

# EXHIBIT C

## MINUTES HOUSE AND SENATE INTERIM COMMITTEES ON EDUCATION

Tuesday, December 1, 2020

1:00 P.M.

Room A, MAC

Little Rock, Arkansas

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### MEMBERS OF THE SENATE AND HOUSE INTERIM COMMITTEES ON EDUCATION IN

**ATTENDANCE:** *Senators* Jane English, Chair; Joyce Elliott, Vice-Chair; Mark Johnson, Linda Chesterfield and Lance Eads *Representatives* Bruce Cozart, Chair; Reginald Murdock, Vice-Chair; Fred Allen, Rick Beck, LeAnne Burch, Frances Cavanaugh, Jana Della Rosa, Jim Dotson, Jon Eubanks, Brian Evans, Denise Garner, Mark Lowery, Richard McGrew, Stephen Meeks, Nelda Speaks, Joy Springer, Dan Sullivan and DeAnn Vaught

**Other Members Present:** *Senator* Jonathan Dismang, Kim Hammer, Missy Irvin and Greg Leding *Representatives* Marsh Davis, Denise Jones Ennett, Kenneth Ferguson, Charlene Fite, Vivian Flowers, Megan Godfrey, Jack Ladyman, Fredrick Love, Tippi McCullough, Gayle McKenzie, Aaron Pilkington, Johnny Rye, Jamie Scott and Brandt Smith

Representative Bruce Cozart called the meeting to order.

### Approval of Minutes of November 9, 2020 [Exhibit C1]

Senator Hammer made a motion to approve Minutes of November 9, 2020. Representative Beck seconded the motion, and without objection the motion was carried.

### Presentation of Arkansas School Finance Study Draft Report [Exhibits D1 and D2]

**Mr. Justin Silverstein**, Co-CEO, APA Consulting, Augenblick, Palaich and Associates and **Ms. Amanda Brown**, Senior Associate, APA Consulting, Augenblick and Associates, provided a recap of the study areas and research activities.

Mr. Silverstein said the research activities included key research activities implemented to address 31 required study areas: Literature/Data review, LEA Survey, Fiscal and Performance Data Analysis (Chapter 4), Case Studies, Educator Panels/Stakeholders Engagement, and Additional Quantitative and Qualitative Work. The policy reviews examined all 50 states, with special emphasis to comparison states identified by the committees (those being SREB states), and Massachusetts. He noted that, Arkansas provides a ton of data through a robust system which a lot of states don't offer. LEA surveys was sent out to every school district superintendent and charter system director requesting information on policies and district size, including public input practices, best uses of poverty funds, capital needs, professional development, collaboration, extra duty time practices, educational opportunities and career and technical education (CTE) offerings. He discussed the fiscal and performance data analysis, stating that they implemented a series of statistical analysis using various methodologies, and analyzed LEA expenditure data.

Ms. Brown said the study team conducted case studies of 15 successful schools from across the state. They ranked schools that outperformed expectations for each region and grade span, then selecting the

highest-ranking elementary school, middle school, and high school that met the criteria from each region. They also, provided interview questions based upon characteristics of effective schools found in research in which they gathered data based on staffing and non-personnel resource use, curriculum, interventions, and strategies, professional development and instructional time, use of data and decision making, and the overall school culture. The Stakeholder Engagement feedback was gathered in the state through two avenues: targeting panel discussions with educators around the state, and an online stakeholder survey that was open to all educators and the community. The intentions of the avenues were to gather feedback in key areas. The study team convened over 20 educator panels in September, including 125 participants, of whom 85 were district/charter system administrators and CFOs/business managers. These participants were located from all regions in the state. The online survey was open to the educators and the public, including parents, students, business leaders and community members. A total of 3,025 individuals participated in the stakeholder survey. Some additional qualitative and quantitative work was included, but not limited to data analysis, interviews with ADE staff, and mapping. Lastly, she provided a brief overview of the Draft Report Structure of all 12 Chapters, and indicated that Chapter 6 was split into 2 Chapters; Addressing Poverty and Achievement Gaps: Strategies.

**Senator Elliott** asked for data on the public feedback from the stakeholder engagement online survey. Ms. Brown stated that half of the participants were community members, districts, and counties within the state, and that she can provide more information with that data.

Mr. Silverstein highlighted the topics and key takeaways for Chapters 1 through 6. **Chapter 2. Background:** provides an overview of court decisions and state funding system, stakeholder perspectives of the funding system and areas of concern/feedback. **Chapter 3. Analyses of the Uniform Rate of Tax and School Finance Equity.** He stated that they didn't go out and replicate the analyses that BLR gathers for their report, he only wanted to highlight the disparity among higher and lower property wealth districts in both accessing additional M&O mills and the amount per student raise, with higher property wealth districts more likely both to levy additional M&O mills and to raise more revenue per student. He stated their focus was on the resources and the opportunities for students.

**Senator Chesterfield** was interested in why Lisa Academy was chosen for the study. Mr. Silverstein explained that it was due to their student growth based upon the performance metrics.

**Senator Elliott** asked about the property wealth and based upon the findings from the community and the educators are they in sync with the study findings. Mr. Silverstein replied that educators weren't asked that particular question about property wealth within their communities, because it's something that they really don't think about. Also, Ms. added that within the state there's not a strong relationship between income and property wealth.

**Representative Garner** asked whether or not other states use property taxes to fund their district; and if so what do they do? Mr. Silverstein stated that states generally use property taxes to fund their district, or they might measure the capacity of their property taxes differently or may use income within that measurement. Representative Garner asked, if he's seen the difference of the equity in those states. Mr. Silverstein stated, that it could go both ways, and it depends on how you apply the income adjustment. He said Rhode Island applies it through a quadratic equation.

Mr. Silverstein reviewed **Chapter 4. Indicators of Student Performance:** Identification of Gaps,

Concentrations of Poverty, Correlation between Performance and Funding, and Class Size. He said the key takeaway for this chapter is that the majority of students in Arkansas public school system are classified as low-income (2/3 of the students), with disproportionately higher rates of low-income students in (1) Black and Hispanic/Latina groups, (2) the categories of migrant, homeless, English learner (EL), and special education, and (3) in rural areas. These achievement gaps falls within the low-income, EL, special education and underrepresented minority (URM) students. He stated, that what is worrisome is that these gaps are not shrinking or staying the same, they're growing. Being low-income is the best predictor of student performance. Lastly, while funding varied based on student demographics, these differences did not amount to more than \$800 in additional per-student funding, no groups analyzed received more than 9% more in per-student funding than any other group, and racial/ethnic groups that comparatively received more per-student funds were disproportionately low-income. Mr. Silverstein also, pointed out that this chapter highlights many of the recommendations with additional information on adequacy review, and focusing more on economically disadvantaged, special education and ELC. *(Please see D1 for the full review of the Key Takeaways for Chapters 2, 3, and 4).*

**Senator Elliott** asked if we're funding for equity and the amount of the difference between the students across the state, and we're still not getting the results we want. Then are we doing enough? Secondly, "are there other variables"? Mr. Silverstein, stated that first and foremost, you can have a very equitable system without having a lot of additional dollars going to certain populations, because equity is really relational as long as you're doing more for the population that needs it the most. He stated that the recommendation focuses on additional review, having to focus on a little more that needs to happen. He also pointed out the recommendation for trying to create the overall picture of what's needed for students, and then creating a Venn diagram of where do those resources sit. Senator Elliott, then stated that, would it not be the case to have equity, but not have equity across opportunity to learn, and the opportunity to be successful. Mr. Silverstein referenced Chapter 2 key takeaways in that educators expressed the system was providing additional resources for the characteristics it needed to, but not at the level allowed for that equity of opportunity.

**Representative Springer** wanted a clarification on the study team's analysis that poverty is linked to lower academic performance. Mr. Silverstein explained that what the team is conveying is that the best predictor of having a gap in performance is that you're identified as the link. He stated that there's about a seven percentage point in the outcome if you're economically disadvantaged verses if you're not, regardless of the concentration of poverty of your school. In essence, the funding is really weighted towards high concentration of poverty schools verses being more evenly weighted towards just being an economically disadvantaged student.

Mr. Silverstein reviewed **Chapter 5. Addressing Poverty and Achievement Gaps: Funding Approaches**. Economically Disadvantaged Student Proxies, Funding for Concentrations of Poverty, Uses of Poverty Funds. He highlighted the key takeaways in stating that the majority of states provide funding to at-risk students utilizing a single weight/dollar amount, multiple weights/dollar amounts, categorical grants, and resource-based allocations. He pointed out that all states with the exception of four states provide additional funding for at-risk students for academic failure. He stated that the implementation of the Community Eligibility Provision (CEP) has impacted the accuracy of the Free Reduced Lunch (FRL) counts used to run many of the at-risk funding systems. If a school or district

certifies at a 40% low-income risk, they can receive funding for meals for all their students. He discussed the key approaches that could be used for counting students eligible for Enhanced Student Achievement (ESA) category funding. Most districts spend ESA funding on curriculum specialists, coaches, and instructional facilitators, transfers to other categories, and other activities approved by the Arkansas Department of Education. **Chapter 5. Addressing Poverty and Achievement Gaps: Strategies: Case Studies, Addressing Concentrations of Poverty, Identification of Programs of Address Gaps.**

**Representative Lowery** talked about the collecting of data for student funding, and whether or not the \$800 is enough. He also indicated that research indicated no evidence could prove that increasing funding would improve student proficiency. Mr. Silverstein stated there's a different conclusion in that area, however, they can definitely go back and review that, and he also indicated that there is a relationship between the research and the outcome and that they've seen in states like New Jersey that have put in more funding and in turn changed the outcome.

Mr. Silverstein reviewed **Chapter 6. Addressing Poverty and Achievement Gaps: Strategies** He discussed the Case Studies, Addressing Concentrations of Poverty, Identification of Programs to Address Gaps. The case studies showed that schools are data driven and are successful in serving low-income and EL students. Research is highly correlated with achievement and outcomes, and can impact on communities, schools, and students. National research indicates that pre-k programs are important; full-day kindergarten; small class sizes; tutoring; extended learning time; and effective social-emotional learning programs. *(Please see DI for the full review of the Key Takeaways for Chapters 5 and 6)*

Ms. Brown reported on **Chapter 7. College and Career Readiness.** She discussed the College and Career Readiness Definition, and that the National researchers identified a wide variety of college-and-career-readiness (CCR) indicators and predictors of post-secondary success. The study team found that Arkansas has a robust set of data available to measure and monitor college and career readiness in many of the same areas identified by the research. In addition, many states have adopted actionable definitions, including components of core academic knowledge, behavior skills and dispositions, learning capabilities, and career planning and preparation. Also, the study team recommends a college and career readiness definition that focuses on career readiness, recognizing that college is but one avenue to get to a career.

**Senator English** shared her interest in Career Readiness, and expressed that she had reviewed a report from Georgetown University, which focused on helping people develop skills to carry them throughout life. She, also, stated that she would like to extract the term "college" out of the context and just have "career readiness", because college is only one avenue.

**Senator Elliott** expressed her appreciation for the definition of career readiness, however, she thinks that adding "overall" career readiness, maybe a little more helpful to the definition. Ms. Brown stated that it may be more helpful to look at the recommended language at the very end of the chapter, and that it also appears in the recommendation chapter.

**Representative Meeks** asked how are the school's implementing the actionable part of career readiness. Ms. Brown stated that the first step is establishing what we're calling an actionable definition and the key knowledge of what you're expecting students to have. She stated that you have

to start by setting the foundation, and then the curriculum, and the standards are aligned to make sure that that definition can happen. Taking the next step to look at how their graduation requirements, diplomas, and some states have specific endorsed diplomas to make sure you're meeting a certain criteria, as well as assessment material. Mr. Silverstein added that cross blocking what are the pieces of data that can be used to be put in the accountability system.

**Representative Cozart** asked if other states have soft skills integrated into the academic standards. Ms. Brown replied that some states are very specific with their definition on how they're measuring, and whether those soft skills are the indicators.

**Chapter 8. District, School and Class Size.** Ms. Brown explained the key takeaway from this chapter is that the variation in size of districts and the high concentration of smaller schools makes it important that the state examines the differences in opportunities that smaller schools and districts face. Overall, the research is mixed regarding the ideal size of schools and districts, and few states have set policies for school size. Also, districts face differing economies of scale for personnel based on their size. Arkansas has less correlation between per-student costs and district size than one might expect, likely due to tradeoffs that smaller districts are making, including have lower salaries to allow for higher levels of staffing needed and utilizing the services of Education Service Cooperatives (ESCs). Smaller settings also appear to be able to provide a strong curriculum, but is more weighted towards career and technical education (CTE) than more traditional college preparation courses, such as Advanced Placement (AP) and foreign language.

**Representative Lowery** asked if there are any takeaways for the class size in the report that's related to; kindergarten through the fourth grade level. Mr. Silverstein stated that Chapter 11 will provide more on class size as well as a specific recommendation to review the kindergarten through third grade class ratio.

**Chapter 9. Attraction and Retention of Staff.** Ms. Brown said that nationally, there is a teacher shortage. Arkansas has less teachers coming out of the teachers program. One of the key areas indicated in both the educator panels and online survey is that salaries play a large factor in teacher recruitment and retention. Data shows disparities in the teacher workforce when looking at district need and size. Overall, there's less research available on what it takes to attract and retain nurses, however, there seems to be some concerns around salary competitiveness.

**Representative Cozart** asked if school safety for teachers is a factor for teacher retention and/or attraction. Ms. Brown stated that there's no particular research available on that factor, and it wasn't mentioned during the educator panel.

**Senator Elliott** in response to discussion on leadership, Mr. Silverstein mentioned that as evidence in the case study having a leader sets a clear culture in leadership, and that they're seeing more focus around collaboration, and professional learning community which creates a better working condition.

**Representative Garner** questioned nurse requirements and their salary. Mr. Silverstein stated RNs are needed in the bigger school districts, however, competitiveness for salary is still seen across the board. **Representative Meeks** asked about schools contracting out nurses through hospitals. Mr. Silverstein stated that particular issue did not come up during the case study, and noted community health centers in some schools linked to professional organizations.

**Representative Vault** expressed her appreciation for the cultural change that's been discussed during the study, and she mentioned that they've been working to implement a Professional Learning Community (PLC) in schools throughout the state. She, also, mentioned that there is a school clinic in her district that is showing great results, as well as being a benefit with COVID testing.

**Chapter 10. Other Requested Studies.** Ms. Brown reviewed the study areas that addressed, Professional Development and Extra Duty Time, Student Mental Health, Waivers, Enrollment Changes, Vouchers, Capital Needs. She highlighted the key takeaways that research has identified a set of characteristics of effective professional development (PD), and the intended purposes of Arkansas's PD funding approach are well aligned with the research, and in the area of student mental health, Arkansas LEAs currently staff at lower (better) ratios than comparison states, but still fall short of professional association recommendations. Nearly all districts have waivers for flexible schedules, followed by waivers related to teacher licensure (20% of schools within traditional districts), attendance and librarian/media specialist, and current approaches in Arkansas to address district enrollment changes (student growth and decline) fit within the accepted methods seen across the country. National research shows the impact of vouchers on student achievement is mixed, and less research has been conducted on the funding impact of waivers nationally. The Arkansas capital funding program is similar to those used throughout the country and in the comparison states.

**Senator Elliott** asked about Arkansas waivers expectation in comparison to Massachusetts waivers expectations. Ms. Brown stated that most are in met in the graduation requirements in Arkansas, and most SREB states, and Massachusetts are rather similar in terms of the number of credits required for graduation. Senator Elliott followed up asking what Arkansas can do to be as competitive as Massachusetts in terms of achievement. Mr. Silverstein stated that there is research available with the results that Massachusetts applied to get to where they are now.

**Chapter 11. Review of Resources in Matrix and Methods for Routinely Reviewing Adequacy.** She reviewed the study areas and addressed, Prior Arkansas Adequacy Studies, Adequacy Studies in Other States, Review of Resources in the Matrix, Methods for Routinely Reviewing Adequacy. She reviewed the key takeaway. There are a number of matrix areas where the evidence regarding resource levels from various study that indicates that resources is the most consistent. Three resource areas not currently addressed in the matrix that the evidence suggests should be considered are: assistant principle, student mental health, and school safety and security. Lastly; the state is meeting its Lake View obligations by having "constant study, review, and adjustment" to the funding system, with constant study and review being addressed through three adequacy studies conducted by an outside firm and the adequacy work of BLR. While there have been a number of adjustments made to the matrix since implementation, the main staffing parameters of the matrix have changed little over time.

**Representative Lowery** asked about targeting ESA funds and applying it towards enabling lowering class size for kindergarten through third grade. Mr. Silverstein stated that the idea of targeting class size reduction funds is something that can happen and can be tiered towards certain populations more broadly, especially targeting lower income kids. Ms. Brown added stating that some of the recommendations focus on also addressing those matrix areas or the other categorical where ESA funds are being redirected to.

**Senator Elliott** pointed out some key takeaways that Representative Lowery mentioned, and suggested amending the matrix to add a line for kindergarten through third grade classroom size and

define the funding for that area specifically, or to amend the standards and provide the funds in a formula so it's funded per the amendment to the standards. The accreditation standards are higher than the maximum classroom sizes than what's funded in the matrix, and the exception to that is the kindergarten where the matrix funding level and the accreditation maximum is at the same amount which is an area that is difficult for districts. She suggested there needs to be some flexibility within the funding system to allow for the accreditation standards to be met. Mr. Silverstein provided insight that they've worked with other states that lowers the strict kindergarten through third grade requirement for class size as well as providing funding for it, however, it's not at the scale that evens it out with what you would see at other classroom size levels.

**Representative Speaks** asked what Arkansas needs to do to be as competitive as other states. Mr. Silverstein answered that they're hoping the recommendations will be considered as a path in providing some of key things needed, and taking a look at the overall funding structure as to how Arkansas is funding those groups that have achievement gaps and to make sure that the resources are available for those students. Also, to make sure that teacher quality is high and is distributed throughout. He added that you can have PLC but everyone is not bought in. He said the key to the PLC is that they have collaborations and it is directed to use data which is used to identify school gaps. It is also used to make sure that the resources you have as you distribute them are being used for the pattern that best meets the gaps in the areas that's needed.

**Representative Murdock** acknowledged the presenters for their time and efforts for gathering the data, assessments, and discussions for this study and through his observation his desire would be for the study team to finish the job. Representative Cozart interjected and stated that the study team was instructed on what to do, and the completion of the study is to implement the recommended recommendations presented by the presenters for the state to finish the job. Ms. Brown, also included that the study team will incorporate any needed changes to the draft report, and add an executive summary and appendices. *(Please review D1 for a full review of key takeaways for Chapters 7, 8, 9, 10, 11, and 12)*

**Chapter 12. Recommendations.** Ms. Brown reviewed the following (7) recommendations:

- Adopt a hybrid approach to reviewing adequacy
- Address discrepancies in teacher quality between schools
- Develop a legislative task force to investigate and address the out-of-school factors that inhibit performance for high need students
- Adopt the recommended Career Readiness definition
- Reconsider current matrix resource levels in the area where the body of evidence is most consistent
- Revise ESA funding formula to focus resources at lower concentration levels, smooth funding cliffs, and to use a weighted adjustment tied to the foundation amount
- Consider removing special education funding from the funding matrix and provide funding based on actual special education students served

**Representative Beck** provided Handout (E1) for the Impact of Teacher Salary within the Foundation Funding and provided highlights on the background of teacher salaries that represent 49 percent of foundation funds. He stated the focus of this study is to quantify the effect of school district size of the classroom teacher salary line item. Also, it's important to remember the foundation portion of the

Matrix funds per student not per teacher or per class. The data used in the study was all Arkansas school district and charter system 2019-2020 enrollment. The enrollment data collected was to the grade level. A fractional class is a class that has less enrollment than provided for within the Matrix. Each district's K through fourth grade were reconstructed using Matrix and Department of Education guidelines to minimize the number of fractional classes. The reduced number of fractional classes maximizes the funding of teacher salaries. He provided a fractional class example. He, also, provided charts that showed kindergarten through fourth grade teacher salary as funded, and unfunded by pre-kindergarten pupil foundation funds, and a chart that showed the foundation funding impact with "average" salary (excluding benefits). Representative Beck stated that the smaller school districts have a problem, and study shows you there is a mathematical problem that needs to be addressed. He noted, that the total amount needed to fully fund grades K-4 would be \$21.4 million. In summary, he emphasized that the study shows a repeated pattern of underfunded classroom teacher salaries in small school districts. The shortfall stems from (3) factors:

- A higher mathematical probability of fractional classes
- The additional salary cost associated with fractional classes must be absorbed by a smaller salary budget
- Tools provided by accreditation standards are less beneficial when applied to small district

Representative Beck recommends additional studies to this line item and others, and a total enrollment multiplier should be applied to the classroom teacher salary line item to flatten the curve.

**Representative Springer** asked what is the average classroom size for K-4 in the (53) school districts. Representative Beck stated that he doesn't have that data available, however he stated that they used all of the guidelines that was available to maximize the teacher classrooms. He, also, mentioned that what the actual data revealed was errors in some of the equations and that some school districts make a conscious decision to place (15) students in their kindergarten classroom. Representative Springer asked if that data is available. Representative Beck stated that data is available which will require an explanation as it pertains to the different columns used to get the data. Representative Cozart requested that Julie Holt provides that data to Michelle Nelson to forward to Representative Springer.

**Senator Elliott** asked about adding the multiplier for whatever size the school district. Representative Beck response to that is the reason for that is that you could follow the curve down and it would give you the exact number, and also the chart shows the percentage of the salary that's being funded and indicating it for the larger school districts verses the smaller school district. Senator Elliott also stated that there needs to be thought put into how teacher's salaries are funded, and to not create this perceived inequity.

Representative Cozart announced that at the next Education meeting members will review the full report, and at the December 14, 2020 meeting members will make a motion to adopt the report. Also, please forward any changes, modifications, and/or deletions to Jill Thayer or Michelle Nelson by December 10<sup>th</sup> to add to the agenda.

Next Scheduled Meeting:

Monday, December 14, 2020

Adjournment

With no further business, the meeting adjourned at 12:10 p.m.