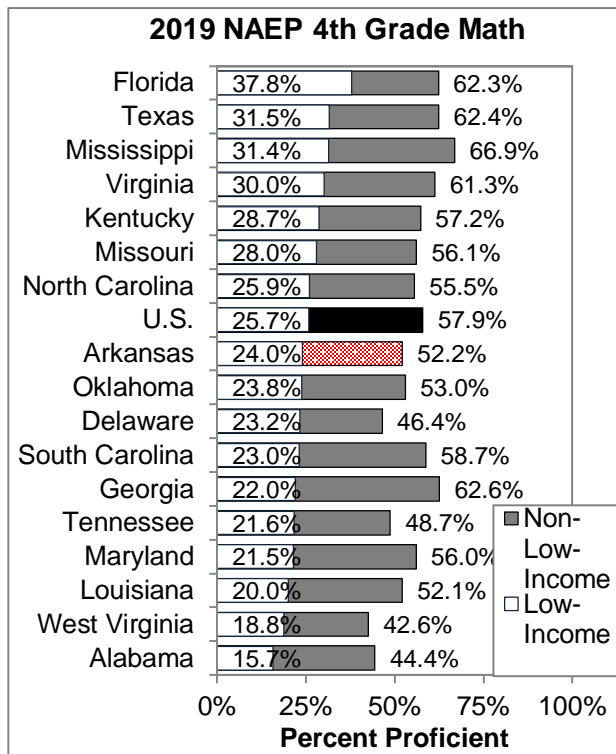
Because each state assesses students using its own test (ACT Aspire in Arkansas), the best way to compare the student achievement of low-income students in Arkansas with those in other states is with the National Assessment of Educational Progress (NAEP) scale scores.

NAEP scores are based on a random sample of 4th and 8th grade students in each state — not the entire state population of students. The following charts show how the performance of Arkansas’s low-income students (those eligible for free or reduced-price lunch) compares with the performance of low-income students nationally. **Arkansas’s low-income 4th grade students typically outperform the national average for low-income students, although the state’s math scores have dipped in recent years. Arkansas’s low-income 8th grade students typically perform below the national average, although in 2019, Arkansas’s low income 8th graders surpassed the national average in reading.**



Additionally, both Arkansas and the U.S. have pronounced achievement gaps between low-income and non low-income students. The achievement gap is the percentage point difference between the percent of low-income students who score proficient or above and the percent of non-low-income students who score proficient or above. In addition, the **Arkansas gap is narrower than the U.S. gap in all four assessments.**

The following tables show how Arkansas's low-income students performed compared with those of low-income students in the 16 Southern Regional Education Board member states and in the six states surrounding Arkansas. Arkansas's low-income student perform about in the middle of the selected states on the math assessments, while the state ranks among the top five in reading.



ADVANCED EDUCATIONAL COURSES

The Standards for Accreditation require schools to offer four advanced education courses (one each in English, math, social studies and science) in accordance with Arkansas laws and DESE rules. State statute allows for International Baccalaureate (IB) courses to be offered instead of AP courses.

The number of AP or IB courses taught at schools during the 2018-19 school year ranged from one AP course taught at 17 different high schools to 33 at

The following table shows the number of exams taken and the percentage of test takers who scored at each level on the AP exam in 2018-19 in Arkansas and nationally. The range is from the lowest score of 1 to the highest score of 5. In 2018-19, 37.1% of the exams taken in Arkansas received a passing grade (3 or higher), which is up from 34.8% in 2016-17. Nationally, 59.1% of exams taken received a passing grade (3 or higher) which is also an increase from 2016-17 in which 57.5% received a score of three or higher. In Arkansas, the number of AP exams taken has more than doubled since 2005 when 23,140 exams were taken. This may be due to the statutory requirement that districts must offer AP courses in math, English, science, and social studies by 2008-09. The number of AP exams taken nationwide also more than doubled from 2,065,045 exams taken in 2005-06 to 4,930,147 taken in 2018-19.

AP Scores, 2018-19

Score	Arkansas		United States	
	Total Exams	Percent	Total Exams	Percent
5	2,559	5.3%	680,094	13.8%
4	5,363	11.2%	981,757	19.9%
3	9,868	20.6%	1,251,776	25.4%
2	13,866	28.9%	1,139,357	23.1%
1	16,243	33.9%	877,163	17.8%
Total Exams	47,899		4,930,147	
Avg. Score	2.25		2.89	

Data Source: The College Board. Retrieved from:

<https://research.collegeboard.org/programs/ap/data/participation/ap-2019>

Note: The number of total exams includes exams in any subject. A student taking more than one AP exam is counted more than once.

SPECIAL EDUCATION

The federal Individuals with Disabilities Education Act (IDEA) and Arkansas Code § 6-41-202 guarantees a free, appropriate public education (FAPE) to each child with a disability in Arkansas.

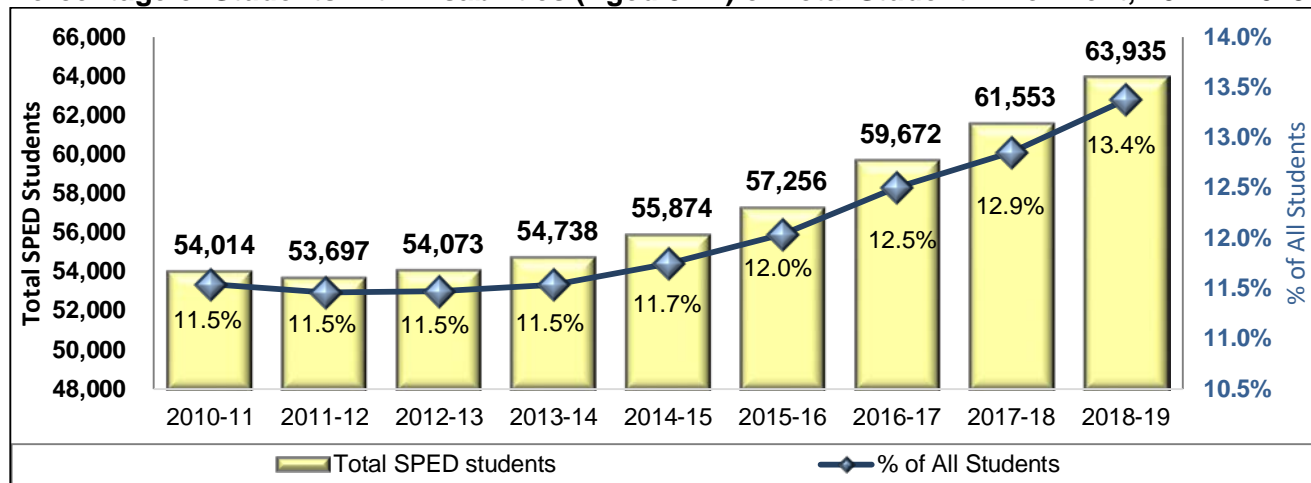
Every IDEA-eligible student with a disability has an individualized education program (IEP) that serves as the student’s plan for specialized instruction. The IEP is program developed to ensure that every child with a disability identified under the law attending an elementary or secondary educational institution receives specialized instruction and related services. IEP team members (including regular education teachers, special education teachers, parents, a representative of the local education agency/school district, an individual who can interpret instructional implications of evaluation results, other individuals who have knowledge or special expertise, and the child whenever appropriate) develop the IEP and determine the goals outlining performance associated with the student’s grade level. The IEP is designed to meet a student’s needs, be aligned with grade-level standards (academic and functional), and outline what the child should demonstrate in a period of time. It also includes the special education programming and related services that are to be provided to meet each student’s unique needs.

2018-19 SPED Funding: Funding for special education is provided by the state through foundation funding and targeted “high cost occurrences” funding. A full description of SPED funding can be found in Section 4 of this report.

STUDENT COUNT

In 2018-19, 63,935 students with disabilities aged 5-21 attended Arkansas public schools, accounting for 13.4% of the total student enrollment in the state. This does not include students in the Arkansas School for the Deaf, Arkansas School for the Blind, Division of Youth Services, the Department of Corrections, The Excel Center, or the Conway Human Development Center. This number is up from 61,553 students (12.9% of total student enrollment) in the 2017-18 school year.

Percentage of Students with Disabilities (Aged 5-21) of Total Student Enrollment, 2012 – 2019



Data Source: DESE. Annual December 1 Child Count and Annual October enrollment data. Data does not include Arkansas School for the Deaf, Arkansas School for the Blind, Division of Youth Services, the Department of Corrections, The Excel Center, or the Conway Human Development Center.

A comparison of state student counts with the national average is only possible using federally collected data. The United States Department of Education (USDOE) uses data provided by DESE but counts students with disabilities slightly differently from the calculation used in the chart above.⁴⁵ According to data reported by DESE to the USDOE, Arkansas students with disabilities comprised 13.1% of the total student body among children aged 6-21 in the 2015-16 school year (most recent data available), compared with the national average of 13.2%.⁴⁶ The chart above shows that the percentage of students with disabilities of all students (aged 5-21) in Arkansas increased from 11.5% in 2010-11 to 13.4% in 2018-19.

In Arkansas, 12 categories of disabilities are used to determine students’ eligibility for special education⁴⁷:

1. Autism
2. Deaf-blindness
3. Hearing impairment (including deafness)
4. Emotional disturbance
5. Intellectual disability (formerly known as “mental retardation”)
6. Multiple disabilities
7. Orthopedic impairment
8. Specific learning disability
9. Speech or language impairment
10. Traumatic brain injury
11. Visual impairment (including blindness)
12. Other health impairment

The following chart provides a breakdown of the types of disabilities affecting Arkansas students with disabilities. Specific learning disabilities – which include perceptual disabilities, brain injury, minimal brain dysfunction, dyslexia, and developmental aphasia⁴⁸ – are the most prevalent impairments among students with disabilities, affecting about 31% of the state’s students with disabilities, or 4.1% of all

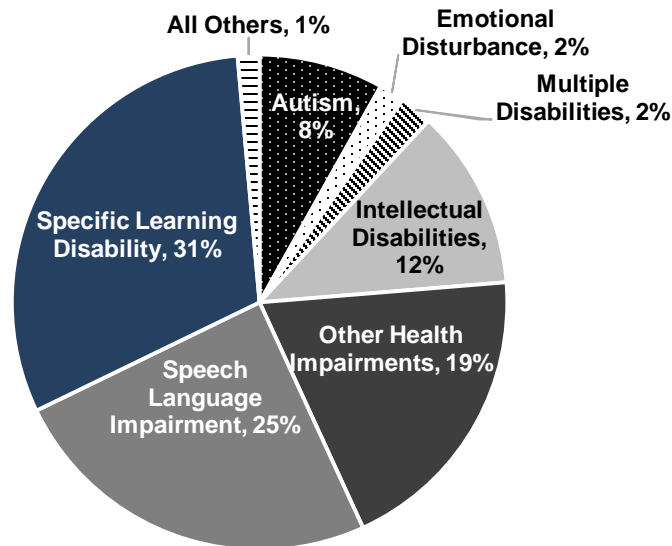
⁴⁵ The U.S. DOE breaks out data for students aged 3-5 and students aged 6-21. Federal data for students aged 6-21 do not include kindergarten students that are included in Chart 1 above. Also, the federal data includes all of the entities listed above that were also excluded in the Bureau of Legislative Research’s (BLR) analysis in Chart 1 above.

⁴⁶ U.S. Department of Education, Office of Special Education Programs, Part B Data Display: Arkansas, Publication Year 2018

⁴⁷ Arkansas Department of Education, Special Education and Related Services 2.0 Definitions (June 2019)

⁴⁸ Division of Secondary and Elementary Education, Special Education School Age Data Dictionary (2019-2020)

students. Speech and language impairments are the second most common disability, affecting 25% of students with disabilities, or 3.3% of all students.



Data Source: DESE

Note: The category of “all others” includes deaf-blindness, deaf/hearing impairment, orthopedic impairment, traumatic brain injury, and visual impairment. Data does not include Arkansas School for the Deaf, Arkansas School for the Blind, Conway Human Development Center, the Division of Youth Services, The Excel Center, or the Arkansas Department of Correction.

The following table shows changes in the breakdown of students with disabilities in Arkansas. Increases occurred in the number of students among every disability since the 2012-13 school year, except among students with multiple disabilities, which decreased by 0.07% (one student). The biggest percentage increase was in autism, which increased by 55%, followed by emotional disturbances (44%) and intellectual disabilities (35%). Another notable increase was among students with other health impairments, which increased by 33%. Statewide, the number of students with disabilities in Arkansas increased by 18% since the 2012-13 school year. In comparison, the total number of students increased by just over 1% during that same time.

Breakdown of Students with Disabilities 2013 – 2019

Disability	2013		2019		Increase or Decrease in Number of Students with Disabilities	Percentage Increase or Decrease in the Number of Students with Disabilities
	Number of Students with Disabilities	Percent of Students with Disabilities	Number of Students with Disabilities	Percent of Students with Disabilities		
Autism	3,358	6%	5,200	8%	1,842	55%
Other Health Impairments	9,372	17%	12,429	19%	3,057	33%
Speech/ Language Impairments	14,642	27%	15,768	25%	1,126	8%
Specific Learning Disabilities	18,155	34%	19,679	31%	1,524	8%
Emotional Disturbance	738	1%	1,063	2%	325	44%
Multiple Disabilities	1,361	3%	1,360	2%	-1	-0.07%
Intellectual Disability	5,562	10%	7,532	12%	1,970	35%
All Others	885	2%	904	1%	19	2%
Total	54,073	11.5%	63,395	13.4%	9,862	18%

For a national comparison, 2015-16 is the most recent year for which data are available.

The table below shows the percentage of students with disabilities for each of the 12 categories of disabilities. The items in **bold** indicate categories in which Arkansas exceeds the national average.

Percentage of Children with Disabilities by Disability Type, Ages 6-21

Disability	% of Students with Disabilities		% of All Students	
	Arkansas	Nation	Arkansas	Nation
Autism	7.6%	9.8%	1.00%	1.27%
Deaf-Blindness	0.0%	0.0%	0.00%	0.00%
Emotional Disturbance	1.6%	5.7%	0.21%	0.73%
Hearing Impaired	0.8%	1.1%	0.10%	0.14%
Multiple Disabilities	2.4%	2.1%	0.32%	0.28%
Intellectual Disabilities	11.2%	7.1%	1.46%	0.91%
Orthopedic Impairment	0.3%	0.6%	0.04%	0.08%
Speech or Language Impairments	22.4%	17.2%	2.93%	2.22%
Specific Learning Disabilities	33.1%	39.6%	4.33%	5.11%
Traumatic Brain Injury	0.3%	0.4%	0.03%	0.06%
Vision Impairment	0.4%	0.4%	0.05%	0.05%
Other Health Impairments	19.8%	15.8%	2.59%	2.04%

Source: U.S. DOE. Part B Data Display: Publication Year 2018

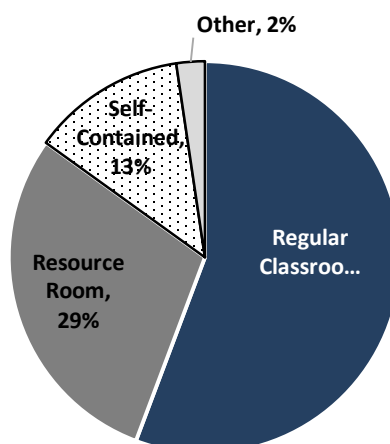
STUDENT PLACEMENT

Under IDEA, students with disabilities are to be educated in the “least restrictive environment.” According to federal law (20 U.S.C. §1412(a)(5)(A)), students with disabilities should be educated with children who are not disabled “to the maximum extent appropriate.” Education provided outside the regular educational environment should occur “only when the nature or severity of the disability of a child is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily.”

The following chart shows the educational placement of students in school districts and charter schools. Each placement category is defined as follows⁴⁹:

- Regular class with special education: Students who are in the regular classroom 80% or more of the school day.
- Resource room: Students who are in the regular classroom between 40%-79% of the school day.
- Self-contained: Students who are in the regular classroom 40% or less of the school day.
- Other: Students with disabilities who are in publicly funded facilities, private day schools, hospitals, private or public residential facilities, etc.

Placement of Students with Disabilities, 2018 – 2019



⁴⁹ DESE. Special Education School Age Dictionary (2019-20).

As part of its responsibilities under IDEA, Arkansas is required to provide data on students with disabilities by their educational environment. The following table below shows the percentage of students for each placement description in Arkansas compared to the national average.

Percentage of Time Spent in Regular Classroom, 2015 – 2016 (Ages 6-21)

% of Day Spent in Regular Classroom	State	Nation
0-40% (Self-Contained)	13.4%	13.4%
40-79% (Resource Room)	30.4%	18.3%
80%-100% (Regular Classroom)	53.1%	63.1%
Separate Residential Facility	1.8%	3.2%

Source: U.S. DOE. Part B Data Display: Publication Year 2018

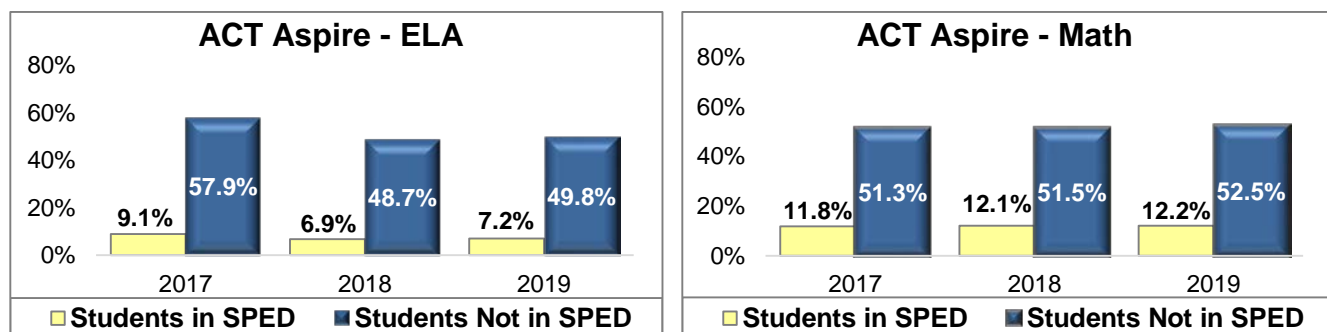
Nationally, 63% of students with disabilities spend 80% or more of their time in a regular classroom, compared with 53% of students with disabilities in Arkansas. Arkansas has nearly double the percentage of students spending between 40% and 79% of their time in a regular classroom compared to the national average. According to DESE, Arkansas is still traditional in its approach to special education delivery models, which means that large numbers of students are still being pulled out of core instruction to provide special education services. There is a high number of students who are pulled into resource courses for core curriculum and are not in the general classroom. DESE is currently providing professional development on inclusive practices to try to change this.⁵⁰

STUDENT ACHIEVEMENT

Students with disabilities are required to participate in state assessments. Students’ IEP teams must decide whether each special education student will take the regular state assessment, the assessment with accommodations, or, for a very small percentage of students with significant cognitive disabilities, an alternate assessment. The total number of students taking each subject tested using the alternate assessment (math, English language arts [ELA], or science) cannot exceed 1% of the total number of students in the state being assessed in that subject (34 CFR §200.6(c)(2)).

Prior to the federal Every Student Succeeds Act (ESSA), there was a 1% cap for the number of students who could be counted proficient, but under ESSA, the number of students with disabilities taking the alternate assessment in a state cannot exceed 1%. If states expect to exceed that cap, they must request a waiver through the U.S. DOE. Arkansas applied for and received this waiver for the 2016-17, 2017-18, and 2018-19 school years. Arkansas applied again for this waiver for the 2019-20 school year because in the 2018-19 school year, Arkansas had 1.32% of students with disabilities taking the alternate assessment in literacy, 1.32% in mathematics, and 1.29% in science. (Because of the COVID-19 pandemic, no tests were administered in the 2019-20 school year.)

ACT Aspire Scores (Ready and Exceeding) for Students with and without Disabilities



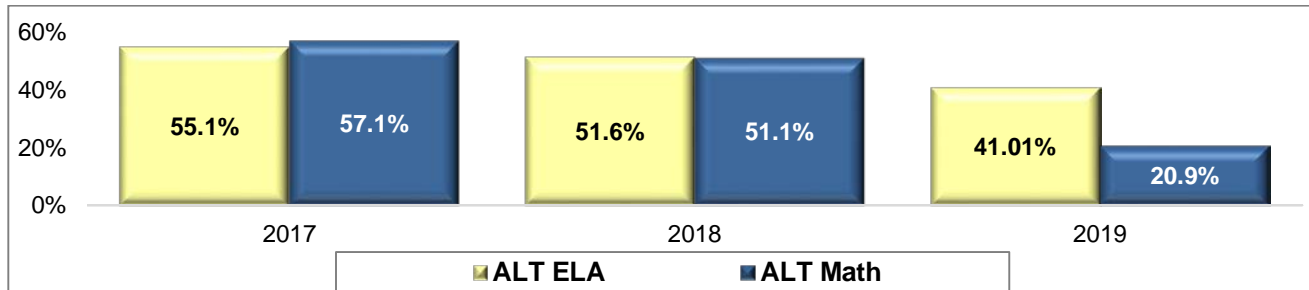
Data Source: DESE

⁵⁰ Email from Matt Sewell from the DESE dated December 30, 2019.

Beginning in the 2018-19 school year, the Dynamic Learning Maps (DLM) replaced the Multi-State Alternate Assessment (MSAA) as the alternate assessment for students with significant cognitive abilities.

The following chart shows the percentage of students with disabilities scoring ready or exceeding on the alternate assessment. About 4,000 students with disabilities took the alternate assessment in 2019. These percentages have been decreasing in the last few years with the biggest decreases occurring in the 2018-19 school year, when the DLM was first used. That year the percentage of students with disabilities scoring ready or exceeding in ELA fell from 52% in 2018 to 41% in 2019. In math, the percentage fell from 51% in 2018 to 21% in 2019.

Alternate Assessment Scores for Students with Disabilities



Data Source: DESE

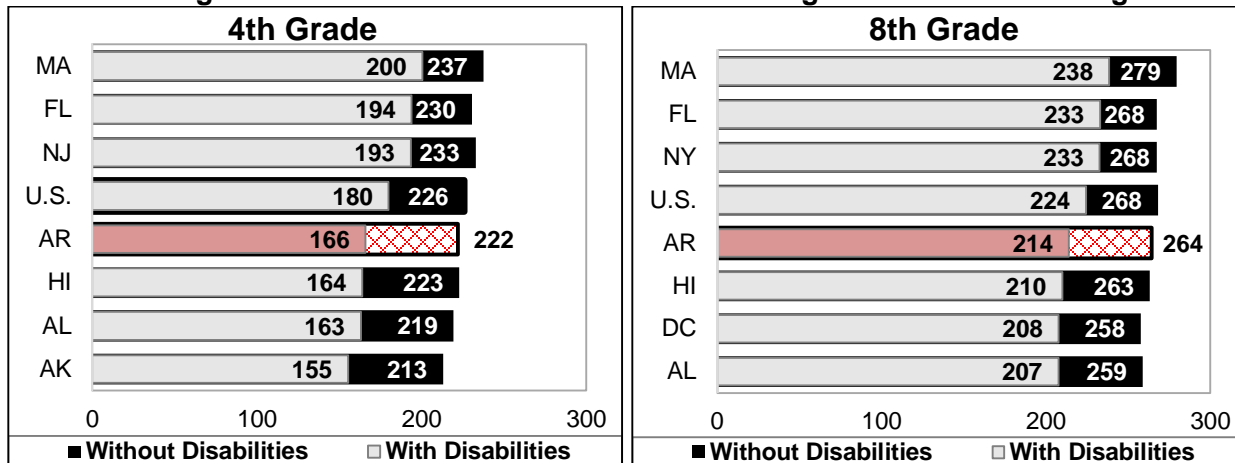
Note: The alternate assessment switched from the MSAA in the 2017-18 school year to the DLM in the 2018-19 school year. The number of grades tested also increased with the use of the DLM assessment.

National Assessment

The best way to compare the student achievement of students with disabilities in Arkansas with those in other states is with the National Assessment of Educational Progress (NAEP). These scores are based on a random sample of students in each state. It is possible that states may apply federal guidelines a little differently in classifying children with disabilities, so caution must be used in making state-to-state NAEP comparisons.

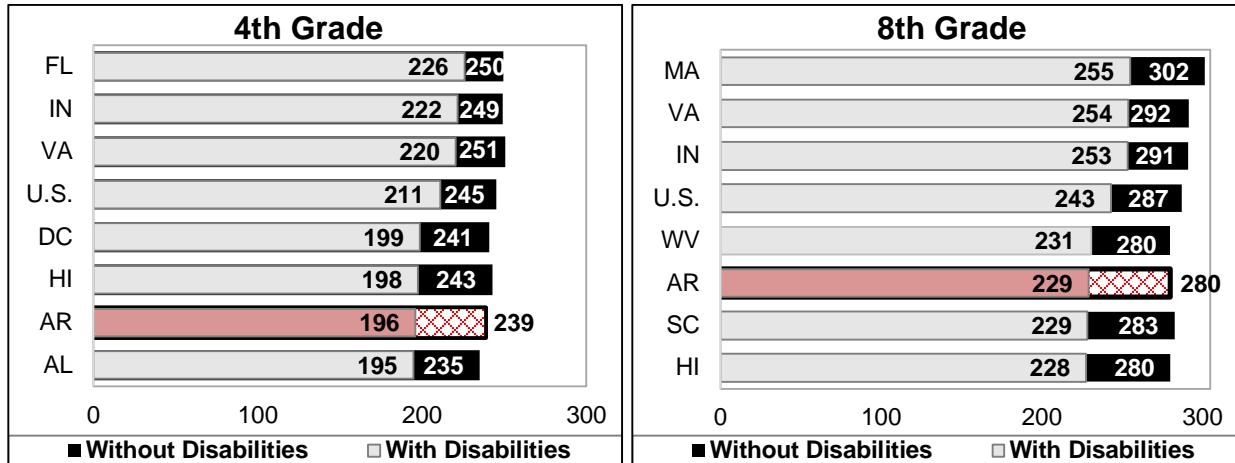
The following charts show how the average scale score for Arkansas’s students with disabilities (excluding those with 504 plans) compares with the average scale scores in the top and bottom three performing states along with the national average. Students with disabilities in Arkansas scores among the lowest in the country in both reading and math in 4th and 8th grades. This is also true for the past NAEP math and reading assessments since 2013.

NAEP Reading Scores for Students with Disabilities in High and Low Performing States



Source: U.S. DOE, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress (NAEP), 2019 Reading Assessment.

2019 NAEP Math Scores for Students with Disabilities in High and Low Performing States



Source: U.S. DOE, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational

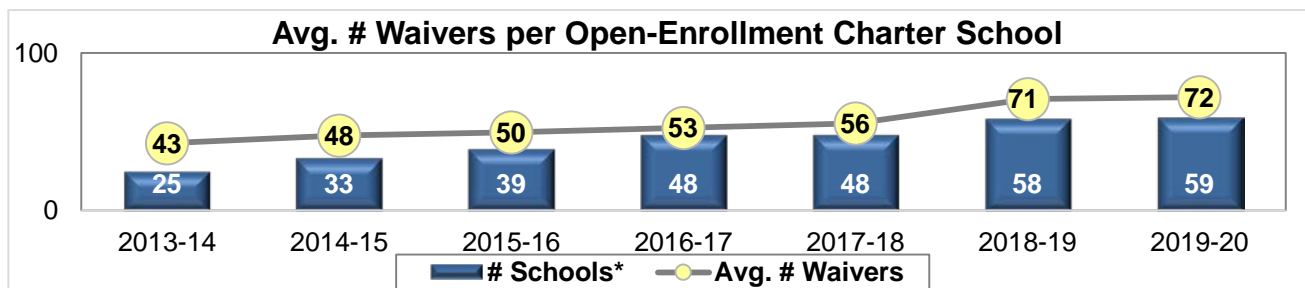
SECTION 9: WAIVERS FROM ARKANSAS STATUTES AND RULES

Waivers from Arkansas state laws and rules – and the ability to apply for them – have expanded significantly since the concept was first introduced in 1995. Legislation that year introduced conversion charter schools, allowing traditional schools to apply for certain waivers from education laws if *not* following the mandate could propel school and student performance through innovative practices. Fast-forward 24 years to the passage of Act 815 of 2019, the latest law expanding the ability to obtain waivers. Now, any traditional school in the state may apply for any waiver held by any charter school in the state. **Currently, more than 1,000 public schools in Arkansas operate under more than 10,000 waivers from the state’s laws and rules.** Those schools enroll 97% of the state’s public school students and are located in 229 of the state’s 235 public school districts⁵¹ and in all 24 charter school systems.

Five types of waiver pathways have been created over the past 20-plus years that allow schools to operate free from certain state requirements. These do not include waivers the state allows for individual educators from teacher licensing requirements.

OPEN-ENROLLMENT PUBLIC CHARTER SCHOOLS

Open-enrollment public charter school operators run schools that are not associated with one of Arkansas’s traditional school districts. Instead, they are usually operated by nonprofit, nonsectarian organizations, but universities and other eligible entities may apply for an open-enrollment charter as well. These schools are able to enroll students from across district or county boundaries, and they have no tax base of their own. Open-enrollment public charter schools receive similar per-student state foundation and categorical funding as do traditional public school districts.

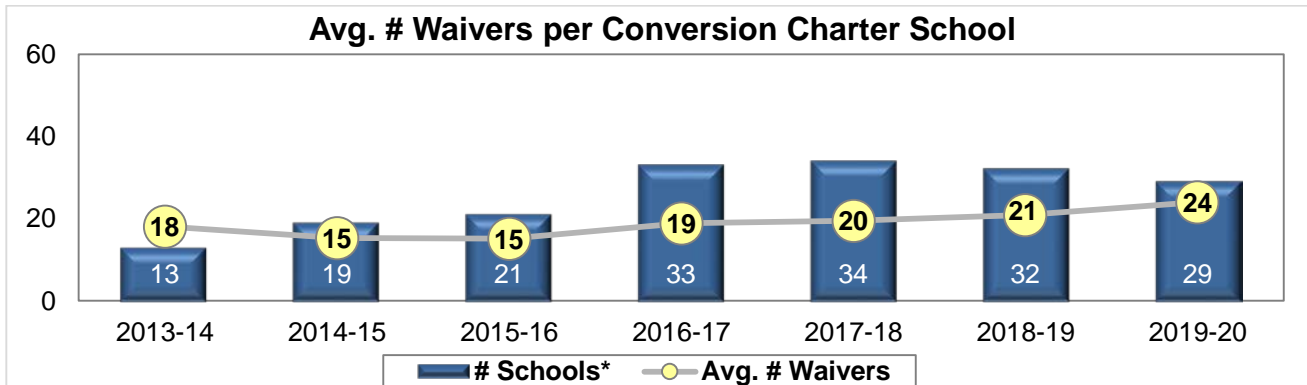


*Numbers of schools operating with waivers granted before Nov. 1 of each year for a school that had enrolled students that year.

⁵¹ Districts with no schools with waivers in 2019-2020 were Bearden, Mineral Springs, Scranton, Spring Hill, Strong-Huttig and Trumann, according to January 2020 data from the Division of Elementary and Secondary Education.

CONVERSION CHARTER SCHOOLS

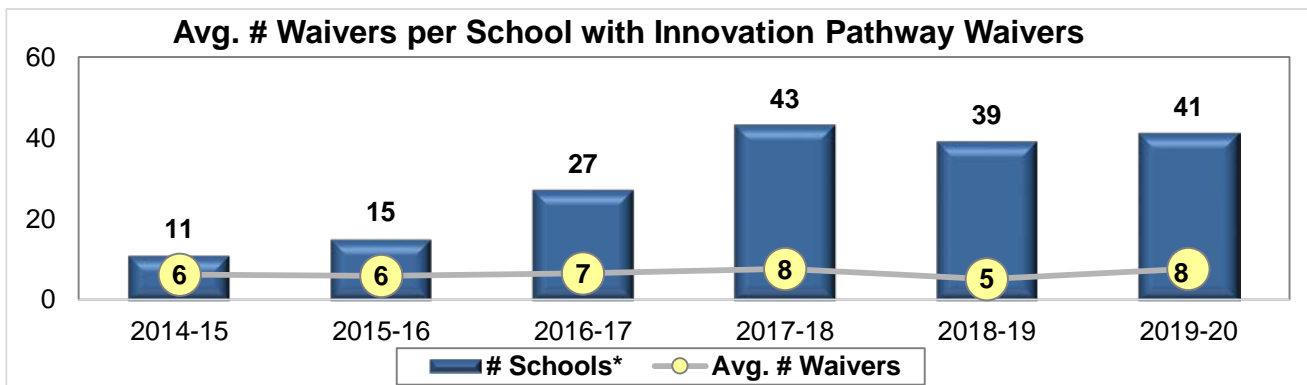
Conversion charter schools are traditional public schools that have followed a lengthy planning and application process to operate under a charter, usually with waivers from laws and rules governing Arkansas’s education system. They enroll students from within the district in which they are located and are funded by the same tax base as other schools in their school district.



*Numbers of schools operating with waivers granted before Nov. 1 of each year for a school that had enrolled students that year.

DISTRICTS AND SCHOOLS OF INNOVATION

Districts and schools of innovation are public schools that are to implement innovative techniques to improve school and student performance. They, like both types of charters, spend about 1½ years in the application process, which includes the request for waivers from a number of state rules and laws.



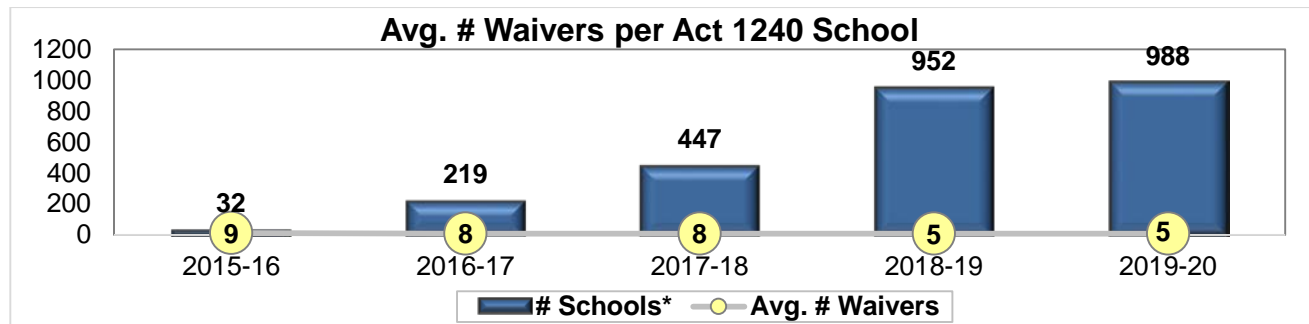
*Numbers of schools operating with waivers granted before Nov. 1 of each year for a school that had enrolled students that year.

ACT 1240 / ACT 815 DISTRICTS

Legislation passed in 2015 introduced another, quicker pathway to waivers that school districts can pursue. While any school could follow the year-plus process to develop a plan and ask for any eligible waiver to become a conversion charter or a school of innovation, Act 1240 districts (the law does not apply to schools) could request the same waivers held by any open-enrollment charter that enrolled a student from within the school district’s borders, and then be granted those waivers within a matter of months. Act 815 of 2019 amends much of Act 1240 of 2015 and now allows school districts to apply for any waiver that has been granted to any open-enrollment public charter school in the state. The waivers may be granted for up to five years and, as under Act 1240, do not require lengthy planning or application

Though Act 1240 districts have existed for fewer than five years, their numbers of schools quickly outpaced the number of open-enrollment public charter schools, conversion charter schools or schools of innovation combined. During the 2019-2020 school year, 988 schools – over 90% of the state’s

schools – were operating under an average of five Act 1240 waivers each. (A few of these waivers were granted for schools and districts already operating under waivers obtained via another pathway, so there is some overlap when talking about individual schools versus waiver pathways.)



*Numbers of schools operating with waivers granted before Nov. 1 of each year for a school that had enrolled students that year.

MINIMUM SIZE SCHOOL DISTRICT WAIVERS

Another education waiver created by legislation in 2015 is the minimum size school district waiver made possible by Act 377 of 2015. As the name implies, this waiver is granted specifically to allow a school district to operate below the 350 average-daily-membership threshold set by Act 60 of the Second Extraordinary Session of 2003. It does not provide waivers from any other laws or regulations.

IMPACT OF WAIVERS

The picture that emerges from a series of statistical analyses performed by the BLR is that schools with waivers from certain types of laws (i.e., curriculum, administration) did not have, on average, student performance measures that were as good as schools without waivers. This proved particularly true for schools with high percentages of free and reduced lunch students. Furthermore, schools without waivers tended to spend less in instructional expenditures than schools with waivers, though they are funded at the same levels as schools with no waivers.

WAIVERS IN OTHER STATES

The granting of waivers from state educational requirements does not appear to be a common practice, but a few other states do provide some waiver opportunities. Though not exhaustive, the following list provides some examples:

- **Georgia** created Strategic Waiver School Systems, which, according to a map of Georgia school districts on its website, is a designation allowing waivers from some of the state's education laws that applies to 132 of the state's 180 school districts. The other districts are either charter systems (46) or have no waivers (2).
- **South Carolina's** Department of Education website says: "The South Carolina Department of Education (SCDE) supports innovations that provide for increased student achievement. Occasionally, State Board of Education (SBE) Regulations or SCDE policies may seem to impede the implementation of educational innovations. When this occurs, the SCDE may be able to waive compliance from regulations." A log of waiver requests lists 323 waivers issued to school districts since 2012. While many of the early waivers dealt with testing, others are listed for such things as "Sixth graders earning high school credit." "Request for two days due to Winter Storm Grayson" and "Teachers teaching more than 1500 minutes per week."
- **Mississippi** grants waivers to Districts or Schools of Innovation, the latter of which follows the Early College High School model (a Gates Foundation initiative). According to the Mississippi Department of Education's website, the state has seven Districts of Innovation and six Schools of Innovation.
- **North Carolina** passed legislation in 2019 to allow individual class-size waivers for grades 1-3. That same year, the state decreased its maximum class size to 16 to 18 students in a class, depending on the grade level, for the 2021-2022 school year.

SECTION 10: FEDERAL AND STATE ACCOUNTABILITY PROGRAMS

School accountability systems have been designed at both the national and the state levels for the past several decades. Accountability systems are the means of measuring, reporting and spurring school progress in terms of academics and student performance. Accountability systems are generally expected to:⁵²

- Set clear expectations for schools to raise the achievement of ALL students.
- Communicate whether schools are meeting those expectations.
- Celebrate schools that are meeting or exceeding those expectations for all groups of students while prompting action in those that are not.
- Direct additional resources and support to struggling schools to help them improve.

In addition, Arkansas has in place systems to hold schools accountable for fiscal operations and facilities management.

FEDERAL ACCOUNTABILITY SYSTEM: ESSA

In December 2015, Congress passed the Every Student Succeeds Act (ESSA), a reauthorization of the Elementary and Secondary Education Act (ESEA) replacing the No Child Left Behind (NCLB) Act. Under ESSA, states are required to produce a plan that describes how the legislation will be implemented in the state. ADE submitted Arkansas's ESSA plan to the U.S. Department of Education (US DOE) on September 18, 2017, and the plan was approved on January 16, 2018. The Arkansas ESSA plan was first implemented beginning in the 2018-19 school year, and an amendment to the state's plan was approved by the federal government in March 2019.

ACADEMIC STANDARDS AND ASSESSMENT

Similar to the requirements of NCLB, ESSA requires annual state assessments in English language arts (ELA) and math in grades 3 to 8 and once in high school, as well as science assessments once in each grade band (3-5, 6-9, and 10-12). Also like NCLB, ESSA requires a 95% test participation rate of all students and subgroups: African-American students, Hispanic students, economically disadvantaged students, English learners, and students with disabilities.

ACCOUNTABILITY

ESSA continued the No Child Left Behind requirement that states meaningfully differentiate all public schools on an annual basis, though ESSA's methodology for differentiating is substantially different. ESSA requires states to include at least five indicators: 1) achievement; 2) student growth (elementary and middle schools only); 3) English learner progress toward English language proficiency; 4) graduation rate (high schools only); and 5) school quality and student success measures. States determine how to weigh the indicators to create an ESSA School Index. The School Index is used to create a performance score for each school annually.

The measures and weights assigned to Arkansas's ESSA School Index Score are:

ESSA School Index Indicator	Weight; Grades K-8	Weight: Grades 9-12
Weighted Achievement	35%	35%
Growth	50%	35%
Graduation Rate	N/A	15% (10% 4-yr.; 5% 5-yr.)
School Quality & Student Success	15%	15%

⁵² "New School Accountability Systems in the States: Both Opportunities and Perils," The Education Trust, retrieved at <https://edtrust.org/new-school-accountability-systems-in-the-states-both-opportunities-and-peril/>

SCHOOL SUPPORT AND IMPROVEMENT

Under ESSA, at least once every three years, states must identify the bottom 5% of lowest performing schools, high schools with a graduation rate of less than 67%, and schools with underperforming subgroups that do not improve after a certain number of years. These identifications are to influence school and district improvement plans as well as the level of support districts receive from the state or other resources in planning for and implementing improvement strategies.

TEACHER EFFECTIVENESS

ESSA requires that each state define an ineffective educator. In addition, districts must report on ineffective, out-of-field and inexperienced teachers and principals. Arkansas’s ESSA plan defines effective and ineffective teachers and school leaders, using performance ratings within the state-supported evaluation system.

STATE ACCOUNTABILITY SYSTEM: AESAP

In 2017, the Arkansas General Assembly passed Act 930, creating a new school accountability system for the state called the Arkansas Educational Support and Accountability Program (AESAP). This new system replaced the accountability system that Arkansas had operated under since 1999 and emphasized support as well as accountability for districts from the state.

EMPHASIZING SUPPORT

Under AESAP, the state is to provide needed support for school districts so they in turn can assist their schools in improving student performance. To that end, each school district is considered to require one of five “levels of support,” either because the district has requested a certain amount of assistance from DESE or DESE has determined through some other means that the district needs it. The five levels range from Level 1 – General, which is the basic support provided to all districts, to Level 5 – Intensive:

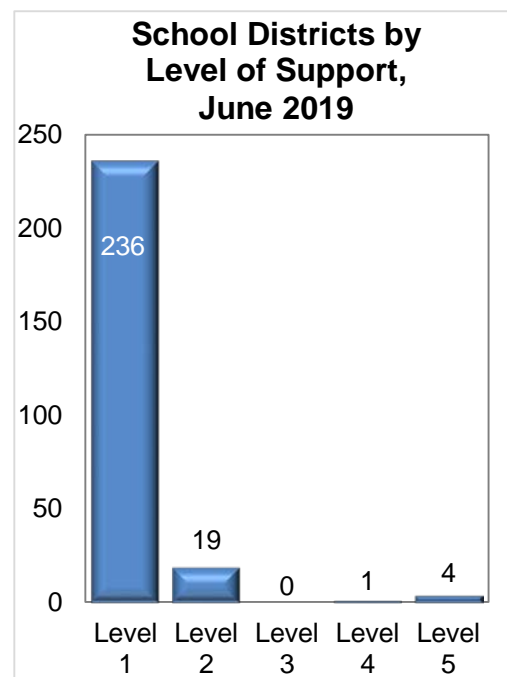
Level 1 – General support is provided to those districts deemed to have the capacity to help their schools improve and that are able to take advantage of DESE assistance through the tools (DESE website, consults with DESE specialists, etc.) provided to all schools and school districts.

Level 2 – Collaborative support means that DESE works with districts to provide schools with minor or temporary technical assistance.

Level 3 – Coordinated means DESE’s technical assistance is coupled with closer monitoring of a district’s major systems.

Level 4 – Directive support from the department involves direct guidance from DESE for the development and implementation of school improvement plans.

Level 5 – Intensive support is provided after the State Board of Education has voted to approve that level of support for a district. The law allows a school district five years to meet the “exit criteria” set by DESE and approved by the State Board. If the criteria is not met in five years, the state board is to reconstitute the district or to annex it to or consolidate it with another school district.



Originally, no specific criteria placed schools into a certain level of support. Act 930 called for ADE to review “data for all students and defined subgroup populations to determine the level of support the Department will recommend” to address the district’s needs. That changed when Act 1082 of 2019

mandated that schools with large proportions of students scoring low on the state’s reading tests be placed in either Level 3 or 4, adding specific, quantitative criteria for determining a district’s status in terms of support levels.

One other note about the state’s approach to holding schools accountable – while the current federal accountability system under ESSA has specific designations for low performing schools that are differentiated by whether all students or subsets of students (black, English language learners, economically disadvantaged, etc.) are performing at low levels in terms of achievement and/or growth, the state’s accountability system does not apply any additional labels at the school level, and it does not apply any specific benchmarks for the performance of subgroups.

SOFT ACCOUNTABILITY AND LETTER GRADES

In addition to providing districts with various levels of support, DESE also provides the public with a plethora of data about schools and school districts. DESE refers to this as “soft accountability.” This information is publicly available through DESE’s “My School Info” feature on arkansased.gov. One of the first pieces of information listed on each school’s landing page is the letter grade for the school, which is derived from its ESSA School Index score.

Analyzing Arkansas student scores shows that moderately negative correlations⁵³ exist between the ESSA School Index score and its components and the percentage of black students (-.595) and the percentage of free-and-reduced-lunch students (-.59). No statistically significant relationship showed up between those achievement indicators and the percentage of English Language Learners (ELL) or the percentage of Hispanic students, however, and a positive correlation shows up with the percentage of white students and most of ESSA School Index components.

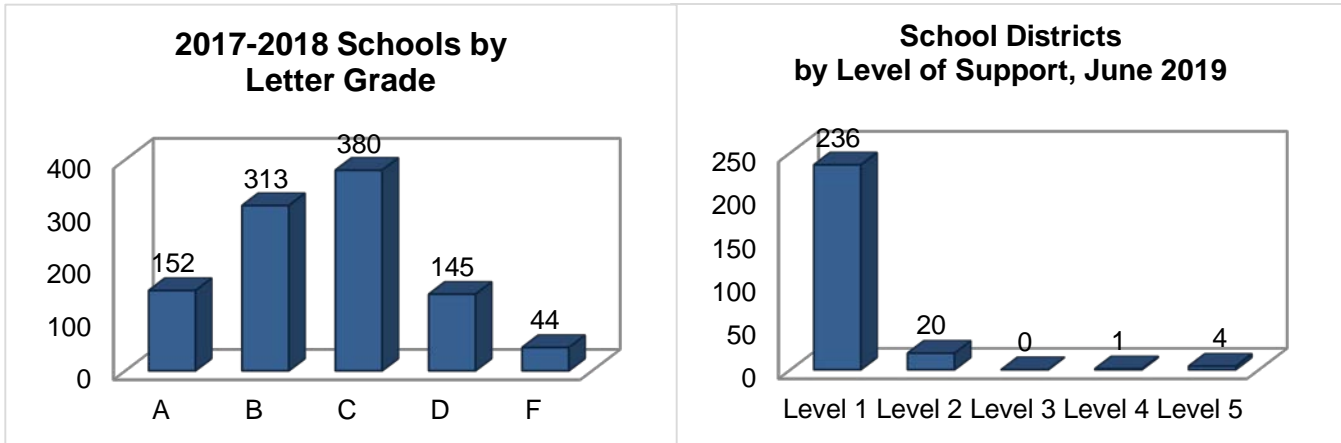
The components that are least associated with demographics are the growth score and the 4-year and 5-year graduation rates. The percentages of Hispanic and English language learner students in a school population correlate positively with the growth score. That could be because growth on language acquisition exams accounts for a portion of the overall growth scores.

Because the growth score accounts for 50% of the ESSA School Index score – and therefore the letter grades -- for schools with K-8 grades, it helps negate the influence students’ demographics have on a school’s letter grade. The same is true with high schools where growth accounts for 35% of the index score and graduation rates account for 15%. That’s because the correlation between demographic background and graduation rate is either non-existent or explains a small percentage of the variance.

⁵³ Table 5.6 Rule of Thumb for Interpreting the Size of a Correlation Coefficient (found in *Applied Statistics for the Behavioral Sciences*, Third Edition, by Dennis E. Hinkle, William Wiersma and Stephen G. Jurs, 1994) calls a correlation between -.5 and -.7 “moderately positive” while Philip Meyer in *The New Precision Journalism* (1991) writes that “in social science, anyone who can explain as much as 10 percent [variance] (a correlation of .222) usually feels pretty good about it.”

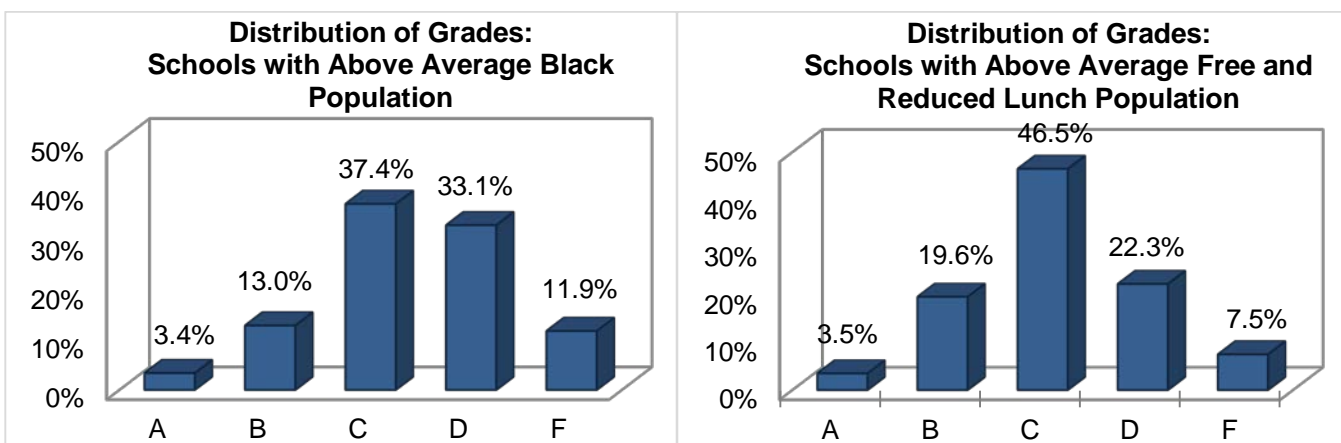
The Impact of Schools' Letter Grades as Accountability Tools

When AESAP was initially conceived and put into operation, the letter grades that resulted from a school's ESSA School Index Score had little more than informational impact for a school. While a school's letter grade would provide one piece of information for DESE to use in determining the level of support to provide to the district serving that school, AESAP was not written for the letter grades to carry any specific weight or directives concerning the level of support the state would provide. That explanation could be one reason why the pattern of schools by grade differs greatly from the pattern of school districts by level of support.



Schools' letter grades, however, have come to be used for more than just reporting as the new state accountability system has aged. What happens at F-graded schools makes up the quantitative criteria for a Level 5 district's exit plan – and the district's ability to meet that criteria in order to exit Level 5 support. And Act 754 of 2019 added the option of school choice to all students attending schools with an F grade, meaning those students could choose to attend school elsewhere.

Therefore, it's worth noting that, as national research has found, letter grades are often reflections of a school's student demographics, often more than they are a reflection of the teaching and learning that occurs in the school. For instance, schools with a lower than average percentage of black students are six times as likely to receive "A's" than schools with larger than average percentage of black students. That same comparison with low-income students shows that schools with lower than average percentages of FRL students are almost eight times as likely to receive A's than are schools with higher than average percentages of students in that category.



The second one looks at schools with higher than average percentages of FRL lunch students (63.48% or more).

REWARD SCHOOLS

Part of an accountability system is rewarding schools that perform well. The Arkansas School Recognition Program provides monetary rewards to schools, if funds are available, based on two measures, Performance (based on weighted achievement scores) and Growth and Graduation (based on schools' growth scores and, where applicable, high school graduation rates). Arkansas Code § 6-15-2107 outlines the program, which allocates \$100 per student to schools in the top 5% of each category and \$50 per student to schools in the top 6% to 10% of schools in each category. Last year, DESE distributed just under \$7 million to schools for their respective scores.⁵⁴ Several schools earned reward money in both the performance and growth categories.

FISCAL DISTRESS

The Arkansas Fiscal Assessment and Accountability Program, or fiscal distress, is the state's program to hold school districts accountable for sound fiscal practices. Under it, DESE identifies school districts that are struggling to maintain fiscal stability and works with them to correct issues. While DESE identifies districts in fiscal distress, the State Board of Education approves or denies the identification and classifies school districts as being in fiscal distress. DESE, the Commissioner of Education, and the State Board have authority to take corrective actions in districts identified and classified in fiscal distress.

Since the beginning of the program in 1995, 77 districts have been classified in fiscal distress.

EARLY WARNING

Act 798 of 2009 created fiscal distress early warning. Early warning requires DESE to monitor districts for signs of fiscal problems and notify districts with more than two non-material violations in one year. Under DESE rules, a nonmaterial violation is something that does not directly jeopardize the fiscal integrity of a school district but has the potential to put the school district in fiscal distress. To help identify potential problems, DESE provides an early intervention checklist to school districts.

Districts in early warning as of January 2020 were Cleveland County, Clinton, Huntsville, and Pangburn.

CLASSIFYING DISTRICTS IN FISCAL DISTRESS

Arkansas Code § 6-20-1904 lists the indicators of fiscal distress. DESE may identify a district in distress if the district has any of the following indicators:

- Declining balance determined to jeopardize the fiscal integrity of the district
- An act or violation determined to jeopardize the fiscal integrity of the district
- Any other fiscal condition of a school district deemed to have a detrimental negative impact on the continuation of educational services by the district

POSSIBLE SANCTIONS/CORRECTIVE ACTIONS

A district classified in fiscal distress must file an improvement plan with DESE, adhere to recommendations from DESE to improve staffing and fiscal policy practices and obtain written permission from DESE before incurring additional debt.

⁵⁴ Under § 6-15-2107(e), school recognition awards shall be used for nonrecurring bonuses to the faculty and staff; nonrecurring expenditures for educational equipment or materials to assist in maintaining and improving student performance; or temporary personnel for the school to assist in maintaining and improving student performance.

After a district is classified in fiscal distress, DESE and the State Board may take actions in the district, including:

- Removing and replacing the superintendent
- Suspending or removing the local school board
- Requiring fiscal training for the district staff or local board
- Monitoring the fiscal operations and accounts of the district
- Petitioning to the State Board to annex, consolidate, or reconstitute the district
- Imposing additional reporting requirements on the district
- Taking any other action allowed by law that is deemed necessary to assist a school district in removing the classification of fiscal distress

REMOVAL

To be removed from fiscal distress, a school district must demonstrate that all causes of fiscal distress have been corrected. The State Board of Education must vote to remove a district from distress. If a school district is not removed from fiscal distress within five years, the State Board is required to annex, consolidate or reconstitute the district.

ACT 929 OF 2019

Act 929 of 2019 created a new program to improve public school districts' finances through reviewing financial management practices of all public school districts, identifying and addressing districts in fiscal distress and providing continuous support to districts returned to local control after being removed from the fiscal distress classification. Act 929 mirrors the changes Act 930 made to the academic distress program (now known as Level 5 Intensive Support).

Some of the changes to fiscal distress in Act 929 include adding requirements for district general business managers, requiring DESE to implement a system for reviewing financial management practices of public school districts, adding to the list of possible sanctions and corrective actions, and requiring that any district being removed must not have experienced any additional indicators of fiscal distress.

DISTRICTS CURRENTLY IN DISTRESS

As of January 2020, five districts were classified as being in fiscal distress:

Dollarway has been in fiscal distress since March 2016, and in state takeover for academic distress since December 2015.

Earle has been in fiscal distress since October 2017, and in state takeover since November 2017 for fiscal distress. Earle was previously classified in fiscal distress twice, in 1996 and in 2011. Earle is also a district in need of Level 5 Intensive Support for academic reasons, at the request of the district and DESE.

Pine Bluff was classified in fiscal distress in September 2018 and placed in state takeover at the same time. Pine Bluff was classified as a district in need of Level 5 Intensive Support in November 2018.

Marvell-Elaine was classified in fiscal distress on January 2019.

Lee County was classified in fiscal distress in May 2019. The district was already in state takeover for being in probationary status for accreditation.

FACILITIES DISTRESS

Act 1426 of 2005 established the Academic Facilities Distress Program to provide the state with a mechanism to intervene when districts are not providing adequate academic facilities or complying with facilities rules. **Facilities Distress** is used to identify, correct or sanction a district or school that has failed to properly maintain its academic facilities. Although schools or districts placed in Facilities Distress are given opportunities to address facilities issues, the Facilities Distress program allows the state to exert control over a noncompliant school or district by enforcing statutes regarding construction, health, safety and other standards.

The Arkansas Division of Public School Academic Facilities and Transportation obtains information about the condition of school district buildings through statutorily required random unannounced on-site inspections conducted by Division staff. In addition, state law requires the Division to work with school districts, state agencies and commissions to complete required inspections (such as inspections of boilers, electrical systems, heating, ventilation, air conditioning systems and natural gas piping systems) and requires that the Division be provided copies of all scheduled or unscheduled inspection and re-inspection reports. The Division uses the information provided by Division inspections, state-mandated inspections, and school district reports in an Early Intervention Program created by Act 798 of 2009. This early intervention program seeks to address facility issues before they advance to the point a school or school district is classified as being in facilities distress.

SECTION 11: HOW ARKANSAS IS DOING: STATISTICS SINCE LAKE VIEW

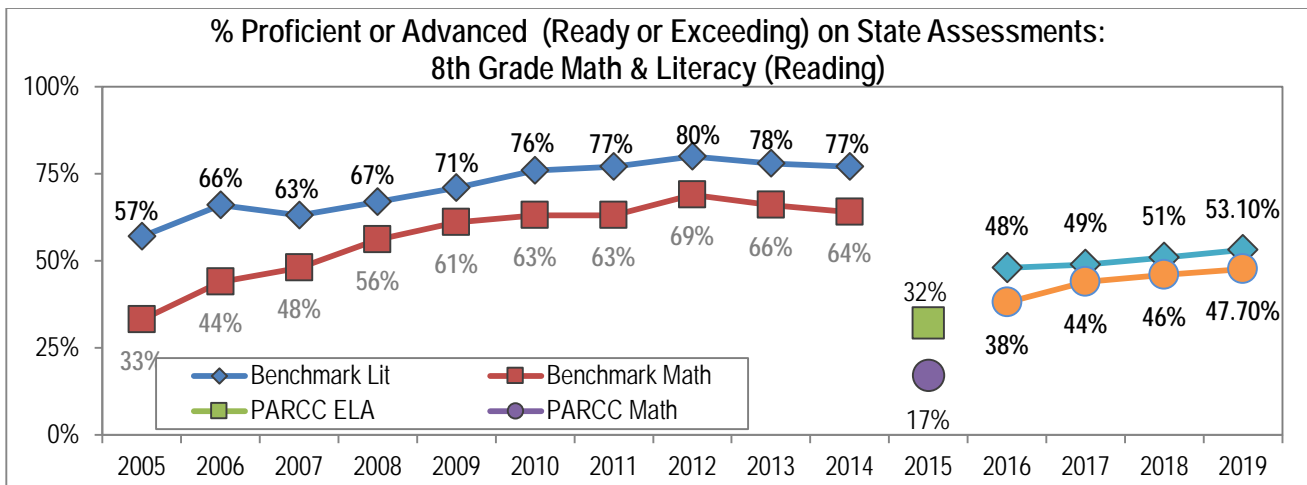
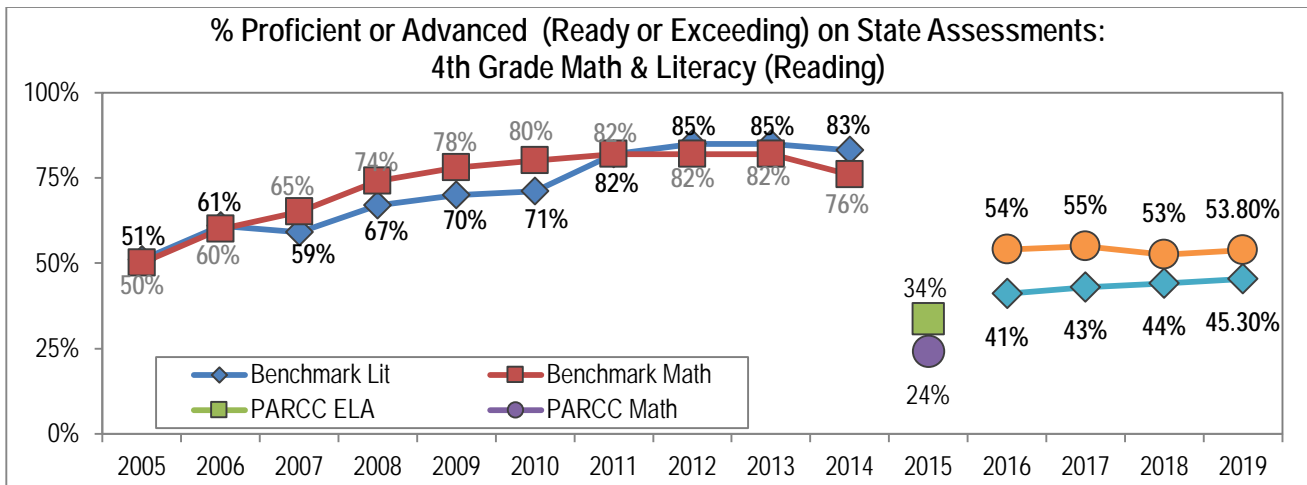
In the Arkansas Supreme Court's 2002 order declaring the state's school funding system unconstitutional, the justices agreed with the lower court's assessment that the "State has a remarkably serious problem with student performance." The lower court's assessment, written by Pulaski County Circuit Court Judge Collins Kilgore, based its conclusions on a range of educational and economic statistics. The BLR has attempted to identify the likeliest sources of data that were cited in the 2001 Kilgore decision, then determine the state's progress on those indicators based on the most recent comparable data. Although statistics from 2001 and earlier are difficult to compare with current statistics due to different calculation methods and changes in tests, this report provides information about the progress made by Arkansas's public schools in recent years, as measured by student test scores, graduation rates and other education statistics.

STATE ASSESSMENT SCORES

2001 KILGORE DECISION: "The first set of scores on the ACTAAP test showed that only 44% of the fourth graders were proficient in reading and only 34% of the students were proficient in math."

NOW: The most recent set of scores on the ACT Aspire shows that 45.3% of 4th graders were "ready" or "exceeding" in reading (indicating proficiency with grade-level standards) in 2019 (preliminary scores), and 53.8% were "ready" or "exceeding" in math.

Since the state assessment has changed multiple times in the last few years, results are not completely comparable. Results from the Benchmark assessments from 2005 to 2014 show increases in math and literacy among 4th and 8th grade students. The Partnership for Assessment of Readiness for College and Careers (PARCC) assessment was administered in 2015 and shows less than 35% of 4th and 8th grade students scored proficient or advanced in math and literacy. In 2016, the ACT Aspire assessment began to be administered. The preliminary 2019 ACT Aspire scores show a slight increase in 4th grade students scoring ready or above in math and reading from the previous year. There were also increases in the percentages of 8th grade students scoring ready or above in both math and reading.

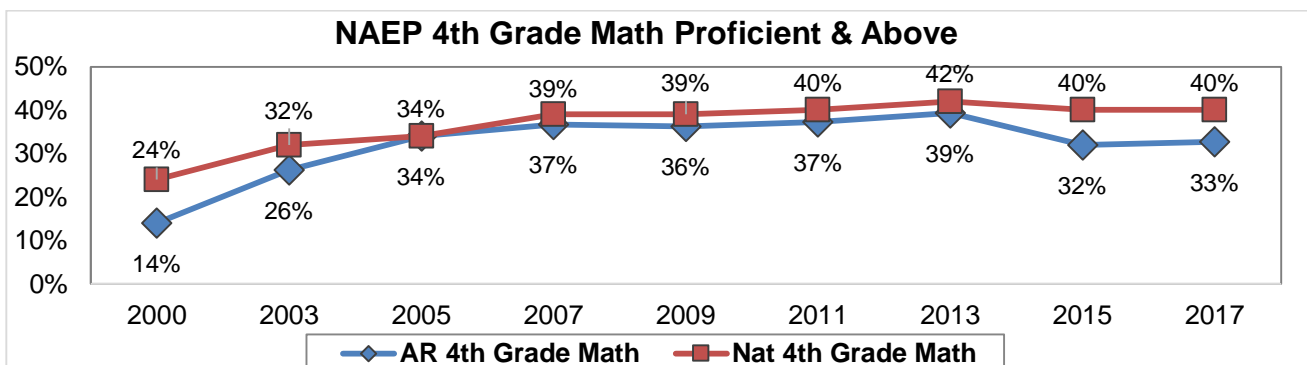


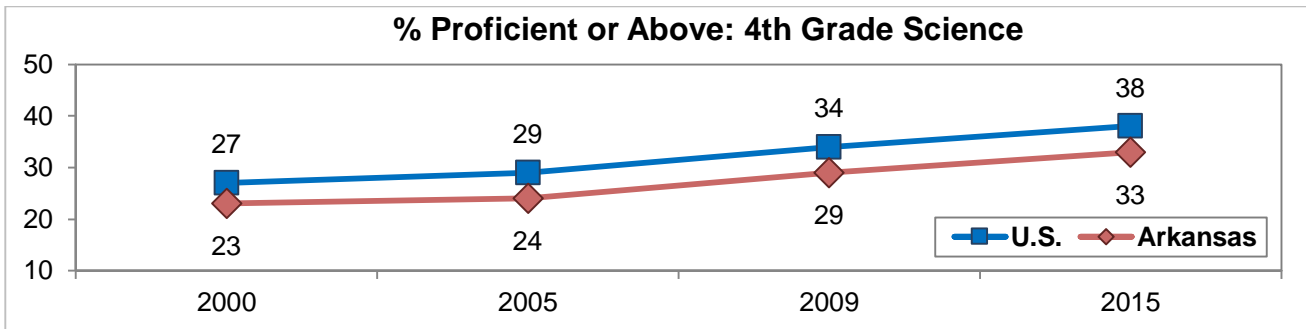
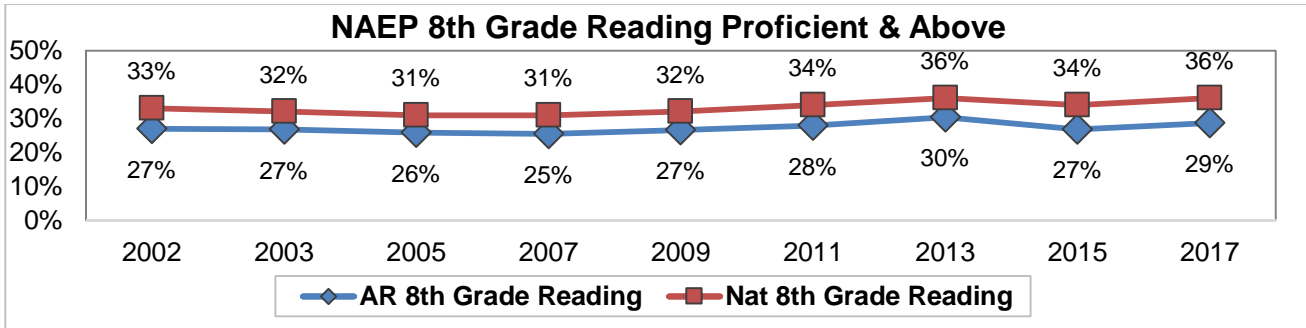
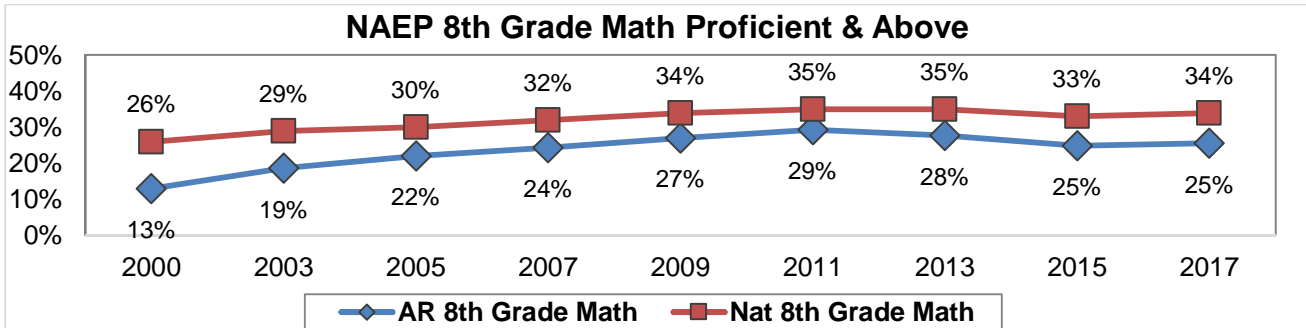
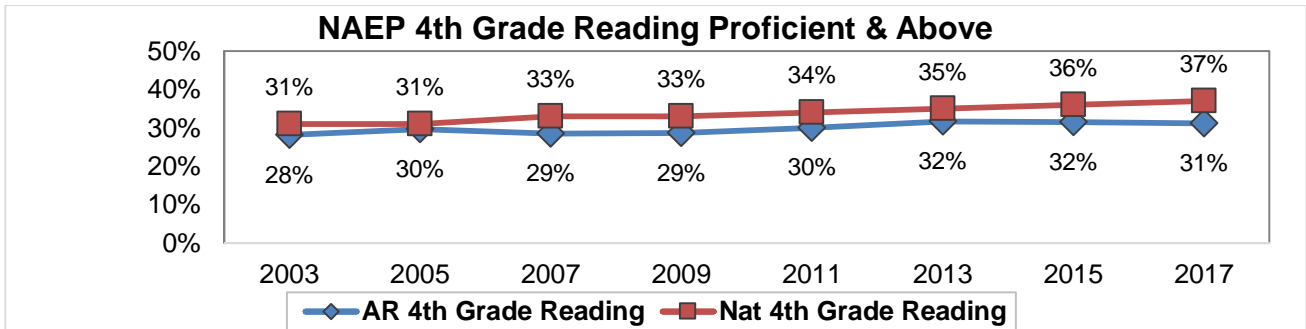
Source: ADE

NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS SCORES

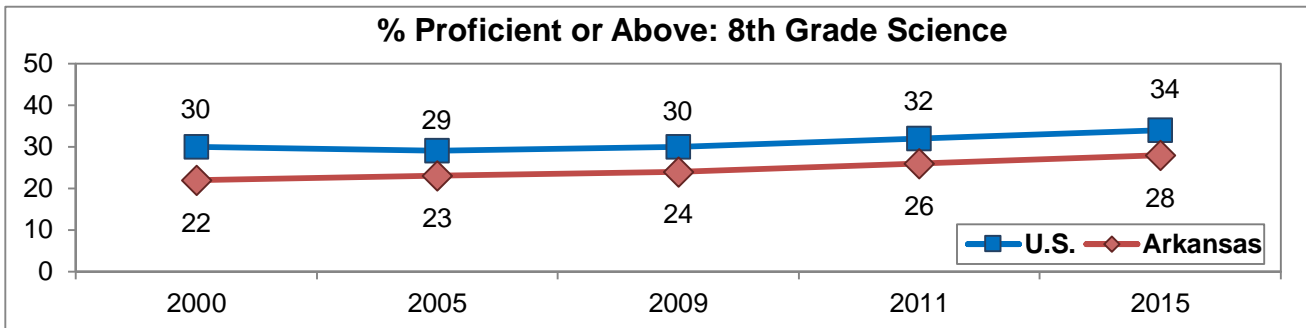
2001 KILGORE DECISION: “Arkansas’ fourth and eighth grade students do not rank at or above the national average for proficiency in math, reading, science or writing as measured by the Southern Regional Education Board’s State Analysis of the National Assessment of Education Progress (NAEP) test scores.”

NOW: Arkansas’s 4th and 8th grade students have made some progress on the NAEP assessments since the 2001 Kilgore decision. However, Arkansas students still trail behind the national average in math and reading, and the gaps between the state and national scores in those subjects for the most part have grown slightly larger in recent years.





Note: The NAEP science assessment was not given in 2017. The science framework changed in 2009.



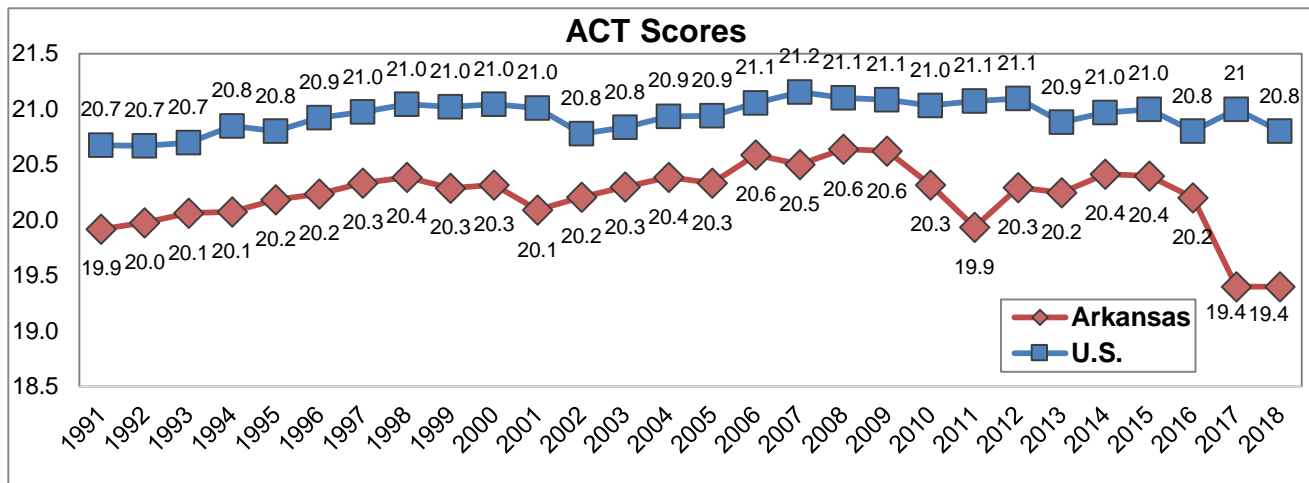
Note: The NAEP science assessment was not given in 2017. The science framework changed in 2009.

AVERAGE ACT COMPOSITE SCORES

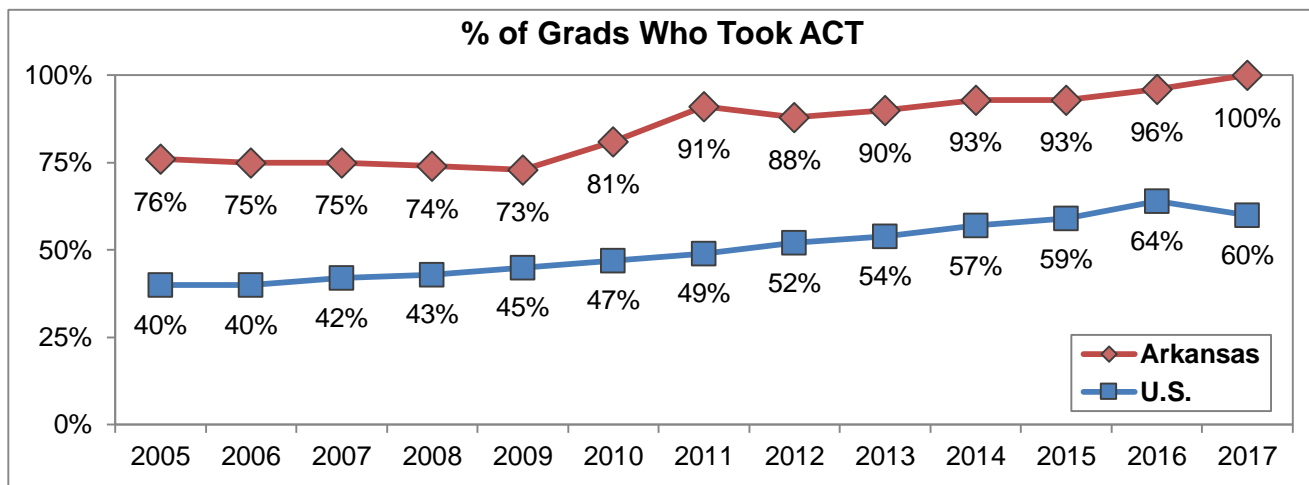
2001 KILGORE DECISION: “Arkansas students scored several tenths below the national average on the ACT from 1990 to 1999.”

NOW: Arkansas students continue to score below the national average on the ACT. However, the percentage of students taking the ACT increased significantly and far surpassed the national average.

Since 2001, the average composite ACT score for Arkansas (and the U.S.) has remained relatively flat. However, in 2017, Arkansas’s average composite score dropped from 20.2 in 2016 to 19.4, about a point and a half below the national average in 2018. That said, the percentage of students in Arkansas taking the ACT increased from 38% in 2001 to 100% in 2017, far surpassing the national average of 60%.



Source: ACT Profile Reports – Arkansas, 2001-2017; ACT, Inc.



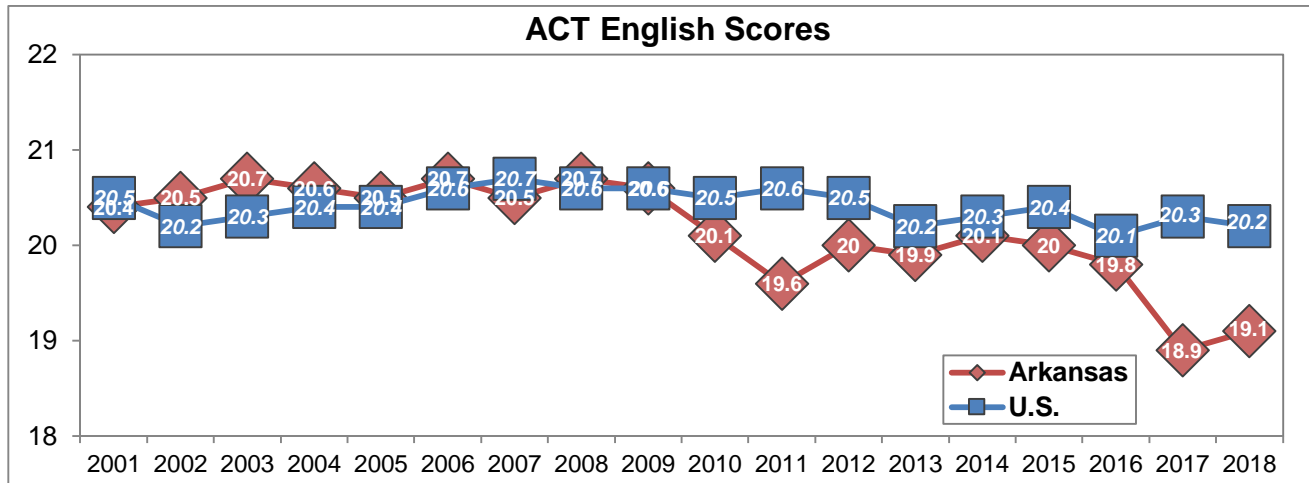
Source: ACT, Inc.

AVERAGE ACT SCORES IN ENGLISH

2001 KILGORE DECISION: “On the ACT test in English, Arkansas students exceed the national average.”

NOW: The average ACT English score for Arkansas dropped from 20.4 in 2001 to 18.9 in 2017 but rose slightly to 19.1 in 2018. Arkansas students now score below the national average ACT score in English.

From 2002 to 2006, Arkansas students slightly outperformed the national average on the ACT test in English. Arkansas students remained close to the national average until 2010 when it dropped about one point over the course of two years. In 2012, the state began to close the gap with the national average until 2017, when Arkansas’s average score dropped again. The decreases in the average ACT English score may be due, in part, to more students taking the exam, as seen on the previous chart.



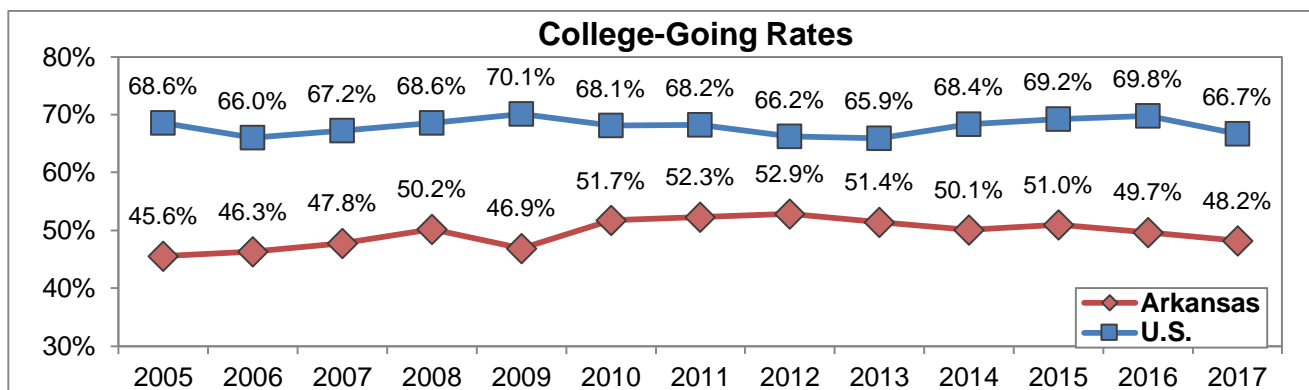
Source: ACT Profile Report – Arkansas, 2001-2017; ACT, Inc.

COLLEGE GOING RATES

2001 KILGORE DECISION: “For the period 1996 through 1998, the percentage of Arkansas high school graduates attending college is approximately 53%.”

NOW: The college-going rate is calculated differently from the methodology used in the late 1990s, which makes comparisons difficult. However, the most recent data still show that about half of Arkansas’s graduating students go on to postsecondary education.

The college-going rate cited in the Kilgore decision was calculated using a different methodology than the one currently used. Beginning in the 2009-10 school year, the new methodology is a College-Going Rate (CGR) calculation for Arkansas public high school graduates only and does not include graduates from private schools.⁵⁵ According to the Arkansas Department of Higher Education’s (ADHE) 2017 Comprehensive Higher Education Annual Report, Arkansas’s CGR reached a high of 52.9% in 2012 and was 48.2% in 2017, nearly 5 percentage points lower. In comparison, the national CGR increased from 65.6% in 1998 to 69.8% in 2016, though it fell to 66.7% in 2017.



Source: *Digest of Education Statistics: 2017*. National Center for Education Statistics, Recent high school completers and their enrollment in 2-year and 4-year colleges, by sex: 1960 through 2016; ADHE, Comprehensive Arkansas Higher Education Annual Reports, 2005-2017.

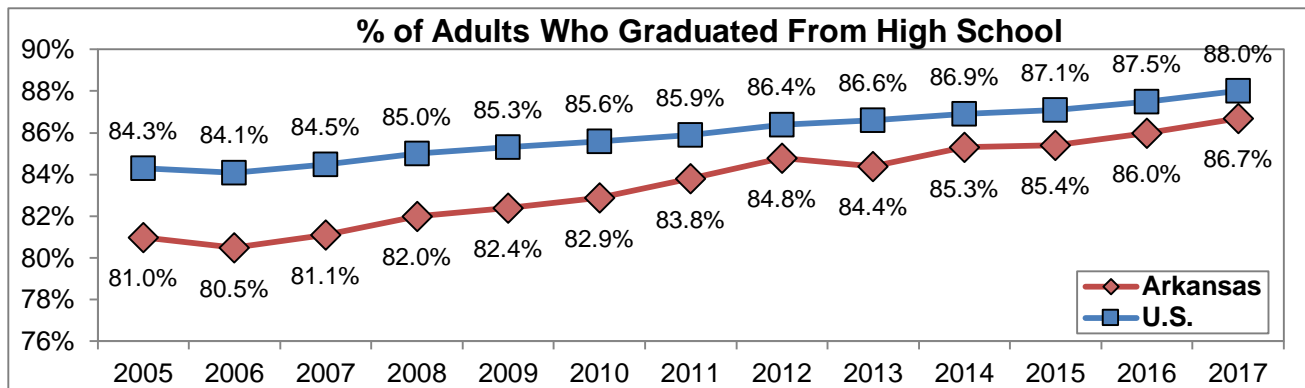
⁵⁵ Arkansas Department of Higher Education. *Comprehensive Arkansas Higher Education Annual Report*. 2011. Retrieved from: https://static.ark.org/eeuploads/adhe/6-CollegeGoingRate-ANNUAL_2.pdf

% OF ADULTS WHO GRADUATED FROM HIGH SCHOOL

2001 KILGORE DECISION: “Arkansas ranks lower than the national average for percentage of adults ages 25 years and older who have graduated from high school.”

NOW: While Arkansas still ranks below the national average, it has increased the percentage of adults who have graduated from high school and narrowed the gap.

The 2000 U.S. Census found that Arkansas ranked 46th among the 50 states and the District of Columbia in the percentage of adults aged 25 years and older who graduated from high school, at 75.3% (tied with Alabama), compared to the national average of 80.4%.⁵⁶ According to the latest data from the U.S. Census Bureau from the American Community Survey (a different survey source from the 2000 Census data), in 2017, Arkansas ranked 43rd among the states and the District of Columbia (down from 42nd in 2016) at 86.7%, compared to the national average of 88%.



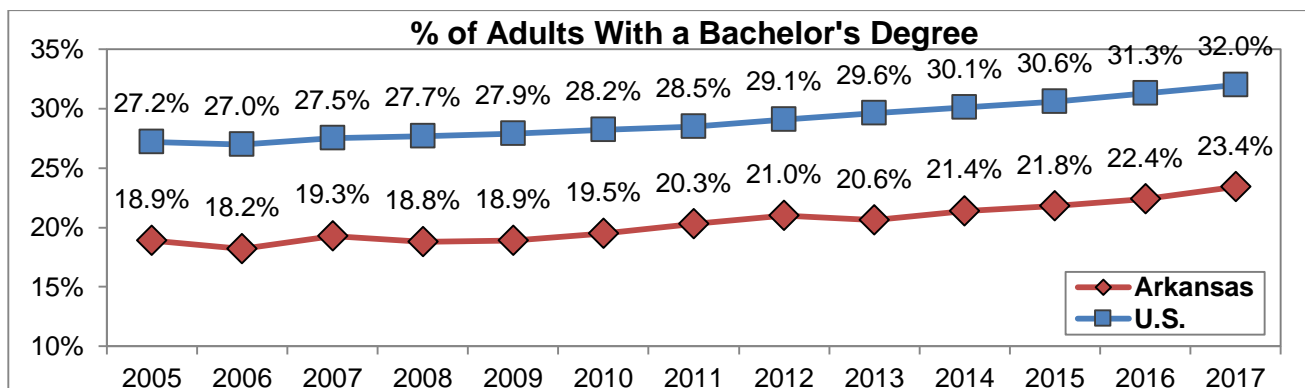
Source: U.S. Census Bureau, American Community Survey, Educational Attainment, 1-Year Estimates, S1501, Various Years

% OF ADULTS WITH A BACHELOR’S DEGREE OR HIGHER

2001 KILGORE DECISION: “Arkansas ranks 49th in the nation in percentage of the population age 25 years or older with a bachelor’s degree or higher.”

NOW: Arkansas has increased its percentage of adults with at least a bachelor’s degree but continued to rank 49th among the 50 states and the District of Columbia in 2017.

According to data from the 2000 Census, Arkansas actually ranked 50th among the states and the District of Columbia in the percentage of adults with a bachelor’s degree or higher, at 16.7%, compared to the national average of 24.4%.⁵⁷ According to the latest data from the U.S. Census Bureau (the American Community Survey, a different survey source from the 2000 Census data), in 2017, Arkansas ranked 49th on this measure at 23.4%, compared to the national average of 32%.



Source: U.S. Census Bureau, American Community Survey: 1-Year Estimate, Various Years.

⁵⁶ U.S. Census Bureau, Profile of Selected Social Characteristics: 2000, Census 2000 Summary File 3, DP-2

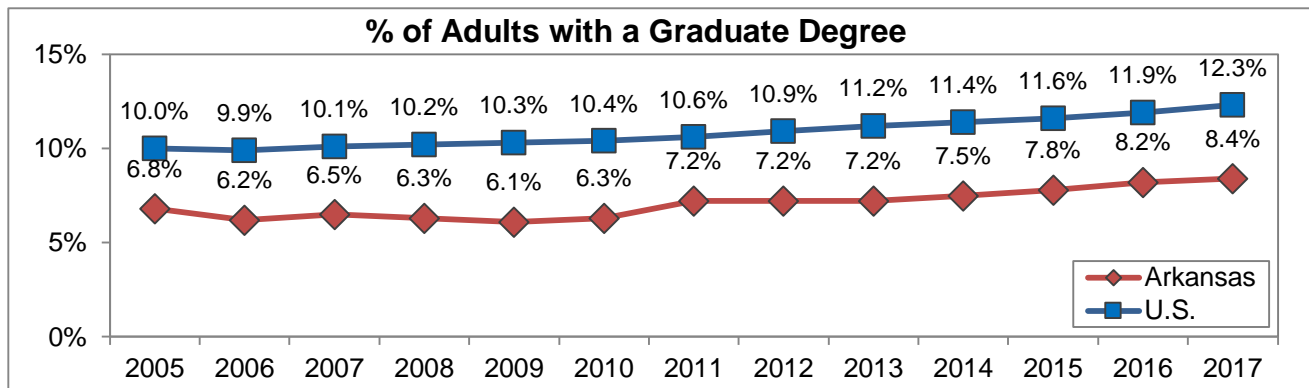
⁵⁷ U.S. Census Bureau, Profile of Selected Social Characteristics: 2000, Census 2000 Summary File 3, DP-2

% OF ADULTS WITH GRADUATE DEGREES

2001 KILGORE DECISION: “Arkansas ties for last place in the nation in percentage of adults with graduate degrees.”

NOW: In 2017, Arkansas ranked 47th among the 50 states and the District of Columbia in the percentage of adults with graduate degrees. Arkansas still trails the national average.

According to data from the 2000 Census, Arkansas ranked 50th among the states and the District of Columbia in the percentage of the population age 25 years or over with a graduate degree, at 5.7%, compared to the national average of 8.9%.⁵⁸ According to the latest data from the U.S. Census Bureau (the American Community Survey, a different survey source from the 2000 Census data), in 2017, Arkansas was ranked at 47th on the measure at 8.4% (tied with Nevada), compared to national average at 12.3%.



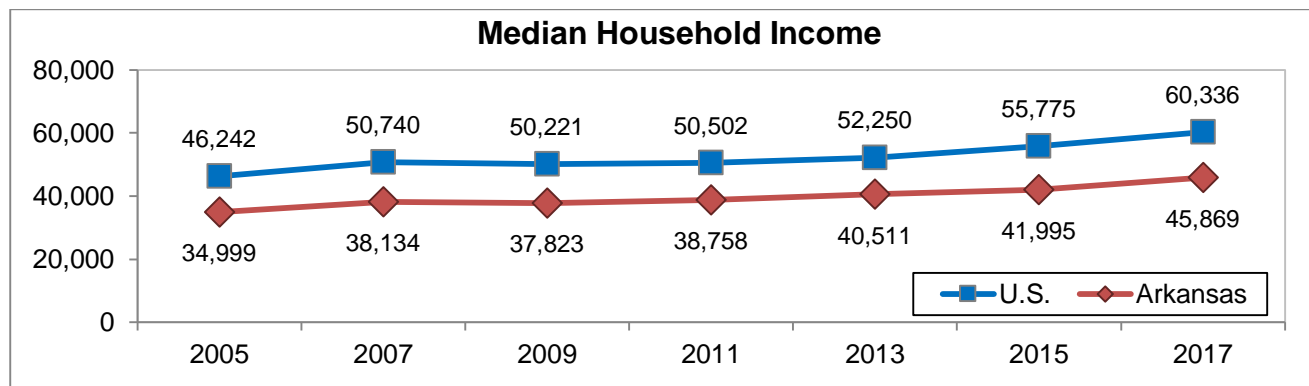
Source: U.S. Census Bureau, American Community Survey: 1 –Year Estimate, Various Years.

MEDIAN HOUSEHOLD INCOME

2001 KILGORE DECISION: “Arkansas ranks 49th among the states for median household income.”

NOW: Although the median household income has risen by nearly \$15,000 since 2000, Arkansas still ranks 49th among states and the District of Columbia on this measure.

According to the 2000 U.S. Census, Arkansas ranked 49th among the states and the District of Columbia for median household incomes, at \$32,182, compared to the national average of \$41,994.⁵⁹ According to the latest data from the U.S. Census Bureau (the American Community Survey, a different survey source from the 2000 Census data), in 2017, Arkansas still ranked 49th, at \$45,869, compared to the national average of \$60,336.



Source: U.S. Census Bureau, American Community Survey: 1-Year Estimate, Various Years.

⁵⁸ U.S. Census Bureau, Profile of Selected Social Characteristics: 2000, Census 2000 Summary File 3, DP-2

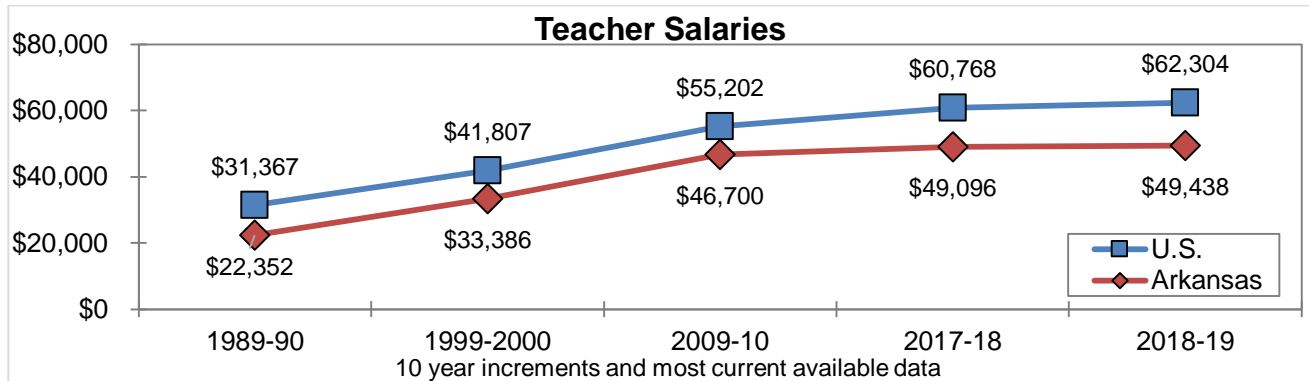
⁵⁹ U.S. Census Bureau, Profile of Selected Economic Characteristics: 2000, Census 2000 Summary File 3, DP-3

TEACHER PAY

2001 KILGORE DECISION: “Arkansas generally ranks between 48th and 50th in teacher pay.”

NOW: Arkansas’s average annual teacher salary increased over \$16,000 since 2000, and its ranking in average annual teacher salaries improved to 46th in 2019.

According to the 2000 Digest of Education Statistics, Arkansas ranked 43rd in 2000, at \$33,386, but the state’s ranking improved to 32nd in 2006-07 and has moved up and down in the years since. In 2019, Arkansas ranked 46th in average annual teacher salaries at \$49,438 compared to the national average of \$62,304, which is a decline from our ranking in 2006-07 and from the previous year, 2018, when Arkansas ranked 44th.



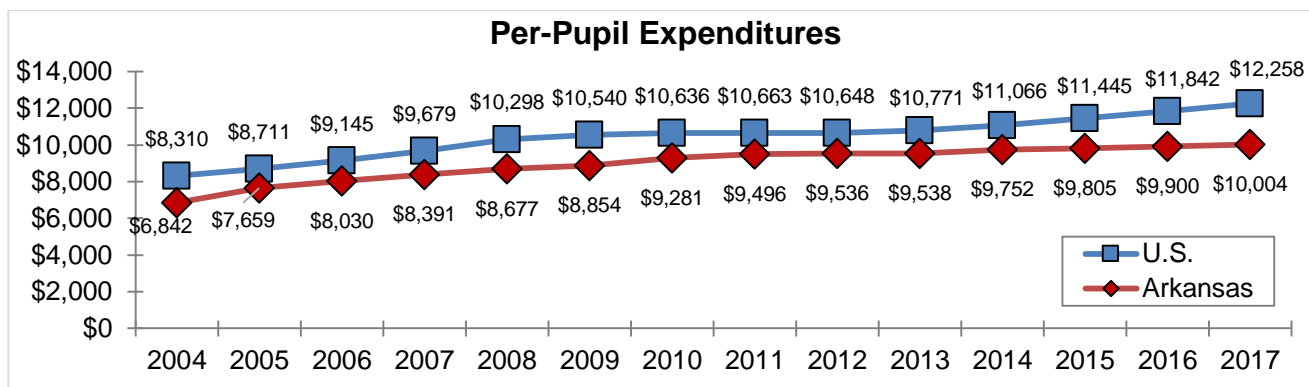
Sources: Digest of Education Statistics, National Center for Education Statistics (NCES), Estimated average annual salary of teachers in public elementary and secondary schools, by state: Selected years, 1969-70 through 2018-19, Table 211.60 in recent years; The NCES data for 2017-18 and 2018-19 uses an estimated average calculated by the National Education Association. However, Rankings of the States 2020, National Education Association (NEA), provides actual 2017-18 and 2018-19 figures which are used in the chart above, May 2020, Table B-6 Average Salaries of Public School Teachers.

PER-PUPIL EXPENDITURES

2001 KILGORE DECISION: Arkansas ranked 48th in the nation in 1998 on spending per student.

NOW: Arkansas’ per-pupil expenditures have increased by \$7,550, and the state now ranks 37th in the nation on spending per student.

According to the 2000 Digest of Education Statistics, Arkansas actually ranked 47th among the 50 states and the District of Columbia on spending per student in FY 1998. Arkansas spent \$4,708, compared to the national average of \$6,189. According to 2019 Digest of Education Statistics, Arkansas ranked 37th among the 50 states and the District of Columbia in FY 2017 on spending per student, at \$10,004, compared to the national average of \$12,258.



Source: Digest of Education Statistics: Various years. National Center for Education Statistics, Current expenditure per pupil in fall enrollment in public elementary and secondary schools, by state or jurisdiction: Selected years, 1969-70 through 2016-17, Table 236.65 in recent years.

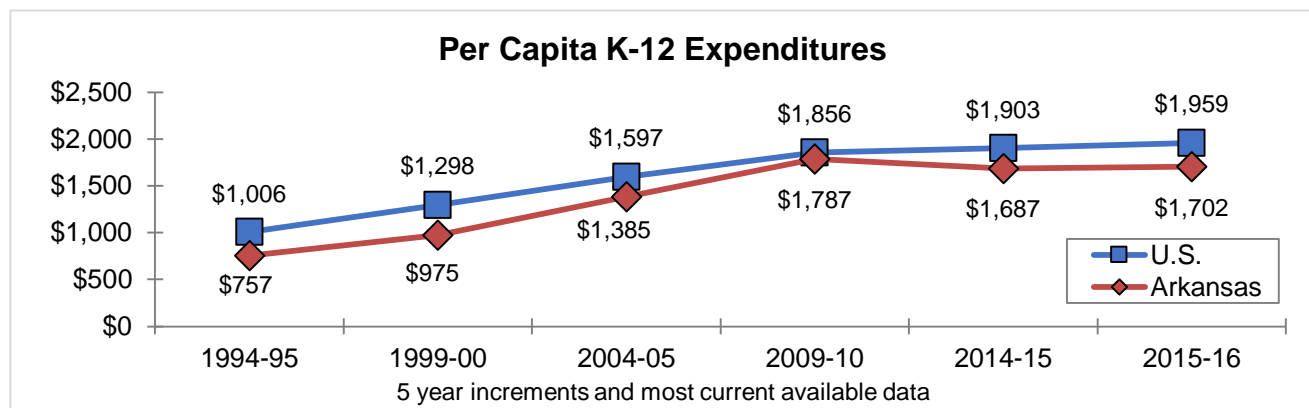
PER CAPITA SPENDING ON EDUCATION

2001 KILGORE DECISION: “Arkansas ranks at number 50 in per capita state and local government expenditures for elementary and secondary education.”

According to the 2000 *Digest of Education Statistics*, Arkansas ranked 51st among states and the District of Columbia in per capita state and local government expenditures for elementary and secondary education in 1995-96, at \$757 per capita (which remained unchanged from 1994-95 shown in the following chart).

NOW: Since 2001, Arkansas more than doubled its 1994-95 per capita spending on education and improved its ranking from 51st to 33rd nationally in per capita state and local government expenditures for K-12 education.

According to the 2018 *Digest of Education Statistics*, Arkansas ranked 33rd in 2015-16, with \$1,702 per capita expenditures compared to the national average of \$1,959. While its current ranking has improved from the time of the Kilgore decision, it has fallen in recent years. For example, the state ranked 27th in 2010.



U.S. Department of Education, NCES, *Digest of Education Statistics*: Direct general expenditures per capita of state and local governments for all functions and for education, by level of education and state, various years, Table 106.50 in recent years.

EDUCATION WEEK'S “QUALITY COUNTS” RANKINGS IN ADEQUACY & EQUITY

2001 KILGORE DECISION: “In a survey published in ‘Education Week’, Arkansas received an F on the adequacy indicator and a C on the equitable division indicator.”

NOW: Arkansas improved from an F to a C- on the adequacy indicator from 1998 to 2004 (the last year that Education Week gave adequacy grades). Arkansas also improved from a C- to a B on the equity indicator during the same time frame. Following a methodology change, Arkansas’s rating in equity fell from an A- in 2008 to a B+ in 2020 and its rating in spending fell from a C- in 2008 to an F in 2020.

Since *Education Week*’s “Quality Counts” reports were first published, the publication’s methodology for determining grades for adequacy and equity has changed. Its reports originally gave letter grades on various indicators between 1998 and 2004. Then it began giving both letter grades and their percentage-equivalent from 2004-2014. *Education Week* stopped giving grades for adequacy in its 2005 report. However, beginning in its 2008 report, *Education Week* changed the way it analyzes school finances. It created a school finance analysis indicator that looks at spending and equity. While not directly comparable, the spending indicator, which looks at adjusted per-pupil expenditures, students funded at or above the national average, spending index, and the percent of total taxable resources spent on education, is similar to the adequacy indicator. *Education Week* continued using its equity indicator but did make a slight change to how it was calculated by adding an additional component called “restricted range”. The restricted range indicator looks at the gap between the highest and lowest spending districts.

Year	Adequacy Rating	Equity Rating	Spending Rating	Overall School Finance Analysis Rating
1998	F	C-		
1999	B-	C-		
2000	C+	C		
2001	C+	B-		
2002	C	C+		
2003	C	B-		
2004	C-	B		
2005		C+		
2006		B-		
2007				
2008		A-	C-	C
2009		A-	D-	C
2010		A-	F	C
2011		B+	F	C
2012		B+	F	C
2013		B+	F	C
2014		B+	D-	C
2015		B+	F	C-
2016		B+	F	C-
2017		B	F	C-
2018		B+	F	C-
2019		B+	F	C-
2020		B+	F	C

Source: *Education Week*, "Quality Counts", 1998-2020.

Note: No rating in school finance was given in 2007. The methodology for calculating the equity scores changed in 2008. The school finance analysis rating encompasses the spending and equity ratings.

SECTION 12: MEASURES OF INFLATION/DEFLATION

In order to estimate the future impacts of inflation or deflation on the costs of providing an adequate education, the Bureau of Legislative Research subscribes to the top two economic data providers, IHS Global and Moody's. These services provide two Consumer Price Indexes (CPI) to consider, Core CPI and the CPI-U.

The Core CPI is used by the Open Market Committee (OMC) of the Federal Reserve to set prices for loans to banks. The Core CPI removes all energy and food costs due to the volatility in these two sectors.

The CPI-U is the CPI – for all Urban Consumers, but it includes all baskets of goods. The Core CPI is the same as the CPI-U except the Core CPI provides a less volatile estimate. The CPI-U may relate more to the needs of school personnel as it includes the costs of energy and food, which are applicable to educators needs.

Both IHS and Moody's expect the Core CPI to remain below 2% well into 2025 due to the current recession. The IHS Global estimates a 3.77% CPI-U for the 2021-2023 biennium which yields a 1.885% annual CPI estimate ($3.77/2=1.885$). Moody's estimates a 4.93% CPI-U or a 2.465% annual estimate. The difference between the two is their economic recovery assumptions. The average of these two estimates is 4.35% over the 2021-2023 biennium or an annual average of 2.175%.

An update of these projections were provided at the Sept. 29, 2020, adequacy meeting, stating that "these two economic data subscription services continue to provide the OMC base target of 2% but have slightly increased the CPI-U range possibilities up to approximately 2.5%; the increased upper end of the range is expected during the second year of the biennium."

SECTION 13: PUBLIC COMMENT

Seven organizations representing the interests of citizens, districts, schools, and educators presented comments and/or recommendations for changes to the state's educational system during the Nov. 4 and 5, 2019, meetings of the Education Committees. This section provides summaries of testimony from each organization. Volume II of this report contains all materials submitted by each organization.

ARKANSAS ASSOCIATION OF EDUCATIONAL ADMINISTRATORS

1. "What does an adequate education look like in 2020 and beyond?" It is time to revisit the Adequacy process and answer that crucial question. In the final Lakeview mandate released by the Supreme Court in 2007, the Court concluded, "constitutional compliance in the field of education is an ongoing task requiring constant study, review, and adjustment." AAEA supports additional study on educational issues currently facing public schools that were not part of the discussion in the original development of the funding Matrix. In addition, in accordance with Act 1082 of 2019, a crucial part of this review needs to be a thorough study of the approved programs for ESA categorical funds.
2. It is vital that any review of Adequacy includes a thorough examination of school safety including the need for additional mental health services in schools.
3. It is crucial that funding be added to the Matrix components that currently are funded less than actual school expenditures. For example, the most recent BLR report on Resource Allocations shows districts spending \$842.02 per student on Maintenance & Operations. The Matrix provides only \$664.00. By fully funding this line item, districts will not have to divert money from other Matrix items, such as teacher salaries, for Maintenance & Operations. This need is even more critical due to the recent increase in the state minimum hourly wage and future increases. Quite a number of hourly school employees are paid from the Maintenance and Operations budget.
4. AAEA opposes any efforts to divert public funds to private schools through vouchers or "scholarships" without the same oversight and accountability mandated for public schools. Research shows that voucher programs across the country are not successful in improving student achievement, do not improve equity, and actually increase discrimination.
5. Quality teaching talent matters when it comes to improving student achievement. Teacher salaries need to be raised to address the current teacher shortage by attracting the best and brightest to the profession. AAEA applauds Governor Hutchinson's initiative and the Legislature's passage of the Educator Compensation Reform Program (Act 877 of 2019). However, the additional funds appropriated through this Act does not address the ongoing costs of the salary increases. Foundation funding in FY22 and FY23 should be increased to meet this cost shortfall.
6. The Facilities Partnership Program should be adequately funded. Investing in school facilities meets the needs of students and schools and is an economic investment that supports Arkansas construction trades. According to information from OEP and DFA, the portion of the state budget that goes to public education is steadily declining, from 49% in 2002-2003 to 42% in 2016-2017. Maintaining a stable level of support from general state revenue would provide for facility funding as well as for other investments in education, such as teacher salaries.
7. Increase categorical funding for FY22 and FY23 to reflect COLA adjustments since many expenditures from the Enhanced Student Achievement, English Language Learners, and Alternative Learning Environment categories are for personnel costs. This need is even more critical due to the passage of the Educator Compensation Reform Program and the recent increase in the state minimum hourly wage.
8. Special Education Catastrophic Funding: The cost to adequately provide the needed care for special needs students with extraordinarily high-cost services is increasing steadily. However, state funding for reimbursement of these crucial services has remained stagnant. DESE has revised catastrophic funding rules for reimbursing school districts for these costs. Additional conversation should be held on the reporting structure for districts to file for reimbursement as it is very burdensome and should be automated. The AASEA Board is volunteering to work with key DESE personnel to streamline this application process.
9. It is essential that Arkansas expand and adequately fund CTE programs in schools and area career centers to ensure all students in all areas of the state have an opportunity to explore alternative educational paths; an economic investment that will help fill current well-paying job openings in the state due to industry demand and need.
10. The Arkansas Teacher Retirement System is essential to ensure the recruiting, retaining and rewarding of career school employees. AAEA supports the efforts of the legislative Public Retirement and Social Security Programs committee to monitor the various systems to ensure the integrity and financial stability of the

retirement systems. The ATRS Board has demonstrated the willingness to make difficult policy decisions within legislative guidelines to ensure the stability of the system. AAEA supports the member elected board of ATRS and believes history has shown that it works well. AAEA also agrees that policy changes should be proposed by the ATRS elected board through the legislative process.

ARKANSAS EDUCATION ASSOCIATION

The Arkansas Education Association, as the largest association of professional educators appreciates the opportunity to lift up the voices of the educators implementing the work in classrooms, cafeterias and school buses every day. Our recommendations for the 2019-2020 adequacy study include:

- Increasing the minimum teacher salary schedule to a level on par with the states with the highest educational outcomes for students.
- Ensure that the state prioritizes and ensures ongoing funding so that increased labor costs are not shifted to local school districts.
- Conduct a full, credible study of the need of public education in Arkansas including a deep look into the current funding matrix.
- Ensure that the funding matrix includes a line item that allows the state to fund legislative mandates.
- Reestablish Arkansas's status as a leader in Pre-K education. Ensure that all 4 year olds have access to a high-quality, public Pre-K program.
- Address the increase in behavior, discipline and violence incidents in the schools by expanding mental health care. Utilize Enhanced Student Achievement funds (ESA) to address these and other wraparound service needs to reduce the incidents that impact the teaching and learning environment.
- Fully fund the special education catastrophic and suspend the use of a funding guidance that favors some school districts over others. Ensure that all students in need of special education services receive all services to which they are entitled.
- Teachers are not the only educators that make our schools work. Education support staff such as school bus drivers, cafeteria workers, janitors, secretaries and others play an integral role in ensuring a well-run, safe and supportive learning environment. As such, these education support professionals deserve to have the line item in the matrix which provides for their services significantly increased. • In addition, the voters of Arkansas in 2018 increased the minimum wage to \$11/hour over 3 years. This has had an impact on school district budgets. The state should assist in filling the increased labor costs for these critical support staffers instead of squeezing local district budgets.
- The adequacy recommendation should, at minimum, use the Consumer Price Index (CPI) as a baseline for increased state support for public schools. When the adequacy recommendation does not reach the level of the CPI, it is effectively a cut to our public school budgets.
- Rural and urban school districts can benefit from adopting and implementing the Community Schools model. This model brings needed resources to low-income students and their families. This model allows the school to serve as a true community hub and should be adopted by the legislature as a best practice.
- Arkansas has been a leader on expanding broadband access to educational institutions. Unfortunately, many schools district facilities are ill-equipped to participate in the technology opportunity because their facilities are not up to current standards. AEA recommends that the facilities Partnership Program be funded fully and consistently through a dedicated and ongoing funding source to meet the evolving needs for students to access state-of-the art facilities.
- In addition, facilities funds must not, as they are currently, be transferred into other areas to fill funding gaps. These funds must be restricted to the purposes for which they are funded and any gaps that need to be filled in the areas where these funds were shifted to must be funded appropriately as well. This includes the shifting of facilities funds to cover Public School Employee health insurance costs.

ARKANSAS PUBLIC SCHOOL RESOURCE CENTER

EDUCATION FUNDING

The current adequacy process was shaped more than a decade ago as part of the legislative response to the Lake View case. Since then, much has changed in education that directly impacts adequacy and the state's efforts to meet its constitutional obligations. As the Committees continues their work, they should consider the extent to which the adequacy process should be updated to reflect the growing importance of these factors:

Consideration of Additional Support for Increased Teacher Salaries

Most education experts agree that effective teachers are the most important factor contributing to student achievement. It is imperative that teacher salaries increase to a level that allows the education profession to recruit and retain the best talent. The state of Arkansas recently passed legislation that increases the starting teacher salary to \$36,000 by the 2022-23 school year. This increase of over \$4,000 over a 4-year period is an important step in moving teacher salaries to a level of competitiveness with other professions.

We propose that the legislature consider multiple pathways for districts to meet new teacher salary and minimum wage requirements. In addition to an increase in foundation funding that is necessary to meet new salary requirements, we propose that districts be permitted to use up to one-half of Enhanced Student Achievement (ESA) funding to support academic core teacher salaries. The use of multiple pathways for teacher salaries could prove helpful in decreasing the teacher salary gap among districts that exists due to the disparity in property assessment values among districts.

In an effort to assist non-high-growth public school districts to increase teacher salaries to the new minimum levels, we propose that a public school be allowed to use up to one-half of Enhanced Student Achievement (ESA) funds to support academic core teacher salaries if the public school is meeting certain academic and staffing efficiencies. ESA has a built-in multiplier that allows schools of poverty to receive additional funds that could make a difference in a public school's ability to hire and retain quality teachers. Therefore, the use of up to one-half of ESA funds for teacher salary would make good vertical equity use of state categorical funds and still give schools the ability to use ESA funds to support other education programs while helping close the equity gap in teacher salaries between wealthy and poor districts. With multiple studies indicating that the teacher can account for significant increases in student learning rates, using ESA funds to increase teacher salaries would be a positive action that provides for the salary increases necessary to find and keep quality teachers in every Arkansas classroom.

Arkansas Public School Facility Partnership Program

There remain concerns regarding possible equity and adequacy disparities in the Arkansas Public School Facility Partnership Program. The state should look to the greater efficiency and synergy available through a state-wide systematic approach, rather than considering only the sum of individualized school district plans. The whole of the Partnership Program – and of the state's obligation of adequate facilities – is greater than the sum of its parts. In its 2018 adequacy comments, APSRC identified eight key principles for regulatory and policy changes to improve the equity and adequacy of the Partnership Program. The eight (8) principles are still valid and relevant now:

1. *Address aggregate statewide needs*
2. *Collapse the current three funding categories into two: 1) Warm, Safe, & Dry and 2) Space/Growth*
3. *Change the wealth index so that it ensures more equitable local-district cost-sharing requirements (Act 1080 of 2019 accomplished this but it has not taken full effect yet.)*
4. *Make intermediate and long-term aggregate forecasts of student growth and facility conditions to anticipate funding needs in both new categories.*
5. *Forecast state partnership funding for the next four to six years, with a firm goal of addressing all statewide needs within a defined time period.*
6. *Develop a statewide system to address facility maintenance government and support for all districts.*
7. *Cultivate a long-term focus on implementing procurement, budgeting and efficiency measures to aid districts through data-driven models.*
8. *Use the Academic Facilities Distress program to loan funds to districts that cannot or will not raise local funds to match State Partnership program funding.*

Open-Enrollment Public Charter School Facilities

Unlike school districts, open-enrollment public charter schools are ineligible for the Partnership Program, nor are they empowered to raise funds for facilities or debt through property taxes. As a result, they must use educational foundation dollars for facility support. In 2019, the Legislature and the Governor made another commendable effort to address this issue by funding the Open-Enrollment

Public Charter School Facilities Funding Aid Program through Act 877. However, continued focus must be maintained in this area as needed to ensure access to substantially equal adequate facilities.

ARKANSAS RURAL EDUCATION ASSOCIATION

Adequate funding for Arkansas education has been interpreted by the Arkansas Supreme Court as determining educational needs and then funding those needs appropriately. The matrix was developed as a guide for a prototypical school of 500 students. That ideal school, of course, does not exist as each school, district, and community have unique circumstances. These individualized variables make spending flexibility essential for locally elected school boards and the administrators they hire to direct resources toward meeting local needs. AREA membership and leadership recognize the difficult task facing the Adequacy Committee. Just looking at the disparity in two categories, teacher salaries and facilities, it becomes very apparent that student growth equals money for salaries and facilities while loss of students equates to declining resources via foundation funding, assessment, and local economic activity. Demographic change has been and will always be a factor for adequacy. Understanding that equity does not necessarily mean equal, AREA supports your efforts to provide adequate funding to meet the needs of all Arkansas students, whether they live in a growing wealthy district or live in those districts and communities struggling for financial, social and economic survival.

Following are what AREA considers Critical issues for Arkansas Rural School Districts:

1. The ability of a district to address and meet the many needs and requirements of adequacy and equity is different depending on localized circumstances, no matter the funding source. Geographic location, local economy, demographics and demographic changes, as well as meeting local needs, are a few variables in this formula. Each community is different and flexibility for allotting resources is paramount for allowing a district the ability to address individualized local needs. To that end, the matrix was created as a funding model specifically for the purpose of flexibility, and it should be viewed and applied in that context.
2. AREA endorses increased teacher salaries, and is supportive of efforts for future increases. However, given the current circumstance of mandated salary increases, we have serious concerns for the financial survival of many districts. We understand districts have choices regarding personnel, and staffing reductions may be required. To this point, we are also concerned about the reduction of student services and the impact on the quality of education in these districts, keeping in mind our Advocacy is "What's Best for Kids". We certainly do not want to go backwards regarding quality education. The impact of mandated teacher salaries on many districts, operating as lean as possible to meet standards, will have significant budgets deficits, requiring some districts to ask for millage increases to comply. AREA views this eventuality as a Constitutional obligation of the Legislature to fund their mandates, and not to pass that responsibility on to local tax payers.
3. AREA supports the premise of everybody having the ability to earn a sustainable wage, however, the impact of the voter approved minimum wage on school districts is very significant. Districts, unlike retailers, do not have the ability to pass along cost increases to customers. School districts traditionally hire motivated, highly trained or trainable persons for classified positions and, in the past have had the ability to pay more than minimum wage to attract the most capable people. Intervention of the Legislature via adequacy funding to address this circumstance and provide opportunity for a district's ability to maintain this posture is paramount.
4. AREA supports educational standards, accountability and course requirements necessary to maintain accreditation. Full classrooms translate to financial efficiency and free up resources for higher salaries or other educational programs. Smaller districts however, due to no fault of their own, find themselves in situations which make efficiency impossible. Meeting standards and maintaining accreditation is nonnegotiable. In order to meet mandated state standards financial efficiency must be sacrificed. Class size for elementary is an example. Standards require a maximum of 20 in a kindergarten classroom. If a district exceeds that number by a few students, they must hire another teacher. So if you have 60 kindergartners registered and four more show up, you must hire another teacher and your class size goes from 20 per class to 16 per class. The same scenario exists for all K-6 classrooms. Grades 7, 8 and 9 through 12 also have class size and course offering requirements. It is easy to see how a few of these situations each year can wreak havoc on a district's budget. Rather than backing off standards, AREA proposes funding the standards for those districts.

ARKANSAS SCHOOL BOARDS ASSOCIATION

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.

ADEQUACY STUDY

Our state's educational system must always strive to stay aligned with the needs of our society, which takes constant review and adjustment, as noted by the Special Masters in their testimony submitted to the Arkansas Supreme Court in the Lakeview case. As necessary adjustments are made, the funding needs of education in Arkansas must be recalibrated in order to continue to maintain the Arkansas Constitutional requirements of adequacy and equity set forth by the Arkansas Supreme Court in Lakeview.

The last time an independent consultant was contracted to do an on the ground review of educational adequacy in Arkansas was in 2007, by Picus and Odden. The most recent independent review of educational adequacy in Arkansas was only a desk audit by Picus and Odden in 2014. We believe that the past independent studies provided valuable research based options for the legislature to consider when determining what is required to provide an adequate and equitable education. Furthermore, we believe that periodic independent reviews provide the legislature with additional new evidence-based ideas for the legislature's consideration and therefore we appreciate the Committees' willingness to consider the pursuit of a new independent study

PRE-KINDERGARTEN PROGRAMS

The state has made great gains in early education. We applaud the General Assembly for its leadership in this area and strongly encourage it to increase funding to expand this program to all students who are currently eligible and eventually to make it available to every child.

CLASS SIZE

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.

TEACHER STAFFING

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 was 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.

SPECIAL EDUCATION TEACHER STAFFING

The funding matrix provides funding for 2.9 special education teachers for 500 students; however, according to the April 24, 2018, Resource Allocation Report, public schools provided approximately 2.98 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, ASBA recommends that the special education teacher line in the matrix be increased to at least 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 HIGH COST OCCURRENCES FUNDING

During the 2017-2019 biennium, the legislature added just over \$4 million in funding to the special education high cost occurrences fund; this increase in funding allowed public schools to continue to provide quality services for high cost students and return some local funds to be utilized for their general student population. Based on a presentation before the House and Senate Education Committees, by the Division of Secondary and Elementary Education on September 9, 2019, it was explained that the Division was in the process of amending the Rules governing the Reimbursement Formula for high cost students; the proposed changes could have a substantial impact on currently high cost districts. We ask that the Committees review the impact of these new rules to gauge their effectiveness and add additional funds for high cost special education students, if necessary.

ENHANCED STUDENT ACHIEVEMENT FUNDING (FORMERLY NSL)

We fear that the complete elimination of the eligible uses of these funds could have devastating impacts upon districts who are using these funds to supplement shortfalls in matrix line item funding. We would ask that the legislature review the current eligible expenditures along with the matrix to ensure districts are receiving necessary foundation funding for essential programs while continuing to allow ESA funds to be used for those evidence based programs (Pre-K, before- and after-school programs, summer school, targeted support, etc.) that have demonstrated effectiveness in assisting to close the gap for those students that the funds were originally intended to support.

TEACHER SALARIES

We appreciate the increase in the minimum teacher salary but realize there is more work to be done in this area in order for our state to compete with other states for the highest quality teachers, for successful recruitment and retention. Consideration of an increase to teacher salaries should be a priority item during each educational adequacy review. We ask that the General Assembly does not forget the support staff (a.k.a. classified employees), which are necessary for school districts to properly function, when considerations are made for increases in compensation for school employees. A key example of how support staff salaries are impacting district recruitment is that there are currently shortages of bus drivers throughout many parts of the state.

COST OF LIVING ADJUSTMENT (COLA)

We recognize and appreciate the increases in foundation funding approved by the General Assembly during this past 2019 legislative session, which provided a 1.74% increase for FY 20, and a 1.72% increase for FY 21. We believe that at least enough new funding should be added to matrix funding annually to ensure that inflationary increases in operations.

FACILITIES AND THE PARTNERSHIP PROGRAM

A thorough review of the Partnership Program was recently conducted. The Advisory Committee on Public School Academic Facilities submitted their report and recommendations to the Commissioner of Education on July 31, 2018. The Advisory Committee recommended State Partnership Program funding should be an annual budgeted amount of approximately \$90 million. Their recommendation would require an increase in Revenue Stabilization funds or annual budgeted GIF funds of about \$30 million. We agree with the Advisory Committee's recommendation of a need for more funds to be added to the Partnership Program.

Furthermore, since it has been well 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 truly develop a long range plan for funding the program.

In their report of July 2018, the Advisory Committee on Public School Academic Facilities recommended the Partnership Program maximum cost factors for each of the 13 regions should be the lesser of the actual cost factors or \$200 per square foot. We agree with the Advisory Committee's recommendation.

SCHOOL SAFETY

The Arkansas School Safety Commission released their Final Report in November 2018. Many of the recommendations can be accommodated by current district staffs and local law enforcement agencies. However, when additional personnel, equipment, or facility safety improvements are required for districts to meet any of the recommendations, we hope the legislature will provide the additional funding required to meet those recommendations.

MENTAL HEALTH SERVICES

We believe the state should provide districts the proper resources to increase the ratio of mental health professionals to students.

PROPERTY TAX

Due to the recent Walmart appeal of its property assessment in Pulaski County, many school board members and administrators are uneasy as to the potential funding issues that could result from this case, regardless of its ultimate outcome. We would ask that the legislature keep a watch on developments in this case and be prepared to provide appropriate remedies to ensure the greatest stability possible for school district funding, as stability in property tax assessment is essential for a sustainable budget.

FORWARD ARKANSAS

ForwARd Arkansas's recommendation is to require and/or incentivize low-performing schools to implement the *Community School Model* to meet student support needs in addition to efforts to improve academics with ESA funding. This would only be applicable to "D" and "F" schools, leaving higher performing schools to manage ESA resources at the local district level.

The Community School Model design is a way to efficiently and effectively address student needs without overburdening existing school staff that already are working to address educational needs. A

community coordinator is the center of this model. This person serves as a liaison between school staff and students and their families and assesses overall student needs unique in each community. They build partnerships connecting the school with community resources through joint-use agreements and memoranda of understanding. The Community School Model can be accomplished with existing ESA funding and federal funding.

WALTON PERSONAL PHILANTHROPY GROUP

While the ESA funding category has been in place since 2004, the achievement gap continues to be troubling. Even more concerning is **the Economically Disadvantaged student category represents 63 percent of all public-school students in the state** (*My School Info* website for statewide data 2018).

It would seem the time has come to assure at least a portion of these funds be directed in a way that would create leveraged support, relevant involvement, and external accountability from the communities these schools serve. More than any time in memory, Arkansas communities are poised to be involved in more relevant ways regarding school performance and how schools are preparing students for college and career options, but with only **18.6 percent of Economically Disadvantaged students in grade 10 ready and exceeding in math and 32.14 percent in literacy**, these students won't have the basic skills to take advantage of new and increasing opportunities.

According to the Institute for Educational Leadership, the Community Schools model has been endorsed by many organizations across sectors including Community Development and Building; Education; Family Support and Human Services; Funders; Government; Local Community School Networks; Physical and Mental Health; Policy, Training, and Advocacy; School Facilities Planning; State Entities; and Youth Development. The document provides standards, resources, research regarding this approach, case studies, and alignment with the Every Student Succeeds Act (ESSA).

The benefit of this framework is it provides relevant, documented and accountable partnerships between schools and their communities, as well as alignment with the state's ESSA plan. In the funding section, suggestions are given for allocating funds toward this effort. For Arkansas, since significant funds are allocated in the ESA category, an appropriate percentage of these as determined by the legislature could provide leverage/matches from community-based organizations.

Recommendations to Assure Effectiveness in Implementing this Approach include:

- Non-profit Governance of the Plan – If an external non-profit organization is involved in the governance of the plan, assurance of community voices, as well as accountability to the plan, is more likely to occur. Non-profits would include community or regional organizations that have capacity to manage the plan and could be a conduit for coordinating contracts with schools for wrap-around and educational services as needed.
- Requirement for Schools in Level 5 Intensive Support – Since more intensive support is required in the ESSA plan for schools in Level 5, this could be an additional requirement to build momentum for improvement, not only from the state, but from the local community.
- Evidence of Relevant Partnerships through a Written Plan – These include goals for improvement in identified areas, signed by representatives from the school, parents, business, and community members.
- Annual Reports to the Department of Elementary and Secondary Education and the House and Senate Education Committees – These would show trends against specific plan metrics, prepared and submitted by the non-profit governance organization.

SECTION 14: RECOMMENDATIONS

A separate Recommendations Worksheet will be handed out in the August 2020 Meeting to create and adopt new recommendations for FY22 and FY23.

On **October 6, 2020**, House and Senate Education Committees voted to adopt the following recommendations for each topic:

Topic	FY22	FY23
Definition of Adequacy	Current definition: 1. The standards included in the state's curriculum and career and technical frameworks, which define what Arkansas students are to be taught, including specific grade level curriculum and a mandatory thirty-eight (38) Carnegie units defined by the Arkansas Standards of Accreditation to be taught at the high school level; 2. The standards included in the state's testing system. The goal is to have all, or all but the most severely disabled, students perform at or above proficiency on these tests; and 3. Sufficient funding to provide adequate resources as identified by the General Assembly.	
Special Education	Increase special education catastrophic funding by 3.7% to \$13,500,000.	Increase special education catastrophic funding by 3.7% to \$13,998,150.
Teacher Salaries	Increase average salary + benefits in the matrix by 2.25% to \$70,011, or \$4,717 per child. Use a formula to distribute \$15,000,000 in Enhanced Salary funding to qualifying schools.	Increase average salary + benefits in the matrix by 2.25% to \$71,586, or \$4,824 per child. Use a formula to distribute \$15,000,000 in Enhanced Salary funding to qualifying schools.
Partnership Program	No changes recommended.	No changes recommended.
Student Growth Funding	No changes recommended.	No changes recommended.
Declining Enrollment Funding	No changes recommended.	No changes recommended.
Isolated Funding	No changes recommended.	No changes recommended.
Adequacy Study	No changes recommended until the final report from the consultants, APA, is received in December 2020.	
Enhanced Student Achievement (ESA) Funding	Increase each level by 1.16%, so amounts per student will be \$532, \$1,063 and \$1,594. Keep the \$5,300,000 amount for the "Additional ESA" funds to provide matching grants.	Increase each level by 1.16%, so amounts per student would be \$538, \$1,076 and \$1,613. Keep the \$5,300,000 amount for the "Additional ESA" funds to provide matching grants.
Professional Development (PD) Funding	PD funding as a categorical remains the same at \$40.80 per student. Additional PD funding for PLC grants increases by 16% to \$14,500,000.	PD funding as a categorical remains the same at \$40.80 per student; Additional PD funding for PLC grants increases by 13.8% to \$16,500,000.
English Language Learner (ELL) Funding	Increase funding by 2% to \$359 per student.	Increase funding by 2% to \$366 per student.
Alternative Learning Environment (ALE) Funding	Increase funding by 2% to \$4,794 per student.	Increase funding by 2% to \$4,890 per student.
Principal	Increase funding for salary + benefits by 2.5% to \$101,487 or \$203 per student.	Increase funding for salary + benefits by 2.5% to \$104,024 or \$208 per student.
Secretary	Increase funding for salary + benefits by 2.5% to \$41,876 or \$83.80 per student.	Increase funding for salary + benefits by 2.5% to \$42,923 or \$85.80 per student.
Technology	Maintain funding level of \$250 per student.	Maintain funding level of \$250 per student.

Topic	FY22	FY23
Instructional Materials	Increase funding level by 2.5% to \$193 per student.	Increase funding level by 2.5% to \$197 per student.
Extra Duty Funds	Increase funding level by 2.6% to \$67.90 per student.	Increase funding level by 2.6% to \$69.60 per student.
Supervisory Aides	Increase funding by 2.6% to \$51.30 per student.	Increase funding by 2.6% to \$52.60 per student.
Substitutes	Increase funding by 2.5% to \$73.60 per student.	Increase funding by 2.5% to \$75.40 per student.
Operations and Maintenance	Increase funding by 2.5% to \$723 per student.	Increase funding by 2.5% to \$741 per student.
Central Office	Increase funding 2% to \$448 per student.	Increase funding by 2% to \$456 per student.
Transportation	Maintain funding level of \$321 per student.	Maintain funding level of \$321 per student.
Adjustment for Retirement	Increase funding level by 51.5% to \$50 per student.	Increase funding level by 34% to \$67 per student.
Total Foundation Funding Rate	The total foundation funding rate per student, including the adjustment for retirement, increases by 2.3% to \$7,182.	The total foundation funding rate per student, including the adjustment for retirement, increases by 2.3% to \$7,349.

APPENDIX A: ADEQUACY STUDY STATUTE, CODIFIED AT A.C.A. § 10-3-2101 ET SEQ.**10-3-2101. Purpose and findings.**

- (a) The General Assembly recognizes that it is the responsibility of the State of Arkansas to:
- (1) Develop what constitutes an adequate education in Arkansas pursuant to the mandate of the Supreme Court and to conduct an adequacy study, which has been completed; and
 - (2) Know how revenues of the State of Arkansas are being spent and whether true equality in educational opportunity is being achieved.
- (b) The General Assembly also recognizes that no one (1) study can fully define what is an adequate, efficient, and equitable education.
- (c) The General Assembly further recognizes that while the adequacy study performed in 2003 is an integral component toward satisfying the requirements imposed by the Supreme Court, the General Assembly has a continuing duty to assess what constitutes an adequate education in the State of Arkansas.
- (d) Therefore, because the State of Arkansas has an absolute duty to provide the school children of the State of Arkansas with an adequate education, the General Assembly finds that ensuring that an adequate and equitable system of public education is available in the State of Arkansas shall be the ongoing priority for the State of Arkansas.
- History: Acts 2003 (2nd Ex. Sess.), No. 57, § 1.

10-3-2102. Duties.

- (a) During each interim, the House Committee on Education and the Senate Committee on Education shall meet separately or jointly, as needed, to:
- (1) Assess, evaluate, and monitor the entire spectrum of public education across the State of Arkansas to determine whether equal educational opportunity for an adequate education is being substantially afforded to the school children of the State of Arkansas and recommend any necessary changes;
 - (2) Review and continue to evaluate what constitutes an adequate education in the State of Arkansas and recommend any necessary changes;
 - (3) Review and continue to evaluate the method of providing equality of educational opportunity of the State of Arkansas and recommend any necessary changes;
 - (4) Evaluate the effectiveness of any program implemented by a school, a school district, an education service cooperative, the Division of Elementary and Secondary Education, or the State Board of Education and recommend necessary changes;
 - (5) Review the average teacher salary in the State of Arkansas in comparison to average teacher salaries in surrounding states and member states of the Southern Regional Education Board and make recommendations for any necessary changes to teacher salaries in the State of Arkansas established by law;
 - (6) Review and continue to evaluate the costs of an adequate education for all students in the State of Arkansas, taking into account cost-of-living variances, diseconomies of scale, transportation variability, demographics, school districts with a disproportionate number of students who are economically disadvantaged or have educational disabilities, and other factors as deemed relevant, and recommend any necessary changes;
 - (7) Review and continue to evaluate the amount of per-student expenditure necessary to provide an equal educational opportunity and the amount of state funds to be provided to school districts, based upon the cost of an adequate education and monitor the expenditures and distribution of state funds and recommend any necessary changes; and
 - (8) Review and monitor the amount of funding provided by the State of Arkansas for an education system based on need and the amount necessary to provide an adequate educational system, not on the amount of funding available, and make recommendations for funding for each biennium.
- (b) As a guidepost in conducting deliberations and reviews, the committees shall use the opinion of the Supreme Court in the matter of Lake View Sch. Dist. No. 25 v. Huckabee, 351 Ark. 31, 91 S.W.3d 472 (2002), and other legal precedent.
- (c) The Division of Elementary and Secondary Education, the Division of Career and Technical Education, and the Division of Higher Education shall provide the House Committee on Education and the Senate Committee on Education with assistance and information as requested by the House Committee on Education and the Senate Committee on Education.

- (d)** The Attorney General is requested to provide assistance to the House Committee on Education and the Senate Committee on Education as needed.
- (e)** Contingent upon the availability of funding, the House Committee on Education, the Senate Committee on Education, or both, may enter into an agreement with outside consultants or other experts as may be necessary to conduct the adequacy review as required under this section.
- (f)** The study for subdivisions (a)(1)-(4) of this section shall be accomplished by:
- (1)** Reviewing a report prepared by Arkansas Legislative Audit compiling all funding received by public schools for each program;
 - (2)** Reviewing the Arkansas academic standards developed by the Division of Elementary and Secondary Education;
 - (3)** Reviewing the Arkansas Educational Support and Accountability Act, § 6-15-2901 et seq.;
 - (4)** Reviewing fiscal and facilities distress programs;
 - (5)** Reviewing the state's standing under the Elementary and Secondary Education Act of 1965, Pub. L. No. 89-10, as reauthorized by the Every Student Succeeds Act, Pub. L. No. 114-95; and
 - (6)** [Repealed.]
 - (7)** Reviewing the specific programs identified for further study by the House Committee on Education and the Senate Committee on Education.
- (g)**
- (1)** The study for subdivision (a)(5) of this section shall be accomplished by comparing the average teacher salary in Arkansas with surrounding states and Southern Regional Education Board member states, including without limitation:
 - (A)** Comparing teacher salaries as adjusted by a cost of living index or a comparative wage index;
 - (B)** Reviewing the minimum teacher compensation salary schedule; and
 - (C)** Reviewing any related topics identified for further study by the House Committee on Education and the Senate Committee on Education.
 - (2)** Depending on the availability of National Education Association data on teacher salaries in other states, the teacher salary comparison may be prepared as a supplement to the report after September 1.
- (h)** The study for subdivision (a)(6) of this section shall be accomplished by reviewing:
- (1)** Expenditures from:
 - (A)** Isolated school funding;
 - (B)** National school lunch student funding;
 - (C)** Declining enrollment funding;
 - (D)** Student growth funding; and
 - (E)** Special education funding;
 - (2)** Disparities in teacher salaries; and
 - (3)** Any related topics identified for further study by the House Committee on Education and the Senate Committee on Education.
- (i)** The study for subdivision (a)(7) of this section shall be accomplished by:
- (1)** Completing an expenditure analysis and resource allocation review each biennium; and
 - (2)** Reviewing any related topics identified for further study by the House Committee on Education and the Senate Committee on Education.
- (j)** The study for subdivision (a)(8) of this section shall be accomplished by:
- (1)** Using evidence-based research as the basis for recalibrating as necessary the state's system of funding public education;
 - (2)** Adjusting for the inflation or deflation of any appropriate component of the system of funding public education every two (2) years;
 - (3)** Reviewing legislation enacted or rules promulgated during the biennium covered by the study to determine the impact of the legislation and rules on educational adequacy-related public school costs; and
 - (4)** Reviewing any related topics identified for further study by the House Committee on Education and the Senate Committee on Education.

History. Acts 2003 (2nd Ex. Sess.), No. 57, § 1; 2005, No. 723, § 1; 2007, No. 1204, § 1; 2011, No. 725, § 1; 2015, No. 554, § 5; 2017, No. 936, § 55.

10-3-2103. Investigations.

(a) The House Committee on Education and the Senate Committee on Education shall have the authority to conduct investigations pertaining to the effectiveness of any and all education programs of:

- (1) Any school;
- (2) Any school district;
- (3) Any service cooperative;
- (4) Any institution;
- (5) The Division of Elementary and Secondary Education or its successors; or
- (6) The State Board of Education or any division under the board's authority.

(b)

(1) In connection with any investigation, the House Committee on Education and the Senate Committee on Education shall have the right and the power to subpoena witnesses and to issue subpoena duces tecum, pursuant to § 10-2-307.

(2) The chairs and the cochairs of the House Committee on Education and the Senate Committee on Education are authorized to administer oaths.

History: Acts 2003 (2nd Ex. Sess.), No. 57, § 1; 2013, No. 1465, § 6; 2019, No. 910, § 2217.

10-3-2104. Report.

(a) The House Committee on Education and the Senate Committee on Education shall file separately or jointly, or both, reports of their findings and recommendations with the President Pro Tempore of the Senate and the Speaker of the House of Representatives no later than November 1 of each year before the convening of a regular session.

(b) For each recommendation the report shall include proposed implementation schedules with timelines, specific steps, agencies and persons responsible, resources needed, and drafts of bills proposing all necessary and recommended legislative changes.

(c) The report shall be supplemented as needed to accomplish the purposes of this continuing evaluation.

(d)

(1) Before a fiscal session, the House Committee on Education and the Senate Committee on Education shall meet, jointly or separately as needed, to review the funding recommendations contained in the most recent report filed under this section.

(2) The House Committee on Education and the Senate Committee on Education, meeting jointly or separately as needed, also shall review any other matters identified by the House Committee on Education or the Senate Committee on Education that may affect the state's obligation to provide a substantially equal opportunity for an adequate education for all public school students.

(3) If the House Committee on Education and the Senate Committee on Education find that the recommendations in the most recent adequacy evaluation report filed under this section should be amended, the House Committee on Education and the Senate Committee on Education, jointly or separately, or both, shall advise in writing the President Pro Tempore of the Senate and the Speaker of the House of Representatives of their findings and amendments to the adequacy evaluation report:

(A) By November 1 of the calendar year before the beginning of a fiscal session that is held in a year in which the preferential primary election is held in May under § 7-7-203; and

(B) By March 1 of the calendar year before the beginning of a fiscal session that is held in a year in which the preferential primary election is held in March under § 7-7-203.

(e) The House Committee on Education or the Senate Committee on Education, separately or jointly, shall publish a draft of the report required under this section or any amendment or supplement to the report not less than fourteen (14) days before the report, amendment, or supplement is submitted to the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

History: Acts 2003 (2nd Ex. Sess.), No. 57, § 1; 2007, No. 1204, § 2; 2009, No. 199, § 1; 2011, No. 725, § 2; 2019, No. 545, § 7.

APPENDIX B: INDEX OF ADEQUACY REVIEWS REQUIRED BY STATUTE

2019-20 Adequacy study responsibilities	Shall be accomplished by:
<p>(1) Assess, evaluate, and monitor the entire spectrum of public education across the State of Arkansas to determine whether equal educational opportunity for an adequate education is being substantially afforded to the school children of the State of Arkansas and recommend any necessary changes;</p> <p>(2) Review and continue to evaluate what constitutes an adequate education in the State of Arkansas and recommend any necessary changes;</p> <p>(3) Review and continue to evaluate the method of providing equality of educational opportunity of the State of Arkansas and recommend any necessary changes;</p> <p>(4) Evaluate the effectiveness of any program implemented by a school, a school district, an education service cooperative, the Dept. of Education, or the State Board of Education and recommend necessary changes;</p>	<p>Reviewing a report prepared by the Division of Legislative Audit compiling all funding received by public schools for each program</p>
	<p>Reviewing the Arkansas academic standards developed by the Department of Education</p>
	<p>Reviewing the Arkansas Educational Support and Accountability Act</p>
	<p>Reviewing fiscal and facilities distress programs</p> <p>Reviewing the state's standing under the Elementary and Secondary Education Act of 1965 as reauthorized by the Every Student Succeeds Act of 2015</p>
<p>(5) Review the average teacher salary in the State of Arkansas in comparison to average teacher salaries in surrounding states and member states of the Southern Regional Education Board and make recommendations for any necessary changes to teacher salaries in the State of Arkansas established by law;</p>	<p>Comparing the average teacher salary in Arkansas with surrounding states and Southern Regional Education Board member states, including:</p> <ul style="list-style-type: none"> • Comparing teacher salaries as adjusted by a cost-of-living index or a comparative wage index • Reviewing the minimum teacher compensation salary schedule
<p>(6) Review and continue to evaluate the costs of an adequate education for all students in the State of Arkansas, taking into account cost-of-living variances, diseconomies of scale, transportation variability, demographics, school districts with a disproportionate number of students who are economically disadvantaged or have educational disabilities, and other factors as deemed relevant, and recommend any necessary changes;</p>	<p>Reviewing expenditures from isolated school funding</p>
	<p>Reviewing expenditures from National School Lunch state funding</p>
	<p>Reviewing expenditures from declining enrollment funding</p>
	<p>Reviewing expenditures from student growth funding</p>
	<p>Reviewing expenditures from special education funding</p>
	<p>Reviewing disparities in teacher salaries</p>
<p>(7) Review and continue to evaluate the amount of per-student expenditure necessary to provide an equal educational opportunity and the amount of state funds to be provided to school districts, based upon the cost of an adequate education and monitor the expenditures and distribution of state funds and recommend any necessary changes;</p>	<p>Completing an expenditure analysis and resource allocation review</p>
<p>(8) Review and monitor the amount of funding provided by the State of Arkansas for an education system based on need and the amount necessary to provide an adequate educational system, not on the amount of funding available, and make recommendations for funding for each biennium.</p>	<p>Using evidence-based research as the basis for recalibrating as necessary the state's system of funding public education</p>
	<p>Adjusting for the inflation or deflation of any appropriate component of the system of funding public education</p>
	<p>Reviewing legislation enacted or rules promulgated during the biennium covered by the study to determine the impact of the legislation and rules on educational adequacy-related public school costs</p>
	<p>Reviewing any related topics identified for further study by the House Committee on Education and the Senate Committee on Education</p>

APPENDIX C: ADEQUACY STUDY PRESENTERS AND CONTRIBUTORS

Experts, state agency officials, and members of advocacy organizations provided information, data, and other assistance for the Adequacy Study.

BUREAU OF LEGISLATIVE RESEARCH

- **Ms. Estella Smith**, Assistant Director for Research Services,
- **Ms. Julie Holt**, Administrator, Policy Analysis and Research Section
- **Ms. Nell Smith**, Former Administrator, Policy Analysis and Research Section
- **Mr. Richard Wilson**, Consultant and Former Assistant Director for Research Services
- **Mr. Paul Atkins**, Senior Legislative Analyst, Policy Analysis and Research Section
- **Ms. Adrienne Beck**, Legislative Analyst, Policy Analysis and Research Section
- **Ms. Lori Bowen**, Senior Legislative Analyst, Policy Analysis and Research Section
- **Ms. Elizabeth Bynum**, Legislative Analyst, Policy Analysis and Research Section
- **Ms. Juanita Giles**, Legislative Administrative Assistant, Legislative Committee Staff
- **Ms. Leah Headley**, Legislative Administrative Assistant, Legislative Committee Staff
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- **Ms. Taylor Loyd**, Staff Attorney, Legal Services Division
- **Ms. Ashley Miller**, Legislative Administrative Assistant, Legislative Committee Staff
- **Ms. Michelle Nelson**, Senior Legislative Analyst, Legislative Committee Staff
- **Ms. Kathryn Walden**, Legislative Fiscal Analyst, Fiscal Services Division

ARKANSAS DEPARTMENT OF EDUCATION

- **Mr. Johnny Key**, Commissioner
- **Ms. Deborah Coffman**, Assistant Commissioner, Division of Public School Accountability
- **Dr. Eric Flowers**, ADE Chief Opportunity Officer
- **Ms. Karli Saracini**, Assistant Commissioner, Division of Educator Effectiveness
- **Mr. Frank Servedio**, Special Projects Administrator, Educator Effectiveness

OTHER ORGANIZATIONS

- **Mr. Joey Buddenberg**, CPA, Supervising Senior Auditor, Division of Legislative Audit
- **Arkansas Association of Educational Administrators (AAEA)**
- **Arkansas Education Association (AEA)**
- **Arkansas Public School Resource Center (APSRC)**
- **Arkansas Rural Education Association (AREA)**
- **Arkansas School Boards Association (ASBA)**
- **Forward Arkansas (ForwARd)**
- **Walton Personal Philanthropy Group**