

AN EVIDENCED-BASED APPROACH TO SCHOOL FINANCE ADEQUACY IN ARKANSAS

EXECUTIVE SUMMARY

This report prepared by the Arkansas Joint Legislative Committee on Educational Adequacy represents an important step in developing the specifications to provide adequate resources for all public elementary, middle and high schools in Arkansas. The proposals contained herein draw from research, best practices and a synthesis of findings from recent professional judgment panels in five states around the country. Over the past six months, the Joint Committee has engaged in a comprehensive process culminating in these recommendations. The recommendations have evolved from:

- a. Four meetings of the Joint Committee on Educational Adequacy, one in April and three in May, each focused on discussing the April 7 version of this report.
- b. The recommendations of two Professional Judgment Panels, comprising a total of 70 Arkansas education leaders, who met for a two-day period in June.
- c. A three day meeting of the Joint Committee on July 14, 15 and 16, 2003, at which it reviewed the original report, the recommendations of the state's Professional Judgment Panels, and proposals for a performance pay system for teachers, including proposed salary increases but through a Knowledge and Skills-Based Single Salary Schedule.
- d. A two day meeting of the Joint Committee on August 18 and 19, 2003 at which these final recommendations and cost estimates were approved along

with the outline of a funding formula to distribute resources to school districts in Arkansas.

At its meeting on August 18 and 19, 2003, the Joint Committee on Educational Adequacy approved an educational adequacy funding plan focused on accountability for student performance, performance pay for teachers, program restructuring at all levels, improved instructional practice and significant resource reallocation. If fully implemented this plan will make Arkansas a leader in the educational reform movement, and more importantly will dramatically improve student performance across the state. Five themes underscore all of the recommendations made by the committee:

1. Providing adequate funding
2. Closing the achievement gap
3. Insuring accountability for results, including performance pay for teachers
4. Emphasis on early intervention
5. All proposals are evidence based using research on what works

Specific recommendations made by the committee are described below.

The Evidence Based “Matrix” (\$224.6 million)¹

Central to the Joint Committee’s discussions has been the matrix describing the resources needed to provide an adequate education (See Table E.1). All educational initiatives included in the recommendations, and their funding, are **backed by research evidence on their effectiveness**. Every Committee recommendation is supported by evidence that

¹ Note that this figure does not include salary increases for teachers of \$45 million to pay for increasing the length of teacher contracts by five days. That amount is included in the teacher compensation section below.

each will have an impact on student performance. Among the most important changes in the way schools would be organized are:

- A pupil/teacher ratio of 1 to 15 for grades K-3, and a pupil teacher ratio of 1 to 25 for all other grades. While the numbers were estimated for prototypical schools of 500 students, the number of teachers at each school was prorated based on the actual enrollment of the school. As a result, there is no “subsidy” to small schools or small school districts.
- Additional teachers equal to 20 percent of the number generated above to provide for enrichment programs for students, and planning time for teachers.
- Availability of instructional facilitators at each school to help teacher improve instruction using methods that research shows will lead to improvements in learning.
- Additional staff members provided to schools with high concentrations of poverty. Personnel identified as tutors and as pupil support personnel are added to a school’s faculty for each 100 children qualifying for free and reduced price lunch – with a minimum of one of each at each school in the state. In addition, each 100 children identified as English Language Learners generate an additional 0.40 FTE tutor/teacher. These individuals’ specific responsibilities can be established to meet the individual needs of the schools where they are employed.
- Adequate staff to meet the needs of children with mild and moderate disabilities
- A “catastrophic” funding program to provide special education to children with severe disabilities.
- Elimination of instructional aide and assistant principal positions.

- Additional funding for:
 - Professional development
 - Technology
 - Instructional materials
 - Supervisory aides.

In general, the staffing ratios used in the model are expected to be implemented by school districts across the state, although the committee recognized that some districts may be able to succeed with different resource allocation strategies and believed that some flexibility in the use of personnel should be allowed. This flexibility would be contingent on continued improvement in student outcomes as measured through the state's accountability system.

To implement the effective school models on which the cost figures are calculated, most schools will need to restructure their academic programs, strengthen their core academic courses, and reallocate all resources – both old and new – to a more effective, school wide educational program.

Teacher Compensation (total increase of \$356 million)²

Central to the adequacy funding plan are substantial increases in teacher salaries, including a performance based pay system that would base salary increases on a teacher demonstrating mastery of instructional skills that lead to an increase in student achievement, rather than years of experience. The components of this increase are:

² Note that includes \$45 million in salary increases for increasing the length of teacher contracts by five days. Although part of the matrix, the cost is reported with other teacher compensation here.

\$183 million for a 10 percent salary increase for teachers. This increase would bring teacher salary levels in Arkansas up to market levels for teacher pay in the surrounding southern states. In exchange for this dramatic increase, a performance based pay system that rewards teachers for what they know and can do will be put in place. Once implemented, future large increases in salary will only be available to teachers who demonstrate growth in the knowledge and skills research shows leads to improved student performance.

\$94 million (the equivalent of a 5 percent salary increase) for “adders” to the salary formula. These adders would be used to provide additional salary funds:

- To attract teachers to less desirable geographic areas of the state
- To provide additional salary for teachers in subject areas where there currently are shortages of qualified teachers
- To provide additional salary for teachers with advanced graduate degrees

\$45 million to pay to extend all teacher contracts for five days to provide additional time for high quality professional development programs. Note that in this increase in teacher pay is necessary to fully implement the matrix, but is included as with other changes in teacher compensation for clarity.

\$30 million for a performance bonus pay system that would enable all teachers in a school to earn annual bonuses if as a faculty they boosted student achievement from the previous year.

\$4 million to establish an appraisal system to implement these recommendations in a fair and impartial manner.

Under this new pay system teachers would be paid individually for their knowledge, skills, and instructional expertise, and paid collectively for improving student achievement towards state performance goals.

Early Childhood Education (\$100 million)

To enhance the chances of all students moving through high school successfully, the Committee's program focused on **improving schooling in the years before high school**. The Committee's recommendations include **expanded preschool programs** for all students age 3 and 4 from families with an income at 200 percent above the poverty level or below. Research shows that combined with the **reduced class sizes in grades K-3** both strategies have substantial short and long-term positive impacts on student performance. Preschool is known to provide an \$8.00-\$10.00 return for each dollar spent.

Funding Formula (\$167.7 million property tax transfer)

To distribute funds to school districts the Joint Committee recommended creation of a needs based funding formula. This formula provides each school district with an adequate level of funding to fully implement the matrix and increase teacher salaries at the constitutionally required tax rate of 25 mills.

Once the level of funding a district should receive is determined, state aid to that district is computed by subtracting from that total the amount of revenue raised with a uniform 25 mill tax rate in that district. If no action is taken to increase property taxes,

then to fully fund the program, the state will have to provide approximately \$167.7 million more to school districts to fully fund the recommended program. Alternatively, the state could increase property tax receipts through an increase in the uniform millage rate, or by increasing the assessment ratio from 20 percent to 25 percent of actual value.

At the present time, the committee has not taken action on the use of district incentive millages. Under this model, if allowed, the incentive mills would provide funding above the adequacy level defined herein. Among the options the Legislature could consider include:

- Allowing districts to levy incentive mills as they see fit (and their voters approve) without regard to how much is raised – which provides wealthy districts with a funding advantage. This advantage may not be as much of a concern if all districts receive funding for a truly adequate system.
- Allow districts to levy incentive mills but equalize them up to a certain level through power equalization. This would give each district equal access to funding per mill up to the established cap, but would increase the cost to the state.
- Determine that the adequacy level is enough and not allow districts to raise more money through incentive mills.

Final Points

The Committee's **effective school models**, which determine the large part of the price tag, are **focused on dramatically improving instruction**, both through their professional development elements and their performance pay structure. This focus is

important, as it is improved classroom instruction that largely produces improved student academic achievement -- the goal of an adequate education system.

It should be remembered that while the consultants have helped the Committee shape these recommendations; the final recommendations are those of the Committee and not the consultants. Further, early in its deliberations, the Committee itself adopted a definition of educational adequacy that included the current accountability standards of 38 courses in the high school, the state's curriculum frameworks, and the state's testing system including the proficiency levels for student performance. The consultants developed recommendations for funding this definition of educational adequacy. The consultants have also pointed out that it is the state's responsibility, via a solidly enforced accountability system, to ensure high quality courses that are taught by highly qualified teachers. The Committee's model establishes a system that will allow schools to put quality teachers in core instructional courses that will lead to improved learning.

The matrix that accompanies this report (Table E.1) describes the resources necessary to provide an educational program that the Committee believes will meet the Court's requirements for providing an adequate education for all Arkansas school children. During its meeting on August 19, it adopted the following motion regarding the mandating of the program described by that matrix:

The top two items contained in the matrix are mandatory with the exception of class size which shall not be considered mandatory. That the State Board of Education shall develop rules for granting waivers for class size. Such rules shall require that waivers be granted based on the percentage of students scoring at or above proficient on state benchmark exams collectively across all grade levels for which benchmark exams are administered across all grades in the school or percentage gains in achievement on state benchmark exams for the school as a whole.

That the percentage levels of students scoring at or above proficient and the percentage of gains necessary to qualify for a waiver shall be developed by the State Board of Education.

Nothing in this motion shall be construed to override rules governing Standards for Accreditation of Arkansas Public Schools.

Any money freed up by class size waivers shall be expended on teachers or support for classroom instruction.

The Committee recognizes that the definition of educational adequacy is a dynamic, not a static concept and that as research into effective educational practices continues to improve our knowledge of how children learn and what programs and methods work best, the kinds and type of resources specified in the matrix may change in response to that knowledge.

The Committee strongly supports the recommendations contained in this report and urges adoption of these recommendations along with appropriations to fund them completely. We recognize the \$847.3 million cost of the programs contained in these recommendations may require a greater tax effort than can be financed in one year. Therefore we recommend development of a plan to phase in this program over a period not to exceed two bienniums. At the same time we recognize that over time the costs of these programs will increase as a result of inflation and the need to further increase teacher salaries to remain competitive within our region. These additional costs must be included in the phase-in plan.

Table E.1
Recommendations for Adequate Resources for
Prototypical Arkansas Elementary, Middle and High Schools¹

School Element	Elementary Schools	Middle Schools	High Schools
School Characteristics			
School configuration	K-5	6-8	9-12
Prototypic school size	500	500	500
Class size	K-3: 15 4-5: 25	6-8: 25	9-12: 25 Maximum of 150 students per semester
Full-day kindergarten	Yes	NA	NA
Pre-school	Yes, 1 Teacher and 1 Teacher Assistant for every 20 children, aged 3 or 4 from a family with income of 200% of poverty or below	NA	NA
Length of teacher work year	190 day teacher contract, so an increase of 5 days	190 day teacher contract, so an increase of 5 days	190 day teacher contract, so an increase of 5 days
% Disabled	13.1 %	13.1 %	13.1 %
% Poverty (free & reduced lunch)	47.4 %	47.4 %	47.4 %
% ELL	3.86 %	3.86 %	3.86 %
% Minority	28.8 %	28.8 %	28.8 %
Personnel Resources			
Principal	1	1	1
Instructional Facilitators/Mentors	2.5	2.5	2.5
Teachers	29	20	20
Specialist teachers	20% more: 6	20% more: 4	20% more: 4
Instructional aides	0	0	0
Teachers for struggling students	1/each 20% poverty or one for every 100 poverty students: 2.5	1/each 20% poverty or one for every 100 poverty students: 2.5	1/each 20% poverty or one for every 100 poverty students: 2.5
Teachers for ELL students	An additional 0.4 teachers for every 100 ELL/LEP students who are also from a poverty family	An additional 0.4 teachers for every 100 ELL/LEP students who are also from a poverty family	An additional 0.4 teachers for every 100 ELL/LEP students who are also from a poverty family

Table E.1 (Continued)
Recommendations for Adequate Resources for
Prototypical Arkansas Elementary, Middle and High Schools

School Element	Elementary Schools	Middle Schools	High Schools
School Characteristics			
Alternative Learning Environment	1 Teacher for every 20 ALE students	1 Teacher for every 20 ALE students	1 Teacher for every 20 ALE students
Teachers for students with moderate disabilities/speech/hearing	2.9	2.9	2.9
Severe Disabilities	Keep current Catastrophic Program but reduce expenditure threshold to the base allocation. Also deduct Federal Title VI (b) funds in calculating catastrophic aid.	Keep current Catastrophic Program but reduce expenditure threshold to the base allocation. Also deduct Federal Title VI (b) funds in calculating catastrophic aid.	Keep current Catastrophic Program but reduce expenditure threshold to the base allocation. Also deduct Federal Title VI (b) funds in calculating catastrophic aid.
Teachers for gifted students	Retain current standards, expenditure requirements and monitoring.	Retain current standards, expenditure requirements and monitoring.	Retain current standards, expenditure requirements and monitoring.
Aides for categorical students	0	0	0
Pupil support staff	1/each 20% poverty, or 1 for every 100 poverty students: 2.5	1 for every 100 poverty students plus 1.0 guidance 3.5 total	1 for every 100 poverty students plus 2.0 guidance 4.5 total
Librarians/media specialists	0; included with specialist teachers	1.0	1.5
Technology resource teachers	Included in Instructional Facilitators	Included in Instructional Facilitators	Included in Instructional Facilitators
Substitutes	10 days per teacher	10 days per teacher	10 days per teacher
Dollar per Pupil Resources			
Professional development	Included above: Instructional facilitators Planning & prep time 10 summer days Additional: \$50/pupil for other PD expenses – trainers, conferences, travel, etc.	Included above: Instructional facilitators Planning & prep time 10 summer days Additional: \$50/pupil for other PD expenses – trainers, conferences, travel, etc.	Included above: Instructional facilitators Planning & prep time 10 summer days Additional: \$50/pupil for other PD expenses – trainers, conferences, travel, etc.
Technology	\$250/pupil	\$250/pupil	\$250/pupil

Table E.1 (Continued)
Recommendations for Adequate Resources for
Prototypical Arkansas Elementary, Middle and High Schools

School Element	Elementary Schools	Middle Schools	High Schools
School Characteristics			
Instructional materials, equipment, student activities	\$250/pupil	\$250/pupil	\$250/pupil
Extra duty funds	NA	\$60/pupil	\$120/pupil
Funds for Supervisory Aides (lunch, playground, buses)	\$35/pupil	\$35/pupil	\$35/pupil

¹ The Committee recognizes that the definition of educational adequacy is a dynamic, not a static concept and that as research into effective educational practices continues to improve our knowledge of how children learn and what programs and methods work best, the kinds and type of resources specified in the matrix may change in response to that knowledge.

Teacher Salaries: Include an 18 percent salary increase for teachers that includes: 3 percent to increase teacher contracts by five days a year; 10 percent to bring salaries to a level that is competitive with the market in the six surrounding states through a new Knowledge and Skills-Based Single Salary Schedule; and 5 percent for “adders” to provide additional funding for geographically undesirable areas, subject areas where there are teacher shortages and for advanced educational degrees. In addition the model calls for a \$30 million school-based bonus program designed around improvements in student performance.

The importance of transforming the adequate resources identified above into powerful and effective instructional strategies that boost student achievement can not be overstated. If the resources identified above are to have more than just marginal impacts on student learning, schools need to:

1. Use the dollars to purchase and implement effective curriculum programs in all content areas.
2. Help principals organize schools so they have the instructional leadership research shows is so important to successful learning.

3. Develop leadership to help teachers create a professional school culture that focuses on continuously improving the instructional program and have teachers take responsibility for the impacts of their instruction practice.
4. An intensive and effective professional development program needs to operate in ways to continually improve the instructional program.

The resources described above are necessary for these actions to take place. The above adequate resources plus the performance pay program recommended in the accompanying report and these leadership actions include the necessary and sufficient conditions for having schools teach Arkansas students to its rigorous performance standards.