

MEETING SUMMARY
JOINT MEETING
OF THE
HOUSE AND SENATE INTERIM COMMITTEES ON EDUCATION

ADEQUACY

Monday, March 26, 2018

1:30 P.M.

**Room 171, State Capitol
Little Rock, Arkansas**

Representative Bruce Cozart, the Chair of the House Interim Committee on Education, called the meeting to order at 1:30 p.m.

MEMBERS OF THE SENATE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE: Senator Jane English, Chair; Senator Joyce Elliott, Vice Chair; Senator Linda Chesterfield; Senator Alan Clark; Senator Jim Hendren; Senator Blake Johnson; and Senator Uvalde Lindsey.

MEMBERS OF THE HOUSE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE: Representative Bruce Cozart, Chair; Representative Charlotte V. Douglas, Vice Chair; Representative Sonia Eubanks Barker; Representative Rick Beck; Representative Gary Deffenbaugh; Representative Jana Della Rosa; Representative Jon S. Eubanks; Representative Mark Lowery; Representative Mark D. McElroy; Representative Stephen Meeks; and Representative DeAnn Vaught.

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: Senator Jonathan Dismang; Senator Trent Garner; Representative Fred Allen; Representative Bob Ballinger; Representative Scott Baltz; Representative Jim Dotson; Representative Kenneth B. Ferguson; Representative Charlene Fite; Representative Vivian Flowers; Representative Jimmy Gazaway; Representative Ken Henderson; Representative Steve Hollowell; Representative Lane Jean; Representative Roger D. Lynch; Representative Austin McCollum; Representative Reginald Murdock; Representative Johnny Rye; Representative Brandt Smith; and Representative Carlton Wing.

Minutes:

Without objection, the minutes of January 22, 2018, and January 23, 2018, were approved as written.

Exhibits:

Exhibit C1 – 01/22/2018 Minutes

Exhibit C2 – 01/23/2018 Minutes

The Honorable Rick C. Beck, State Representative, District 65, was recognized, and introduced **Ms. Carolyn Hopkins**, a junior at Morrilton High School, who was his shadow for the day at the Capitol.

Representative Cozart recognized **Ms. Lori Bowen**, Senior Legislative Analyst, who has moved from the Fiscal Division to the Research Division of the Bureau of Legislative Research. Ms. Bowen will be working on assignments pertinent to education.

Review of Division of Legislative Audit Report, "Department of Education Grants Summarized by the Division of Legislative Audit for the Year Ended June 30, 2017"

Presenter:

Mr. Joey Buddenberg, CPA, Supervising Senior Auditor, Division of Legislative Audit, was recognized. Mr. Buddenberg briefly discussed the Department of Education Grants Report which provides a summary of data contained in the Arkansas Administrative Statewide Information System (AASIS), and gives an overview of education grant funds disbursed to school districts and other entities.

Issues Included in the Discussion:

- clarification that information contained in the report has not been audited, and
- clarification that all grant recipients are contained in the report.

Handouts:

ADE Grants Report
ADE Grants Report for the Year Ended June 30, 2017

Discussion of Issues Related to the Allocation of District-level Resources by School Districts

Presenter:

Ms. Nell Smith, Administrator, Policy Analysis and Research Section, Bureau of Legislative Research, was recognized. At the request of the Chairs, Ms. Smith briefly explained how she uses the Department of Education Grants Report, discussed in the previous presentation. She continued with a presentation of the report, *The Resource Allocation of Foundation Funding for Arkansas School Districts and Open-Enrollment Charter Schools, District-Level Resources*. She noted that foundation funding is the main source of state funding that school districts and charter schools receive. She stated the purpose of this statutorily required report is to compare the amount of foundation funding school districts receive and ways that funding is spent. She clarified that school districts have other funding sources that can be used to pay for items for which foundation funding is intended. Ms. Smith said this resource allocation analysis had previously been presented in one report; however, this year the analysis has been separated into three reports. Initially, Ms. Smith reviewed foundation funding and the Matrix, including the legislative history of the Matrix. Utilizing tables and pie, bar, and line charts, she continued with a review of district-level resource line items in the Matrix: Operations and Maintenance, Central Office, and Transportation. Ms. Smith concluded with a discussion of responses from a survey of all 235 school districts conducted by the Bureau of Legislative Research (BLR) as part of the 2018 Adequacy Study, and a comparison of Arkansas's per-pupil expenditures to that of other states.

Issues Included in the Discussion:

- age of buildings in smaller, high poverty districts vs. economies of scale driving costs,
- funding level for school districts with under 500 students,
- "we don't fund schools, we fund students,"
- following recommendations for transportation funding,
- comparisons with Southern Regional Education Board (SREB) states,
- creating expenditure charts for individual charter schools by name,
- list of states showing ranking of per student expenditures in all categories, and
- dispersal of transportation foundation funding overage.

Mr. Johnny Key, Commissioner, Arkansas Department of Education, was recognized. At the request of Representative Cozart, Commissioner Key addressed the Committees on the history behind funding levels for school districts.

Discussion of Issues (continued):

- addressing exceptions to funding levels for school districts, *e.g.*, geographic locations,
- school districts failing because funding level is not the same,
- coming to an agreement with regard to size of schools,
- dealing with the political reality of education as well as the fiscal impact of education, and
- remembering these conversations in the 2019 General Session in order to move forward with funding a study.

Handouts:

Statutory Responsibilities

The Resource Allocation of Foundation Funding for Arkansas School Districts and Open-Enrollment Charter Schools, District-Level Resources, Research Report

Discussion of Issues Related to Student Transportation

Presenter:

Mr. Richard Wilson, Assistant Director, Research Services, Bureau of Legislative Research, was recognized. Mr. Wilson stated the funding model for Transportation in the Matrix has been updated using data from FY2017. He discussed the Transportation line item in the Matrix, which has been kept at \$321.20 per ADM for the last three years. He said there is a disparity in transportation costs among districts, with some districts having higher costs, some lower costs, and some adding funds from other sources. He said this is what creates the controversy surrounding this line item. Mr. Wilson continued with a discussion of the history of school transportation funding, citing nine pertinent legislative Acts enacted between 1947–2005; the Arkansas Recalibration Report from Odden and Picus; Act 624 of 2007 which provided BLR with direct read and report only access to ADE's data warehouse concerning school districts and related records; and Transportation Variables, both dependent and independent variables. He discussed the analysis process and explained the results of the analysis. Mr. Wilson concluded his presentation with a discussion of a scatter graph, Prediction Line of Transportation Costs on District ADM.

Issues Included in the Discussion:

- differences between city route miles and rural route miles,
- effect of loss of desegregation dollars for transportation costs on the Pulaski County school districts,
- variability in figuring transportation costs for urban and rural districts,
- effect of school district expansion on transportation costs,
- removal of activity miles and costs from the analysis, and
- characterization of funding transportation by ADM.

PowerPoint Presentation:

K-12 Funding Analysis 2017

Handout:

K-12 Funding Analysis 2017

Discussion of Issues Related to Isolated Funding

Presenter:

Ms. Julie Holt, Legislative Analyst, Policy Analysis and Research Section, Bureau of Legislative Research, was recognized. Utilizing a PowerPoint presentation, Ms. Holt gave an overview of Isolated Funding, including Definition; Significance; Funding Stream; Types of Isolated Funding--Isolated, Special Needs Isolated, and

Special Needs Isolated – Transportation. She also discussed pertinent findings from the 2018 Adequacy Study survey; Districts Funded; Expenditures; Characteristics of Isolated Districts; and Characteristics of Students in Isolated Districts.

PowerPoint Presentation:

Isolated Funding Expenditures

Handouts:

Isolated and Special Needs Isolated Funding and Expenditures, Research Report

Isolated Funding Expenditures, Bureau Brief

The Honorable Alan Clark, State Senator, District 13, was recognized. Senator Clark stated that the topic of discussion at the Education Caucus in April would be school improvement.

Next Scheduled Meetings:

Tuesday, March 27, 2018 at 9:00 a.m. in Room 207, State Capitol, Little Rock (*Legislative Task Force on Workforce Education Excellence*)

Monday, April 23, 2018 at 12:00 Noon in Room 272, State Capitol, Little Rock (*Education Caucus*)

Monday, April 23, 2018 at 1:30 p.m. in Room 171, State Capitol, Little Rock (*Joint Education*)

Tuesday, April 24, 2018 at 9:00 a.m. in Room 171, State Capitol, Little Rock (*Joint Education/Adequacy*)

Adjournment:

The meeting adjourned at 3:34 p.m.