

# EXHIBIT C2

**DRAFT MINUTES**  
**Senate Committee on Education**  
**House Committee on Education**  
**Meeting Jointly**

**Tuesday, August 11, 2020**  
**9:00 AM**  
**Room A, MAC**  
**Little Rock, Arkansas**

**MEMBERS OF THE SENATE INTERIM COMMITTEE ON EDUCATION IN**

**ATTENDANCE:** *Senators:* Jane English, Chair; Joyce Elliott, Vice Chair; Eddie Cheatham, Linda Chesterfield, Lance Eads, Mark Johnson and James Sturch

**MEMBERS OF THE HOUSE INTERIM COMMITTEE ON EDUCATION IN**

**ATTENDANCE:** *Representatives:* Bruce Cozart, Chair; Reginald Murdock, Vice-Chair; Fred Allen, Rick Beck, LeAnne Burch, Frances Cavenaugh, Jana Della Rosa, Jim Dotson, Jon S. Eubanks, Brian S. Evans, Denise Garner, Mark Lowery, Richard McGrew, Stephen Meeks, Nelda Speaks, Joy Springer, Dan Sullivan and DeAnn Vaught

**OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE:** *Senators:* Kim Hammer *Representatives:* Stan Berry, Marsh Davis, Les Eaves, Megan Godfrey, Kenneth B. Ferguson, Tippi McCullough, Jamie Scott, Stu Smith, Jeff Wardlaw, Danny Watson

**Representative Cozart called the meeting to order.**

**Discussion of Price Estimates**

Mr. Richard Wilson, Bureau of Legislative Research was recognized. Mr. Wilson gave an overview of the estimates of inflation to be expected during the 2022-2023 biennium. The reports are sourced from economic data providers “IHS Market” and “Moody’s”. Issues included in the discussion:

- The most recent estimates reported are for the Core CPI and the CPIU. The Core CPI unit is used by the open market committee at the Federal Reserve to set prices for loans given to banks. The CPIU unit is the same as Core CPI, except for the “U” meaning urban which includes Energy and Food as categories.
- Both the IHS Market and Moody’s expect the Core CPI to remain well below the usual Federal target of 2% well into 2025.
- The current recession is due to consumer sector decreases driven by the Pandemic. The second quarter of this calendar year set a record of -33% on an annualized rate for our GDP. The month of May has shown some recovery but the influx of Covid-19 infections and lack of recent action from Congress could create a double dip recession. A recovery before mid-2021 could result in higher CPI estimates for the 2022-2023 biennium.
- The CPIU estimate for the Fiscal Year 2022-2023 according to IHS Market is 3.77; Moody’s estimate is 4.93. Mr. Wilson stated that the difference in the estimates is possibly a result of the recovery assumptions. Overall, the estimate would be 4.53 with an annualized rate of about 2% a year.

### **Presentation of Preliminary Draft of Adequacy Report [Exhibit D1-D2]**

Ms. Julie Holt, Administrator, Policy Analysis and Research Section, Bureau of Legislative Research was recognized. Ms. Holt presented a section by section overview of the Preliminary Draft Report for the committee's consideration. Issues included in the discussion:

- Section 3: State level funding which is comprised of the public school fund account, the URT (25 mills) and federal targeted grants which totaled 5.8 billion dollars.
- Section 4: The Foundation funding section details how the funds were distributed amongst the public and charter schools. This funding is provided to ensure that every student is provided an adequate education. The amounts provided are included in the matrix and describe the legislative intent.
- Section 5: Facilities Funding is distributed through a partnership program that school districts must apply for and is awarded based on their local wealth index. The program funds are for new construction or major renovations, not for operational or maintenance. There is a separate funding mechanism provided annually to charter schools per student.
- Section 6: The Educator section includes an overview of the recruitment process, teacher retention, salary, benefits, professional development, and educator evaluations. The information was obtained through research and surveys sent out last fall.
- Section 7: The Learning Expectation section gives an overview of what the district is spending money on in order to obtain the required curriculum, AP, Reading, and Recess requirements, and graduation requirements.
- Section 8: The Programs and outcomes section looks more in depth at funding for the categoricals such as ESA, ALE, ELL, and SPED. The allowable uses and student outcomes are evaluated and compared to other districts in the state and districts nationwide.
- Section 9: The Waivers section is an overview on schools that do not have to follow the rules and laws on funding nor are they required to spend money in the way the State has set forth.
- Section 10: The Accountability section is an overview of the Federal level "Every Student Succeeds Act" and the state level "Arkansas Educational Support & Accountability Program". This section also addresses fiscal distress, facilities distress, and how they are managing the finances and maintaining school buildings.
- Section 11: The Lake View indicators section provides an overview of the improved, stable, and declined categories in the state. There are detailed charts available in Exhibit D1.

### **Discussion of Adequacy Issues and Potential Recommendations [Exhibit D4]**

Ms. Lori Bowen, Legislative Analyst, Policy Analysis and Research Section, Bureau of Legislative Research; Mr. Greg Rogers, Assistant Commissioner, AR Department of Education; Courtney Salas-Ford, Legal Counsel, AR Department of Education; Ivy Pfeffer, Deputy Commissioner, AR Department of Education were each recognized to discuss the matrix and answer questions from the committee. Issues included in the discussion:

- Assessment and inventory of all school buildings
- Increase K-3 school level personnel staffing

- Future Technology and Instructional material resources allocation
- Request to research impacts of student to teacher ratio below 800
- The use of ESA funds for Technology
- Moving transportation to categorial funding
- Overview and discussion of issues raised in previous meetings [Exhibit D4]
- Covid-19 guidance and directives provided to school districts and transportation regarding the reopening of school campuses

With no further business, the meeting adjourned at 11:37 am.