

# Adequacy Study 2024

Resource Allocation:  
Funding & Spending Outside of Matrix

Prepared for the  
House and Senate  
Committees  
on Education



June 4, 2024



# Contents

## Table of Contents

Introduction.....	1
<b>Categorical Funds.....</b>	<b>1</b>
Alternative Learning Environment (“ALE”).....	1
Funding.....	2
Spending.....	2
Fund Balances.....	3
Research and Best Practices.....	4
Arkansas Educators’ Input.....	4
English Learners (“EL”).....	4
Funding.....	4
Spending.....	5
Research and Best Practices.....	5
Arkansas Educators’ Input.....	6
Enhanced Student Achievement (“ESA”).....	7
Analysis of 2023 ESA Plans.....	9
Funding.....	10
Spending.....	10
Research and Best Practices.....	10
Arkansas Educators’ Input.....	11
Preschool.....	12
Professional Development (“PD”).....	13
Funding.....	15
Spending.....	16
Research and Best Practices.....	17
Arkansas Educators’ Input.....	17
2023 Legislation.....	18
<b>Supplemental Funds.....</b>	<b>19</b>
Isolated.....	19
Funding.....	19
Spending.....	20
Research and Best Practices.....	20
Declining Enrollment.....	21
Funding.....	21
Spending.....	22



Research and Best Practices.....	22
Student Growth .....	23
Funding.....	23
Spending.....	24
Research and Best Practices.....	24
ESA Grants .....	25
Funding.....	25
Spending.....	25
Special Education High Cost Occurrences .....	25
Funding.....	26
Spending.....	26
Additional Professional Development: Professional Learning Communities.....	26
Funding.....	28
Teacher Salary Equalization.....	29
Funding.....	30
Spending.....	30
Enhanced Transportation .....	30
Funding.....	30
Spending.....	30
Implications of LEARNS for Supplemental Funds.....	32
2023 Legislation.....	32
Spending on Non-Matrix Items .....	32
Spending.....	32
Arkansas Educators’ Input.....	33
Research and Best Practices.....	35
Implications of LEARNS for Non-Matrix Items .....	36
Appendix A – ISOLATED FUNDING Amounts.....	37
Appendix B – Declining Enrollment .....	38
Appendix C – Student Growth.....	39
Appendix D – Professional Learning Communities participating schools and districts .....	40
Appendix E – EB Model Resource Recommendations .....	42



# Introduction

Foundation funding, the amount of which is determined by the sum of per-pupil costs contained in the adequacy funding matrix, makes up the bulk of education funding for public school districts and charter school systems. However, the state does provide funding streams to fund public K-12 education in addition to foundation funding. These include four categorical funds, most of which are funds targeted to specific populations of students, to further the state's efforts toward providing the constitutionally-mandated equitable education, and a number of supplemental funds, which have been added over the years to address specific needs in school districts' and charter school systems' ability to provide both adequate and equitable education programs to their students. This report will examine the funding and spending of each of the categorical and supplemental funding streams, as well as look at the spending of foundation funds and other public school dollars on items that are not identified in the matrix.

## Categorical Funds

Four streams of categorical funding (for professional development (PD), Enhanced Student Achievement (ESA), English learners (EL), and alternative learning environment (ALE students)) have supplemented foundation funding since it was first distributed in 2005, mainly to address equity issues. The funding provided through the categorical streams, however, are considered restricted and may be spent only on the intended uses (defined in statute and/or rule). They may also be transferred to spend on other categorical purposes. For instance, it is common for districts to transfer some of their ESA funding to use for English language learners or for students in alternative learning environments.

## Alternative Learning Environment (“ALE”)

As part of its series of education reforms in response to the Arkansas Supreme Court's 2002 *Lake View* decision, in which the court declared the state's education funding system to be unconstitutional, the General Assembly passed legislation to provide funding that addressed issues of adequacy and equity in Arkansas's education system. One of those pieces of legislation provided funds for alternative learning environments (ALE) through Act 59 of the Second Extraordinary Session of 2003. Now codified as Ark. Code Ann. § 6-20-2305(b)(2)(A), ALE funding is to help cover the additional costs involved “to eliminate traditional barriers to learning for students.”<sup>1</sup>

According to Ark. Code Ann. § 6-48-102(a), all school districts in Arkansas are to provide their students with access to an alternative learning environment (ALE) by one (1) or more of the following methods:

- Establish and operate an alternative learning environment (this can be a stand-alone school or a school-imbedded program);
- Cooperate with one or more other school districts to establish and operate an alternative learning environment;
- Use an alternative learning environment operated by an education service cooperative; or
- Partner with an institution of higher education or a technical institute to provide concurrent courses or technical education operations for students in grades 8-12.

According to Ark. Code Ann. § 6-48-104(d), the Division of Elementary and Secondary Education (“division”) shall provide to the House Committee on Education and the Senate Committee on Education

---

<sup>1</sup> Acts 2003, No. 59.

an annual report (“legislative report”) on the information reported to it by each school district under Ark. Code Ann. § 6-48-102(b), which includes information on race and gender of the students in each school district's ALE and any other information regarding students’ education in each school district's ALE that DESE requires by rule. The statute also calls for the legislative report to include information on the effectiveness of ALEs evaluated under Ark. Code Ann. § 6-48-101 et seq., which governs Alternative Learning Environments. State law further requires DESE to promulgate rules that, among other things, establish measures of effectiveness of ALE programs.<sup>2</sup>

### Funding

Arkansas supplements foundation funding with ALE categorical funding to afford students “an environment that seeks to eliminate barriers to learning for any student whose academic and social progress is negatively affected by the student’s personal characteristics or situation.”<sup>3</sup>

2023 / 2024 / 2025	2023 Funding Amount
\$4,890 / \$4,987 / \$5,086	\$31,252,162

Because categorical funds are intended to supplement resources needed for certain populations of students, it is money provided above the foundation funding amount. According to Ark. Code Ann. § 6-20-2305(b)(2), funding for ALE is the amount authorized by law multiplied by the number of identified ALE students enrolled in a public school district during the previous school year. Funding is distributed based on rules promulgated by the State Board of Education.

Per DESE “Rules Governing Student Special Needs Funding,” districts receive funding for full-time equivalent students (FTEs).<sup>4</sup> Except for a few years, FTEs have included only those students who are in the alternative learning environment for 20 consecutive days.<sup>5</sup> While some students may attend alternative learning environments for a full day for the full year, many attend the program for partial days and/or for part of the year. This is accounted for in the FTE calculation:

$$\frac{\text{Total number of days in ALE}}{\text{Total number of school days}} \times \frac{\text{Hours per day in ALE}}{6 \text{ hours}}$$

DESE provides guidance around placement percentages, clarifying that alternative learning environments are intended to meet the needs of the hardest-to-reach 2-3%<sup>6</sup>; however, these caps are not stipulated in rules or statute. In 2023, 206 public school districts and two open-enrollment public charters received ALE funding totaling \$31,252,162 for 6,391 FTE students.

### Spending

The following chart shows ALE categorical funding compared to the expenditures for all ALE programs and services. These figures include expenditures made using money transferred to ALE programs from

<sup>2</sup> Ark. Code Ann. § 6-48-104(a)(3).

<sup>3</sup> Ark. Code Ann. § 6-48-101(1)(A)(i) (defining an "alternative learning environment").

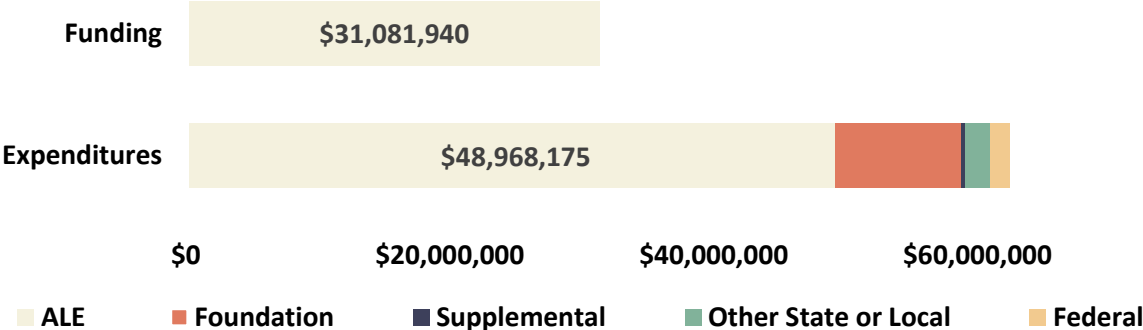
<sup>4</sup> Division of Elementary and Secondary Education "Rules Governing Student Special Needs Funding," Rules §§4.02.4-4.02.6 (July 2020).

<sup>5</sup> See Ark. Code Ann. § 6-48-104(a)(1)(B) (providing that DESE rules shall establish criteria that "identifies the characteristics of students who may be counted for the purpose of funding an alternative learning environment program including without limitation that a student is educated in the alternative learning environment for a minimum of twenty (20) consecutive days").

<sup>6</sup> Alternative Education Process Guide (2022).

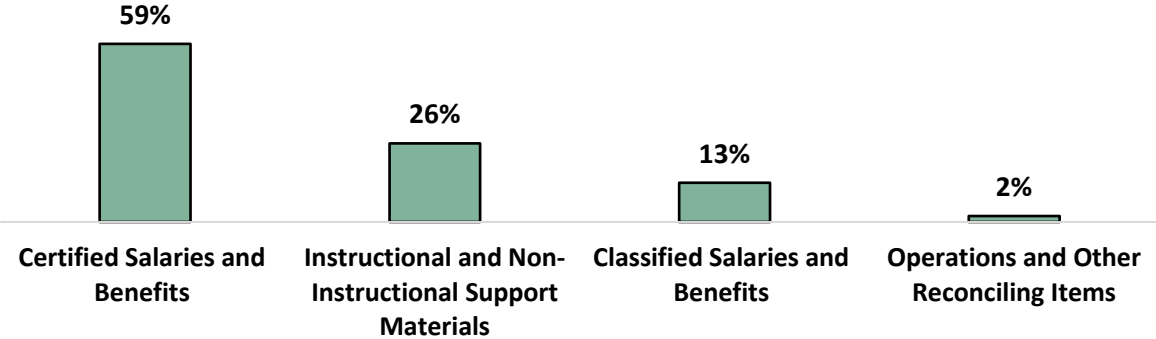
other categorical funds. The chart also shows the amount of additional funding – beyond ALE categorical funding – that was spent on ALE programs, which amounted to a little more than \$62 million in 2023.

**ALE: Funding vs. Spending**



As shown in the chart below, the majority of ALE program expenditures for 2023 were for certified and classified salaries and benefits. While ALE program requirements emphasize the need for providing intervention services that address each student’s specific behavioral needs for long-term improvement, findings from the analysis of expenditure data show 0.72% was spent on counselors, and 0.08% on student support.

**2023 ALE Spending by Expenditure Category**



**Fund Balances**

Despite spending well over the amount of money provided specifically for ALE programs, districts retained small amounts of funding in their ALE categorical funds. This money rolls over to the following school year to be spent on ALE programs. Act 1220 of 2011 limited the aggregate fund balance of all categorical funds to 20% of the total aggregate categorical funding for the year.<sup>7</sup> The following table shows the number of public school districts and open-enrollment charters by fund balance range for the beginning of 2023.

Fund Balance Range	# of Districts
\$0	120
\$0.01 - \$1,000	20
\$1,001 - \$10,000	64
\$10,001 - \$25,000	27
\$25,001 - \$50,000	15
More than \$50,000	9

<sup>7</sup> Ark. Code Ann. § 6-20-2305(e)(2).

## Research and Best Practices

Research shows that students who need to be enrolled in an ALE require more academic support and other services than a traditionally structured school can provide. These students face challenges that necessitate a wide range of intensive academic and social supports to help them succeed. To ensure that alternative learning students receive the full range of academic and other support services they need to earn their diplomas, Jobs for the Future (JFF)<sup>8</sup> recommends that states use a formula for alternative education that allocates additional dollars beyond its state and district per-pupil dollar, including adequate funding to provide high-quality leaders and teachers to staff classes and to provide meaningful student support services.<sup>9</sup>

## Arkansas Educators' Input



**Survey Says:** 56% of superintendents reported that ALE funding does not meet their district's needs.<sup>10</sup>

Close to 26% of superintendents reported paying another district or education service cooperative to provide ALE services to their students during the 2023 school year.<sup>11</sup> Out of the 62 superintendents that reported paying another district or education service cooperative, 45 reported paying the Arch Ford Educational Service Cooperative, four paid the Arkansas River Educational Service Cooperative, and 13 paid other school districts.<sup>12</sup>

## English Learners (“EL”)

Title VI of the Civil Rights Act of 1964 requires school districts to provide an equal educational opportunity to language minority students. Federal law provides that, “[n]o state shall deny equal educational opportunity to an individual on account of his or her race, color, sex, or national origin by ... the failure by an educational agency to take appropriate action to overcome language barriers that impede equal participation by its students in its instructional programs.”<sup>13</sup>

## Funding

Arkansas provides categorical funds to assist districts and open-enrollment public charter school systems in meeting these requirements for English learner (EL) students. EL funding is provided to

districts based on the number of “students identified as not proficient in the English language based upon the statewide Entrance and Exit Procedures criteria, including an approved English proficiency assessment instrument.”<sup>14</sup> The current assessment instrument is the English Language Proficiency

2023 / 2024 / 2025	2023 Funding Amount
\$366 / \$366 / \$366	\$ 14,745,408

<sup>8</sup> Jobs for the Future is a national nonprofit that provides consulting and strategy services to promote economic development and college and career readiness.

<sup>9</sup> [Reinventing Alternative Education](#) (2010)

<sup>10</sup> See Superintendent Survey Responses, question 6.

<sup>11</sup> See Superintendent Survey Responses, question 25.

<sup>12</sup> See Superintendent Survey Responses, question 26.

<sup>13</sup> 20 USC § 1703(f)

<sup>14</sup> Arkansas Division of Elementary and Secondary Education Rules Governing Student Special Needs Funding (June 2022). [https://dese.ade.arkansas.gov/Files/ade\\_268\\_2022\\_StudentSpecialNeedsFundingRules\\_Legal.pdf](https://dese.ade.arkansas.gov/Files/ade_268_2022_StudentSpecialNeedsFundingRules_Legal.pdf)

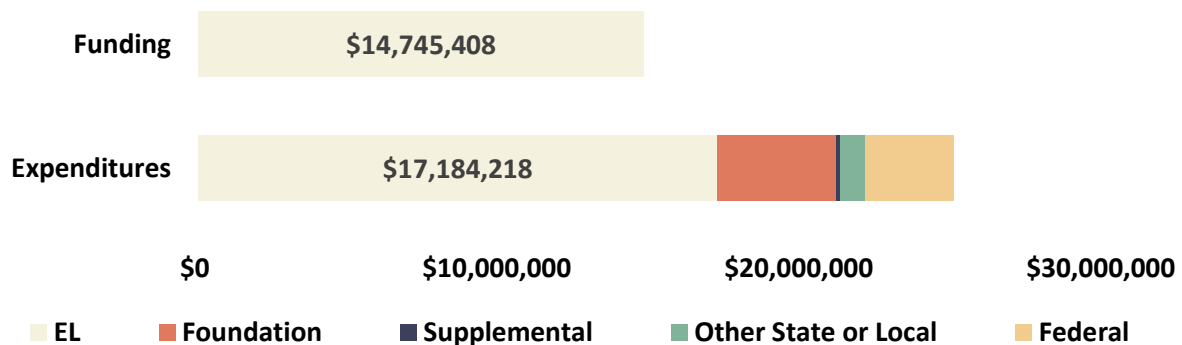


Assessment for the 21<sup>st</sup> Century (ELPA21). Districts received \$366 per EL student in 2023 for the purpose of educating these students.<sup>15</sup> There were 40,288 EL students in 2023.

### Spending

Districts received \$14.7 million in EL categorical funding but spent \$17 million in categorical funding for EL purposes, indicating that other categorical funds were transferred. Total EL spending from all sources equaled \$25 million. After categorical funding, foundation was the next biggest funding source used to cover EL costs.

### EL: Funding vs. Spending



English learner categorical funding spending restrictions are found in DESE rules<sup>16</sup>. These restrictions on EL funding include salaries for EL-skilled instructional services, relevant trainings for teachers and other providers, released-time for EL program development, instructional materials and services, and assessment and evaluation activities. In FY23, \$25,029,050 was spent for EL purposes. Of these \$25 million expenditures, 93% of these categorical funds were spent on salaries and benefits.

### Research and Best Practices

In 2021, Education Commission of the States (ECS)<sup>17</sup> found that 47 states provided funding for EL students. The most commonly used funding mechanism is a flat or single student weight. This was used in 24 states (including Arkansas) and the District of Columbia.

Special Education Funding Mechanisms by State		
Funding Mechanism	General Description	States
<b>Flat Weight</b>	A single weight or dollar amount allocated by the state for students or districts that qualify based on certain factors or student needs. Allocations determined by flat weights do not vary based on specific program needs or student characteristics.	AR, AZ*, CO*, CT, DC, FL, GA, KS, KY, LA, MD, MO, NE, NV, NH, NJ, NM, OK, OR, PA, RI, SC, SD, UT, VT

<sup>15</sup> Ark. Code Ann. § 6-20-2305

<sup>16</sup> [https://dese.ade.arkansas.gov/Files/ade\\_268\\_2022\\_StudentSpecialNeedsFundingRules\\_Legal.pdf](https://dese.ade.arkansas.gov/Files/ade_268_2022_StudentSpecialNeedsFundingRules_Legal.pdf)

<sup>17</sup> Education Commission of the States is a nonpartisan non-profit organization that tracks and researches educational policy.

<b>Multiple Student Weights</b>	More than one weight or dollar amount is allocated by the state based on certain factors or student needs. States vary the amount allocated based on student need.	CA, HI, IA, ME, MA, MI, MN, NY, ND, OH, TX
<b>Census-Based</b>	The state allocates funds to each district based on an assumed level of enrollment, regardless of the district’s actual demographics. This type of funding can be used in foundation formula model funding and resource allocation model funding.	AK, AZ*
<b>Resource-Based Allocation</b>	All districts receive a minimum base amount of resources. Resources could be staffing, services or programs, and are often based on a ratio of staffing to students.	IL, TN, VA, WA, WY
<b>Reimbursement</b>	Districts submit receipts of eligible expenditures to the state, and the state reimburses districts for all or a portion of those expenditures.	WI
<b>Categorical Grant</b>	The state distributes funds based on student characteristics or program needs to districts that demonstrate eligibility and/or a need for funding.	AL, CO*, ID, IN, WV
<b>Hybrid</b>	The state distributes funds using two or more funding mechanisms.	AZ, CO

Data Source: Education Commission of the States<sup>18</sup> (2021)

\*Indicates a hybrid model.

### Arkansas Educators’ Input



**Survey Says:** 29% of superintendents reported that EL categorical funding did not meet district needs.<sup>19</sup>

<sup>18</sup> Education Commission of the States. (October 2021). “K-12 and Special Education Funding 50-State Comparison – English Learner Funding.” <https://reports.ecs.org/comparisons/k-12-and-special-education-funding-05>

<sup>19</sup> See Superintendents Survey Responses, question 6.

## Enhanced Student Achievement (“ESA”)

Enhanced Student Achievement (ESA) funding is provided to districts for students who qualify for the national free and reduced-price lunch program. According to DESE rules, ESA funding “shall be expended for eligible program(s) or purpose(s) that are aligned to the needs of the students in the district based on evidence from the district’s needs assessment.”<sup>20</sup> The funds must be used for “evidence-based program(s) or purpose(s) for students at risk in order to improve instruction and increase academic achievement” of students who qualify for the national free and reduced-price lunch program.<sup>21</sup> In addition, the rules require that expenditures must “include strategies to increase student achievement, reduce gaps in achievement among student subgroups, or create conditions that support student learning with a direct tie to improved student outcomes.”<sup>22</sup>

From its creation under Act 59 of 2003 until the 2021-22 school year, ESA funding (originally known as National School Lunch funding) was limited to specific allowable uses aimed at addressing the barriers that free and reduced-price lunch students often face. The original allowable uses included, but were not limited to, classroom teachers; before- and after-school academic programs; pre-kindergarten programs; tutors, teachers' aids, counselors, social workers, nurses, and curriculum specialists; parent education; summer programs; early intervention programs; and materials, supplies, and equipment including technology used in approved programs or for approved purposes.

Act 322 of 2021 replaced the list of allowable uses and requires districts to create a plan for spending ESA funds. Districts were required to submit a three-year plan to DESE by July 1, 2022. Eligible expenditures must fall under one of six categories listed in statute<sup>23</sup> and DESE’s rules: 1) hiring of additional teachers for core academic subject areas, or additional teacher salary in certain circumstances; 2) academic supports and interventions; 3) social, emotional, and behavioral supports; 4) physical and mental health resources; 5) early intervention resources; and 6) access to post-secondary opportunities. ESA funding cannot be used to “meet, satisfy, or supplant” the state Standards for Accreditation or minimum teacher salary requirements.<sup>24</sup>

In DESE’s online system, LEA Insights, district administrators can login and update the district ESA plan. Each district plan is organized using the following seven categories below, plus transfers. The chart below shows allowable expenses in each of the ESA categories.

---

<sup>20</sup> Arkansas Division of Elementary and Secondary Education Rules Governing Student Special Needs Funding, effective June 2022.

<sup>21</sup> Arkansas Division of Elementary and Secondary Education Rules Governing Student Special Needs Funding, effective June 2022.

<sup>22</sup> Arkansas Division of Elementary and Secondary Education Rules Governing Student Special Needs Funding, effective June 2022.

<sup>23</sup> Ark. Code Ann. § 6-20-2305(b)(4)(C)(i)(a).

<sup>24</sup> Arkansas Division of Elementary and Secondary Education Rules Governing Student Special Needs Funding, effective June 2022.

<b>ESA Categories</b>	
<b>Enhancement of Teacher Salaries</b>	<ul style="list-style-type: none"> <li>Recruitment and Retention</li> <li>High Priority Bonus Benefits</li> <li>Signing bonus for shortage areas</li> <li>Additional compensation for leadership roles, leading PD, mentoring</li> </ul>
<b>Academic Supports and Interventions</b>	<ul style="list-style-type: none"> <li>Tutors</li> <li>Instructional Facilitators</li> <li>Curriculum Coordinators</li> <li>Instructional Specialists/Interventionists</li> <li>Paraprofessional</li> <li>Supplemental Curriculum materials and resources aligned to programs or initiatives</li> </ul>
<b>Additional Teachers (Core Academic Areas)</b>	<ul style="list-style-type: none"> <li>Core classroom teachers</li> <li>Professional development or coaching to support teaching and learning</li> </ul>
<b>Social, Emotional, Mental Health, and Behavioral Supports</b>	<ul style="list-style-type: none"> <li>Specialists in field of psychology, social work, behavioral health</li> <li>Additional counselors</li> <li>Resources needed to implement behavioral, mental health and social-emotional programs</li> <li>Therapy</li> <li>Contracted services to provide therapy or counseling</li> <li>Professional development needed to implement programs</li> </ul>
<b>Early Intervention Support</b>	<ul style="list-style-type: none"> <li>Teachers</li> <li>Pre-K teachers</li> <li>Academic Coaches</li> <li>Tutors</li> <li>Interventionists</li> <li>Materials and supplies needed for this purpose</li> <li>Professional development or coaching for personnel hired for early intervention support</li> </ul>
<b>Physical Health and Safety</b>	<ul style="list-style-type: none"> <li>Nurses</li> <li>Counselors</li> <li>School Resource Officers</li> <li>Nurse supplies</li> <li>Counseling materials</li> <li>Expansion of student meal programs</li> </ul>
<b>Access to Postsecondary Opportunities</b>	<ul style="list-style-type: none"> <li>Teachers</li> <li>Career coaches</li> <li>Textbooks</li> <li>Curriculum or new programs of study</li> <li>Certification exams</li> <li>Tuition/fees for concurrent courses</li> <li>College entrance exam fees</li> </ul>

Under DESE rules, districts were required to submit the first three-year ESA plan to DESE by July 1, 2022. Districts must conduct a needs assessment and use district-specific data to determine areas where ESA funds should be directed. Plans must include goals and measures of success for any areas where ESA funds will be directed. If a district plan calls for allocating ESA funds to areas not identified in the needs assessment or supported by data, the plan must provide justification.

Districts are required to review ESA plans annually and submit any necessary amendments to DESE with the district’s annual budget. Furthermore, DESE is required to monitor the implementation and progress of district ESA plans.

Districts that do not demonstrate progress on ESA plan goals for three consecutive years may be subject to additional monitoring by DESE, an increased level of support under the state’s accountability system, or a corrective action plan developed in collaboration with DESE. In addition, at any time, DESE may review a district’s plan, test data, financial data, and other indicators of compliance with the rules governing ESA plans.

If the Commissioner (or his designee) determines that a district has not met the needs of students that may be served by ESA funds, has provided false or misleading information, or failed to comply with the provisions of the district’s submitted plans without obtaining DESE approval, the Commissioner may require the district to redirect ESA funds to meet other educational needs of the students of the district.

School districts are required to budget 100% of ESA funds each year. Districts must provide justification for any transfer of funds. Districts are also required to spend a minimum of 85% of the district’s current year ESA funding allocation. If a district has a balance in excess of 15% of its ESA funding on June 30, the district must reduce its total ESA funding balance by at least 10% in each year that follows. A district can request a waiver for that requirement for an unusual and limited circumstance. If a district does not comply with the requirement to spend down its ESA fund balance, DESE may in the following school year withhold ESA funding equal to the amount required to be spent by the school district to be compliant.

### Analysis of 2023 ESA Plans

As discussed above, districts ESA plans are divided into seven categories. The table below shows the percentage of all districts that included each category in the district ESA plan.

Percentage of Districts and Charters Allocating ESA Funds to ESA Allowable Categories						
Enhancement of Teacher Salaries	Academic Supports and Interventions	Additional Teachers (Core Academic Areas)	Social Emotional, Mental Health, and Behavioral Supports	Early Intervention Support	Physical Health and Safety	Access to Postsecondary Opportunities
23%	96%	44%	47%	73%	85%	41%

In addition, 55% of districts included a transfer of ESA funds.

As discussed above, districts are required to budget 100% of district ESA funds each year. For the 2022-23 school year, 25 districts budgeted below 100% of ESA funds; the remaining districts budgeted exactly 100% of more than 100% of ESA funds.

Districts are required to spend at least 85% of ESA funds each year. For the 2022-23 school year, 24 districts spent less than 85% of the district’s ESA funds. The remaining districts spent more than 85% of districts ESA funds, with 32 districts spending more than 100% of the district ESA funds (this is possible because ESA funds that are not used rollover into the next year).

## Funding

ESA funding is provided to districts on a per-student basis for each student who qualifies for the national free and reduced-price lunch program.<sup>25</sup> The per-student amounts are awarded based on the concentration of national school lunch students in the school population, as shown in the chart below.

<b>2023 Funding Amount</b>
<b>\$240,830,987</b>

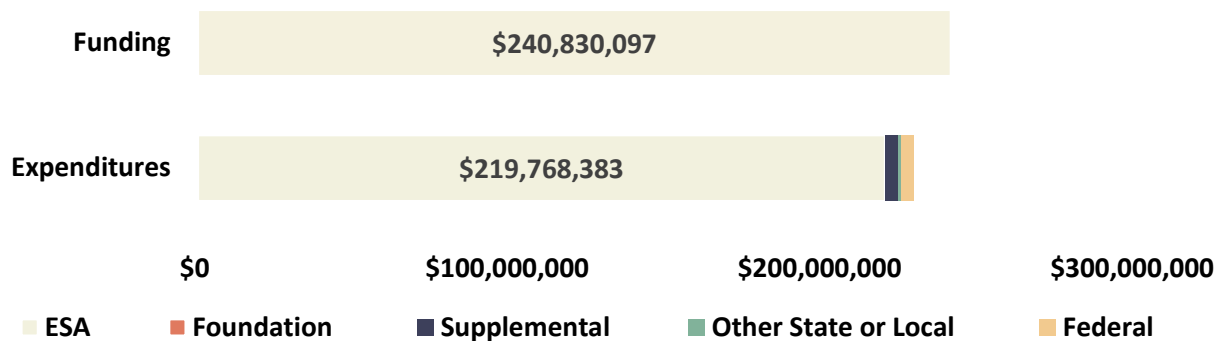
Because funding cliffs occur at the 70% and 90% thresholds, transitional and growth ESA funding are distributed based on enrollment changes to smooth funding changes over several years (growth and transitional funding amounts are included in the total fund amount above. (ESA Matching Grants will be discussed in a later section of this report.)

### 2023 Per Student Amounts

<70% FRL	70% - 90% FRL	>90% FRL
\$538	\$1,076	\$1,613

## Spending

### ESA: Funding vs. Spending



## Research and Best Practices

Research finds that increased funding can have a positive impact on the academic success of poverty students, especially when it is used to reduce class size (15-18 students) for at-risk students and to ensure teacher quality for those students.<sup>26</sup> Odden and Picus’ 2018 research offers that one key to helping struggling students (which refers to all EL students first and then to all non-EL poverty students)

<sup>25</sup> For those schools and districts that participate in federal lunch programs (Provision 2 and Community Eligibility Program) that do not require annual documentation of qualifying students, the Division of Elementary and Secondary Education provides guidance for estimating the number of children for which funding is provided in the Rules Governing Student Special Needs Funding.

<sup>26</sup> Baker, B. (Learning Policy Institute, July 2018.) “How Money Matters for Schools.”

is to keep standards high for all students but “vary the instructional time so all students have multiple opportunities to achieve proficiency levels.”<sup>27</sup>

The 41 states that provide additional money for poverty students use a number of means for identifying them. The majority, like Arkansas, identify students solely through their eligibility for the National School Lunch (NSL) program (135% of poverty), while others use means of direct certification through federal programs such as the Supplemental Nutritional Assistance Program (SNAP) to identify low-income students. Several more closely follow the Odden and Picus model for struggling students because they combine other indicators such as English language learners or foster care with NSL eligibility. At least one state relies on indicators such as student mobility without regard for NSL participation.

The manner of determining funding amounts also varies greatly among states. For instance, some states provide a flat amount to districts for each low-income student distinct from their base funding amount, while others weight the base funding amount for each low-income student. In some states, these per-student amounts or weights increase according to the concentration of poverty students in a district. Wyoming provides block grants for an additional .15 staff to serve at-risk students.<sup>28</sup>

In its report provided to the Education Committees in December 2020, APA recommended that Arkansas adopt a per-ESA student weighting system to smooth funding cliffs. (Arkansas presently addresses funding cliffs through ESA transition funding, which allows for a graduated change in fund levels over a three-year period.) APA also recommended funding students the same weighted amount regardless of the concentration of poverty within a school.<sup>29</sup>

### Arkansas Educators’ Input



**Survey Says:** 39% of superintendents reported that ESA categorical funding did not meet district needs.<sup>30</sup>

The superintendent survey asked superintendents about the primary goal the district wanted to achieve with the use of ESA funds, as reflected in the plans submitted to DESE. Sixty-seven percent of superintendents responded that their primary goal was to raise the achievement of all students.

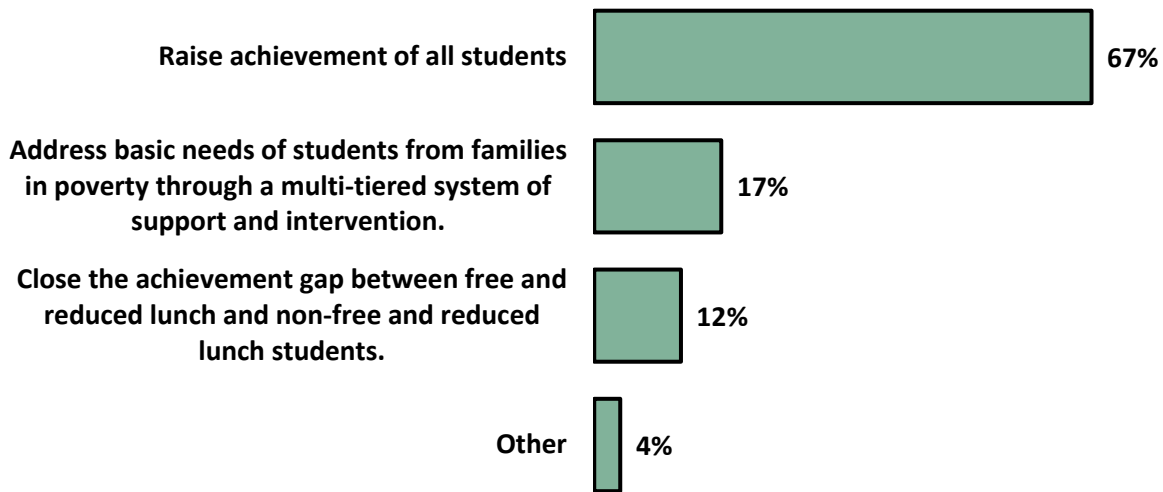
---

<sup>27</sup> Odden and Picus, 2018.

<sup>28</sup> Data from Education Commission of the States state comparison funding charts combined with data from EdBuild found at [EdBuild | Funded - Examining State Policies for Funding Education across all 50 States](#).

<sup>29</sup> Augenblick, Palaich and Associates (Presentation to Senate Committee on Education and House Committee on Education, December 1, 2020.) “Arkansas School Finance Study.”

<sup>30</sup> See Superintendents Survey Responses, question 6.

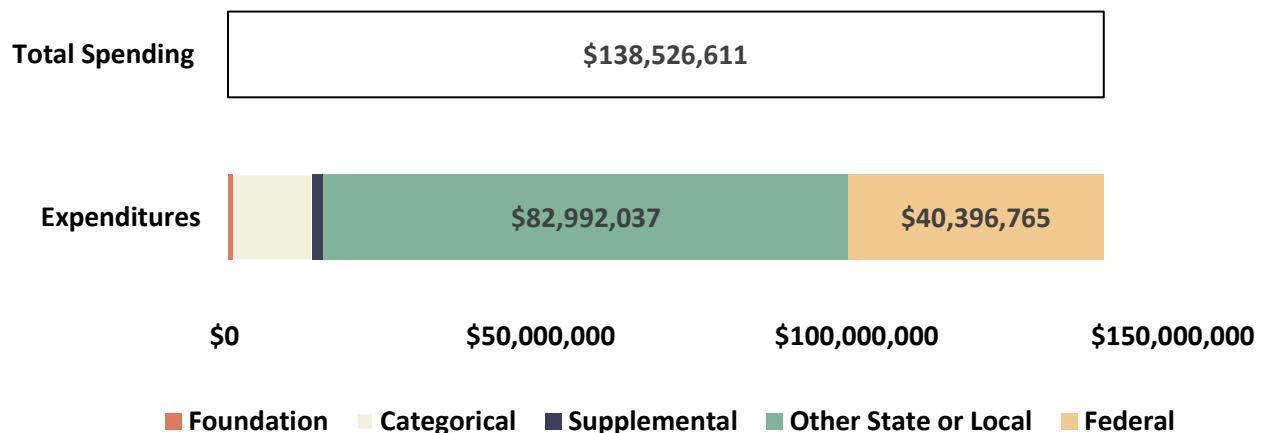


### Preschool

Until 2022, preschool programs were not included as a part of adequacy studies because they are not defined in legislation as part of adequacy. While the BLR has strived to exclude Pre-K expenditures from analyses, doing so has become increasingly challenging due to the growth in the number of Pre-K programs within public elementary schools. Because Pre-K programs, both those within, and some that are stand-alone schools, use foundation funds and other funding streams reviewed as part of the adequacy study, the BLR included spending patterns for Pre-K in its 2022 funding and spending report.

In 2023, districts spent a total of \$138.5 million on preschool programs. Almost \$83 million of the total expenditures were from other state and local funds, while \$954,389 was from foundation funds.

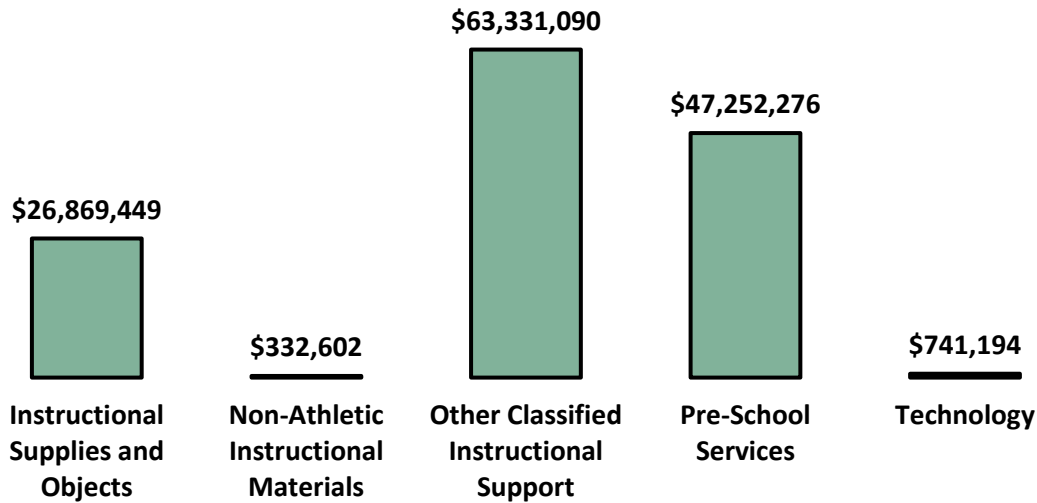
### Preschool Spending by Fund Source



Districts spent \$47,252,276 on preschool services. Other preschool expenditures included instructional supplies, non-athletic instructional materials, classified instructional support, and technology.



## Preschool Spending by Function



The BLR asked superintendents about preschool programs in their districts. One hundred sixty-eight (168) superintendents, or 68% of all superintendents and directors of open-enrollment public charters, responded that their district operates a preschool. Of those districts, 90% served four-year-old children, 73% served three-year-old children, and 11% served children younger than three-years-old. Eighty-three percent of superintendents responded that their program used state funds. Sixty percent of superintendents said their program used federal funds; 50% indicated that some students pay tuition, and 44% indicated that their program used local funds. Thirty-five percent of superintendents whose districts offered preschool said that their district offered preschool to every four-year-old in the district.

## Professional Development (“PD”)

Arkansas law<sup>31</sup> states that the purpose of professional development 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.”

Arkansas Code Annotated § 6-17-704 defines PD as a “set of coordinated planned learning activities for teachers, administrators, and non-licensed school employees” that is required by statute or by the Division of Elementary and Secondary Education (DESE), or meets the following criteria:

- Is part of the minimum number of PD hours or professional learning credits as determined by DESE and required by law or by DESE;
- Improves the knowledge, skills, and effectiveness of teachers;
- Improves the knowledge and skills of administrators and paraprofessionals concerning effective instructional strategies, methods, and skills;
- Leads to improved student academic achievement; and
- Is research-based and standards-based.

<sup>31</sup> A.C.A. § 6-17-704(b)

According to Arkansas law, districts must include no fewer than six PD days out of the 190 required days in educators' basic contracts.<sup>32</sup> Additionally, PD shall comply with DESE's Rules Governing Professional Development and may provide educators with the knowledge and skills needed to teach:

- Students with disabilities, including without limitation, autism; and
- Culturally and linguistically diverse students.<sup>33</sup>

Arkansas law<sup>34</sup> also requires districts to annually prepare a PD plan in which “teachers, administrators, and classified school employees shall be involved with in the design, implementation, and evaluation of their respective professional development offerings under the plan.” Additionally, this statute provides that “evaluation results shall be given to each group of employees in the school district and used to improve professional development offerings.”

Professional development content requirements include the following:

Upon issuance of initial teaching license, applicants must obtain training in the listed areas within the first two (2) years of employment as a licensed teacher.

- One of the following topics is required for educators each year on a rotating basis over four years (previously some of the topics were required annually):<sup>35</sup>
  - Two hours on child maltreatment mandated reporter;
  - Two hours on parental involvement;<sup>36</sup>
  - Two hours on teen suicide awareness and prevention;<sup>37</sup> and
  - Two hours on Arkansas history (to teachers who provide instruction in Arkansas history).
- All teachers must receive professional awareness on dyslexia.<sup>38</sup>
- Districts must annually make available 30 minutes of PD on human trafficking.<sup>39</sup>
- Districts and charters must provide PD in specific scientific reading instruction. The specific type of training varies by the type of license teachers have<sup>40,41</sup>:
  - For teachers licensed at the elementary level, K-12 special education, and K-12 reading specialists: One of the “prescribed pathways to obtaining a proficiency credential in knowledge and practices in scientific reading instruction.”<sup>42</sup>

---

<sup>32</sup> A.C.A. § 6-17-2402(1)(A) (providing further that for teachers employed in the Civilian Student Training Program or the Arkansas National Guard Youth Challenge Program, a basic contract for a teacher includes full-time employment for 190 days, which must include no fewer than 6 days of PD, with all days in excess of the 190 required days paid at a daily rate as established in § 6-17-2403 that is required for full-time annual employment and subject to the policies and guidelines of the Arkansas National Guard).

<sup>33</sup> A.C.A. § 6-17-704(e).

<sup>34</sup> A.C.A. § 6-17-704

<sup>35</sup> A.C.A. § 6-17-709(e)(3) (as codified by Act 969 of 2013).

<sup>36</sup> See also A.C.A. § 6-15-1703(a) (requiring professional development under each school's parent and family engagement plan that is designed to enhance teachers' and administrators' understanding of effective family and community engagement strategies).

<sup>37</sup> See also A.C.A. § 6-17-708 (requiring professional development concerning mental health awareness and teen suicide awareness and prevention for licensed public school personnel).

<sup>38</sup> A.C.A. § 6-41-609 (as codified by Act 1294 of 2013).

<sup>39</sup> A.C.A. § 6-17-710 (as codified by Act 765 of 2017).

<sup>40</sup> A.C.A. § 6-17-429 (as codified by Act 1063 of 2017).

<sup>41</sup> A.C.A. § 6-17-429 (as codified by Act 83 of 2019).

<sup>42</sup> A.C.A. § 6-17-429(c)(1)(A).

- For teachers licensed at levels other than the elementary level, K-12 education, and K-12 reading specialists: One of the “prescribed pathways to obtaining an awareness credential in knowledge and practices in scientific reading instruction.”<sup>43</sup>
- Districts must include in their annual school-level improvement plan a literacy plan that also includes a PD program aligned with the literacy needs of the districts and is based on the science of reading.<sup>44</sup>
- Licensed public-school personnel must receive two hours of PD in bullying recognition and recognition of the relationship between incidents of bullying and risk of suicide.<sup>45</sup>
- Athletic coaches working in school districts are required to complete training every three years on the following:<sup>46</sup>
  - Concussions, dehydration, or other health emergencies;
  - Environmental issues that threaten the health or safety of students;
  - Communicable diseases; and
  - Sudden cardiac arrest.

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 DESE, internships, and college or university course work.<sup>47</sup> Additionally, up to 12 hours of PD credit may 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<sup>48</sup> contingent on meeting certain requirements.

## Funding

Professional development (PD) categorical funds are split three ways between the Arkansas Educational Television Network (AETN), Solution Tree, and school districts. AETN receives PD funds to implement ArkansasIDEAS and Solution Tree receives PD funds to implement the Professional Learning Communities (PLC) Program. In FY23, professional development funding to districts and charters was required to equal up to \$40.80 per student.<sup>49</sup> After PD funding is allotted for AETN and Solution Tree, the remaining amount is distributed to districts and charters. In 2023, this amount equaled \$37.50 per student. Special language has appropriated \$3.5 million for AETN (with reporting requirements) since 2017.<sup>50</sup> In 2023, the amount of PD categorical funding paid to AETN was \$2.5 million, as shown in the following table. This section will focus solely on the amounts going to districts, charters, and AETN. The amount going to Solution Tree will be discussed in a later section of this report.

---

<sup>43</sup> *Id.* at (c)(1)(B).

<sup>44</sup> A.C.A. § 6-15-2914(b)(1)(B)(ii).

<sup>45</sup> A.C.A. § 6-17-711.

<sup>46</sup> A.C.A. § 6-18-708.

<sup>47</sup> A.C.A. § 6-17-704(d).

<sup>48</sup> A.C.A. § 6-17-705(a).

<sup>49</sup> A.C.A. § 6-20-2305.

<sup>50</sup> *See, e.g.* Acts 2023, No. 572, Section 26(a).

ArkansasIDEAS is a partnership between DESE and AETN to provide online PD for Arkansas licensed educators and those wishing to obtain an Arkansas educator license.<sup>51</sup> ArkansasIDEAS “connects K-12 educators with quality ADE-approved PD and educational opportunities.”<sup>52</sup> It also offers programs of study to assist teachers in “obtaining an Arkansas Educator License or additional grade band endorsements added to an existing license.”<sup>53</sup>

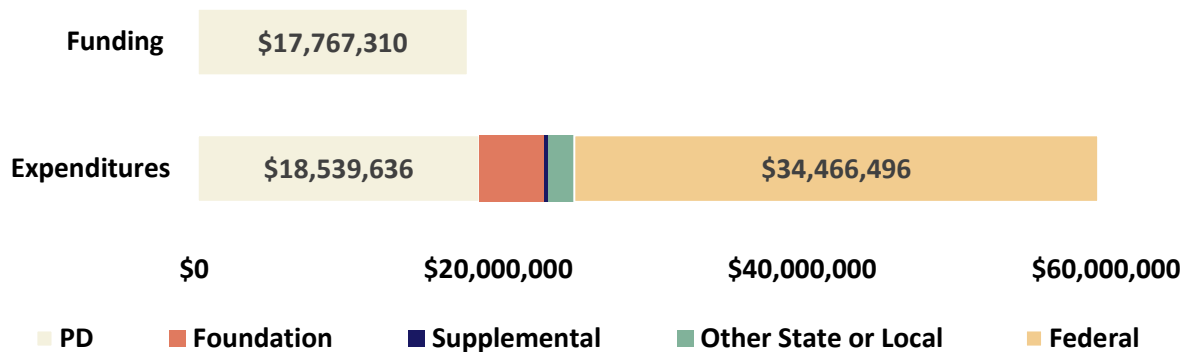
In 2023, for professional development, school districts received \$17.8 million or 49% of FY23 total PD categorical funding. AETN received \$2.5 million or 7% of PD categorical funding and Solution Tree received \$16.3 million or 44% of PD categorical funds.

Funding Distribution	Funded Entity	Per-Student Amount 2023/ 2024/ 2025	2023 Funding Amount	Pct. of Total PD Categorical Funds
1 <sup>st</sup>	Solution Tree	N/A	\$16,266,973	44%
2 <sup>nd</sup>	AETN	N/A	\$2,532,826	7%
3 <sup>rd</sup>	School Districts	<b>\$ 37.50</b> / \$ 37.50 / \$ 37.50	\$17,767,310	49%
<b>Total</b>			<b>\$36,567,109</b>	

### Spending

In FY23, districts received \$17.8 million in professional development categorical funds and spent \$18.5 million, indicating transfers from other categorical funds. Districts spent an additional \$40.1 million for professional development purposes, with a majority of that coming from federal funds.

### PD: Funding vs. Spending



Professional development categorical funds are required to be spent on activities and materials that do the following: improve the knowledge, skills, and effectiveness of teachers; address the knowledge and

<sup>51</sup> See A.C.A. § 6-17-707 (requiring the Commissioner of Elementary and Secondary Education to work with the Director of the Educational Television Division and local school districts "to develop a statewide online professional development program that includes quality professional development courses" that meet certain statutory standards).

<sup>52</sup> <http://ideas.aetn.org/>

<sup>53</sup> <http://ideas.aetn.org/>

skills of administrators and paraprofessionals concerning effective instructional strategies, methods, and skills; lead to improved student academic achievement; and provide training for school bus drivers.<sup>54</sup>

In FY23, the largest majority (39%) of professional development spending went toward services supporting the professional development of school district personnel including the following without limitation: course registration fees, training courses from external vendors, and other expenditures associated with training or PD by third-party vendors.

### Research and Best Practices

In their most recent evidence-based model,<sup>55</sup> Odden and Picus estimate the cost for effective professional development would be about \$125 per pupil for trainers. This includes paying for central office professional development staff, outside consultants, or school turnaround organizations as well as reimbursements for teacher conference registrations or for tuition for teachers who enroll in appropriate coursework at approved colleges and universities. Costs may also include miscellaneous administrative, materials, supplies, and travel expenses. Odden and Picus also recommend that teachers have ten days dedicated to professional development.

### Arkansas Educators' Input



**Survey Says:** In the 2024 superintendent survey, 33% of superintendents reported that professional development categorical funding did not meet district needs.<sup>56</sup>

In the 2024 teacher survey, teachers were asked to report how often different forms of professional development were used and to rate the usefulness of each form. The results are shown below. Collaboration with other educators/staff was the most commonly used at 43% and the most useful or essential with 85% reporting this to be very useful or essential.<sup>57</sup>

**How often did you receive professional development provided by the following options?**

**Please RATE the usefulness of each form of professional development in terms of enhancing your teaching & knowledge.**

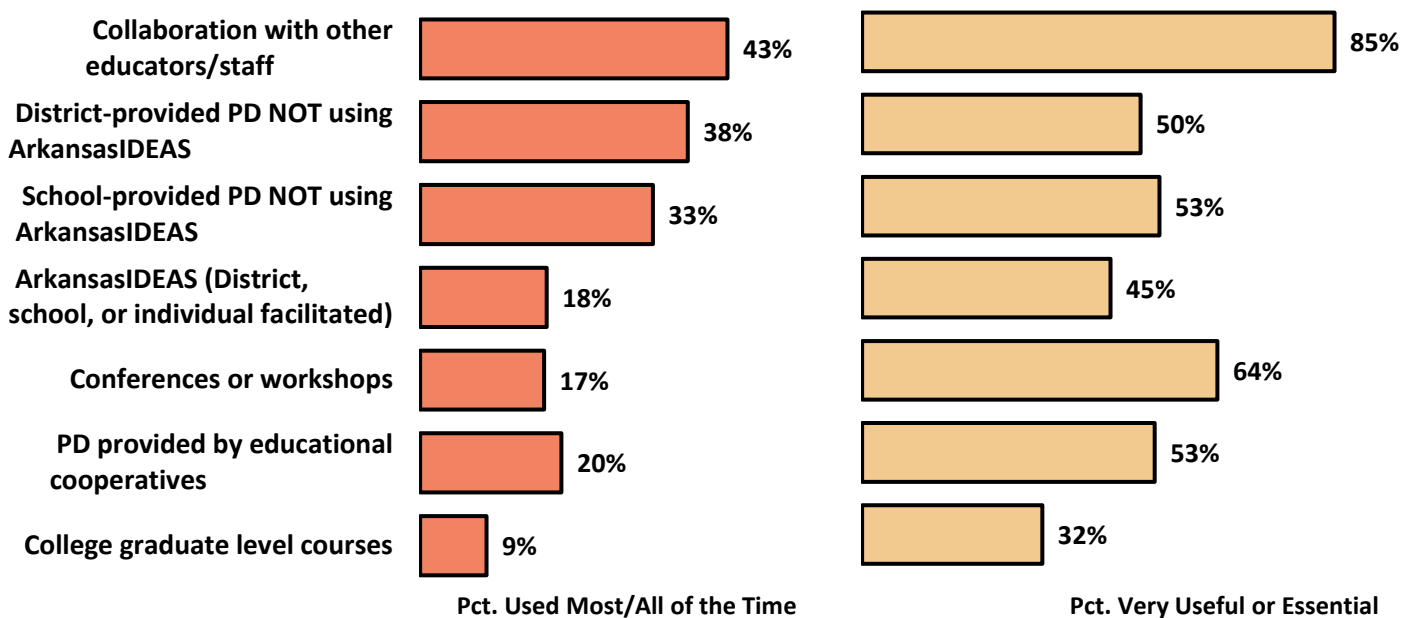
---

<sup>54</sup> A.C.A. § 6-20-2305(b)(5)(B)

<sup>55</sup> Odden, Allan, & Picus, Lawrence O. (2019). *School finance: A policy perspective*, 6<sup>th</sup> ed. New York: McGraw-Hill

<sup>56</sup> See Superintendents Survey Responses, question 6.

<sup>57</sup> See Teachers Survey Responses, questions 40-41.



## 2023 LEGISLATION

**ACT 511 - IMPLICIT BIAS TRAINING** The act prohibits a public school district and open-enrollment public charter school from requiring a school employee to complete or participate in implicit bias training and from taking adverse employment action against a school employee for the employee's failure or refusal to complete or participate in implicit bias training. The act further permits a school employee to leave a training that he or she is attending *if* he or she determines that the training addresses implicit bias.

**ACT 548 - LICENSURE - PROFESSIONAL DEVELOPMENT REQUIREMENTS** The act amends the requirements under the professional development schedule for licensed teachers as it pertains to certain topics. The act requires that an applicant for an initial teaching license meet certain training requirements unless he or she is eligible for an exception. The act prohibits a public school district from requiring more than four (4) days of professional development in addition to the six (6) days of professional development included in a basic contract for a teacher.

**ACT 744 - FOUNDATION FUNDING - CATEGORICAL FUNDING** The act requires the House Committee on Education and Senate Committee on Education to provide to the General Assembly during its biennial adequacy review process a recommendation for the health insurance contribution rate to be paid by each public school district each month for each eligible employee electing to participate in the public school employees' health insurance program. The act increases the foundation funding amounts for the 2023-2024 school year and the 2024-2025 school year. The act increases alternative learning environment funding for the 2023-2024 school year and the 2024-2025 school year. The act clarifies that funding amounts for English-language learners and enhanced student achievement remain the same and increases the professional development funding amount. The act declares an emergency and is effective on and after April 12, 2023.

**ACT 793 - ENGLISH LEARNERS** The act renames references from "English language learners" to "English learners" throughout the Arkansas Code and provides that English learners are identified under the

Public School Funding Act of 2003 based upon approved English proficiency assessments administered annually in the spring.

## Supplemental Funds

Additional or “supplemental” funding streams have been in place to help small schools and districts, as well as districts with fluctuating enrollment trends, provide an adequate education since the initial *Lake View* reforms. In recent years, several other funding streams have been added to help address specific adequacy-related expenses: transportation; special education; enhanced student achievement (poverty); and teacher salaries.

### Isolated

Isolated funding is supplemental funding distributed to districts with low enrollment or geographic challenges, such as rugged road systems and/or low-student density, which can increase costs. There are four types of isolated funding: isolated funding;<sup>58</sup> special needs isolated funding;<sup>59</sup> special needs isolated funding – small district;<sup>60</sup> and special needs isolated – transportation funding.<sup>61</sup> Varying types of restrictions are placed on how these funds can be used.

#### Funding

In 2023, the state distributed almost \$11 million to the 29 districts falling in one or more of the four isolated funding categories. Each category of isolated funding has different eligibility criteria. Funding is first distributed to districts meeting the eligibility criteria for isolated funding. The remaining amount is then available to districts meeting the criteria for the second funding category, special needs isolated funding. The remaining amount is then distributed to districts meeting requirements for special needs isolated – transportation funding. Each funding type has different spending. Appendix A shows districts that received each of these forms of isolated funding and the amounts received in 2023.

Funding Type	FY23 Funding Amount
<b>Isolated Funding</b>	\$2,223,176
<b>Special Needs Isolated</b>	\$3,432,953
<b>SNI - Small District</b>	\$2,106,241
<b>SNI - Transportation</b>	\$3,133,625
<b>Total Funding</b>	<b>\$10,895,995</b>

To meet eligibility criteria for isolated funding, a district has to meet four of the following five conditions: long distances; low student density of bus riders; high number of square miles; low proportion of hard-surfaced roads; and geographic obstacles.<sup>62</sup> Once it meets four of these conditions, a district must then meet certain budget requirements, average daily membership (ADM) requirements, and the minimum standards for accreditations.<sup>63</sup> These districts receive an amount determined by a formula based on ADM that is set in statute.

Multiple eligibility criteria exist for special needs isolated funding – the second category – that result in districts receiving four different levels of funding. Depending on which of the requirements districts meet, they will receive funding equal to 20%, 15%, 10%, or 5% of the foundation funding rate for each

<sup>58</sup> A.C.A. § 6-20-603.

<sup>59</sup> A.C.A. § 6-20-603(c)-(e).

<sup>60</sup> *Id.* at (f).

<sup>61</sup> *Id.* at (h).

<sup>62</sup> A.C.A. § 6-20-601(a).

<sup>63</sup> *Id.* at (b).

student in the isolated school area(s) or for the district.<sup>64</sup> The 5% category—the third category of isolated funding—is known as special needs isolated – small district funding according to the DESE, which is different because districts receiving this funding typically do not contain isolated schools, but rather are districts with fewer than 500 students.

The fourth category of funding is special needs isolated – transportation. This funding, provided to districts with the sole purpose of helping isolated districts with transportation needs, consists of any remaining dollars after isolated and special needs isolated funding is distributed.

### Spending

In FY23, districts spent approximately \$11 million of the \$10.9 million in isolated and special needs isolated funding.

2023 Funding	2023 Spending
\$10,895,995	\$11,056,329

Each form of isolated funding comes with its own spending restrictions. With the exception of special needs isolated – transportation, the uses are relatively broad. All of these funds are supposed to be used for the specific isolated school area for which they are receiving funds. In some districts, these areas make up the majority, if not all, of the district, or a portion of the district. These restrictions are listed in the table below, alongside the top three uses in FY23.

Isolated Funding Category	Spending Restrictions	Actual FY23 Spending – Top Uses
<b>Isolated</b>	Operation, maintenance, and support of the isolated school area <sup>65</sup>	1. Instructional Programs and Services (62%) 2. Operations and Maintenance (18%) 3. District or School Administration (15%)
<b>Special Needs Isolated</b>	Operation of the isolated school area <sup>66</sup>	
<b>Special Needs Isolated (Small District)</b>	None	1. Operations and Maintenance (46%) 2. Instructional Programs and Services (35%) 3. Transportation (10%)
<b>Special Needs Isolated - Transportation</b>	Transportation costs for the isolated school area <sup>67</sup>	1. Transportation (91%) 2. LEA Indebtedness (6%) 3. Operations and Maintenance (2%)

Data Source: Arkansas Public School Computer Network (APSCN).  
Note: Expenditures for Isolated and Special Needs Isolated Funding are combined due to coding structure.

### Research and Best Practices

Isolated funding varies widely by state and is not as common as other types of education funding. According to ECS, only 33 states used some form of isolated or small school/district funding in 2021. Among those states, the mechanism used to provide districts and schools funding varies as well as the factors used to determine funding. These can include location, geographic barriers, sparsity, and/or enrollment size.

<sup>64</sup> A.C.A. § 6-20-604(c)-(e).

<sup>65</sup> A.C.A. § 6-20-603(d).

<sup>66</sup> A.C.A. § 6-20-604(c)-(e).

<sup>67</sup> *Id.* at (h).



In their evidence-based model,<sup>68</sup> Odden and Picus recommend adjustments for school districts that have smaller enrollment numbers. Odden and Picus state that school districts below 975 students require additional support staff for an adequate program. For a district with 975 students or fewer, they recommend staffing one assistant principal and one full-time teacher for every seven students. This would provide staffing that the very small district can deploy in any way it wishes. In 2023, 134 Arkansas school districts had fewer than 975 students, or 52.5% of all school districts.

In a 2020 study of New Hampshire’s funding system for public schools, the American Institutes for Research and the New Hampshire Commission to Study School Funding both recommended that small enrollment districts needed more funding. The American Institutes for Research found that “districts with higher student needs and small districts require more spending per student to achieve a common desired level of student outcomes.” The Commission recommended multiple weights for small districts, varying by enrollment size. The Commission noted that smaller districts “operate at a lower level of cost efficiency than larger districts.”<sup>69</sup>

## Declining Enrollment

Because foundation funding is based on prior-year enrollment counts, declining enrollment is funding provided to districts that have lost students and therefore experience a loss in foundation funding. No restrictions are placed on how these funds can be spent.

### Funding

The formula for calculating declining enrollment and a sample calculation can be found in Appendix B. Declining enrollment funding is based on yearly ADM (rather than quarterly ADM) and provides a district about half the foundation funding amount for each student lost.

<b>2023 Funding Amount</b>
<b>\$37,703,387</b>

Because of the difference in the declining enrollment and student growth calculations, a district may be eligible for declining enrollment and student growth funding in the same year, but districts may not receive both types of funding.<sup>70</sup> DESE awards the funding type that would result in the most money for the district.<sup>71</sup> Student growth funding is discussed in the next section.

Funding	# of Districts	Districts	# of Charters	Charters	Total
<b>2021</b>	110	\$14,305,210	3	\$326,337	\$14,631,547
<b>2022</b>	135	\$31,522,589	4	\$771,132	\$32,293,721
<b>2023</b>	85	\$13,708,305	5	\$1,263,324	\$14,971,629

<sup>68</sup> Odden, Allan, & Picus, Lawrence O. (2019). *School finance: A policy perspective*, 6<sup>th</sup> ed. New York: McGraw-Hill

<sup>69</sup> The Commission to Study School Funding. (December 2020). “Our Schools, Our Kids: Achieving Greater Equity for New Hampshire Students and Taxpayers.”

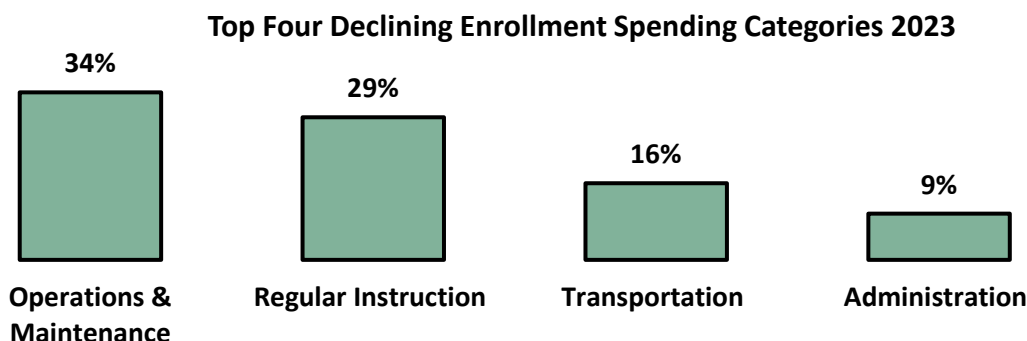
[https://carsey.unh.edu/sites/default/files/media/2020/12/final\\_report\\_forcommission\\_v5\\_12012020.pdf](https://carsey.unh.edu/sites/default/files/media/2020/12/final_report_forcommission_v5_12012020.pdf)

<sup>70</sup> Ark. Code Ann. § 6-20-2305(a)(3)(C)

<sup>71</sup> Arkansas Department of Education Rules Governing Declining Enrollment and Student Growth Funding for Public School Districts, effective January 1, 2019, 4.04.

## Spending

Districts and charters spent a total of \$18,332,602 in declining enrollment funds in 2023. The chart below shows the top four spending categories.



## Research and Best Practices

Proponents of declining enrollment provisions argue that the provisions serve two goals: 1) allowing time for communities and economics in rural areas to rebound, improve, and adjust to changes in population and revenue; and 2) ensuring that students in rural areas are offered an adequate education.<sup>72</sup> Opponents of declining enrollment funding argue that declining enrollment funding allows districts to avoid restructuring for smaller enrollments, discourages experimentation, and diverts funding from other uses.<sup>73</sup>

Declining enrollment policies can take several forms: 1) protections against declining enrollment; 2) hold-harmless provisions; 3) small district subsidies; and 4) minimum categorical allocations.<sup>74</sup>

Hold-harmless provisions guarantee districts a certain level of funding. In Connecticut, for example, the 36 lowest-performing districts in the state, known as Alliance Districts, are permanently held harmless at the fiscal year 2017 funding amount, even if the districts experience a decline in population that would otherwise mean a decline in funding.<sup>75</sup>

Hold-harmless provisions may also be specific to districts losing students to charter schools. Connecticut funds districts based on the enrollments of students living in their region whether the student attends a district school or a charter school. In Massachusetts, when a student leaves a district for a charter school, the district no longer receives the revenue associated with that student; the revenue goes to the charter school. Massachusetts then provides a partial tuition reimbursement to the district for up to six years after the student begins attending the charter.<sup>76</sup>

---

<sup>72</sup> Jimerson, L. (Rural School and Community Trust Policy Brief, February, 2006.) "Breaking the Fall: Cushioning the Impact of Rural Declining Enrollment."

<sup>73</sup> Fullerton, J. and Roza Marguerite. (Education Next, May 1, 2013.) "Funding Phantom Students."

<sup>74</sup> Ibid.

<sup>75</sup> Atherton, M. and Rubado, M. (Center on Regional Politics, December 2014.) "Hold Harmless Education Finance Policies in the U.S.: A Survey." School + State Finance Project. "Education Cost Sharing (ECS) Formula." <https://ctschoolfinance.org/issues/ecs-formula>.

<sup>76</sup> Ibid.

Declining enrollment protections are additional funds provided to districts that are experiencing a decline in enrollment.<sup>77</sup> The formulas vary by state. For example, in Colorado, a district with declining enrollment receives funding based on the average of up to three prior years' October student counts and the current year's October student count. In Nevada, schools with declining enrollment may base funding on either of the two prior years' average daily membership, whichever is greater. Districts with a declining enrollment of less than 5% get additional funding for one year, but districts with a decline of 5% or more receive two years of additional funding.<sup>78</sup>

Another form of declining enrollment funding is small district subsidies. In some states, the subsidies are a weight in the state allocation form based on district size. In other states, the state funds certain items by district; for example, a particular kind of staff person might have a funding level of one per district. In these states, the cost-per-pupil of the one-per-district item is much higher in smaller schools because of the lower number of students.<sup>79</sup>

Some states that use categorical funds require minimum allotments for certain categorical funding allocations. In this situation, the state sets a minimum allotment for a categorical. A district with a very small number of the targeted population will receive at least the minimum allotment.<sup>80</sup>

Odden and Picus' evidence-based model recommends funding students based on the school and district where they are actually attending school, and using a rolling three-year average pupil count when students are declining to help districts deal with enrollment decline and the corresponding loss in revenues.<sup>81</sup> Odden and Picus recognize that this method of funding may have the effect of creating "phantom students," or students who are counted in their new district but still partially funded in their old district until the three-year average cycles through.<sup>82</sup>

In its 2020 Arkansas study, APA offered two alternative approaches to funding declining enrollment: using a three-year average and using a percentage per year. The three-year average would provide districts with the highest ADM of the current year, average of the current year and prior year, or average of the last three years. A percentage per year model would assign percentages to the prior year, two years back, and three years back ADM, with each year further back receiving smaller percentages of funding. Both methods would increase the overall amount of declining enrollment funding.<sup>83</sup>

## Student Growth

Student growth funding is additional funding the state provides to growing districts to help support their additional students.<sup>84</sup> No restrictions are placed on how these funds can be spent.

### Funding

#### 2023 Funding Amount

---

<sup>77</sup> Fullerton, J. and Roza Marguerite. (Education Next, May 1, 2013.) "Funding Phantom Students."

<sup>78</sup> Atherton, M. and Rubado, M. (Center on Regional Politics, December 2014.) "Hold Harmless Education Finance Policies in the U.S.: A Survey."

<sup>79</sup> Jimerson, L. (Rural School and Community Trust Policy Brief, February, 2006.) "Breaking the Fall: Cushioning the Impact of Rural Declining Enrollment."

<sup>80</sup> Fullerton, J. and Roza Marguerite. (Education Next, May 1, 2013.) "Funding Phantom Students."

<sup>81</sup> Odden, A. Picus, L. (2019). *School finance: A policy perspective*, 6<sup>th</sup> ed. New York: McGraw-Hill.

<sup>82</sup> Ibid.

<sup>83</sup> Augenblick, Palaich and Associates (Presentation to Senate Committee on Education and House Committee on Education, June 8, 2020.) "Growth Funding and Declining Enrollment."

<sup>84</sup> Ark. Code Ann. § 6-20-2305(c)(2).

The student growth funding formula and a sample calculation can be found in Appendix C. The student growth formula is based on quarterly ADM (rather than yearly ADM) and provides the full foundation amount for each student that a district gains.

**\$37,703,387**

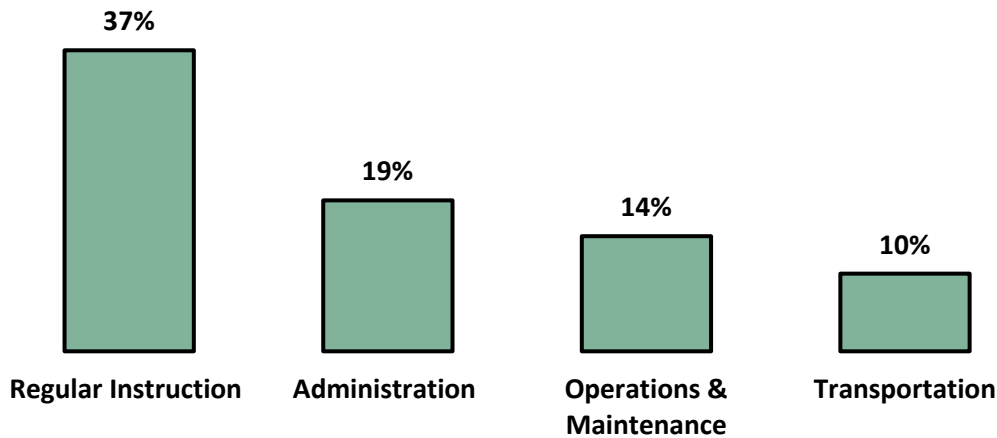
As discussed above, because of the difference in the student growth and declining enrollment calculations, it is possible for a district to qualify for student growth funding and declining enrollment funding in one school year. However, since 2007, state law has prohibited districts from receiving both types of funding.<sup>85</sup> Under DESE rules, when a district qualifies for both, the DESE issues the funding type that would result in the most money for the district.<sup>86</sup>

Funding	# of Districts	Districts	# of Charters	Charters	Total
2021	103	\$11,656,792	11	\$17,879,828	\$29,536,620
2022	91	\$22,937,636	8	\$8,925,234	\$31,862,870
2023	127	\$32,808,435	9	\$4,894,952	\$37,703,387

### Spending

Districts and charters spent a total of \$30,950,380 from student growth funding in 2023. The top four spending categories can be seen in the table below.

**Top Four Student Growth Spending Categories 2023**



### Research and Best Practices

Seventeen states have some form of growth funding to provide districts with growing enrollment. Many states have no form of student growth funding. This is particularly true in states that use current-year enrollment counts for funding; Arkansas uses prior-year ADM to determine foundation funding.<sup>87</sup>

States use different approaches to growth funding. In some states, the state provides high-growth districts additional funding based on the percentage of growth in the current year. In others, the state averages the amount of a district’s growth over a period of years and adds the average percent of growth to the district’s enrollment count. In still other states, the state adjusts more than once in a

<sup>85</sup> Act 461 of 2007; Act 272 of 2007; Arkansas Code Annotated § 6-20-2305(a)(3)(C).

<sup>86</sup> Arkansas Department of Education Rules Governing Declining Enrollment and Student Growth Funding for Public School Districts, effective January 1, 2019, 4.04.

<sup>87</sup> Augenblick, Palaich and Associates (Presentation to Senate Committee on Education and House Committee on Education, June 8, 2020.) “Growth Funding and Declining Enrollment.”

school year, with the district receiving all or half of the foundation funding amount for each student gained.<sup>88</sup>

Odden and Picus’ evidence-based model recommends funding districts based on the full-time average daily membership, using the actual count for schools with stable or rising district counts.<sup>89</sup>

In its 2020 Arkansas study, APA recommended funding districts that had at least a 2% growth rate. The change would decrease the number of districts receiving student growth funding, as well as the amount of overall funding.<sup>90</sup>

## ESA Grants

ESA Matching Grants reimburse schools for three research-based methods for increasing the achievement of low-income students (tutors, preschool, and after-school/summer school programs).<sup>91</sup>

### Funding

In 2023, 151 districts and 5 charters received a total of \$5,300,000 in ESA matching grant funding.

### Spending

Districts and charters spent a total of \$3,420,215 in ESA matching grant funding for 2023.

2023 Funding Amount
\$5,300,000

Preschool/early childhood	Summer school/before- and after-school programs	Tutoring/reading
\$1,702,230	\$555,369	\$616,698

Districts and schools spent a total of \$2,825,542 on the three research-based methods for increasing the achievement of low-income students.

## Special Education High Cost Occurrences

Special education high-cost occurrences funding is provided to districts when an individual student’s special education and related services required in his/her individualized learning plan (IEP) are unduly expensive, extraordinary, or beyond the routine and normal costs associated with special education and related services.<sup>92</sup> Districts must submit eligible claims<sup>93</sup> to be reimbursed by DESE. The district is responsible for 100% of the first \$15,000 after being adjusted for offsets. Offsets include Title VI-B (Federal IDEA Part B funding), Medicaid reimbursements, and other funds received (extended school year, third party liability, etc.). After that, districts can be reimbursed 100% of expenses between

<sup>88</sup> Ibid.

<sup>89</sup> Odden, Allan, & Picus, Lawrence O. (2019). *School finance: A policy perspective*, 6<sup>th</sup> ed. New York: McGraw-Hill

<sup>90</sup> “Growth Funding and Declining Enrollment” by Augenblick, Palaich and Associates, Presentation to Senate Committee on Education and House Committee on Education, June 8, 2020.

<sup>91</sup> See Acts 2023, No. 572, Section 27(a)(1).

<sup>92</sup> Ark. Code Ann. § 6-20-2303(22).

<sup>93</sup> Eligible claims include those for students currently enrolled in the district at the time of submission, when costs exceed \$15,000, and the costs must have incurred solely as a result of the provision of special education and related services to the individual student.

\$15,000 and \$65,000 and 80% of expenses of \$65,000 to \$100,000. Reimbursements are prorated if total reimbursement requests exceed the amount of funds available in the high-cost occurrences fund.

### Funding

In 2023, special education high-cost occurrences funding equaled \$14 million. The following table shows more details on the claim amounts made for special education high-cost occurrences funding. In 2023, 157 districts made \$46.9 million in eligible claims for 1,605 students. Of the \$46.9 million in eligible claims, \$21.3 million were considered reimbursable. District received 65.7% of reimbursable claims. That percentage is a decrease from 83.69% om 2021.

2023	2024	2025
\$14 million	\$17 million	\$17.5 million

	Number of Students	Number of Districts/ Charters	Funding Per Student	Total Eligible Amount (millions)	Max Amount of Reimbursement (millions)	Total Funding Provided (millions)	Percent of Funds Received	Total Eligible Amount Not Funded (millions)
<b>2021</b>	1,276	155	\$10,204	\$38.8	\$15.6	\$13.0	83.69%	\$25.7
<b>2022</b>	1,420	150	\$9,492	\$39.9	\$17.4	\$13.5	77.39%	\$26.4
<b>2023</b>	1,605	157	\$8,722	\$46.9	\$21.3	\$14.0	65.7%	\$32.9

### Spending

Other than the restrictions on the types of claims that are eligible to be reimbursed, there are no restrictions on how those reimbursed funds are to be spent. In 2023, districts spent \$11,802,249 of their special education high-cost occurrences and 71% of those expenditures went towards special education teacher salaries and benefits.

#### Total Special Education Spending

In FY23, districts spent \$572 million on special education expenditures. Spending for special education teachers (as provided in the matrix) accounted for approximately 46% of that spending. The remainder of those expenditures went towards a variety of purposes. The most common uses of additional special education spending include instructional aides and student support (e.g. physical and occupational therapy, speech pathology, and psychological testing). Federal funding accounted for 45% of those expenditures. The other primary fund sources for these expenses came from foundation funding (35%) and other state or local funding (17%).

### Additional Professional Development: Professional Learning Communities

As noted earlier, Solution Tree receives a portion of professional development categorical funding to implement the Professional Learning Community (PLC) pilot program.<sup>94</sup> The PLC Pilot program is a

<sup>94</sup> See Ark. Code Ann. § 6-20-2305(b)(5)(C)(i).

partnership between DESE and Solution Tree,<sup>95</sup> a private organization that provides PD resources, training, and support to K-12 educators, to implement the PLC at work model in selected districts and schools.

DESE defines a PLC as an “ongoing process in which educators work collaboratively in recurring cycles of collective inquiry and action research to achieve better results for the students they serve.”<sup>96</sup> The underlying assumption behind the PLCs is the “key to improved learning for students is continuous job-embedded learning for educators.”<sup>97</sup> Broadly, a PLC can also refer to some form of structured collaboration between educators within a school in which educators share experiences, ideas, resources, and strategies for improved student achievement. It can also be a formal program implemented in the school or include informal meetings among educators in a school.

Solution Tree’s PLC at Work program is a specific way of implementing a PLC.<sup>98</sup> Each school is matched with a certified PLC at Work Associate (or Pilot School Site Coach) who coordinates the school’s PLC services. The site coaches are overseen by a Solution Tree PLC project manager. A Solution Tree project administrator will coordinate the internal Solution Tree team with the project manager and the site coaches to form the project administration and evaluation team. This team will monitor, assess, and report on the pilot school services and will provide periodic feedback to DESE. According to the Solution Tree contract, each school will have its own Pilot School Plan that will be collaboratively developed based on a needs assessment at the beginning of the year. Each customized plan will be built on the following components:

- Up to 50 days of onsite PD from certified PLC at Work associates;
- Book, video, and online resources for school staff;
- Schoolwide subscriptions to global PD;
- Registrations for PLC events; and
- Ongoing phone and email support from the Pilot School Site Coach.

According to the DESE contract with Solution Tree, the intended outcomes of the pilot project include “increasing student achievement through teacher collaboration, a focus on learning, and a results orientation.” Student achievement and process data is collected, analyzed, and used to make decisions. This is done through a needs assessment given to PLC schools/districts (to examine process and achievement data) and formative assessments throughout the year (to evaluate growth and determine next steps). Additional data specific to each school is also determined and monitored.

Fiscal Year	Contract Amounts	Actual Paid
2018	\$4,000,000	\$4,000,000
2019	\$8,500,000	\$8,500,000
2020	\$12,500,000	\$12,500,000
2021	\$12,500,000	\$12,124,667
2022	\$14,500,000	\$14,362,185

<sup>95</sup> See *id.* at (b)(5)(C)(ii)(b) (authorizing the DESE to “partner with or choose a person, firm, corporation, or education service cooperative to provide the knowledge, skills, experience, and expertise for the development of a research-based process for the implementation of professional learning communities”).

<sup>96</sup> Arkansas Department of Education “Rules Governing Professional Learning Communities” (October 2017), Rule 2.01.

<sup>97</sup> *Id.*

<sup>98</sup> <https://www.solutiontree.com/st-states/arkansas-plc>

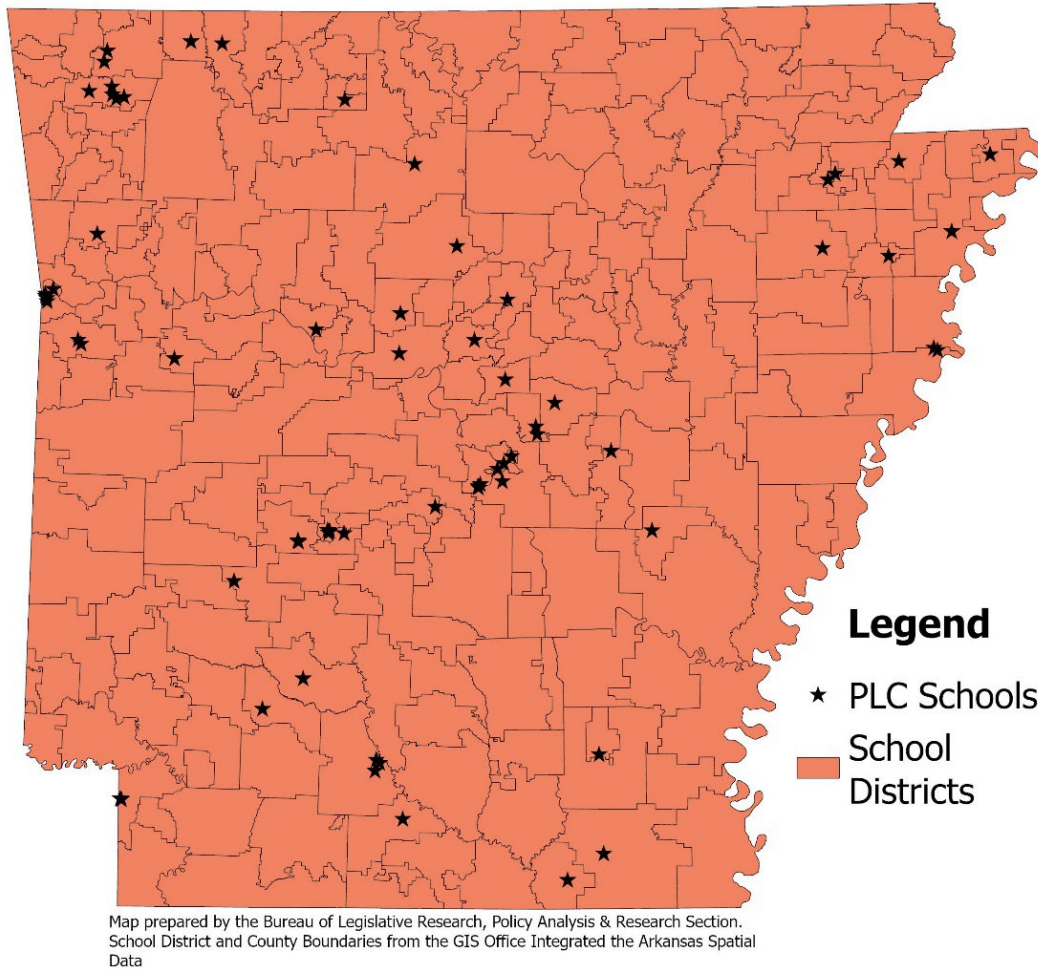
## Funding

<b>2023</b>	\$16,500,000	\$16,266,973
<b>Totals</b>	<b>\$68,500,000</b>	<b>\$67,753,825</b>

In 2023, Solution Tree received \$16.5 million. Since the first cohort began in 2018, 73 schools and districts have either completed the program or are in the program now. Participating schools in cohort 1-6 are shown in the following map and listed in Appendix D.

## PLC Schools – Cohorts 1 – 6





## Teacher Salary Equalization

To assist in addressing the disparities in teacher salaries within the state and compared to surrounding states, the legislature passed Acts 679 and 680 of 2021, creating the Teacher Salary Equalization Fund to provide public school districts and open-enrollment charter schools with additional restricted funding dedicated to increasing teacher salaries.<sup>99</sup> Equalization funding is provided to districts and charters that have an average annual teacher salary below the statewide target average annual salary set by the legislature. For the 2024 and 2025 school years, the statewide target average annual salary is \$51,822. Funding for eligible districts and open-enrollment charter schools is calculated by multiplying \$185 by the prior year ADM.

Equalization funding is continuous and will increase if a district's ADM increases. Funding will not decrease below the amount a district receives in the initial base year even if ADM decreases. The legislature may also increase the state target average and the amount of per-student funding as part of the adequacy review process, which will increase the amount of funds districts will be eligible to receive.

<sup>99</sup> See Ark. Code Ann. § 6-20-2305(b)(6).

## Funding

In 2023, public school districts and open-enrollment charter schools received \$51,900,715 in Teacher Salary Equalization funding. There were 29 public school districts and one open-enrollment charter school that did not receive funding.

## Spending

After DESE disburses Teacher Salary Equalization funds to districts and charters, the amount received is transferred to the teacher salary fund, which means multiple fund sources are comingled. Because these funds are to be spent on teacher salaries, the BLR accounts for these funds as “supplemental funds” spent on teacher salaries. It is important to note that while these funds are called “teacher salary,” schools can use these dollars on any position that requires certification.

## Enhanced Transportation

### Funding

Enhanced transportation funding is distributed to school districts with high transportation costs.<sup>100</sup>

While the matrix funding for transportation was \$321.20 per student in 2023, individual districts and charter systems spent between \$3.66 and \$2,363.98 per student on transportation from all funding sources.

A complex formula predicts transportation expenditures based on three factors: average daily membership; average daily number of riders; and average daily route miles. These predicted expenditures are compared to the actual funding provided by the foundation funding matrix and the actual expenditures of each district/charter system to determine transportation funding needs. The funding is distributed based on need on a pro-rata basis until the funding is depleted. In 2023, district and charter system enhanced transportation funding amounts ranged from \$702 (Monticello) to \$178,606 (Deer/Mt. Judea).

### Spending

School district and charter systems spent about \$6.9 million of the total \$7.2 million provided. Enhanced transportation is not restricted funding and therefore may be spent on items other than transportation. Of the \$6.9 million spent, \$5.1 million, or 75%, was spent on expense items that are considered to be in the matrix category, academic transportation expenses. The second highest matrix category was operations and maintenance, on which districts spent \$1.1 million or 17% of the total. The remaining

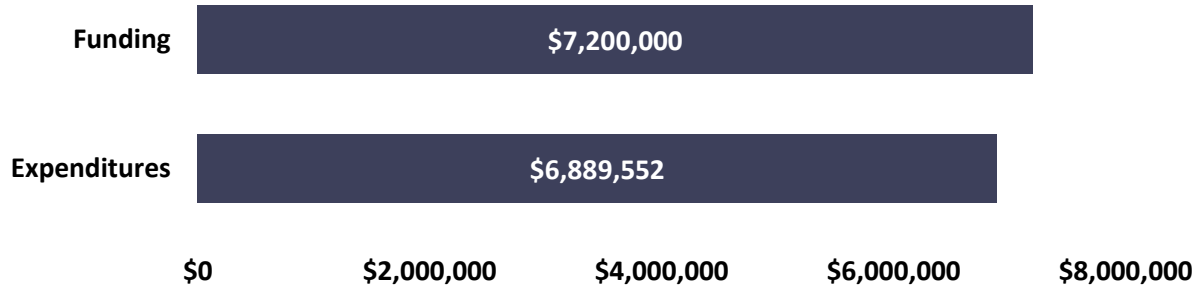
2023 / 2024 / 2025 Total Amount
\$7.2 million / \$7.7 million / \$8 million

---

<sup>100</sup> See Ark. Code Ann. § 6-20-2305(b)(6).

expenditures include expense items for non-athletic instructional materials, substitute teachers, athletic supplies and transportation, and Local Education Agency (LEA) indebtedness.

### Enhanced Transportation: Funding vs. Spending



In terms of categories of expense, districts and charter systems spent the most on vehicles, gasoline, and general supplies and materials. The following chart illustrates the top expenditure categories for which districts and charter systems spent enhanced transportation funding. These categories represent 94% of total spending.

ENHANCED TRANSPORTATION TOP EXPENDITURE CATEGORIES		
Expenditure Category	Expenditures	% of Total
Vehicles	\$1,635,437	23.7%
Gasoline	\$1,489,662	21.6%
General Supplies and Materials	\$896,358	13.0%
Rental of Equipment and Vehicles	\$730,872	10.6%
Electricity	\$549,427	8.0%
Non-Technology-Related Repairs and Maintenance	\$496,566	7.2%
Classified	\$412,304	6.0%
Bottled Gas Butane/Propane	\$159,121	2.3%
Substitute Teachers Purchased Service (Non-Employees)	\$108,239	1.6%

# IMPLICATIONS OF LEARNS FOR SUPPLEMENTAL FUNDS

**TRANSPORTATION MODERNIZATION GRANT PROGRAM** The act creates the Transportation Modernization Grant Program to improve access to transportation for students attending a public school district, an open-enrollment public charter school, or a licensed childcare center serving publicly funded students and to support transportation innovations and efficiency solutions. The act establishes the purposes for which grants under the program shall be used. The act requires the Department of Education to submit an interim report by December 15, 2023, and a final report by June 30, 2024, that describes the best practices used by grant recipients to transport students, provides a list of grant recipients and the amounts and purposes of the grants, and specifies the number of children impacted per grant recipient.

## 2023 LEGISLATION

**ACT 238 - ENHANCED TRANSPORTATION FUNDING** The act amends the enhanced transportation funding provided to certain public school districts by the Division of Elementary and Secondary Education for the 2023-2024 and 2024-2025 school years. The act declares an emergency and is effective on and after March 10, 2023.

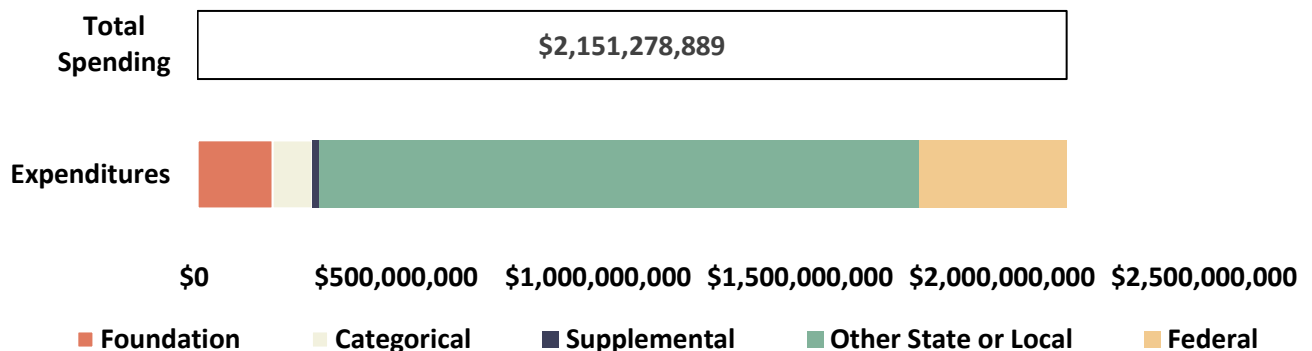
### Spending on Non-Matrix Items

Several items are not included specifically in the matrix but are frequently purchased by public schools with at least some use of foundation funds. It is important to note that foundation funding is unrestricted funding, and districts are free to use it however best fits their needs. In some cases, expenditures were placed in this category simply because they did not fit with the specific intent of the matrix.

#### Spending

In 2023, schools in Arkansas spent over \$2.1 billion on items not specifically identified in the matrix. The majority of this spending was from "Other State or Local" funding.

#### Non-Matrix Items: Spending by Fund Source



As shown in the table below, close to \$186 million was spent on non-matrix items using foundation dollars. Instructional Aides accounted for the highest percentage (38%) of non-matrix item spending from foundation funds. Facilities and Construction Services was the highest expenditure from all fund sources.

Expenditure Category	2023 Foundation Exp. Amt.	2023 Total Exp. Amt.
Instructional Aides	\$71,124,548	\$231,949,187
Athletic Classified, Supplies, and Transportation	\$37,373,904	\$85,799,619
Instructional Supplies and Objects	\$29,881,503	\$145,399,947
Miscellaneous Reconciling Items	\$14,769,293	\$40,794,263
Other Classified Instructional Support	\$13,137,059	\$145,526,938
Classified Guidance Counselor and Library Support Services	\$7,622,494	\$12,179,673
Counselor, Nurse, and Student Support Supplies and Objects	\$3,395,422	\$12,229,780
Facilities Acquisition and Construction Services	\$3,393,654	\$661,760,623
Non-Athletic Extracurricular Classified, Supplies, and Transportation	\$3,035,520	\$54,423,219
LEA Indebtedness	\$1,710,992	\$337,463,967
Pre-School Services	\$439,190	\$47,252,276
Food Service	\$108,037	\$349,512,615
Community Service and Childcare	\$0	\$21,054,411
Adult Education	\$0	\$5,932,731
<b>Total</b>	<b>\$185,991,614</b>	<b>\$2,151,278,889</b>

### Arkansas Educators' Input

Since the 2016 adequacy study, in its survey of superintendents the BLR has asked if there were any resources not included in the matrix they believe are an important part of providing an adequate education.<sup>101</sup>

A total of 112 superintendents responded to this question for the 2024 adequacy study. As shown in the summary table to the right, the most frequently cited additional resources superintendents reported included school safety, mental health, additional staff, and dyslexia.

Item	# Respondents	%
<b>Safety/SROs</b>	47	42%
<b>Mental Health</b>	36	32%
<b>Additional Staff</b>	31	28%
<b>Dyslexia</b>	18	16%

Other funding needs mentioned by superintendents included: Special Education support staff, Career & Technical Education instructors and materials, child nutrition, preschool, rising cost of utilities, inflation, teacher recruitment and relocation, and basic needs of impoverished students, among others.

Several superintendents commented that a significant amount of money has to be spent on these resources even though they are not currently funded in the matrix. Some superintendents indicated that other funding streams are either insufficient or not sustainable. Some superintendents also cited issues with the partial funding of staff by the matrix using decimals rather than whole numbers for staff positions.

<sup>101</sup> See Superintendents Survey Responses, question 5.

The results from the educator surveys conducted by the BLR for the 2024 adequacy study are consistent with the data collected for the 2022 adequacy study, as well as feedback collected by Augenblick, Palaich, and Associates (APA) as part of their 2020 district-level survey, educator panels, and online forums.<sup>102</sup>

Below are details on spending on each of the items listed by superintendents as non-matrix items that are important for providing an adequate education:

### **School Safety**

The matrix does not provide a dollar amount specific for School Resource Officers. Stakeholders identified this as an expense they are helping cover with other funding, including ESA funds. Arkansas public schools spent \$66.6 million on safety and security measures in 2023, which includes close to \$19.5 million on school resource officers. A little over 32% of spending on school safety was from foundation funding. Additional fund sources used on school safety included other state or local (30%), categorical (27%), and federal (11%).

According to the 2020 Arkansas School Finance Study<sup>103</sup> conducted by APA, community members in particular shared concerns about school safety, and it is a high priority area for many districts. APA recommended the education committees consider adding resources for school security/SROs to the matrix.

### **Mental Health**

Arkansas public schools spent a little over \$39 million on psychological services and social work activities in 2023. Expenditures were for behavior support specialists, psychological counseling, and school-based mental health services (67%), psychological testing (30%), and administrative oversight of psychological services (8%). Over 52% of spending on psychological services and social work activities was from federal funding, and close to 26% was from foundation funding. Categorical (16%) and other state or local (6%) accounted for the rest of the fund sources used to pay for psychological services and social work activities.

Though the matrix identifies resources for guidance counselors, many Arkansas educators – superintendents, principals, and teachers – report that the growing student mental health needs go beyond the expertise of guidance counselors and that specific mental health resources and support for all students, including additional positions for specialized staff, such as social workers, psychologists, or behavioral specialists, need to be identified. APA recommended the education committees consider adding resources for mental health to the matrix.<sup>104</sup>

### **Additional Staff**

Analysis of expenditures could not be conducted due to the wide-range of additional staff identified by superintendents.

### **Dyslexia**

Since 2016,<sup>105</sup> each school district has been required to have at least one individual to serve as a dyslexia interventionist. This resource requirement is not addressed currently in the matrix. State dyslexia rules

---

<sup>102</sup> [Arkansas School Finance Study](#) (APA, 2020)

<sup>103</sup> [Arkansas School Finance Study](#) (APA, 2020)

<sup>104</sup> [Arkansas School Finance Study](#) (APA, 2020)

<sup>105</sup> See Acts 2015, No. 1268, Section 4 (codified at Ark. Code Ann. § 6-41-607(d), requiring school districts to have individuals serving as dyslexia interventionists no later than the 2015-2016 school year).

require screening of all students in grades K–2, and students in grade 3 and above if teachers note deficiencies in certain skills.<sup>106</sup> If screening indicates need, then the student is provided intervention services. Arkansas public schools spent close to \$26 million on dyslexia services in 2023, which is close to \$5 million more than was spent in 2021. The majority of the funds used to pay for dyslexia services came from ESA funding, which accounted for 67% of these expenditures. A little over 16% of spending on dyslexia services was from foundation funding.

According to the 2020 Arkansas School Finance Study<sup>107</sup> conducted by APA, stakeholder feedback suggests this area is an “unfunded mandate” and many districts report having to use matrix or categorical funds to address dyslexia needs. This feedback is consistent with that received on both the 2022 and 2024 educator surveys conducted by BLR. APA did not make a specific recommendation for dyslexia interventionists, noting that other state adequacy studies do not typically address dyslexia separately from special education resources. However, a recommendation was made to increase the per pupil funding amount for instructional materials, which could be used “to meet any current or forthcoming needs, such as dyslexia screeners or measure career readiness skills (for example: ACT WorkKeys).”

### Research and Best Practices

Other resources not currently funded in Arkansas’s matrix but identified in Odden and Picus’ evidence-based model as critical to the core educational program and for student success include Core Tutors as part of the core instructional program, as well as per student funding resource recommendations for funding Gifted and Talented Education and Career and Technical Education (see Appendix E).<sup>108</sup> The matrix does not provide funding for Gifted and Talented Education, but pursuant to state law, districts are required to expend state and local revenues on Gifted and Talented Programs in an amount equal to fifteen percent (15%) of the Foundation Funding amount multiplied by 5% of the school district’s prior year three quarter ADM.<sup>109</sup> The matrix doesn’t provide a dollar amount specific for career and technical education (CTE); however, the General Assembly currently includes “curriculum and career and technical frameworks” as part of the definition of “adequacy.”

Additionally, their evidence-based model identifies key resources for at-risk students, which includes staffing for additional tutors and pupil support staff, extended-day, summer school, and English as a second language (“ESL) programs based on the number of poverty and ESL students. The specific resource recommendations for struggling students can be found in Appendix E.

---

<sup>106</sup> See Ark. Code Ann. § 6-41-603. However, Acts 2023, No. 237, also known as the LEARNS Act, amended this provision of the Code to require each student in kindergarten through grade three (K-3) be screened using a high-quality, evidence-based screener approved by DESE. While this portion of the LEARNS Act became effective upon its approval by the Governor on March 8, 2023, this report includes information on the 2022-2023 school year, which predated the effectiveness of these changes.

<sup>107</sup> [Arkansas School Finance Study](#) (APA, 2020)

<sup>108</sup> Odden, Allan, & Picus, Lawrence O. (2019). *School finance: A policy perspective.* 6<sup>th</sup> ed. New York: McGraw-Hill

<sup>109</sup> Ark. Code Ann. § 6-20-2208(c)(6).

---

## IMPLICATIONS OF LEARNS FOR NON-MATRIX ITEMS

---

**UNIFIED EARLY CHILDHOOD CARE AND EDUCATION SYSTEM** The act transfers the Division of Child Care and Early Childhood Education from the Department of Human Services to the Department of Education. The act requires the State Board of Education to use available public and private funds to establish pilot programs administered by local childhood lead organizations. The act requires the Department of Education to establish a locally supported plan for early childhood programs and services and requires the state board to establish kindergarten readiness standards and a uniform accountability system for publicly funded early childhood education programs. The act requires that, by October 1, 2024, and before the cabinet-level transfer, the Secretary of the Department of Education engage with early childhood stakeholders to advise the Office of Early Childhood on recommendations on the transition of functions and funds between the agencies.

**SCHOOL SAFETY AND SAFE SCHOOLS INITIATIVE** The act requires school districts and open-enrollment public charter schools to collaborate with medical professionals, fire departments, and local law enforcement and emergency management officials when forming emergency protocols; have a school safety expert review and advise on new construction facility plans; form District Safety and Security Teams; train school nurses and staff on emergency medical responses; and update and review cybersecurity policies annually. The act also requires the Department of Education to make crisis training available to school personnel and relevant stakeholders.



## APPENDIX A – ISOLATED FUNDING AMOUNTS

District Name	Isolated Funding	Special Needs Isolated (SNI)	SNI - Small District	SNI - Transportation	Total Isolated and SNI Funding
Jasper	\$385,818	\$860,004		\$284,875	\$1,530,697
Deer/Mt. Judea	\$268,230	\$532,669		\$284,875	\$1,085,774
Hillcrest	\$180,816	\$564,737		\$284,875	\$1,030,428
Emerson-Taylor-Bradley	\$179,451	\$376,847		\$284,875	\$841,173
Ozark Mountain	\$283,196	\$260,426		\$284,875	\$828,497
Mountain View	\$233,916	\$304,281		\$284,875	\$823,072
Cossatot River	\$193,917	\$66,799		\$284,875	\$545,591
Ouachita River	\$113,412	\$125,295		\$284,875	\$523,582
Searcy County	\$105,705	\$124,776		\$284,875	\$515,356
Huntsville	\$28,728	\$173,138		\$284,875	\$486,741
Harmony Grove	\$28,894	\$43,981		\$284,875	\$357,750
Bearden			\$179,591		\$179,591
Blevins			\$159,502		\$159,502
Clarendon			\$158,846		\$158,846
Mount Ida			\$153,627		\$153,627
Brinkley			\$152,593		\$152,593
Hermitage			\$146,822		\$146,822
Viola			\$142,941		\$142,941
Concord			\$140,195		\$140,195
Nevada			\$138,842		\$138,842
Calico Rock			\$138,319		\$138,319
Mineral Springs			\$132,967		\$132,967
Dermott			\$121,073		\$121,073
Augusta			\$119,538		\$119,538
Strong-Huttig			\$111,532		\$111,532
Marvell-Elaine			\$109,853		\$109,853
Mulberry/Pleasant View Bi-County	\$96,289				\$96,289
Jackson County	\$86,475				\$86,475
Magnolia	\$38,329				\$38,329
<b>Total</b>	<b>\$2,223,176</b>	<b>\$3,432,953</b>	<b>\$2,106,241</b>	<b>\$3,133,625</b>	<b>\$10,895,995</b>

## APPENDIX B – DECLINING ENROLLMENT

Declining enrollment is calculated by subtracting a district’s average daily membership (ADM) for the previous year from the average ADM for the previous two years. This amount is multiplied by the per-student foundation funding amount, resulting in providing foundation funding rate for about half of the students the district lost in a given year.

It is important to note that, because foundation funding is based on prior-year ADM, districts with declining student populations receive foundation funding for more students than the districts are actually educating. The table below illustrates how a district receiving declining enrollment actually receives money for one and a half times the number of students the district lost (through foundation funding and declining enrollment funding).

Declining Enrollment Example Calculation					
Year	Current Year Students	Foundation-Paid Students (Based on Previous Year’s Students)	Difference Between Funded Students and Students District is Actually Educating	Students Funded by Declining Enrollment	Total Funded Students Above Current Year Students
2019	1,020				
2020	1,000	1,020	+20		
2021	980	1,000	+20	+10	+30
2022	960	980	+20	+10	+30
2023	940	960	+20	+10	+30

In the example, the district lost 20 students each year from 2019 to 2023. In 2023, the district is receiving the equivalent of foundation funding for 30 students that the district is not actually responsible for educating.

## APPENDIX C – STUDENT GROWTH

Student growth funding is calculated by comparing the average daily membership (ADM) for each quarter in the current year to the prior year’s three-quarter ADM excluding the current fourth-quarter ADM. The fourth-quarter ADM is calculated by using the fourth-quarter ADM from the prior year and the three-quarter ADM from two years earlier. If there is an increase, DESE multiplies the amount of growth from each quarter by .25, and this equals the quarterly growth rate. The quarterly growth rate for each quarter is summed to get the total growth rate. Finally, the growth rate is multiplied by the foundation funding rate, and this equals the amount of total growth funding. Ultimately, the formula provides districts and charters the full rate of foundation funding for approximately each student added.

Student Growth Example Calculation					
	Quarterly ADM	Three-Quarter ADM	Growth	*	Quarterly Growth Rate
4 <sup>th</sup> Quarter—FY20	524.57	506.87—FY19	17.7	.25	4.425
1 <sup>st</sup> Quarter—FY21	527.35	516.29—FY20	11.06	.25	2.765
2 <sup>nd</sup> Quarter—FY21	532.09	516.29—FY20	15.8	.25	3.95
3 <sup>rd</sup> Quarter—FY21	532.38	516.29—FY20	16.09	.25	4.0225
<b>Total Growth Rate</b>					<b>15.1625</b>

In the example, the total growth rate (15.1625) multiplied by the foundation funding rate (\$7,413) would equal \$112,400 in total student growth funding.

## APPENDIX D – PROFESSIONAL LEARNING COMMUNITIES PARTICIPATING SCHOOLS AND DISTRICTS

Cohort 1 (2017-18 – 2019-20)	
Ballman Elementary (Fort Smith SD)	Monticello Middle (Monticello SD)
Bragg Elementary (West Memphis SD)	Morrilton Intermediate (So. Conway Co. SD)
Douglas MacArthur Junior High (Jonesboro SD)	Spradling Elem. (Fort Smith SD)
Eastside Elementary (Greenbrier SD)	Prescott School District
Frank Mitchell Intermediate (Vilonia SD)	Rogers High (Rogers SD)
Cohort 2 (2018-19 – 2020-21)	
Blytheville Primary (Blytheville SD)	Murrell Taylor Elementary (Jacksonville SD)
East Pointe Elementary (Greenwood SD)	Main St. Visual & Performing Arts Mag.(Hot Springs SD)
Greer Lingle Middle (Rogers SD)	Rivercrest Elementary (Rivercrest SD)
Gurdon School District	Quitman School District
Hamburg High (Hamburg SD)	Howard Perrin Elementary (Benton SD)
Cohort 3 (2019-20 – 2021-22)	
Buffalo Island Central School District	Lakeside High School (Lakeside SD–Garland Co.)
Camden Fairview Interim. (Camden Fairview SD)	Mabelvale Elementary (Little Rock SD)
Darby Middle (Fort Smith SD)	Mills University Studies High (Pulaski County Special SD)
Eureka Springs Elementary (Eureka Springs SD)	Park Avenue Elementary (Stuttgart SD)
Harrisburg Middle (Harrisburg SD)	Jacksonville Elementary (Jacksonville SD)
Lake Hamilton Interim. (Lake Hamilton SD)	Wonderview Elementary (Wonderview SD)
Cohort 4 (2020-21 – 2023-24)	
Bayyari Elementary (Springdale SD)	Lake Hamilton Jr. High (Lake Hamilton SD)
Camden Fairview High (Camden Fairview SD)	Northside High (Fort Smith SD)
Centerpoint School District	Rivercrest High (Rivercrest SD)
Clinton School District (Clinton SD)	Valley Springs Elem. (Valley Springs SD)
Crossett High School (Crossett SD)	Watson Elementary (Little Rock SD)
Hot Springs Junior Acad. (Hot Springs SD)	
Cohort 5 (2021-22 – 2024-25)	
Arkansas High (Texarkana SD)	Magazine School District
Camden Fairview Middle (Camden Fairview SD)	Meekins Middle (Stuttgart SD)
Carver Elementary (Little Rock SD)	Oaklawn STEM Magnet Elementary (Hot Springs SD)
Glenview Elementary (North Little Rock SD)	Parson Hills Elementary (Springdale SD)
Hellstern Middle (Springdale SD)	Searcy County School District
Howard Elementary (Fort Smith SD)	University Heights Elementary (Nettleton SD)
Lake Hamilton Middle (Lake Hamilton SD)	Washington Elementary (Little Rock SD)

Cohort 6 (2022-23 – 2025-26)	
Berryville School District	Lakeside Junior High (Springdale SD)
Cabot Freshman Academy (Cabot SD)	Marion Visual & Performing Arts Magnet (Marion SD)
Carlisle School District	Marked Tree School District
Chicot Elementary (Little Rock SD)	Mountainburg School District
Fairview Elementary (Texarkana SD)	Oakland Heights Elementary (Russellville SD)
Greenwood Freshman Center and High (Greenwood SD)	Smackover-Norphlet District
Hamburg Middle (Hamburg SD)	Sonora Middle (Springdale SD)
Hot Springs World Class High (Hot Springs SD)	

## APPENDIX E – EB MODEL RESOURCE RECOMMENDATIONS

Model Element	Evidence-Based Model Recommendation
<b>Staffing Resources for Core Programs:</b>	
<b>1. Preschool</b>	Full day preschool for children aged 3 and 4. <ul style="list-style-type: none"> <li>• 1.0 teacher for each 15-student class.</li> <li>• 1.0 instructional for each 15-student class.</li> </ul>
<b>2. Full-day kindergarten</b>	Full-day kindergarten program. Each K student counts as 1.0 pupil in the funding system.
<b>3. Elementary core teachers/class size</b>	<ul style="list-style-type: none"> <li>• 1:15 grades K-3 (average class size of 17.3)</li> <li>• 1:25 grades 4-5/6</li> </ul>
<b>4. Secondary core teachers/class size</b>	1:25 grades 6-12 (average class size of 25)
<b>5. Elective/specialist teachers</b>	<ul style="list-style-type: none"> <li>• 20% of core elementary teachers</li> <li>• 20% of core middle school teachers</li> <li>• 33 1/3% of core high school teachers</li> </ul>
<b>6. Instructional facilitators/coaches</b>	1.0 instructional coach position for every 200 students
<b>7. Core tutors/Tier 2 intervention</b>	<ul style="list-style-type: none"> <li>• 1:450 elementary and middle schools</li> <li>• 1:600 high schools</li> <li>• Additional tutors are enabled through poverty and ELL pupil counts in Elements 22 and 26</li> </ul>
<b>8. Substitute teachers</b>	5% of core and elective teachers, instructional coaches, tutors, and additional teacher positions under resources for at-risk students.
<b>9a. Guidance counselors</b>	<ul style="list-style-type: none"> <li>• 1:450 grade K-5 students</li> <li>• 1:250 grade 6-12 students</li> <li>• Additional student support resources are provided on the basis of poverty and ELL students in Element 23</li> </ul>
<b>9b. Nurses</b>	1:750 grade K-12 students
<b>10. Supervisory aides</b>	<ul style="list-style-type: none"> <li>• 2:450 elementary and middle schools</li> <li>• 3:600 high schools</li> </ul>
<b>11. Library media specialist</b>	<ul style="list-style-type: none"> <li>• 1.0 library media specialist for each 450-student elementary and middle school</li> <li>• 1.0 library media specialist for each 600-student high school</li> </ul>
<b>12. Principals and assistant principals</b>	<ul style="list-style-type: none"> <li>• 1.0 principal for the 450-student elementary and middle schools</li> <li>• 1.0 principal and 1.0 assistant principal for the 600-student high school</li> </ul>

<b>Model Element</b>	<b>Evidence-Based Model Recommendation</b>
<b>13. School site secretarial and clerical staff</b>	<ul style="list-style-type: none"> <li>• 2.0 secretary positions for the 450-student elementary and middle schools</li> <li>• 3.0 secretary positions for the 600-student high school</li> </ul>

#### **Dollars Per Pupil Resources for Core Programs:**

<b>14. Gifted and Talented Education</b>	\$40 per pupil
<b>15. Intensive professional development</b>	<ul style="list-style-type: none"> <li>• 10 days of student-free time for training built into teacher contract year, by adding 5 days to the average teacher salary</li> <li>• \$125 per pupil for trainers (In addition, PD resources include instructional coaches [Element 5] and time for collaborative work [Element 4.]</li> </ul>
<b>16. Instructional materials</b>	<ul style="list-style-type: none"> <li>• \$200 per pupil for instructional and library materials</li> <li>• \$50 per pupil for extra help program of poverty, ELL, summer school, and extended-day</li> </ul>
<b>17. Short cycle/ interim assessments</b>	\$25 per pupil for short cycle, interim and formative assessments
<b>18. Technology and equipment</b>	\$250 per pupil for school computer and technology equipment
<b>19. Career and Technical Education</b>	\$10,000 per CTE teacher for specialized equipment
<b>20. Extra duty funds/student activities</b>	<ul style="list-style-type: none"> <li>• \$300 per student for co-curricular activities including sports and clubs for grade K-12</li> <li>• \$50 per student for preschool</li> </ul>

#### **Resources for At-Risk Students (Extra Help)**

<b>21. Tutors</b>	<ul style="list-style-type: none"> <li>• 1.0 tutor position for every 100 ELL students</li> <li>• 1.0 tutor position for every 100 non-ELL poverty students</li> </ul>
<b>22. Additional pupil support staff</b>	<ul style="list-style-type: none"> <li>• 1.0 pupil support position for every 125 ELL students</li> <li>• 1.0 pupil support position for every 125 non-ELL poverty students</li> </ul>
<b>23. Extended-day</b>	<ul style="list-style-type: none"> <li>• 1.0 teacher position for every 120 ELL students</li> <li>• 1.0 teacher position for every 120 non-ELL poverty students</li> </ul>
<b>24. Summer school</b>	<ul style="list-style-type: none"> <li>• 1.0 teacher position for every 120 ELL students</li> <li>• 1.0 teacher position for every 120 non-ELL poverty students</li> </ul>
<b>25. ESL staff for English-language learners (ELL)</b>	<p>As described above:</p> <ul style="list-style-type: none"> <li>• 1.0 tutor position for every 100 ELL students</li> <li>• 1.0 pupil support position for every 125 ELL students</li> <li>• 1.0 extended-day position for every 120 ELL students</li> <li>• 1.0 summer teacher position for every 120 ELL students</li> <li>• In addition, 1.0 ESL teacher position for every 100 ELL students</li> </ul>
<b>26. Alternative schools</b>	<ul style="list-style-type: none"> <li>• 1 assistant principal position for every 7 ALE students in an ALE program</li> <li>• 1 teacher position for every 7 ALE students in an ALE program</li> <li>• 1 teacher position for every 7 Welcome Center eligible ELL students</li> </ul>

**Model Element**

**27. Special education**

**Evidence-Based Model Recommendation**

8.1 teacher positions per 1,000 students, which includes:

- 7.1 teacher positions per 1,000 students for services for students with mild and moderate disabilities and the related services for speech/hearing pathologies and/or OT PT
- This allocation equals approximately 1 position for every 141 students

**Plus**

- psychologist per 1,000 students to oversee IEP development and ongoing review

**In addition**

- Full state funding for students with severe disabilities, and state-placed students, minus the cost of the basic education program and Federal Title VIb, with a cap on the number covered at 2% of all students

**Staff Compensation Resources**

**28. Staff**

**compensation**

For salaries, average of previous year

For Benefits:

- Retirement or pension costs: A state set % per employee
- Health Insurance: \$12,000-15,000 per employee
- Social Security and Medicare: 7.65%
- Workers' Compensation: 0.6%
- Unemployment Insurance: 0% as the state fully reimburses costs