



## Comparison of Prior Costing Study Recommendations and the State Funding Matrix

This brief addresses the following areas:

- Origins of adequacy work in Arkansas
- Approach to adequacy used in Arkansas
- The school district funding matrix
- Comparison of key adequacy study recommendations to the funding matrix

### Origins of adequacy work in Arkansas

In 2002, in a decision addressing the ongoing *Lake View School District* court case, the Arkansas Supreme Court found the State had failed to sufficiently address prior court orders regarding equitable and adequate school funding. The Court ordered the State to 1) develop a definition of educational adequacy, 2) assess the state's educational system in terms of adequacy, and 3) continue monitoring education funding in terms of equity and adequacy. The General Assembly convened the Joint Committee on Educational Adequacy in 2003 to respond to the Court's order. Picus & Associates was hired to conduct an adequacy study and make recommendations for an adequate education funding system. Picus & Associates conducted a total of three studies or reviews in 2003, 2006, and 2014.

### Approach to adequacy used in Arkansas

The General Assembly hired Lawrence O. Picus & Associates (later known as Picus Odden & Associates), the developer of the Evidence-Based (EB) adequacy approach, to determine an adequate level of funding for Arkansas. The EB approach assumes that information from research can be used to define the resource needs of a prototypical school or district to ensure that its students can meet state standards. The approach both estimates resource amounts and specifies the programs and strategies by which such resources could be used efficiently. The EB approach is used to identify a base cost figure and adjustments for special needs students. Picus & Associates completed their initial study in August 2003 and many of their recommendations were adopted by the State. The firm was hired again by the State to conduct a "recalibration" of the funding system in 2006 and a "desk audit" of the system in 2014.

### The school district funding matrix

During the Second Extraordinary Session of 2003 the General Assembly enacted a substantially new school district funding system based on Picus & Associates' recommendations. Act 59, The Public School Funding Act of 2003, developed per pupil funding amounts by assigning costs to the various educational inputs recommended by the consultants. The inputs enacted in Act 59 were compiled into a school district funding matrix used to produce a per pupil foundation funding amount along with additional funding for programs for students with special needs, alternative learning environments, and professional development for instructional staff. The funding matrix specifies key

## EXHIBIT F2

inputs and funding levels for districts and schools assuming a 500 student K-12 school/district. These consist of:

- School staff salaries;
- School staffing for administration, classroom teachers, and pupil support personnel;
- Per pupil resources for technology, instructional materials and supplies, extra duty funds, supervisory aides, and substitutes;
- Per pupil or eligible pupil categorical programs for ELL, at-risk, and alternative learning environments students;
- District-level resources for operations & maintenance, central office operations, and student transportation; and
- Annual per ADM foundation increases.

### Comparison of key adequacy study recommendations to the funding matrix

**2003 Study.** The funding matrix adopted by the General Assembly (enacted for FY 2004-05) mirrored Picus & Associates' recommendations for increasing the length of the school year to provide five additional student-free professional development days for teachers; a significant pay increase for teachers; a prekindergarten program for low-income preschoolers; staffing levels for school administration, PAM teachers, and instructional facilitators; programs for students with special needs (special education, ELL, at-risk, and gifted and talented); funds for technology, instructional materials, and staff professional development; and district operations and student transportation funding. Three key areas where the matrix differed from the consultants' recommendations were 1) class sizes, where the consultants recommended class sizes of 15:1 for grades K-3. The matrix funded class sizes of 20:1 for kindergarten and 23:1 for grades 1-3. Both recommended classes of 25:1 for grades 4-12; 2) increasing funding for support staff in districts with higher concentrations of low-income students - Picus & Associates recommended increasing staffing for student support and remediation staff above the base level at a rate of 1.0 FTE per 100 additional low-income students, while the matrix provided no additional funding beyond the base levels; and 3) the number of librarians/media specialists provided at each level of schooling (the consultants were higher at the middle and high school levels).

**2006 Recalibration.** The major changes in the alignment between the consultants' recommendations and the funding matrix following the 2006 recalibration study included Picus & Associates adopting the matrix's larger class sizes for grades K-3; the number of school secretaries in a prototypical school (2.0 FTE vs 1.0 FTE in the matrix); and lower funding in the matrix for instructional materials and technology. The matrix was also still below the consultants' recommendations for pupil support staff and staff for at-risk programs and librarians/media specialists.

**2014 Desk Audit.** The purpose of the desk audit was to assess how the matrix compared to an EB model that had evolved since 2006. However, Picus & Associates did not provide cost data or make specific recommendations for changing the matrix. The key input areas in which the EB model exceeded inputs in the matrix included a return to K-3 class sizes of 15:1; an increase in PAM teachers to accommodate block scheduling at the high school level; additional special education teacher FTE along with the addition of special education aides; a significant increase in staffing for alternative learning environment programs; additional ELL teacher FTE; higher funding for technology, instructional materials, and professional development; and continued higher staffing for librarian/media specialists and pupil support and at-risk program staff.