EXHIBIT E2
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2026 Educational Adequacy Study

PRELIMINARY

FINAL REPORT

Prepared for the Senate and House Interim Committees on Education

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Introduction

For the 2026 Adequacy Study, the Chairs of the Senate Committee on Education and the House Committee on Education ("the committees"), Senator Jane English and Representative Keith Brooks, opted to include all members of both committees in the review. Members began meeting for this study in February 2026. A list of all presenters and contributors can be found in Appendix A. This document represents a summary of all testimony, feedback from stakeholders, and key facts and findings from reports presented to the committees for the 2026 Adequacy Study. Additionally, it includes the recommendations the committees developed based on the information presented throughout the study. All materials presented, including reports with additional analyses[1], data sources, and research findings can be found at the following link: 2026 Adequacy Study Reports.

Historical Framework

In 2001, the state's system of public school finance was ruled inequitable and unconstitutional by the Pulaski County Chancery Court.[2] In 2002, the Arkansas Supreme Court (ARSC) upheld the chancery court's ruling[3] for the following reasons:

- No definition of "adequacy" and failure to conduct an adequacy study;
- Arkansas educational rankings were "abysmal";
- Arkansas benchmark scores were low;
- High need for remediation in college for Arkansas students;
- Teacher salaries (not comparable to surrounding states, disparities within the state);
- Poor recruitment and retention of quality teachers;
- Students had special needs that were not being met (poverty level students, English learners);
- School districts in low-income areas had particular needs (for improved and advanced curriculum, quality teachers, and adequate facilities, supplies, and equipment); and
- School districts in high-growth areas (enrollment) had particular needs.

In the 2002 opinion, the ARSC found that an adequate education must be provided to all school children on a substantially equal basis with regard to curricula, facilities, and equipment,[4] and that it is the state's responsibility to:

(a) define adequacy;
(b) assess, evaluate, and monitor the entire spectrum of public education to determine whether equal educational opportunity is being substantially afforded to Arkansas's school children; and
(c) know how state revenues are spent and whether true equality in education is being achieved.[5]

[1] Research methodologies used are outlined in individual reports.
[2] Lake View Sch. Dist. v. Tucker, No. 92-5318 (Pulaski Co., Ark., Ch. Ct., Nov. 9, 1994).
[3] Lake View Sch. Dist. No. 25 v. Huckabee, 351 Ark. 31, 91 S.W.3d 472 (2002).
[4] Id. at 79.
[5] *Id.*

Continuing Adequacy Evaluation Act

The Court delayed its 2002 ruling to give the legislature time to address its findings during the 2003 Session. The General Assembly responded by passing the Continuing Adequacy Evaluation Act of 2004,[6] hereafter referred to as the "adequacy study statute," which established eight broad areas that the committees must review each biennium.

The statute[7] stipulates that during each interim, the Education Committees will meet to:

(1) Assess, evaluate, and monitor the entire spectrum of public education across the State of Arkansas to determine whether equal educational opportunity for an adequate education is being substantially afforded to the school children of the State of Arkansas and recommend any necessary changes;
(2) Review and continue to evaluate what constitutes an adequate education in the State of Arkansas and recommend any necessary changes;
(3) Review and continue to evaluate the method of providing equality of educational opportunity of the State of Arkansas and recommend any necessary changes;
(4) Evaluate the effectiveness of any program implemented by a school, a school district, an education service cooperative, the Division of Elementary and Secondary Education, or the State Board of Education and recommend necessary changes;
(5) Review the average teacher salary in the State of Arkansas in comparison to average teacher salaries in surrounding states and member states of the Southern Regional Education Board and make recommendations for any necessary changes to teacher salaries in the State of Arkansas established by law;
(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;
(7) Review and continue to evaluate the amount of per-student expenditure necessary to provide an equal educational opportunity and the amount of state funds to be provided to school districts, based upon the cost of an adequate education and monitor the expenditures and distribution of state funds and recommend any necessary changes; and
(8) Review and monitor the amount of funding provided by the State of Arkansas for an education system based on need and the amount necessary to provide an adequate educational system, not on the amount of funding available, and make recommendations for funding for each biennium.

[6] Acts 2003 (2nd Ex. Sess.), No. 57, § 1.
[7] Ark. Code Ann. § 10-3-2102(a)

The statute further requires that "as a guidepost in conducting deliberations and reviews, the committees shall use the opinion of the Arkansas Supreme Court in the matter of *Lake View Sch. Dist. No. 25 v. Huckabee*, 351 Ark. 31, 91 S.W.3d 472 (2002), and other legal precedent."[8]

The adequacy study statute was later amended to specify how the duties outlined under § 10-3-2102(a) should be accomplished.[9] The study of subdivisions (a)(1-4) is accomplished by reviewing: a report prepared by Arkansas Legislative Audit compiling all funding received by public schools for each program; the Arkansas academic standards developed by the Division of Elementary and Secondary Education; the Arkansas Educational Support and Accountability Act, § 6-15-2901 et seq.; fiscal and facilities distress programs; the state's standing under the Elementary and Secondary Education Act of 1965, Pub. L. No. 89-10, as reauthorized by the Every Student Succeeds Act, Pub. L. No. 114-95; and the specific programs identified for further study by the committees.

The study of subdivision (a)(5) is accomplished by comparing the average teacher salary in Arkansas with surrounding states and Southern Regional Education Board member states, including without limitation comparing teacher salaries as adjusted by a cost of living index or a comparative wage index and reviewing the minimum teacher compensation salary schedule. The study of subdivision (a)(6) is accomplished by reviewing expenditures from isolated, national school lunch,[10] declining enrollment, student growth, and special education funding, as well as disparities in teacher salaries. The study for subdivision (a)(7) is accomplished by completing an expenditure analysis and resource allocation review each biennium; and the study of subdivision (a)(8) is accomplished by using evidence-based research as a basis for recalibrating as necessary the state's system of funding public education, adjusting for inflation and deflation, and reviewing the impact of legislation or rules promulgated during the biennium covered by the study to determine the impact of the legislation and rules on educational adequacy-related public school costs.[11] Additionally, the study of subdivisions (a)(1-8) is accomplished by reviewing any related topics identified for further study by the committees.

In the 2007 opinion, the *Lake View* Court declared the public school funding system constitutional and identified four (4) essential components for continued constitutional compliance:

1. Conduct adequacy reviews pursuant to Act 57;
2. Education funded first;
3. The comprehensive systems for accounting and accountability for providing state oversight of school-district expenditures; and
4. The General Assembly's express showing that constitutional compliance is an "ongoing task requiring constant study, review, and adjustment."

[8] Ark. Code Ann. § 10-3-2102(b)

[9] *See, e.g.* Acts 2005, No. 723, § 1; 2007, No. 1204, § 1; 2011, No. 725, § 1; 2017, No. 936, § 55; and 2019, No. 757, § 66.

[10] *See* Acts 2019, No. 1083 (renaming "national school lunch state categorical funding" to "Enhanced Student Achievement funding")

[11] In the 2025 Regular Session, the General Assembly passed several acts that directly impacted the funding and resource allocation and educational policy landscape. A list of these acts can be found in Appendix B.

The Court stated that the General Assembly has put into place the "framework for a much improved Arkansas public education system," the funds to support it, and the "continuous financial and standards review" needed to ensure future success.[12]

Adequacy Study Reports

The duties outlined in the adequacy study statute are fulfilled in part through the reports provided by the Bureau of Legislative Research (BLR) during each biennial adequacy study. These reports are aligned with the study of subdivisions (a)(1-8) of § 10-3-2102. For each topic examined, this study considered four types of evidence whenever available:

1. Analyses of Arkansas K-12 funding, expenditure, and achievement data;
2. State comparisons, when possible, of data, programs, or practices;
3. Literature reviews; and
4. Analyses of Arkansas educator responses from online surveys of school district and charter school superintendents, directors, school principals, and teachers.

As noted earlier, the ARSC's 2002 opinion found that the state must define "adequacy." As part of the adequacy study process, the committees define "adequacy", which is used to serve as a basis for identifying the resources required for adequate funding. The most recent definition adopted by the committees in 2018 includes:

1. *The standards included in the state's curriculum and career and technical frameworks, which define what students are to be taught, including specific grade level curriculum, and a mandatory 38 Carnegie units defined by the Arkansas Standards for Accreditation to be taught at the high school level;*
2. *The standards included in the state's testing system. The goal is to have all, or all but the most severely disabled, students perform at or above proficiency on these tests; and*
3. *Sufficient funding to provide adequate resources as identified by the General Assembly.*

The BLR uses the definition adopted by the committees and applies it throughout the study. The subsequent sections of this report provide the key facts and findings from each of the BLR reports presented to the committees during the 2026 Adequacy Study.

[12] *Lake View Sch. Dist. No. 25 v. Huckabee*, 370 Ark. 139, 145, 257 S.W.3d 879 (2007).

Funding

According to the adequacy study statute, the committees are required to "review and monitor the amount of funding provided by the State of Arkansas for an education system based on need and the amount necessary to provide an adequate educational system, not on the amount of funding available, and make recommendations for funding for each biennium."[13] This review is accomplished, in part, by using evidence-based research to recalibrate "as necessary the state's system of funding public education."[14] The funding report[15] provided to the committees outlines the framework and financial status of Arkansas's K-12 public education system, as mandated by statute to ensure funding is aligned with student needs. The key facts and findings from this report follow.

In the 2025 school year, Arkansas public schools received $6.6 billion in combined state and local funding, a 14% increase over the past three years. During that time, the proportion of state and local funds has also changed slightly. State funds now make up a smaller portion of K-12 education revenues than in past years and local funds are making up a larger portion.

Foundation funding serves as the primary funding stream for K-12 education in Arkansas. The state provides foundation funds using a "student-based" funding model, which allocates a base amount per student, calculated via a "matrix," which identifies personnel and resources needed for an adequate education as defined by the General Assembly. It is distributed based on prior-year three-quarter Average Daily Membership (ADM). The funding report noted the statewide ADM decreased by 0.7% over the past two school years; however, open-enrollment public charter schools experienced a 16% increase in ADM during the same period.

The composition of foundation funding is a mix of local property tax revenue[16], state funds, and miscellaneous funds. Between the 2022 and 2025 school years, the proportion of local funds increased by approximately five percentage points, whereas the proportion of state funds decreased by almost that same amount. In 2025, eight school districts were classified as "high-URT"[17]—including Pulaski County and Marvell-Elaine—because they received enough local property tax revenue to exceed their total "needed" foundation funding, meaning they did not receive state foundation funding.[18]

Foundation dollars make up 56% of total public school funding. Categorical and supplemental funding streams provide additional weights and amounts for specific student and district needs; these funds as well as those categorized as "additional" make up the other 44% of public school funding. Definitions for these fund sources can be found in Appendix C.

[13] Ark. Code Ann. § 10-3-2102(a)(8).
[14] *Id.* at § 10-3-2102(j)(1).
[15] 2026 Adequacy Study Funding Overview Report
[16] Uniform rate of tax of 25 mills
[17] "URT" is uniform rate of tax.
[18] 2025 was the first year in which these two districts did not receive state foundation funding.

The primary differences between Arkansas's three main funding streams—foundation, categorical, and supplemental—lie in their flexibility, purpose, and distribution methods. Foundation funding is flexible, as it is unrestricted, and districts are not required to spend these funds on the specific resources outlined in the funding "matrix." Categorical fund allocations are restricted by category, though districts have the authority to transfer money between different categorical funds as needed. Supplemental funding includes a mix of restricted and unrestricted funds.

Accountability and Achievement

The State of Arkansas has expressed the intent of what public school students should learn in law, rule, and in the definition of "educational adequacy," as adopted by the committees in the biennial adequacy study process.[19] The adequacy study statute requires the General Assembly to assess, evaluate and monitor the entire spectrum of education across the State of Arkansas to determine whether "equal educational opportunity for an adequate education is being substantially afforded to the school children of the State of Arkansas."[20]

In partial fulfillment of the requirements outlined in the adequacy study statute, the BLR presented a report on accountability and achievement,[21] which evaluates Arkansas's progress in public education, specifically reviewing state standards, accountability systems, and performance indicators, as required by statute. A summary of the key facts and findings from this report follows.

Regarding public education in Arkansas, the General Assembly acknowledged that every school district "must graduate academically competent students, must have qualified teachers and administrators, must provide a safe, efficient, and accountable program, and must be supported by and assisted by the state."[22] Arkansas public schools and school districts must also comply with federal and state accountability systems, including the state's plan[23] under the federal **Every Student Succeeds Act (ESSA)**, and the student-focused learning system in the **Arkansas Educational Support and Accountability Act (AESAA)**.

Arkansas law directs the Division of Elementary and Secondary Education (DESE) to "establish academic standards that define what students shall know and be able to demonstrate in each content area."[24] As of the writing of this report, there are academic standards for nine content areas (e.g., English Language Arts (ELA), Fine Arts, Math, Science, Social Studies, etc.) for all students in grades K-12. Though

[19] Final Report on the Legislative Hearings for the 2018 Educational Adequacy Study, page 117, available at https://www.arkleg.state.ar.us/Home/FTPDocument?path=%2Feducation%2FAdequacyReports%2FYearlyFinalReports%2F2018%2F2018EducationalAdequacyReportVolumeI_11-1-2018withAddendum.pdf
[20] Ark. Code Ann. § 10-3-2102.
[21] 2026 Adequacy Study Accountability and Achievement Report
[22] Ark. Code Ann. § 6-15-1002(c).
[23] The Arkansas ESSA plan is a contract with the United States Department of Education (USDE) that outlines how the USDE will hold Arkansas accountable for school improvement in return for federal funding.
[24] Ark. Code Ann. § 6-15-2906(a)(1).

career and technical education (CTE) is not one of these areas, CTE courses make up nine of the 38 units that must be offered at the high school level.

The **Arkansas Standards for Accreditation** and corresponding rules reinforce laws at the federal and state level to establish how Arkansas measures the progress of districts and schools and whether students are graduating high school with the necessary competencies and skills. The curriculum in each public school and school district must align with the Arkansas academic standards approved by the State Board of Education (SBOE).

Definition of Educational Adequacy (Part 1)

The standards included in the state's curriculum and career and technical frameworks, which define what Arkansas students are to be taught, including specific grade level curriculum, and a mandatory thirty-eight (38) Carnegie units defined by the Arkansas Standards of Accreditation to be taught at the high school level.

The AESAA is the statewide accountability system based on the state academic standards that provides the framework for statewide assessments, district support levels, and comprehensive information systems. The AESAA establishes how the state measures its progress towards the goals outlined in the state's ESSA plan.

Academic Achievement

Arkansas's ESSA plan sets 12-year long-term goals to be reached by 2030 for academic proficiency, graduation rates, and English language proficiency.[25] The long-term achievement goal is for 80% of students to reach grade-level academic proficiency. As of 2025, no student group has met these state achievement goals. While the state's ESSA plan lists the ACT Aspire as the assessment to measure growth and achievement for third through ninth grades, Arkansas shifted from using ACT Aspire to the **Arkansas Teaching, Learning & Assessment System (ATLAS)** in 2024 to measure student progress against state standards.

Results from 2024 and 2025 K-2 interim and summative assessments and K-3 screener results have not been released. The most recently available college entrance exam data shows that the average ACT composite score dropped from 19.0 in 2020 to 18.5 in 2024 and the estimated percentage of graduates taking

Definition of Educational Adequacy (Part 2)

The standards included in the state's testing system. The goal is to have all, or all but the most severely disabled, students perform at or above proficiency on these tests.

[25] The state's current ESSA plan was last updated and approved by the USDE in 2022. *See* Every Student Succeeds Act, Arkansas State Plan, https://dese.ade.arkansas.gov/Files/2022.05.13_Arkansas_ESSA_Plan_PSA.pdf. However, on May 26, 2026, the DESE submitted a revised ESSA plan to the USDE. *See* Reclaiming Arkansas Education, Arkansas' Consolidated State Plan, https://dese.ade.arkansas.gov/Files/Revised_Arkansas_ESSA_Plan_5.27.26_20260527152032.pdf. According to a DESE press release, the plan is subject to a 120-federal review period following submission. *See* Arkansas Submits Unified Education Plan to Reduce Bureaucracy and Expand Local Decision-Making, https://dese.ade.arkansas.gov/Files/ARSubmitsUnifiedEdPlan_052726_COMM.pdf.

the ACT dropped from 100% to 95% during that same time frame. Results from the 2024 National Assessment of Educational Progress (NAEP) show the percentage of Arkansas students scoring proficient or above in math, ranging from 20% in 8th grade to 31% in 4th grade. Students scoring proficient in reading ranged from 25% in 8th grade to 28% in 4th grade.

Performance trends on state assessments for student subgroups reveal mixed progress across academic achievement, English language proficiency, and graduation rates between 2022 and 2025. Between the 2024 and 2025 school years, the percentage of all students scoring proficient (Level 3 or 4) on ATLAS assessments increased across ELA, math, and science. While overall proficiency increased, no individual student subgroup has yet met the long-term goal of 80% proficiency set in the state's ESSA plan.

The percentages in Exhibit 1[26] represent the portion of students in each subgroup scoring Level 3 or 4 (proficient) on the 2025 ATLAS assessments.

Students with the most significant cognitive disabilities taking the Dynamic Learning Maps (DLM) alternate assessment showed mixed progress for ELA and math between 2024 and 2025.

EXHIBIT 1

Student Subgroup	ELA	Math	Science
White	42.0%	47.5%	47.4%
Hispanic/Latino	26.9%	30.9%	28.3%
Economically Disadvantaged	26.6%	30.4%	29.5%
African American	17.1%	17.1%	16.5%
Students with Disabilities	6.7%	10.6%	11.8%
English Learners	5.2%	11.4%	8.3%

English Language Proficiency

The state's long-term goal for English language proficiency is to have 52% of students on track.[27] Trends for English Learner (EL) students on track to proficiency show fluctuation since the baseline year of 2018. In 2024, 41% all EL students were on track, an increase from 2021 (38.3%), but a decrease from 2018 (44%). EL students with disabilities showed an increase from 16% in 2018 to 18% in 2024, while long-term EL students showed a decrease from 29% in 2018 to 20% in 2024.

Graduation Rates

The state's long-term goal is a 94% graduation rate for the four-year adjusted cohort and 97% for the five-year adjusted cohort by 2030. The state has not met these benchmarks, but has seen slight improvements in graduation rates compared to 2022:

[26] These figures exclude students taking the alternate assessments: Dynamic Learning Maps (DLM) and Alt English Language Proficiency Assessment (ELPA).

[27] This is measured using the English Language Proficiency Assessment for the 21st Century (ELPA21).

- **4-Year Adjusted Cohort:** The state graduation rate was 88.2% in 2022 and increased to 89% in 2024.
- **5-Year Adjusted Cohort:** The state graduation rate was 89.9% in 2022 and increased to 90.2% in 2024.

Exhibit 2 shows the 2024 graduation rates of students in each subgroup.

EXHIBIT 2

Student Subgroup	4-Year Rate	5-Year Rate
White	90.6%	91.5%
Hispanic/Latino	88.5%	89.6%
Economically Disadvantaged	86.9%	87.8%
Students with Disabilities	85.4%	87.4%
African American	85.1%	86.5%
English Learners	82.9%	85.0%

Equity & Educator Access

Title I schools, those with high percentages of economically disadvantaged students or minority populations, show lower percentages of fully certified teachers, higher reliance on teachers with emergency or provisional credentials, and lower average years of teaching experience compared to non-Title I schools. Additionally, there were 64 districts in 2025 considered as high-need geographic shortage areas, largely concentrated in the southeast region of the state.

Teacher Quality

While the percentage of teachers rated effective under the Teacher Excellence and Support System (TESS) has increased across all schools (97% in 2024), disparities persist in high-poverty settings.

Differentiating Performance and Level of Support

In Arkansas's ESSA plan, the method for meaningfully differentiating school performance—a requirement of ESSA—is the ESSA School Index. The ESSA School Index is used to identify schools needing support; however, index scores have not been issued by the DESE since 2023, creating uncertainty regarding how schools are currently identified for support.

District and school letter grades are assigned by the DESE based on a "multiple-measures approach." In 2025, more than 60% of all schools and 75% of districts received either a "B" or "C" letter grade. As of 2025, five districts are in "Level 5—Intensive Support" and are under state authority due to academic performance issues.

Fiscal & Facilities Oversight

As of December 2025, no districts were classified in fiscal distress. A few districts are currently in a three-year monitoring phase following removal from fiscal distress. No district has been classified as in academic facilities distress since 2008, though several violations (e.g., failure to notify for maintenance, unsecured doors) are tracked annually.

Resource Allocation and Expenditures

The adequacy study statute requires the committees to "review and continue to evaluate the amount of per-student expenditure necessary to provide an equal educational opportunity and the amount of state funds to be provided to school districts, based upon the cost of an adequate education and monitor the expenditures and distribution of state funds and recommend any necessary changes,"[28] which statute stipulates is accomplished, in part, by "[c]ompleting an expenditure analysis and resource allocation review each biennium".[29]

Additionally, the adequacy study statute requires the committees to "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."[30]

In addition, the working definition of educational adequacy, as currently defined by the committees, serves as a basis for identifying the resources required for adequate funding.[31]

Definition of Educational Adequacy (Part 3)

Sufficient funding to provide adequate resources as identified by the General Assembly.

In partial fulfillment of the statutory requirements outlined above, the BLR presented a two-part resource allocation and expenditure report[32] to the committees as part of the 2026 Adequacy Study. The key facts and findings from this report follow.

Foundation Resources (Matrix Lines)

As noted under the funding section of this report, a "matrix" of personnel and resources is used to establish a base per-student amount which is used to calculate the amount of foundation funding each district receives. The "matrix" is based on a prototypical K-12 school of 500 students. Details regarding the staffing ratios, full-time equivalents, and per-student calculations are outlined in Appendix D.[33]

Data shows that districts and charters spent between 40-42% more per student on matrix resources from all fund sources than what is received in foundation funding per student between the 2023 and 2025 school years. Districts and charters with 500 or fewer students spend the most per student on

[28] Ark. Code Ann. § 10-3-2102(a)(7)
[29] Ark. Code Ann. § 10-3-2102(i)
[30] Ark. Code Ann. § 10-3-2102(a)(6)
[31] Final Report November 1, 2024
[32] 2026 Adequacy Study Resource Allocation and Expenditure Report
[33] Total public-school enrollment in Arkansas in the 2005-06 school year was 463,890. Total public-school enrollment in Arkansas in the 2025-26 school year was 465,421. DESE Statewide Information System Reports, Enrollment by School Count.

almost every matrix resource and spend close to $4,000 more per student than districts with more than 500 students.[34]

While the matrix formula determines the per-student foundation amount, it is not required by statute for districts to spend this unrestricted funding on the specific resources listed in the matrix. Over the last three school years, 95% of foundation funding received by districts and charters has been spent on resources identified in the matrix. Between 2023-2025, classroom teachers accounted for the highest percentage of spending using foundation dollars at close to 50%, followed by operations and maintenance (13%). All other matrix lines accounted for 6% or less of total spending.

The remaining 5% of foundation funding received by districts and charters has been spent on resources categorized as "non-matrix." Spending on these resources has been over $2 billion for the last three school years with non-technology related facilities accounting for the highest percentage of spending using all fund sources at 32%. Instructional aides account for the highest percentage of spending using foundation dollars at 37%.

For the 2025 school year, 49% of public school spending was from foundation funds, followed by "additional" funds at 42%, which includes 10% from federal dollars. Supplemental funding accounted for 5% of total spending followed by categorical funding streams at 4%. When looking at spending from all fund sources, 69% was on resources identified in the matrix. The remaining 31% was spent on resources deemed outside the matrix. Regular districts spent almost three times as much per student as charters, and districts with "F" letter grades spent the most per student on these resources, over $20,000 per student.

Over half of superintendents reported being "extensively in need" of additional funding of the following matrix items: special education teachers (67%), operations and maintenance (60%), and transportation (60%), salary enhancement for other noncertified, classified employees (55%), and substitutes (51%). For resources superintendents view as not funded in the matrix but are important for providing an adequate education, mental health services, school safety, and dyslexia support were identified as the top three resources needed. These findings were consistent with the results from the 2022 and 2024 adequacy study educator surveys.

The resources identified in the matrix are divided into three sections: School-Level Staff, School-Level Resources, District-Level Resources. The first section of the matrix identifies school level personnel, including the number of full-time equivalents (FTEs) as well as the base salary and benefits used to calculate a per-student funding amount. The second section identifies specific school-level resources, and the last section includes district-level resources. Key findings from the analysis of data specific to each of these three sections of the matrix follows.

[34] Of the 259 regular public school districts and open-enrollment public school charter districts, 21% had an ADM below 500 in 2025. Of the 234 regular districts, 18% had an ADM below 500. Of the 25 charter districts, 48% had an ADM below 500.

School-Level Staff

The number of FTE staff resources provided in the matrix have stayed relatively the same since it was first developed. The table below shows the number of FTEs funded for the 2006 school year compared to the number of FTEs funded as of the 2026 school year. During the 2024 Adequacy Study, the FTEs for three personnel lines were increased: physical education, art, and music ("PAM") teachers, librarian/media specialist, and special education teachers. While the committees recommended an increase from 4.14 to 4.16 "PAM" teachers, the table shows the number of FTEs is below the original 2005-2006 FTEs of 4.2.

	2005-06 Number of Staff	2025-26 Number of Staff
Classroom Teachers	25.00	24.96
Kindergarten	2	2
Grades 1-3	5	5
Grades 4-12	13.8	13.8
Physical Education, Art, and Music (PAM)	4.2	4.16
Special Education Teachers	2.9	3.2
Instructional Facilitators	2.5	2.5
Librarian/Media Specialist	0.7	0.85
School Counselor & Nurse	2.5	3.0
Counselor	1.11	1.61
Nurse	0.67	0.67
Other Support Staff	0.72	0.72
Principal	1	1
Secretary	0	1
Total	**34.60**	**36.51**

Between 2023 and 2025, every school-level personnel line showed an increase in spending except instructional facilitators, which showed no change in spending. The largest increase in spending over the last three school years was for the student support matrix resource line (10%), followed by nurses (8%).

For the 2025 school year, expenditures from all fund sources were more than two times the amount funded in the matrix for student support staff, and classroom teachers showed the highest percentage of spending from all fund sources at 43%. Regular districts spent more per student than charter districts on all positions except nurses and secretaries, including more than 12 times more per student on librarians. The smallest districts spent the most per student on all positions excluding special education teachers, instructional facilitators, and librarians.

The only school-level staff matrix resource line that showed a difference in spending by district letter grade was student support staff where districts with "F" grades spent almost twice per student. Schools with the lowest concentration of free and reduced-price lunch (FRL) students spent the most per student on special education teachers, and schools with the highest concentration of minority students spent the most per student on instructional facilitators- more than two times the lowest per-student amount.

Rural schools spent the most per student on classroom teachers, librarians, counselors, student support, and principals, while urban schools spent the most per student on special education teachers, instructional facilitators, nurses, and secretaries.

School-Level Resources

For school level resources, every matrix line showed a decrease in spending between 2023 and 2025 except extra duty and substitutes, which showed no change in spending. The largest decrease in spending over three years was technology (11%). Spending from foundation funds during 2025 was highest on extra duty (80%) and the least on technology (32%); conversely, spending from other fund sources was highest on technology (68%) and the least on extra duty (32%).

For the 2025 school year, charter districts spent close to four times more per student on instructional materials than regular districts[35], and spent $150 per student more on technology than regular districts. Regular districts spent more than charter districts on extra duty funds, supervisory aides, and substitutes. The smallest districts spent the most per student on all school-level resources except supervisory aides and extra duty. Rural schools spent the most per student on substitutes and extra duty, while urban schools spent the most per student on instructional materials and supervisory aides. Districts and schools with "D" and "F" letter grades spent the most per student across all school-level resources except extra duty, and schools in the highest minority quintile spent the most per student on supervisory aides and substitutes.

District-Level Resources

Between 2023 and 2025, district-level expenditures for operations and maintenance and central office showed an increase in spending, while student transportation spending showed no change. The largest increase in spending between 2023 and 2025 was for operations and maintenance (12%).

For the 2025 school year, spending from foundation funding was between 60-63% for all district-level resources. Operations and maintenance were the second highest expenditure using all fund sources. School districts with 500 or fewer students spent the most per student on all district-level resources, and those with fewer than 351 students spent almost three times more per student on central office.

Charter districts spent more than double the per student on central office compared to regular districts, while regular districts spent more than four times more on student transportation. The smallest district size categories spent over $1,000 more per student than the largest districts for operations and maintenance and central office expenses. Districts with "F" letter grades spent the most per student on all district-level resources.

[35] Two charter districts, Arkansas Connections Academy and Arkansas Virtual Academy, accounted for almost 16% of total instructional materials expenditures: 8.2% by Arkansas Connections Academy and 7.5% for Arkansas Virtual Academy.

Categorical Resources

Categorical funding resources are provided to address specific educational needs beyond the general foundation. Categorical programs include Alternative Learning Environment (ALE), English Language Learners (EL), Enhanced Student Achievement (ESA), and Professional Development (PD).

The funds are generally distributed as per-student amounts. Professional development (PD) is the only categorical fund that is provided based on total students, not a specific student group. Additionally, PD is the only categorical fund in which the regular school districts and charter districts do not receive the full per-student funding amount. Between 2023-2025, spending exceeded funding for every categorical fund source except for ESA for all three years. The number of students funded increased for EL but decreased for ALE and ESA. All regular school districts had at least one EL student, ranging from 0.7% of all students to 38%. Of the 25 charter districts, 19 had at least one EL student, ranging from 1.4% of all students to 70%.

Supplemental Resources

Supplemental funding sources provide targeted support for specific educational needs or challenges that require unique funding approaches outside of general foundation and categorical funding. Each supplemental fund utilizes its own specific methodology for calculating and distributing aid, distinct from the per-student formulas used in other streams. Funding streams include Enhanced Transportation, Special Education High-Cost Occurrences, Teacher Salary Equalization, Declining Enrollment, Isolated and Special Needs Isolated, Student Growth, ESA Grants, and LEARNS Teacher Salaries. The primary criteria used to determine allocation of supplemental funds can be found in Appendix E.

Spending exceeded funding for every supplemental fund source except for special education high-cost occurrences, teacher salary equalization, and LEARNS teacher salaries. Excluding the supplemental funding for teacher salaries, total spending increased for all supplemental funds. Enhanced Transportation spending exceeded funding for the first time over the last three school years.

The total amount of special education high-cost occurrence eligible claims increased by 40% between the 2023 and 2025 school years. While the special education high-cost occurrence eligible claims totaled $66M in 2025, funding was $17.5M. Based on DESE's reimbursement rules, only $30M was qualified to be reimbursed, which means 58% of eligible claims were reimbursed back to the districts.

Teachers

During the *Lake View* lawsuit, the courts cited Arkansas's comparatively low teacher salaries and wide wage disparities among districts in the state. In compliance with the requirements of the adequacy study statute, the Bureau of Legislative Research (BLR) provided a report[36] to the committees that examined the court-mandated analysis of teacher salary-related issues and took a closer look at teacher recruitment and retention issues in Arkansas.[37] The key facts and findings from that report follow.

Teacher Qualifications

Analysis of teacher qualifications between 2024 and 2025 reveals a shift in educational attainment, with the percentage of teachers holding a bachelor's degree increasing by one point as the percentage of those with a master's degree saw an equivalent decrease. Concurrently, between 2023 and 2025, there was also an increase in the number of national board-certified teachers and a decrease in the average years of teaching experience. Districts and charters with "A" letter grades had a higher percentage of teachers with a master's degree in 2025. Districts and charters with an "F" letter grade had less experienced teachers, as well as districts and charters with the most FRL and minority students.

Educator Preparation Programs

Regarding educator preparation programs, total enrollment and completion rates saw a slight decline of two to three percent between 2023 and 2024. While traditional programs and institutions of higher education (IHE) based alternative programs both decreased by two percentage points, non-IHE-based alternative programs experienced a significant growth of nine percentage points. Today, traditional programs still provide the largest proportion of educators, though the share from alternative non-IHE paths continues to rise.

Teacher Recruitment and Retention

Recruitment and retention remain critical challenges, particularly in persistent shortage areas such as foreign language, secondary math, secondary science, secondary social studies, and special education. Data from the 2026 adequacy surveys indicates that both principals and teachers view school leadership as the most positive driver for recruitment and retention, whereas workload is cited as the primary negative impact. While just over 50% of teachers strongly agree that they feel satisfied and supported by administration, the percentage of educators considering leaving the profession has risen sharply from 20% in 2022 to 30% in 2026. Notably, principals identified the Arkansas Professional Educator Pathway (ArPEP) as the most effective program for supporting the workforce.

[36] 2026 Adequacy Study Teacher Recruitment, Retention, and Salaries Report
[37] Per the Committee Chairs request.

Teacher Salary Equalization

Teacher salary equalization findings show complex trends influenced by inflation and policy changes. Although nominal state average salaries have increased regularly, real wages adjusted for inflation rose in 2024 only to decline in 2025. Consequently, Arkansas's regional ranking among SREB states fluctuated from 13th in 2023 to 10th in 2024, before settling at 12th in 2025. The gap between the highest and lowest average salaries within the state narrowed in 2024 but widened again in 2025. However, the disparity in starting salaries narrowed substantially in 2024, with a slight widening in 2025 as the number of districts and charters offering salaries above the legal minimum grew from seven to 23. The teacher retention rate showed a recovery from 78% in 2023 to nearly 80% by 2025. Notably, the average retention rate of districts in 2025 was almost 20 percentage points higher than charters.

Stakeholder Feedback

For each adequacy study, the committees request various stakeholder groups to provide their input and recommendations for achieving adequacy for the next biennium. Below is a summary of the feedback received from eight education-focused organizations in Arkansas.[38]

The 2026 stakeholder feedback on education adequacy outlines several recurring priorities across eight education-focused organizations in Arkansas regarding funding models, staffing, and operational flexibility. Multiple organizations advocate for adjustments to the funding matrix to better reflect actual district costs. Key recommendations include yearly cost-of-living adjustments, full funding for maintenance and operations, and increased financial support to cover rising property insurance premiums. Stakeholders emphasized the necessity of increasing funding for facilities, specifically regarding current construction costs, storm shelter integration, and safety grants to implement the requirements of the Arkansas School Safety Commission.

Recommendations frequently call for more flexible funding mechanisms rather than restricted streams. Groups also suggest specific weights for Career and Technical Education (CTE), English Learners, and dyslexia interventions to support diverse student needs. There is a strong consensus on increasing resources for special education, including the implementation of tiered weights, higher staffing ratios for teachers and paraprofessionals, and expanded access to mental health services and behavioral specialists.

Stakeholders identified significant challenges in recruiting and retaining qualified certified and classified staff. Contributors attribute these difficulties primarily to salary disparities and competitive pressures between large and small districts. Several organizations expressed concerns regarding excessive state and federal mandates, the impact of school choice on student count uncertainty, and the need for better monitoring of teacher quality and facility conditions.

[38] A full synopsis of the written testimony can be found in Appendix F.

Limitations to Data Analysis

BLR staff are unable to conduct an expenditure analysis on the two matrix line resources created during the 2022 Adequacy Study: "Classified Employee Salary Enhancement" and "Other Employee Health Insurance" because expenditures codes were not identified for these lines. While the BLR does calculate expenditures on extra-duty, this is done using a complicated methodology because expenditure codes were not created when the extra-duty line was added to the matrix.

Because definitions for each matrix line do not exist, it is difficult for BLR staff to identify with certainty which function and object code classifications, as outlined in the Arkansas Financial Accounting Handbook, should be used to report expenditures for an accurate comparison to the funding tool (the matrix) used by the committees.

The BLR cannot provide resource allocation information on substitutes because these FTEs are not collected by the state reporting system. In cases where FTEs are reported, such as for teachers, the BLR staff often run into data quality issues. Additionally, it is difficult to provide accurate information on the use of the staff resources allocated in the matrix because of the funding of a fraction, rather than a whole FTE.

Due to a comingling of multiple fund sources in one fund classification, there are some instances where BLR staff are unable to disaggregate expenditure data by federal, local, or state fund source categories. Additionally, the APSCN fund codes for Isolated funding and Special Needs Isolated funding are combined into one fund code, so expenditures from each of these two funds cannot be separately identified or analyzed.

Summary of Key Findings

Academic Achievement

In the lower court opinion, Judge Kilgore noted that initial ACTAAP test scores showed only 44% of fourth graders were proficient in reading and 34% were proficient in math. The Arkansas Supreme Court upheld this opinion in 2002, citing low benchmark scores. Since then, fourth grade reading proficiency has declined to 39%, while math proficiency has risen to 43%.[39]

Judge Kilgore also highlighted that Arkansas's fourth and eighth graders did not rank at or above the national average on the National Assessment of Educational Progress (NAEP) tests in math, reading, science, or writing. As of 2024, this remains true. The percentage of Arkansas students scoring proficient or above in reading ranged from 25% in eighth grade to 28% in fourth grade. Nationally, those figures ranged from 29% in eighth grade to 30% in fourth grade. The percentage of Arkansas students scoring

[39] The statewide assessment used has changed multiple times over the last 20 years. The 2025 test scores are from the ATLAS.

proficient or above in math ranged from 20% in eighth grade to 31% in fourth grade. Nationally, those figures ranged from 27% in eighth grade to 39% in fourth grade.[40]

The stated goal of educational adequacy is for all, or nearly all, students to perform at or above proficiency. As of 2025, no grade level between third and tenth grade had more than 39% of students scoring proficient in reading and science, or 43% in math. Arkansas's goal for academic achievement in the state's ESSA plan is for 80% of students and each student subgroup identified for reporting to achieve a test-based grade-level proficiency score. As of 2025, no student group has met this goal.

Teachers

Both the 2001 and 2002 opinions identified low teacher salaries as a critical issue, with Judge Kilgore noting that Arkansas ranked between 48th and 50th in teacher pay. As of 2025, Arkansas's ranking was 45th in teacher pay (36th when adjusted for the cost of living). Recruitment and retention remain critical challenges, particularly in persistent shortage areas.

Funding, Resource Allocation and Expenditures

State funds now make up a smaller proportion of total K-12 education revenues and foundation funding than in past years with local funds making up a larger proportion.

Three-year trends show that districts and open-enrollment public charters spent between 40-42% more per student on matrix resources from all fund sources than what is received in foundation funding per student and spent an average of $15,499 per student on all resources from all fund sources.[41] Three-year trends show that 5% of foundation funding is spent on resources not explicitly identified in the matrix with instructional aides accounting for the highest percentage of spending.

The resource identified in the matrix that has been cited by superintendents as most in need of additional funding during the last three adequacy studies[42] is special education teachers, followed by operations and maintenance. Superintendents cite special education as the area in most need of additional funding, including the number of FTEs currently funded in the matrix, funding for paraprofessionals, and high-cost occurrences. This feedback is consistent with the stakeholder responses provided in Appendix F and data collected by Augenblick, Palaich, and Associates (APA) as part of the 2020 Adequacy Study.

The last three adequacy studies[43] have shown a trend for the top three resources reported by superintendents as not funded in the matrix but identified as important for providing an adequate education. These include mental health services, school safety, and dyslexia support. This feedback is consistent with the stakeholder responses provided in Appendix F and data collected by APA as part of the 2020 Adequacy Study.

[40] NAEP results for science and writing are no longer provided at the state level.
[41] 2023, 2024, 2025 per-student expenditures can be found in Appendix G.
[42] 2022, 2024, and 2026 Adequacy Study
[43] 2022, 2024, and 2026 Adequacy Study

Committee Recommendations

To be determined.

APPENDIX A- 2026 ADEQUACY STUDY CONTRIBUTORS

The following individuals and organizations made presentations, responded to legislators' questions, or contributed to the overall success of the 2026 Adequacy Study process:

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APPENDIX B- 2025 LEGISLATIVE UPDATES

Act 116 prohibits discrimination or preferential treatment by public entities on the basis of race, sex, color, ethnicity, or national origin and repeals laws related to diversity, equity, and affirmative action. The act also requires state agencies to report to the Legislative Council concerning their compliance with the act.

Act 134 requires DESE to review and update current social studies standards for grades seven through twelve to include age-appropriate adjustments to ensure curricula, standards, materials, and units accurately compare and contrast the resiliency of the United States' constitutional republic with the failures of communism and autocratic government systems and other democratic government systems. DESE is required to review and update the current social studies standards for grades 7-12 prior to the 2026-2027 school year.

Act 135 exempts a novice teacher who has completed a DESE-approved year-long residency from being required to participate in novice teacher mentoring under the Teacher Excellence and Support System.

Act 229 requires the Division of Elementary and Secondary Education, in consultation with the Arkansas State Game and Fish Commission, to determine the earliest grade in which it is appropriate for public school students to begin receiving instruction on firearm safety. Act 229 requires each public school district and open-enrollment public charter school to provide students with age-appropriate and grade-appropriate instruction on firearm safety, including the steps to take if a student finds an unsecured firearm, school safety related to firearms, and the proper handling and safe storage of firearms.

Act 304 allows a public school district to request the use of a long-term substitute for a specified period not to extend beyond the school year for which the request is made. The act repeals the existing exceptions to the requirement that a teacher be assigned to teach a grade level or a subject for which he or she is licensed and creates an exception for teachers who are on an approved licensure plan for a period not to exceed three years, which may be extended for up to two additional years upon request and due to an extenuating circumstance. The act repeals the requirement that teachers participate in continuing education and professional development based on the teacher's evaluation and professional growth plan to renew a teaching license. The act also repeals the requirement that professional development credit be given for certain college credits earned for a graduate-level course.

Act 341 repeals the authorization to apply to the State Board of Education for a waiver due to an undue hardship on a school district related to licensure requirements for certain teachers. Act 341 authorizes an award for dual licensure of a teacher under the Teacher Opportunity Program in some circumstances and repeals the Dual Licensure Incentive Program, which provided funding to certain teachers to obtain licensure, and the Arkansas Traveling Teacher Program, which authorized agreements for traveling teachers. The act is identical to Act 340 of 2025.

Act 478 requires the religious and moral beliefs of the founding fathers to be embedded into existing social studies standards and courses for grades 6-12, including the influence of their religious and moral beliefs on the founding documents of the United States.

Act 647 requires DESE, in consultation with veterans' organizations, to develop and implement a unit within existing Arkansas history courses content guidelines dedicated to veterans and their families.

Act 722 amends enhanced transportation funding provisions.

Act 795 modifies requirements for professional development funding, shifting focus toward implementation of the LEARNS Act.

Act 808 prohibits a person from being qualified to receive funds for obtaining National Board for Professional Teaching Standards certification if the person has not satisfied the requirements by July 1, 2025. The act requires a public school district to perform an annual rating of a teacher at the end of each school year that is based on observations and that includes components within an evaluation framework as reported in the state-approved evaluation system. Act 808 authorizes summative evaluations of teachers under the Teacher Excellence and Support System to be done in writing or digitally. The act requires a public school to perform an annual rating that satisfies the requirements of the Merit Teacher Incentive Fund Program in a year in which the public school does not perform a summative evaluation of teachers.[44]

Act 909 amends the public school funding amounts for the 2025-2027 school years under the Public School Funding Act of 2003.

Act 915 requires a discussion of human fetal growth and development into the relevant academic standards, the Department of Education (ADE), in consultation with the Department of Health, to determine the appropriate grade levels for the discussion, which must include a high-definition ultrasound, the process of fertilization, and every stage of human development inside the uterus.

Act 919 establishes a process for an isolated school to detach from a resulting or receiving district. The act also establishes state funding aid for the first year of operation of an isolated school district, provides for governance and management of the isolated school district, and requires a local public school district under which a proposed isolated school district currently operates to agree to release ownership of the isolated school's facilities and any accompanying debt on the facilities to the isolated school district.

[44] Bureau of Legislative Research, Summary of General Legislation, 2025, available at https://www.arkleg.state.ar.us/Home/FTPDocument?path=%2Fassembly%2F2025%2F2025R%2FDocuments%2F2025+Summary+of+General+Legislation.pdf

APPENDIX C- FUND SOURCE DEFINITIONS

Fund Source Category	Fund Sources	Description
Foundation	Comingled funds including the following: **State Foundation Funds:** state portion of funding needed to offset the amount of foundation funding not covered by URT, local source of funding **+** **Local Funds:** generated from the first 25 mills of the millage money regular public school districts receive from local property taxes (charters do not have a tax base, so all their foundation funding is from the state kick-in) **+** **Miscellaneous Funds:** funds received by a public school district from federal forest reserves, federal grazing rights, federal mineral rights, federal impact aid, federal flood control, wildlife refuge funds, severance taxes, in lieu of taxes and local sales and use taxes dedicated to education under § 26-74-201 et seq., § 26-74- 301 et seq., § 26-75-301 et seq., and the Local Government Bond Act of 1985, § 14-164-301 et seq."[45]	Unrestricted funding. Foundation funding, sometimes referred to as "matrix funding," is the primary funding stream for K-12 education in Arkansas. The per-student funding amount is calculated using the matrix tool, which identifies the specific staff and resources deemed necessary for an adequate education as defined by the General Assembly.[46]
Categorical	1. Alternative Learning Environment (ALE) 2. English Language Learner (EL) 3. Enhanced Student Achievement (ESA) 4. Professional Development (PD)	Restricted state funds. ALE, EL, and ESA are targeted to specific populations of students to further the state's efforts toward providing a constitutionally mandated equitable education.
Supplemental[47]	1. Isolated 2. Declining Enrollment 3. Student Growth	A mix of restricted and unrestricted funds to help address specific adequacy-

[45] Arkansas Department of Education, Arkansas School Funding Guide 2024-2025 Fiscal Services and Support, available at https://dese.ade.arkansas.gov/Files/2024-2025_Arkansas_School_Funding_Guide_FAS.pdf

[46] An Evidenced-Based Approach to School Finance Adequacy in Arkansas. Final Report. September 1, 2003, page 21, available at https://www.arkleg.state.ar.us/Home/FTPDocument?path=%2Feducation%2FAdequacyReports%2FYearlyFinalReports%2F2003%2F2003+Final+Arkansas+Report+09_01_2003.pdf

[47] Ark. Code Ann. § 10-3-2102(h) states that the study for subdivision (a)(6) shall be accomplished, in part, by reviewing expenditures from isolated school funding, national student lunch funding, declining enrollment funding, student growth funding, and special education funding.

Fund Source Category	Fund Sources	Description
	4. ESA Grants 5. Special Education High-Cost Occurrences 6. Enhanced Transportation 7. Teacher Salary Equalization 8. LEARNS Teacher Salaries	related expenses: transportation; special education; enhanced student achievement (poverty); and teacher salaries.
Additional	1. Activity Fund 2. Building Fund 3. Capital Outlay Fund 4. Debt Service Fund 5. Food Service Fund 6. Other State and Local Funds[48] 7. Federal[49]	A mix of restricted and unrestricted funds. These cannot be reconciled with the exact lines in the ASR.

[48] Includes federal funds for food service due to comingling of federal, state, and local fund sources in one fund.
[49] Excludes federal funds for food service.

APPENDIX D- MATRIX CALCULATIONS

- **Prototypical School Model (500 students):**
    - Kindergarten: 40 students (8%)
    - Grades 1-3: 115 students (23%)
    - Grades 4-12: 345 students (69%)
- **Staffing Ratios:**
    - Classroom Teachers: Kindergarten (20:1), Grades 1-3 (23:1), Grades 4-12 (25:1), and "PAM" (physical education, art, and music) at 20% of classroom staff.
    - Additional Personnel: Special Education teachers (2.9), Instructional Facilitators (2.5), Librarian (0.85), Guidance Counselor (1.11), Nurse (0.67), and Student Support Staff (0.72).
    - Administration: 1 Principal and 1 Secretary per 500 students.
- **Funding Calculation:**
    - The per-student amount is derived by the formula: *(Number of School-level Personnel Per 500 × Total Salary + Benefits) / 500 students*.
    - The matrix also includes a flat per-student allocation for resources like technology ($250), instructional materials ($205), and district-level operations.

APPENDIX E- SUPPLEMENTAL FUNDING

Declining Enrollment: This is one-time funding, adding a smoothing effect to enrollment volatility. Aid is directed to districts and charter schools that are seeing a decrease in student 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.

Enhanced Transportation: This fund helps cover transportation costs that exceed the amounts provided by general foundation funding. A complex formula[50] predicts transportation expenditures based on three factors: average daily membership; average daily number of riders; and average daily route miles.

Enhancement Student Achievement 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). Funding eligibility for districts is based on prior-year expenditures of ESA funds by district in each of the three categories.

Isolated and Special Needs Isolated: Funding targets districts that face geographic challenges—such as low student density or rugged road systems—or have low enrollment. There are four distinct funds that are each distributed differently, including isolated funding, special needs isolated, special needs isolated - small school, and special needs isolated – transportation.

LEARNS Teacher Salaries: This provides funding to ensure districts meet the Act 237 (2023) mandate, which established a $50,000 minimum base salary for classroom teachers and required salary increases of at least $2,000 for those already earning above that base.

Special Education High-Cost Occurrences: This serves as a reimbursement mechanism for districts and charters facing extraordinary, high-cost special education expenses required by an Individualized Education Program (IEP). 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 annual expenses between $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."

Student Growth: Funding is provided specifically for districts and charter schools that are experiencing an increase in student enrollment. 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

[50] The detailed formula can be found in the Resource Allocation Part II report.

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 up to reach 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.

Teacher Salary Equalization: Allocations support districts and charter schools where teacher salaries fall below a target average, helping them raise pay to exceed that benchmark. Beginning with the 2021-2022 school year, each eligible district with an average annual teacher salary below $51,822 has received teacher equalization funding in an amount equal to $185 multiplied by the average daily membership of the school district for the previous school year. Act 909 of 2025 reduces the distribution per ADM to $100 from $185. Salary Equalization will end in FY28.

APPENDIX F- STAKEHOLDER RESPONSES

Arkansas Advocates for Children and Families (AACF)

Arkansas Advocates for Children and Families (AACF) makes seven recommendations:

1. The Committees should increase the number of special education teachers in the matrix to 4.05. The Committees should also add funding for special education paraprofessionals to the matrix.
2. The Committees should implement a two percent weight to categorical or school-level resources to fund dyslexia screenings and defray the cost of dyslexia interventions.
3. Enhanced Student Achievement (ESA) funding should be distributed based on a linear model to prevent funding cliffs. In addition, ESA funding should be protected to ensure adequacy and equity in funding.
4. The Committees should add a new line to the matrix for a 1.5 FTE social worker to provide mental health services.
5. Professional development funding should be held steady to ensure that teachers are trained in relevant topics and deliver high quality instruction.
6. The Committees should provide English Learner funding based on a weight of ten percent.
7. The Committees should incorporate a student survey into the adequacy process.

Arkansas Association of Educational Administrators (AAEA)

The Arkansas Association of Educational Administrators (AAEA) makes eight recommendations:

1. The Committees should add a yearly cost-of-living adjustment to each line of the matrix.
2. The Committees should update the matrix to reflect actual district costs. In addition, maintenance and operations should be fully funded to align with district costs. Furthermore, the State should provide additional flexibility with the funding formula and the Standards for Accreditation to allow districts to respond to local needs.
3. The State should maintain a strong investment in the foundation funding formula and continue evaluating the long-term fiscal impact of Education Freedom Accounts on the public education system.
4. The State should fully fund the rising cost of property insurance, explore statewide strategies to stabilize and levelize the cost of property insurance, and guarantee that insurance coverage fully covers replacement costs and does not leave districts with replacement costs due to depreciation.
5. The State should increase the facilities Partnership rate to reflect current construction costs. In addition, the Partnership program should include storm shelter construction. Finally, the State should establish a sustainable funding stream for the Partnership program.
6. The State should increase funding for special education high cost-occurrences to ensure all eligible services are fully funded.

7. The State should increase Career and Technical Education (CTE) start-up grants, provide flexible funding support for industry certifications, and recognize the lower student-to-teacher ratios required in many CTE programs.
8. The State should increase funding for school-based mental health services, behavioral specialists, and intervention programs. In addition, the Committees should consider adding additional funding to expand options for mental health services beyond what school districts are able to provide.

Arkansas Education Association (AEA)

The Arkansas Education Association (AEA) makes four recommendations:

1. Adequacy should be defined as a system responsive to diverse student needs, including weighted funding for barriers to learning (poverty, disability, and language), adjustments for regional cost-of-living differences, and funding mechanisms that account for inflation.
2. The State should have targeted incentives and investments to recruit and retain qualified educators in high-need areas.
3. The State should have improved monitoring of teacher quality and distribution, curriculum access, and school facility conditions.
4. The State should prioritize public school funding, with federal or other supplemental funds enhancing rather than supplementing state obligations. Strategic investments should include early childhood education and literacy, evidence-based interventions, competitive compensation, expanded student support services, facility improvements, and ongoing educator professional development.

Arkansas Public School Resource Center (APSRC)

The Arkansas Public School Resource Center (APSRC) makes eight recommendations:

1. LEARNS Act minimum salary and raise funds should be changed to a per-pupil model or an annual adjustment based on current licensed staff counts. This change would ensure that funding is awarded based on current staffing levels and that all districts (including open-enrollment public charter districts) are eligible to receive funding.
2. Open-enrollment public charter districts should receive facilities funding regardless of school or district letter grades. In addition, the Open-Enrollment Public Charter School Facilities Funding Aid Program should be included in adequacy funding and increased from $10.2M to $11.9M.
3. The Committees should implement a tiered weight for special education, combined with the existing high-cost occurrences special education funding.
4. The Committees should add a line to the matrix for dyslexia staffing.
5. Teacher equalization funding should be reallocated to school districts and open-enrollment public charter schools.
6. Open-enrollment public charter schools that receive Enhanced Student Achievement funding based on current-year enrollment should receive those funds timely to ensure that districts do not experience cash-flow issues.

7. The State should increase funding dedicated to school-based mental health services.
8. The State should provide sufficient funding for districts to pay property insurance premiums. In addition, the State should consider increased funding for the Partnership Program.

Arkansas Rural Education Association (AREA)

The Arkansas Rural Education Association (AREA) makes six suggestions:

1. The State should fund high-cost special education at a level that would cover all eligible services.
2. Each component of the matrix should include a yearly cost-of-living adjustment to ensure that districts can maintain their current programs and standards.
3. The State should fully fund the maintenance and operations line of the matrix. Salary costs for classified personnel are rising, contributing to increased maintenance and operations expenditures.
4. The matrix should provide enough funding for districts to meet the Standards for Accreditation. Currently, the matrix does not provide sufficient funding to meet required class sizes.
5. Districts should receive sufficient funding to pay property insurance premiums. Furthermore, changes to the property insurance system should ensure that districts will be reimbursed adequately and not left with outstanding replacement costs due to depreciation.
6. The State should fund additional safety grants so that districts can implement the requirements of the Arkansas School Safety Commission.

Arkansas School Boards Association (ASBA)

The Arkansas School Boards Association makes five observations, based on a survey of its membership:

1. The public comment process for school board meetings should be clarified. Members expressed concern that public comments were often offered on matters not within the purview of the school board. In addition, members expressed concern that the definition of a public meeting limits board members' ability to obtain information from school administration.
2. Members expressed that it is difficult to find qualified candidates for both certified and classified positions. In addition, members are concerned that salaries, in particular, the salary disparities between large and small districts, are contributing to difficulty in recruiting and retaining qualified staff.
3. Respondents indicated that too many mandates are placed on districts from both the federal and state governments. Respondents noted that the mandates often are not effective at the local level. Furthermore, respondents expressed concerns about the use of technology, particularly in lower grades and in administering statewide assessments.
4. Respondents expressed several concerns about funding, including not enough funding generally, concerns about special education funding, reducing student-to-teacher ratios, and adequately funding smaller districts.
5. Members expressed concern about school choice, including home school and private school options but also public-school choice. Members noted that school choice creates uncertainty about student counts. In addition, respondents expressed concern that students returning from

a private school or homeschool substantially behind will affect school or district letter grades if a district is unable to bring the students to grade level prior to statewide assessments.

Arkansas State Teachers Association (ASTA)

The Arkansas State Teachers Association (ASTA) makes four recommendations, based on a survey of its membership:

1. The Committees should adjust the matrix to ensure that teachers receive meaningful salary raises beyond the minimum salary.
2. Funding for counselors and school safety personnel should be part of the matrix rather than competitive grants.
3. The Committees should increase special education and high-poverty population funding with targeted weights.
4. Transportation and operational costs should be fully funded in the adequacy formula.

Forward Arkansas

Forward Arkansas makes four recommendations:

1. The Committees should create multiple student-centered weights for special education. Districts would receive support based on the number of special education students served and the severity of the disabilities of those students.
2. The Committees should create a weighted multiplier to the foundation total for all eligible Career and Technical Education (CTE) learners. CTE funding would adjust in alignment with foundation funding. Furthermore, CTE should be funded at different levels for different districts based on positive student outcomes.
3. The Committees should create a district sparsity weight to replace other approaches to funding rural and geographically isolated districts.
4. The student-based funding formula should be combined with increased flexibility in spending. Currently, many funding streams are restricted funding; shifting to a more flexible approach would allow districts to make decisions based on student needs rather than compliance.

APPENDIX G- SPENDING BY FUND SOURCE

	2023 Per-Student		2024 Per-Student		2025 Per-Student	
Matrix Line	**Foundation Funds**	**All Funds**	**Foundation Funds**	**All Funds**	**Foundation Funds**	**All Funds**
Classroom Teachers	$3,362	$4,420	$3,553	$4,646	$3,655	$4,672
Special Education Teachers	$401	$571	$419	$599	$432	$610
Instructional Facilitator	$205	$463	$229	$471	$243	$464
Library Media Specialist	$121	$141	$119	$143	$120	$143
Counselor	$178	$231	$181	$238	$188	$242
Nurse	$54	$130	$59	$135	$62	$141
Student Support Staff	$66	$240	$70	$255	$76	$266
Principal	$199	$250	$214	$259	$220	$263
Secretary	$133	$171	$131	$172	$131	$175
Technology	$112	$447	$115	$453	$128	$403
Instructional Materials	$138	$350	$140	$352	$151	$334
Extra Duty	$59	$68	$58	$68	$62	$78
Supervisory Aides	$15	$19	$14	$17	$14	$18
Substitutes	$87	$129	$88	$134	$86	$131
Operations and Maintenance	$969	$1,513	$1,020	$1,671	$1,013	$1,702
Central Office	$427	$677	$444	$695	$452	$722
Student Transportation	$326	$526	$322	$511	$323	$529
Non-Matrix	$393	$4,549	$410	$4,965	$441	$4,926