



Research Report

Executive Summary: National School Lunch Act (NSLA) Categorical Funding

Arkansas's K-12 education funding formula, referred to as the matrix, is used to determine the per-student level of foundation funding disbursed to each school district. In addition to foundation funding, districts may receive four types of categorical funding. Three of the four categorical funds are intended for student populations with higher needs than the majority of students. These special needs groups include students in poverty, students who are not proficient in the English language, and students who need the additional assistance of an alternative learning environment. The fourth categorical fund type benefits students through the provision of professional development training for teachers.

This report is about National School Lunch Act (NSLA) funding, the Arkansas categorical funding program for schools with high percentages of students in poverty. This state poverty funding program should not be confused with the federal school lunch program. The federal National School Lunch Act program is used only as the measure of poverty for the Arkansas categorical funding program. The amount of funding received by each district is determined by the number of students eligible for the free and reduced price lunch program.

Adequacy: In 2009, NSLA expenditures totaled \$144,987,178.30. There are three funding levels for each district that are based on the overall NSLA percentage in each district. These levels are shown in the following table.

NSLA Level	FY 07	Increase For FY 08	FY 08 & 09	Increase For FY 10 & 11	FY 10 & 11
>= 90%	\$1,440	\$48	\$1,488	\$0	\$1,488
70% - <90%	\$ 960	\$32	\$ 992	\$0	\$ 992
< 70%	\$ 480	\$16	\$ 496	\$0	\$ 496

*FY 09 was funded at the same rate as FY 08.

In addition to the regular NSLA funding, there are two other state related funding programs. If a district has grown at least one percent for each of the three previous years, they qualify for NSLA growth funding. NSLA growth funding of \$934,375 was distributed to 34 districts in FY2008-09. NSLA transitional adjustments are made to help a district move from one level of NSLA funding to another. Adjustments are made over a period of no more than three years with districts either gaining or losing funding until the new level is reached. While five districts gained funding totaling \$1,530,837, 14 districts lost \$2,298,842 in funding as a result of moving to a new level.

There are two additional sources of state funds that are targeted to school districts for purposes similar to those eligible with NSLA funding. The first is high priority teacher recruitment and retention funding. The other is the College Preparatory Enrichment Program part of At-Risk funding, which funds courses and testing to prepare students for college entrance exams.

There are three federal programs that provide funding to school districts based on levels of poverty or the number of disadvantaged students. The programs are Title I of the Elementary and Secondary Education Act; the 21st Century Community Learning Centers; and the Education for Homeless Children and Youth program.

Program Requirements: A.C.A. 6-20-2301 defines National School Lunch students as students from low socio-economic backgrounds as indicated by their eligibility for free or reduced-priced meals under the National School Lunch Act. Because NSLA funding is based on the prior year's enrollment data, a provision was made to provide NSLA Growth Funding for growing districts. Districts that have grown at least one percent for each of the three previous years, qualify for NSLA Growth Funding. Using a transitional formula, NSLA funding provides a "smoothing" mechanism to ease the funding changes between established break points in the levels of eligibility for the funding. The transitioning formula triggers an increase or decrease in state categorical funding.

District and School Use of NSLA Funding: The funding formula law and related Arkansas Department of Education (ADE) rules specify how NSLA funding can be used in the schools. Most districts allocate NSLA funding to both district-wide programs and individual schools. The majority of districts said they target NSLA funding to certain grade levels for additional support and provide different NSLA programs to different schools to target specific academic needs.

The following table shows a breakdown of the purposes for NSLA expenditures grouped into six categories:

	Student Academic Support	Additional Personnel	General Programs - PD & Parent Ed	Miscellaneous	Pre-K	Salaries Above Minimum
Statewide Expenditures Per Student	9.2%	57.4%	2.1%	23.1%	3.1%	5.1%

Much of the research on improving student achievement points to the necessity of providing additional learning time. NSLA funding was the mechanism originally conceived of by Picus and Associates to provide those types of opportunities with tutors, extended day, and summer programs. Picus and Associates are the consultants that the state hired to recommend a K-12 funding mechanism that would provide an adequate education to all Arkansas students.

The number of districts without tutoring, extended day, and summer programs is shown in the following table broken out by NSLA%, size and achievement level. Achievement level for this study is a weighted average of six tests combined to obtain a percentage of students scoring proficient and above for each district.

	NSLA%			Size			Achievement		
	90+	70-89	69-	< 500	500-999	1000+	22-60	60-69	70%+
% of districts with no tutoring	16%	17%	23%	26%	28%	14%	22%	25%	19%
% of districts with no extended day	53%	70%	68%	79%	66%	64%	63%	70%	67%
% of districts with no summer	11%	28%	37%	53%	40%	21%	26%	35%	34%