



Research Report

State Categorical Funding Review Alternative Learning Environments (ALE)

November 29, 2017

Prepared for

**THE HOUSE INTERIM COMMITTEE ON EDUCATION
AND THE SENATE INTERIM COMMITTEE ON EDUCATION**



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INTRODUCTION

Education in Arkansas is largely funded on a per-student basis through foundation funding, meaning each school district receives a set amount of money per student based on the previous year's enrollment. Because some students face challenges that make them more difficult to educate, Arkansas supplements foundation funding with three types of categorical funding. (An additional set of categorical funding supports professional development for educators.) The categorical funds intended to support students include money for:

- 1) English language learners,
- 2) students from economically disadvantaged households and
- 3) students who do not learn well in a traditional classroom environment.

This latter type of funding is to provide alternative learning environments for those students, and it is often called ALE funding. This report focuses on alternative learning environments in Arkansas public schools and the funding the state dedicates to them.

ALE: HISTORICAL AND NATIONAL CONTEXT

Alternative learning for subsets of students dates back to the mid-20th century, though it looked much different than what we think of as alternative learning today.

That's not terribly surprising considering how the educational landscape has changed for U.S. public schools in the last 60 to 70 years. After all, in the early 1960s, classrooms, particularly in the South, still tended to be fairly homogenous. Though the U.S. Supreme Court's *Brown* decision had been in effect since 1954, many school districts remained for the most part segregated.¹ What's more, passage of the 1975 federal Individuals with Disabilities Education Act (IDEA) was a decade away, so special education students were seldom mainstreamed into public school classrooms. In addition, the population of English language learners grew significantly in the decades following passage of the Immigration and Nationality Act of 1965 and subsequent immigration legislation.²

Alternative education was completely different, too. During the 1960s, two types of schools – Freedom Schools to provide high quality education to minorities and Free Schools to allow children to be free, learn without restriction and focus on individual achievement, happiness and fulfillment³ – represented the main genres of alternative education at the time.

Over the next decades, however, demographic and legal changes created classrooms that grew much more diverse in terms of race and ethnicity, English language acquisition and learning and functioning capabilities. Meanwhile, the structure of education remained much the same with an emphasis on Carnegie units ("seat time" for each subject) and teacher-led lessons.⁴ The combination of these factors no doubt made the task of reaching and teaching each student in a classroom much more complex and challenging. It's little wonder, then, that the definition of alternative learning environments morphed into one that addresses those children who do not thrive in a regular classroom setting and are therefore at risk for dropping out of school.

¹ "School Reform: Past, Present and Future," S.H. Iorio, Ph.D. Dean, College of Education, Wichita State University, 2011, retrieved at <http://webs.wichita.edu/depttools/depttoolsmemberfiles/COEdDEAN/School%20Reform%20Past%20Present%20and%20Future.pdf>.

² "Timeline: Marking Demographic Changes in Schools," Education Week, Aug. 19, 2014, retrieved at <http://www.edweek.org/ew/section/multimedia/timeline-demographic-changes-in-schools.html>.

³ "Alternative Educational Settings" by Sandra Hughes-Hassell, Knowledge Quest / Nontraditional Settings, September/October 2008.

⁴ "School Reform: Past, Present and Future."

The current definition of alternative learning used by the U.S. Department of Education's National Center for Educational Statistics, in fact, is "a public elementary/secondary school that addresses needs of students that typically cannot be met in a regular school, provides nontraditional education, serves as an adjunct to a regular school, or falls outside the categories of regular, special or vocational education."⁵ The National Center for Education Statistics elaborates that students at risk of educational failure are those "as indicated by poor grades, truancy, disruptive behavior, pregnancy, or similar factors associated with temporary or permanent withdrawal from school."⁶

The focus on at-risk students is the defining factor for most of the 43 states and the District of Columbia with statutorily described alternative education, all of which embody their own definition.⁷ Yet, while the target population and overall goals are similar, alternative learning environments encompass myriad forms. Various researchers list everything from prison and hospital schools to virtual and language immersion schools.⁸

Researcher Mary Ann Raywid in 1994 developed a classification structure for the United States' alternative education programs:⁹

- **Type I** – Schools students chose to attend (magnet schools, for example) that emphasized innovative programs and strategies
- **Type II** – Often known as last-chance schools as students are typically sent to them as a last step before expulsion or detention
- **Type III** – Schools that are remedial and therapeutic in nature

Raywid redefined this framework in 1998, again including three types of schools and programs:¹⁰

1. **Change the student** – programs that attempt to fix the student. They are often highly structured and contain therapeutic components.
2. **Change the school** – innovative schools that focus on changing the curriculum and the instructional approach with an emphasis on a positive school climate.
3. **Change the educational system** – these are movements to change the entire educational system. Examples are the small-school and school-within-a-school movements.

(One might now add the move toward student-focused or personalized learning to the third type because of the approach's similarities to the methods and goals of alternative education programs.)

According to a 2014 report on exemplary practices published by the National Alternative Education Association, "[n]ontraditional and alternative education delivers innovative 21st Century approaches to teaching and learning which provide students with the opportunity to meet graduation requirements, engage in college and career readiness, and participate as productive members of their communities."¹¹

⁵ "How Do States Define Alternative Education?" by A. Porowski, R. O'Conner and J.L. Luo, National Center of Education Evaluation and Regional Assistance, Institute of Education Sciences, U.S. Department of Education, September 2014.

⁶ "How Do States Define Alternative Education?"

⁷ "How Do States Define Alternative Education?"

⁸ "Critical Analysis of Accountability Policy in Alternative Schools: Implications for School Leaders" by Lynn M. Hemmer, Journal of Educational Administration, January 2013.

⁹ "An Examination of School Climate in Effective Alternative Programs" by M.M. Quinn, J.M. Poirier, S.E. Faller, R.A. Gable and S.W. Tonelson, Preventing School Failure, Fall 2006.

¹⁰ "An Examination of School Climate in Effective Alternative Programs."

¹¹ "Exemplary Practices 2.0: Standards of Quality and Program Evaluation 2014," National Alternative Education Association, 2014.

ALE IN ARKANSAS

POLICY BACKGROUND

As part of its series of education reforms in response to the Arkansas Supreme Court's 2002 Lake View decision, in which the court declared the state's education funding system to be unconstitutional, the General Assembly passed legislation to provide funding that addressed issues of adequacy and equity in Arkansas's education system. One of those pieces of legislation provided funds for alternative learning environments through Act 59 of the Second Extraordinary Session of 2003. Now codified at §6-20-2305(b)(2)(A), ALE funding is to help cover the additional costs involved "to eliminate traditional barriers to learning for students."¹²

Act 59 set an initial level of ALE funding at \$3,250 per ALE student to support a teacher-pupil ratio of 1 to 15 for ALE students. That same year, the General Assembly appropriated nearly \$16 million for ALE funding, increasing the existing \$3 million annual appropriation for alternative education to almost \$19 million.

Act 59 also called for the Arkansas Department of Education (ADE) to promulgate rules to determine how ALE funding should be distributed as well as how students should be identified for ALE participation. These will be discussed more fully in the sections below.

ALE funding is now set at \$4,640 per full-time equivalent student (FTE), per Act 743 of 2017, and will be so for each school year of the 2017-19 biennium. (FTEs are calculated based on students who have attended 20 or more consecutive days of ALE programming.) Act 1044 of 2017 appropriated \$26,394,317 for ALE in FY 2018.

ALE STUDENTS

ADE's Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds specify the 12 behaviors or situations for which a student can be identified for an alternative learning environment. Placement in alternative learning cannot be based solely on academic problems (§4.02). Instead, a student can be recommended for alternative learning if he or she meets two or more of the following:

- Ongoing, persistent lack of attaining proficiency levels in literacy and math (*Students cannot be placed in an ALE program for academic problems alone.*)
- Abuse: physical, mental, or sexual
- Frequent relocation of residency
- Homelessness
- Inadequate emotional support
- Mental/physical health problems
- Pregnancy
- Single parenting
- Personal or family problems or situations
- Recurring absenteeism
- Dropping out of school
- Disruptive behavior

¹² Act 59 of 2003.

Students who meet two or more of the above criteria may be placed in an alternative learning environment only on the recommendation of an Alternative Education Placement Team, which must include the school counselor from the referring school, the building principal or assistant principal from the referring school, one or more of the student's regular classroom teachers, a special education or 504 representative (if applicable), the student's parents or guardians if they choose to participate, an ALE administrator and/or teacher, and, if the school district decides, the student.¹³

Upon entry into ALE, the Placement Team is to assess each student's current functioning abilities as well as all relevant social, emotional, academic, career and behavioral information to develop a Student Action Plan. Each plan addresses the specific services to be provided to the student, the goals and objectives the student must meet to return to the regular educational environment and specific exit criteria. Before a student returns to the regular educational environment, the Placement Team is to develop a transition or positive behavioral plan to support the move back to the regular classroom. (Rules §§4.12.4 – 4.02.6)

The Department of Education recommends that districts identify no more than 2% to 3% of its students for alternative learning environments, and even sends letters to those districts that have exceeded the 3% mark. The exception is smaller school districts, which can identify up to 15 FTE ALE students in order to have enough funding to support a full-time ALE teacher.¹⁴

Schools receive funding full-time equivalent students (FTEs). Except for a few years, FTEs have included only those students who are in the alternative learning environment for 20 consecutive days. (For a brief period, the law was changed to 20 days total, but was changed back to consecutive days in 2011 by Act 1118.) While some students may attend alternative learning environments for a full day for the full year, many attend the program for partial days and/or for part of the year.

This is accounted for in the FTE calculation:

$$\frac{\text{Total number of days in ALE}}{\text{Total number of school days}} \times \frac{\text{Hours per day in ALE}}{6 \text{ hours}}$$

¹³ Arkansas Department of Education Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds, §§4.12.2.1 et seq.

¹⁴ Meeting with Lori Lamb, Arkansas Department of Education ALE coordinator, Aug. 30, 2017.

A Student's View of ALE

In my life I have never felt like I have fit in anywhere in school, society, or just out in public. It came to my junior year -- I just could not take it anymore. Over the summer, I was afraid and had developed some health problems because of my weight. It was very hard to walk from the classroom.

I told the counselor I wanted to drop out -- I just could not do this anymore. The counselor called Ms. Jones and we had a meeting and I became an ALE student.

I was scared but Ms. Jones told me to give it a few weeks and I would find my place, I fit right in. I made new friends but the main thing is it feels like a family. We fight like a family and look after each other and take care of each other.

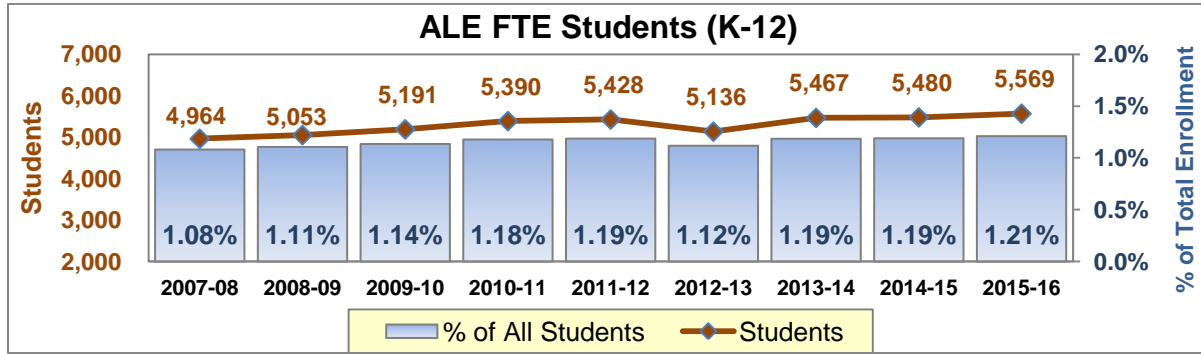
ALE is by far the best thing that has ever happened to me. If it was not for ALE and Ms. Jones, my life would be nothing. I would have just been another high school drop out with a dead-end future.

Graduation is only a week away.

--Former ALE student

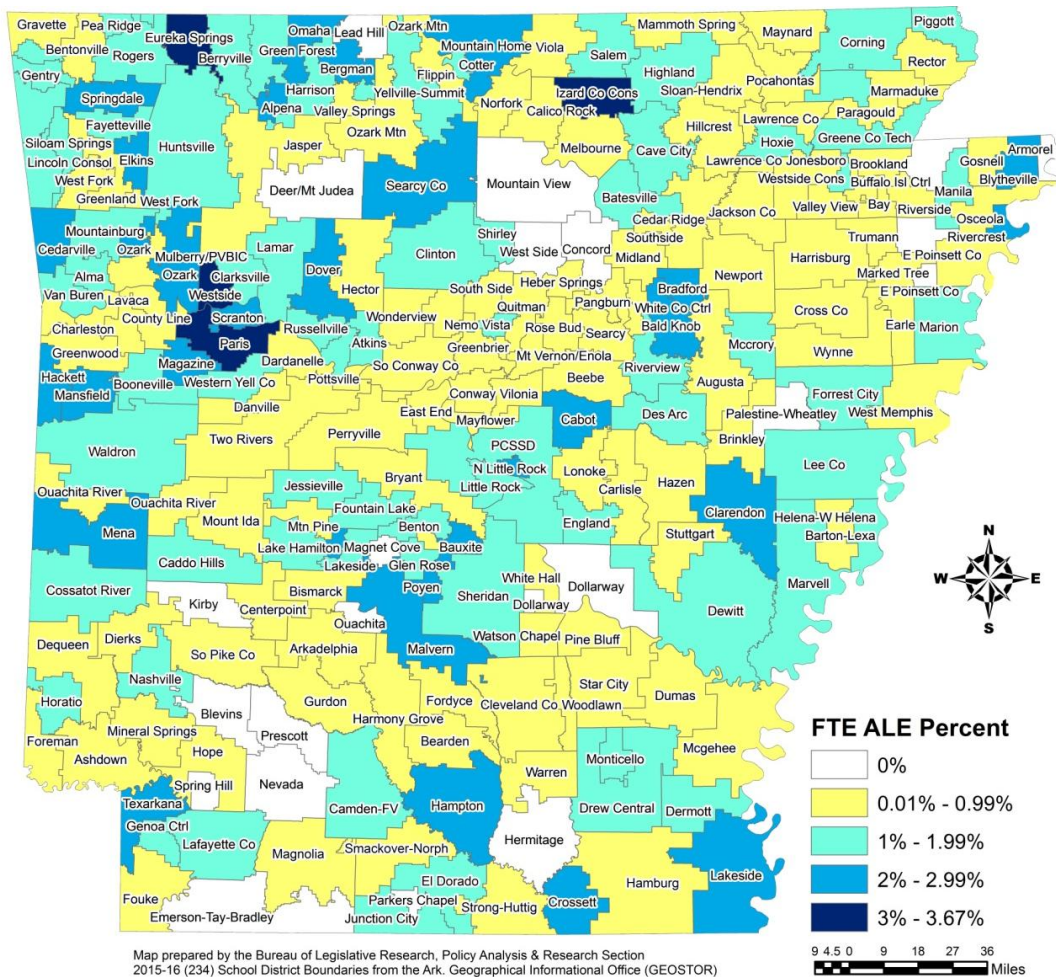
(Supplied by ADE's ALE Unit)

Current year funding is based on the previous year's count of full-time equivalent ALE students.



Source: Arkansas Department of Education Annual State Aid Notice

Districts by Percent ALE FTEs



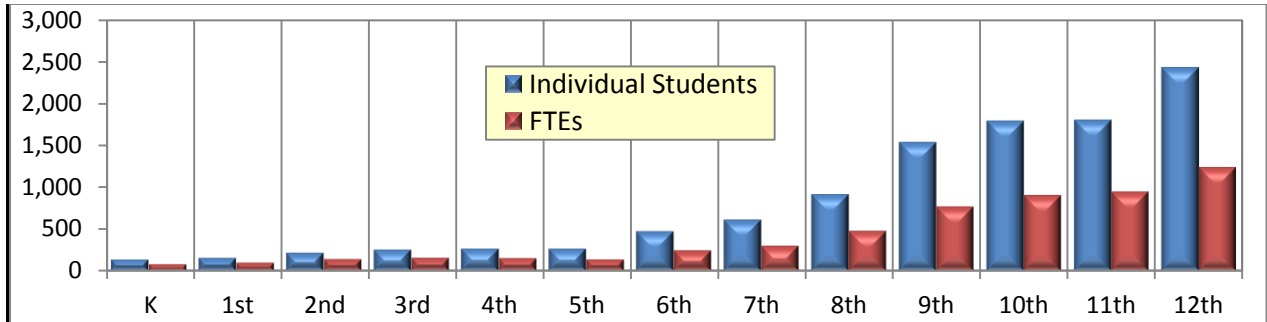
The map shows school districts according to the proportion of ALE FTE students in their enrollment in the 2015-16 school year, which ranged from 0% to 3.67%. Only four districts had more than the ADE recommended cap of 3% of FTE students participating in ALE.

% ALE FTE	2015-16 Districts
0%	20
.01% < 1%	113
1% < 2%	67
2% < 3%	30
>3%	4

Source: 2016-17 ADE Annual State Aid Notice.

Arkansas is one of 13 states that serve elementary grade students with alternative education programs. Even so, most ALE students in Arkansas are in the upper grades, as shown in the following graph. It is interesting to compare the number of individual students in each grade vs. the FTE per grade. The counts are proportionately closer in grades K-3, showing students are more likely to spend a longer portion of their day and school year being served by ALE in the early grades, though older students are much more represented in ALE as a whole.

2015-16 ALE Student Counts by Grade

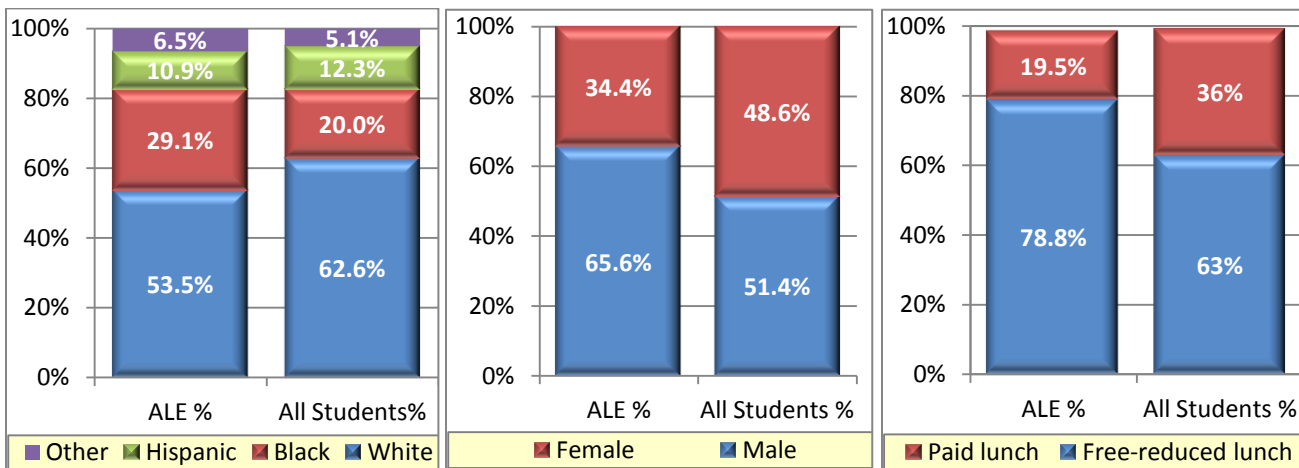


Another way to examine how much time students are spending in ALE programs is to consider the average number of minutes per day and days per year that are spent there. Statewide, the average ALE student spent 118 days per year in ALE (out of 178) in the 2015-16 school year and 293 minutes per day in ALE (out of 360).

The following charts compare demographic data about students in ALE programs versus the full student population in 2015-16. The ALE data for the racial/ethnic breakdown and male vs. female charts are reported in the 2016 Joint Education ALE Report.

According to the 2016-17 State Aid Notice, 20 school districts did not report any ALE students the previous school year. Those districts are: Lead Hill, Hermitage, Concord, West Side (Cleburne County), Emerson-Taylor, Buffalo Island Central, Blevins, Spring Hill, Magnet Cove, Ouachita, Dollarway, Armorel, Prescott, Nevada, Deer-Mt. Judea, Kirby, East Poinsett, Palestine-Wheatley, Mountain View and Parkers Chapel. Enrollment data from the ADE State Information System is used for total enrollment but to make it comparable to the ALE data, it excludes the districts with the missing APSCN data as well as the Schools for the Deaf and Blind and all open enrollment charter schools, because they did not receive ALE funding in 2015-16.

2015-16 Race, Gender and Free- and Reduced-Price Lunch Status



As in previous years, black, “other,” male and economically disadvantaged students participate in higher proportions in ALE programs than in regular classroom settings. The ALE data is supplied by ADE and the total public school population data is found in the ADE Data Center.

PROGRAMS

Students are placed in alternative learning environments for a variety of reasons, and the programs into which they are placed vary as well. All school districts in Arkansas are to provide their students with access to an alternative learning environment, and Act 1118 of 2011 and Act 994 of 2015 provided school districts with the current options for doing so:

- Establish and operate an alternative learning environment (this can be a stand-alone school or a school-imbedded program)
- Cooperate with one or more other school districts to establish and operate an alternative learning environment
- Use an alternative learning environment operated by an education service cooperative
- Partner with an institution of higher education or a technical institute

As of May 2016, alternative learning environment programs must be approved by the Department of Education every three years. Each ALE submits a program description to the department and, according to the department’s ALE Unit coordinator, most program descriptions go through additional clarifications and/or alterations before becoming final.¹⁵

In spring 2016, 458 ALE programs for the 235 districts were approved for the 2016-17 school year. Because of the department’s three-year approval rotation, one-third of those schools had to reapply in spring 2017, with a third more applying next spring and the final third applying in spring 2019 before the cycle begins again.

All but 20 school districts received ALE funding in 2016-17, which was based on the number of full-time equivalent ALE students they served in the previous school year. While 20 districts reported having no ALE students in 2015-16, over the years there have been a few districts that consistently report not having any ALE students. For instance, even though they are listed among the approved programs, 10 districts did not report any students for at least three consecutive years (2013-14 through 2015-16).

They were:

- Armorel
- Blevins
- Buffalo Island Central
- Deer / Mt. Judea
- Dollarway
- Magnet Cove
- Ouachita
- Palestine – Wheatley
- Parkers Chapel
- Spring Hill

None of the charter schools have historically received ALE funds. The majority of charter schools have obtained waivers from the state so they do not have to provide the services. Even though a few charter schools serve primarily harder-to-educate students, the Department of Education maintains that they are only due funding for up to 3 percent of their students. While none of these have received ALE funding in the past, one charter school, SAI Tech in Little Rock, will receive ALE funding for the 2017-2018 school year.¹⁶

The number of ALE programs operating as stand-alone schools have been dwindling in the past decade. For instance, there were 12 in 2011 but only 5 are open in 2017-18.¹⁷

As to how ALE programs are structured and the services they provide, the Department of Education’s rules for ALEs provide some parameters by which programs must adhere. They are not to be punitive in nature, but instead they are to provide intervention services to address students’ specific educational and behavioral needs, including access to a school counselor,

¹⁵ Meeting with Lori Lamb.

¹⁶ Meeting with Lori Lamb.

¹⁷ <https://adedatabeta.arkansas.gov/spd/Home/schools>.

mental health professional, nurse and other support services that are “substantially equivalent” to those provided to students in the traditional school environment.¹⁸

ALEs are to provide a curriculum that includes the basic subjects – math, science, social studies and English language arts – that adhere to the Arkansas academic standards. ALEs can incorporate computer-based instruction for up to 49% of total instruction in any one course unless the Department has approved a program’s use of distance learning or computer-based instruction that exceeds that amount. Students who are at least 16 years old may pursue a curriculum aligned with a high school equivalency test if they lack sufficient credits to graduate by the age of 18 and have their parents’ or guardians’ consent.

TEACHERS AND STAFF

Districts’ alternative learning environment classes were initially funded in 2003 to support a 1:15 teacher-student ratio for grades 7-12 and a 1:10 ratio for kindergarten through sixth grade. That funding increased for the 2007-08 school year with the purpose of supporting a 1:12 student teacher ratio.

Even though the funding increased, the original mandated student-to-teacher ratios remained in place, and actually are the same today (see table below). Those ratios provided more staffing per student than the 1:20 ratio for ALE that existed pre-Lake View, but the minimum ratio for the 7th through 12 grades falls short of the current recommendation by the National Alternative Education Association of one teacher for every 12 students.¹⁹

Class Size Limits	Traditional Classroom	ALE Classroom
Kindergarten	20, or 22 w/aide	10, or 12 w/aide
Grades 1-3	25	
Grades 4-6	28	
Grades 7-12	30	15, or 18 w/aide

In 2006, the General Assembly increased Arkansas’s ALE funding to support one teacher for every 12 ALE students starting with the 2007-08 school year because of changes in the student-count methodology and complaints that alternative learning environments were underfunded. In other words, ALE was funded at \$4,063 per full-time equivalent ALE student, providing a \$48,750 to cover a teacher’s salary. However, that new funding level was based on the teacher salary included in the 2005 matrix, causing the new funding level to start off with a lag.

What’s more, increases in ALE funding have most often not kept pace with foundation funding through the years (funding levels will be discussed in more detail in the next section). The result is that the current funding does not support one teacher for every 12 ALE students, if the teacher salary and benefits amount in the foundation funding matrix is used as the cost of a teacher. For example, the 2017-18 ALE funding amount of \$4,640 provides \$55,680 for the cost of a teacher. The salary and benefits level in the foundation matrix, on the other hand, provide \$64,998 in salary and benefits for a teacher – nearly \$10,000 more.

In 2015-16, the number of full-time equivalent ALE teachers in the 170 school districts that reported any teacher as being paid for ALE (using both ALE categorical and other funds) was 561.6. The average full-time equivalent ALE teacher salary paid out of all funds was \$50,425 that year.²⁰ (These 170 school districts do not include many of those that send their students to ALE programs based in another school district or an educational service cooperative because they do not pay salaries directly for ALE teachers.) The number of ALE FTE teachers reported

¹⁸ Arkansas Department of Education Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds, §§4.01.2.1 and 4.01.2.2

¹⁹ “Exemplary Practices 2.0: Standards of Quality and Program Evaluation 2014.”

²⁰ Analysis of APSCN ALE data.

ranged from .01 in the Lead Hill School District to 45.2 in the Springdale School District. Districts hired 330 paraprofessionals in 2015-16 in addition to certified teachers to cover class loads.²¹

During the 2015-16 school year, no districts were noted by the ALE Unit for being out of compliance with the required teacher-to-student ratios.

ALE teachers are not required to obtain special endorsements or licenses to teach in an alternative learning environment, but the Department of Education's rules do require training related to specific needs and characteristics of students in alternative learning environments.

(§4.03.3.1). Many teachers attend the summer professional development conference offered jointly by the Department of Education and the state's Alternative Learning Association.²²

ALE programs also utilize other professionals to address behavioral, social and emotional needs of children. These services are described in each program's program description that must be approved by ADE's ALE Unit. Specifically, question five on the program description form asks programs to describe how they provide counseling services to ALE students.

The Bureau analyzed a random sample of 96 program descriptions (about 22% of ALE programs) approved for the 2017-18 school year. Just under 10% of the sample indicated that they provided counseling services through school staff alone (counselors, behavioral specialists, nurses, administrators and/or mental health professionals or paraprofessionals) while 90.6% reported a combination of staff resources and contracted mental health professionals. These services often seemed to be available to the entire student body and not exclusively to ALE students; however, some programs described specific arrangements for ALE students. (Eg.: "The paraprofessional in our ALE is an employee of Riverview. The psychiatrist comes to the school once a month to monitor students on medication.")

An Example of Planning ALE Services

The ALE program in the PCSSD (Pulaski County Special School District) provides a range of services in the areas of social, personal and educational development.

Academically, students are assessed upon entry in the areas of writing, reading, and math. The students participate with The Learning Institute formative assessments on a quarterly basis. Based on these assessments, benchmarks, and ACTAAP scores, students will receive direct instruction for deficient skills and skill building for success. Research-based program, Read 180, is used to provide long-term and sustainable literacy improvement for all students in grades 9-12. All students will be recognized for achievement through student incentive programs, including an awards assembly twice a year, field trips and other incentives.

For the 2016-2017 school year, the district is currently under contract with a mental health provider to be located on campus to provide intensive student counseling and home and school interventions. Some of the students were selected to participate in district peer mediation training. ALE committees are specifically in place to ensure that the ALE operates as a supportive, non-punitive school environment. It is for this reason that ALE committees are formed at the local school level and monitored at the district level.

*--Pulaski County Special School District
2016-17 program description*

²¹ 2017 Legislative Report: Alternative Education, Arkansas Department of Education.

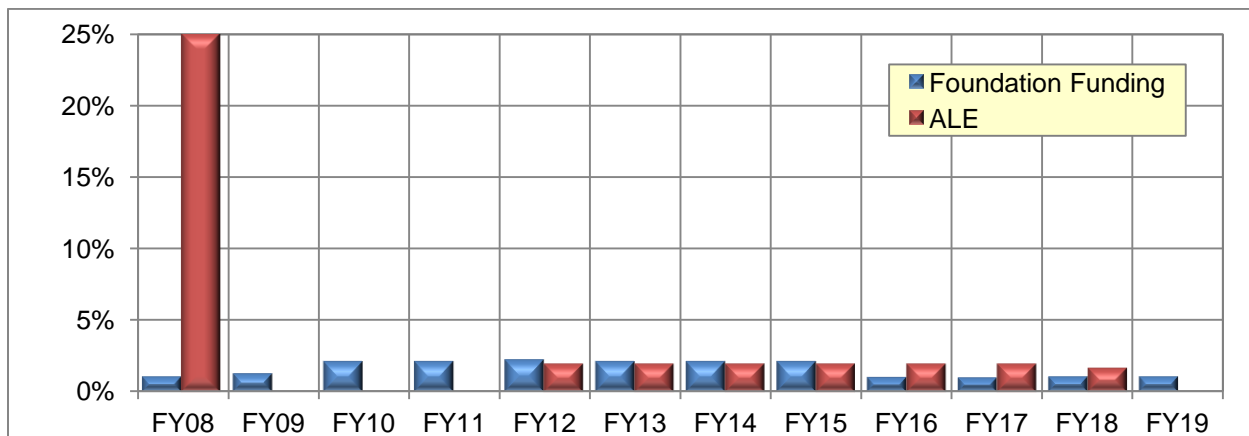
²² Meeting with Lori Lamb.

FUNDING OF ALE

Act 59 of 2003, passed as part of the education reform laws in response to Lake View, created the per-student categorical funding methodology for alternative learning environments that is still in use today. Funding is distributed from the state to school districts and, as stated above, the amount is based on the number of full-time equivalent (FTE) students in the district during the previous year. An eligible ALE student for FTE purposes is a student who has been in an alternative learning environment for 20 or more consecutive days. The calculation accounts for the portion of the day and year that the student actually attends class in the alternative learning environment.

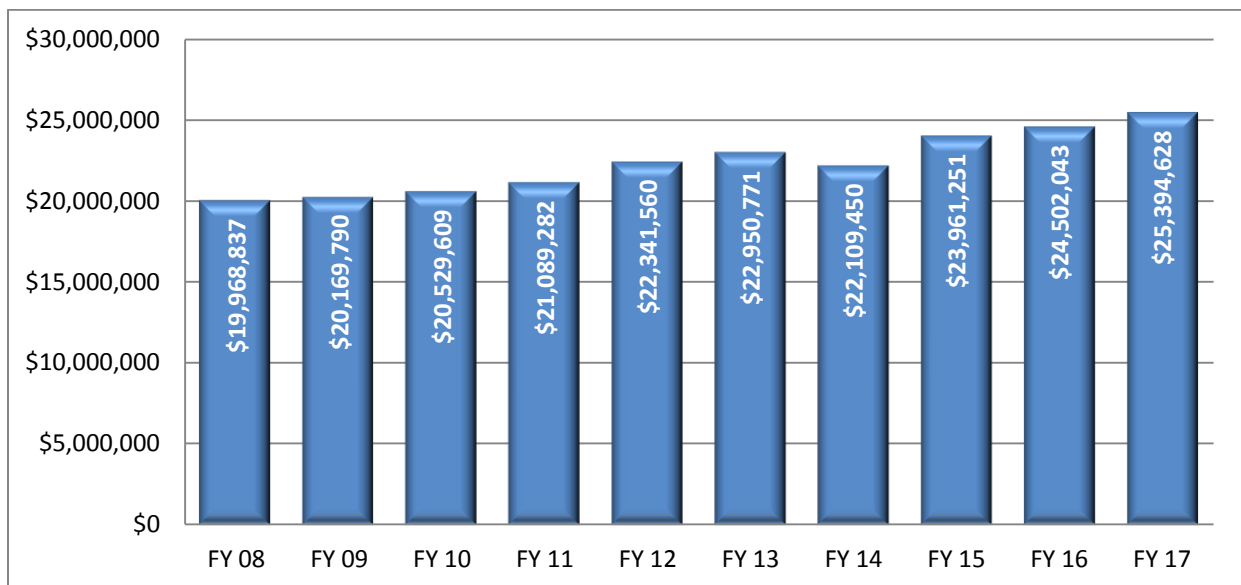
The per-student funding has increased over the years, though not necessarily at the same rate as foundation funding amounts. Markedly, the percentage increase in ALE funding in 2008 to support the 1:12 teacher-student ratio far surpassed the percentage increase in foundation funding, but that dramatic difference remains an anomaly. Annual funding increases by percentage for the past decade are shown in the following chart:

Percentage Increases by Year: Foundation and ALE Funding



The annual increases have resulted in gradually, if not steadily, increasing total funding amounts for the past decade. The decrease in funding that occurred in 2013-14 is due to a drop in FTEs the previous year.

ALE Total Funding per Year



In addition to foundation and ALE categorical funds, schools receive other forms of categorical funding: for economically disadvantaged students (NSL); for English language learners (ELL) and for professional development (PD). Foundation money can be used for any expense a school district has, while categorical funding must be spent on expenses related directly to one of the four categories. These are funded on a per-student basis as shown in the following table:

Foundation and Categorical Funding Levels per Student

Funding Type	2015-16	2016-17	2017-18
Foundation	\$6,584	\$6,646	\$6,713
ALE	\$4,471	\$4,560	\$4,640
ELL	\$324	\$331	\$338
NSL (< 70%)*	\$522	\$526	\$526
NSL (70% - 90%)*	\$1,042	\$1,051	\$1,051
NSL (90% <)*	\$1,562	\$1,576	\$1,576
Prof. Development*	\$32.40	\$32.40	\$32.40

*Excludes additional NSL funding for matching grants and PD funding for available to districts for professional learning communities

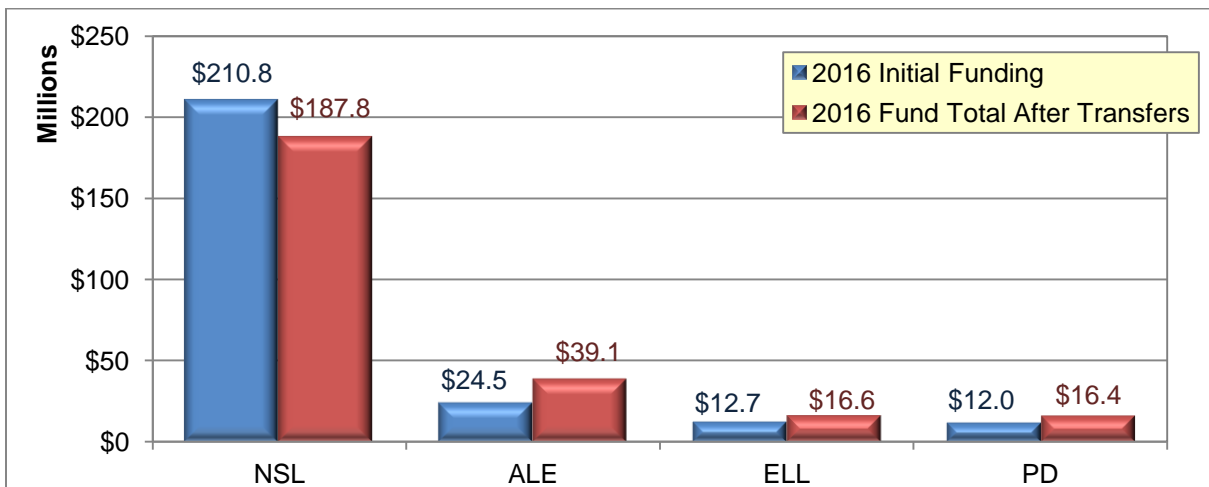
It is common for school districts to transfer their categorical funds among categories for spending purposes. During the 2015-16 school year, school districts (excluding charters) transferred \$14,756,787 from other categorical funds to ALE, most of it from their NSL funding.

- \$69,849 from ELL
- \$49,434 from PD
- \$14,637,503 from NSL

The net after the transfers equals an additional \$2,627 for each FTE in funding available for ALE use.

Total transfers by the districts show a net increase in ALE funds after the transfers:

Pre- and Post-transfer Totals for Categorical Funds



*Not including any funding for charter schools as none of them received ALE funding in 2016; PD does not include online PD funding.

ALE EXPENDITURES

The following table shows the expenditures districts made for all ALE programs and services. These figures include expenditures made using money transferred to ALE from other categorical funds. The table also shows the amount of additional funding – beyond categorical funding – that was spent on ALE programs. This would include foundation funding and any other funding spent on ALE programs.

	Total Expenditures from ALE Categorical Funds*	Total Expenditures on ALE Programs Using Funds Other than ALE Categorical Funds	Total Expenditures on ALE Programs**
2013-14	\$37,206,494	\$19,181,526	\$56,388,019
2014-15	\$37,964,576	\$19,261,042	\$57,225,618
2015-16	\$39,205,888	\$17,962,255	\$57,168,143

*Note: These expenditures include those made using ALE funds and other categorical funds that were transferred to ALE funds. They also exclude ALE funds that were transferred to other categorical programs.

**Note: These expenditures likely include payments some districts made to other school districts or education service cooperatives as part of an ALE consortium. Districts that participate in ALE consortia may send their ALE students to another district or cooperative site for an ALE program. The sending district receives the ALE funding for their students and may pay the receiving district for providing services (pass-through payments). Because the sending district records a payment to the receiving district or education cooperative and the receiving district records expenditures for ALE services provided, the expenditures for the ALE students may be double counted when calculating total statewide expenses. (Education service cooperative expenses are not included in the calculation of expenses, however.) The payments among districts are difficult to definitively identify in the APSCN system as school districts appear to use different codes to log the payments. However, the expenditures that most likely represent these payments total about \$1.7 million in 2014, \$2.4 million in 2015 and \$2.3 million in 2016.

Because categorical funds are intended to supplement resources needed for more challenging populations of students, it is money provided above the foundation funding amount. Therefore, each full-time equivalent student represents the per-student amount of foundation funding plus the per student amount of ALE funding for a school district. In FY2018, that is:

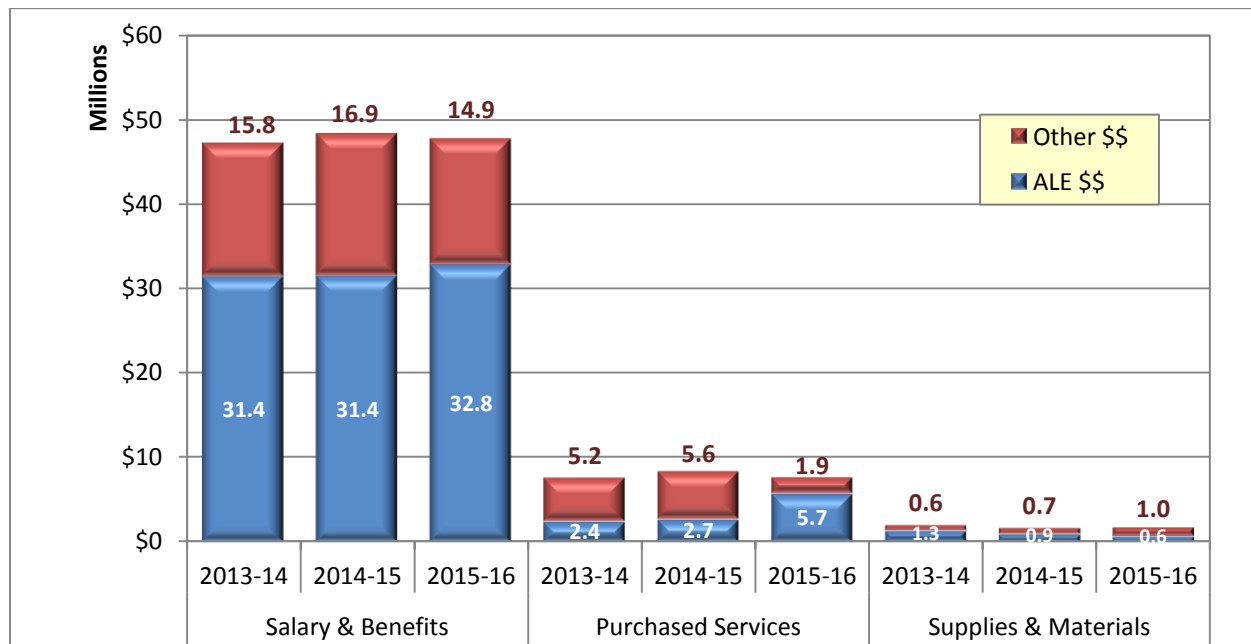
$$\text{\$6,713 (foundation) + \$4,640 (ALE) = \$11,353 / student}$$

The table below shows an analysis of spending on a per-student basis compared with the amount of funding provided each year. Interpreting this analysis is more complicated than it might appear. While school districts receive both foundation and ALE funding for each ALE FTE, not every expense that is included in the funding matrix (the formula on which foundation funding is based) is for a resource that districts would code as an ALE expense – the costs of transportation and administrators, for example. That most likely results in an ALE student costing more than is reflected in the final column of student ALE expenses. So while the total of ALE plus foundation funding amount for 2015-16 appears to be slightly more than the cost per student, that presents an incomplete picture. Rather, it's very likely that ALE and foundation funding together do not cover all expenses for ALE students. This may help explain why the categorical transfers amounting to another \$2,627 per student are made.

	Per Student ALE Funding	Per Student Foundation Funding	Per Student ALE + Foundation	Per Student ALE Program Expenditures*
2013-14	\$4,305	\$6,393	\$10,698	\$10,979
2014-15	\$4,383	\$6,521	\$10,904	\$10,467
2015-16	\$4,471	\$6,584	\$11,055	\$10,432

*The per-student expenditures above use the ALE FTE student count in the year in which funding was based. For example, the 2016 per student expense was calculated using expenditures for the 2015-16 school year and the ALE FTE count for the 2014-15 school year.

The following table shows the distribution of districts' expenditures for ALE programs over the three most recent years for which the data is complete. The table shows the district expenditures from ALE categorical funds (including funds transferred into ALE funds) and expenditures made using other district resources. The vast majority of the expenditures were made on salaries and benefits of ALE staff.



Note: The expenditures in the chart do not include transfers made from ALE funds to other categorical funds.

FUND BALANCES

Despite spending well over the amount of money provided specifically for ALE programs, districts retained small amounts of funding in their ALE categorical funds. This money rolls over to the following year to be spent on ALE programs. Districts carry year-end ALE fund balances, in part, so they have money for professional development and other expenditures during the summer months. Additionally, because the first ALE funding payment to districts usually is not made until October, fund balances also allow districts to cover expenses at the start of the school year. Act 1220 of 2011, however, limited the aggregate fund balance of all categorical funds to 20% of the total aggregate categorical funding for the year.

The following table shows the fund balances for ALE funds for recent years:

	Total ALE Fund Balance	Districts with a Balance	Districts w/out a Balance
2013-14	\$1,729,847	140	98
2014-15	\$1,607,020	152	84
2015-16	\$1,753,495	148	86

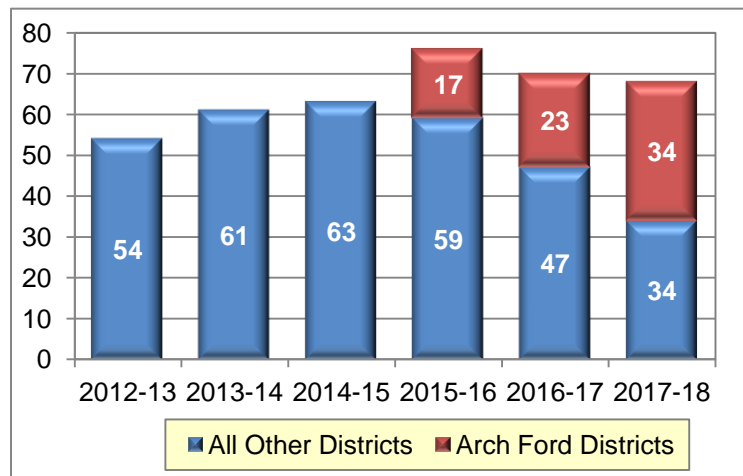
Ending Fund Balance	Number of Districts		
	2013-14	2014-15	2015-16
\$0	98	84	86
\$.01 - \$1,000	22	32	33
\$1,001 - \$10,000	71	73	75
\$10,001 - \$50,000	40	42	31
More than \$50,000	7	5	9

CONSORTIA

A new trend that has shown up in the data regarding ALEs over the last few years is the increasing number of school districts participating in ALE consortia, and the growth of one consortium in particular. If a school district chooses not to operate its own ALE program, it may join in a consortium with other school districts or one that is operated by one of the state's education service cooperatives.

In 2015-16, 76 districts participated in consortia, up from 54 in 2012-13 for a 41% increase over three years. That number dropped to 68 districts for the current school year, making a 26% increase over five years.

Some of that increase in consortia participation seems to be due to the increase in the number of school districts participating in the ALE programs operated by the Arch Ford Education Service Cooperative based in Plumerville.



According to the Department of Education, in 2015-16, when the number of districts participating in consortia peaked, 17 districts were participating in the Arch Ford consortium at either its Conway, Atkins, River Valley or Quitman campus. While the overall number of districts sending their ALE students to consortia-operated ALEs has dropped for each of the last two years, the number of districts participating in an Arch Ford ALE has increased. An Arch Ford official says 34 school districts will participate in the consortium for the 2017-18 school year.²³ That's half the districts participating in consortia this year. According to the list on its website as of September 2017, several of the school districts are located outside of the Arch Ford service area. However, districts participating in the Arch Ford ALE programs may not send all of their students to the Arch Ford ALE but may enroll some of them in their own district-based ALEs.

According to the program descriptions submitted to ADE by districts participating in the Arch Ford ALEs, the co-op offers two types of ALE programs. One is more traditional, classroom-based ALE, often called Crossroads, for students in K-12. The other is called the Hub. It is operated for high school students and involves a jobs-focus through a partnership with the national program Jobs for America's Graduates (JAG). Hub programs were first offered during the 2016-17 school year.

A program overview supplied to the Bureau of Legislative Research by Arch Ford Education Service Cooperative officials state that as of Oct. 16, 2017, participating districts had 354 students enrolled in Arch Ford's ALE program and 310 students enrolled in the Hub program. The capacity for each is 497 and 545 respectively. Enrollment, the officials said, grows daily and most likely will increase substantially at the beginning of next semester.²⁴

The Hub ALE model includes flexible scheduling for its "associates," the term used for students in the program description. Three levels of flexible learning time have been in effect up to this year to allow for direct instruction and time at a job. Instruction may be classroom based or offered through the cooperative's partnership with Virtual Arkansas. These levels are:

²³ Phone call with Jason Burkman, Arch Ford Educational Service Cooperative, Oct. 9, 2017.

²⁴ Meeting with Phillip Young, Jason Burkman, and Keri Burkman of the Arch Ford Education Service Cooperative, Oct. 16, 2017.

- **Bronze** – full day on campus, five days a week. According to Arch Ford, this level serves mostly 9th and 10th graders who may be pursuing credit recovery.
- **Silver** – half day on campus, five days a week. This level serves mostly juniors.
- **Gold** – 2 days a week on campus each week. This level serves mostly seniors, who attend 90-minute courses throughout the week equivalent to two-days worth of classes.²⁵

An additional level -- **Platinum**, which is fully online – has been added for this school year with the passage of Act 867 in 2017, which repeals the requirement for students in grades 9-12 to attend a full day of school or for teachers to record attendance as physical presence. (The program had operated with the use of waivers from seat time before this year.) This level is not supposed to be a school-free option but rather a way to address extraordinary circumstances on a temporary basis, according to the program representative,²⁶ though the program's website does not make that distinction.²⁷

Associates may move up or down levels “based on work production (quality and quantity), positive attitude, acquisition of employability skills, and employers (sic) reports,” according to the Arch Ford website.

The Arch Ford official offered that the consortium-run programs could educate students more efficiently than school-based programs often did.²⁸ An Arch Ford ALE program overview states the average cost per student in an Arch Ford ALE is \$3,678,²⁹ nearly \$1,000 less than current ALE FTE funding alone and more than \$7,500 less than ALE and foundation funding together.

The Bureau of Legislative Research analyzed copies of the memoranda of understanding (MOUs) between the Arch Ford Cooperative and each of its participating school districts that were submitted to the Department of Education.³⁰ According to the MOUs, which were revised in mid-November, causing some of the most expensive seat costs to be reduced, the cost per seat) in the Arch Ford ALE programs vary among districts from \$1,125 to \$5,218, though the MOUs provide little context to explain the cost differential. The seat cost, however, is not necessarily the equivalent of an FTE as the seat may go unfilled for a portion of the day or year.

The official with the Arch Ford Hub and ALE programs attributed the differences to several main factors:

- The level of involvement Arch Ford had in the ALE. Sometimes the Co-op operates in a supportive role for a district's program while for others it fully runs the total ALE program.
- The district's ability to share program costs with other school districts.
- The number and type of interventions the students would require. Younger students in the ALE program often need more behavioral and mental health interventions than do older students who were participating in the Hub program, the official explained.³¹

The Arch Ford Educational Service Cooperative reported nearly \$2 million in ALE expenditures in 2016, including \$1.6 million in salaries and benefits, \$230,000 in purchased services and \$30,000 in supplies and materials. Meanwhile, the 17 districts participating in the consortium reported an overall \$2.2 million in ALE expenditures. Nearly three quarters of that -- \$1.65 million—was dedicated to “Other Purchased Categories” and “Purchased Professional and Technical Services.” Another \$414,168 was spent on salaries and \$102,396 on benefits.

²⁵ Jason Burkman, Oct. 9, 2017.

²⁶ Jason Burkman, Oct. 9, 2017.

²⁷ <https://sites.google.com/archford.org/archfordhub/hub-process> (accessed Nov. 15, 2017)

²⁸ Jason Burkman, Oct. 9, 2017.

²⁹ Arch Ford Education Service Cooperative Division of Alternative Learning Services Program Overview.

³⁰ Original MOUs submitted to ADE by Arch Ford ECS contained per seat costs varying among districts from \$1,125 to \$8,683.33. Revised versions were submitted to ADE and BLR in mid-November.

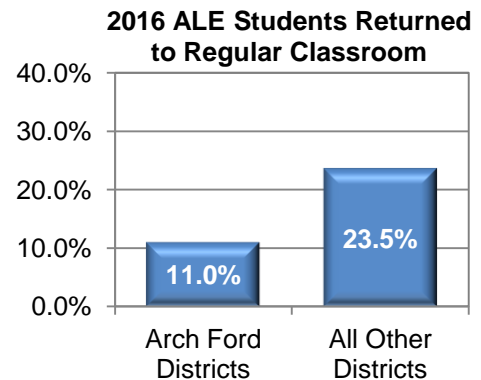
³¹ Jason Burkman, Oct. 9, 2017.

ARCH FORD EDUCATION SERVICE COOPERATIVE CONSORTIUM DISTRICT OUTCOMES

Because Arch Ford’s programs seem to cost less than the state appropriates in ALE funding and is growing in popularity with districts, the Bureau of Legislative Research looked at outcomes of ALE students in districts participating in the Arch Ford ALE program.

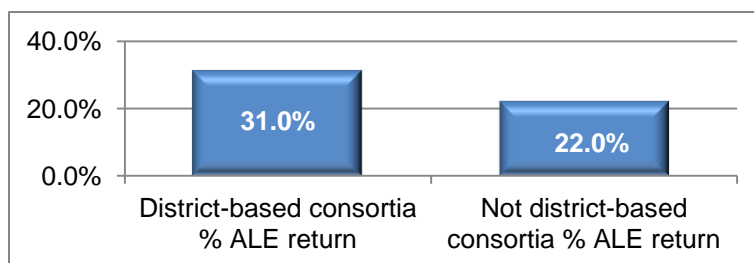
In 2015-16, according to APSCN data, ALE students in Arch Ford participating districts were enrolled in ALE for about the same amount of time as all other ALE students. The students in the Arch Ford districts averaged 114 days (slightly less than the 117 for all ALE students) and 293.5 minutes a day (compared with 293 for all ALE students.)

One of the stated goals of ALE is for students to successfully return to the regular classroom. Using data from the 2016 ALE Report to the Joint Education Committee, BLR compared the proportion of ALE students who returned to the traditional education environment in districts that participated in the Arch Ford ALE programs versus those in districts that did not. The percent of students in Arch Ford participating districts who returned to the regular classroom during 2015-16 was about half of what it was for districts not participating in Arch Ford’s ALE program that year.



Arch Ford representatives said they believe their success rate is higher and submitted to BLR their own 2015-16 data showing that 35.2 % responded positively to intervention. The Arch Ford data, however, do not disaggregate at the high school level between those students returning to a traditional classroom environment and those who graduated “as a direct or indirect indication of ALE intervention,” so do not provide an apples-to-apples comparison. Officials also expressed concern that the districts participating in their program may have not entered data into APSCN correctly regarding this measure.³²

2016 ALE Students Returned to Regular Classroom

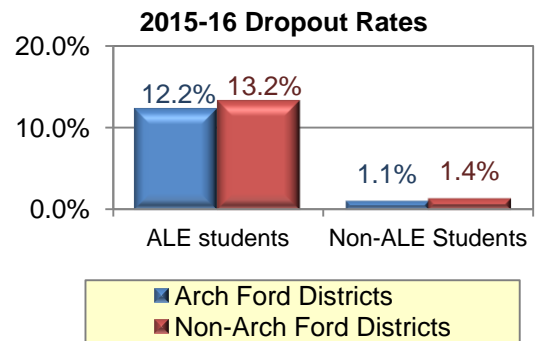


To determine if the disparity between the two groups’ reported success of transitioning students back to the traditional educational setting could be caused by the fact that the districts were participating in a consortium, for comparison’s sake, the following chart shows the results for students in school **district-based consortia vs. those not in school district-based consortia**. This second group includes students who participated in consortia run by education service cooperatives (including Arch Ford) as well as individual school district-based ALE programs.

³² In his Oct. 9, 2017, email (prior to submitting the intervention data, Mr. Burkman with the Arch Ford ECS explained that the transition rates for Arch Ford districts could be due to the programs being in the early years of operation and not yet focusing as strongly on transitioning students back to the classrooms as well as the possibility of districts not reporting to ADE the correct numbers of students transitioning from ALE to the home school.

Finally, the Bureau of Legislative Research analyzed the dropout rates between the two sets of district ALE programs by comparing the number of 9th-12th grade ALE students who **dropped out school** with the 9th-12th grade non-ALE students who dropped out of school. The district-level results for both ALE students and non-ALE students were very similar between those in the Arch Ford consortium and those not in it.

Another consortium – STRIVE – shows up in the submitted program descriptions for the 2017-18 school year. This consortium is designed to serve adjudicated youth. The school districts participating in STRIVE in 2017-18, which are all located all in eastern Arkansas, will send qualifying students to that program while also operating or participating in traditional ALE programs for their non-adjudicated ALE students.³³



ACCOUNTABILITY AND OUTCOMES

The goals of today's alternative learning environments are fairly obvious – to keep students in school and to lead to better outcomes for them. Yet, because ALEs look so different from state to state, measures for determining success of those programs vary as well.³⁴ No federal standards for measuring quality exist.³⁵ Adding to the confusion is that the expansion of alternative education has largely coincided with the shift to greater academic accountability in schools.³⁶ The measures of academic success – performance on standardized tests and graduation rates – are parallel but not exactly the same as historical measures of successful ALE programs: improved grades, attendance and graduation rates; decreases in disruptive and violent behavior; and students having developed an improved sense of self and the choices they make.³⁷

According to a policy brief released jointly in November 2017 by two nonprofit organizations that concentrate on youth and education policy issues, “States must develop sufficiently nuanced and specialized approaches to accountability for alternative settings that accurately reflect the extent to which those institutions effectively serve their unique student populations, while also ensuring that those settings are held to equally rigorous standards of quality as traditional settings”³⁸

Arkansas state statute requires ALE to promulgate rules that establish “measures of effectiveness for alternative learning environments.” Act 1118 of 2011 calls for these measures to assess the ALE program’s effect on students’ 1) school performance, 2) need for ALE intervention, and 3) school attendance and dropout rates. State law then requires ALE to evaluate ALE programs based on those measures.

The ALE rules found in Section 4 of the Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds, last updated in May 2016, still do not reflect all of the aforementioned effectiveness measures. ALE does

³³ Email from Lori Lamb, Oct. 11, 2017.

³⁴ “Reinventing Alternative Education: An Assessment of Current State Policy and how to Improve It,” Jobs for the Future (2010). Retrieved at <http://www.jff.org/sites/default/files/publications/AltEdBrief-090810.pdf>.

³⁵ “A Comparison of State Alternative Education Accountability Policies and Frameworks,” A. Schlessman and K. Hurtado, Rose Management Group, 2012.

³⁶ “Critical Analysis of Accountability Policy in Alternative Schools: Implications for School Leaders.”

³⁷ “Critical Analysis of Accountability Policy in Alternative Schools: Implications for School Leaders.”

³⁸ “Measuring Success: Accountability for Alternative Education,” American Youth Policy and Civic Enterprises, November 2017.

include some of this information in its annual report on ALE to the legislature, and a new reporting tool is in development (and will be discussed near the end of this section.)

Accountability for ALE programs in Arkansas are the responsibility of two separate units at the Arkansas Department of Education. The department's Standards Monitoring Unit – with the assistance of the department's ALE Unit – have been responsible for monitoring the following items, either through desk audits or onsite observations:

- Does the school have clear documents that describe the purpose of alternative education and are they available to parents and the community in an ALE?
- Do the grade levels enrolled in the ALE program match the ALE program description submitted to ADE for approval?
- Do ALE students participate in school-wide activities?
- Are the individuals who determine a student's participation in an ALE appropriate for that role?
- Is direct instruction the primary educational component in the ALE?
- Is there evidence demonstrating social skills education, career, college, vocational and transitional life skills are occurring in the ALE?

ADE is currently revising the rules detailing the standards, so these may undergo some changes during that process.

ADE's four-person ALE Unit, which is dedicated to monitoring and supporting ALE programs in the state, comprises a program coordinator, two program advisors and an administrative assistant. These staff members approve each ALE program description for program approval, now required every three years. They also visit ALE programs, provide program advice and identify corrections that should be made. The ALE Unit's technical visits have been where the most thorough review of the programs have occurred in the past, and will be more likely so beginning this year as ADE's Standards Monitoring Unit moves to a model of desk audits only with onsite accreditation visits for all schools on an as-needed basis only (before Act 869 of 2017 schools and school districts were visited once every four years.)

The ALE Unit also documents ALE programs for noncompliance in the following areas:

- Reporting required ALE program data through APSCN
- Having ALE students
- Receiving ADE approval of their program description
- Operating a program that matches its approved program description

If a district is found to be out of compliance in any of these areas, its non-compliance is reported on the district's annual report card, which is published on the districts' and the department's websites. (§6-48-104(b)(2))

Arkansas school districts are required to report data on their ALE programs and students through their regular APSCN reporting. The reported data are then compiled and submitted to the House and Senate Education committees each September as ADE's annual ALE report. According to Arkansas Code Annotated §6-48-104(d), the report must contain the following information:

- Information on race and gender of ALE students
- An assurance statement that each district is in compliance with state law with regard to ALE
- Any other information on ALE students that ADE requires by rule. These items, which are listed in rule but not statute, include:
 - Number of ALE students by grade level
 - Number of ALE students who returned to a regular educational environment, dropped out or received a GED (The report actually provides the district drop-out rate, not the rate for ALE students)
 - Number of graduating students who were ever in ALE for 20 or more consecutive days
 - Number of ALE students participating in Workforce/Secondary Career Centers

- The number of ALE students receiving special education services
- Number of ALE students receiving special education services
- The number of students enrolled in an ALE program who had previously exited an ALE program in the second or third prior school year (The report provides that data for the current and immediate prior year.)
- The total amount of funds expended to operate the ALE program for the school year
- The total amount of ALE funding received that school year
- The total number of ALE students per district with attendance improvements after beginning ALE (This information is not included in the report.)
- The total number of ALE high school students per district with improved credit attainment after participating in ALE (This information is not included in the report.)

Information is provided on the following effectiveness measures indicators:

ALE Students - Indicators	2015-16	
Returned to traditional educational environment	2,489	22.9%
Graduates who received ALE intervention at any point during K-12	3,001	9.7% of all graduates
Receiving a GED	149	1.4%
Enrolled in ALE in previous year returning to ALE in current year	2,914	26.8%
Exiting ALE who returned in same year	872	8.0%

ADE's ALE Unit is in the process of developing a multi-measure approach for the purpose of measuring outcomes and academic quality of ALE programs. The work is the result of a Task Force that began meeting in 2015. The proposed indicators are similar to the new index for rating schools that ADE created as part of its State Consolidated Plan for the Every Student Succeeds Act that was submitted to the federal government in September 2017.

Two additional indicators that the Bureau of Legislative Research analyzed regarding ALE program effectiveness are a comparison of test scores and of dropout rates.

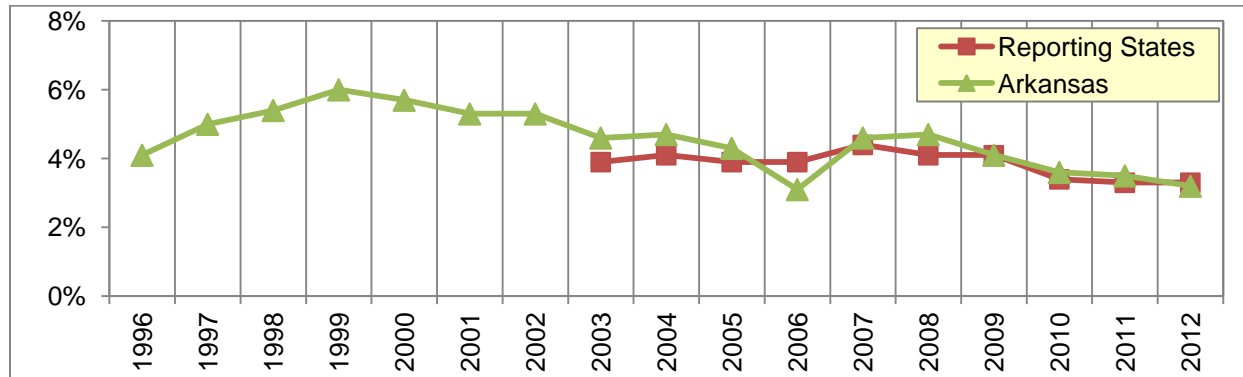
TEST SCORE COMPARISON

Historically, ALE students (those attending at least 20 consecutive days in an ALE program) have been far less likely to score as well on state standardized tests, whether that was the State Benchmark and End-of-Course exams, which ended in 2013-14, the PARCC exams, which ended in 2014-15, or the ACT Aspire exams, which are administered currently. The trend has not changed, as a comparison of the 2016 ACT Aspire Math and English Language Arts scores show. A score of 3 or 4 on the ACT Aspire is considered proficient or above, though in ACT terms, a 3 is "ready" and a 4 is "exceeding."

	# of Test-Takers	% scoring 3 or 4	
		Math	English Language Arts
ALE Students	3,920	7.2%	11.2%
Non-ALE Students	276,812	43.9%	48.3%

DROPOUT RATES

Dropout prevention is a primary goal of alternative education nationally. Arkansas's statewide dropout rate has generally declined since 1989, when the dropout rate hit 6%.



Source: National Center for Education Statistics. (Data is not reported for all states' public high school dropout rates prior to 2002.)

The Bureau also analyzed dropout rates between ALE and non-ALE students. This rate calculation is not directly comparable to ADE's dropout rate calculation because it looks only at the students in grades 9 through 12. Using APSCN data, the Bureau examined all individual students who dropped out of school for one of the reasons used to identify "dropouts" and their APSCN-reported cause for leaving school:

- Failing grades
- Suspended or expelled
- Lack of interest
- Conflict with school
- Economic hardship
- Pregnancy/marriage
- Peer conflict
- Enrolled in GED
- Alcohol/drugs
- Health problems
- Other

When the number of 9th- through 12th-grade ALE students dropping out for one of the above reasons is divided by the number of individual 9th-12th grade ALE students in the same district, **the average proportion of ALE students who drop out of school is 13.2% compared with 1.4% of non-ALE students using the same calculation.** While it is not possible to know how many more students may have dropped out of school without ALE services, the dropout rate for ALE students is almost 10 times higher than it is for those students who are not enrolled in ALE. Another interesting comparison is between the overall dropout rate for schools with ALE students (1.96%) and the dropout rate of the schools that reported in APSCN as having no ALE students in 2015-16 (1%).

ALE AND PERSONALIZED LEARNING

Although ALE programs are designed for a specific subset of students – those 2-3% hardest to reach, according to the ADE's ALE Unit – the strategies and goals are similar to those associated with student-focused or personalized learning, which is intended for all students. For instance, the National Alternative Education Association's statement that "[n]ontraditional and alternative education delivers innovative 21st Century approaches to teaching and learning which provide students with the opportunity to meet graduation requirements, engage in college and career readiness, and participate as productive members of their communities" is very similar to what are often put forth as the goals for personalized learning models.

In fact, earlier this year the Jasper School District requested and received a waiver from the Arkansas State Board of Education from offering an ALE program, testifying before the board that these students would be equally served through the personalized learning approach being incorporated school wide. The district's experience may provide insight into the extent that ALE programs add value once student-focused learning is truly ingrained into Arkansas's education system.

Another question to monitor over the coming years is how much student-focused learning will cost to implement effectively statewide.

CONCLUSION

The goals and structure of alternative learning environments (ALEs) have changed over time and even today vary among states. Most ALEs across the nation currently try to address the needs of children who do not thrive in the normal classroom environment.

Arkansas's current alternative learning environment funding and structure are part of the reforms enacted by the General Assembly in response to the 2002 Lake View decision in which the Arkansas Supreme Court declared the state's education system to be inadequate and inequitable. As a result, each school district in Arkansas is to make an alternative learning environment available to their students. They can do so by offering a program within the district, in a consortia in partnership with other districts, through a consortia offered by another entity such as one of the state's educational cooperatives or through a partnership with an institution of higher education or a technical school. Nearly 10 percent of Arkansas's school districts reported having no ALE students in recent years.

ALE students are recommended to the program if they qualify for two of the 12 conditions included in ADE's Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds. Students are admitted upon consultation of a district Placement Team, which can include the student and student's parents along with school district personnel. A plan for ALE and goals for exiting ALE are considered in the Placement Team's deliberations. Students do not necessarily spend the full school day or school year in ALE. The full-time equivalent count of students statewide is about half that of the count of individual students.

ALE is funded by categorical funding, which is based on the number of full-time equivalent ALE students the district had the previous school year. The ALE funding alone historically has not covered all of the expenses associated with ALE students. The amount of ALE funds per FTE ALE student for the current school year is \$4,640, set by Act 743 of 2017. The majority of funds spent for ALE are for salaries and benefits.

A recent trend in Arkansas regarding ALE is an increased number of districts participating in ALE consortia. One particular consortium – the one operated by the Arch Ford Education Service Cooperative – has experienced significant growth over the past several years. It offers two types of programs – a more traditional ALE program and another that utilizes varying amounts of online learning and partners with the Jobs for America's Graduates (JAG) programs to focus on jobs for its students. The students in Arch Ford participating districts tend to spend about the same amount of time in ALEs each year as other ALE students but also tend to be less likely to return to the regular classroom as other ALE students. In addition, the Arch Ford participating district students tend to drop out of school at rates similar to all other ALE students.

ALE and personalized learning share common goals and teaching/learning styles. As Arkansas transitions districts to student-focused learning this year, it will be worth watching how the two approaches work together. Additionally, as the state determines how to fund student-focused learning, some lessons may be gleaned from Arkansas's experiences with ALE.