



Enhanced Student Achievement Categorical Funding

Enhanced Student Achievement (ESA) funding is state money provided to school districts and open enrollment charter schools to help with the educational challenges associated with having high percentages of low income students, who tend to attain lower levels of student achievement. The table below shows this achievement gap among Arkansas students taking the ACT Aspire.

| | 2017-18 % On Grade Level | |
|--------------------|--------------------------|----------------|
| | Low Income | Non-Low Income |
| English Lang. Arts | 33.6% | 62.1% |
| Math | 37.5% | 63.6% |
| Science | 30.0% | 57.2% |

The funding was originally referred to as **National School Lunch (NSL)** funding, but the name was changed by Act 1083 of 2019 to avoid its being confused with the federal National School Lunch Act. The state money was called NSL funding because it uses the federal act's eligibility criteria for free and reduced price lunches (household incomes below 185% of the federal poverty level, or \$47,638 for a family of four in 2019). About 60% of the state's K-12 public school students in Arkansas are eligible for free or reduced price lunches.

Funding Distribution

Districts receive ESA funding based on the percentage of their students who are eligible for free or reduced price lunches (FRL). The funding is based on the per-student rates shown in the table below.

| % FRL Students | FY19 Funding Rate | Districts |
|----------------|-------------------|-----------|
| < 70% | \$526 | 113 |
| 70% - 90% | \$1,051 | 112 |
| 90% > | \$1,576 | 10 |

Districts receive the funding rate for each student eligible for a free or reduced price lunch. For example, if a 1,000-student district has 800 students

who are eligible for free or reduced-price lunches (80%), the district would receive \$1,051 for each of those 800 students, or \$840,800.

In addition to the ESA funding formula, there are two other related provisions that affect the amount of funding districts and charter schools receive:

ESA transitional adjustments: Districts receive ESA transitional adjustments to ease the transition from one funding level to another. Instead of moving from one funding rate to another in a single year (for example, when a district has 69% free or reduced price lunch students in one year and 70% the next), the transitional adjustment provides a district's new funding rate in increments over three years. In 2018-19, 17 districts received a transitional adjustment. Of those, 13 transitioned to a higher rate and four transitioned to a lower rate.

ESA growth funding: Because ESA funding is based on the prior year's enrollment data, the Legislature introduced a provision in 2005 to provide additional ESA funding for growing districts. (This funding is separate from the regular student growth funding, which is another appropriation in the Public School Fund.) Districts that have grown at least one percent each of the last three years qualify for ESA growth funding. A total of about \$315,000 in ESA growth funding was provided to 14 districts and two charter schools in 2018-19.

ESA Matching Grant

Beginning with the 2017-18 school year, the General Assembly began providing a new type of ESA funding, ESA matching grants. This funding program provided \$4.3 million in matching funds to districts that, in the previous year, spent their ESA funding on three types of programs: tutoring services, pre-K programs and before- and after-school programs. In 2018-19, 166 districts and charter schools received ESA matching grant funds.

The following table shows the total ESA funding districts and charter schools received in 2018-19.

| 2018-19 | Districts and Charters |
|--------------------------------------|------------------------|
| ESA Funding (with transitional adj.) | \$229.1 million |
| ESA Growth | \$0.3 million |
| ESA Matching Grant | \$4.3 million |
| Total | \$233.7 million |

Funding Uses

Unlike the per-pupil foundation funding, ESA funding is considered restricted, meaning districts can spend the dollars only for certain activities. State law lists a number of approved uses and allows the State Board of Education to establish additional approved uses. Districts may use the funding to pay for classroom teachers (under certain circumstances), instructional facilitators, tutors, counselors, social workers, nurses, summer programs, before- or after-school programs or to extend the school year, among a variety of other types of uses. There are more than 20 approved uses in statute and another six (depending on how one counts them) established by the Board. The following table shows the five allowable uses on which districts collectively spent the highest percentage of ESA funding in 2018-19 (the most recent year for which finalized data is available).

| Use | % of All ESA Exp. |
|--|-------------------|
| Activities not specified by law or rule, but approved by the state Department of Education | 17.6% |
| Instructional facilitators | 16.6% |
| Transfers to other funds | 12.9% |
| Counselors, social workers and nurses | 10.3% |
| School improvement plan | 9% |