

RESOURCE ALLOCATION PART II

*May 18, 2026



2026 EDUCATIONAL ADEQUACY STUDY

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“ Adequacy Study Statute

Ark. Code Ann. § 10-3-2102(i); study for subdivision (a)(6)

(a)(6) **“Review and continue to evaluate the costs of an adequate education for all students in the State of Arkansas, taking into account cost-of-living variances, diseconomies of scale, transportation variability, demographics, school districts with a disproportionate number of students who are economically disadvantaged or have educational disabilities, and other factors as deemed relevant, and recommend any necessary changes.”**

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Fund Source Review

<p>State and Local Funding Streams</p> <ul style="list-style-type: none"> ▪ Foundation (56%) of total state funding ▪ “Other” (44%) <ul style="list-style-type: none"> • Additional funding streams from state, local, and federal fund sources 	<p>2025 Spending Breakdown</p> <ul style="list-style-type: none"> ▪ Foundation Funds (49%) ▪ Other Funds (51%) <ul style="list-style-type: none"> • “Categorical” • “Supplemental” • Additional
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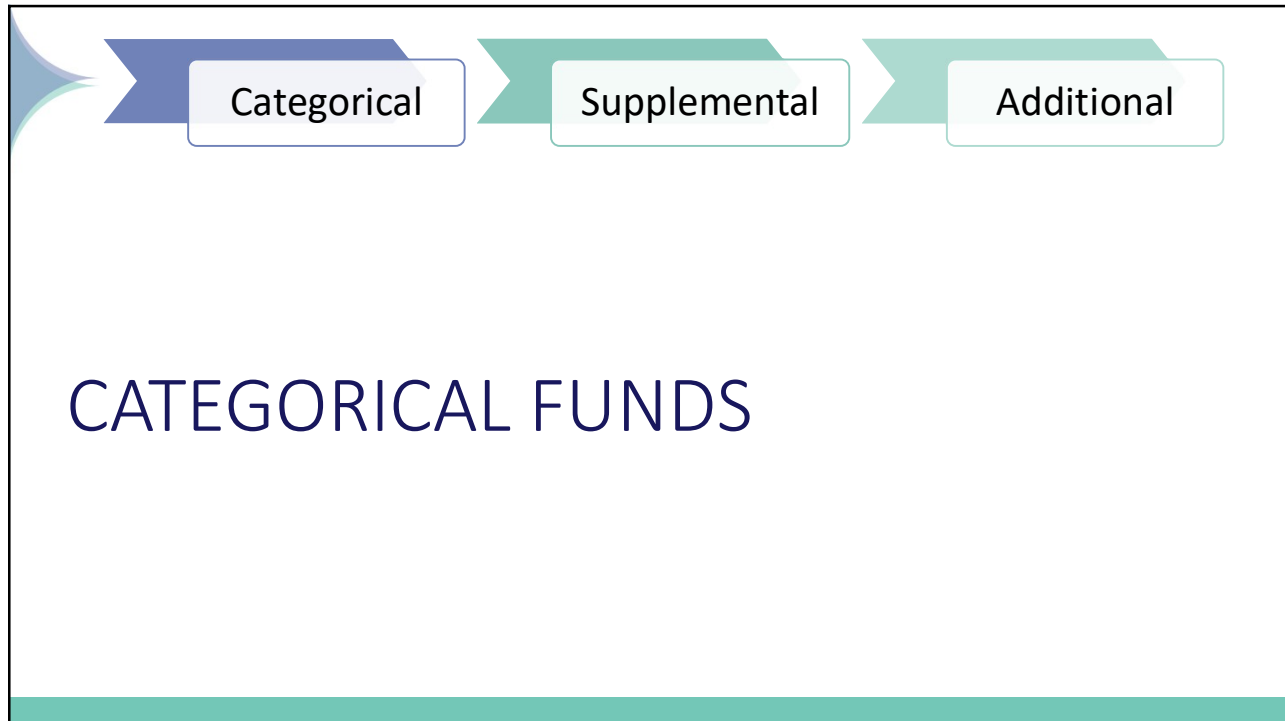
ROADMAP

Other Public School District & Charter System Expenditures

<ul style="list-style-type: none"> ▪ Categorical 	}	<ul style="list-style-type: none"> • Alternative Learning Environment (ALE) • English Learner (EL) • Enhanced Student Achievement (ESA) • Professional Development (PD)
<ul style="list-style-type: none"> ▪ Supplemental 	}	<ul style="list-style-type: none"> • Isolated • Declining Enrollment • Student Growth • ESA Grants • Special Education • High-Cost Occurrences • Enhanced Transportation
<ul style="list-style-type: none"> ▪ Additional 	}	<ul style="list-style-type: none"> • Teacher Salary Equalization • LEARNS Minimum Teacher Salaries

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CATEGORICAL FUNDS

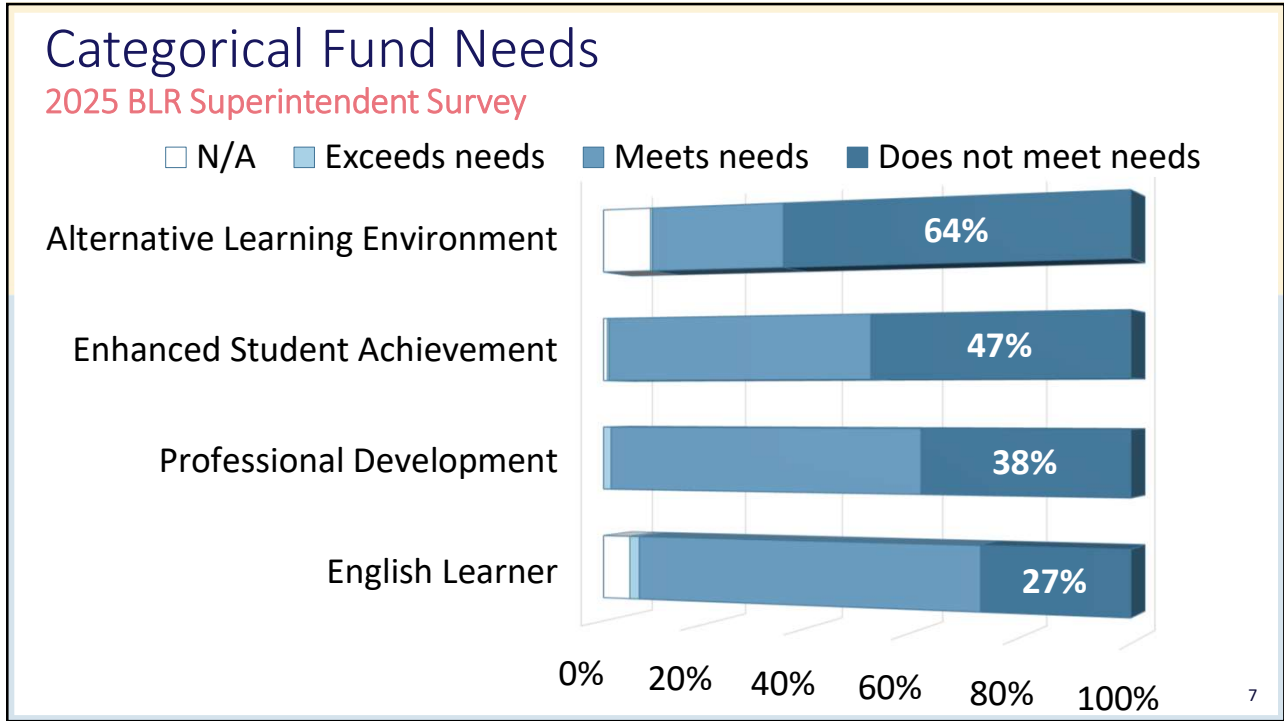
Public School District & Charter System Expenditures

Categorical Funds

- Alternative Learning Environment (ALE)
- English Learner (EL)
- Enhanced Student Achievement (ESA)
- Professional Development (PD)

- Three are targeted to specific student populations
- Restricted in use but can be transferred within categorical funds
- Per-student funded
- 4% of Total Spending

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Categorical Funds

Alternative Learning Environment (ALE)


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Restricted Use of ALE Categorical Funds

Qualifying Criteria for Eligible ALE Students

- Identified barriers to student’s academic or social progress
- Two or more personal characteristics or situations that negatively affect the student



Specialized programming provided to eliminate traditional barriers to learning



Per-student funding based on prior-year full-time equivalent (FTE) student counts

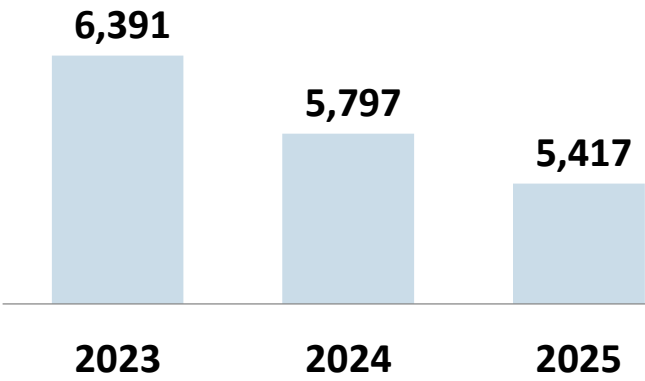
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Alternative Learning Environments (ALEs)

Types of ALE Students

- Hybrid (0.5 FTE)
 - 20% of instructional time spent in nontraditional ALEs
- Traditional

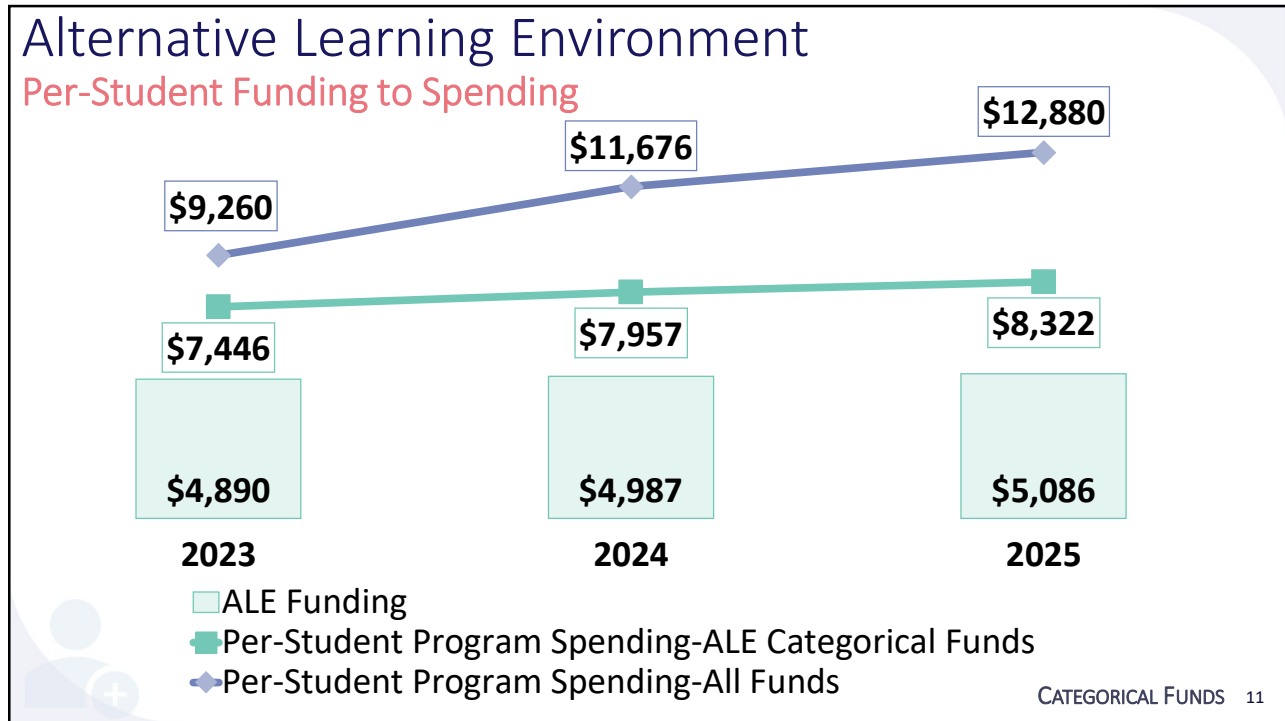


Year	Number of Students
2023	6,391
2024	5,797
2025	5,417

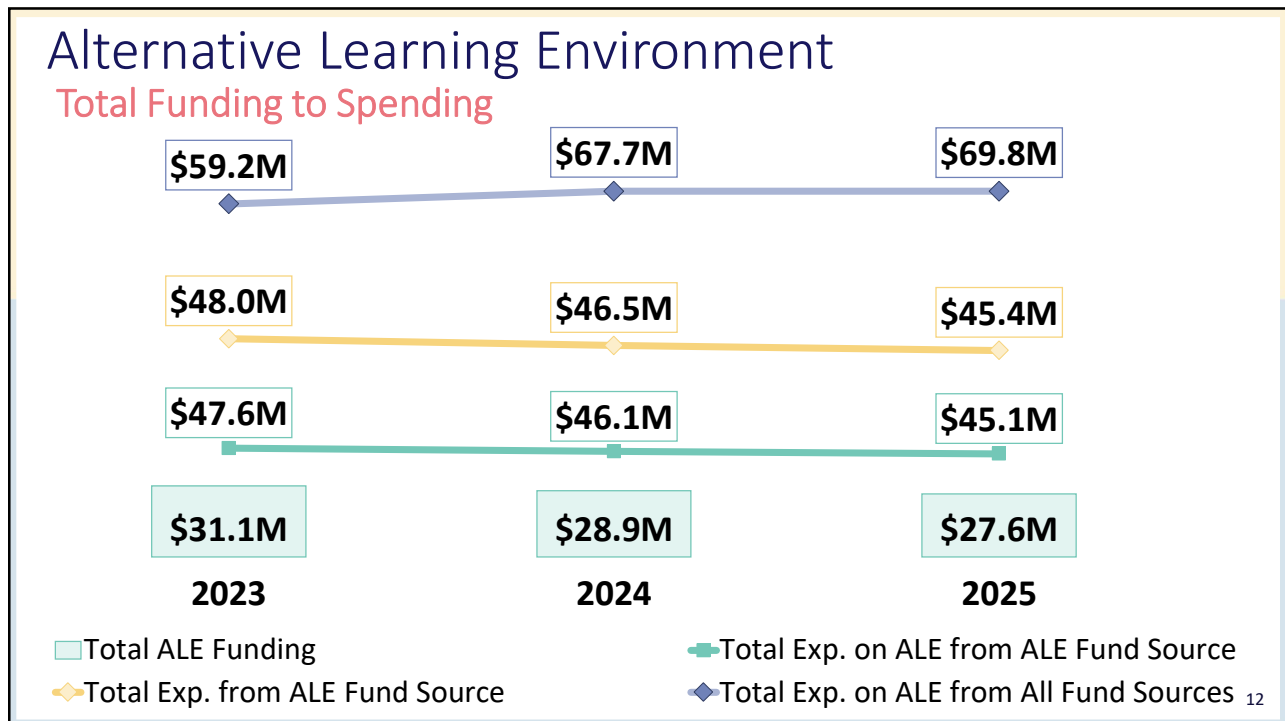
$$\frac{\text{Total number of days in ALE}}{\text{Total number of school days}} \times \frac{\text{Hours per day in ALE}}{6 \text{ hours}}$$

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Alternative Learning Environment (ALE)


“Shall” to “May”



ALEs are no longer required

Public school districts **may choose** to provide one or more ALEs for all students who meet the minimum criteria

- Establish and operate an ALE, as a school or school-embedded program
 - Cooperate with other school districts
- Use an ALE operated by an education service cooperative
 - Partner with an institution of higher education or technical institute (for courses or operations for students in grades 8-12)



ACT 911 OF 2025

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Categorical Funding

English Learners (EL)

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English Learner

2025 Funding = \$366/ EL Student

EL Student = Student identified at not proficient in the English language based upon statewide Entrance and Exit Procedures criteria

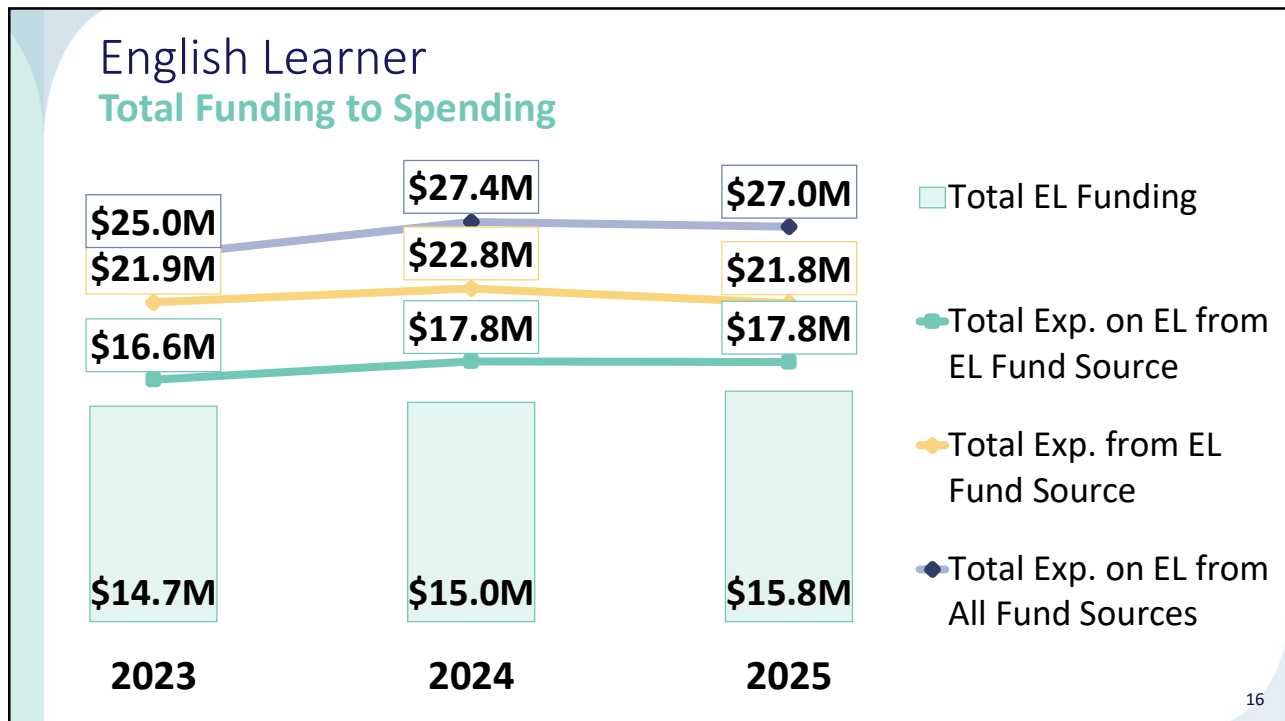
Spending Restrictions

- Salaries for EL-skilled instructional services, trainings for teachers and other providers
- Released-time for EL program development, instructional materials and services, and assessment and evaluation activities

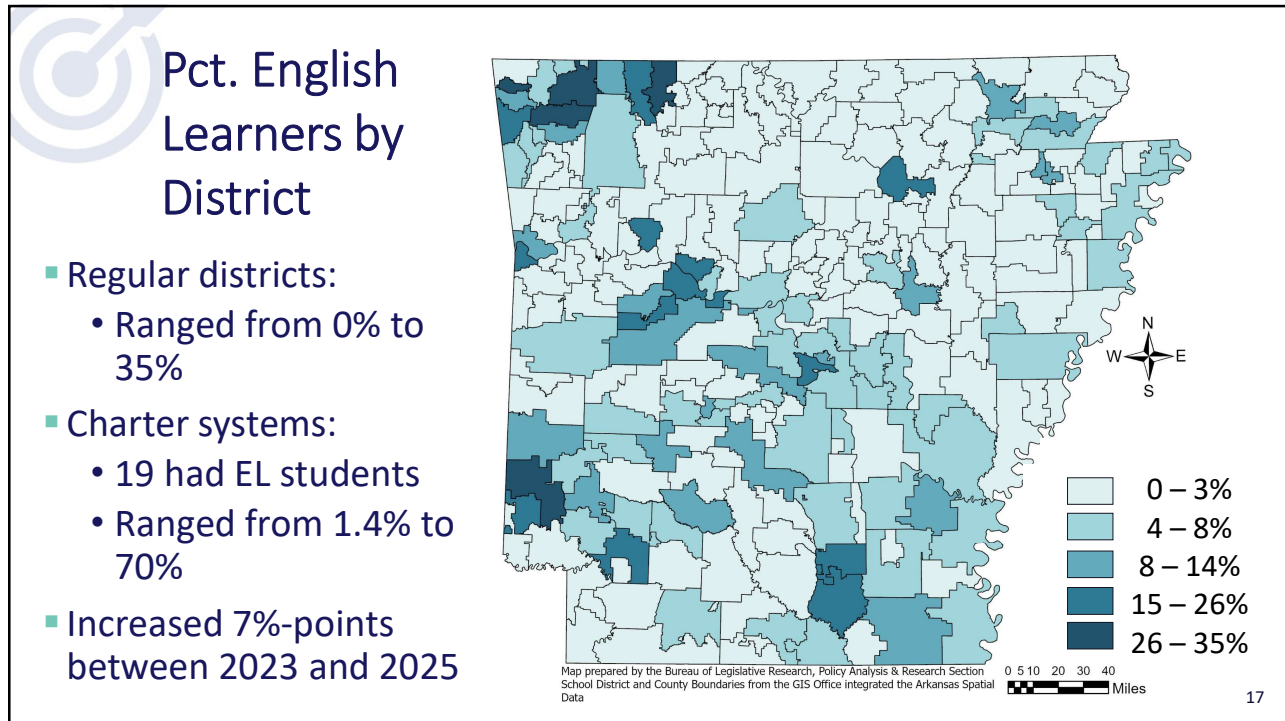
94% went towards salaries and benefits.

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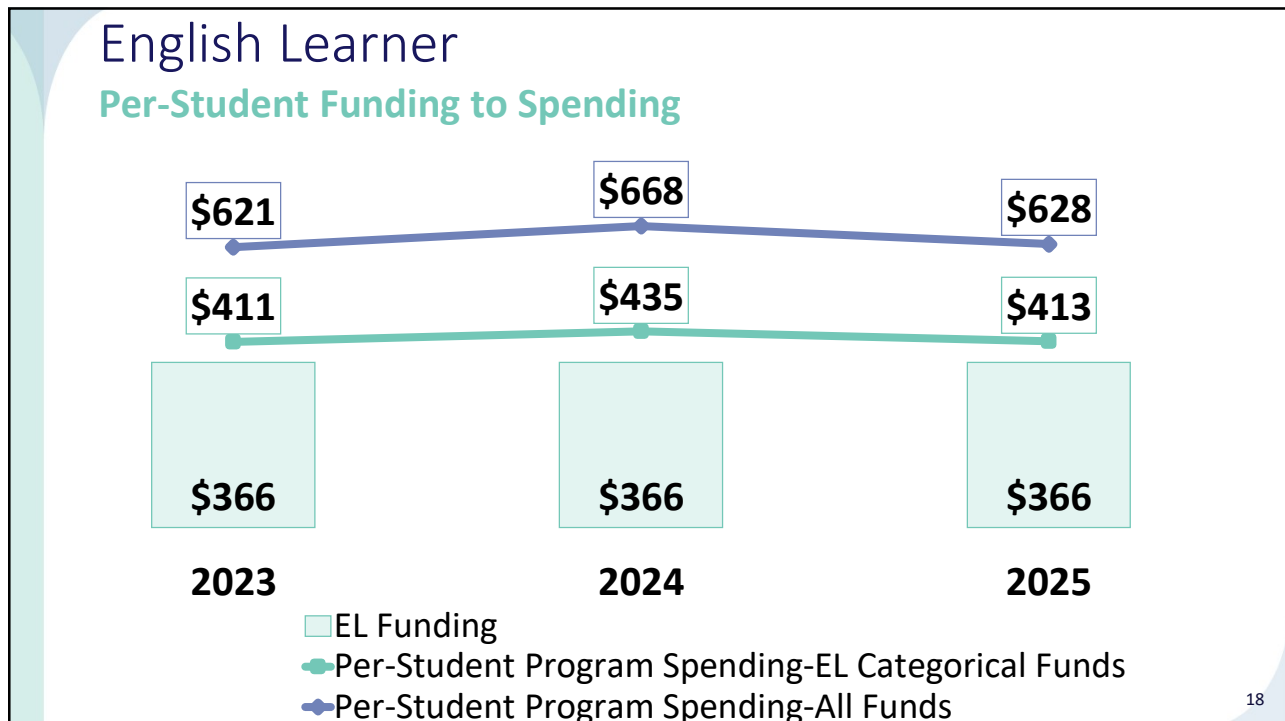
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Categorical Funding

**Enhanced Student Achievement
(ESA)**

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Enhanced Student Achievement

Categorical Per-Student Amount Based on FRL eligible students	Eligible Uses
<p data-bbox="250 1394 662 1436"><70% / 70-90% / >90%</p> <p data-bbox="266 1499 646 1541">\$538 / \$1,076 / \$1,613</p>	<ul style="list-style-type: none"> <li data-bbox="768 1352 1386 1472">▪ Hiring of additional teachers for core academic subject areas, or additional teacher salary in certain circumstances <li data-bbox="768 1486 1386 1528">▪ Academic supports and interventions <li data-bbox="768 1543 1386 1619">▪ Social, emotional, and behavioral supports <li data-bbox="768 1633 1386 1675">▪ Physical and mental health resources <li data-bbox="768 1690 1386 1732">▪ Early intervention resources <li data-bbox="768 1747 1386 1780">▪ Access to post-secondary opportunities

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Enhanced Student Achievement Expenditure Requirements



Eligible program(s) or purpose(s) aligned to the needs of the students in the district based on evidence from the district's needs assessment



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 free and reduced-price lunch



Spending 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

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Enhanced Student Achievement

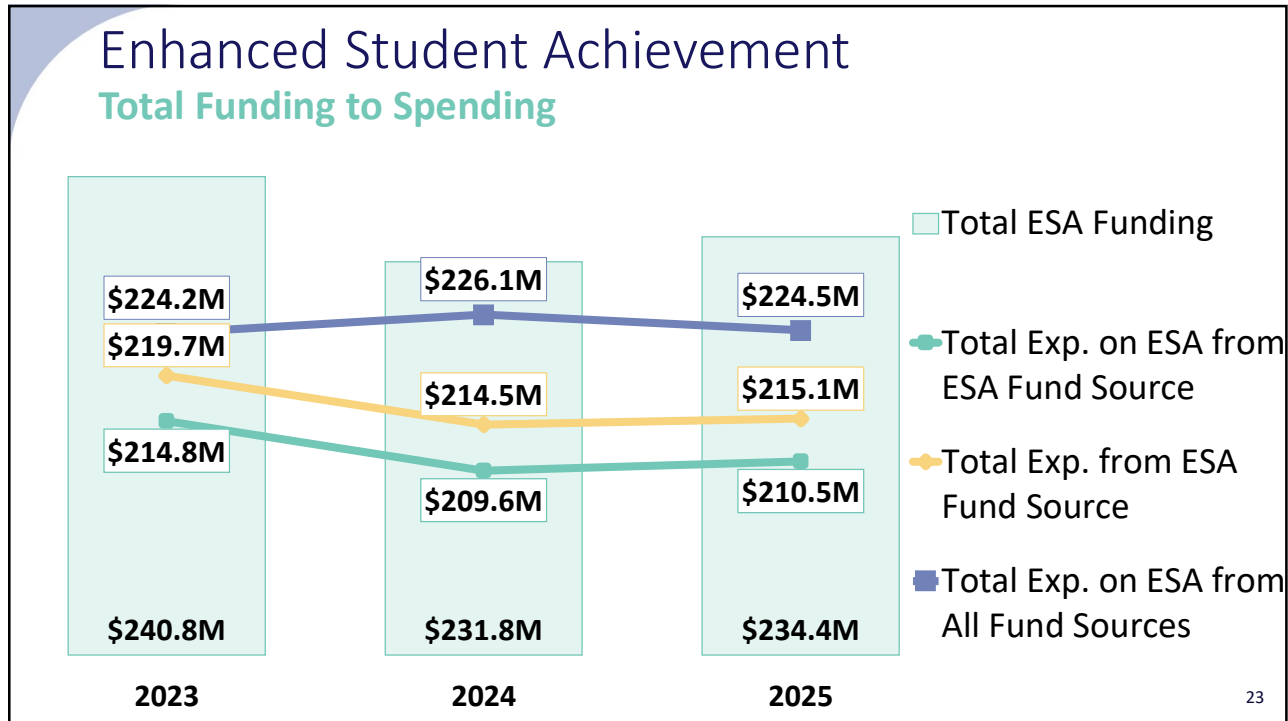
Act 807 of 2025



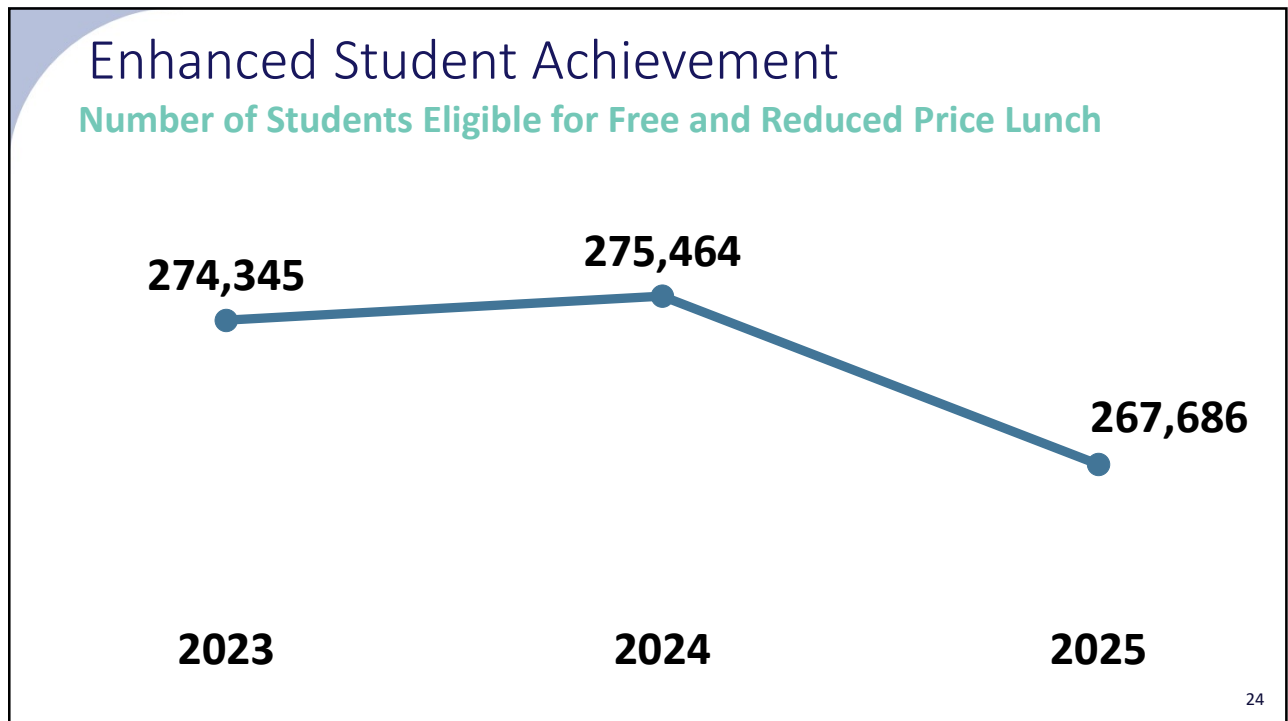
- Removed the requirements for
 - Districts to submit three-year plan to DESE describing a school district's strategies to enhance student achievement and how ESA funds would be used to support those strategies
 - DESE to report on the progress of school districts in meeting ESA plan goals to the Committees in odd-numbered years
- Requires that information on prioritization and intended use of funding be included in a district's strategic plan
- Funding statute still states that SBOE shall promulgate rules for submitting an ESA plan and monitoring expenditure of funds
- The current rules still contain the requirement to submit a three-year ESA plan

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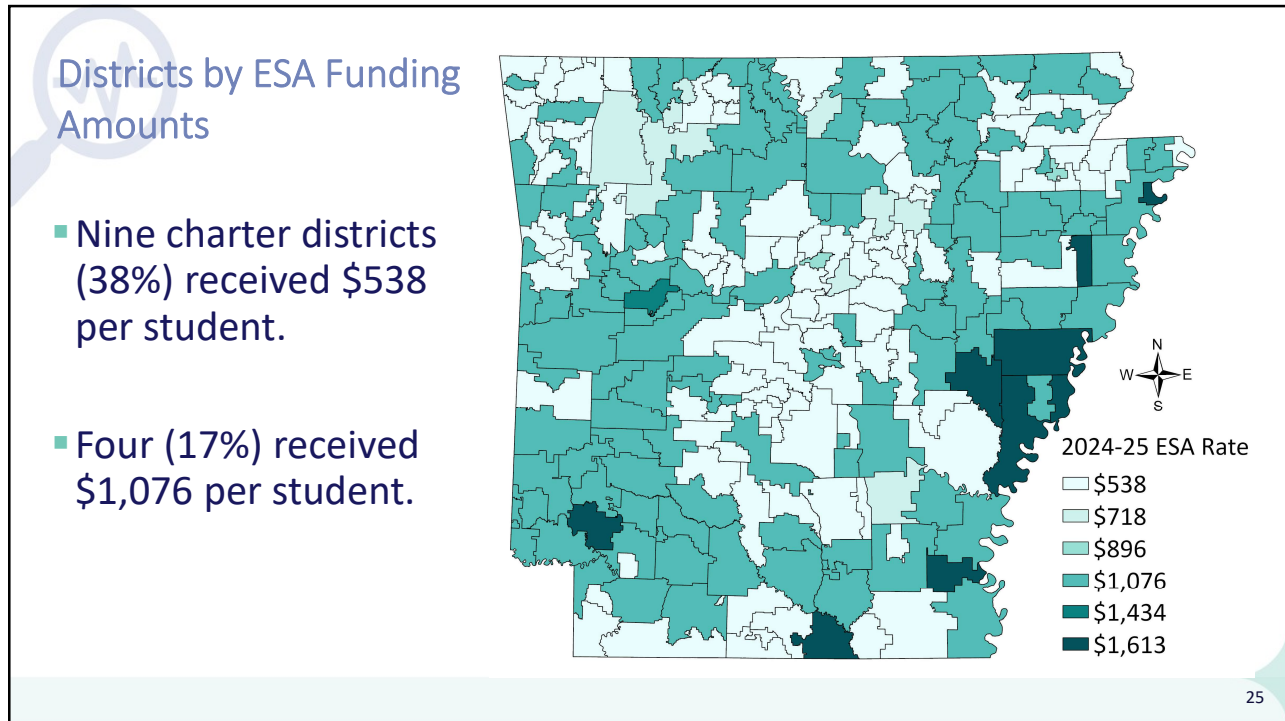
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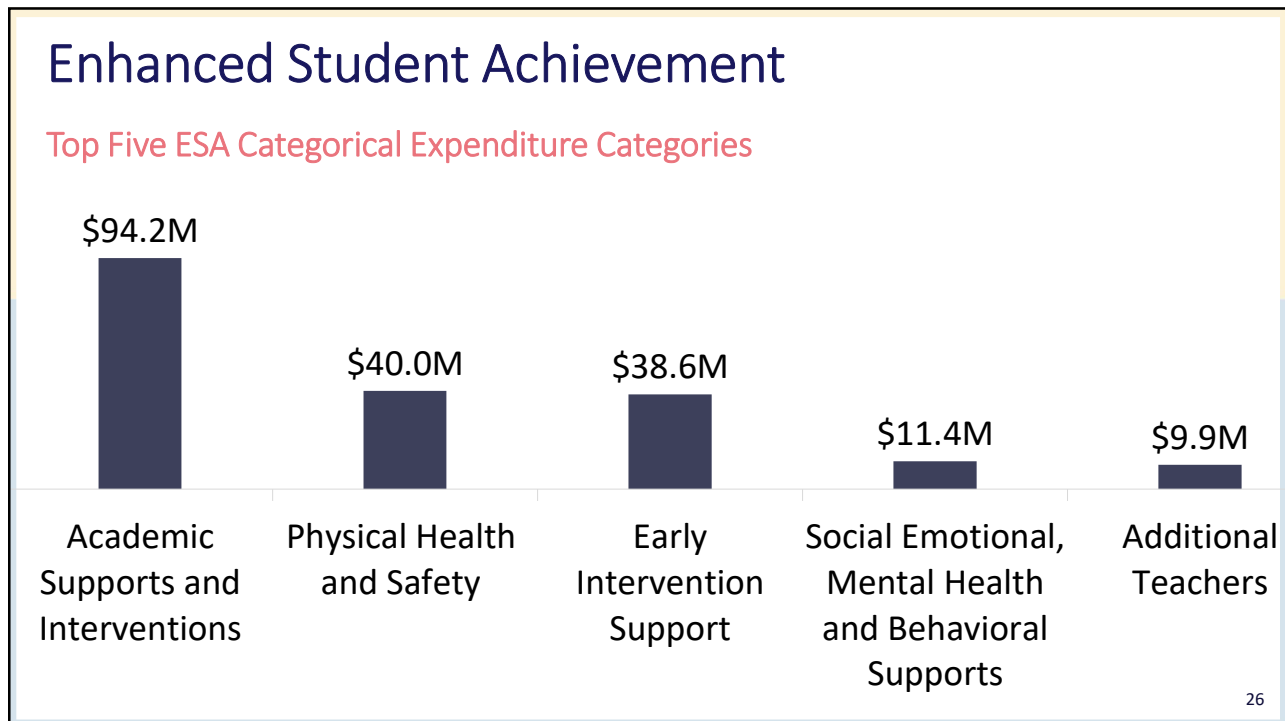
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Categorical Funding

Professional Development

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Professional Development (“PD”)

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graph LR; PD[PD Funds] --> A([A. Professional Learning Grants to Districts and Charters]); PD --> B[B. AETN (ArkansasIDEAS)]; PD --> C([C. Categorical Per-Student Funds to Districts and Charters]);
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A. Professional Learning Grants to Districts and Charters

B. AETN (ArkansasIDEAS)

C. Categorical Per-Student Funds to Districts and Charters

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Professional Development Categorical Funding and Spending



Purpose of Professional Development

“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”

2025 Funding = \$37.50/ Student

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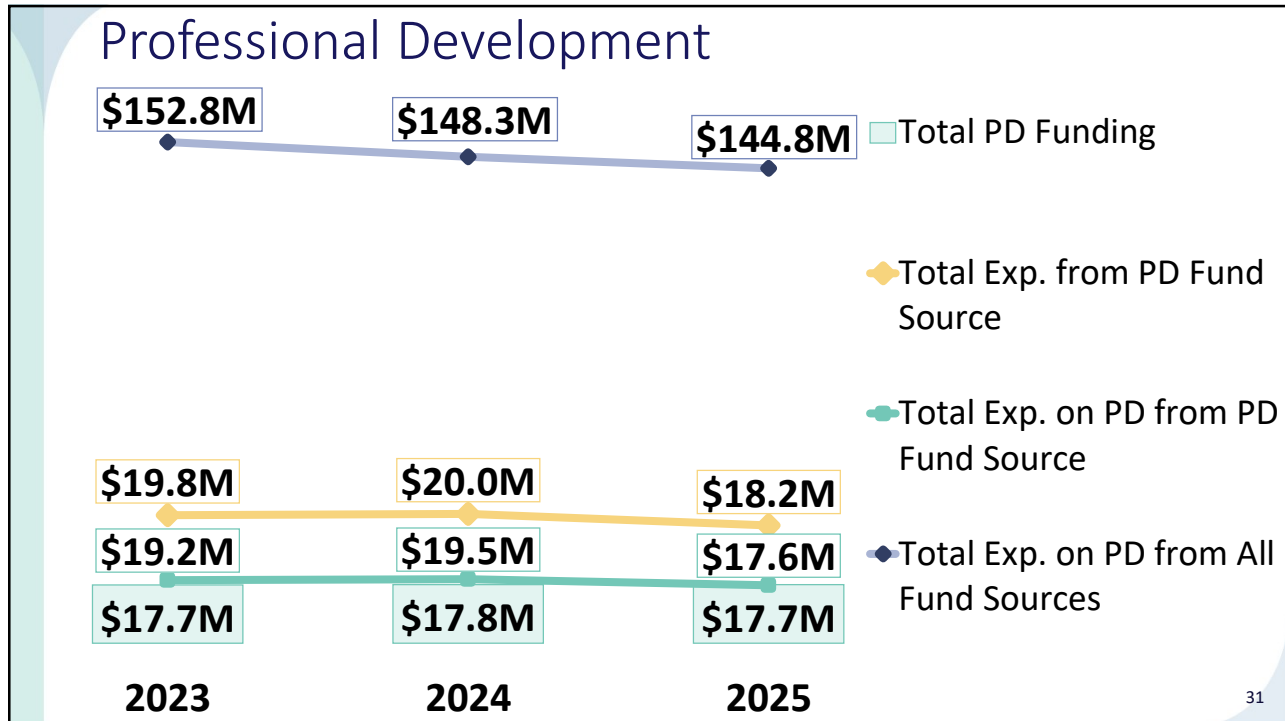
Professional Development Fund Uses

- “Improve the knowledge, skills, and effectiveness of teachers;
- Address the knowledge and 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 as outlined in rules promulgated by the Commission for Arkansas Public School Academic Facilities and Transportation.”

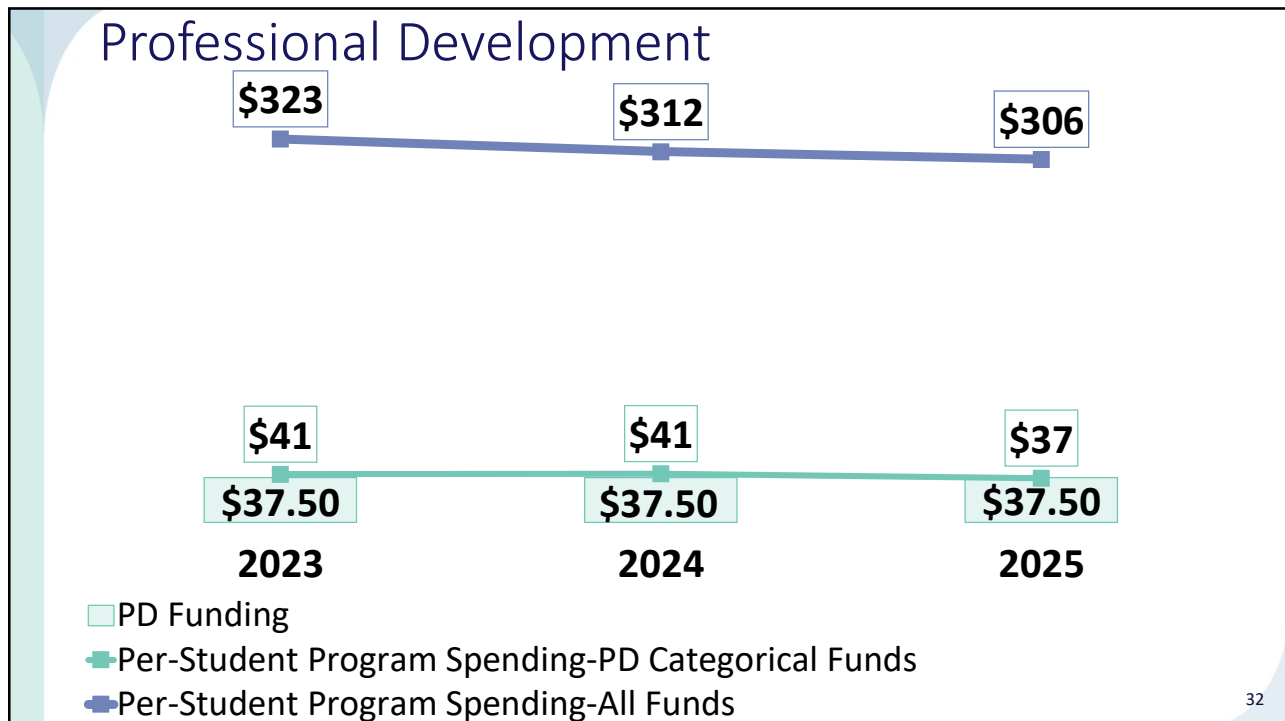
More than 60% went towards salaries and benefits for certified teachers for purposes of PD in 2025.

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Professional Development Professional Learning Grant Program

2025 Funding

\$16.2M → 245 districts

“Designed to enhance student learning outcomes by fostering continuous, job-embedded professional development for educators.”

Act 795 of 2025 removed the \$16.5 million appropriation for additional PD. Funding provided above the per student PD funding amount shall be used by DESE for “implementation of the LEARNS Act to improve student academic outcomes.”

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Professional Development (“PD”)

Odden and Picus Evidence-Based Model

A. \$125 per student for PD trainers

B. Ten PD workdays

Central office professional development staff

Outside consultants or school turnaround organizations

Reimbursements for teacher conference registrations

Tuition for teachers who enroll in appropriate coursework at approved colleges and universities

Miscellaneous administrative, materials, supplies, and travel expenses

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Professional Development (“PD”)

Arkansas Educator Input (2025)

Most Received PD by Teachers

- Collaboration with other educators/staff (51% most or all of the time)
- District-provided PD not using Arkansas IDEAS (43% most or all of the time).

Most Useful PD for Teachers

- Collaboration with other educators/staff (55% rated it as essential) with another 31% rating it very useful.
- Conferences or workshops with 21% rating it as essential and another 39% rating it as very useful

Source: 2026 Adequacy Teachers Survey Report, Questions 34-35

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Categorical

Supplemental

Additional

SUPPLEMENTAL FUNDS

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SUPPLEMENTAL FUNDS

Public School District & Charter System Expenditures

- “Supplemental” Funds
- Isolated
 - Declining Enrollment
 - Student Growth
 - ESA Grants
 - Special Education High-Cost Occurrences
 - Enhanced Transportation
 - Teacher Salary Equalization
 - LEARNS Minimum Teacher Salaries

- Assist regular districts and charter systems with specific needs
- Distributed in various ways
- 5% of Total Spending

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Supplemental Funding

Isolated and Special Needs Isolated

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Isolated

Isolated Funding
 Districts with low enrollment or geographic challenges, such as rugged road systems and/or low-student density

- 1. Isolated
- 2. Special Needs Isolated
- 3. Special Needs Isolated – Small District
- 4. Special Needs Isolated – Transportation

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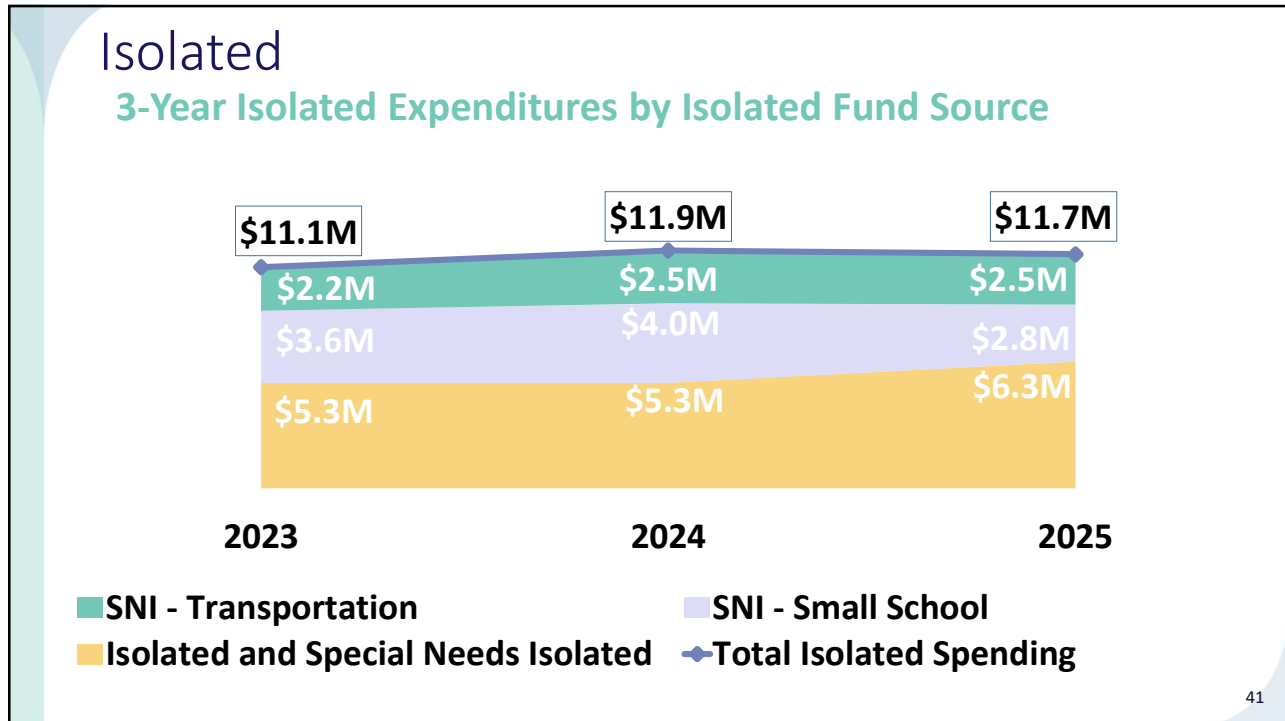
Isolated

Isolated Funding Type	FY25 Funding Amount	FY25 Spending Amount
1. Isolated Funding	\$2.2M	
2. Special Needs Isolated (SNI)	\$3.8M	\$6.3M
3. SNI - Small School	\$2.6M	\$2.8M
4. SNI - Transportation	\$2.3M	\$2.5M
Total Isolated Funding	\$10.9M	\$11.7M

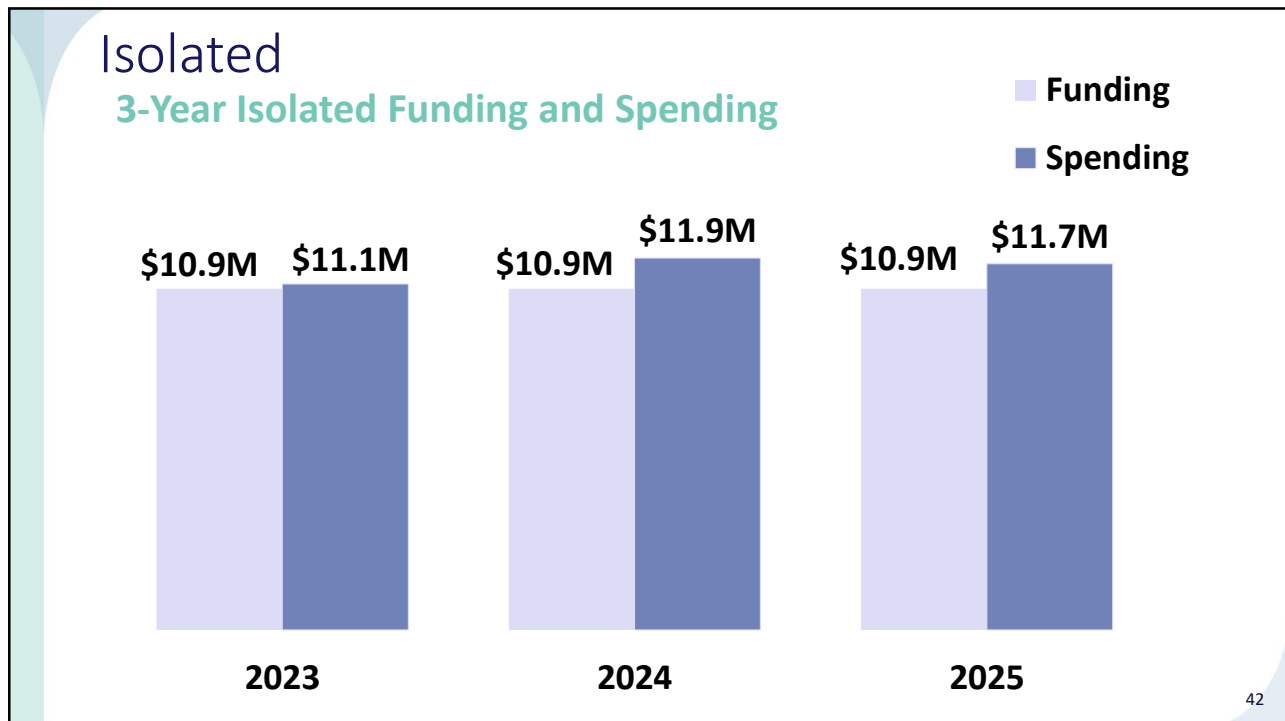
Note: While funding is provided for the two separate funds, isolated and special needs isolated, expenditures for these are combined due to the APSCN coding structure.

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Isolated

Spending Restrictions and Expenditure Types

Isolated Funding Category	Spending Restrictions
Isolated	Operation, maintenance, and support of the isolated school area
Special Needs Isolated	Operation of the isolated school area
Special Needs Isolated (Small School)	None
Special Needs Isolated - Transportation	Transportation costs for the isolated school area

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Isolated

Spending Restrictions and Expenditure Types

Isolated Funding Category	Actual FY25 Spending – Top Uses
Isolated	1. Regular Instruction (39%)
Special Needs Isolated	2. Operations and Maintenance (19%) 3. District and School Administration (16%)
Special Needs Isolated (Small School)	1. Regular Instruction (44%) 2. Operations and Maintenance (16%) 3. Transportation (13%)
Special Needs Isolated - Transportation	1. Transportation (90%) 2. LEA Indebtedness (8%) 3. District or School Administration (1%)

Note: Expenditures for Isolated and Special Needs Isolated Funding are combined due to coding structure.

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Isolated

Odden and Picus Evidence-Based Model

Odden and Picus recommend adjustments for school districts that have smaller enrollment numbers.

School districts ≤ 975 students require additional support staff for an adequate program:

- One assistant principal and one full-time teacher for every seven students

In 2025, 142 Arkansas school districts had fewer than 975 students (55% of all school districts)

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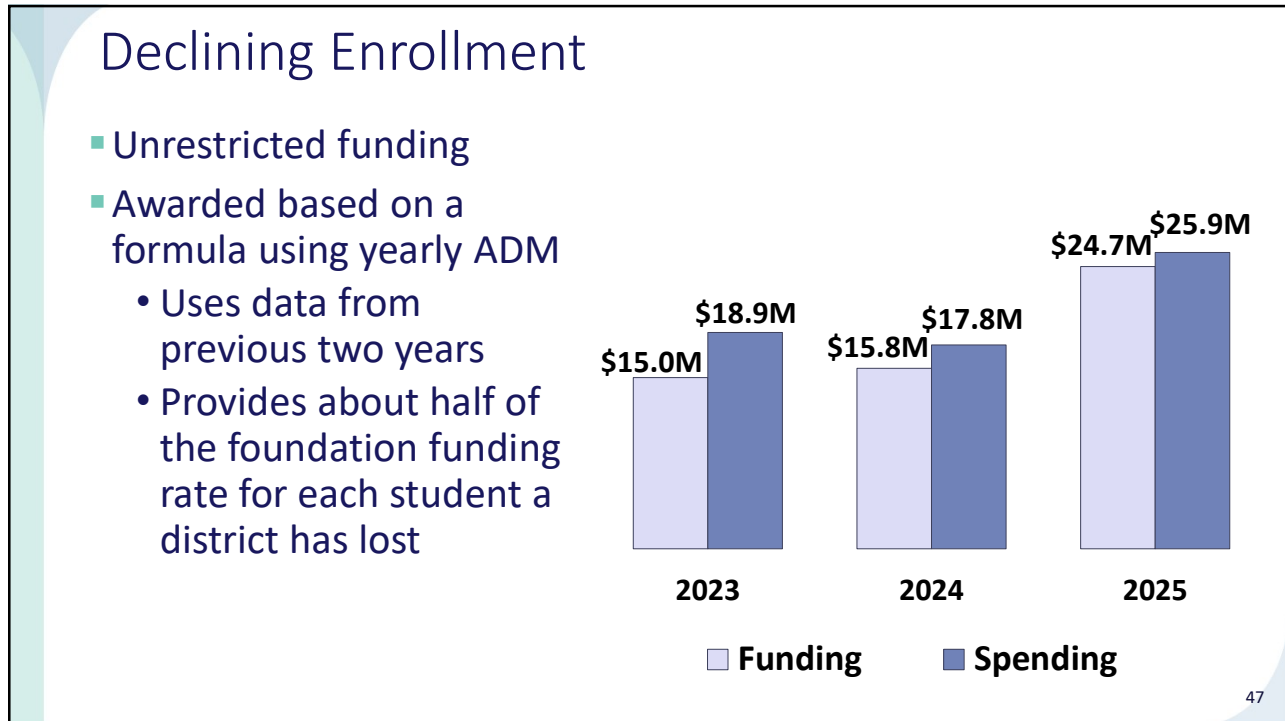
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Supplemental Funding

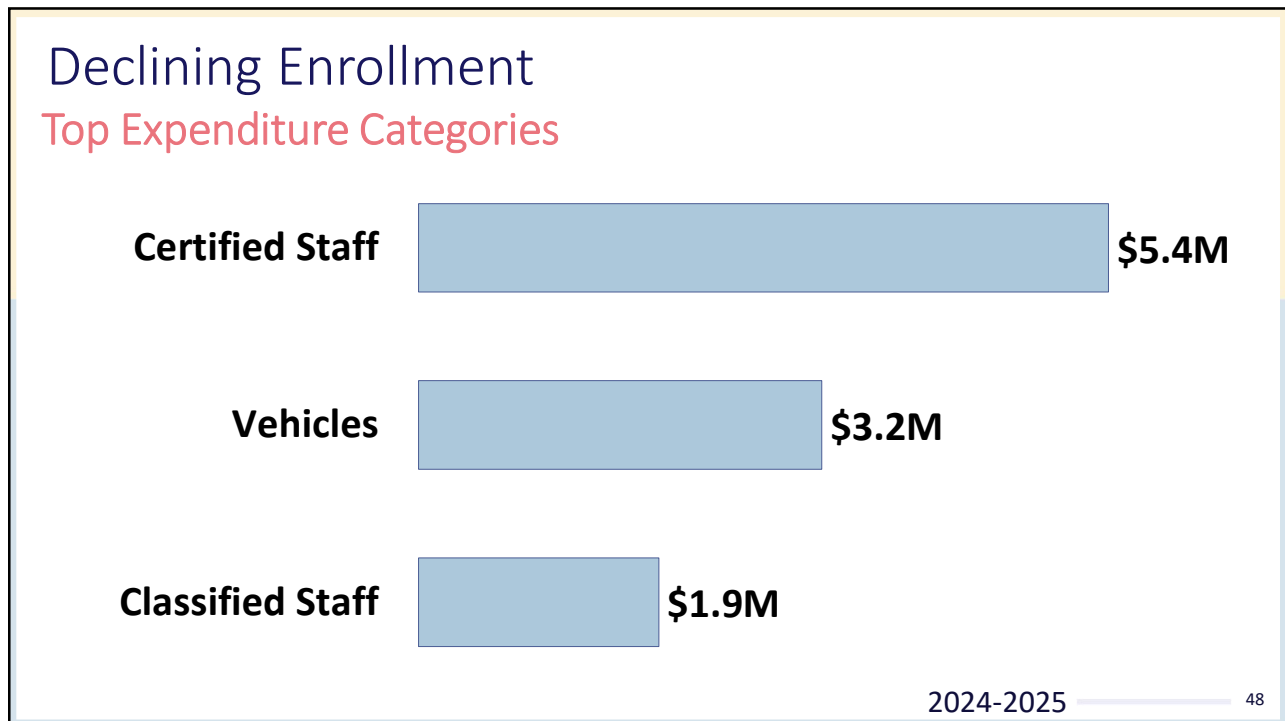
Declining Enrollment

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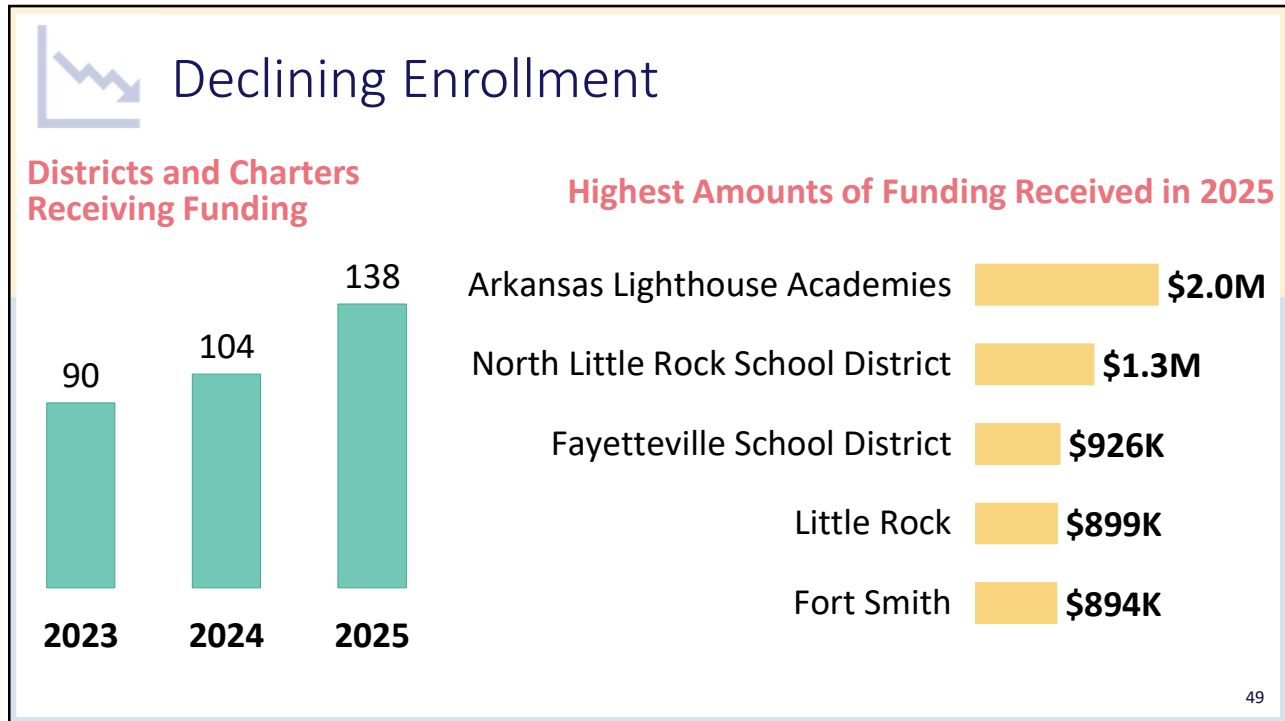
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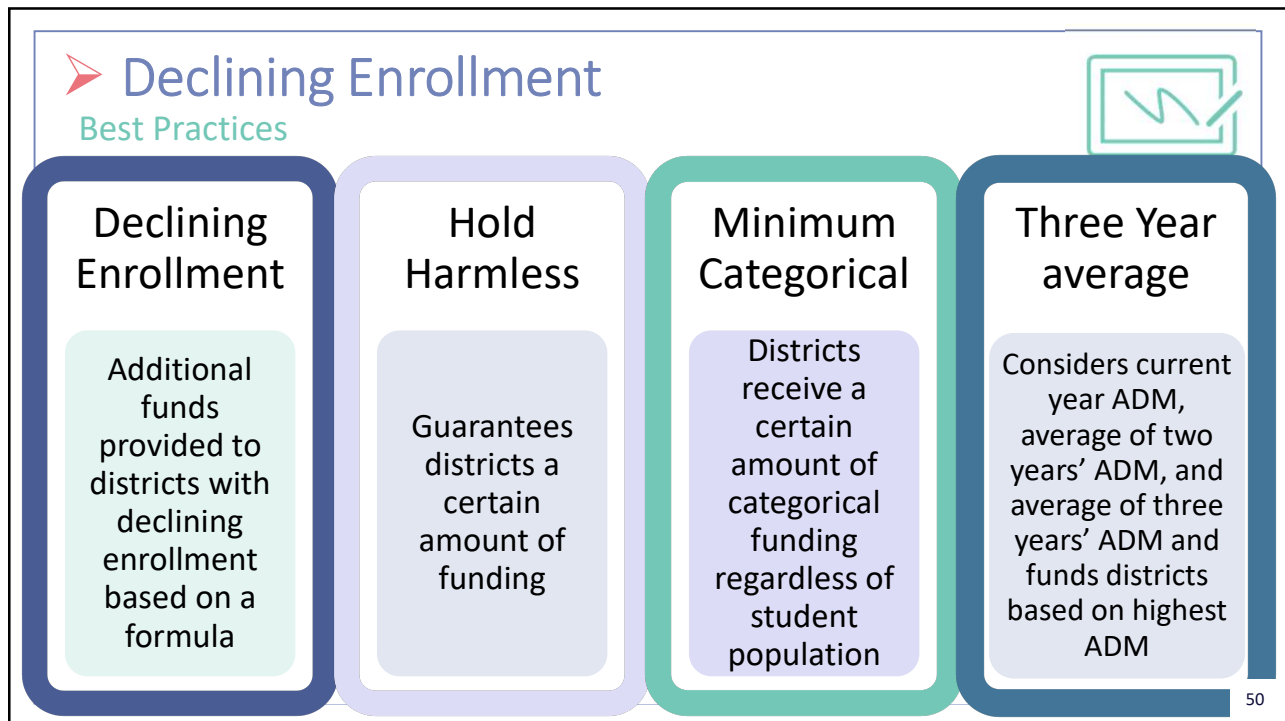
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Supplemental Funding

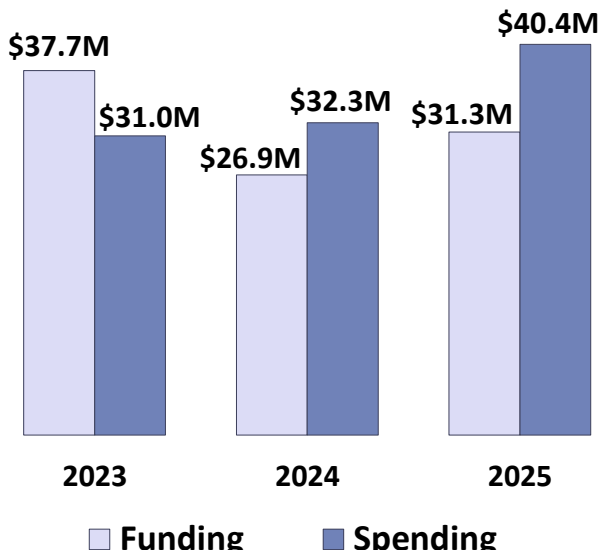
Student Growth

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Student Growth

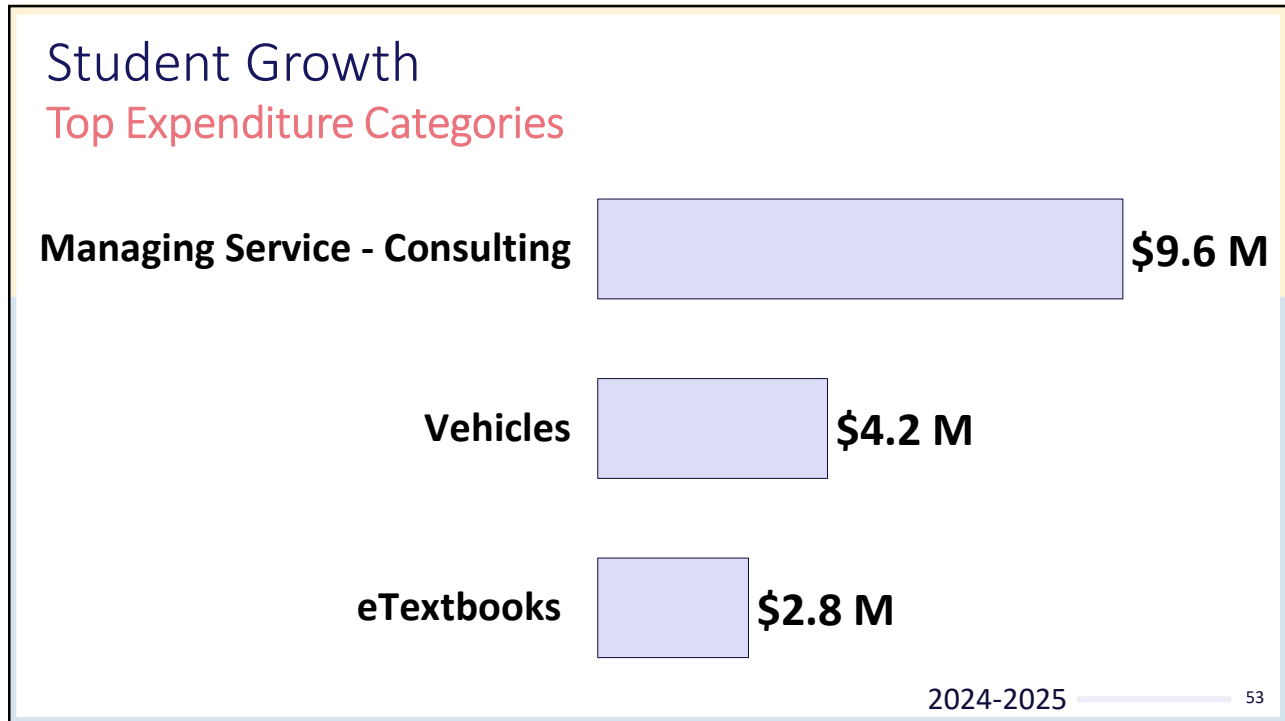
- Unrestricted funding
- Awarded based on a formula using quarterly ADM
 - Uses data from previous year
 - Provides approximately the foundation funding amount for each student gained
- Districts may be eligible for both declining enrollment and student growth funding, but may only receive one



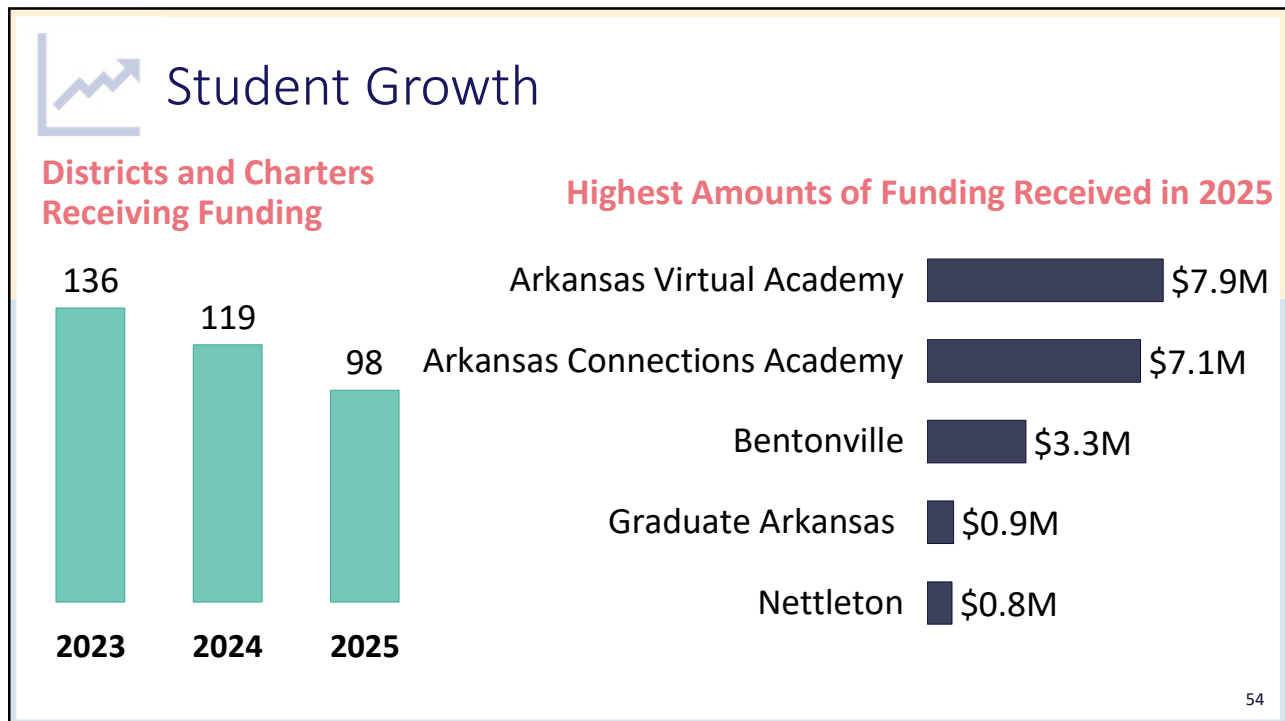
Year	Funding	Spending
2023	\$37.7M	\$31.0M
2024	\$26.9M	\$32.3M
2025	\$31.3M	\$40.4M

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➤ Student Growth Best Practices



Current Year

Use current year ADM to calculate school funding

Formula

Additional funding based on growth over a period of years based on a formula

Minimum Percentage

Funds student growth only when a district reaches a certain threshold of growth

Mid-year Adjustments

Funding adjusted more than once a year to account for growth

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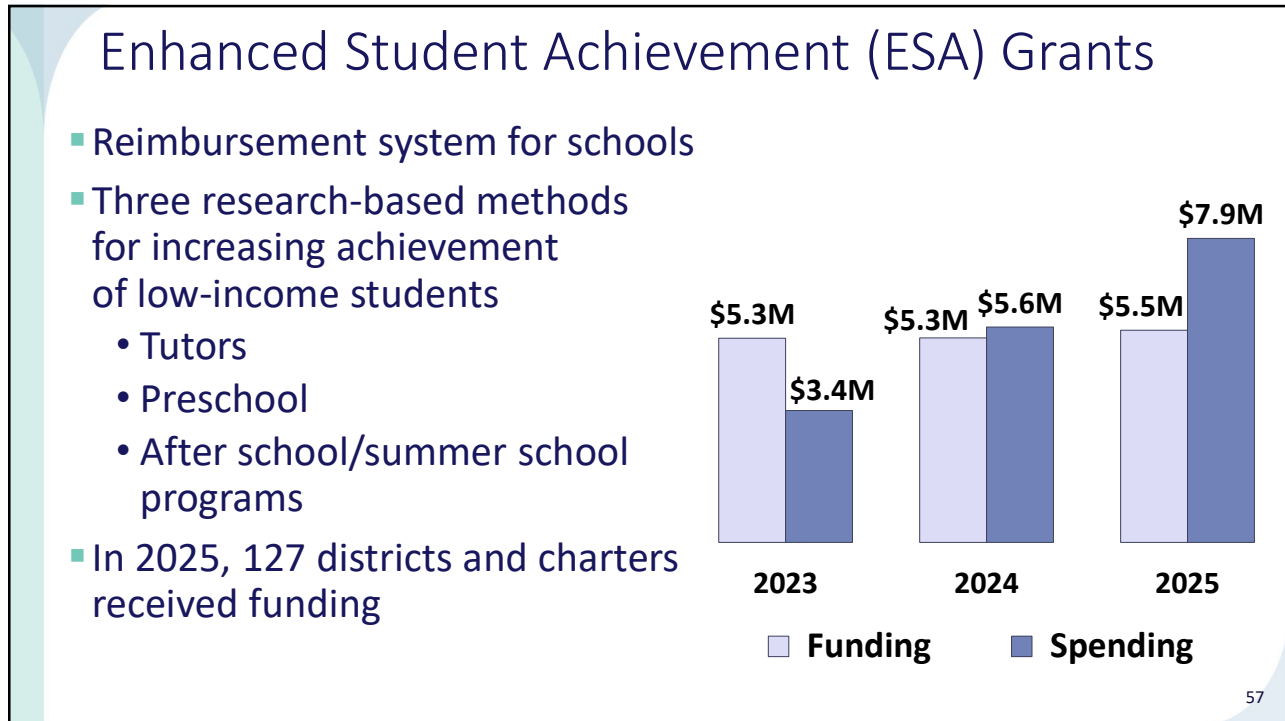
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Supplemental Funding

ESA Grants

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Enhanced Student Achievement Grants

Districts and charters spent a total of **\$7.9M** in ESA grants in 2025.

Preschool/early childhood	Summer school/before-and after-school programs	Tutoring/reading
\$2.6M	\$0.7M	\$1.4M

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Supplemental Funding

Special Education High-Cost Occurrences

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Special Education High-Cost Occurrences

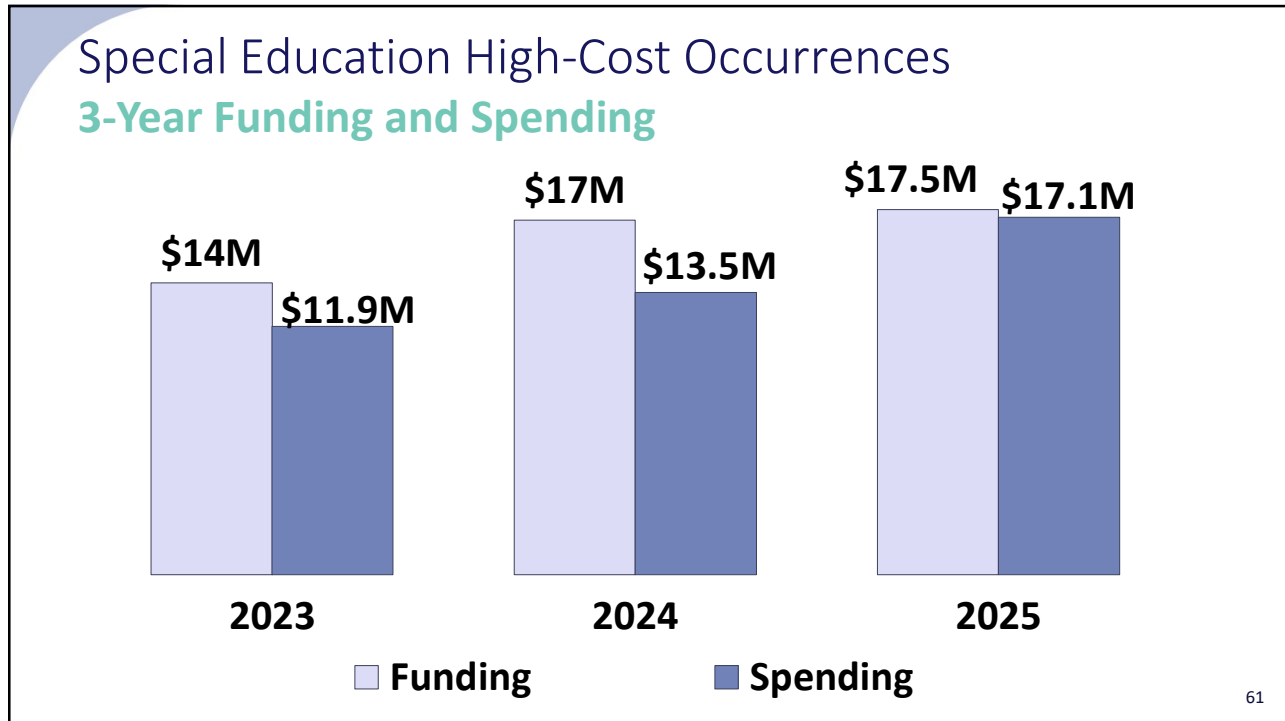
Purpose: Provided to districts when an individual student's special education and related services are **unduly expensive, extraordinary, or beyond the routine and normal costs** associated with special education and related services

Distribution: Submit claims to DESE for reimbursement.

- 0% of the first \$15,000 (after being adjusted for offsets)
- 100% of expenses \$15,000 and \$65,000
- 80% of expenses \$65,000 to \$100,000
- Prorated if requests exceed available funds

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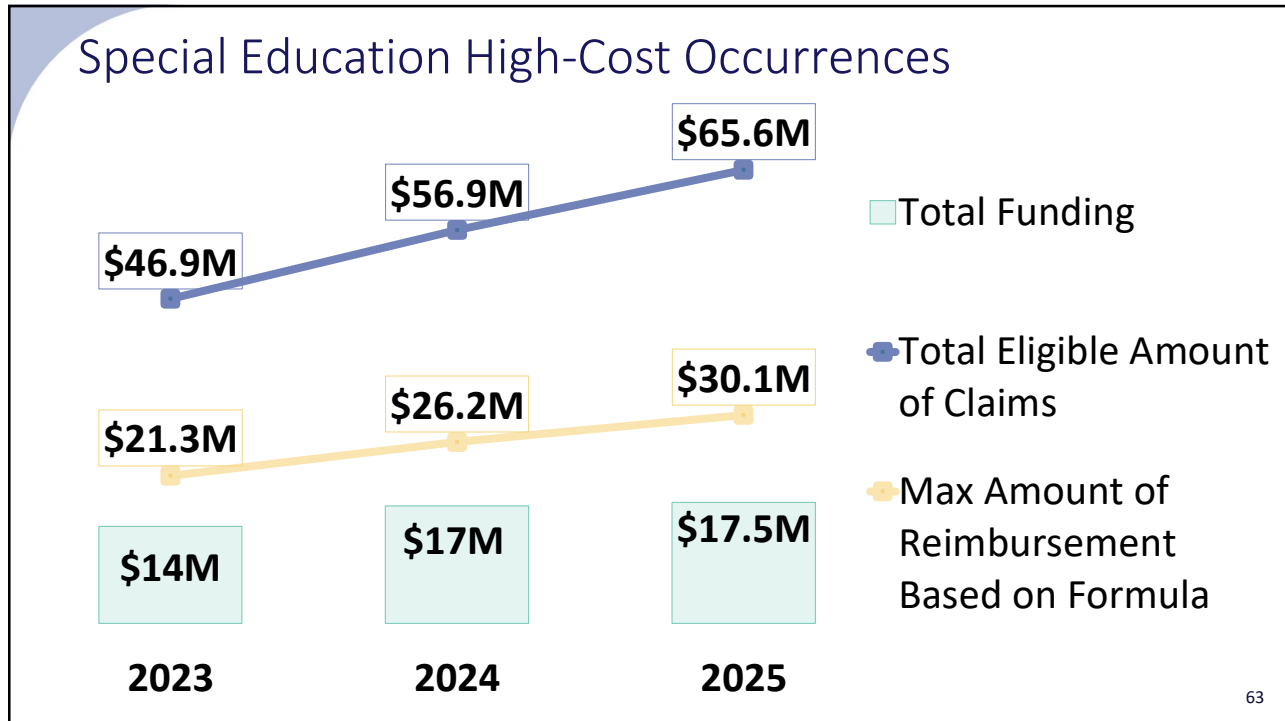
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Special Education High-Cost Occurrences

	2023	2024	2025	Percent Change 2023 to 2025
Number of Students	1,605	1,853	2,180	36%
Number of Districts/ Charters	157	160	181	15%
Percent of Reimbursable Funds Received	65.6%	64.8%	58.1%	-11%
Total Eligible Claims Not Funded	\$32.9M	\$39.9M	\$48.1M	46%

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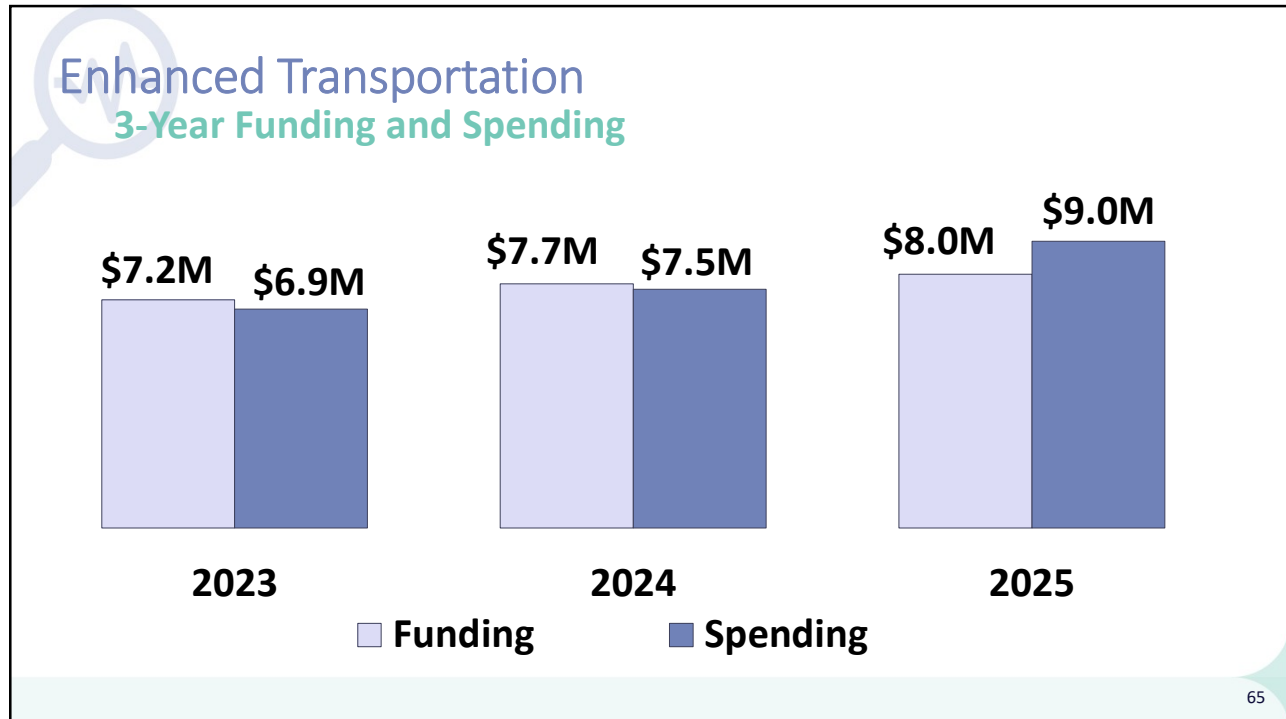
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Supplemental Funding

Enhanced Transportation

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Enhanced Transportation

Purpose: Distributed to school districts with high transportation costs

- In 2025, 148 districts and 1 charter system funded between \$1 to \$197,800.
- Unrestricted funding
- Top expenditures:
 - Student transportation related expenses (75%)
 - Operations and maintenance (18%).

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Supplemental Funding

Teacher Salary Equalization

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➤ Teacher Salary Equalization

\$54.7M Provided to All Charters and 210 Districts



Teacher Salary Fund


- Regular Districts (\$49.5M)
- Charter Districts (\$5.2M)

Restricted funding for districts with an average teacher salary below the statewide target (\$51,822)


- \$185 x Prior Year ADM
- Continuous; will not decrease with ADM

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Teacher Salary Equalization



▶▶▶ The amount in teacher equalization funding set to decrease in next biennium

- 2027-2028 (\$100)
- 2028-2029 (\$50)

Salary no longer set as part of the adequacy study review




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Supplemental Funding

LEARNS Minimum Teacher Salaries



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➤ LEARNS Teacher Salaries



\$181.5M Provided to All Districts and 18 Charters

Minimum Teacher Salary and Raises Fund

- Regular Districts (\$173.2M)
- Charter Districts (\$8.3M)

- Restricted funds for teacher minimum salary levels and teacher raises

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Categorical

Supplemental

Additional

ADDITIONAL FUNDS

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➤ Additional Funding



Fund Source Detail	Total Expenditures
Activity Fund	\$116.4M
Building Fund	\$777.9M
Capital Outlay Fund	\$32.8M
Debt Service Fund	\$359.7M
Food Service Fund	\$355.7M
Other State and Local Funds	\$859.8M
Federal	\$616.9M
Grand Total	\$3.12B

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Categorical

Supplemental

Additional

KEY FINDINGS

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CATEGORICAL FUND SOURCES

KEY FINDINGS

- Population of students requiring funding increased for **EL**, declined for **ESA**
- *Except* for **ALE**, per-student funding remained flat all three years
- *Except* for **ESA**, program spending and total spending **exceeded** funding all three years
- Regulatory conflict on ESA funding requirements
- **PD** funding is uniquely based on all students, rather than a specific student population
 - Districts do not receive the full per-student funding amount
- **PD** spending from all fund sources is significantly higher than funding, around 88% in 2025

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SUPPLEMENTAL FUND SOURCES

KEY FINDINGS

- **Declining Enrollment** had the highest **increase** in funding (65%)
- *Excluding* teacher salary allocations, spending has **increased** on average for all three school years
- Spending **exceeded** funding for every fund source in 2025 *except* **Special Education High-Cost Occurrences** and the teacher salaries funds
- Eligible unfunded claims for high-cost special education occurrences **increased** by 46 percentage points since 2023
- **Enhanced Transportation** spending in 2025 **exceeded** funding for the first time in three school years

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Key Findings

Regulatory Conflict

Act 807 repealed mandate requiring districts to submit a three-year Enhanced Student Achievement (ESA) plan to the DESE, shifting the requirement to integrate ESA prioritization and use within overall strategic plans.

Existing DESE rules contradict **Act 807** by continuing to require the submission of the three-year ESA plan.

Data Analysis Limitations

Expenditures from Isolated and Special Needs Isolated funding cannot be analyzed separately because they share the same fund code in the APSCN system.

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THANK YOU

QUESTIONS ON RESOURCE ALLOCATION PART II?

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