

# Adequacy Study 2024

Resource Allocation:  
District-Level Resources

Prepared for the  
House and Senate  
Committees  
on Education



March 11, 2024



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# Introduction

The third component of the matrix, District-Level Resources, includes the resources necessary for districts' operations and maintenance, central office, and transportation. A total of \$1,519 per student was allocated through the matrix for 2023 for district-level resources, which is 20.5% of total foundation funding.

District-Level Resources Matrix Items	2023 Per Pupil Amt
Operations & Maintenance	\$741.30
Central Office	\$456.50
Transportation	\$321.20
<b>Total</b>	<b>\$1,519.00</b>

## District-Level Resources

### Operations and Maintenance

Operations and maintenance (O&M) includes the staff and other resources necessary to maintain school facilities and grounds and to keep school buildings clean, heated, and cooled. The funding rate is not based on a specific minimum staffing standard, but rather is based on 9% of foundation funding, plus the cost of property insurance. When the O&M rate was first created in 2008, the 9% allocation for O&M was determined by the Joint Adequacy Committee based on recommendations of the Task Force to the Joint Committee on Educational Facilities. The Task Force cited in their recommendations, a 2003 study by American School and University Magazine, that found on average the cost of district O&M is approximately 9% of district expenditures. As a result of this study's finding, the Task Force recommended that districts dedicate 9% of a district's expenditures to O&M. The Joint Adequacy Committee also added an additional \$27 for the cost of property insurance to the O&M rate, which was determined by actual per-student expenditures for property insurance.

Since 2009, the O&M rate has increased every year except 2017, but at different rates of change than the overall foundation funding rate per student. Even though the rate of change has been different, the O&M rate amount has remained at 10% of the overall foundation funding rate since 2008 when it was first added to the matrix. The O&M matrix line has increased 27.6% overall since 2008, as compared to the overall foundation funding rate increase of 28.5%.

### Funding

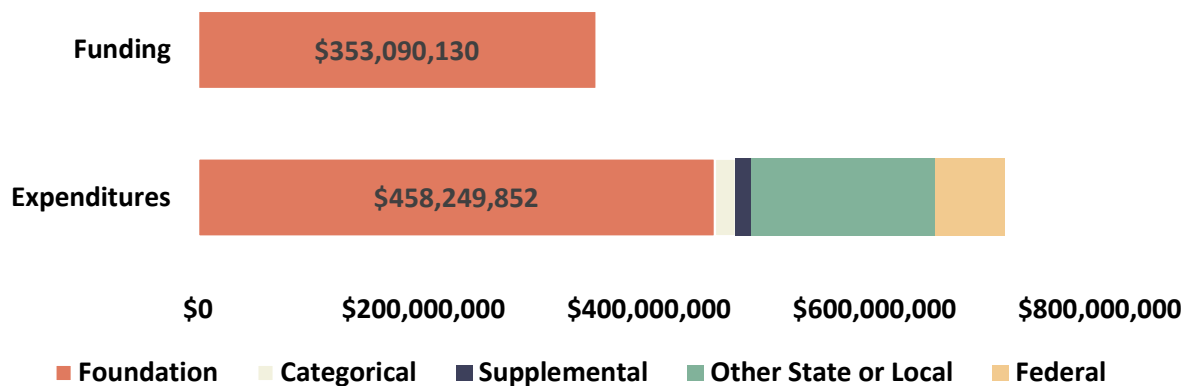
In FY2023, foundation funding provided \$741 per ADM or \$353 million in total funding for operations and maintenance activities. Using the 2008 original ratio of funding provided for O&M and for property insurance, in FY2023, \$706.55 of the O&M rate is allocated for operations and maintenance expenses, and \$34.45 is allocated for property insurance. The 2024 funding rate for O&M increases 3.4% to \$766 per student and the rate increases an additional 2.6% in 2025 to \$786 per student.

2023/ 2024/ 2025 Per Pupil	2023 Funding Amount
<b>\$741 / \$766 / \$786</b>	\$353,090,130

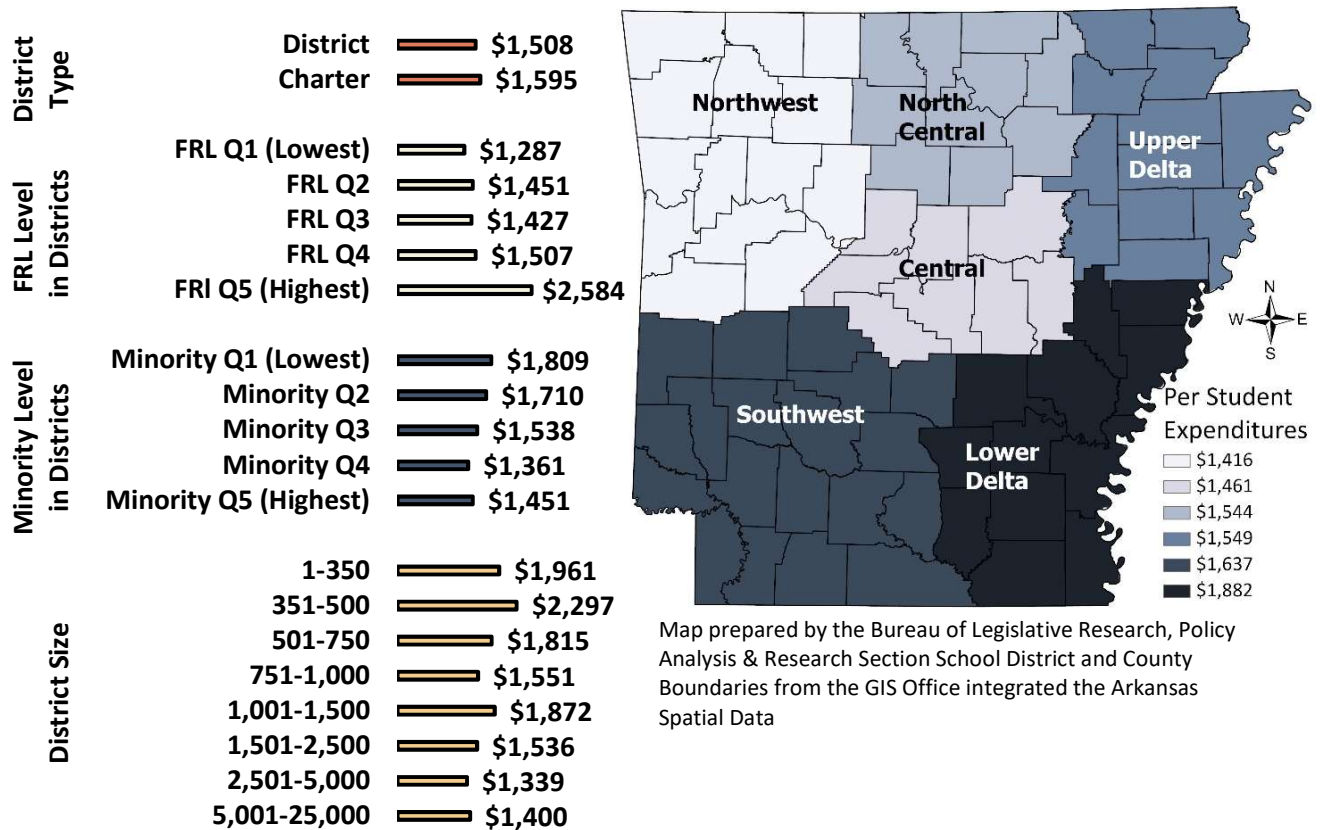
## Spending

In 2023, districts and charter systems spent a total of \$715.4 million or \$1,513 per student on O&M expenses, which is a little more than twice as much as public schools received in foundation funding for O&M expenses, and spent \$458.2 million in foundation funding compared to the \$353.1 million received. Stand-alone preschools spent \$2.2 million of the total amount spent on O&M. Of the total expenditures, the largest sources of funding were foundation funding (64%), other state and local funding (23%), and federal funds (9%). Categorical and supplemental funding combined funded less than 5% of O&M expenditures. In FY2023, districts and charter systems spent a total of \$3.4 billion using foundation funding, and 21% of this total was spent on O&M.

### Operations and Maintenance: Funding vs. Spending



The following chart and map illustrate the average per-student spending for O&M by various district and charter system characteristics. The chart on the left illustrates that charter systems spent more than regular districts on a per-student basis, and those districts and charter systems with the highest percentage of students eligible for free and reduced price lunches (FRL) and with between 351 and 500 students had the highest average per-student expenditures, \$2,584 and \$2,297 respectively. The map illustrates the northwest region had the lowest average per-student spending on O&M at \$1,416, and the lower delta region had the highest average per-student spending at \$1,882.



The top 10 categories of expense are listed in the chart below. Expenditures for classified salaries and employee benefits comprised the highest percentage of total expenditures, and these top ten categories of expense account for nearly 90% of all O&M expenditures.

## Top Ten Expenditure Categories

Category of Expense	Expenditures	% of Total
Classified (Salaries and Employee Benefits)	\$216,321,009	30.2%
Non-Technology-Related Repairs and Maintenance	\$109,064,442	15.2%
Electricity	\$96,632,318	13.5%
Custodial	\$52,484,387	7.3%
General Supplies and Materials	\$49,353,222	6.9%
Property Insurance	\$28,254,980	3.9%
Natural Gas	\$24,734,186	3.5%
Rental of Land and Buildings	\$22,600,270	3.2%
Other Professional and Technical Services	\$21,245,237	3.0%
Security	\$16,829,654	2.4%

## Staffing

The state has no required minimum staffing level for operations and maintenance personnel, and there is not a specific staffing standard to which the O&M funding rate is tied. There are, however, recommended staffing levels for custodians, grounds/general labor, and maintenance personnel in the Public School Facilities, Maintenance, Repair and Renovation Manual published by the Commission of Public School Academic Facilities and Transportation. The chart below provides these recommended staffing levels.

Operations and Maintenance Position	Recommended Staffing Level
<b>Custodians</b>	1 FTE per 18,000-20,000 square feet
<b>Grounds/General Labor Personnel</b>	1 FTE per 18-20 acres
<b>Maintenance Personnel</b>	1 FTE per 80,000-90,000 square feet

As of January 2024, the square footage of all district buildings exceeded 100 million square feet. If districts were to meet the custodial and maintenance staff levels recommendations in the Facilities, Maintenance, Repair and Renovation Manual, districts would need 6,675 full-time equivalent (FTEs) positions, or 1,928 more than they employed in 2023. These numbers do not include charter systems or services provided through contracted services, but they do include electricians, plumbers and painter/carpenters employed by the districts. The following table shows the custodial and maintenance staffing levels of districts when grouped by district size (2023 Current Year ADM). Districts with the lowest percentage of staffing compared to recommended staffing are those that have between 2,501 and 5,000 students.

District Size	Gross Square Feet	Recommended Staffing Levels	Actual Staffing Levels	% of Recommended
<b>1-350</b>	1,043,725	64	40	63%
<b>351-500</b>	4,828,369	295	217	74%
<b>501-750</b>	10,153,110	620	454	73%
<b>751-1000</b>	8,663,829	529	358	68%
<b>1001-1500</b>	10,131,568	619	379	61%
<b>1501-2500</b>	15,713,280	960	666	69%
<b>2501-5000</b>	23,126,041	1,413	746	53%
<b>5001-25000</b>	35,574,486	2,174	1,887	87%
<b>Total</b>	<b>109,234,408</b>	<b>6,675</b>	<b>4,747</b>	<b>71%</b>
<p><b>*This table reflects recommended and actual number of custodial and maintenance staff for regular school districts only due to incomplete square footage data for Open-Enrollment Public Charter School Systems.</b></p> <p>Source: Square Footage Data - Division of Public School Academic Facilities and Transportation Master Planning Tool as of 1/3/2024, and Staffing Data - Arkansas Public School Computer Network.</p>				



## Research and Best Practices

In *School Finance: a policy perspective*, Odden and Picus's most recent research, they estimate O&M spending levels by identifying and quantifying the necessary personnel for a prototypical school district of 3,900 students and adding cost of materials and supplies, utilities and insurance. The positions they include in their calculations are custodians, maintenance workers and groundskeepers. They determine the number of custodians needed based on the number of students, classrooms, teachers, and square footage. They use the number of buildings, gross square footage, enrollment, and general fund revenue to determine needed maintenance staffing levels. Last, to determine the number of groundskeepers needed, they allocate certain levels of FTEs for each type of school, i.e. elementary (.25 FTE), middle schools (.5 FTE), and high schools (.2 FTE). The staffing cost is derived by multiplying the total needed FTEs in each category by the average total compensation for these classifications of staff. They recommend \$1 per gross square feet for materials and supplies costs and further recommend using current expenditures to determine the funding needed for utilities and insurance. They take these calculated costs and derive a per-student cost for O&M.<sup>1</sup>

## National Comparison

In the *38<sup>th</sup> Annual Maintenance & Operations Cost Study for Schools* (2008-09 school year), American School & University surveyed chief business officers and directors of facilities to request their maintenance and operations expenditures per student and per square foot, and found the "median school district allocated 9.57 percent of total district expenditures (TDE) to M&O [maintenance and operations] in the 2008-09 school year."<sup>2</sup>

Using the most recent expenditure data reported to the U.S. Census Bureau (2021) for other states and the District of Columbia (D.C.), BLR found that the percentage of total K-12 expenditures each state spent on maintenance and operations ranged from 5.32% in D.C. to 10.78% in Louisiana. Arkansas spent 9% of total K-12 expenditures on maintenance and operations costs, and the national average was 7.8%.<sup>3</sup> The following map illustrates ranges of how much states and the District of Columbia spent on maintenance and operations as a percentage of total K-12 spending. Among Arkansas's neighboring states, Louisiana spent the highest percentage at 10.8%, and Tennessee spent the lowest percentage at 7%.

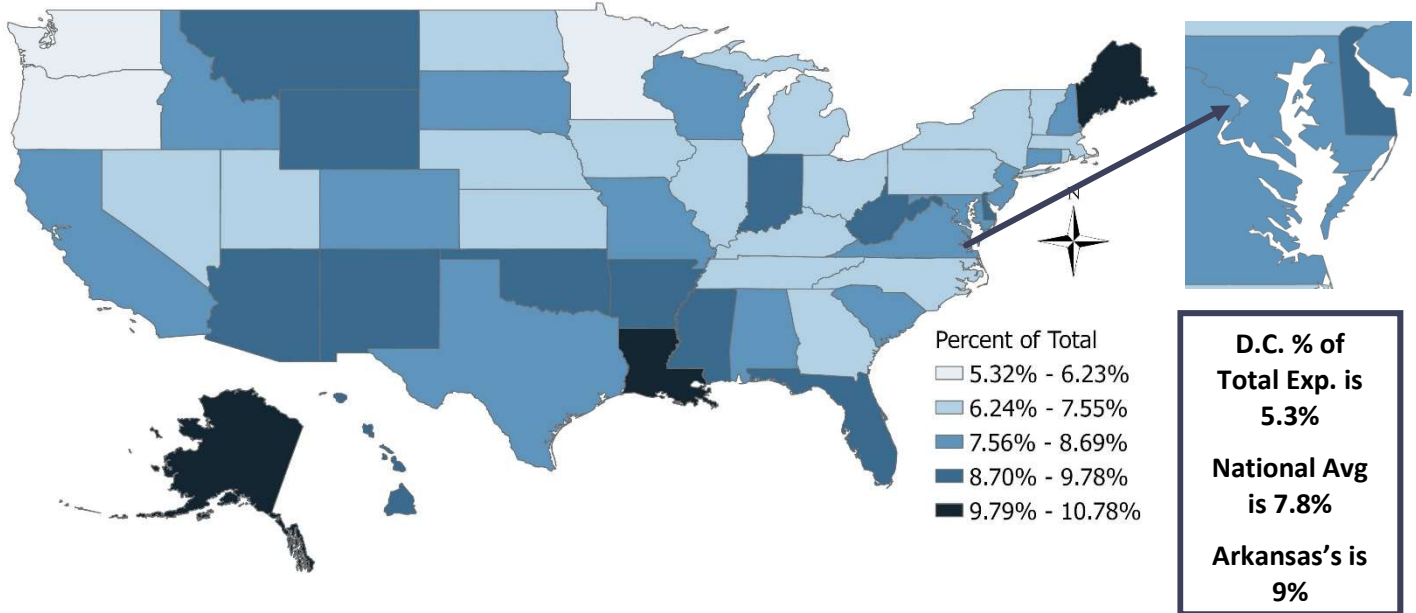
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<sup>1</sup> Odden, A. and Picus, L. (2019), *School finance: a policy perspective*, 6<sup>th</sup> ed. New York McGraw-Hill.

<sup>2</sup> American School and University, *38<sup>th</sup> Annual Maintenance & Operations Cost Study for Schools*, 2008-09. According to AS&U's website, they publish reports "Ensuring that education professionals responsible for the planning, design, construction, retrofit, operations, maintenance and management of education facilities are up to date on the latest trends, technologies and strategies that are driving the education facilities and business market."

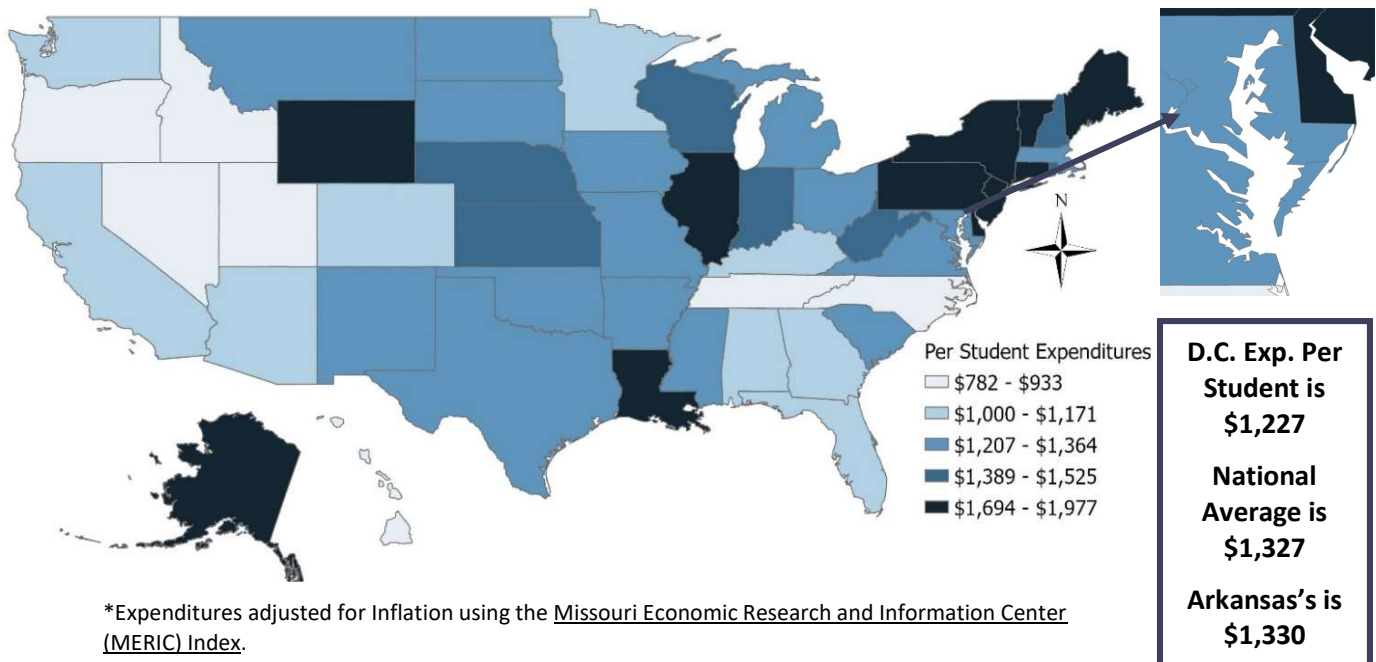
<sup>3</sup> U.S. Census, *2021 Public Elementary-Secondary Education Finance Data*. There are differences in what the U.S. Census includes in M&O expenditures, and what Arkansas includes in the O&M matrix line item. For example, U.S. Census does not appear to include insurance costs in their M&O expenditure amounts, and insurance costs are included in the Arkansas O&M matrix line item.

## M & O Expenditures - Percent of Total Expenditures



The following map illustrates ranges of how much each state and the District of Columbia spent per student on maintenance and operations expenses when adjusted for inflation using the MERIC Inflation index. Arkansas spent \$1,330 per student, compared to the \$1,327 national average. Wyoming spent the highest amount per student, \$1,977 and Utah spent the lowest amount, \$782. Among Arkansas's neighboring states, Louisiana spent the most per student, \$1,702, and Tennessee spent the least, \$915.

## Per Student M & O Expenditures (COLA ADJUSTED)\*



\*Expenditures adjusted for Inflation using the [Missouri Economic Research and Information Center \(MERIC\) Index](#).

## Arkansas Educators' Input



Almost seventy-two percent of all superintendents said they had moderate to extreme need for more funding for operations and maintenance expenses, while 8% cited no need for additional operations and maintenance dollars.<sup>4</sup> District and charter system superintendents expressed different degrees of concern regarding their need for more funding with 74% of regular district superintendents saying they had moderate to extreme need for more funding compared to about 48% of the respondents for charter systems. There was not a consistent pattern of responses when comparing responses for other categories of districts/charter systems, such as size, percentage eligible for free reduced price lunches, and percentage of minority students.

## Central Office

The matrix funds \$456.50 per student for central office expenses. These district-level administrative expenses include salaries and benefits of the superintendent, administration personnel (legal, fiscal, human resources, communications, technology coordinator, etc.), certain district instructional and pupil support directors, and clerical staff. It also includes funding for activities of the local school board. The funding rate for central office was originally based on the average number of personnel and the average per-student expenditures for a district size of between 3,000 and 4,000 students.

The per-student funding rate comprised 7% of the total foundation funding rate for 2008 through 2018, but the percentage declined to 6% of the total foundation funding rate beginning in 2019 through 2023. The per-student funding rate has been increased a number of times since it was added to the matrix in 2008, but the per-student rate remained flat in 2016 and in 2018 through 2021. The central office matrix line has increased 21.4% overall since 2008, compared to the overall foundation funding rate increase of 28.5%.

## Funding

In FY2023, foundation funding provided \$457 per ADM or \$219 million in total funding for central office activities. The 2024 funding rate for central office increases 3.5% to \$473 per student, and the rate increases an additional 2.2% in 2025 to \$483 per student.

2023 / 2024 / 2025 Per Pupil	2023 Total
\$457 / \$473 / \$483	\$219,193,751

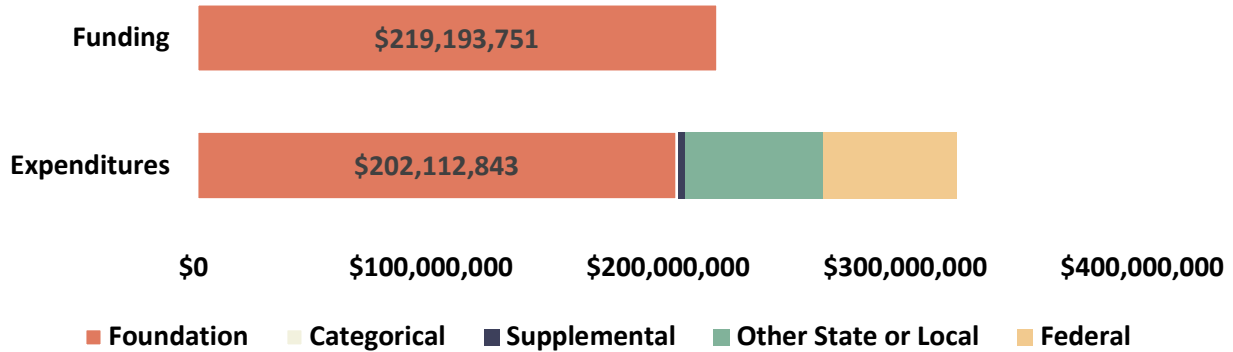
## Spending

In 2023, districts and charter systems spent a total of \$320 million or \$677 per student on central office expenses, \$287,210 of which was spent by stand-alone preschools. About 63% of central office expenditures were funded by foundation funding, 18% by other state and local funding, an additional 17% by federal sources, and the remaining 1.1% by categorical and supplemental funding programs. While districts' total spending exceeded the amount they received in foundation funding for central office by \$100 million, they did not spend the full funding amount they were given for central office expenses from foundation funding.

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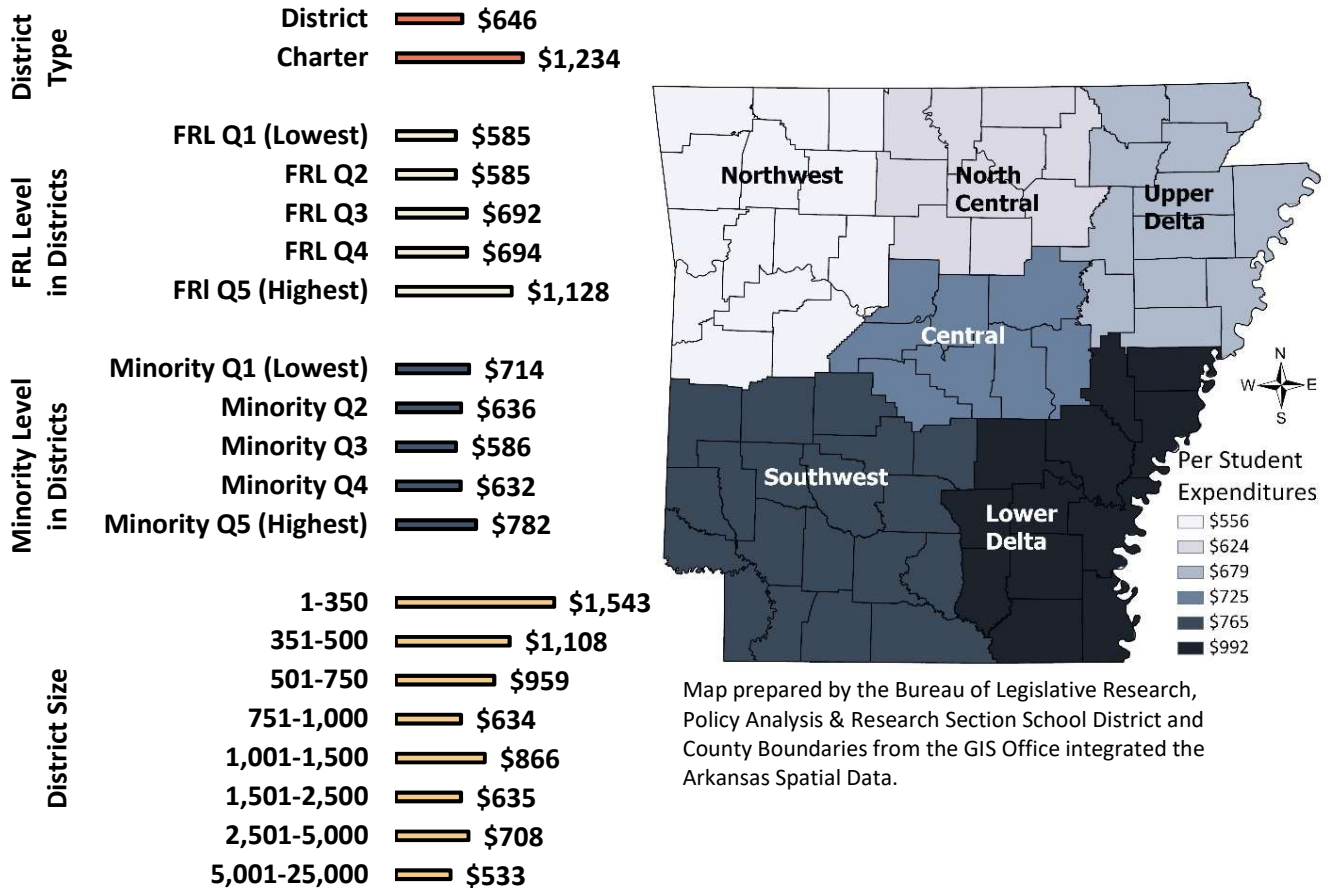
<sup>4</sup> Please see question 4 of the Superintendent Survey Response report.

## Central Office: Funding vs. Spending



The following chart and map illustrate the average per-student spending for central office expenses by various district and charter system characteristics. The chart on the left illustrates that charter systems spent almost twice as much as regular districts on a per-student basis, and those districts and charter systems with between 1-350 students spent the highest average rate per student at \$1,543.

The map on the right shows that the Northwest region spent the least average per student amount on central office expenses, \$556, and the Lower Delta region spent the highest average per student amount, \$992.



Over \$243 million or 76% of total central office expenditures were spent on salaries and employee benefits expenses for both certified and classified employees (\$135.9 M or 42.4% for certified and \$107.9 M or 33.7% for classified). The table below lists the top central office expenditure categories that comprise almost 90% of the total central office expenditures.

## Top Expenditure Categories

Category of Expense	Expenditures	% of Total
<b>Certified (Salaries &amp; Employee Benefits)</b>	\$135,906,491	42.4%
<b>Classified (Salaries &amp; Employee Benefits)</b>	\$107,855,043	33.7%
<b>Other Professional and Technical Services</b>	\$9,929,806	3.1%
<b>Management Service-Consulting</b>	\$9,139,083	2.9%
<b>Indirect Cost</b>	\$8,756,031	2.7%
<b>General Supplies and Materials</b>	\$7,874,677	2.5%
<b>Dues and Fees</b>	\$5,809,584	1.8%

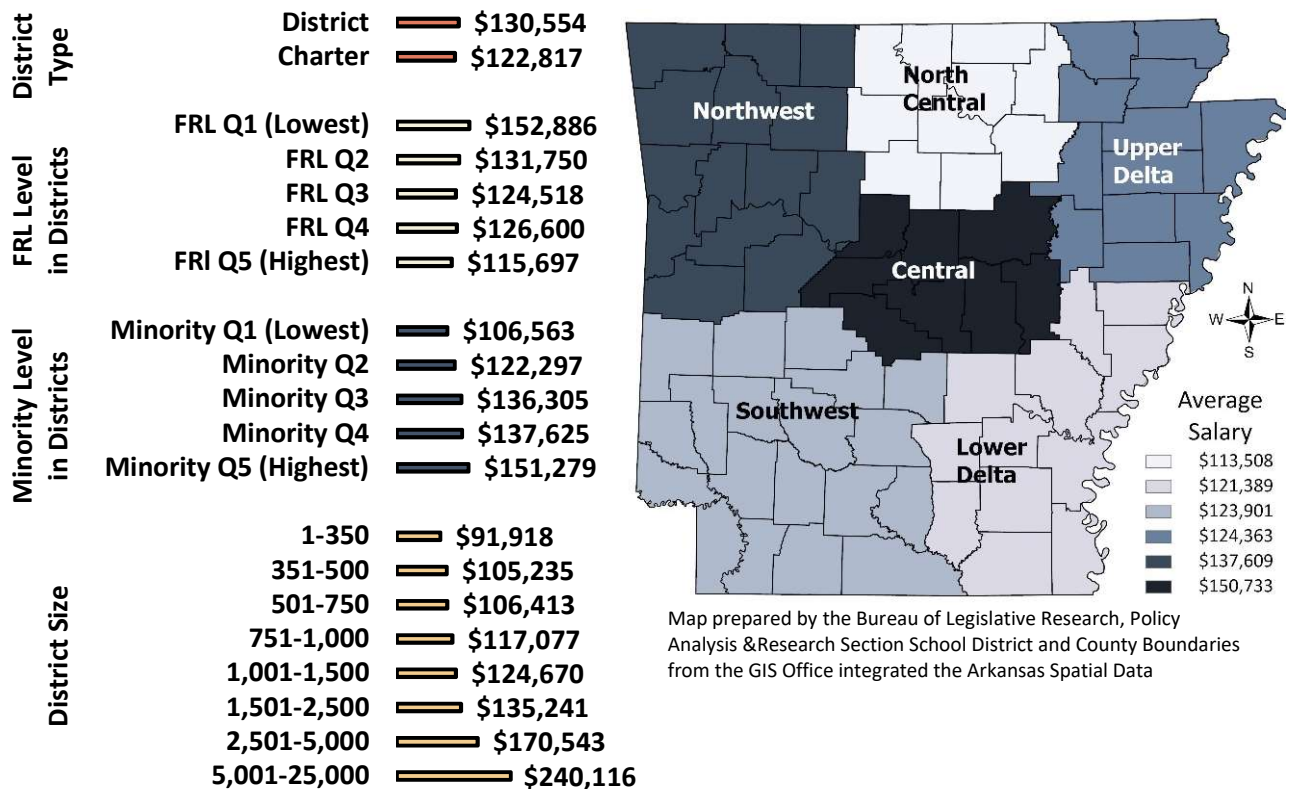
## Staffing

Arkansas Standards for Accreditation require a full-time superintendent to “oversee all operations of the public school district” and a general business manager “responsible for the fiscal operations of the school district.”<sup>5</sup> All regular school districts except one, Junction City, reported employing a superintendent in the Arkansas Public School Computer Network (APSCN) in 2023. Upon further research, it appears that Junction City does currently have a superintendent. It is possible that they had a superintendent in 2023, but did not report the position in APSCN. Eleven of 21 charter systems reported employing a superintendent, and the remaining ten charter systems had either a waiver from the requirement to employ a superintendent or a waiver from superintendent licensure requirements. The statewide average salary for superintendents was \$130,207.

The chart below provides the average 2023 superintendent salaries reported in APSCN by various district and charter system characteristics. Traditional school districts reported higher average salaries than did charter systems. Districts with between 5,001 and 25,000 students have the highest average salary of \$240,116. The map on the right shows that the Central region had the highest average salary of \$150,733 and the North Central region had the lowest average salary of \$113,508.

<sup>5</sup> Arkansas Division of Elementary and Secondary Education, Rules Governing Standards for Accreditation of Arkansas Public Schools and School Districts, Rules 3-A.5 and 4-B.1, May 2, 2022. *See also* Arkansas Code § 6-13-109(a) (requiring each public school district to “employ a superintendent of schools”) and Arkansas Code § 6-15-2302(b) (requiring a “general business manager for a public school district [to] meet the minimum qualifications established by rule of the Division of Elementary and Secondary Education”).

## Superintendent Average Salary by District Characteristics



Districts employ a variety of other types of employees in the central office. Based on the available APSCN employee codes, the following table shows the different types of staff districts employ, the number of full-time employees serving in those roles statewide, and the number of districts employing each type of position. While the Standards of Accreditation require a business manager position, districts and charter systems can use a variety of position titles to fulfill this requirement, and therefore, it is not possible to determine the number of regular school districts meeting this requirement using APSCN data. Nine charter systems have received waivers regarding employing a business manager, but it does not appear that any regular school districts have received a waiver from this requirement.

Position	Total FTE	Average Salary	# of Districts/Charters
<b>Certified Assistant Superintendent</b>	104	\$121,768	72
<b>Classified Assistant Superintendent</b>	47	\$41,664	28
<b>Business Manager</b>	61	\$73,188	57
<b>Finance Officer</b>	347	\$53,573	183
<b>Bookkeeper/Accountant</b>	308	\$45,537	133
<b>Director of Federal Programs</b>	47	\$46,576	60
<b>Personnel Director</b>	136	\$47,313	53
<b>Purchasing Agent</b>	48	\$48,225	16
<b>Secretary/Clerk Non-Instructional (includes school-level and district-level)</b>	2563	\$32,034	253
<b>Administrative Technology</b>	529	\$50,938	173
<b>Other Central Support Services</b>	71	\$52,275	78



## Research and Best Practices

Odden and Picus’s recent research on central office staffing needs compiled staffing assumptions for various sized districts to recommend appropriate staffing levels. These assumptions include whether district size is sufficient for a district to contract for certain central office services or hire in-house staff, and are provided in Appendix A of this report. Odden and Picus do provide recommendations for central office staffing based on a 3,900 student district. These recommendations include eight administration positions and 15 classified positions. They also recommend a per-student dollar amount of \$300 to account for other costs that include, but are not limited to, insurance, purchased services, materials and supplies, equipment, association fees, elections, districtwide technology, and communications.<sup>6</sup>

## National Comparison

The American Association of School Administrators completed a survey of superintendents throughout the country for school year 2023, and they found that the overall average salary for superintendents was \$156,468. The lowest salary reported to the AASA was for districts with fewer than 300 students districts and was \$50,125. The highest reported salary was \$400,000 and was reported for two different school size categories, districts with between 1,000 and 2,999 students and districts with between 10,000 and 24,999 students.<sup>7</sup> Arkansas’s statewide average salary was \$130,207 in 2023, and the lowest reported salary in Arkansas was \$58,589 and the highest was \$289,644.

## Arkansas Educators’ Input



Forty-one percent of all superintendents said they had moderate to extreme need for more funding for central office expenses, while 19.2% cited no need for additional central office funding. District and charter system superintendents expressed different degrees of concern regarding their need for more funding with 40% of regular district superintendents saying they had moderate to extreme need for more funding compared to about 52% of charter system superintendents. There was not a consistent pattern of responses when comparing responses for other categories of districts, such as district size, percentage of students qualifying for free and reduced price lunches, and percentage of students that are minorities.

## Transportation

### Funding

In 2023, the matrix provided \$321.20 per student for academic transportation which comprises about 4% of the total foundation funding provided. Transportation expenses include school bus and district vehicle operations and maintenance, transportation personnel, insurance, equipment costs, and bus purchases. Transportation expenses do not include the costs for athletic or activity transportation. State law does not require school districts to provide general transportation to students, although all districts and some charter systems provide transportation services. The original rate for transportation was established based on input from the state’s education finance consultants as well as districts’ actual expenditures for student transportation.

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

<sup>7</sup> American Association of School Administrators, *2022-23 AASA Superintendent Salary & Benefits Study, February 2023, page 24.*

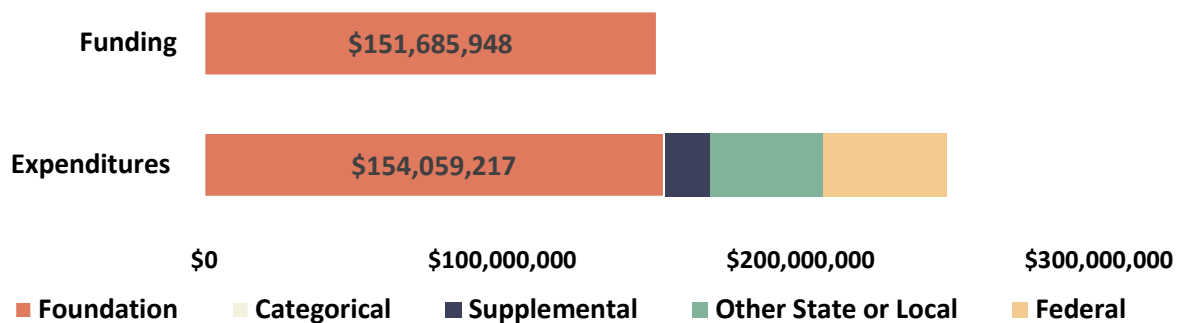
2023 / 2024 / 2025 Per Pupil	2023 Total
\$321 / \$329 / \$337	\$151,685,948

The transportation funding rate comprised 5% of the total foundation funding rate between 2008 when it was first added, through 2021, but fell to 4% of the total beginning in 2022, possibly due to the rate remaining flat between 2015 through 2021. While the per-student rate has remained at \$321.20 since 2015, beginning in 2017 additional enhanced transportation funding was provided for districts with high transportation costs. In 2023, individual districts and charter systems spent between \$3.66 and \$2,363.98 per student on transportation. The General Assembly has authorized a 2.4% increase for 2024 and 2025, bringing the rates to \$329 and \$337, respectively. The transportation rate has increased 12.3% overall since 2008 as compared to the overall foundation funding rate increase of 28.5%.

### Spending

In FY2023, districts and charter systems spent a total of \$248.8 million or \$526 per student on transportation, \$18,057 of which was spent by stand-alone preschools.<sup>8</sup> Approximately 62% of transportation expenditures were funded by foundation funding, 17% from federal funds, 15% from other state and local funds, and about 6% was expended from the supplemental and categorical funds. Districts spent about \$2.4 million more in foundation funds than they received.

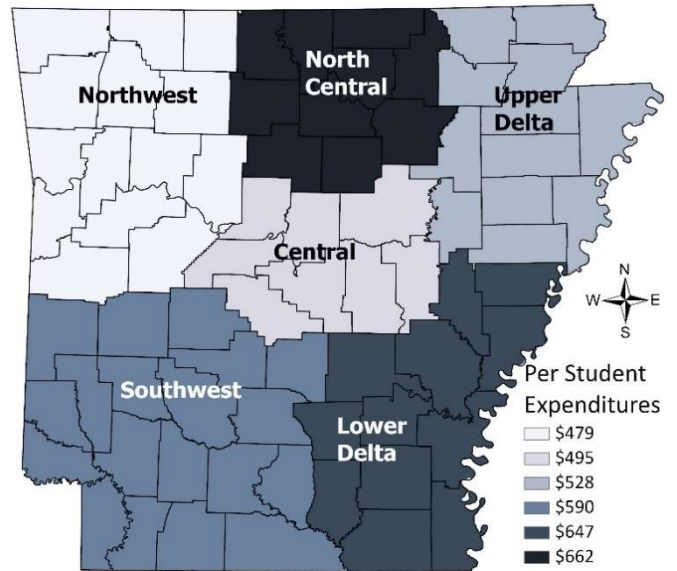
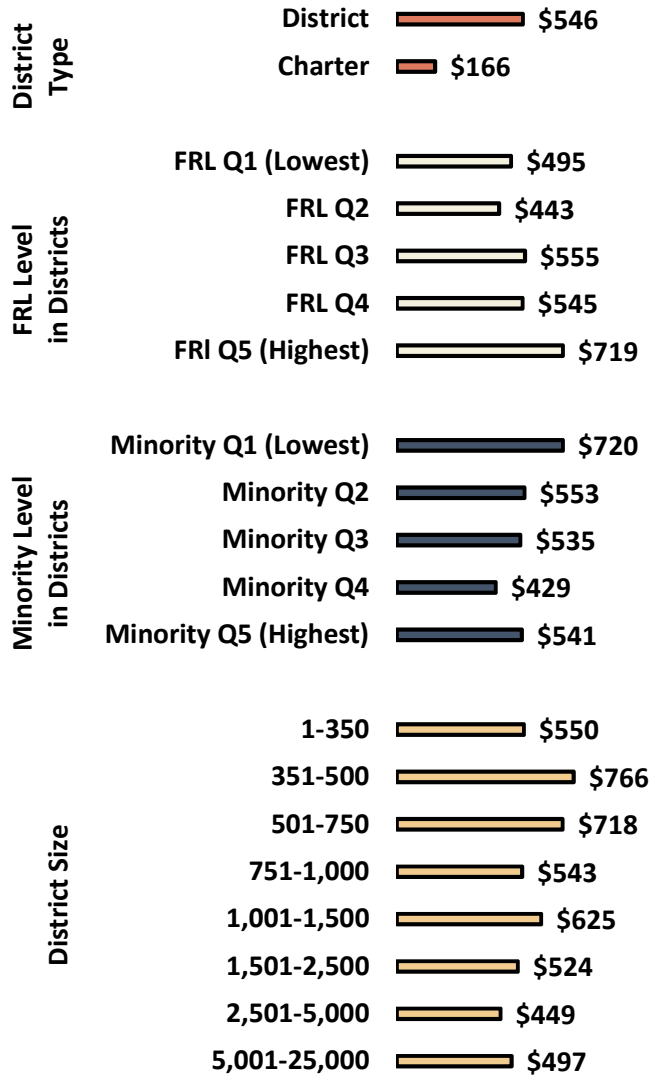
### Transportation: Funding vs. Spending



The following chart and map illustrate the average per-student spending for transportation by various district and charter system characteristics. Districts spent \$546 per student compared to charter systems' \$166 per student spending on transportation. Sixteen of the 21 operating charter systems had transportation expenditures, and total spending ranged from a low of \$1,935 for Responsive Ed Solutions in Springdale to \$1.3 million for Kipp Delta, with 10 of the systems spending less than \$150,000. No consistent pattern of average per-student spending emerges for other characteristics such as percentage of free and reduced price lunch students, percentage of minority students, or district/charter system size. Districts and charter systems that have between 351 and 500 students have the highest average per-student expenditure amount of \$766, followed by those in the lowest quintile of percentage of minority students at \$720. North Central Arkansas and the Lower Delta regions have the highest average per-student expenditures of \$662 and \$647, respectively, and Northwest has the lowest average per-student expenditures at \$479.

<sup>8</sup> The per student expenditure calculation includes the 2023 CY ADM count for five charter systems that did not have any transportation expenditures.





Map prepared by the Bureau of Legislative Research, Policy Analysis & Research Section School District and County Boundaries from the GIS Office integrated the Arkansas Spatial Data

Almost 73% of total expenditures of districts and charter systems were spent on staffing costs and vehicles. The table below provides the top transportation expenditure categories, which account for over 97% of total expenditures.

## Top Expenditure Categories

Category of Expense	Expenditures	% of Total
<b>Classified (Salaries and Employee Benefits)</b>	\$133,442,316	53.6%
<b>Vehicles</b>	\$47,366,445	19.0%
<b>Gasoline</b>	\$19,714,419	7.9%
<b>General Supplies and Materials</b>	\$14,290,258	5.7%
<b>Student Transportation Purchased from Other Sources</b>	\$11,209,779	4.5%
<b>Non-Technology-Related Repairs and Maintenance</b>	\$5,940,022	2.4%
<b>Fleet Insurance</b>	\$4,222,984	1.7%
<b>Rental of Equipment and Vehicles</b>	\$2,849,748	1.1%
<b>Certified</b>	\$2,801,454	1.1%

## Staffing

Districts employ a variety of employees to provide transportation services. Based on the available APSCN employee codes, the following table shows the different types of staff districts employ, the number of full-time employees serving in those roles statewide, and the number of districts employing each type of position.

Position	Total FTE	Average Salary	# of Districts/ Charter Systems
Director of Pupil Transportation	188	\$54,312	157
Bus Mechanic	313	\$42,242	176
Bus Driver	4,599	\$16,794	243
Bus Monitor	516	\$11,105	73

## Research and Best Practices

According to a 2019 research study completed by Bellwether, a non-profit group that studies the American educational system, school districts transport students using three primary service models. The most common operational model is district-provided where the district controls all elements of school transportation. The second most common is contracting with a private transportation provider for yellow bus service; this model operates largely the same way as district-provided. A much less common model is reliance on existing public transit infrastructure, which is generally only used in large urban districts. They also observe that ridesharing is trying to enter the market of school transportation.<sup>9</sup>

Bellwether further finds that states share in the cost of student transportation in one of three ways: actual cost funding; flat rate per student; or funding based on one or more variables such as, miles traveled or average miles traveled per student. A summary of transportation funding methods they outline in their research is provided in the table below.<sup>10</sup>

	Actual Costs or Formula	Number of Students	Linear density or Mileage
Definition	States reimburse districts for a portion of actual costs or based on a funding formula.	States provide a lump sum to each district based on the number of students it transports.	States base transportation funds on the number of bus miles traveled or a calculation of “linear density,” which represents the average miles traveled per student.
Calculation	Funding formulas typically estimate costs based on average expenditures, historical expenditures, or costs of other inputs like fuel and driver wages.	Per-capita rates may be adjusted for cost factors (commonly fuel prices) or district characteristics (often to account for geographic sparsity that may drive higher transportation costs).	Calculations allow for adjustments for economies-of-scale differences between more urban and more rural districts.  Many states adjust reimbursements in other ways to help offset higher costs in geographically large, sparsely populated districts.

<sup>9</sup> Bellwether, The Challenges and Opportunities in School Transportation Today, 2019, pages 16 and 22. Bellwether is a non-profit group that studies the American education system.

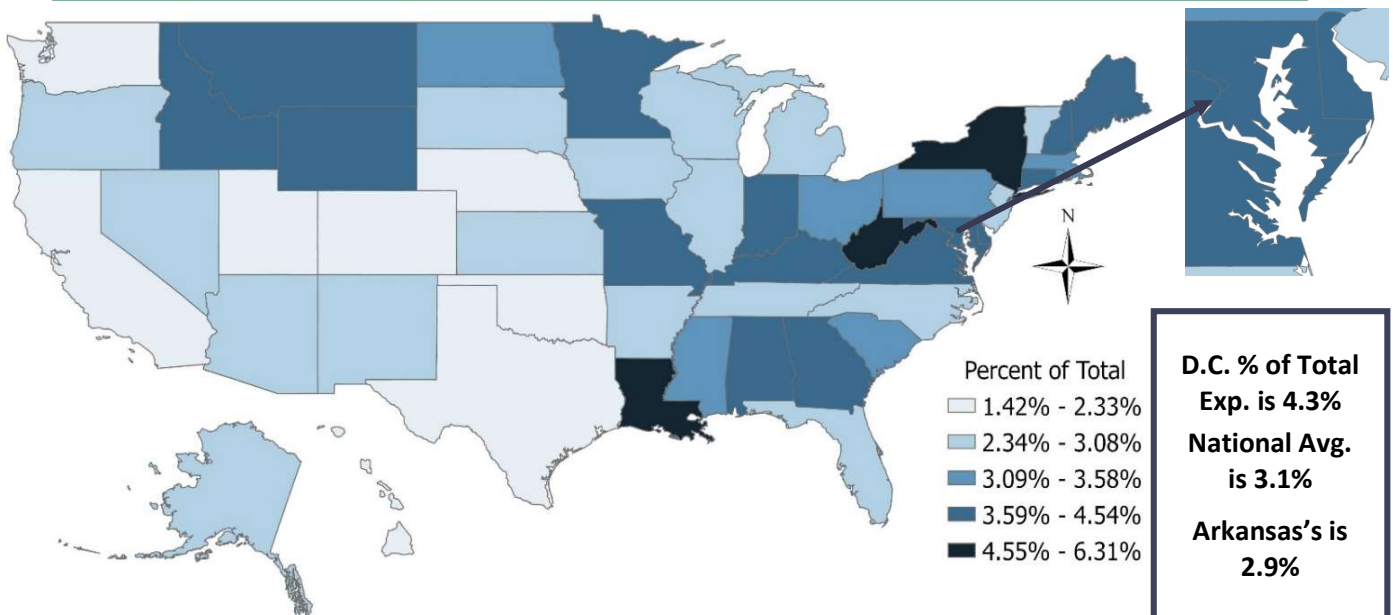
<sup>10</sup> Bellwether, page 34.

In 2014, Odden and Picus, consultants for the state of Arkansas, recommended using a transportation formula based on need rather than a flat amount per student. In their recommendation, Odden and Picus cited a study completed by BLR that estimated transportation costs based on miles driven, number of school bus riders, and the Average Daily Membership (ADM). They further indicate that basing a transportation formula on these variables would accomplish their recommendation of funding transportation based on need.<sup>11</sup> While the state has added Enhanced Transportation funding as a separate funding stream to assist districts with high transportation costs, the primary transportation funding remains as a line item in the matrix.

### National Comparison

The following map illustrates ranges of how much states and the District of Columbia spent on transportation as a percentage of total K-12 spending. Arkansas spent about 2.9% of its total K-12 expenditures on transportation expenses, as compared to the national average of 3.1%. West Virginia spent the highest percentage at 6.3%, and California spent the lowest percentage at 1.4%. Among Arkansas’s neighboring states, Louisiana spent the highest percentage at 4.8%, and Texas spent the lowest percentage at about 2%.

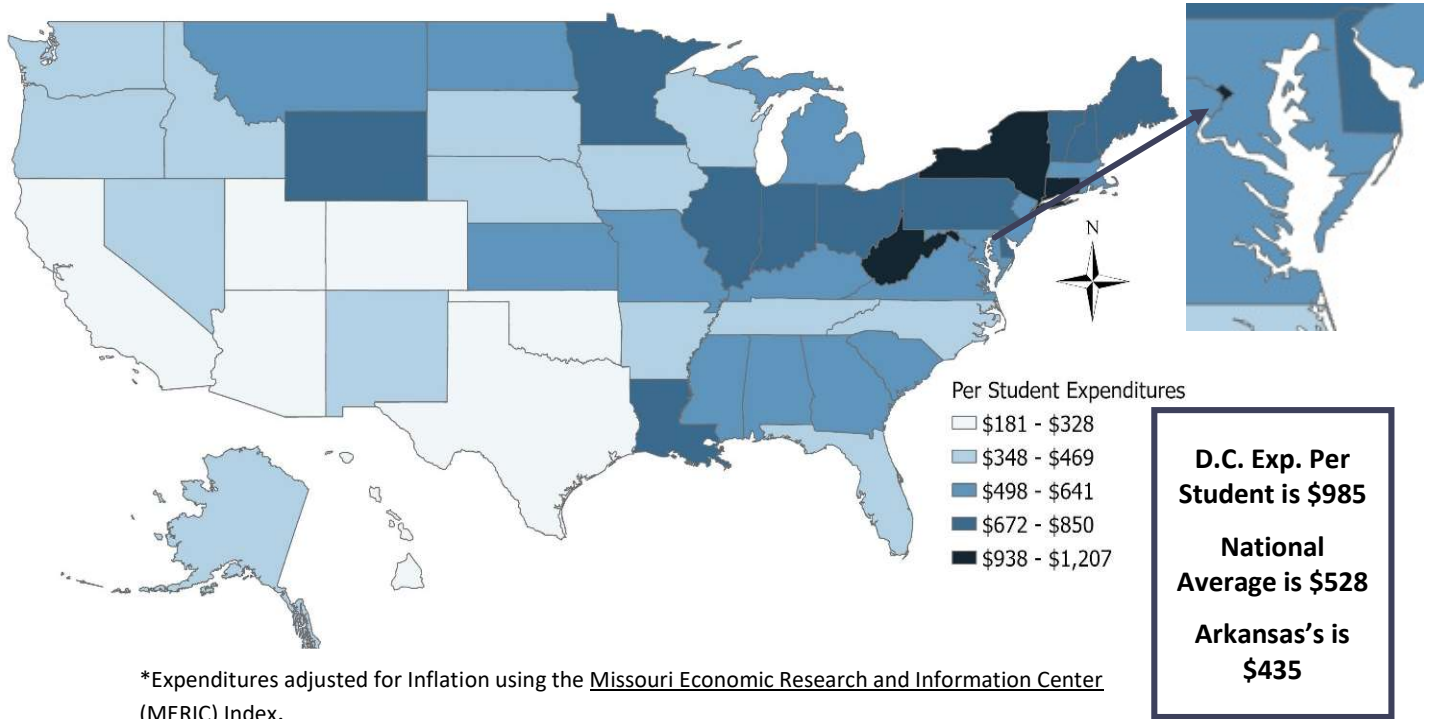
### Transportation Expenditures – Percent of Total Expenditures



The following map illustrates ranges of how much each state and the District of Columbia spent **per student** on transportation expenses when adjusted for inflation using the MERIC Inflation index. Arkansas spent \$435 per student on transportation expenses, as compared to the national average of \$528. New York spent the highest amount, \$1,206 per student, and Hawaii spent the lowest amount, \$182 per student. Among Arkansas’s neighboring states, Louisiana spent the highest amount per student, \$765, and Texas spent the lowest amount, \$314.

<sup>11</sup> Picus Odden & Associates, Desk Audit of the Arkansas School Funding Matrix and Developing An Understanding of the Potential Costs of Broadband Access for All Schools, 2014, page 68.

## Per-Student Transportation Expenditures (COLA ADJUSTED)\*



### Arkansas Educators' Input



Seventy-one percent of all superintendents said they had moderate to extreme need for more funding for transportation expenses, while 10% cited no need for additional transportation funding. District and charter system superintendents expressed different degrees of concern regarding their need for more funding with just under 77% of regular district superintendents saying they had moderate to extreme need for more funding compared to about 14% of charter system superintendents.

There were differences that emerged between districts when looking at district characteristics such as size, percentage of students eligible for free and reduced-price lunches (FRL) and percentage of students that are minorities. Fifty-three percent of the largest districts (5,001 – 25,000 students) reported they were in extreme need of additional funding for transportation as compared to only 13.3% of the smallest districts (1-350 students). Forty-three percent of the districts with the largest percentage of students eligible for FRL reported they were in extreme need of additional funding while 21.6% of those districts with the lowest percentage of FRL students reported an extreme need for additional funding. Last, 49% of districts with the lowest percentage of minority students reported an extreme need for additional funding, as compared to about 28% of districts with the highest percentage of minority students.

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## 2023 LEGISLATION

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Section 44 of **ACT 237 OF 2023**, or the “LEARNS Act,” created a Transportation Modernization Grant Program to:

- A. Improve access to transportation for students attending a public school district, an open-enrollment public charter school, or a licensed childcare center serving publicly funded students; and
- B. Support transportation innovations and efficiency solutions.<sup>12</sup>

Act 237 also outlines allowable grant purposes, including transportation resource sharing with neighboring districts or charters; rideshare programs; development of cost saving options and efficiencies and options to address personnel shortages or challenges; funding in lieu of grants given to parents; partnerships between school districts, charters, and childcare providers that accept public funds; and collaborations between districts, early childhood programs, and community partners.

According to the Department of Education, the rules for the transportation modernization grant program are being drafted. The department does not have any appropriation for grants for FY2024, but they expect to begin the initial start-up of the program and awarding of grants in FY2025.<sup>13</sup>

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<sup>12</sup> Ark. Code Ann. §6-20-2701 et seq.

<sup>13</sup> Received information via email with Department of Education Chief Fiscal Officer, Greg Rogers, January 17, 2024.

## APPENDIX A – ODDEN AND PICUS CENTRAL OFFICE ASSUMPTIONS

250-student District	500-student District	1,000-student District	2,000-student District	≥ 4,000-student District
<p>Little to no support services are provided by a county office of education or other intermediate education agency;</p> <p>Support services such as special education including OT and PT, legal services, facilities support, grounds maintenance, transportation, food services, etc., would be contracted out;</p> <p>Instructional services, human resources, curriculum and assessment, special education, and professional development would be the responsibility of the superintendent.</p>	<p>Little to no support services are provided by a county office of education or other intermediate education agency;</p> <p>Support services such as special education including OT and PT, legal services, facilities support, grounds maintenance, transportation, food services, etc., would be contracted out. However, the increase in student enrollment would necessitate the need for special educational services being provided in-house;</p> <p>Instructional services, human resources, curriculum and assessment, special education, and professional development would be the primary responsibility of the superintendent.</p>	<p>Little to no support services are provided by a county office of education or other intermediate education agency;</p> <p>Support services such as some special education including OT and PT, legal services, facilities support, grounds maintenance, transportation, food services, and so on would be contracted out. However, the continued increase in student enrollment would necessitate the need for additional support services being provided in-house both administratively and with clerical support.</p>	<p>Little or no support is provided by a county office of education;</p> <p>With the increase in enrollment, the district now has the opportunity to provide district level resources and support in-house. This includes the sharing of responsibilities across divisions to provide the support schools and employees need. The individual school sites become increasingly autonomous and the superintendent provides both the big picture and hands-on leadership throughout the district.</p>	<p>The size of the district now enables it to become a self-sufficient district.</p>