



Research Report

State Categorical Funding Review Alternative Learning Environments (ALE)

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Prepared for the
**THE HOUSE INTERIM COMMITTEE ON EDUCATION
AND THE SENATE INTERIM COMMITTEE ON EDUCATION**



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INTRODUCTION

Arkansas statute §10-3-2102 requires the House and Senate Committees on Education to evaluate the cost of providing an adequate education. Arkansas's K-12 education funding formula, referred to as the matrix, is used to determine the per-pupil level of foundation funding disbursed to each school district. In addition to foundation funding, districts may receive four types of categorical funding: National School Lunch state categorical funding, English language learner, professional development and alternative learning environment (§ 6-20-2305(b)). Categorical funding is different from foundation funding because it is designed to support particular types of students, and it can only be used for activities related to the programs intended for the funding. This report provides information about one of the categorical funding programs, alternative learning environments.

ALTERNATIVE LEARNING ENVIRONMENT

An **Alternative Learning Environment (ALE)** is a program that “seeks to eliminate barriers to learning for any student whose academic and social progress is negatively affected by the student’s personal characteristics or situation” (§ 6-48-101(1)(A)(i)). The programs are meant to provide a different learning environment for students who have trouble learning in the traditional classroom. As noted by the education consultants the state hired in 2003 and 2006 to help revamp the education finance system, “ALE programs...are NOT just alternative ways to provide instruction for students; they are intended to be small, personalized programs for students most of whom have multiple behavioral and emotional [problems] as well as drug and/or alcohol problems and have intermittent school attendance.”¹ ALE programs are based on the premise that all students can learn if they are provided a non-punitive environment that is conducive to learning.

In Arkansas, districts offer ALE programs using a variety of models and methods to meet the individual needs of the students they serve. Some districts provide curriculum in alternative classroom settings, while others incorporate online learning, apprenticeship programs, or night school for working students. Many incorporate project-based learning and field trips. A number of districts partner with community colleges and allow students to obtain concurrent credit in Career and Technical Education courses.²

In addition to academic work, ALE programs often provide guidance for students to improve social skills and behavior. Some ALE programs partner with community mental health centers or with the social work departments of local colleges to provide additional mental health and case management services. At least one district partners with a charitable medical clinic to provide health care to students free of charge. One district offers an infant and toddler daycare program for students who are parents, and another ALE program provides after-school programs that offer social activities and drug sobriety programs.³

Arkansas law requires every school district to offer an ALE program for all students who qualify (§ 6-48-102(a)(1)). In 2014-15, there were 468 ALE programs operating in the 236 school districts. Districts may provide ALE programs in a separate classroom in a traditional school or as a separate stand-alone facility. In 2011, there were 12 stand-alone ALE schools. In 2015-16, only six stand-alone ALE schools remain.

Districts are also permitted to establish an ALE program with other districts or join a regional program offered by their educational service cooperative (§ 6-48-102(a)(2)(B) and (C)). In 2014-

¹ Picus and Associates, *Recalibrating the Arkansas School Funding Structure*, August 30, 2006, p. 59.

² Lamb, L., Gardenhire, C.W., and Bales, D., *What Makes Model Alternative Education Programs* (2016).

³ Lamb, L., Gardenhire, C.W., and Bales, D., *What Makes Model Alternative Education Programs* (2016).

15, a total of 63 districts were part of a consortium.⁴ Act 994 of 2015 allowed districts to establish their ALE programs through a partnership with a state higher education institution.

Open enrollment charter schools do not have formal ALE programs and most have waivers from the statutory requirements for ALE as part of their approved charter. Thirteen of the 18 charter schools operating in 2014-15 requested and received waivers from the ALE statutes. That does not mean that these schools are not providing services that might otherwise be considered alternative learning programs. In fact, several open-enrollment charter schools operate with a school mission to serve at-risk students and provide dropout recovery programs, services that would be part of any ALE program in a traditional public school.

ALE Eligibility

In Arkansas, state statute does not specify eligibility criteria for students' placement in an ALE program. Instead it requires ADE to develop criteria for identifying students for ALE programs (§ 6-48-104(a)(1)(B)). According to ADE Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds 4.02, students may be placed in an ALE if they are exhibiting or experiencing at least two of the following:

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

Students may be placed in an ALE only with the referral of an Alternative Education Placement Team. Students' placement in an ALE is not intended to be permanent, and state law prohibits its use as a punitive measure (§ 6-48-103(b)(2)).

Across the country, states define alternative education differently, according to a report produced by the ICF International (which serves as the Mid-Atlantic Regional Educational Laboratory) and the U.S. Department of Education's National Center for Educational Evaluation and Regional Assistance. "While some alternative education programs serve academically advanced students and students seeking vocational and technical education, most serve students who are at-risk of school failure or who are marginalized from traditional school system."⁵ According to the ICF report, 43 states formally define criteria for alternative education programs. The report identifies the number of states targeting the following categories of students for placement in alternative education programs.

Alternative Education Target Population	# of States
Students with behavioral problems	35 states
Students with academic problems	18 states, including Arkansas*
At-risk students	18 states, including Arkansas*
Students unable to benefit from regular school	13 states

⁴ Arkansas Department of Education, 2015 Legislative Report: Alternative Education

⁵ Porowski, A., O'Conner, R., and Luo, J.L. (2014). How do states define alternative education? September 2014, retrieved at https://ies.ed.gov/ncee/edlabs/regions/midatlantic/pdf/REL_2014038.pdf

Alternative Education Target Population	# of States
Students who dropped out	11 states
Students with truancy or attendance problems	9 states

*Arkansas was not included in the other target population categories due to the way the state statutes were analyzed. According to the study's methodology, when a state's statutory and regulatory alternative education definitions differed, the study's authors relied on the statutory definition. Arkansas's statute doesn't specify ALE target populations. Instead, state law authorizes ADE to establish eligibility criteria by rule.

ALE POLICY BACKGROUND

To help school districts pay for smaller class sizes and the additional services these students need, Arkansas provides ALE categorical funding (§ 6-20-2305(b)(2)). Funding for ALE in its current form was created in the Second Extraordinary Session of 2003, based on a recommendation from the Joint Committee on Educational Adequacy. At the time the Legislature was under pressure to address the issues raised in the *Lake View* lawsuit. On the advice of consultants Lawrence O. Picus & Associates and a panel of 70 Arkansas educators, the Adequacy Committee recommended new funding for ALE. The Committee recommended a funding level that would support one teacher for every 20 ALE students.⁶ However, in passing Act 59 of the Second Extraordinary Session of 2003, the General Assembly set a funding amount of \$3,250 per ALE student. The rate was calculated based on the amount of funding needed to support a teacher-pupil ratio of one to 15, or the average teacher salary and benefits of \$48,750, divided by 15.⁷ 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 "funding for students in alternative learning environments shall be distributed." ADE's Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds specified for the first time the 12 behaviors or situations for which a student could be identified for alternative education (see previous section for the list).⁸ The rules called for districts to use a team of educators to determine ALE placement and prohibited ALE placement decisions to be based solely on academic problems (§ 4.02).

In the first year of the new ALE funding, students were counted using a full-time equivalency methodology similar to calculation that applied under the previous funding system. Under the methodology, ALE students could be counted as .25, .5 or 1 full time equivalent (FTE) student, depending on the time they spent each day in the ALE program. However, the new rules made two important changes to the FTE formula (§ 4.06).

- Under the previous system, an ALE student had to be in the program for at least 20 consecutive days. Under the new rules, ALE students had to be in the program for 20 days to qualify for funding, but those days did not need to be consecutive. (The rules were changed in July 2010 to again require 20 consecutive days beginning with the 2011 school year. That requirement was established in statute with Act 1118 of 2011.)
- Under the previous rule, the ALE FTE calculation did not take into account the total number of days the student was in ALE. A student who was in ALE full time for 21 days qualified for the same amount of funding as a student who was in ALE full time for 178 days. The new rule factored into the formula the number of days the student was in ALE.

⁶ Lawrence O. Picus and Associates, An Evidence-Based Approach to School Finance Adequacy in Arkansas, September 1, 2003

⁷ Prepared Testimony of Senator David Bisbee, Feb. 26, 2004

⁸ Arkansas Department of Education, Rules for Governing the Distribution of Student Special Needs Funding for School Year 2004-2005 and Additional Teacher Pay, June 14, 2004

This change had the effect of reducing the total number of ALE FTE students districts reported. (For a full explanation of the FTE calculation, see page 11).

Still under the court’s supervision in 2006, the Legislature hired Lawrence O. Picus and Associates again to help refine the state’s education finance system. The consultants recommended increasing the ALE funding amount for two reasons: 1.) the changes in the student count methodology reduced the number of students qualifying for ALE funding, and 2.) districts had complained that ALE was underfunded.⁹ Picus and Associates also recommended setting limits on the student size of ALE schools and creating ALE program standards and requirements. The consultants, however, did not recommend a particular funding amount, a specific school size limit or any particular program standards.

On the consultants’ advice, the Adequacy Subcommittee then recommended changing the funding to a level that supported a teacher-to-student ratio of one to 12, or \$4,063 (\$48,750 divided by 12) beginning in the 2007-08 school year.

The funding remained at \$4,063 until the 2011-12 school year, when the 2010 Joint Adequacy Evaluation Oversight Subcommittee recommended an inflationary increase for categorical funds for FY12 and FY13. The General Assembly has increased the funding level by 2% each year since then.

Funding Per Student	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
ALE	\$4,063	\$4,063	\$4,063	\$4,063	\$4,145	\$4,228	\$4,305	\$4,383	\$4,471	\$4,560
Increase Over Prior Year	25%	0%	0%	0%	2%	2%	2%	2%	2%	2%

TEACHER TO STUDENT RATIOS

In the years following the funding’s creation, the ALE rules were revised to align with the new funding levels. Previously, ALEs were limited to a teacher-to-student ratio of 1 to 20.¹⁰ After the funding’s creation, ALEs for K-6 were limited to one teacher for every 10 students. ALEs for grades 7 through 12 were limited to one to 15. The following chart shows the student limits for each teacher for ALE programs, compared with the class size limits for traditional classrooms.¹¹

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

In 2014-15, three districts were out of compliance with the student-teacher ratios.¹² Many districts use the assistance of a paraprofessional or instructional aide in their ALE programs. A total of 136 districts said they use at least one aide, for a total of 308 ALE paraprofessionals statewide (not counting one small district whose paraprofessional numbers appear

⁹ Picus and Associates, Recalibrating the Arkansas School Funding Structure, August 30, 2006
¹⁰ Arkansas Department of Education, Rules and Regulations Governing the Funding of Alternative Learning Environments, February 2002.
¹¹ Rules 4.03.3.1-2, Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of those Funds and Rules 10.02.2-5, Rules Governing Standards for Accreditation of Arkansas Public Schools and School Districts
¹² Arkansas Department of Education, 2015 Legislative Report: Alternative Education

inaccurate)¹³. The table below shows the number of districts that use each number of paraprofessionals in their ALE classes. For example, 75 districts said they each use one paraprofessional.

# of ALE Paraprofessionals	# of Districts Use This Many Aides
1	75
2	33
3	7
4	10
5	2
6	1
7+	8

According to the National Alternative Education Association, the current recommended teacher to student ratio remains one to 12. However, it is important to note that this is a recommended maximum ratio. The association describes an exemplary alternative education program as one where school administrators ensure “the student to teacher ratio never exceeds 12 to 1.”¹⁴

The current Arkansas ALE funding amount 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 2015 ALE funding amount \$4,383, provided \$52,596 for 12 ALE FTE students. That’s more than \$10,000 below the teacher salary and benefits amount provided in the foundation funding matrix for that year (\$63,130). That difference is the result of two issues:

1. When the Legislature increased the ALE funding to support one teacher for every 12 students (during the 2006 adequacy study), they based it on the teacher salary in the 2005 matrix. That means the 2008 ALE funding rate was based on the 2005 teacher salary amount. As a result, the ALE funding rate has always lagged somewhat behind the teacher salary component of the matrix.
2. The ALE funding rate did not increase between 2009 and 2011. During the same timeframe, the foundation funding rate (including the teacher salary component) increased 2% annually. However, in 2016 and 2017, the increase in the ALE funding rate will outpace the foundation funding rate increase (pending passage of 2017 appropriation and if funding is available). In those years ALE funding will increase 2% annually, while the salary component of the matrix will receive a 0.8% increase both years.

In 2014-15, ALE teachers in Arkansas earned, on average, an annual salary of \$49,795. That’s slightly more than the average classroom teacher salary statewide, of \$48,575.¹⁵ Despite serving some of the state’s most difficult to reach students, ALE teachers are not required to obtain any special certifications or endorsements to teach in an alternative learning environment.

ALE PROGRAM REQUIREMENTS

In 2011, the Legislature passed Act 1118, which replaced the existing code governing ALE programs. The law and revised rules included new requirements that all ALE programs must:

- Assess students as they enter the program (§ 6-48-103(a)(1)).

¹³ Arkansas Department of Education, 2015 Legislative Report: Alternative Education

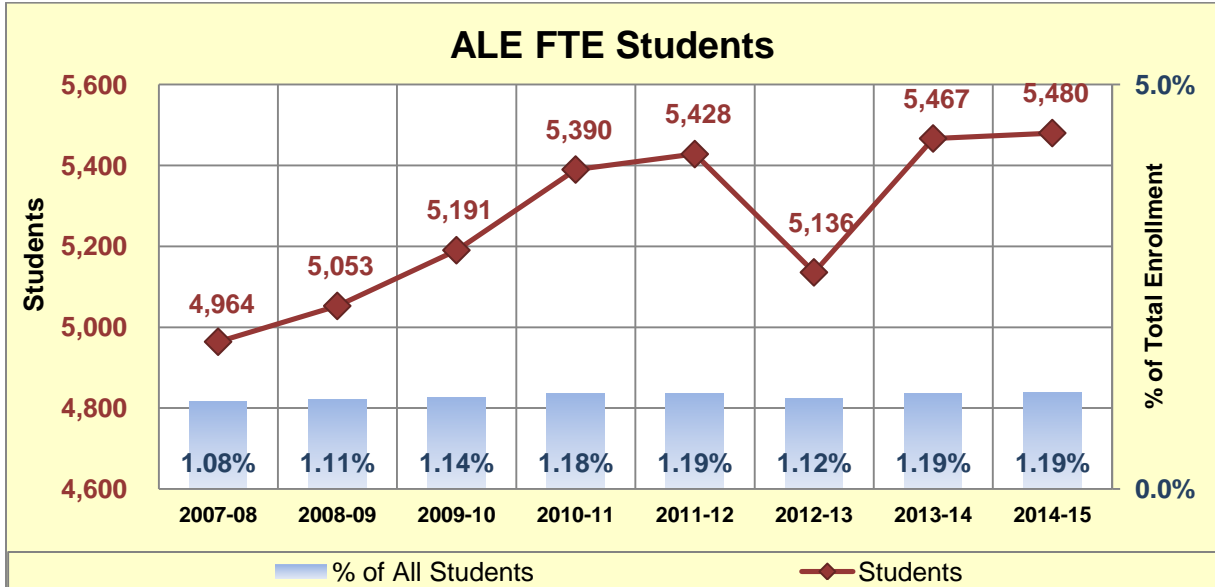
¹⁴ National Alternative Education Association, Exemplary Practices 2.0: standards of Quality and Program Evaluation 2014, <https://drive.google.com/file/d/0B93J0pmTfS18LTctU19nOExOOXc/view>

¹⁵ The average ALE teacher salary and the statewide average teacher salary are calculated using slightly different methodologies. The average salary for all classroom teachers comes from the 2014-15 Annual Statistical Report (ASR) produced by the Arkansas Department of Education. Because of limitations of the data in the APSCN system, it is not possible to calculate the ALE teacher salary using the same methodology used by the ASR.

- Develop a Student Action Plan documenting the behaviors or conditions causing the need for ALE and outlining the intervention services to be provided to each student. The plan must also specify the student’s goals and objectives and the criteria that will be used to determine his or her return to a regular classroom (Rule 4.02.4). The previous rules required only the reason for placement to be documented and the exit criteria developed.
- Develop a positive behavior or transitional plan before students return to a regular class (Rule 4.02.6).
- Ensure ALE staff receive professional development (PD) in classroom management and other areas related to the needs of the program’s students (§ 6-48-104(a)(2)). Previous rules required ALE teachers to meet the same PD requirements as other certified staff.
- Limit computer-based instruction to less than 49% of a student’s total instructional time. A previous rule limited the use of computer-based instruction only to supplement instruction, but it did not set a specific time limit (Rule 4.04.4).
- Annually submit a description of each ALE program in the district (Rule 4.05.1) as well as an assurance statement (§ 6-48-102(b)(3)) that the district is in compliance with state law.

STUDENT DEMOGRAPHICS

School districts reported having nearly 5,500 ALE FTE students in 2014-15. ALE FTE students consistently make up about 1% of all students. (When counting individual ALE students, rather than ALE FTEs, the 10,966 ALE students in 2014-15 made up about 2.36% of the total student population in school districts.) None of the open-enrollment charter schools have reported any ALE FTEs.

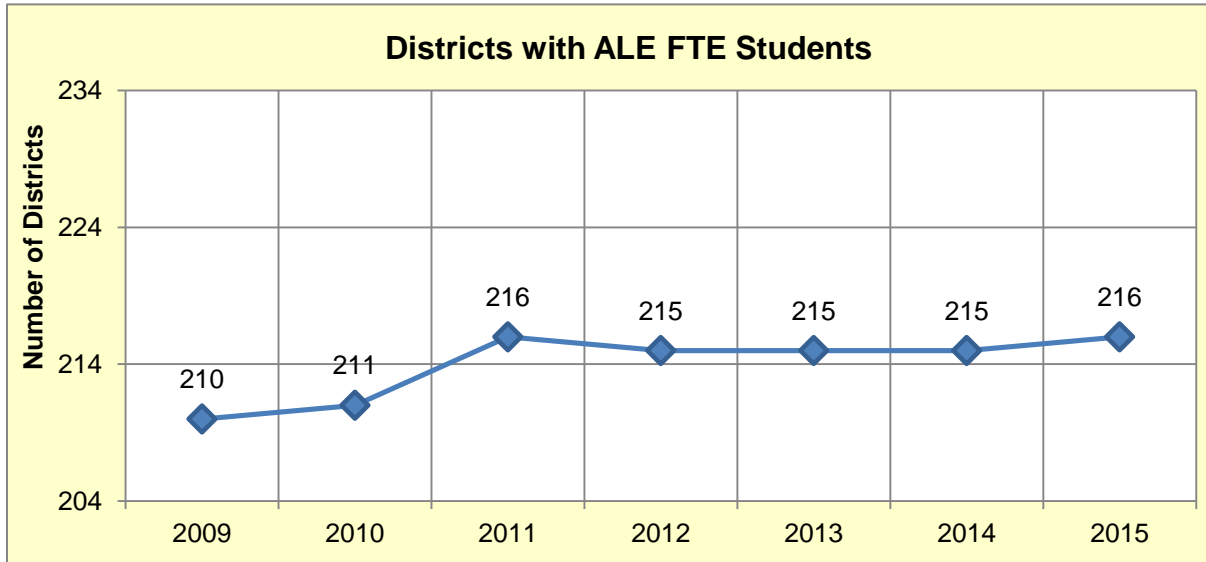


Source: Arkansas Department of Education, Annual State Aid Notice. Data does not include charter schools, Arkansas School for the Blind, Arkansas School for the Deaf or Arkansas Division of Youth Services. The data represents the ALE FTE student numbers collected each school year and used to provide funding for districts in the following year. For example, 2012 represents the ALE student population in the 2011-12 school year, which was used to calculate ALE funding distributed for the 2012-13 school year. The 2014-15 figure is preliminary. It is based on preliminary numbers provided by ADE.

The chart above indicates that the number of ALE FTE students increased through 2012 and then decreased significantly in 2013. That year revised ALE rules were implemented following the passage of Act 1118 of 2011. (See page 5 and 6 for more information about these changes).

The numbers increased again in 2013-14 and remained at that level the next year. The return to previous FTEs levels may be the result of districts' individual circumstances. For example, Pulaski County Special School District doubled the number of ALE FTE students in 2013-14 from about 115 the year before to about 231. District officials indicated that that year the district closed its stand-alone ALE school and began opening ALE classrooms in regular school buildings.

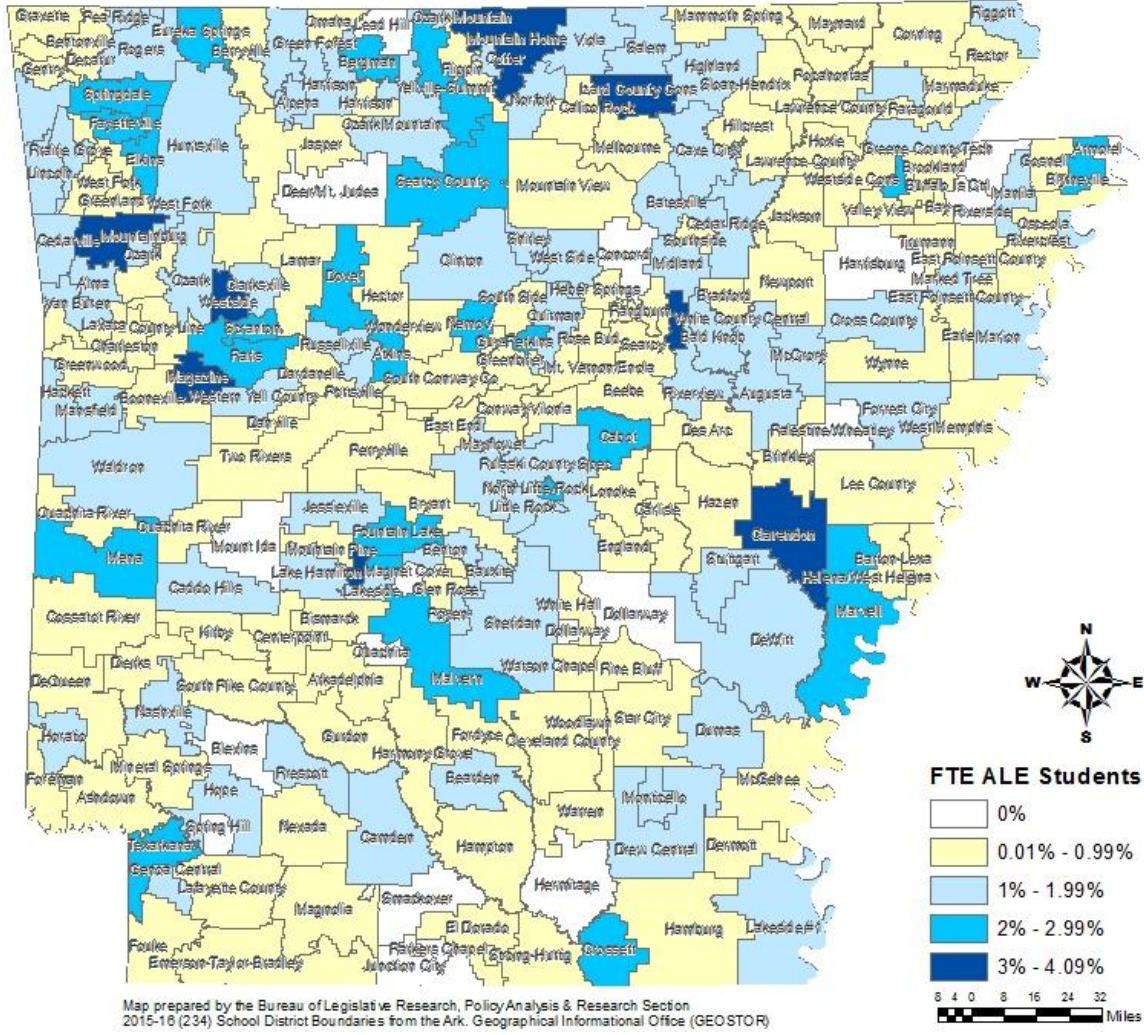
The following chart shows the number of districts that reported having any ALE FTE students each year. Open enrollment charter schools have not had any ALE students.



Source: Arkansas Department of Education, State Aid Notice, 2009-10 through 2015-16; Districts that consolidated the following year are counted as part of the district into which they consolidated. For example, Hughes School District consolidated into West Memphis in 2015-16. The ALE FTE students Hughes had in 2015 are counted as West Memphis ALE FTEs.

ALE STUDENT POPULATION DENSITY FOR EACH DISTRICT

The following map shows which districts have the highest concentrations of ALE FTE students. The percentages are calculated using the number of ALE FTE students in 2015 divided by the three-quarter average daily membership for that year.



Map prepared by the Bureau of Legislative Research, Policy Analysis & Research Section 2015-16 (234) School District Boundaries from the Ark. Geographical Informational Office (GEOSTOR)

% ALE FTE	2014-15
0%	18
0.01% - <1%	115
1% - <2%	70
2% - <3%	23
3% +	8

The majority of the districts that provide ALE programs for their students designate less than two percent of their students as ALE. However, eight districts designate more than three percent. On a headcount basis (rather than FTE count), districts with ALE students ranged from ALE concentrations of 0.1% to 20.7% of the district’s total enrollment. The Department of Education’s ALE staff use 2 to 3 percent as the general range in which districts should be. There is no law, regulation, or standard of accreditation that establishes an official cap on ALE students.

Eighteen districts reported having no ALE FTE students in 2014-15, despite the statutory requirement that all districts “shall provide one (1) or more alternative learning environments for all students who meet the minimum criteria established by the Department of Education” § 6-48-102(a)(1). Ten districts reported having no ALE students for the past three years. These districts are listed in the table below.

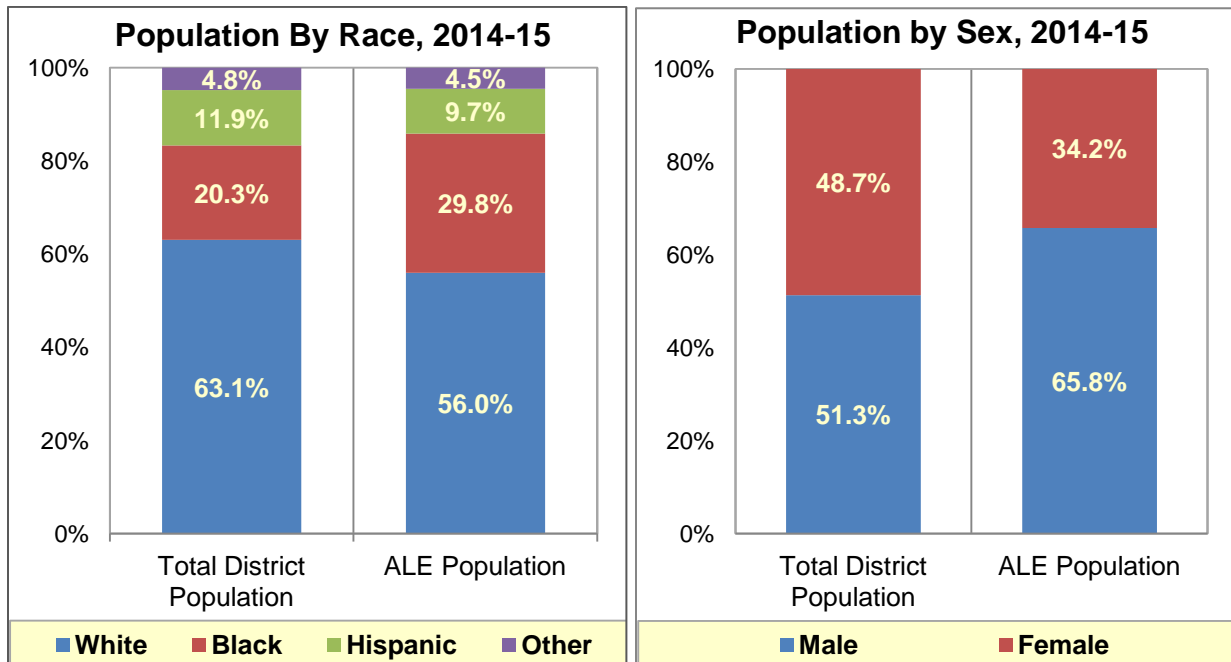
No ALE FTE Students For at Least 3 Years	
Armorel	Junction City
Blevins	Ouachita
Buffalo Island Central	Palestine-Wheatley
Concord	Parkers Chapel
Dollarway	Spring Hill

During the 2014 adequacy study, the BLR contacted districts that had no ALE students over several years to ask why they do not have an ALE program. The following are the most commonly cited reasons districts provided:

- The district does not have any students who qualified for ALE.
- The district places students who would otherwise be eligible for ALE in in-school suspension.
- Placing students in ALE is not in the best interest of the district’s students.

ALE POPULATION DEMOGRAPHICS

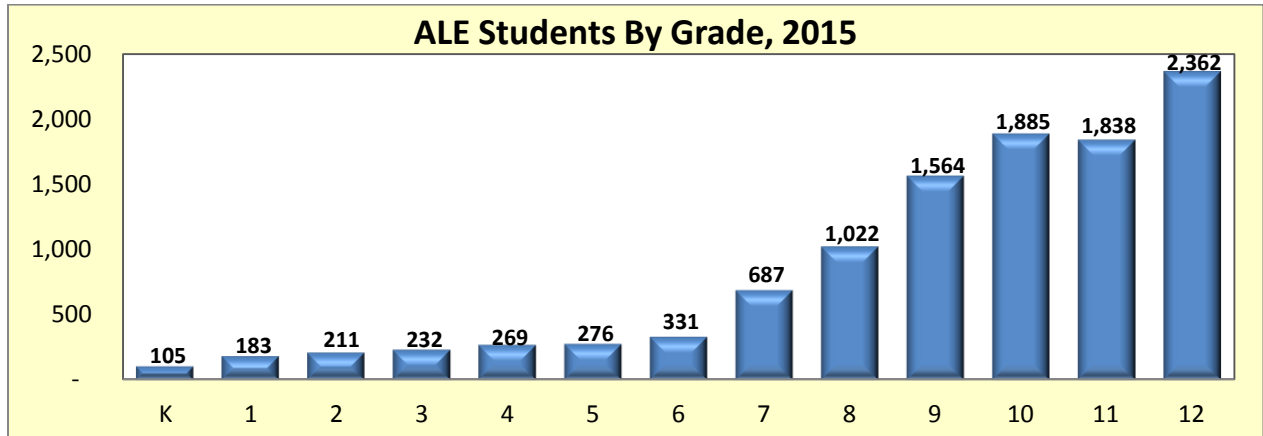
According to data collected by the Department of Education, the ALE population has an over-representation of African American and male students. The ALE population is comprised of 30% percent African American students and 66% percent male students. This can be compared with the overall student population in districts (excluding charter schools) that is comprised of 20% African American students and 51% male students.



Note: These figures are based on individual students, rather than ALE FTE figures. Data source: Arkansas Department of Education, Data Center, Enrollment by Race & Gender by District, <https://adedata.arkansas.gov/statewide/Districts/EnrollmentByRaceGender.aspx>. The Total Student Population data do not include students in charter schools because charter schools do not have ALE students.

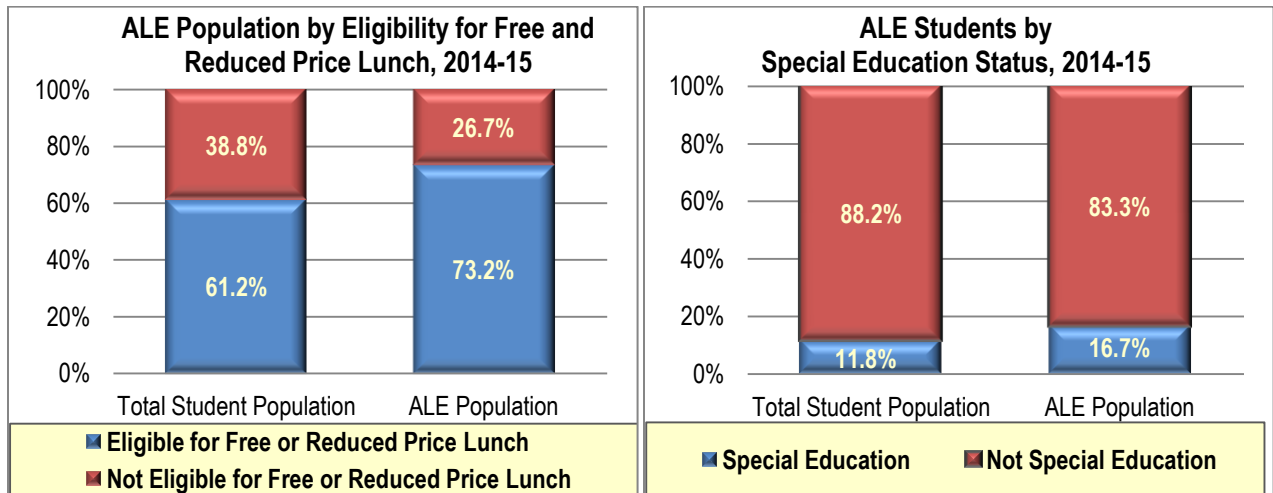
The proportions of males to females in both the total student population and the ALE population has changed very little over the past three years. However the percentage of the ALE population who are African American has decreased slightly over the past five years. In 2011, African American students made up 36% of the ALE population, but in 2015, they made up just 30%. White students are making up an increasing proportion of ALE students.

The following chart shows the number of ALE students in 2014-15 by grade. While most of the ALE students were high school students (70%), a small percentage of students in the lower grades were placed in ALE programs. Less than 1% of kindergartners (0.28%) were placed in ALE, while 7.4% of 12th grade students were referred to the programs. Arkansas is one of 13 states that serve elementary school students with alternative education programs and one of 22 states that that serve middle school students.¹⁶



Source: Arkansas Department of Education. Note: These figures are based on individual students, rather than ALE FTE figures because ADE's demographic data is not broken out by FTE. These figures do not include 19 students whose grade was labeled something other than K-12.

A greater proportion of ALE students are eligible for free or reduced price lunch, compared with the total student population in traditional school districts. Additionally, a greater proportion of ALE students are identified as special education students compared with the total student population.



Source: Arkansas Department of Education. Note: These figures are based on individual students, rather than ALE FTE figures because ADE's demographic data is not broken out by FTE. The Total Student Population data do not include students in charter schools because charter schools do not have ALE students.

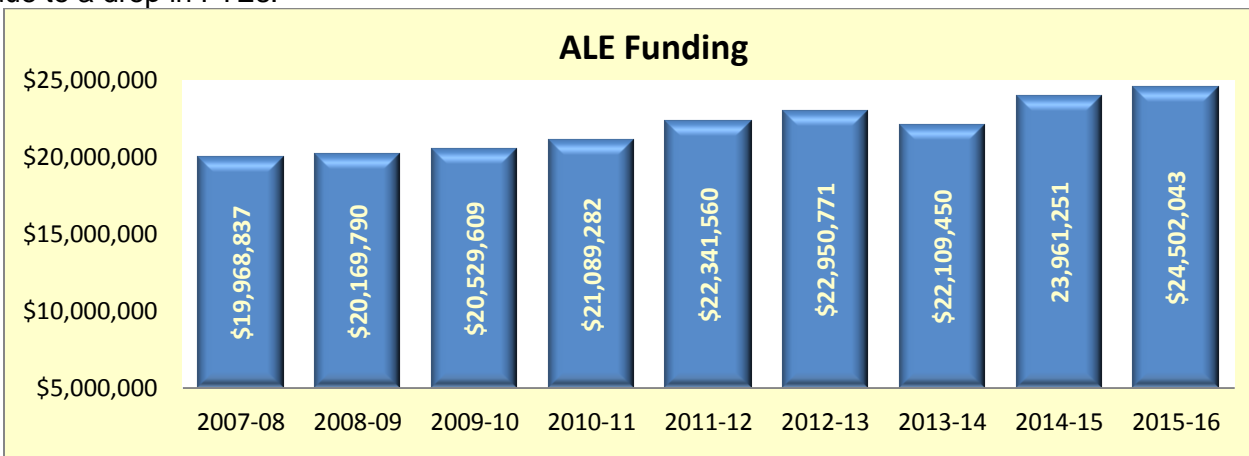
¹⁶ Porowski, A., O'Conner, R., and Luo, J.L., How do states define alternative education? September 2014, retrieved at https://ies.ed.gov/ncee/edlabs/regions/midatlantic/pdf/REL_2014038.pdf

ALE FUNDING

Alternative learning environment programs are funded based on the number of full-time equivalent students in the program in the previous year. The FTE calculation considers the amount of days the student has been in the ALE program and the hours he or she is in the program each day. A student in an alternative learning environment must have been in the program for at least 20 consecutive days for the district to be eligible for funding. The following formula shows how ALE FTEs are calculated.

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

ALE funding for the current year is based on the number of ALE FTEs districts had in the previous year. For 2015, districts received \$4,383 for each ALE FTE student, or a total of nearly \$24 million. No open enrollment charter school has reported having any ALE FTE students, so they do not receive any ALE funding. The total ALE funding dropped to \$22.1 million in 2013-14, due to a drop in FTEs.



Note: 2015-16 funding is preliminary. It is based on the July 31, 2015, preliminary 2015-16 State Aid Notice.
 Source: Arkansas Department of Education State Aid Notice.

ALE funding is not intended to cover the full cost of ALE programs. The funding was designed to enhance the foundation funding districts receive for these students and allow districts to provide more intensive services for their additional educational needs. In the current school year, each ALE FTE student generated \$4,471 in ALE funding and \$6,584 in foundation funding for a total of \$11,055 per student. Additionally students who are eligible for free or reduced price lunch also generate another \$522, \$1,042 or \$1,562 per student in National School Lunch (NSL) state categorical funding, depending on the percentage of low income students in the district. Districts often use other categorical funding to supplement their ALE programs by transferring it into their ALE fund. Most of the categorical funds transferred to ALE are NSL dollars, but districts also transfer small amounts of English language learner (ELL) and professional development (PD) funds to support their ALE programs. Districts transferred \$16.4 million from NSL funds to ALE in 2013, \$14.5 million in 2014 and \$13.5 million in 2015. Districts also transferred to ALE between \$300,000 and \$900,000 each year from other categorical funds.

	Total ALE Categorical Funding Provided by Statute	NSL, ELL and PD Transfers to ALE	Total Funding Available as ALE Categorical Funds*
2012-13	\$22,950,771	\$16,891,631	\$39,842,402
2013-14	\$22,109,450	\$15,378,267	\$37,487,717
2014-15	\$23,961,251	\$13,846,111	\$37,807,362

*Total available funding does not include districts' existing fund balances that may be carried over from one year to the next.

ALE EXPENDITURES

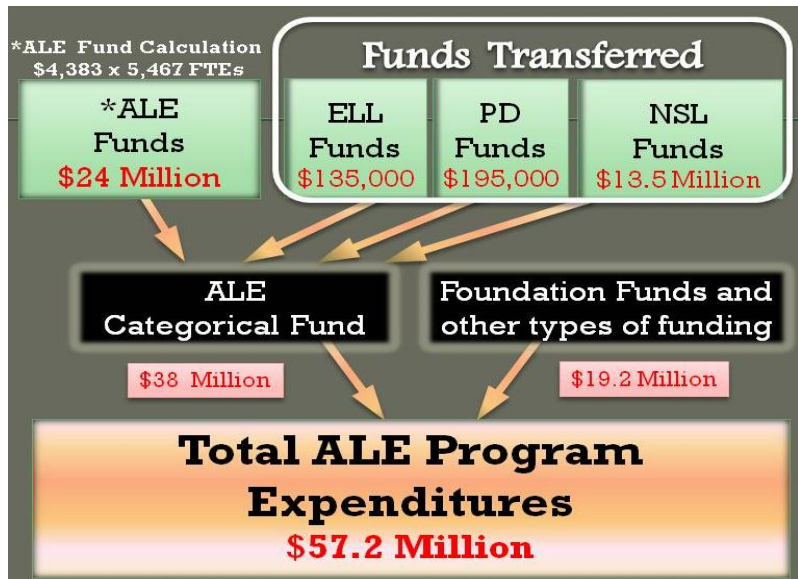
The following table shows the expenditures districts made for all ALE programs and services. These figures include expenditures made using money transferred to ALE from other categorical funds. The table also shows the amount of additional funding—beyond categorical funding—that was spent on ALE programs.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

	Total Expenditures From ALE Categorical Funds*	Total Expenditures on ALE Programs Using Funding Other Than ALE Categorical Funds	Total Expenditures on ALE Programs**
2012-13	\$39,923,626	\$16,287,361	\$56,210,987
2013-14	\$37,206,494	\$19,181,526	\$56,388,020
2014-15	\$37,964,576	\$19,261,042	\$57,225,618

*Note: These expenditures include those made using NSL 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 district made to other school districts as part of an ALE consortium. Districts that participate in ALE consortia may send their ALE students to another district for ALE programs. The sending district receives ALE funding for their students and may pay the receiving district for providing services (pass-through payment). Because the sending district records a payment to the receiving district and the receiving district records expenditures for ALE services provided, the expenditures for these ALE students may be double counted when calculating a total statewide expenditure. The payments made among districts for this purpose are difficult to definitively identify in the APSCN system. However, the expenditures that most likely represent these payments total about \$2 million in 2013, \$1.7 million in 2014 and \$2.4 million in 2015.

The data show that while the General Assembly provided about \$24 million in ALE state categorical funding in 2014-15, districts spent about \$57.2 million to provide ALE services. ALE funding is meant to supplement foundation funding for these students, and districts used about \$15.9 million from foundation funding to support ALE programs.

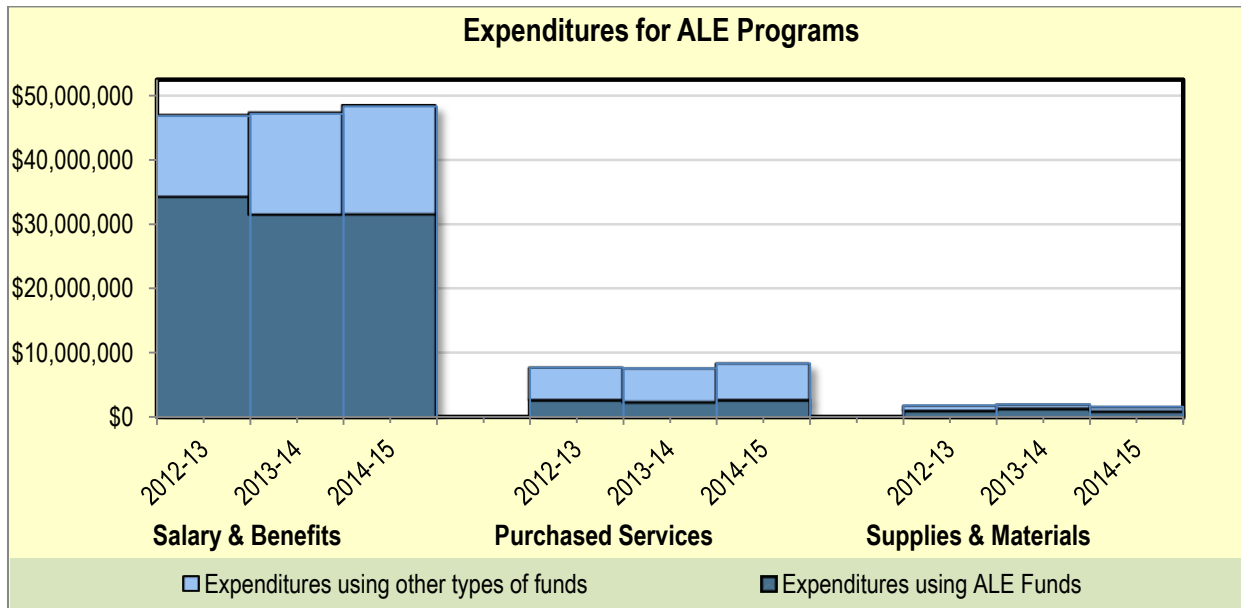


The table below shows this analysis on a per-student basis. In 2014-15, the General Assembly provided ALE funding at a rate of \$4,383 per ALE FTE student. That year districts spent a total of \$10,467 per student on ALE programs and services.

	Per-Student ALE Funding	Per-Student ALE Program Expenditures*
2012-13	\$4,228	\$10,356
2013-14	\$4,305	\$10,979
2014-15	\$4,383	\$10,467

*The per-student expenditures above use the ALE FTE student count in the year in which funding was based. For example, the 2015 per student expenditure amount was calculated using expenditures for the 2014-15 and the ALE FTE count for the 2013-14 school year.

The following table shows the distribution of expenditures for ALE programs over the last three years. 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 on 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 conferences and other expenditures during the summer months. Additionally, because the first ALE funding payment to districts is not made until October, fund balances also allow districts to cover expenses at the start of the school year.

Collectively districts had \$1.6 million in ALE fund balances at the end of 2014-15, or \$293.95 per ALE FTE student. Districts collectively reduced the total amount of ending fund balances from \$2 million in 2011 to \$1.6 million in 2015. At the end of 2014-15, 152 districts had ALE fund balances. Of those districts that had a balance, the average balance was \$10,572.50.

	Total ALE Fund Balance	Districts With a Balance	Districts Without a Balance
2012-13	\$1,630,834	143	96
2013-14	\$1,729,847	140	98
2014-15	\$1,607,020	152	84

Ending Fund Balance	Number of Districts		
	2012-13	2013-14	2014-15
\$0	96	98	84
\$0.01-1,000	34	22	32
\$1,001-\$10,000	73	71	73
\$10,001-\$50,000	31	40	42
More than \$50,000	5	7	5

ALE PROGRAM ACCOUNTABILITY

National organizations and researchers have recognized in recent years the patchwork of state standards and accountability systems in place for alternative education. In 2010, Jobs for the Future, a non-profit organization advocating educational policies aimed toward at-risk students, found that most states' regulations for alternative education are "vague and indefinite in specifying for what and how these schools are to be held accountable."¹⁷ In Arkansas, districts' ALE programs are monitored and evaluated in two ways: 1.) through the ADE's Standards Assurance Monitoring 2.) through program monitoring through ADE's ALE Unit.

STANDARDS ASSURANCE MONITORING UNIT

State statute requires ADE to evaluate each ALE program to ensure that it is 1.) in compliance with the laws governing ALE and 2.) that it is "effective under the measurements established by the [education] department." This evaluation is required to be performed as part of ADE's "accreditation review" (§ 6-48-104(b)(1)).

COMPLIANCE WITH ALE STATUTE

The accreditation review is a process ADE uses to ensure districts and schools are complying with a broad array of state standards (e.g., teachers have appropriate certification, schools are teaching all the required courses, etc.). It is a review of all education programs and is not specific to ALE programs. Schools or districts that are determined to be in violation of one or more standards could be placed on probation and potentially could lose their accreditation and be consolidated into another district (§ 6-15-202(c)(2)). The checklist used in ADE's standards of accreditation review process includes following six items on ALE:

- 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? An ADE official in the ALE Unit noted that the department also checks for appropriate teacher-to-student ratios and courses.
- 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?

PROGRAM EFFECTIVENESS

State statute requires ADE to promulgate rules that establish "measures of effectiveness for alternative learning environments." The measures must assess the ALE program's effect on students' 1.) school performance, 2.) need for ALE intervention and 3.) school attendance and dropout rate. State law then requires ADE to evaluate ALE programs based on those measures of effectiveness (§ 6-48-104(a)(3)). However, ADE's rules do not specify any effectiveness measures by which ALE programs can be evaluated.

ADE has put together a Task Force comprised of ALE educators across the state to discuss, among other issues, how to measure the success of ALE programs. The Task Force has met twice and considered accountability measures that would apply to ALE programs that operate

¹⁷ Jobs for the Future (2010). Reinventing Alternative Education: An Assessment of Current State Policy and How to Improve It. Retrieved at <http://www.jff.org/sites/default/files/publications/AltEdBrief-090810.pdf>

as stand-alone schools (ALEs that have their own, separate local education agency number). ADE is seeking input from the Task Force as it drafts rules for Act 1272 of 2015. That act allows the State Board of Education to develop rules exempting schools that operate as ALEs from being placed in academic distress. If the State Board adopts rules exempting such schools, the rules must include an alternate method of measuring students' academic performance.

No schools or districts have been officially cited by the Standards Assurance Monitoring Unit for violations related to ALE in recent years. In some instances, according to ADE's ALE Unit coordinator, district violations have been noted, but districts have corrected the problems within the 30-day window ADE allows.

ADE'S ALTERNATIVE LEARNING UNIT

ADE also has a four-person unit dedicated to ALE programs (a program coordinator, two program advisors and an administrative assistant). These staff members approve each district's ALE program (submitted as a written program description), visit district ALE programs, provide program advice and identify corrections that should be made. The ALE Unit's technical assistance visits are perhaps where the most thorough review of ALE programs occur. As of the current school year (2015-16), the ALE unit is also now responsible for conducting the ALE portion of the standards accreditation review.

Additionally, the ALE Unit has long had responsibility for determining whether districts are complying with statutory or regulatory requirements beyond the items reviewed during the accreditation review. The ALE Unit documents non-compliance in the following areas:

- A district is not reporting required ALE program data through APSCN.
- A district reports having zero ALE students.
- A district did not receive ADE approval of their ALE program description(s).
- There is evidence a district's ALE program in practice does not match the program description ADE approved.

If a district is deemed to be out of compliance in 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)).

A total of 17 districts were deemed to be out of compliance in 2014-15. Of those, 15 districts were out of compliance with the state reporting requirements, two were out of compliance due to the fact that they lacked an ALE program that matched the program they were approved to operate, and six were out of compliance for having zero ALE students. (Six districts were out of compliance in more than one area.)

The ALE unit also compiles a statutorily required annual report on ALE programs and submits it to the House and Senate Education Committees (§ 6-48-104(d)). The report must contain:

- Information on the 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. ADE rules call for districts to provide a variety of additional data, including the following:
 - Number of ALE students by grade level
 - Number of ALE students who returned to a regular educational environment, dropped out or received a GED
 - Number of ALE students receiving special education services

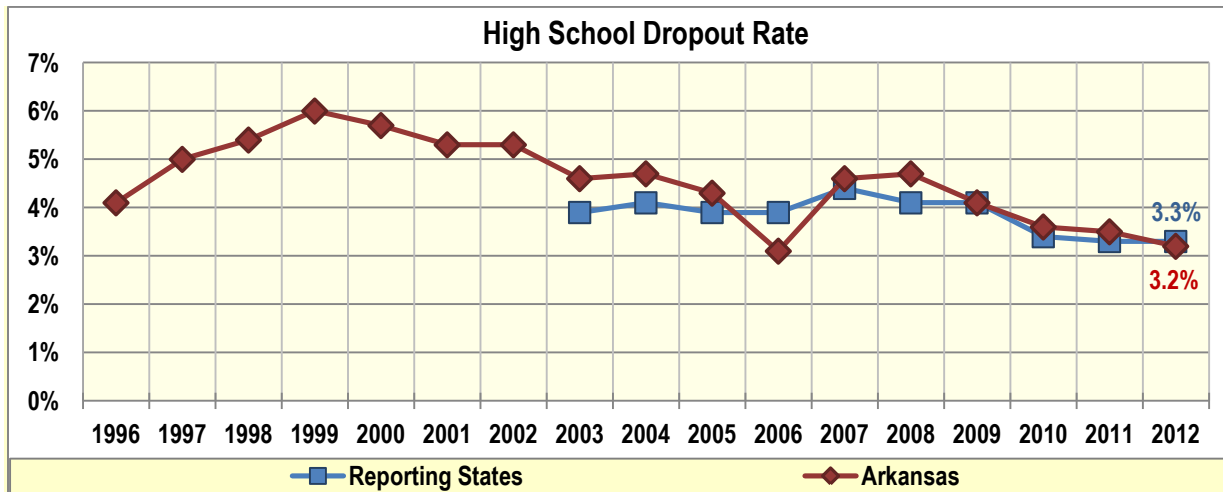
In the actual annual reports, some of these data are labeled "effectiveness measures," suggesting these may be the measures by which ADE has identified to evaluate programs.

However, no consequential assessment is made about the quality of the ALE programs based on these data.

OUTCOME MEASURES

DROPOUT RATE

Because dropout prevention is a primary goal of alternative education nationally, it is important to examine the state’s dropout rate over time. Arkansas’s statewide dropout rate of 3.2% in 2011-12 (the most recent national comparison data available) is just under the national average (3.3%). Twenty-one states had a higher dropout rate than Arkansas, including two neighboring states (Tennessee and Louisiana).¹⁸ Arkansas’s dropout rate has generally declined since 1998-99 when the dropout rate hit 6%.¹⁹



Data Source: National Center for Education Statistics

Arkansas law requires school districts to identify students in grades 7-12 who have left school without graduating and report to the ADE the reason each student left school (§ 6-18-214(b)(3)). For 2014-15, the following table shows the number of students that districts reported as having left school for each reason.

	Number of Students Dropping Out	
	Districts	Charter Schools
Enrolled in GED Program	602	18
Lack of Interest	427	1
Suspended/Expelled	360	9
Incarceration*	215	6
Health Problems	30	4
Conflict with the School	14	1

	Number of Students Dropping Out	
	Districts	Charter Schools
Pregnancy or Marriage	13	2
Failing Grades	8	1
Economic Hardship	6	0
Alcohol or Drug Problems	2	0
Peer Conflict	0	1
Other	3,130	225
Total	4,807	268

*Students who left school due to incarceration are not counted in the dropout rates ADE calculates for each district.

¹⁸ National Center for Education Statistics, Public High School Four-Year On-Time Graduation Rates and Event Dropout Rates: School Years, 2010-11 and 2011-12.

¹⁹ National Center for Education Statistics, Trends in High School Dropout and Completion Rates in the United States: 1972-2012

ALE OUTCOME MEASURES

Amy Schlessman and Kelly Hurtado, of the Rose Management Group, presented an unpublished paper at the 2012 American Educational Research Association annual meeting comparing state policies for alternative education accountability. In the paper, Schlessman and Hurtado note that the federal government has not established standards for evaluating alternative education programs, leaving states to develop their own individual accountability policies.²⁰

In Arkansas, districts are required to report data on their ALE programs and students through their regular APSCN reporting. The data districts report are then compiled and submitted to the House and Senate Education Committees as ADE’s annual ALE report. The 2014-15 report provided information on the following indicators:

Indicator	Number & Percentage of ALE Students, 2014-15
Number of ALE students who returned to the traditional educational environment	2,781 students, or 25.4% of ALE students
Number of graduates who received ALE intervention at any point during their K-12 education. (Only students who returned to traditional education after being in ALE for at least 20 days are counted in this measure.)	3,060 students, or about 10% of all graduates
Number of ALE students who received a GED	248 students, or 3.2% of all high school students (9 th -12 th grades) in ALE
Number of students enrolled in an ALE in 2013-14 who returned to ALE in 2014-15	2,926 students ,or 27.6% of the students enrolled in ALE in 2013-14. If the students who were in 12 th grade in 2013-14 are removed from the equation (because they likely graduated or did not return in 2014-15), the percentage of 2013-14 ALE students who returned to ALE the next year was about 34.6%.
Number of students who exited ALE in 2014-15 and returned to ALE in the same year.	859 students, or 7.8% of students in ALE

STUDENT ACHIEVEMENT

Historically, ALE students (those attending at least 20 days in an ALE program) were far less likely to score at proficient levels on state Benchmark and End of Course exams compared with their non-ALE peers. Proficiency among ALE students has generally been about 40 percentage points below other students. For example, in 2013-14, about 77% of non-ALE students scored proficient or advanced on the literacy Benchmark assessments (across all tested grades), while just 36% of ALE students scored proficient or advanced.

In 2014-15, the state stopped assessing students with the state Benchmark exams and switched to the PARCC exam (Partnership for Assessment of Readiness for College and Careers). The results from PARCC are not comparable with the results from previous tests. However, the ALE students continue to perform well below non-ALE students.

	# of Test Takers	% Scoring 4 or 5	
		Math	English Language Arts
ALE Students	4,243	2%	6%
Non-ALE Students	269,942	24%	34%

Some districts provide ALE programs through a separate stand-alone school, although this format has become less popular in recent years. In 2011, there were 12 stand-alone ALE schools. Today, in 2015-16, only six remain. The table below also shows the percent of students who scored a 4 or a 5 on the PARCC assessment and the graduation rate for each school. For comparison, the statewide graduation rate for 2013-14 was 86.9%.

²⁰ Schlessman, A. and Hurtado, K., Rose Management Group, A Comparison of State Alternative Education Accountability Policies and Frameworks (2012). Retrieved at <http://files.eric.ed.gov/fulltext/ED534083.pdf>

District	School	2015 Literacy*	2015 Math*	2013-14 Graduation Rate*
Hot Springs	Summit School	2.22%	7.32%	34.48%
Cabot	Academic Center For Excellence	18.18%	16.67%	61.73%
Beebe	Badger Academy	0%	7.14%	14.29%
Texarkana	Washington Academy	12%	0%	82.82%
Fort Smith	Belle Point Alternative Center	3.85%	0%	9.80%
Bauxite	Miner Academy	15.79%	0%	76.47%

Source: http://www.arkansased.gov/public/userfiles/Public_School_Accountability/School_Performance/2014-2015_ESEA_School_Status_List_012816.xlsx

CONCLUSION

An Alternative Learning Environment (ALE) is an intervention program that seeks to eliminate barriers to learning for at-risk students. Arkansas law requires every school district to offer an ALE program for all students who qualify. To be placed in an ALE program, students must be referred by the district's or school's Alternative Education Placement Team because they are exhibiting or experiencing at least two of the issues specified in ADE rules, including disruptive behavior, dropping out of school or recurring absenteeism.

To help districts pay for smaller class sizes and the additional services these students need, the state provides ALE categorical funding. Like other categorical funds, ALE money is considered restricted, meaning it can be used only for activities related to ALE programs. For 2014-15, districts received \$4,383 per ALE student. Districts receive funding based on the number of full-time equivalent ALE students in the program in the previous year. The FTE calculation considers the amount of days the student has been in the ALE program and the hours he or she is in the program each day. A student in an alternative learning environment must have been in the program for at least 20 consecutive days for the district to be eligible for funding.

In 2014-15, there were nearly 5,500 ALE FTE students statewide, or about 1% of the approximately 460,000 students in the state's school districts. ALE enrollment figures indicate the number of ALE FTE students steadily increased each year through 2012. There was a significant decline in 2013, the year when new ALE rules were introduced. However, the number of ALE FTEs has returned to previous levels in the two years since. In 2014-15, 18 districts reported having no ALE FTE students.

ALE funding was designed to enhance the foundation funding that districts receive for these students and allow districts to provide more intensive services for their additional needs. In 2014-15, each ALE FTE student generated \$4,383 in ALE funding. Collectively, districts received nearly \$24 million in ALE categorical funding. Districts spent a total of \$57.2 million to provide ALE programs and services for students. In addition to their ALE funds, districts used money transferred from other categorical funds, foundation funds and other types of funding to supplement their ALE dollars.