

RESOURCE ALLOCATION PART II

March 10, 2026



2026 EDUCATIONAL ADEQUACY STUDY

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” Adequacy Study Statute

Ark. Code Ann. § 10-3-2102(i); study for subdivision (a)(6)

(a)(6) **“Review and continue to evaluate the costs of an adequate education for all students in the State of Arkansas, taking into account cost-of-living variances, diseconomies of scale, transportation variability, demographics, school districts with a disproportionate number of students who are economically disadvantaged or have educational disabilities, and other factors as deemed relevant, and recommend any necessary changes.”**

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Expenditures by Fund Source

Breakdown of 2025 District & Charter Spending

- Foundation (49%)
- Other Funds (51%)
 - Additional funding streams from state, local, and federal fund sources

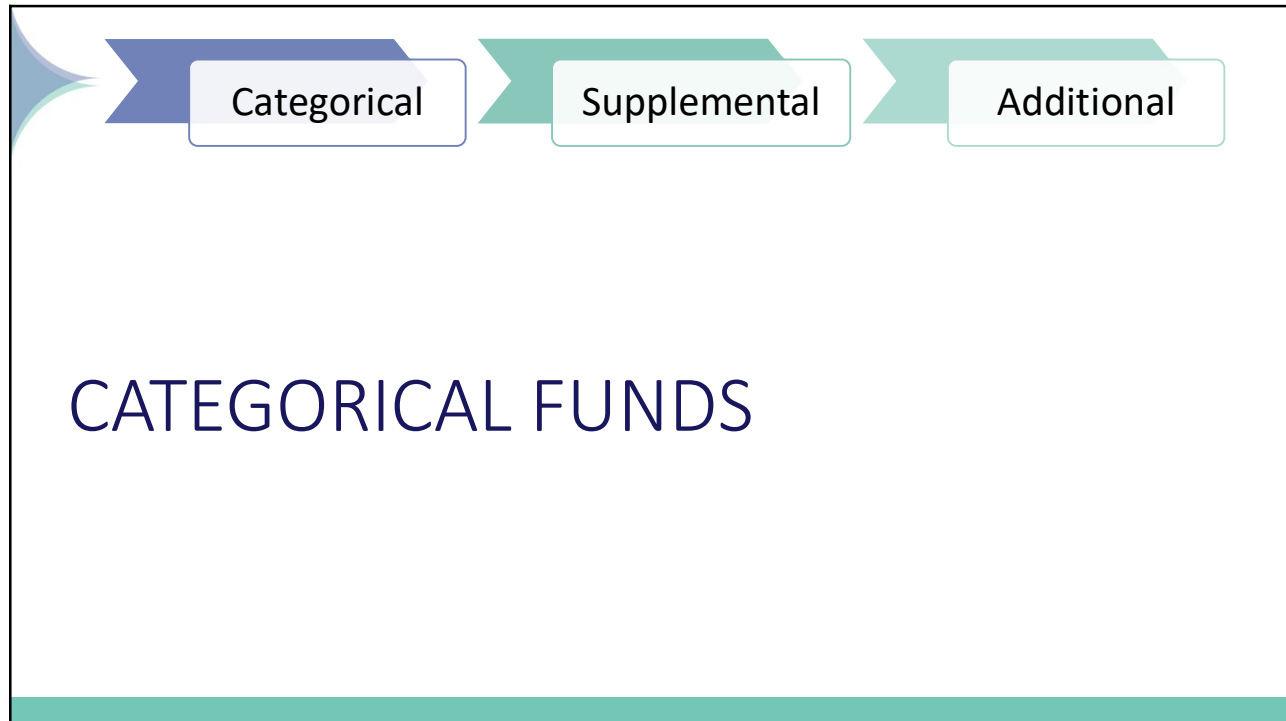
State and local funding streams
 Foundation funds (56%) of total state funding

- “Other” (44%)
 - “Categorical”
 - “Supplemental”
 - “Additional”

ROADMAP

Other Public School District & Charter System Expenditures

- Categorical
 - Alternative Learning Environment (ALE)
 - English Learner (EL)
 - Enhanced Student Achievement (ESA)
 - Professional Development (PD)
- Supplemental
 - Isolated
 - Declining Enrollment
 - Student Growth
 - ESA Grants
 - Special Education
 - High-Cost Occurrences
 - Enhanced Transportation
 - Teacher Salary Equalization
 - LEARNS Minimum Teacher Salaries
- Additional



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CATEGORICAL FUNDS

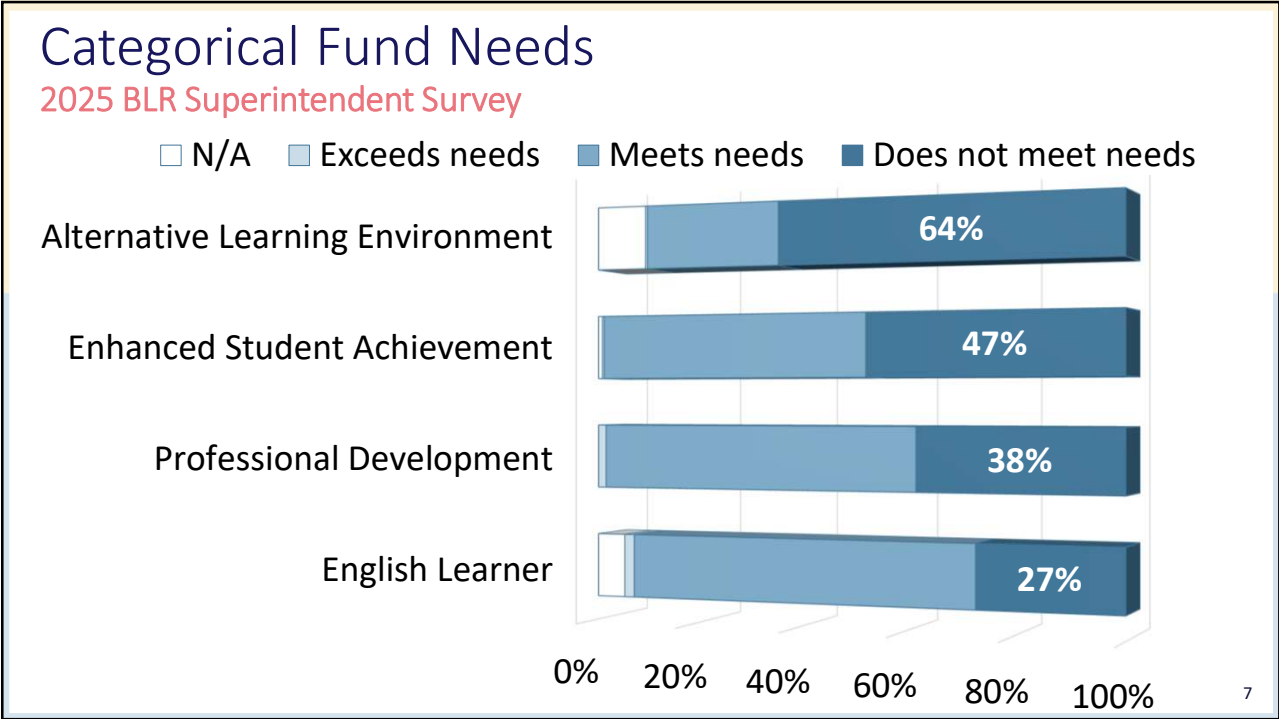
Public School District & Charter System Expenditures

Categorical Funds

- Alternative Learning Environment (ALE)
- English Learner (EL)
- Enhanced Student Achievement (ESA)
- Professional Development (PD)

- Three are targeted to specific student populations
- Restricted in use but can be transferred within categorical funds
- Per-student funded
- 4% of Total Spending

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Categorical Funds

Alternative Learning Environment (ALE)

“OTHER” FUNDS


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Restricted Use of ALE Categorical Funds

Qualifying Criteria for Eligible ALE Students

- Identified barriers to student’s academic or social progress
- Two or more personal characteristics or situations that negatively affect the student



Specialized programming provided to eliminate traditional barriers to learning



Per-student funding based on prior-year full-time equivalent (FTE) student counts

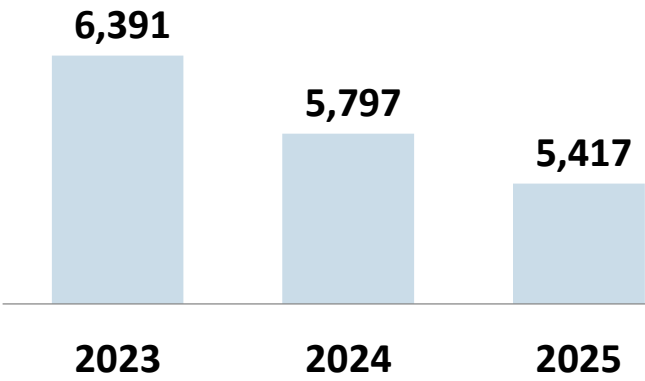
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Alternative Learning Environments (ALEs)

Types of ALE Students

- Hybrid (0.5 FTE)
 - 20% of instructional time spent in nontraditional ALEs
- Traditional

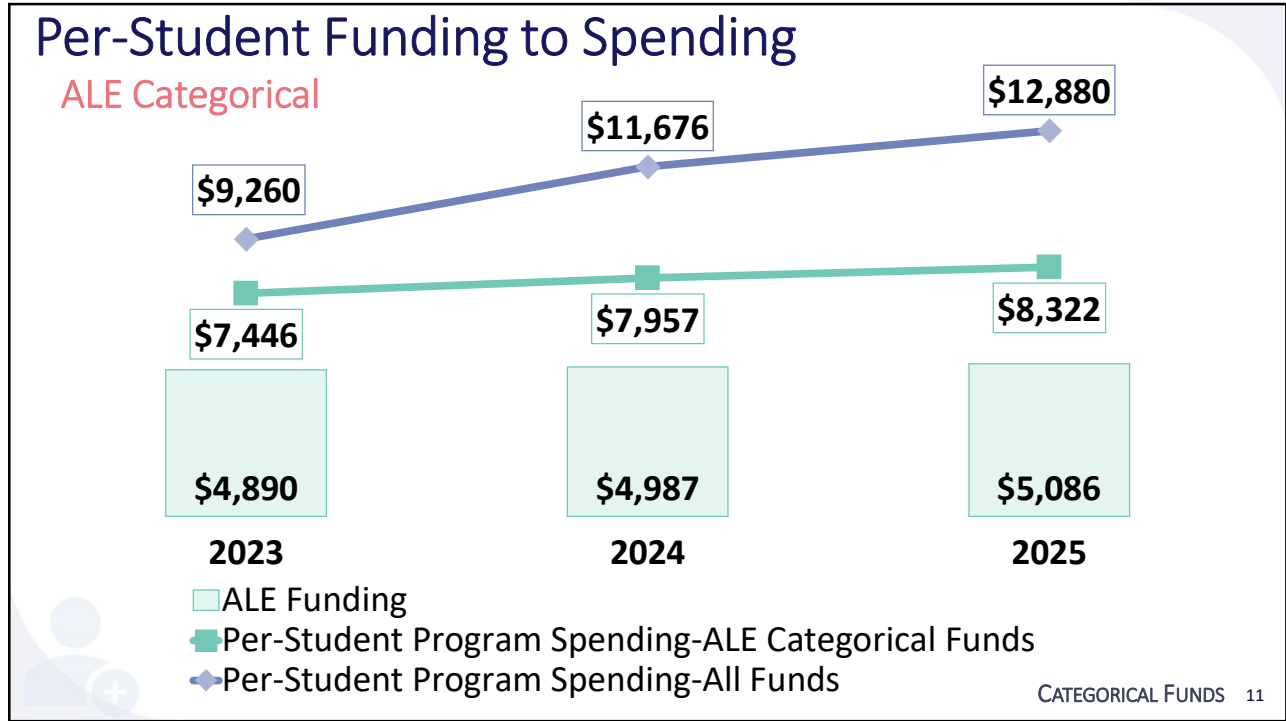


| Year | Number of Students |
|------|--------------------|
| 2023 | 6,391 |
| 2024 | 5,797 |
| 2025 | 5,417 |

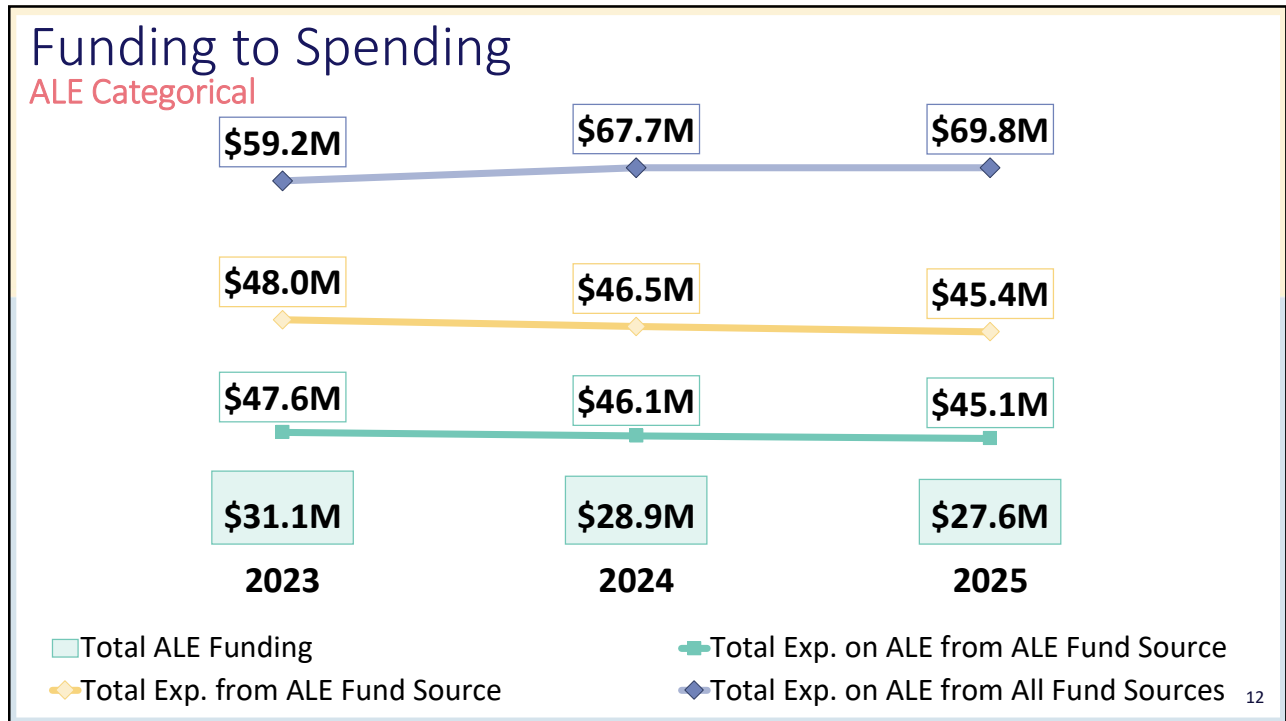
$$\frac{\text{Total number of days in ALE}}{\text{Total number of school days}} \times \frac{\text{Hours per day in ALE}}{6 \text{ hours}}$$

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Alternative Learning Environment (ALE)
 “Shall” to “May” 

ALEs are no longer required

Public school districts **may choose** to provide one or more ALEs for all students who meet the minimum criteria


- Establish and operate an ALE, as a school or school-embedded program
- Cooperate with other school districts
- Use an ALE operated by an education service cooperative
- Partner with an institution of higher education or technical institute (for courses or operations for students in grades 8-12)

 ACT 911 OF 2025 

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Categorical Funding

English Learners (EL)

“OTHER” FUNDS 

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English Learner

2025 Funding = \$366/ EL Student

EL Student = Student identified at not proficient in the English language based upon statewide Entrance and Exit Procedures criteria

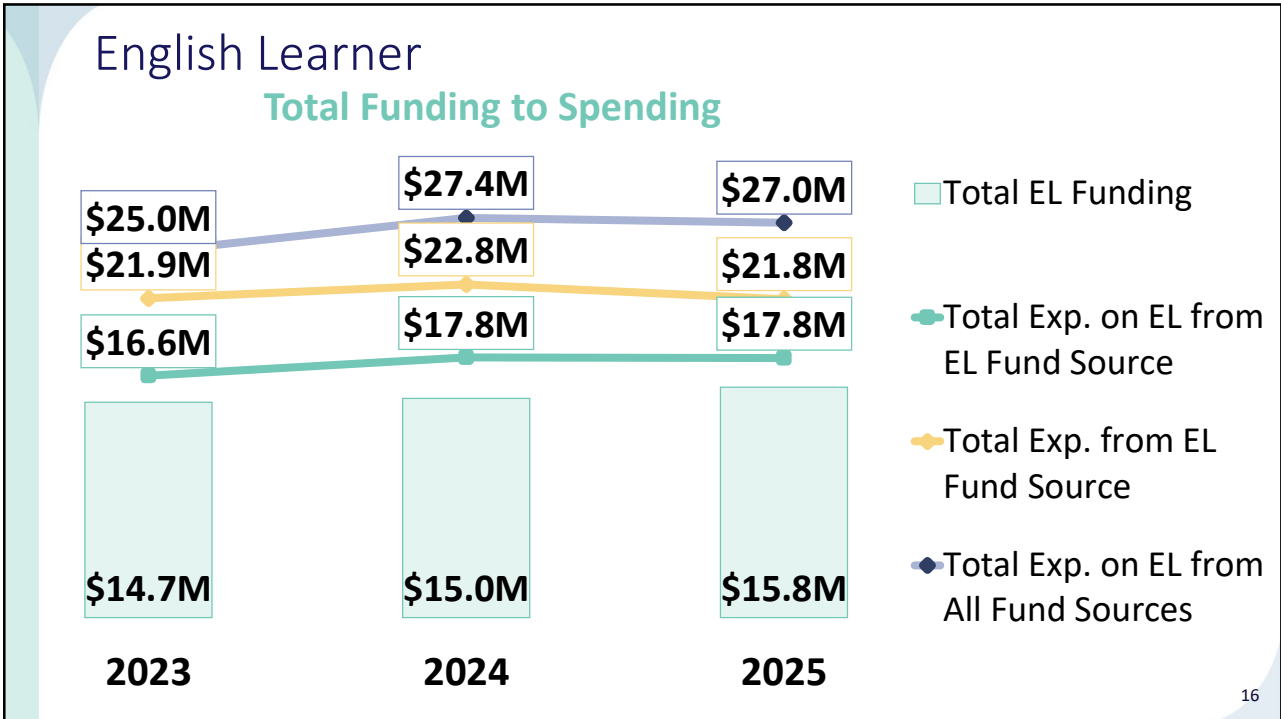
Spending Restrictions

- Salaries for EL-skilled instructional services, trainings for teachers and other providers
- Released-time for EL program development, instructional materials and services, and assessment and evaluation activities

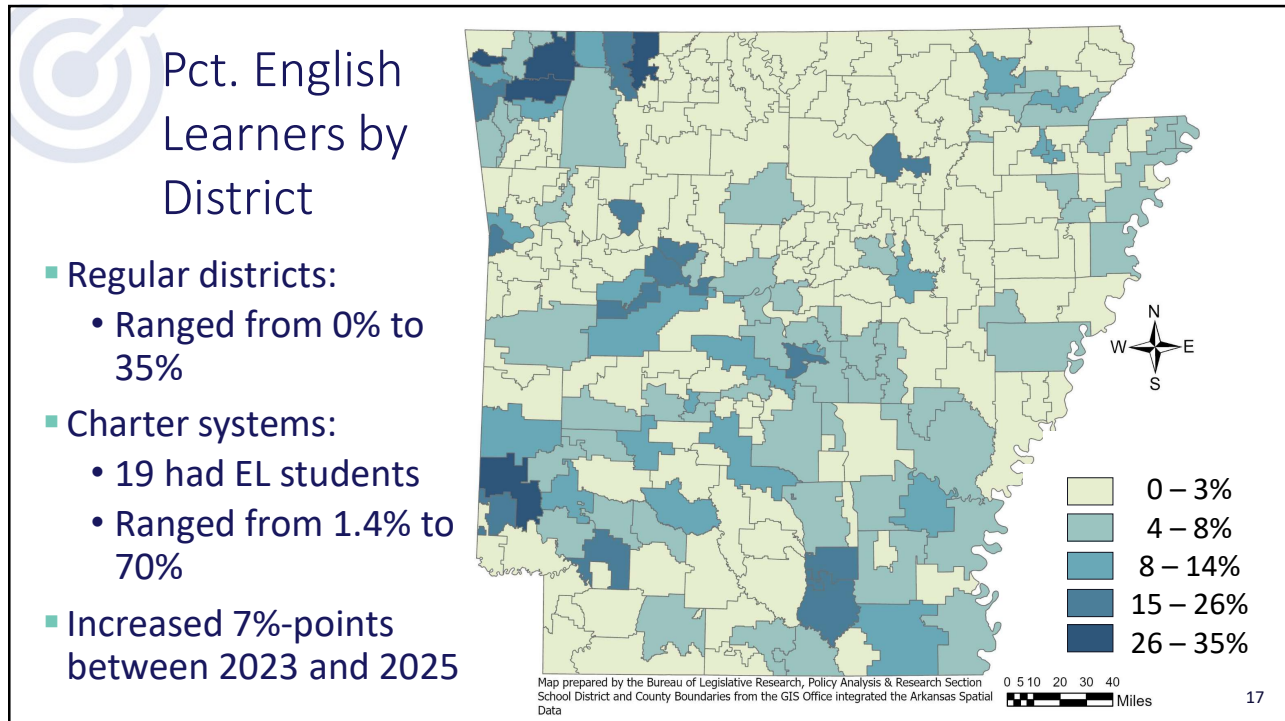
94% went towards salaries and benefits.

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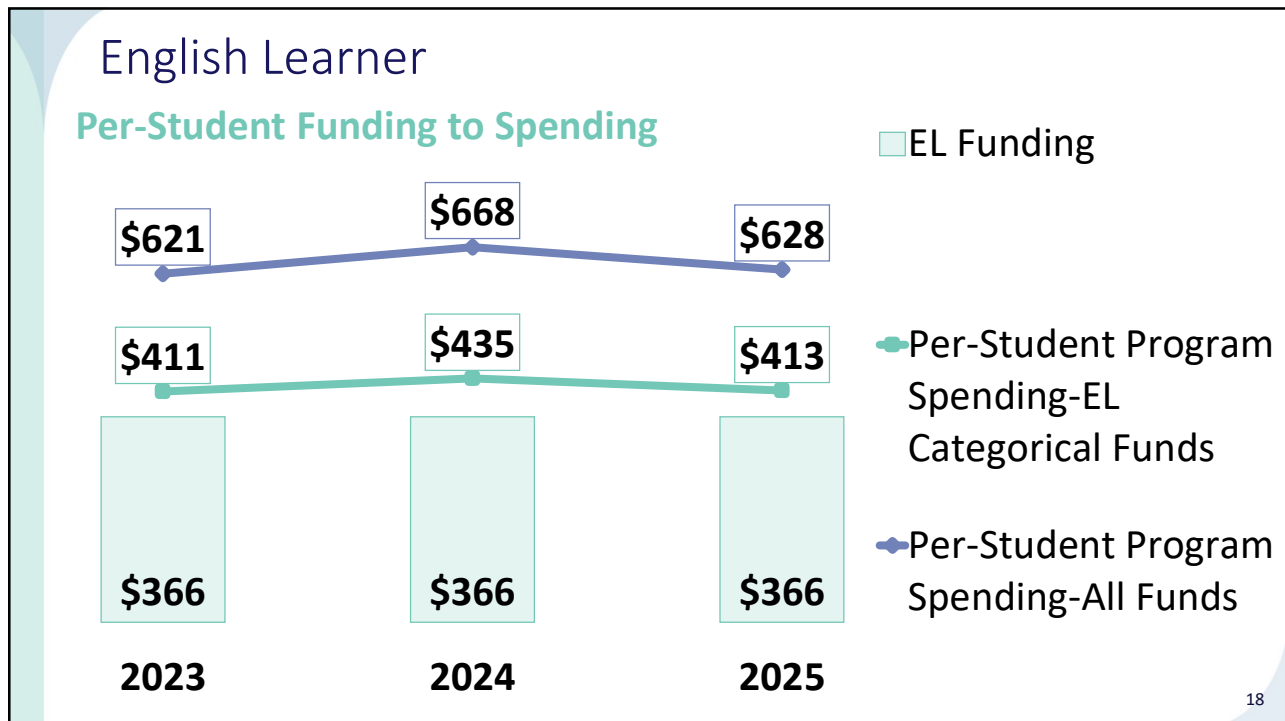
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Categorical Funding

Enhanced Student Achievement (ESA)

“OTHER” FUNDS

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Enhanced Student Achievement

| | | | |
|--|----------------------|---------------------------|---|
| Categorical Per-Student Amount Based on FRL eligible students | Eligible Uses | | |
| <table border="1"> <tr> <td data-bbox="203 1354 711 1465"><70% / 70-90% / >90%</td> </tr> <tr> <td data-bbox="203 1465 711 1570">\$538 / \$1,076 / \$1,613</td> </tr> </table> | <70% / 70-90% / >90% | \$538 / \$1,076 / \$1,613 | <ul style="list-style-type: none"> ▪ Hiring of additional teachers for core academic subject areas, or additional teacher salary in certain circumstances ▪ Academic supports and interventions ▪ Social, emotional, and behavioral supports ▪ Physical and mental health resources ▪ Early intervention resources ▪ Access to post-secondary opportunities |
| <70% / 70-90% / >90% | | | |
| \$538 / \$1,076 / \$1,613 | | | |

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Enhanced Student Achievement

Expenditure Requirements



Eligible program(s) or purpose(s) aligned to the needs of the students in the district based on evidence from the district's needs assessment



Evidence-based program(s) or purpose(s) for students at risk in order to improve instruction and increase academic achievement of students who qualify for free and reduced-price lunch



Spending must include strategies to increase student achievement, reduce gaps in achievement among student subgroups, or create conditions that support student learning with a direct tie to improved student outcomes

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Enhanced Student Achievement

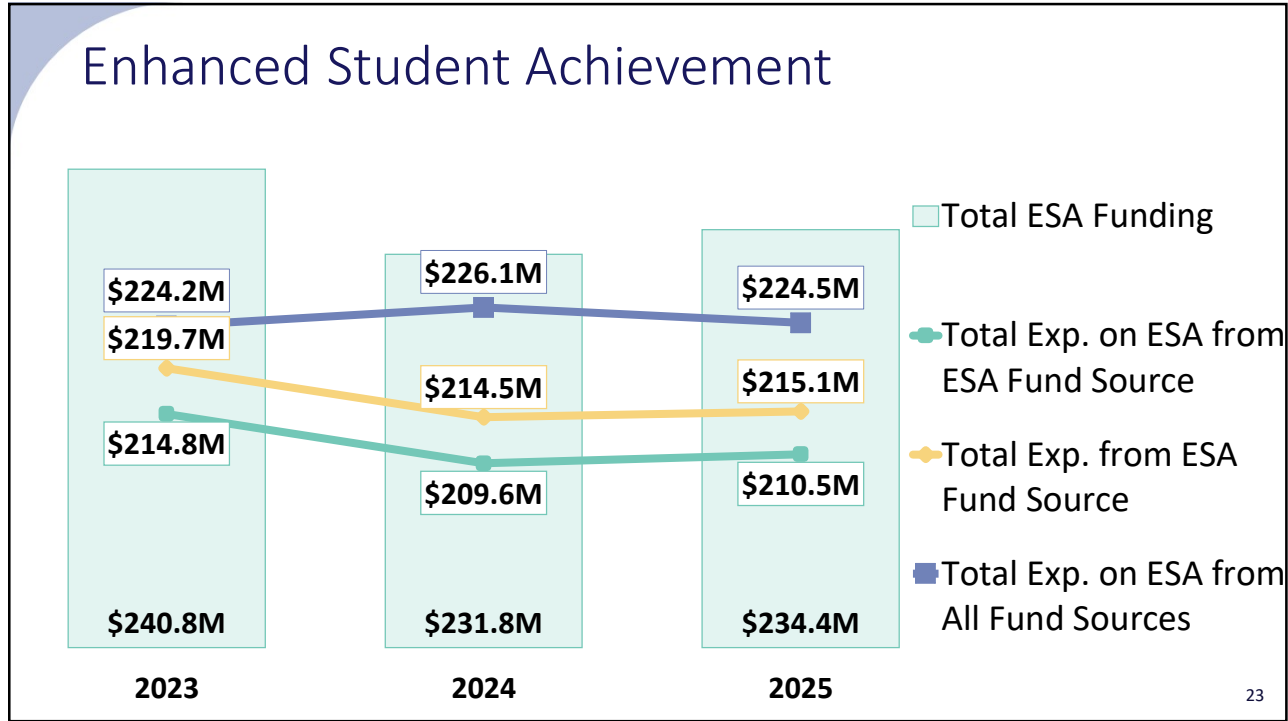
Act 807 of 2025



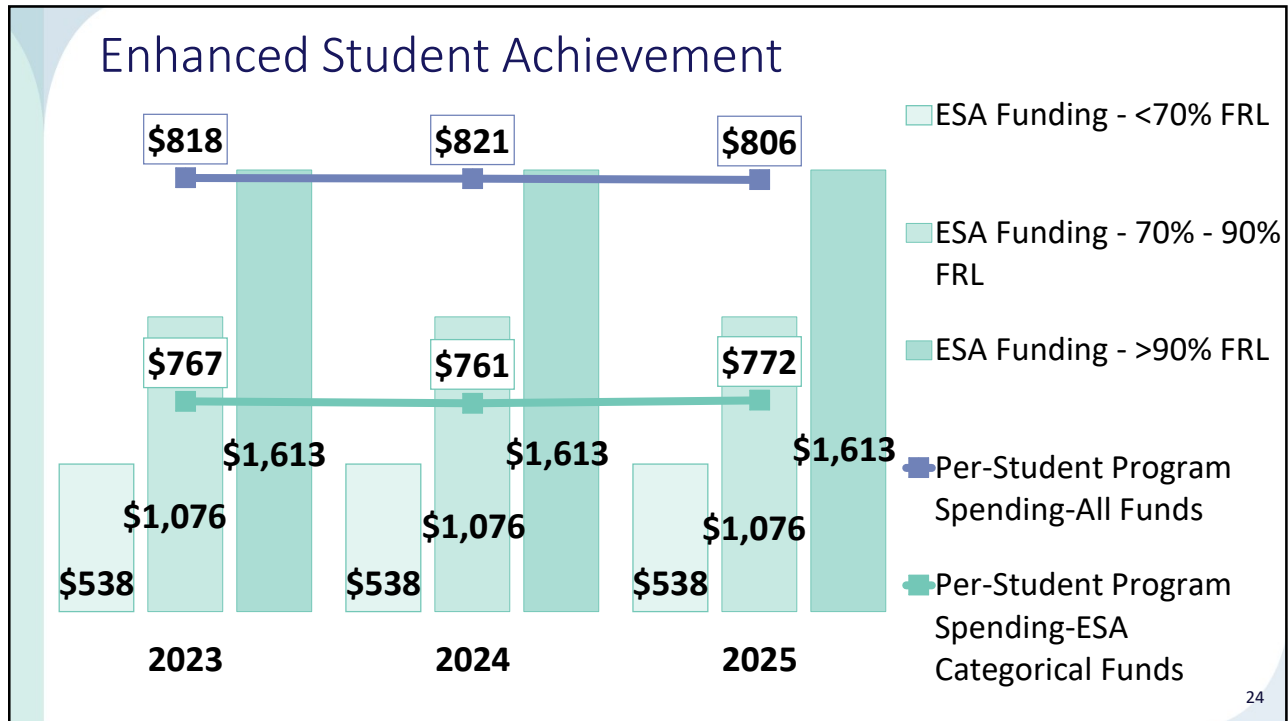
- Removed the requirements for
 - Districts to submit three-year plan to DESE describing a school district's strategies to enhance student achievement and how ESA funds would be used to support those strategies
 - DESE to report on the progress of school districts in meeting ESA plan goals to the Committees in odd-numbered years
- Requires that information on prioritization and intended use of funding be included in a district's strategic plan
- Funding statute still states that SBOE shall promulgate rules for submitting an ESA plan and monitoring expenditure of funds
- The current rules still contain the requirement to submit a three-year ESA plan

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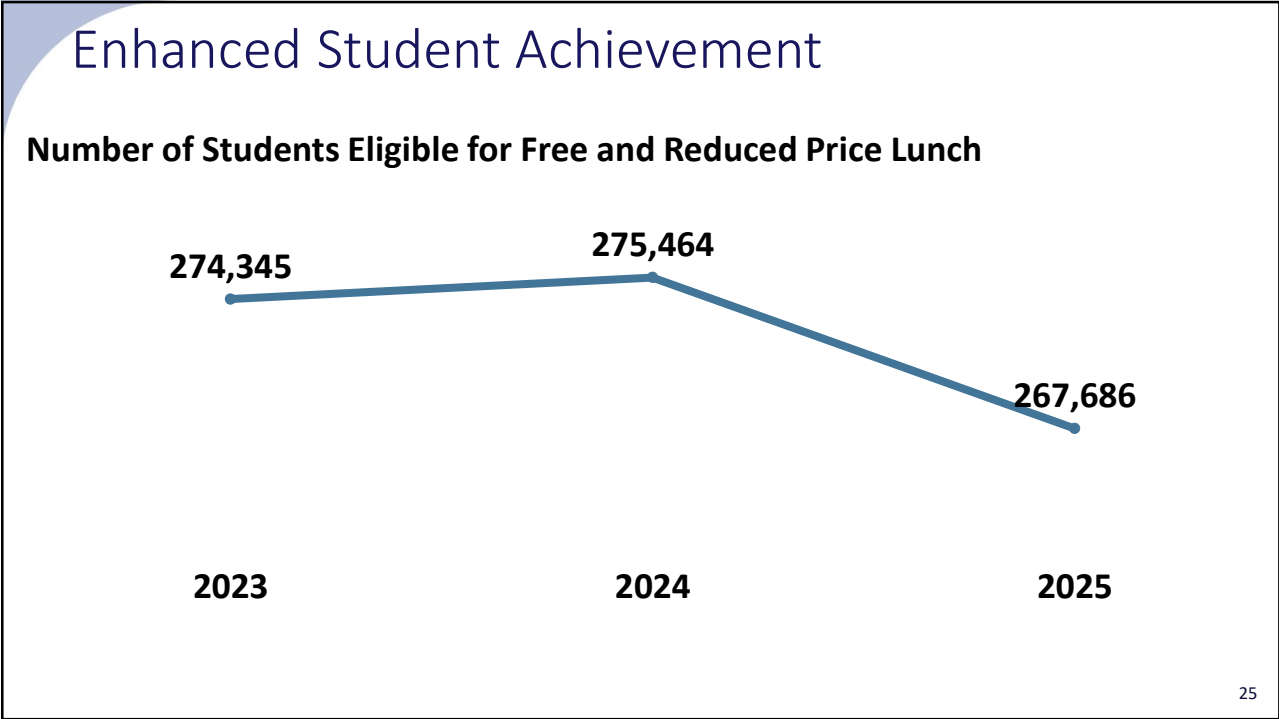
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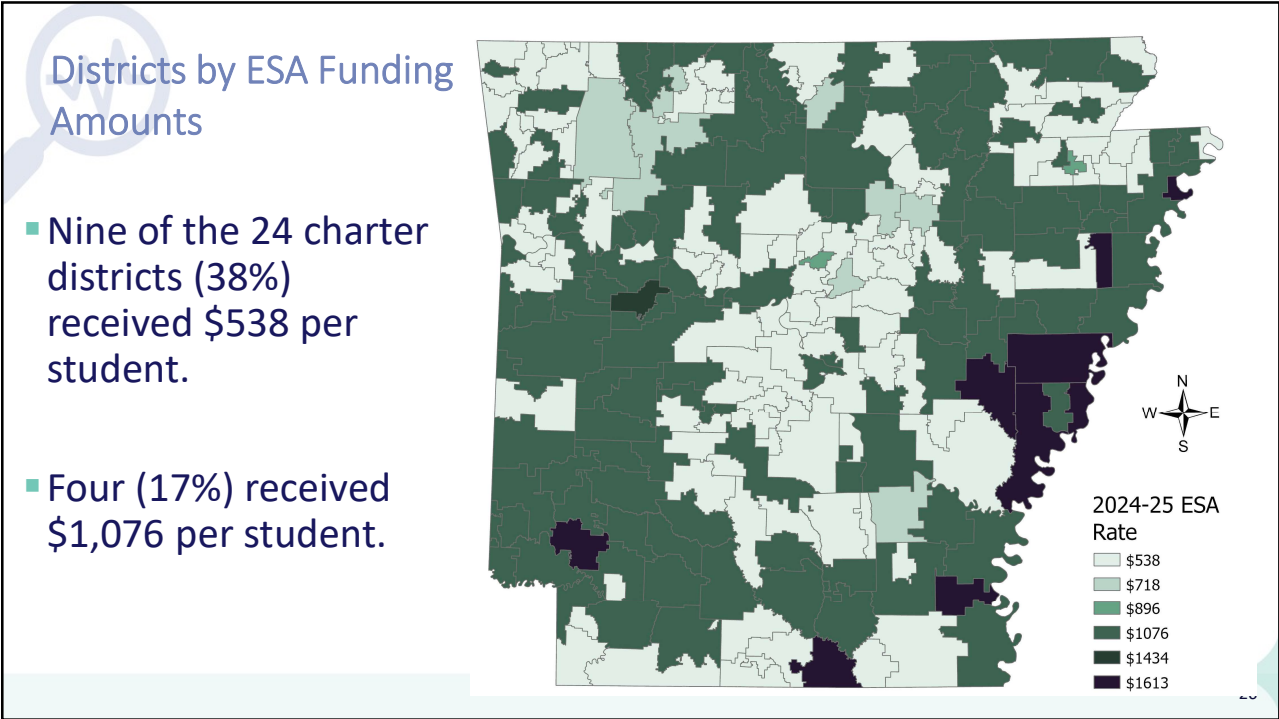
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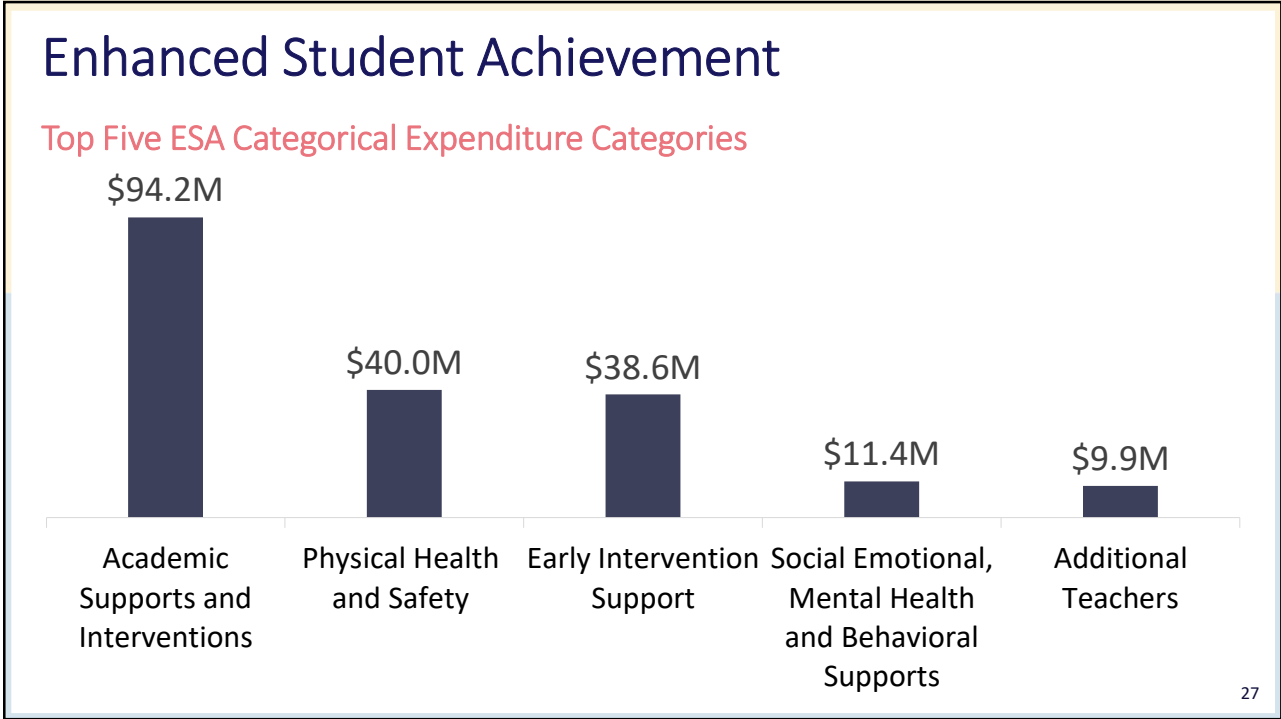
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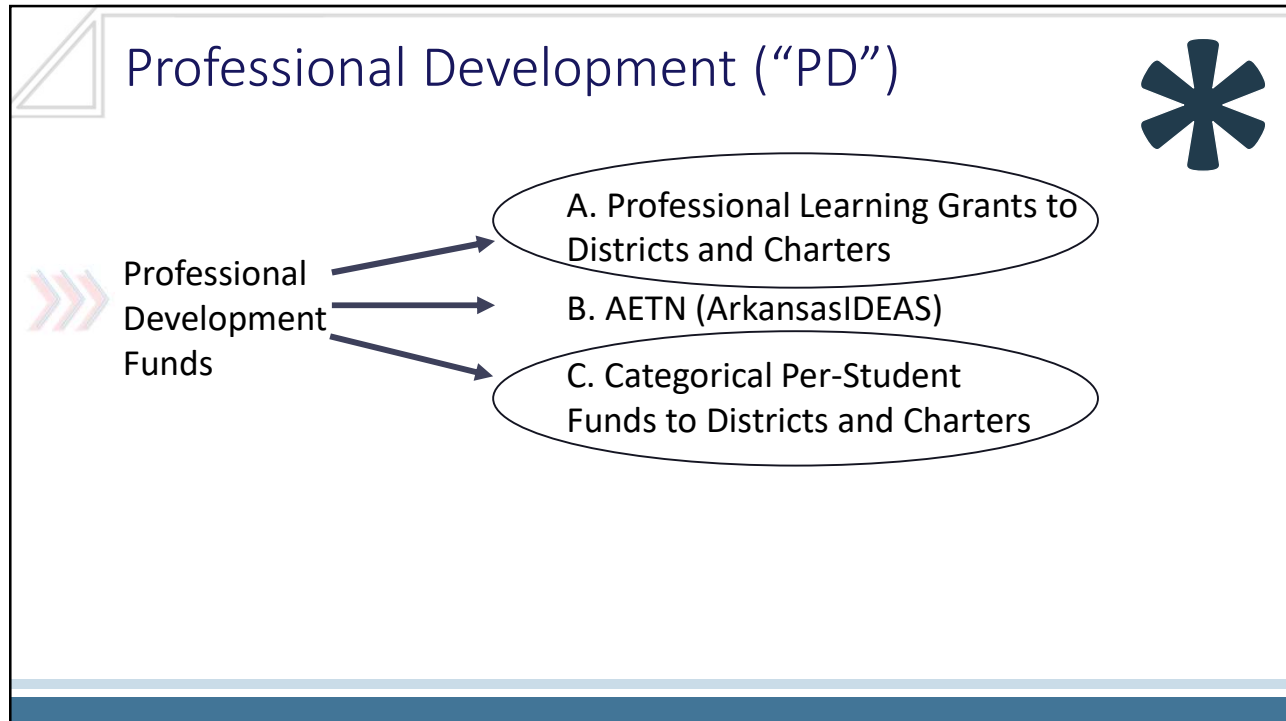
Categorical Funding

Professional Development

“OTHER” FUNDS

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Professional Development

Categorical Funding and Spending

Purpose of Professional Development

“Improve teaching and learning in order to facilitate individual, school-wide, and system-wide improvements designed to ensure that all students demonstrate proficiency on state academic standards”

2025 Funding = \$37.50/ Student

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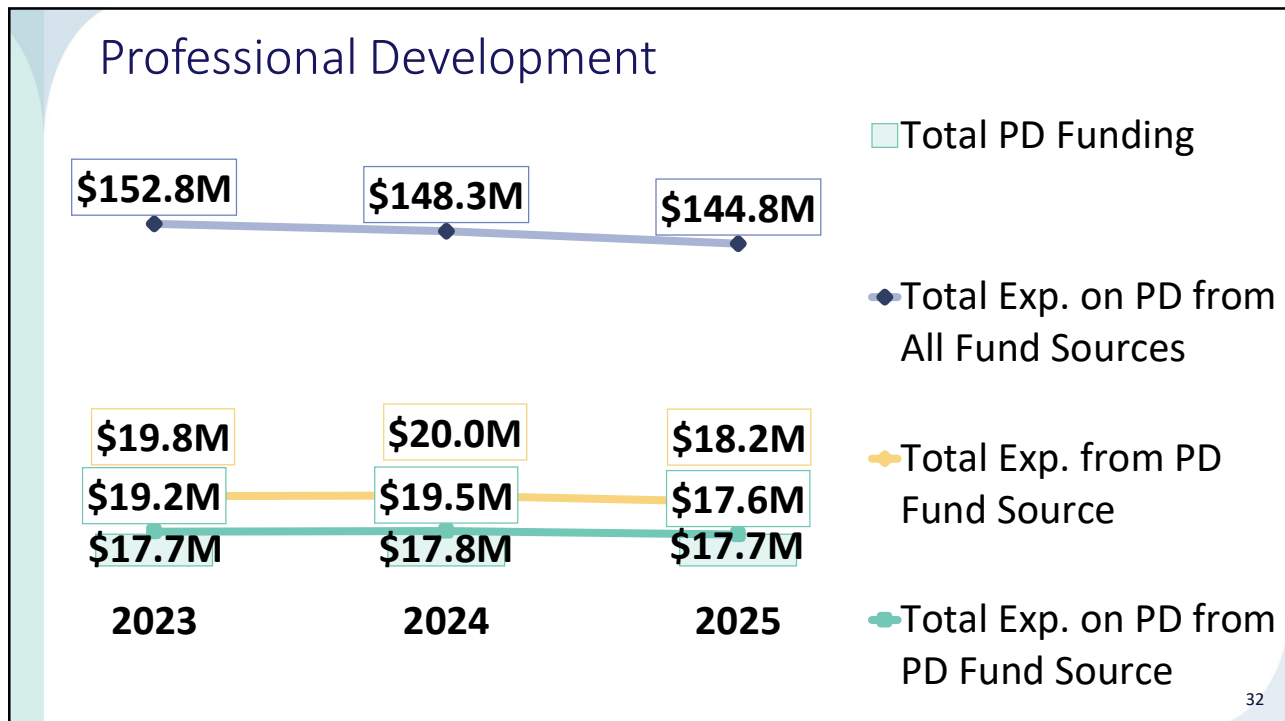
Professional Development Fund Uses

- “Improve the knowledge, skills, and effectiveness of teachers;
- Address the knowledge and skills of administrators and paraprofessionals concerning effective instructional strategies, methods, and skills;
- Lead to improved student academic achievement; and
- Provide training for school bus drivers as outlined in rules promulgated by the Commission for Arkansas Public School Academic Facilities and Transportation.”

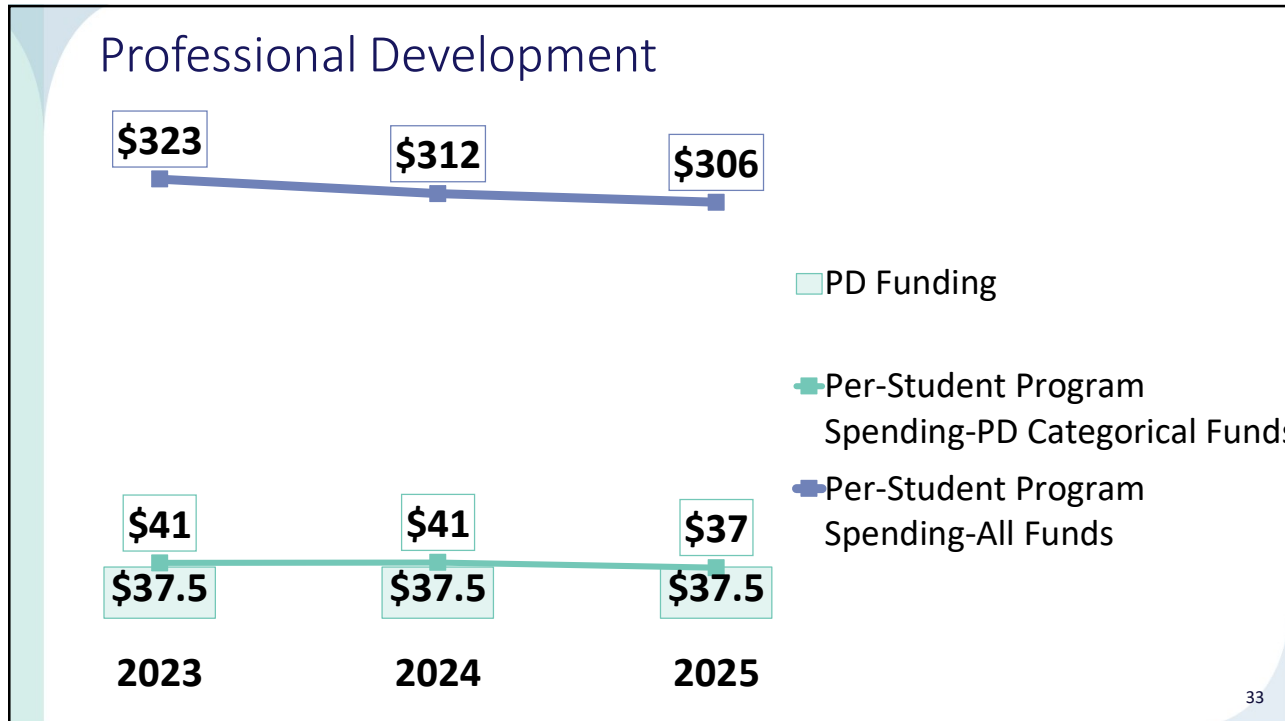
More than 60% went towards salaries and benefits for certified teachers for purposes of PD in 2025.

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Professional Development Professional Learning Grant Program

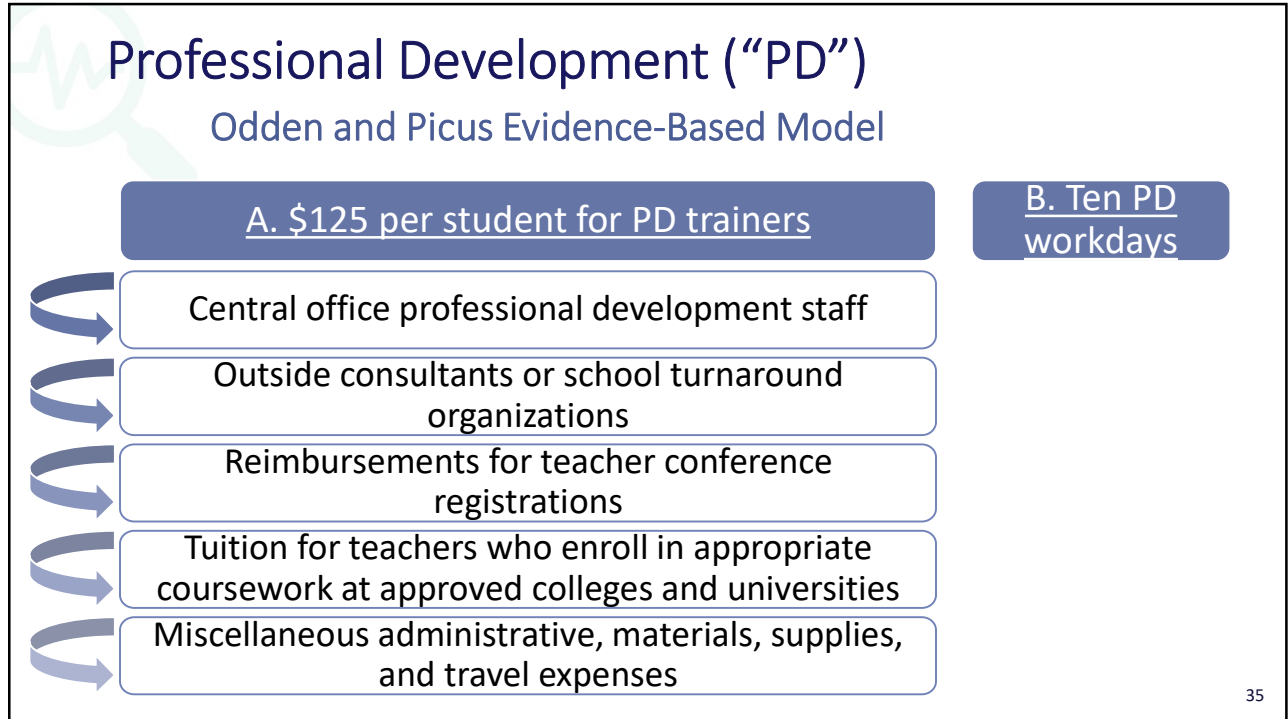
2025 Funding
\$16.2M → 245 districts

“Designed to enhance student learning outcomes by fostering continuous, job-embedded professional development for educators.”

Act 795 of 2025 removed the \$16.5 million appropriation for additional PD. Funding provided above the per student PD funding amount shall be used by DESE for “implementation of the LEARNS Act to improve student academic outcomes.”

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Professional Development (“PD”)

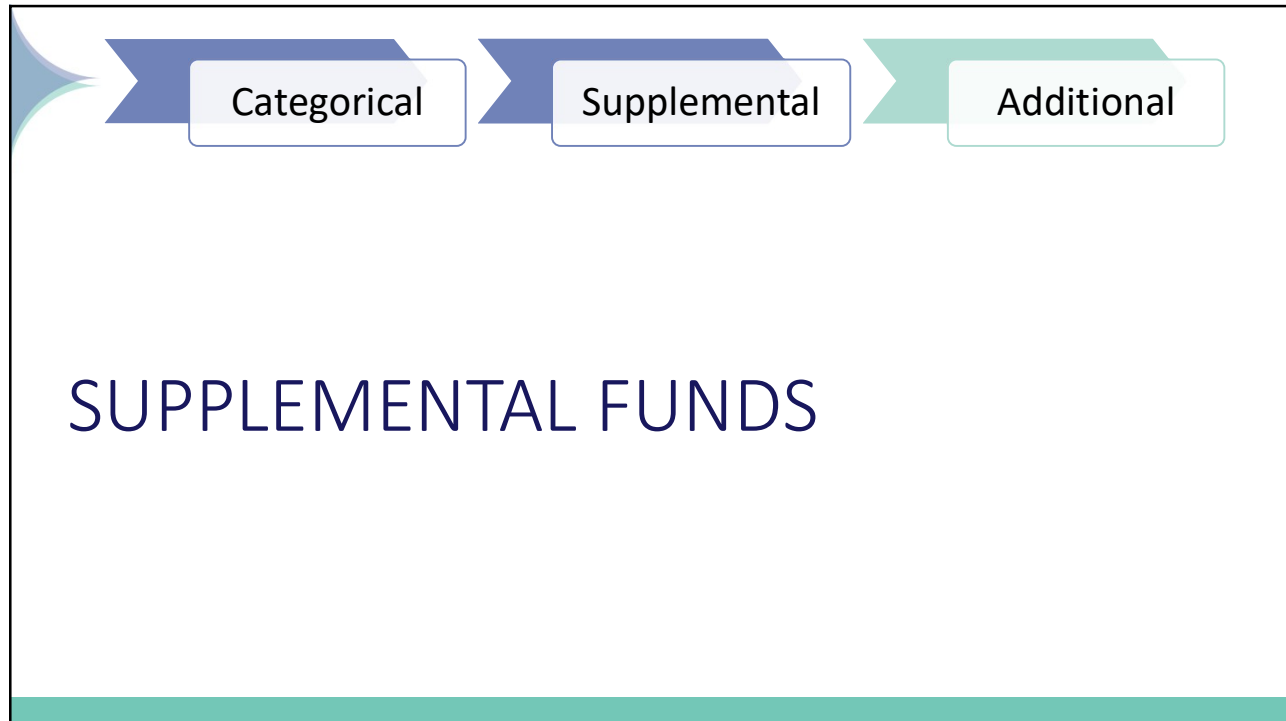
Arkansas Educator Input (2025)

| Most Received PD by Teachers | Most Useful PD for Teachers |
|--|---|
| <ul style="list-style-type: none"> Collaboration with other educators/staff (51% most or all of the time) District-provided PD not using Arkansas IDEAS (43% most or all of the time). | <ul style="list-style-type: none"> Collaboration with other educators/staff (55% rated it as essential) with another 31% rating it very useful. Conferences or workshops with 21% rating it as essential and another 39% rating it as very useful |

Source: 2026 Adequacy Teachers Survey Report, Questions 34-35

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SUPPLEMENTAL FUNDS

Public School District & Charter System Expenditures

“Supplemental” Funds

- Isolated
- Declining Enrollment
- Student Growth
- ESA Grants
- Special Education High-Cost Occurrences
- Enhanced Transportation
- Teacher Salary Equalization
- LEARNS Minimum Teacher Salaries

- Assist regular districts and charter systems with specific needs
- Distributed in various ways
- 5% of Total Spending

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Supplemental Funding

Isolated and Special Needs Isolated

“OTHER” FUNDS

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Isolated

Isolated Funding
Districts with low enrollment or geographic challenges, such as rugged road systems and/or low-student density

1. Isolated
2. Special Needs Isolated
3. Special Needs Isolated – Small District
4. Special Needs Isolated – Transportation

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Isolated

| Isolated Funding Type | FY25 Funding Amount | | FY25 Spending Amount |
|--|---------------------|--------|----------------------|
| 1. Isolated Funding | \$2.2M | | |
| 2. Special Needs Isolated (SNI) | \$3.8M | \$5.9M | \$6.3M |
| 3. SNI - Small School | \$2.6M | | \$2.8M |
| 4. SNI - Transportation | \$2.3M | | \$2.5M |
| Total Isolated Funding | \$10.9M | | \$11.7M |

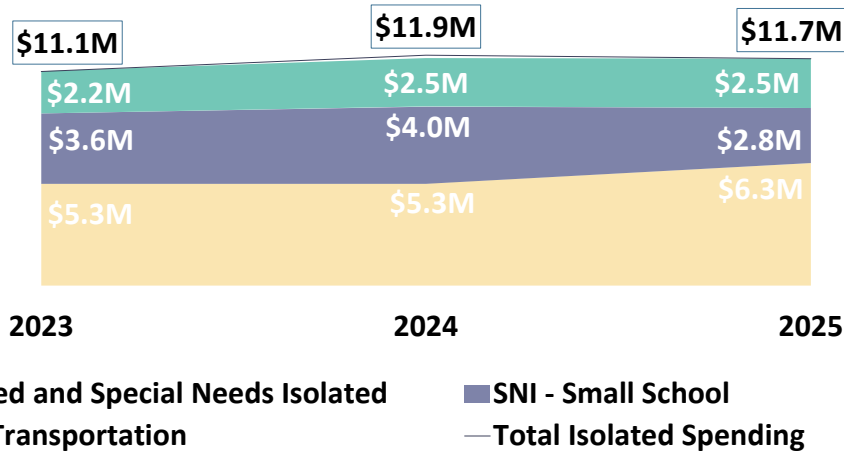
Note: While funding is provided for the two separate funds, isolated and special needs isolated, expenditures for these are combined due to the APSCN coding structure.

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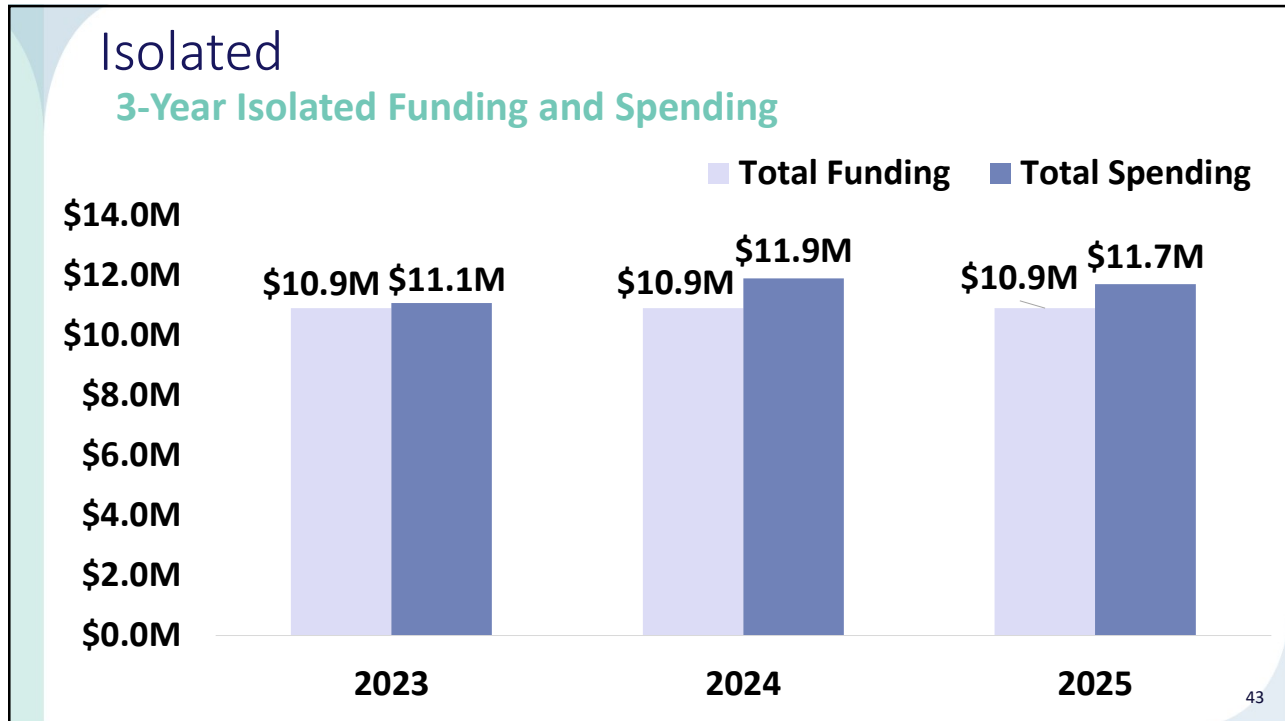
Isolated

3-Year Isolated Expenditures by Isolated Fund Source



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Isolated Spending Restrictions and Expenditure Types

| Isolated Funding Category | Spending Restrictions |
|---|---|
| Isolated | Operation, maintenance, and support of the isolated school area |
| Special Needs Isolated | Operation of the isolated school area |
| Special Needs Isolated (Small School) | None |
| Special Needs Isolated - Transportation | Transportation costs for the isolated school area |

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Isolated

Spending Restrictions and Expenditure Types

| Isolated Funding Category | Actual FY25 Spending – Top Uses |
|--|--|
| Isolated | 1. Regular Instruction (39%) |
| Special Needs Isolated | 2. Operations and Maintenance (19%) 3. District and School Administration (16%) |
| Special Needs Isolated (Small School) | 1. Regular Instruction (44%) 2. Operations and Maintenance (16%) 3. Transportation (13%) |
| Special Needs Isolated - Transportation | 1. Transportation (90%) 2. LEA Indebtedness (8%) 3. District or School Administration (1%) |

Note: Expenditures for Isolated and Special Needs Isolated Funding are combined due to coding structure.

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Isolated

Odden and Picus Evidence-Based Model

Odden and Picus recommend adjustments for school districts that have smaller enrollment numbers.

School districts ≤ 975 students require additional support staff for an adequate program:

- One assistant principal and one full-time teacher for every seven students

In 2025, 142 Arkansas school districts had fewer than 975 students (55% of all school districts)

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Supplemental Funding

Declining Enrollment

“OTHER” FUNDS

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Declining Enrollment

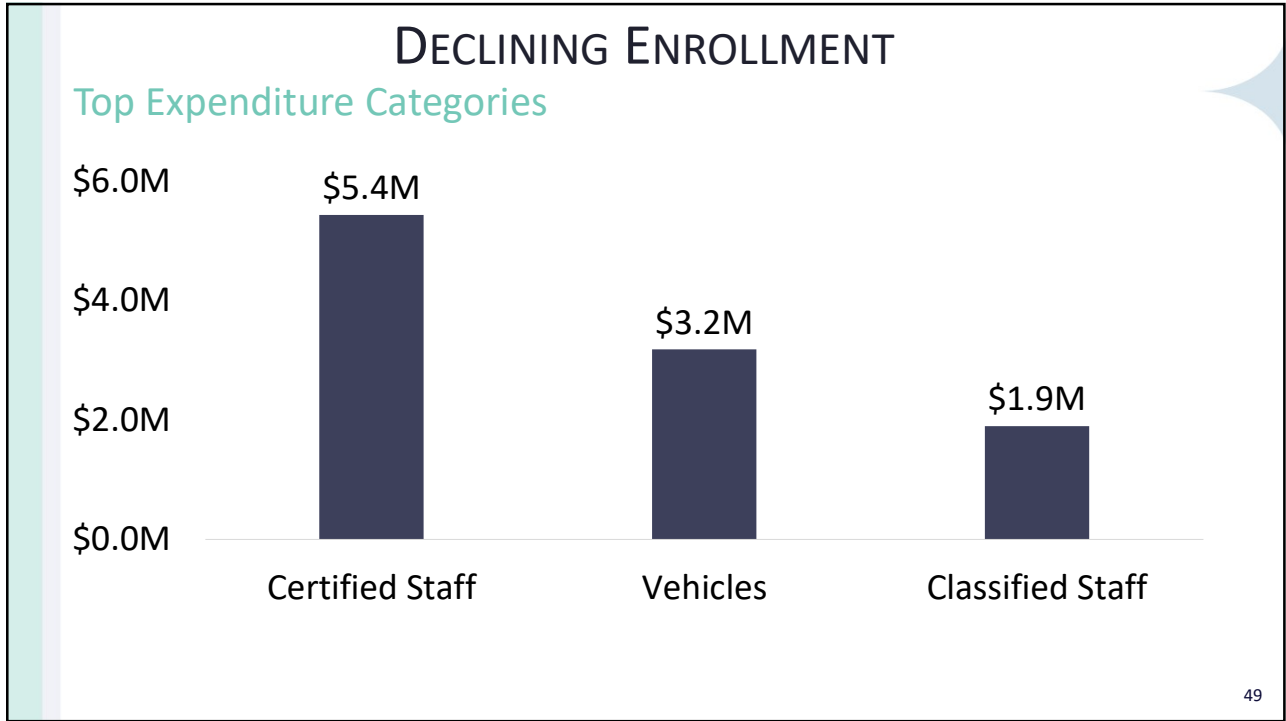
- Unrestricted funding
- Awarded based on a formula using yearly ADM
 - Uses data from previous two years
 - Provides about half of the foundation funding rate for each student a district has lost

| Year | Funding (\$M) | Spending (\$M) |
|------|---------------|----------------|
| 2023 | \$15.0M | \$18.9M |
| 2024 | \$15.8M | \$17.8M |
| 2025 | \$24.7M | \$25.9M |

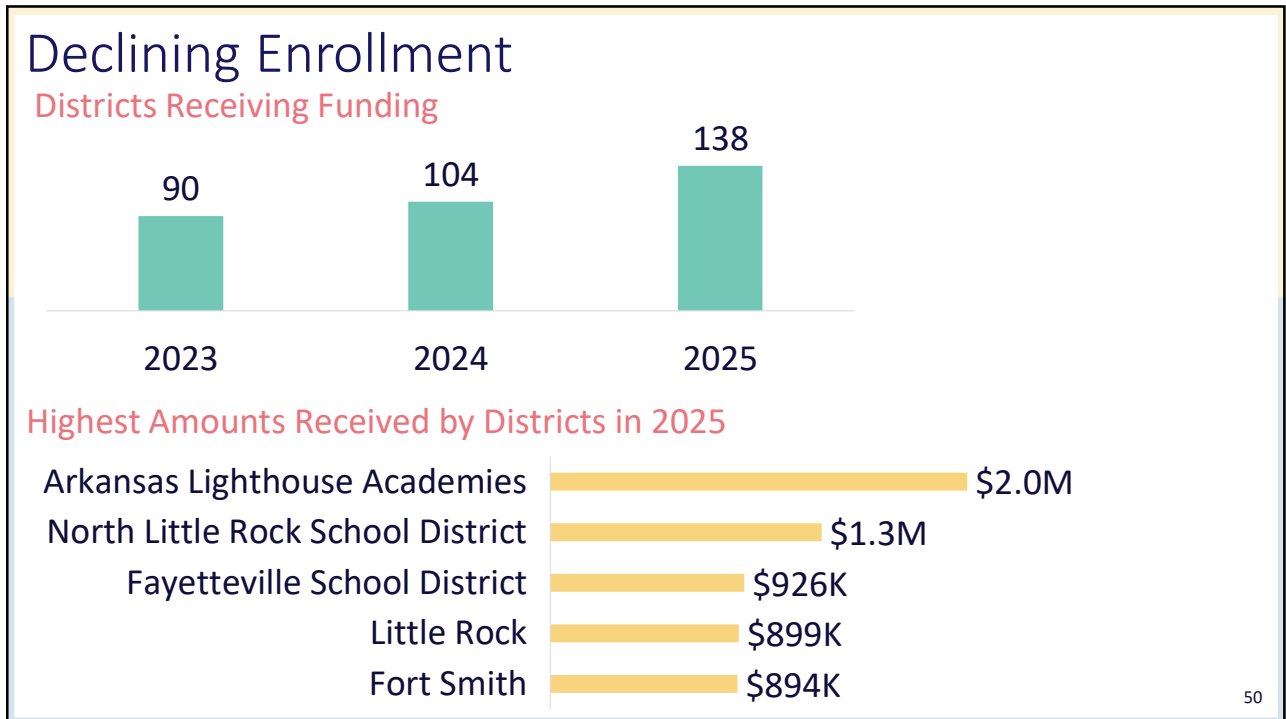
Legend: ■ Funding ■ Spending

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➤ Declining Enrollment

Best Practices



| Declining Enrollment | Hold Harmless | Minimum Categorical | Three Year average |
|---|--|--|---|
| Additional funds provided to districts with declining enrollment based on a formula | Guarantees districts a certain amount of funding | Districts receive a certain amount of categorical funding regardless of student population | Considers current year ADM, average of two years' ADM, and average of three years' ADM and funds districts based on highest ADM |

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Supplemental Funding

Student Growth

“OTHER” FUNDS

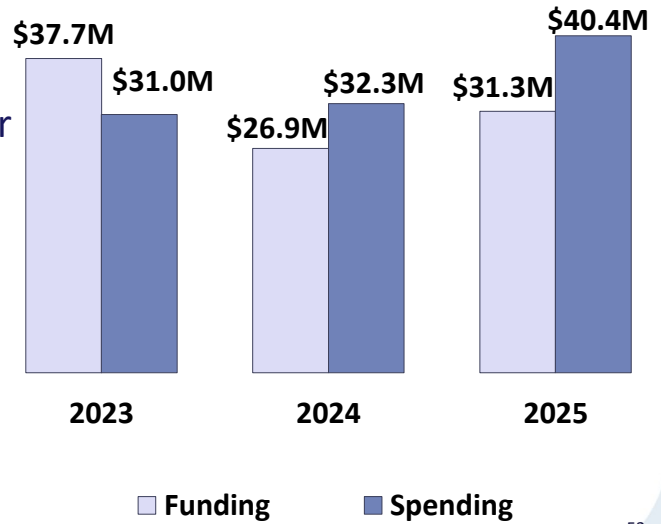
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Student Growth

- Unrestricted funding
- Awarded based on a formula using quarterly ADM
 - Uses data from previous year
 - Provides approximately the foundation funding amount for each student gained
- Districts may be eligible for both declining enrollment and student growth funding, but may only receive one

Total Funding and Spending

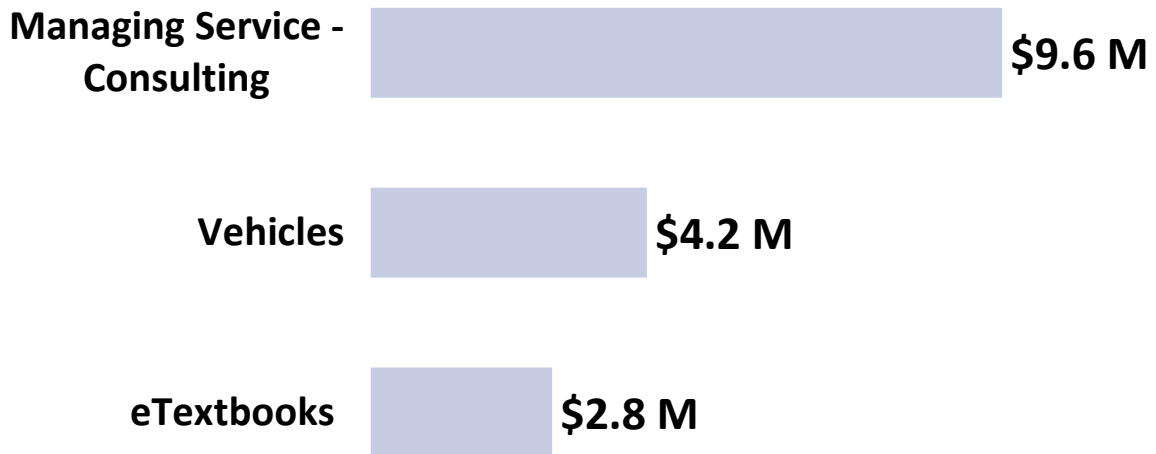


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Student Growth

Top Expenditure Categories

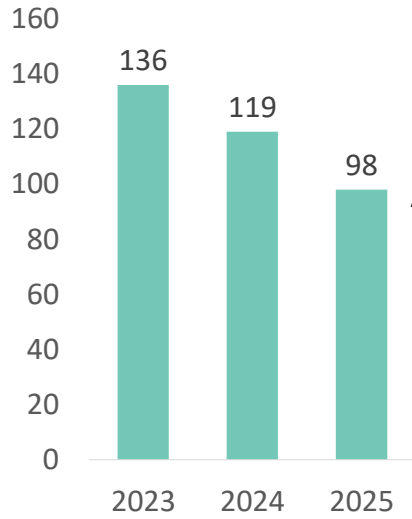


2024-2025 54

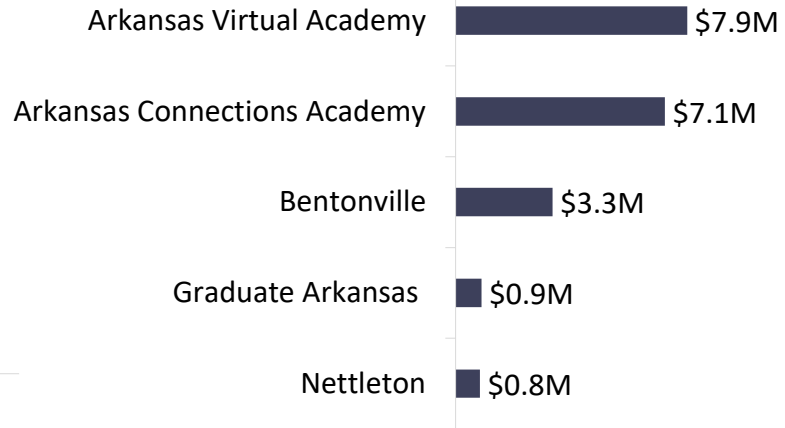
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Student Growth

Districts and Charters Receiving Funding



Highest Amounts of Student Growth Funding



➤ Student Growth Best Practices



Current Year

Use current year ADM to calculate school funding

Formula

Additional funding based on growth over a period of years based on a formula

Minimum Percentage

Funds student growth only when a district reaches a certain threshold of growth

Mid-year Adjustments

Funding adjusted more than once a year to account for growth

Supplemental Funding

ESA Grants

“OTHER” FUNDS

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Enhanced Student Achievement (ESA) Grants

- Reimbursement system for schools
- Three research-based methods for increasing achievement of low-income students
 - Tutors
 - Preschool
 - After school/summer school programs
- In 2025, 127 districts and charters received funding

| Year | Total Funding | Total Spending |
|------|---------------|----------------|
| 2023 | \$5.3M | \$3.4M |
| 2024 | \$5.3M | \$5.6M |
| 2025 | \$5.5M | \$7.9M |

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Enhanced Student Achievement Grants

Districts and charters spent a total of **\$7.9M** in ESA grants in 2025.

| Preschool/early childhood | Summer school/before-and after-school programs | Tutoring/reading |
|---------------------------|--|------------------|
| \$2.6M | \$0.7M | \$1.4M |

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Supplemental Funding

Special Education High-Cost Occurrences

“OTHER” FUNDS

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Special Education High-Cost Occurrences

Purpose: Provided to districts when an individual student’s special education and related services are **unduly expensive, extraordinary, or beyond the routine and normal costs** associated with special education and related services

Distribution: Submit claims to DESE for reimbursement.

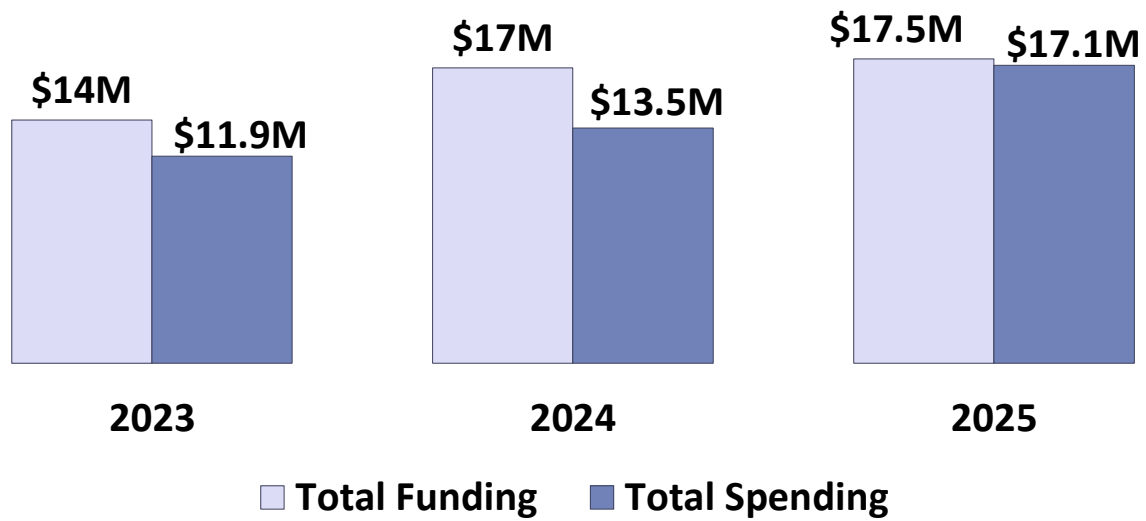
- 0% of the first \$15,000 (after being adjusted for offsets)
- 100% of expenses \$15,000 and \$65,000
- 80% of expenses \$65,000 to \$100,000
- Prorated if requests exceed available funds

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Special Education High-Cost Occurrences

3-Year Funding and Spending



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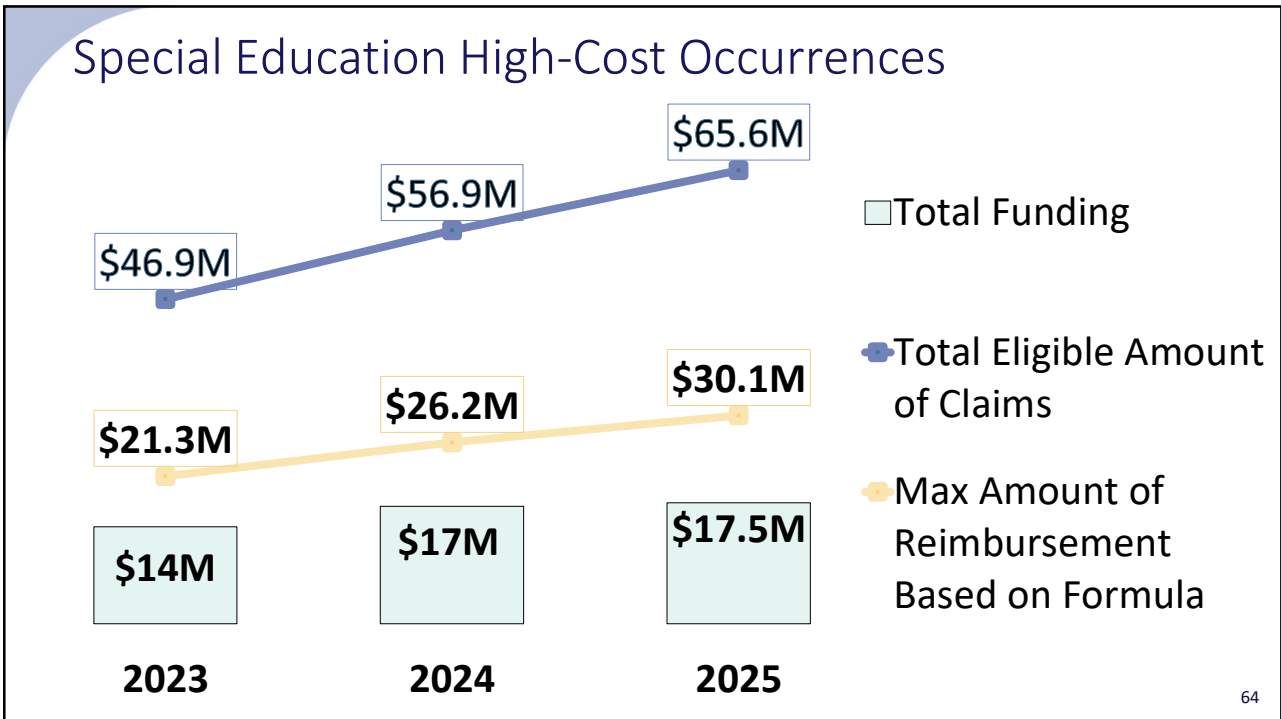
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Special Education High-Cost Occurrences

| | 2023 | 2024 | 2025 | Percent Change 2023 to 2025 |
|---|----------------|----------------|----------------|--------------------------------|
| Number of Students | 1,605 | 1,853 | 2,180 | 36% |
| Number of Districts/ Charters | 157 | 160 | 181 | 15% |
| Percent of Reimbursable Funds Received | 65.6% | 64.8% | 58.1% | -11% |
| Total Eligible Claims Not Funded | \$32.9M | \$39.9M | \$48.1M | 46% |

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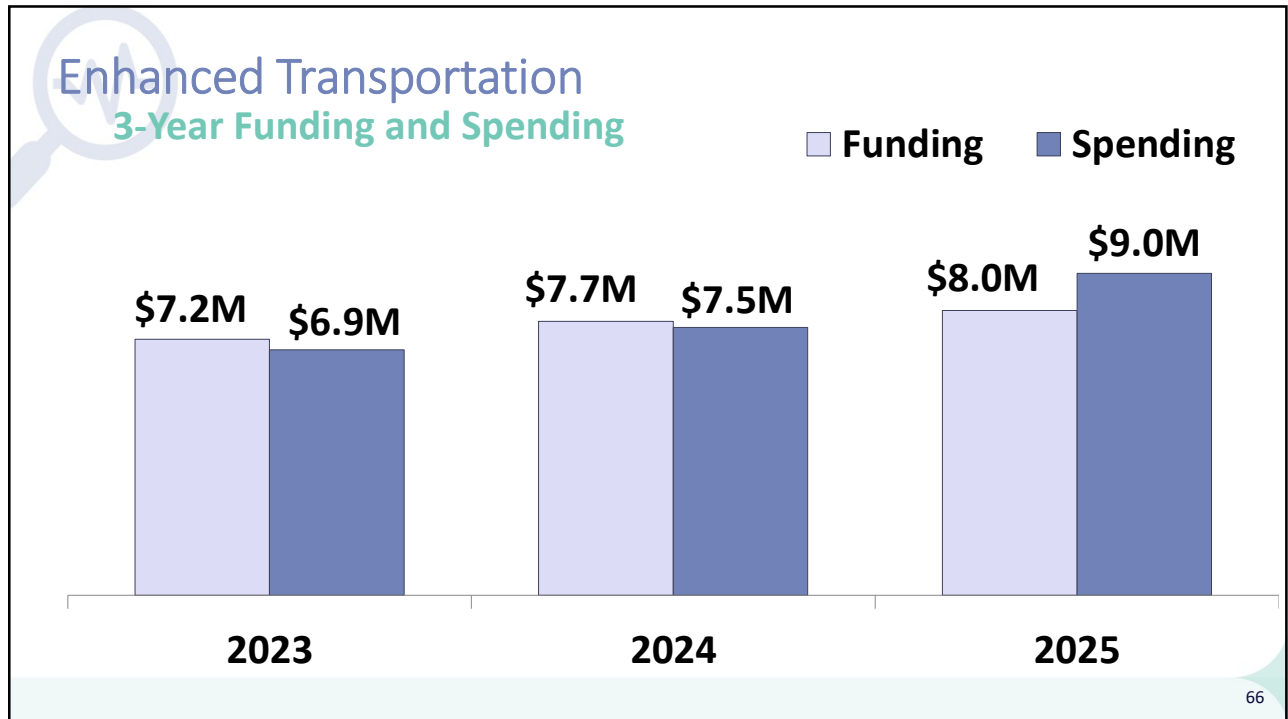
Supplemental Funding

Enhanced Transportation

“OTHER” FUNDS

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Enhanced Transportation

Purpose: Distributed to school districts with high transportation costs

- In 2025, 148 districts and 1 charter system funded between \$1 to \$197,800.
- Unrestricted funding
- Top expenditures:
 - Student transportation related expenses (75%)
 - Operations and maintenance (18%).

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Supplemental Funding

Teacher Salary Equalization

“OTHER” FUNDS

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➤ Teacher Salary Equalization



\$54.7M Provided to All Charters and 210 Districts

Teacher Salary Fund

- Regular Districts (\$49.5M)
- Charter Districts (\$5.1M)

Restricted funding for districts with an average teacher salary below the statewide target (\$51,822)

- \$185 x Prior Year ADM
- Continuous; will not decrease with ADM

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Teacher Salary Equalization



The amount in teacher equalization funding set to decrease in next biennium

- 2025-2026 (\$185)
- 2027-2028 (\$100)
- 2028-2029 (\$50)

Salary no longer set as part of the adequacy study review



ACT 909 OF 2025

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Supplemental Funding

LEARNS Minimum Teacher Salaries

“OTHER” FUNDS

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➤ LEARNS Teacher Salaries 

\$181.5M Provided to All Districts and 18 Charters


Minimum Teacher Salary and Raises Fund

- Regular Districts (\$173.M)
- Charter Districts (\$8.3M)
- Restricted funds for teacher minimum salary levels and teacher raises

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Teacher Salary Equalization


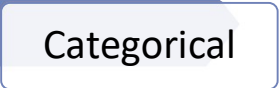
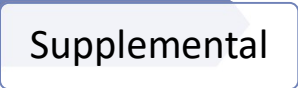
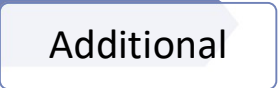
 The amount in teacher equalization funding set to decrease in next biennium

- 2027-2028 (\$100)
- 2028-2029 (\$50)

Salary no longer set as part of the adequacy study review

 ACT 909 OF 2025

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ADDITIONAL FUNDS

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➤ Additional Funding



\$3.12B

| Fund Source Detail | Total Expenditures |
|-----------------------------|--------------------|
| Activity Fund | \$116.4M |
| Building Fund | \$777.9M |
| Capital Outlay Fund | \$32.8M |
| Debt Service Fund | \$359.7M |
| Food Service Fund | \$355.7M |
| Other State and Local Funds | \$859.8M |
| Federal | \$616.9M |
| Grand Total | \$3.12B |

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THANK YOU

QUESTIONS ON RESOURCE ALLOCATION PART II?

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2026 EDUCATIONAL ADEQUACY STUDY

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