

FUNDING OVERVIEW

March 9, 2026



2026 EDUCATIONAL ADEQUACY STUDY

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Introduction

Continuing Adequacy Evaluation Act of 2004

- “The committee is required to
 - “Review and monitor the amount of funding provided by the State of Arkansas for an education system based on need and the amount necessary to provide an adequate educational system, not on the amount of funding available, and
 - Make recommendations for funding for each biennium”.
- This is to be accomplished, in part, by using evidence-based research to recalibrate “as necessary the state’s system of funding public education”.

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Roadmap

- National Research
- Arkansas Funding for K-12 Public Education
 - K-12 Revenue Sources and Distribution
 - Arkansas K-12 Education Funding Model
 - Foundation Funding
 - Categorical Funding
 - Supplemental Funding
 - Additional Funding

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National Information

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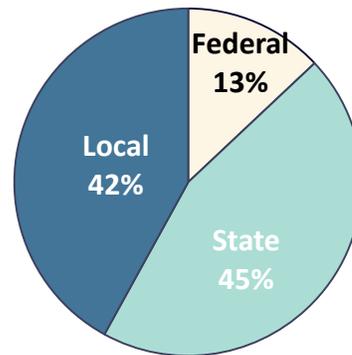
National Information

National Data and Research

- State Education Finance System:

“Represents a comprehensive framework that governs how educational resources are raised, allocated and managed across multiple levels of government.”

- K-12 Public Education Revenue Sources (2022-23)



K-12 Public Education Funding Principles

National Council for State Legislatures (NCSL) - 2025

The Lodestar

- Begins with and supports the overarching vision and mission of the entire education system

Equity

- Adjusts for student needs, school district characteristics and local economic capacity to ensure resources are proportional to need

Adequacy

- Provides sufficient resources across the system to achieve reasonable and manageable goals

Efficiency

- Aligns resource allocations-at every level-to the goals of the statewide education system, while enabling flexible decisions

Accountability

- Promotes accountability through transparency and includes the ability to link financial decisions to the goals

Stability

- Delivers stable funding for schools and school systems by relying on a mix of revenue sources that behave predictably

K-12 Public Education Funding Principles

Transparent

- Allocated using a formula that is simple, logical, clearly articulated and informed by students, families, teachers and school leaders

Student-Centered

- Allocated based on the learning needs of students with a focus on improving outcomes

Adequate

- Provided sufficient resources to provide a high-quality education for all students and meet state achievement goals for student learning

Education Commission for the States (ECS)

Fair

- Prioritized to schools where students have the most complex learning needs and to districts where local resources are most limited

Sustainable

- Schools have a dependable level of state resources that allows district leaders to plan multiple years in advance and invest in services with confidence going forward.

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K-12 Public Education Funding Models

Student-Based

- Districts receive a base amount of funding per student with additional money or weights added to provide additional services and support to students with unique needs.

Resource-based

- Districts receive sufficient funding to pay for minimum required resources. Resources could be staffing, services or programs.

Hybrid

- Funding models that combine aspects of student-based and resource-based models.

Southern Regional Education Board (SREB) States

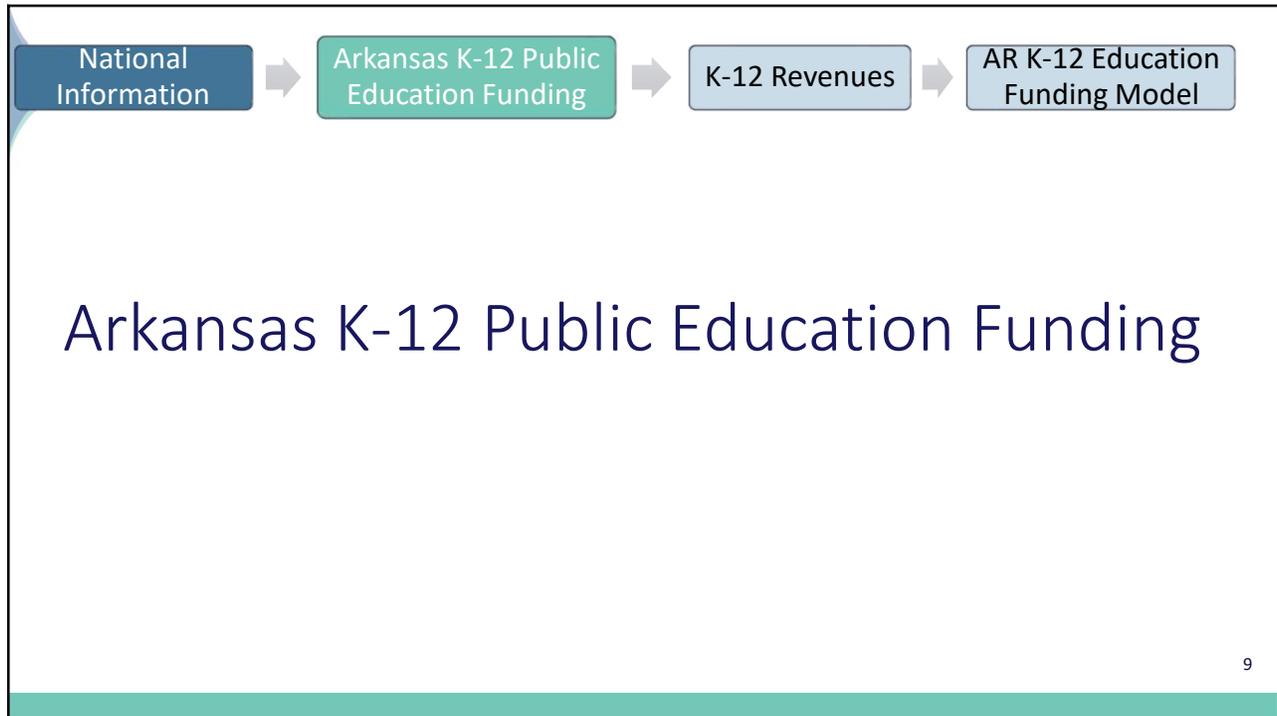
Arkansas, Florida, Kentucky, Louisiana, Maryland, Mississippi, Oklahoma, South Carolina, Tennessee, Texas

Alabama, Delaware, North Carolina, Virginia, West Virginia

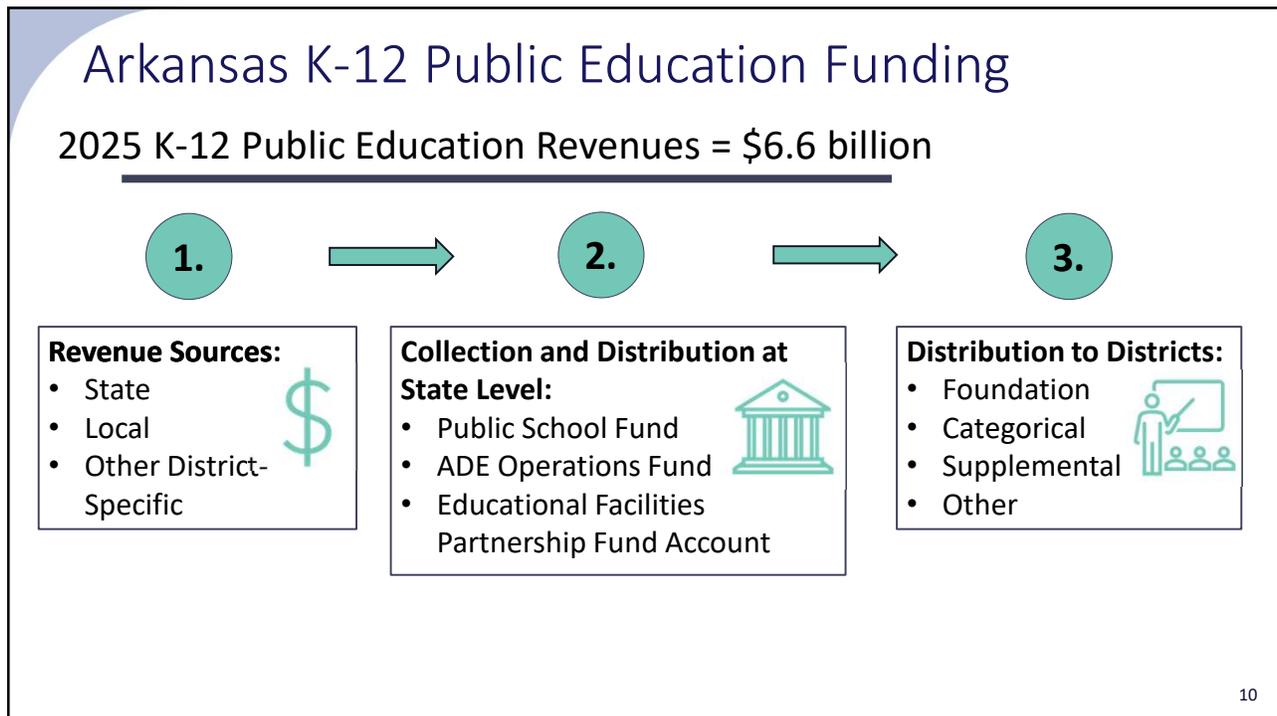
Georgia

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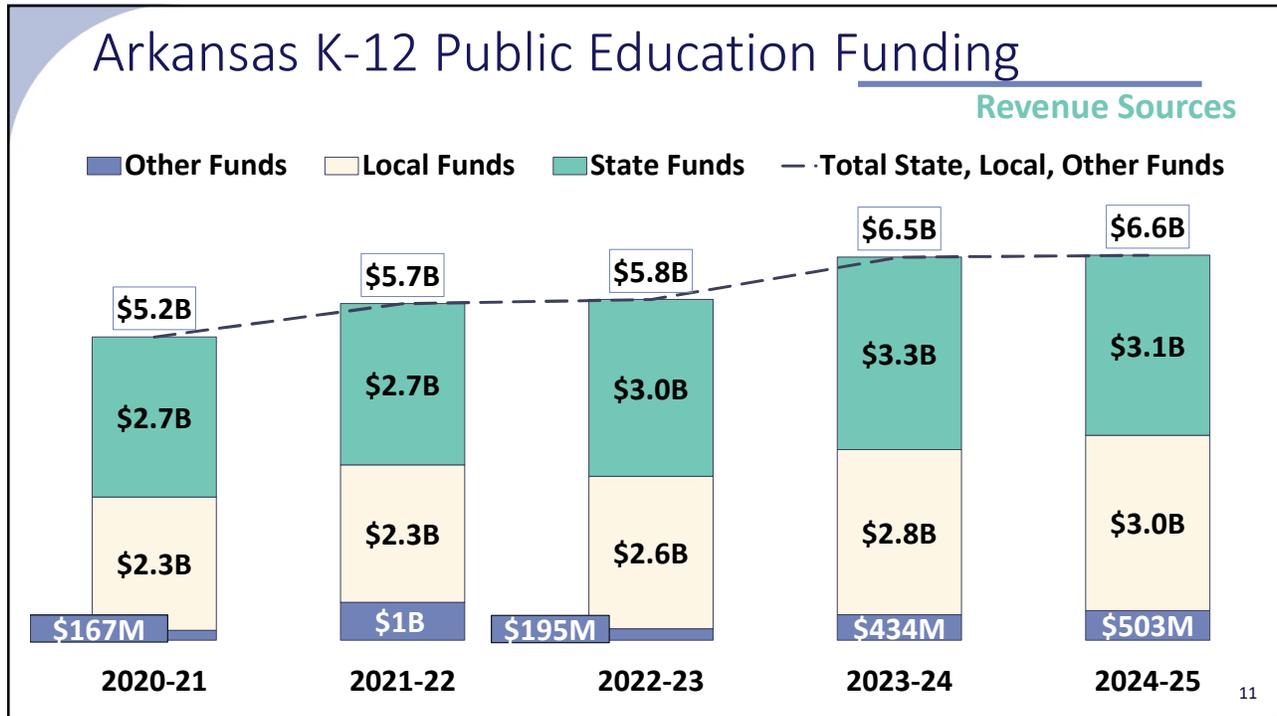
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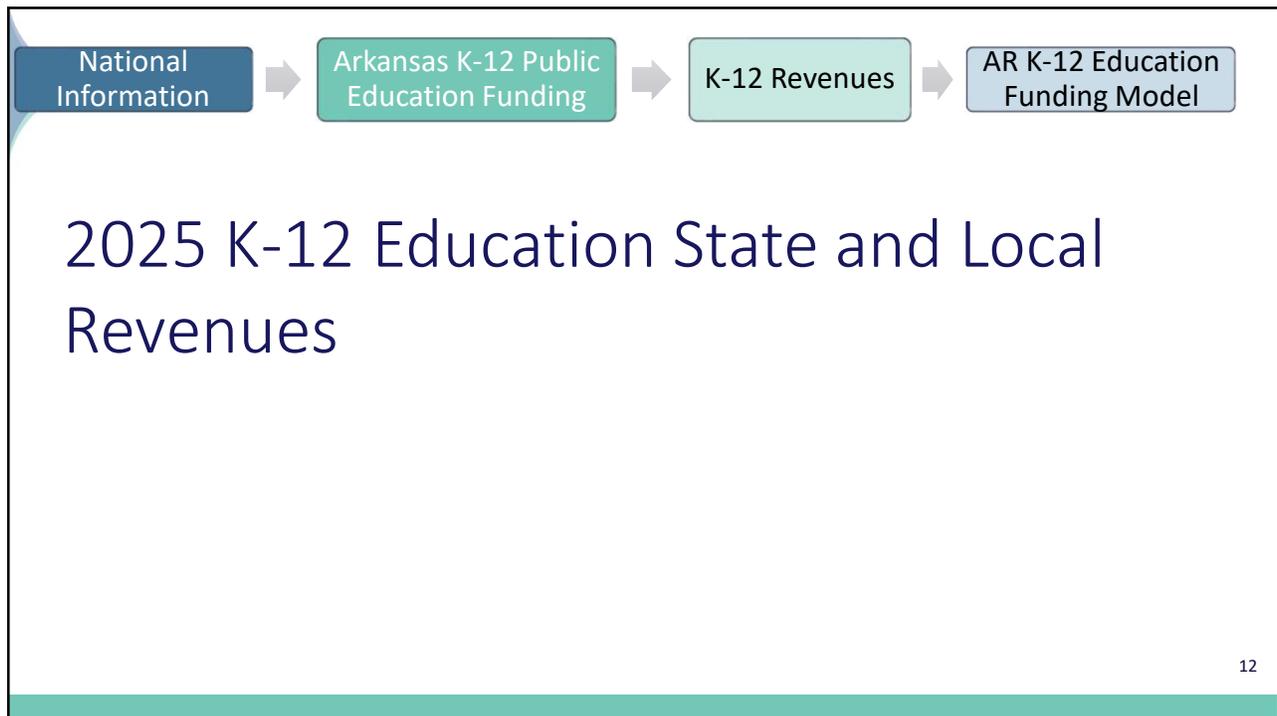
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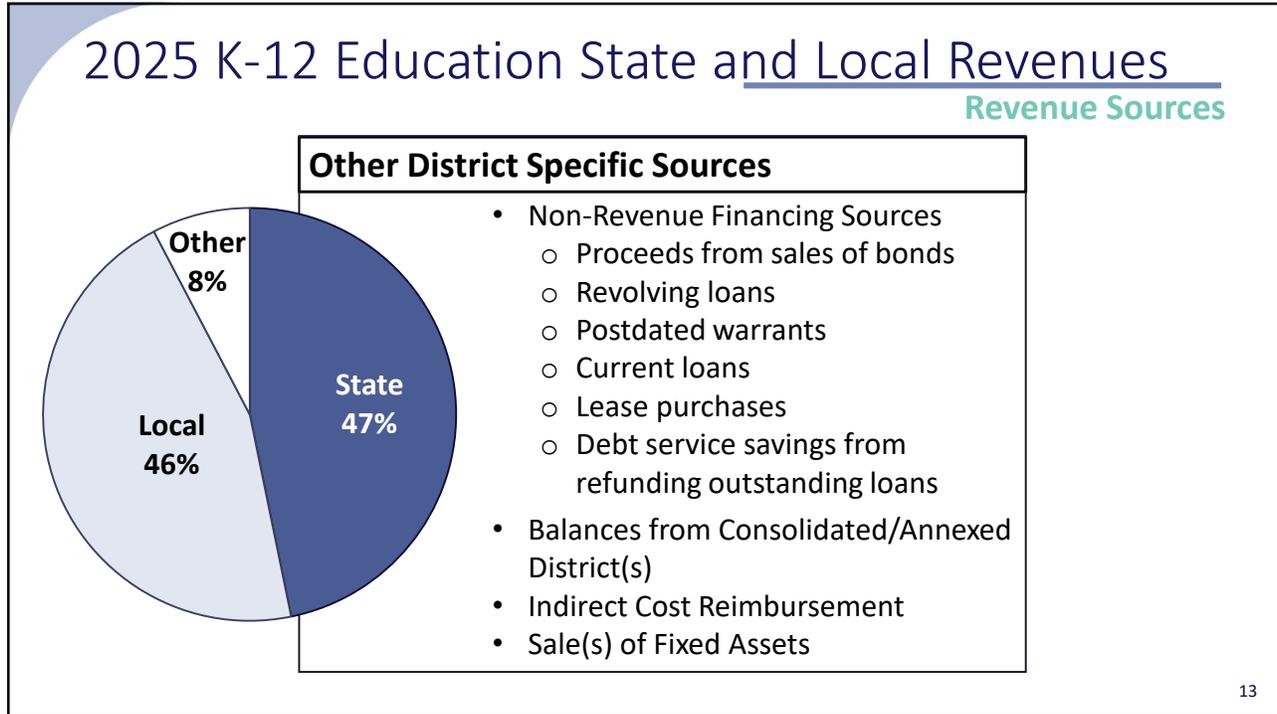
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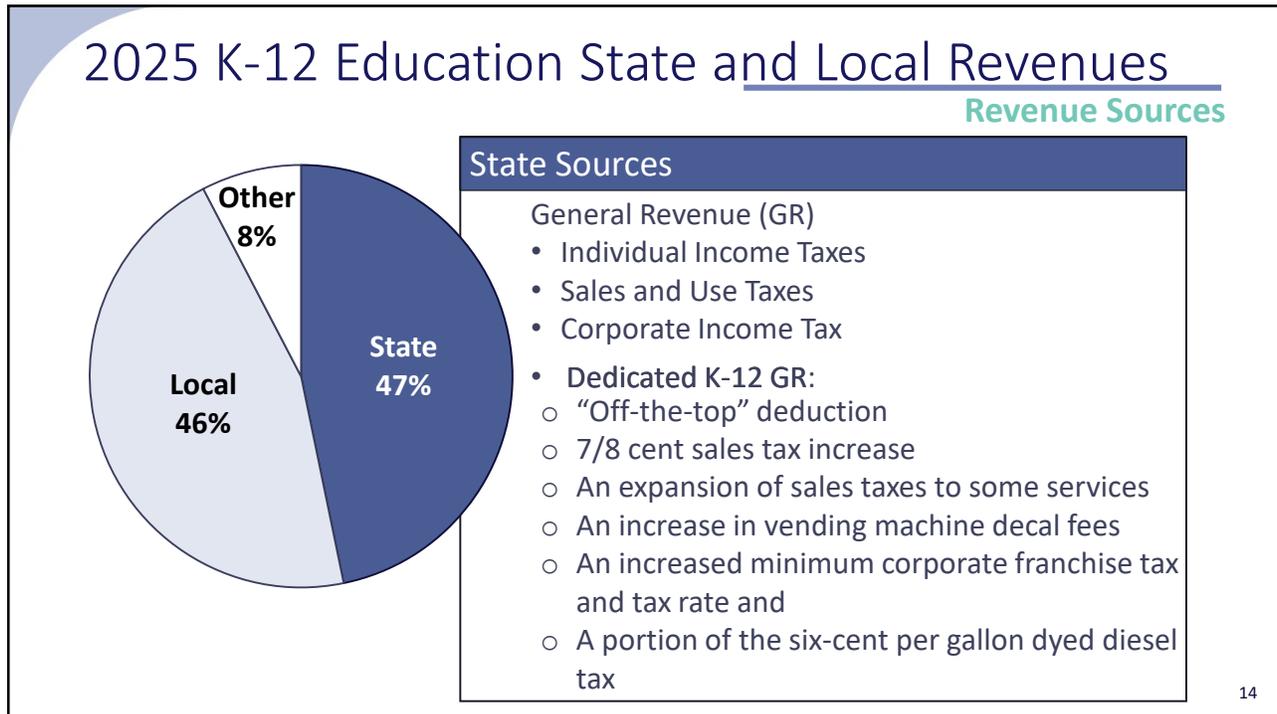
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2025 K-12 Education State and Local Revenues

Revenue Sources

State Sources

- Dedicated K-12 GR

Educational Excellence Trust Fund (EETF)

- “Off-the-top” deduction

Educational Adequacy Fund (EAF)

- 7/8 cent sales tax increase
- An expansion of sales taxes to some services
- An increase in vending machine decal fees
- An increased minimum corporate franchise tax and tax rate and
- A portion of the six-cent per gallon dyed diesel tax

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2025 K-12 Education State and Local Revenues

Revenue Sources

Local Sources

- Property taxes and tax relief
- Tax accruals
- Delinquent taxes
- Excess commissions
- Land redemptions and income tax penalties
- Interest on delinquent taxes and other local taxes
- Other Local Sources Including:
 - Revenue in lieu of taxes
 - Interest on investments
 - Rental income
 - Donations
 - Food service revenues
 - Vending machine revenues
 - Miscellaneous revenue
 - Revenue from the county

Source	Percentage
State	47%
Local	46%
Other	8%

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2025 K-12 Education State and Local Revenues

Collection and Distribution

Collection and Distribution at State Levels:



- Public School Fund
- ADE Operations Fund
- Educational Facilities Partnership Fund Account

2025 K-12 Education State and Local Revenues

Collection and Distribution

- Arkansas general revenue;
- Transfers from Educational Excellence Trust Fund; and
- Transfers from the Educational Adequacy Fund



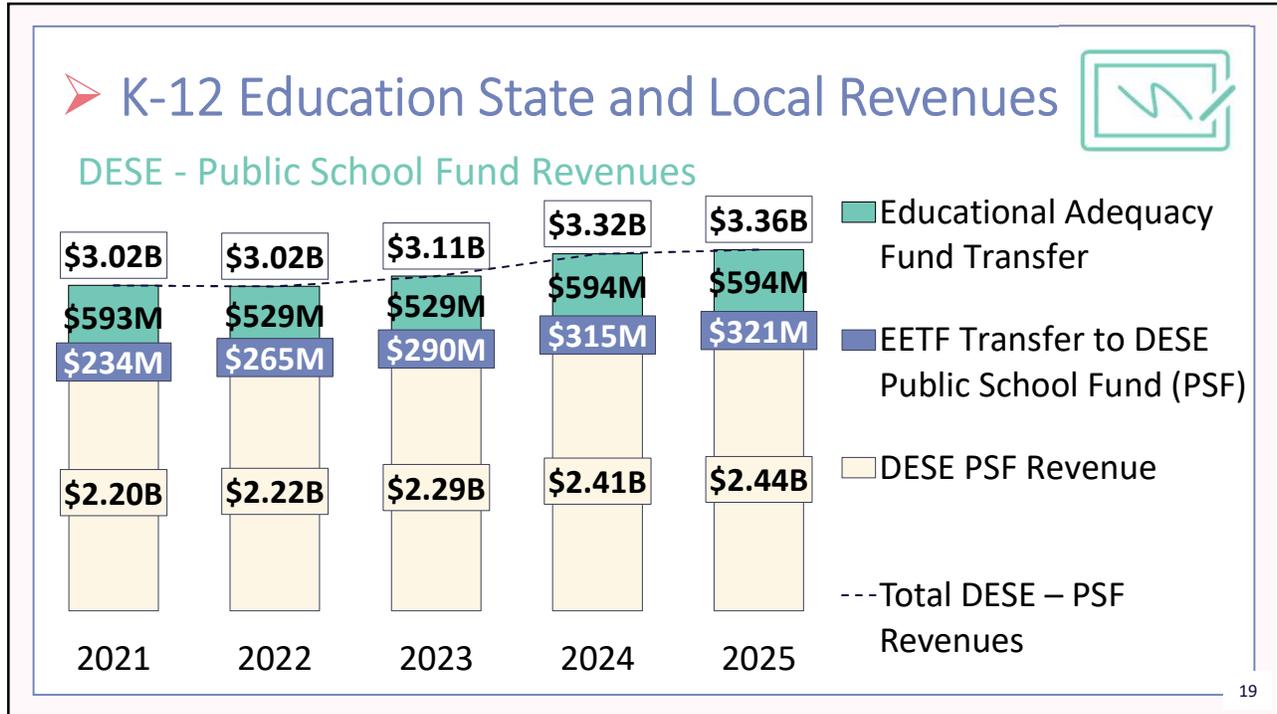
Public School Fund



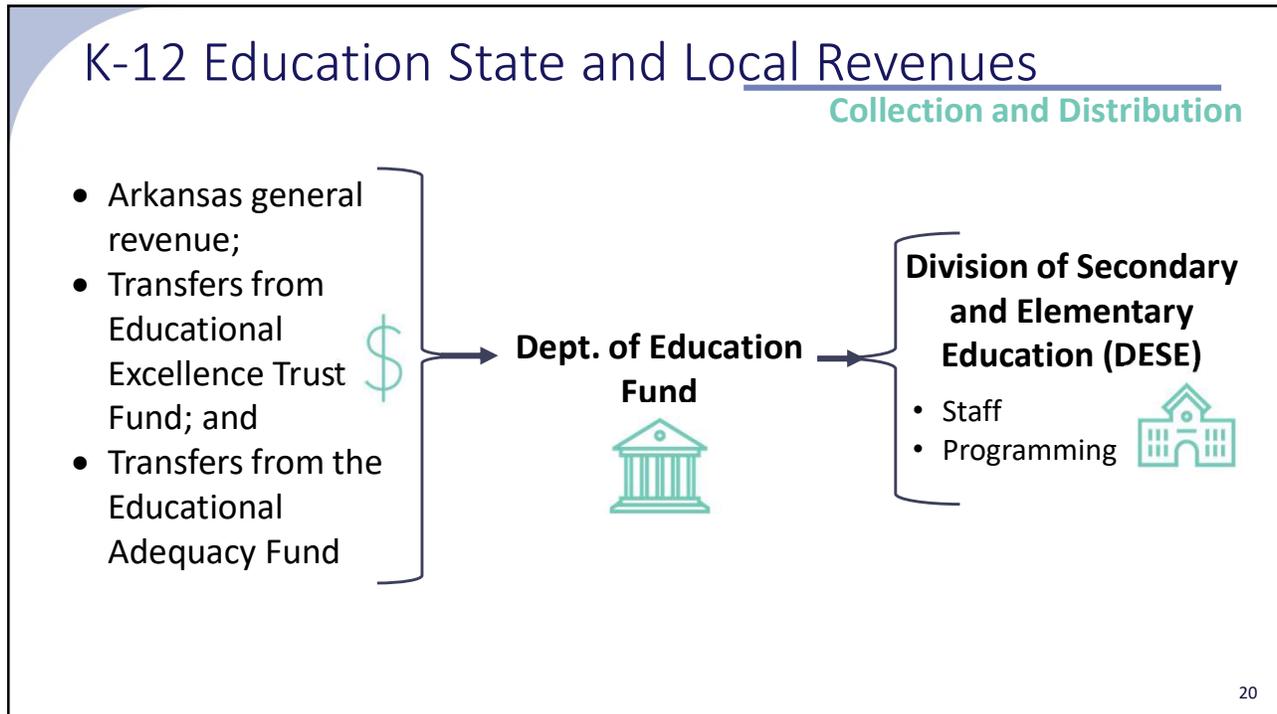
Districts and Charters



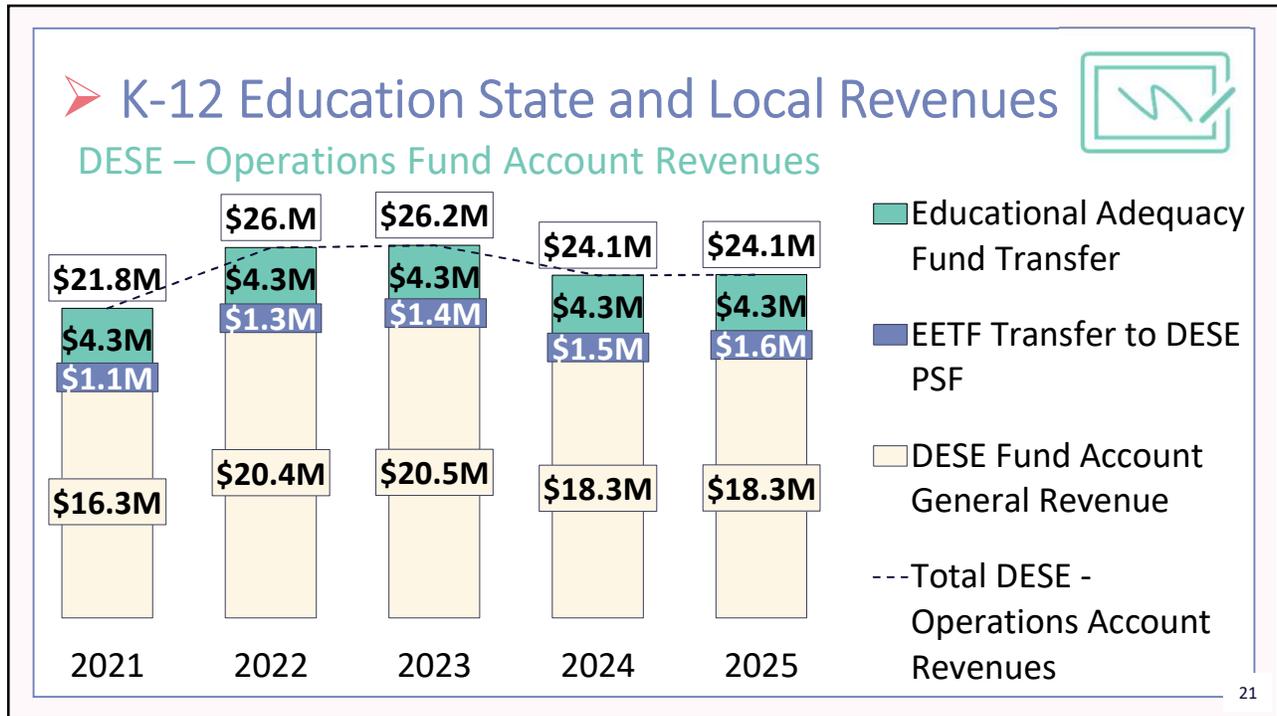
- Foundation
 - Teacher Salaries
- Categorical
- Supplemental
- Other



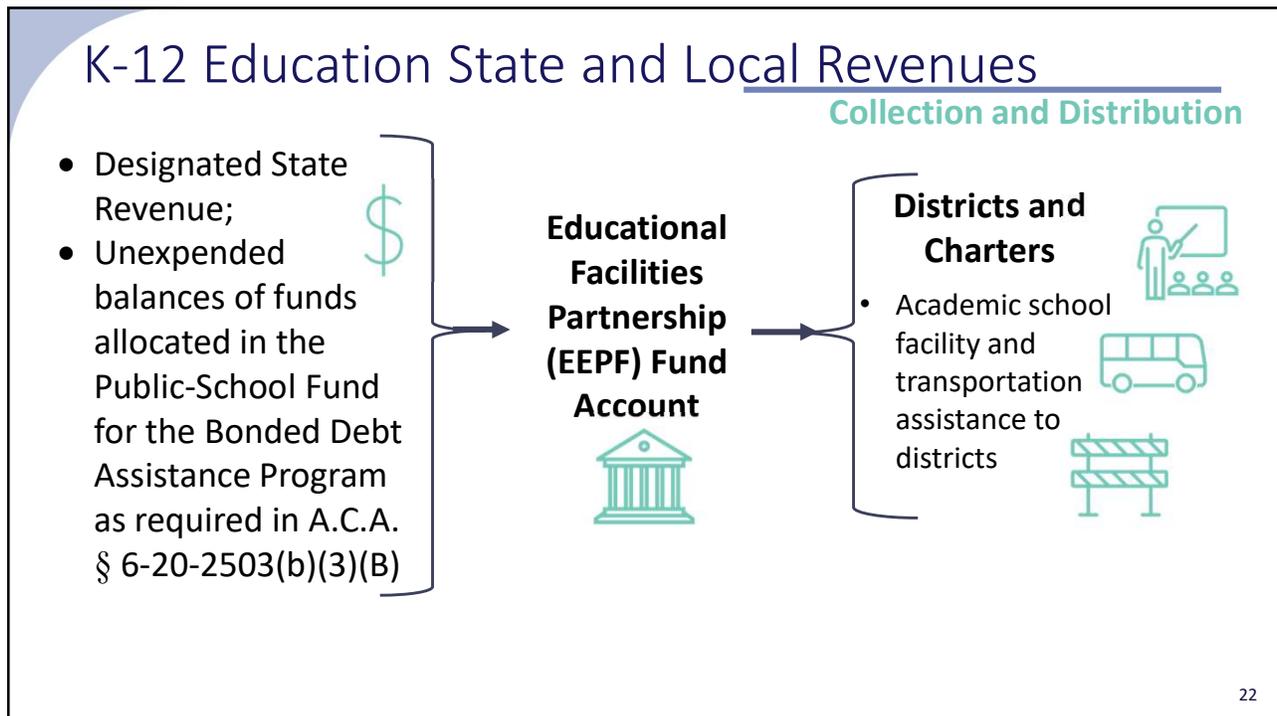
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➤ K-12 Education State and Local Revenues



DESE - Educational Facilities Partnership (EFPF) Fund Account Revenues



**Act 561 of 2023 established a new “Educational Facilities Set-Aside” Fund with \$500 M to be used by ADE – Division of Public School Academic Facilities and Transportation, Academic Facilities Partnership. Since 2024, this set aside has been the only state funding source for the Partnership program.*

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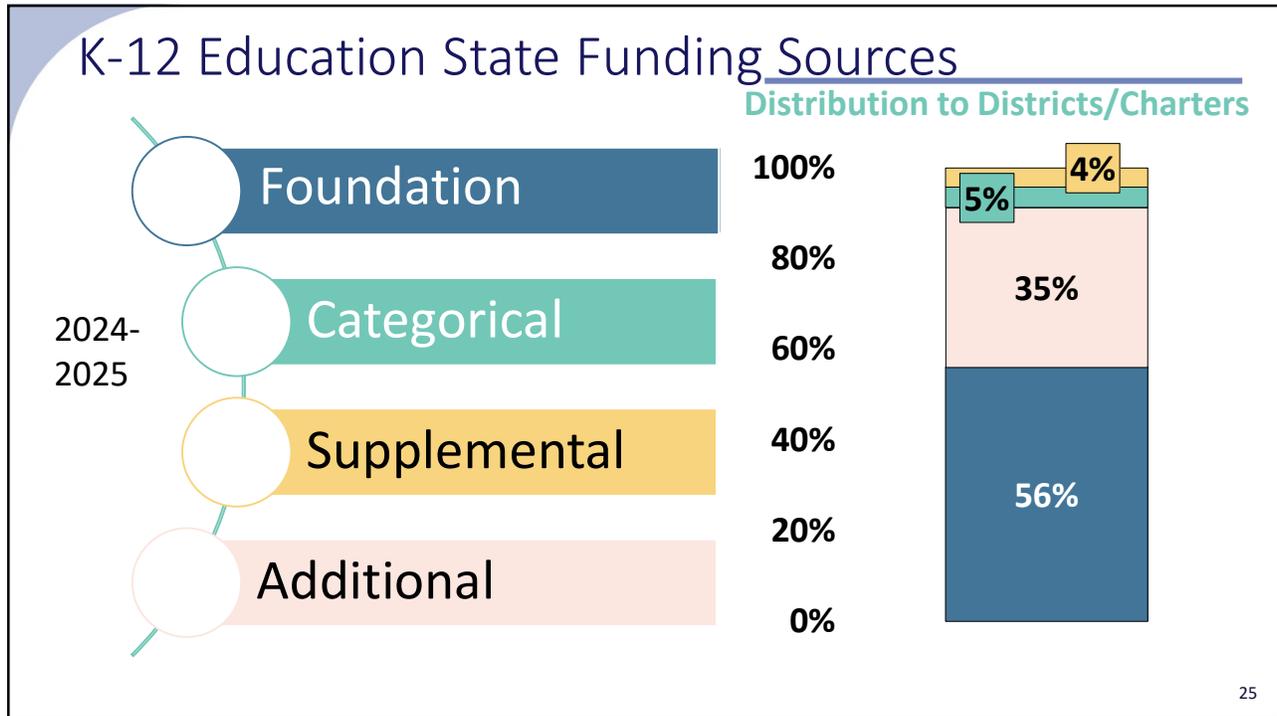
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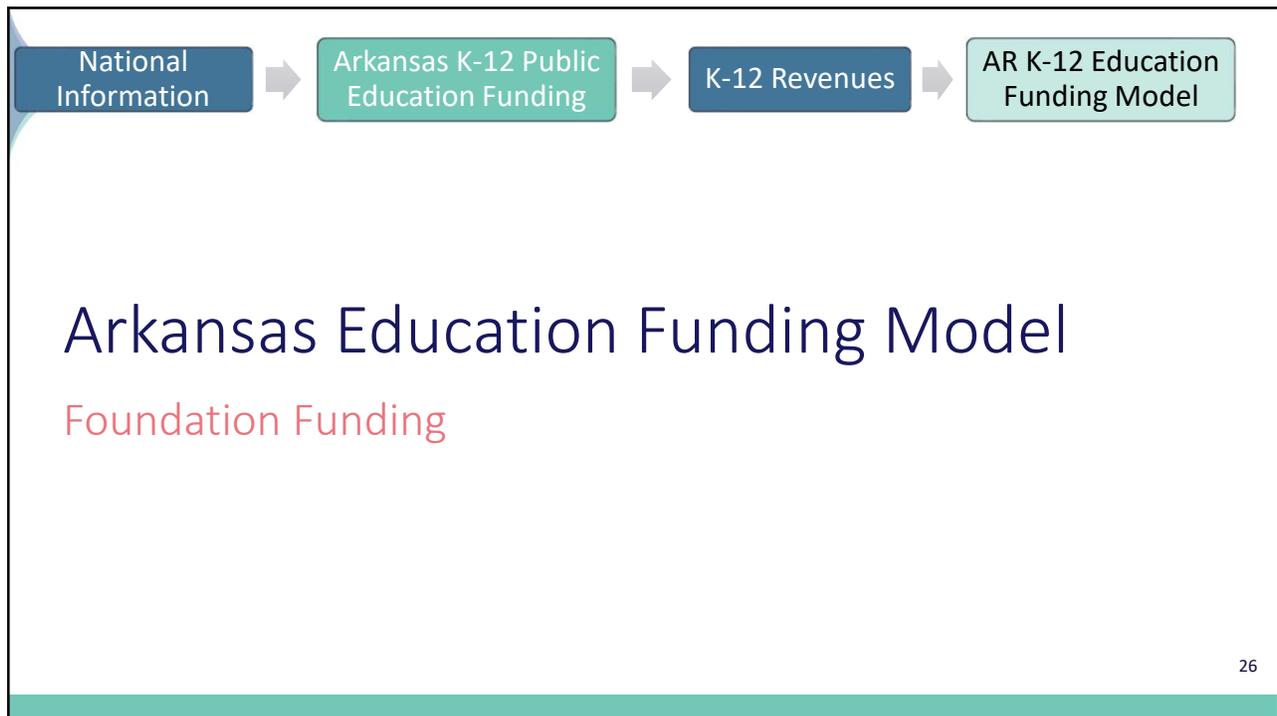
Arkansas Education Funding Model

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Foundation Makeup

Local	<ul style="list-style-type: none"> Uniform Rate of Tax (URT): First 25 mills of millage money received from local property taxes
State: 98% Adjustment	<ul style="list-style-type: none"> Provided to ensure that 98% of a local public school district's property taxes are met if tax collections fall short.
State: Foundation Aid	<ul style="list-style-type: none"> State portion to offset foundation funding not covered by URT.
Miscellaneous	<ul style="list-style-type: none"> District specific funds =

- Federal forest reserves
- Federal grazing rights
- Federal mineral rights
- Federal impact aid
- Federal flood control
- Wildlife refuge fund
- Severance taxes dedicated to education*

*Under § 26-74-201 et seq., § 26-74- 301 et seq., § 26-75-301 et seq., and the Local Government Bond Act of 1985, § 14-164- 301 et seq

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Foundation Makeup

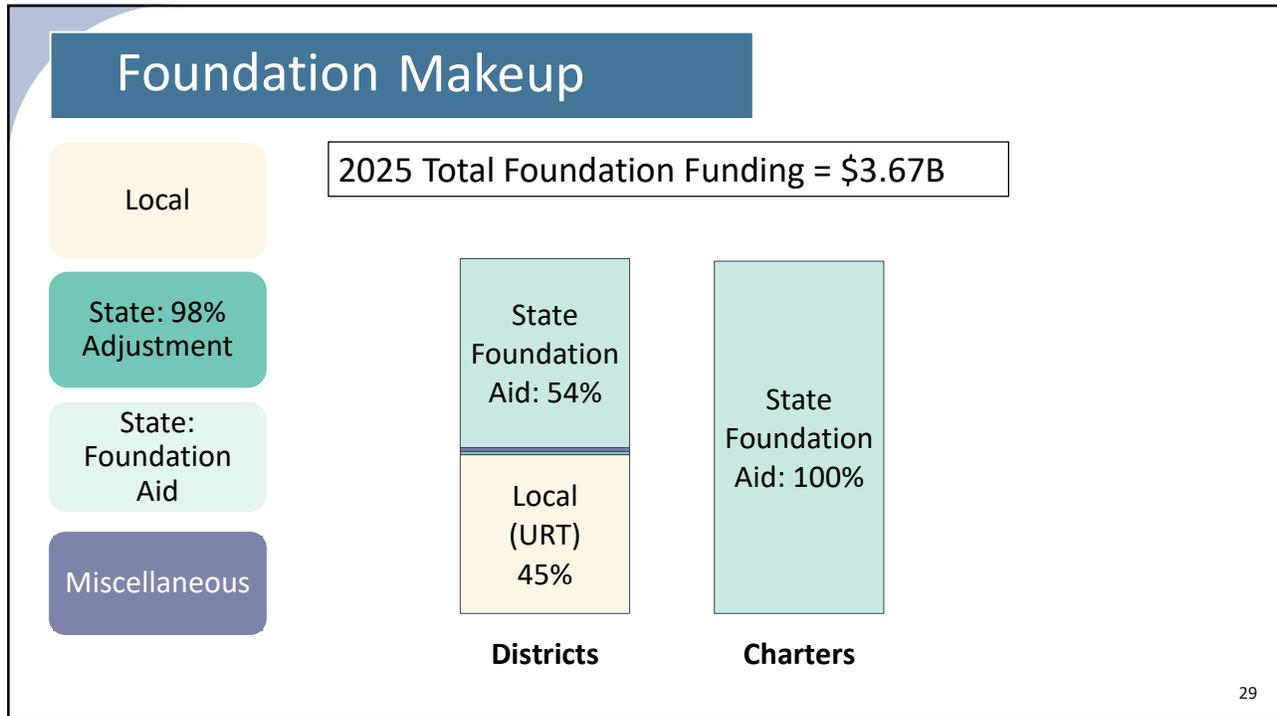
2025 Total Foundation Funding = \$3.67B

Local	<div style="border: 1px solid #ccc; padding: 10px; margin: 0 auto; width: 80%;"> <p>State Foundation Aid: 56%</p> <hr style="border: 0.5px solid black;"/> <p>Local (URT) 43%</p> </div>
State: 98% Adjustment	
State: Foundation Aid	
Miscellaneous	

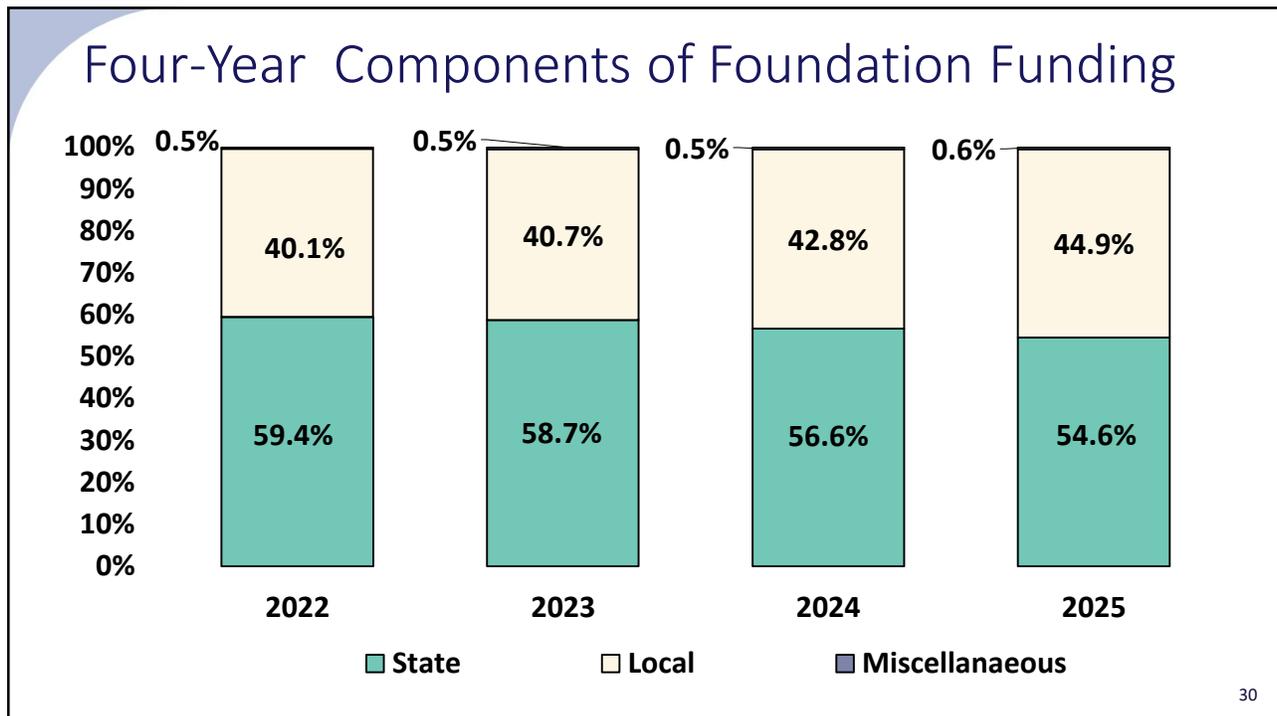
State: 98% Adjustment: 1%

Miscellaneous: 1%

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Foundation Makeup – Local Sources

2025 "URT" Districts	Total Per-Student Amount Received	Total Per-Student Amount Received Above Needed Amount
Eureka Springs	\$11,779	+\$4,008
West Side	\$12,919	+\$5,148
Fountain Lake	\$10,363	+\$2,592
Mineral Springs	\$12,610	+\$4,839
Armorel	\$15,762	+\$7,991
Osceola	\$9,736	+\$1,965
Marvell-Elaine	\$10,666	+\$2,895
Pulaski County	\$8,179	+\$408

"URT" or "High-URT" Districts

These districts do not receive state foundation aid. Local revenues cover all foundation funding needs.

2025 Per-Student Foundation Funding:
\$7,771

Total 2025 Local Funds Received Above Foundation Funding = \$16.3 M

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Foundation: "URT" District Examples

First-Time "URT" Districts

	Marvell-Elaine	Pulaski County	Armorel	Fountain Lake
Local Taxes	\$2.2M	\$92.6M	\$3.9M	\$12.4M
Miscellaneous Funds	\$23,035	\$590,086	\$2.3M	\$237
<u>Total Local and Miscellaneous</u>	<u>\$2.2M</u>	<u>\$93.2M</u>	<u>\$6.2M</u>	<u>\$12.4M</u>
Prior Year Three-Quarter ADM	210	11,392	391	1,201
Per-Student Local and Misc Revenues	\$10,666	\$8,179	\$15,762	\$10,363

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➤ **Foundation: "URT" Districts** 

Marvell-Elaine

	2022	2023	2024	2025	Pct. Change
Total Local and Miscellaneous	\$1.95M	\$2.08M	\$2.17M	\$2.24M	15%
Local Taxes	\$1.9M	\$2.1M	\$2.2M	\$2.2M	15%
Miscellaneous Funds	\$24,863	\$3,775	\$0	\$23,035	-7%
PY 3Qtr ADM	326	296	293	210	-36%
Per-Student Local and Misc Revenues	\$5,981	\$7,019	\$7,389	\$10,666	78%
Foundation Funding Amount	\$7,182	\$7,413	\$7,618	\$7,771	

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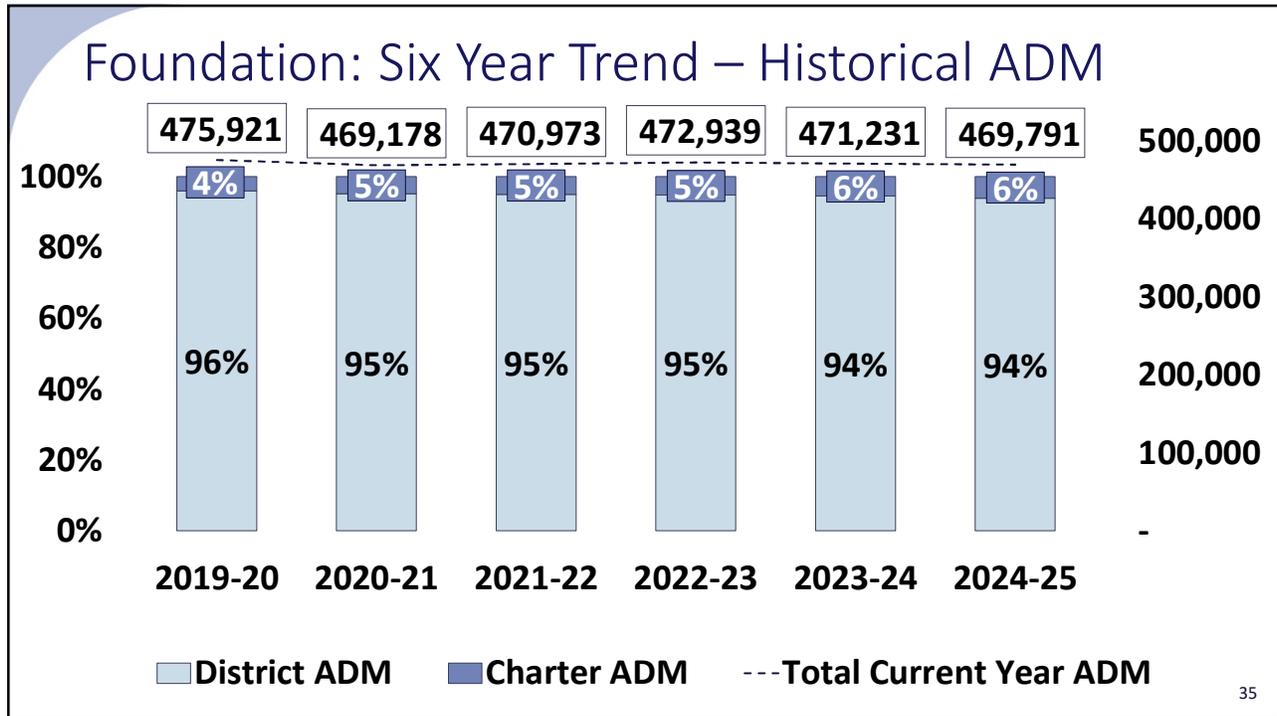
➤ **Foundation: "URT" Districts** 

Pulaski County

	2022	2023	2024	2025	Pct. Change
Total Local and Miscellaneous	\$73.1M	\$76.3M	\$86.6M	\$93.2M	27%
Local Taxes	\$72.8M	\$75.9M	\$86.0M	\$92.6M	27%
Miscellaneous Funds	\$321,020	\$460,791	\$565,271	\$590,086	84%
PY 3Qtr ADM	11,356	11,227	11,461	11,392	0%
Per-Student Local and Misc Revenues	\$6,439	\$6,800	\$7,551	\$8,179	27%
Foundation Funding Amount	\$7,182	\$7,413	\$7,618	\$7,771	

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Foundation: The Matrix

Matrix Calculations

Calculates a per-student funding rate based on the cost of personnel and other resources for operating a prototypical K-12 school of 500 students

Matrix	FY25
Matrix Calculations	
School Size	500
Kindergarten = 8% of students	40
Grades 1-3 = 23% of students	115
Grades 4-12 = 69% of students	345

*Of the 259 traditional public school districts and public charter school systems, 21% had an ADM below 500. Of the open-enrollment public charter school systems, 48% had an ADM below 500 in 2025

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Foundation: The Matrix

School-Level Staffing:

Calculates the funding for the number of full-time equivalent staff listed under the school-level personnel section of the matrix using the prototypical K-12 school size assumption of 500 students

School-Level Staffing Ratios	
Kindergarten ratio = 20:1	2.0
Grades 1-3 ratio = 23:1	5.0
Grades 4-12 ratio = 25:1	13.8
PAM = 20% of classroom	4.14
Total Classroom Teachers	24.94
Special Ed Teachers	2.9
Instructional Facilitators	2.5
Librarian / Media Specialist	0.85
Guidance Counselor	1.11
Nurse	0.67
Student Support Staff	0.72
Total Pupil Support Personnel	8.75
SUBTOTAL	33.69
Principal	1.0
Secretary	1.0
Total School-Level Personnel	35.69

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The Matrix

School-Level Salaries:

Per-student amount =
 (Number of School-level Personnel Per 500 X Total Salary + Benefits) / 500 students

Example: 33.69 classroom teachers and pupil support personnel per 500 students would be calculated as:

$(33.69 \times \$76,022) / 500 =$
\$5,122 per student

Matrix	FY25
School-Level Salaries	
Total Teacher Salary + Benefits	\$76,022
Per Student Total Teacher Salary + Benefits	\$5,122
Total Principal Salary + Benefits	\$105,614
Per Student Total Principal Salary + Benefits	\$211
Total Secretary Salary + Benefits	\$46,203
Per Student Total Secretary Salary + Benefits	\$92
Per Student Total School-Level Salaries + Benefits	\$5,426

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The Matrix

School- and District-Level Resources:

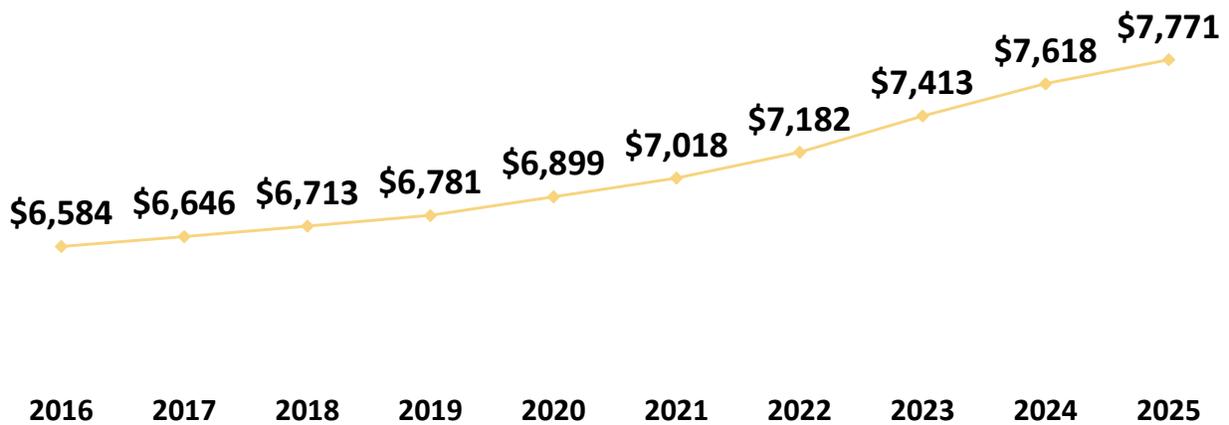
Per-student amounts combined to get a total per-student amount that public school districts and open-enrollment public charter systems receive for each student.

School-Level Resources		FY25
	Technology	\$250
	Instructional Materials	\$205
	Extra Duty Funds	\$72
	Supervisory Aides	\$58
	Substitutes	\$78
	Salary Enhancement Other Emp.	\$44
	All Other Personnel Health Ins.	\$30
Per Student Total School-Level Resources		\$739
District-Level Resources		
	Operations & Maintenance	\$786
	Central Office	\$483
	Transportation	\$337
Per Student Total District-Level Resources		\$1,605
Per Student Total Foundation Funding Amount		\$7,771

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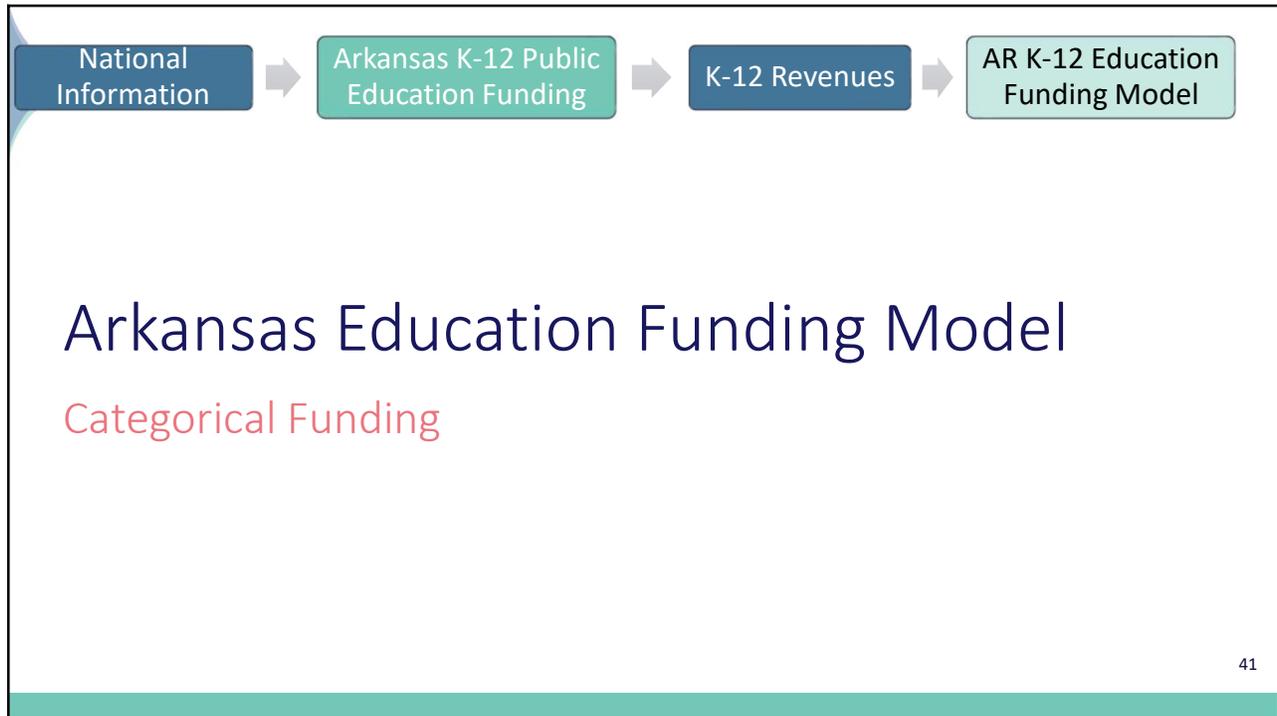
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Ten-Year Trend: Per-Student Foundation Funding Amount



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Categoricals

Categorical Fund	Intent
Alternative Learning Environment (ALE)	Eliminate traditional barriers to learning for students
English Learner (EL)	Overcome language barriers that impede equal participation by students in instructional programs
Enhanced Student Achievement (ESA)	Improve instruction and increase academic achievement of students who qualify for the national free and reduced-price lunch program
Professional Development (PD)	Improve teaching and learning to facilitate individual, school-wide, and system-wide improvements designed to ensure that students demonstrate proficiency on state academic standards

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Categoricals

Categorical Fund	2025 Per-Student Amount		2025 Total Funding
Alternative Learning Environment (ALE)	\$5,086		\$27.6M
English Learner (EL)	\$366		\$15.8M
Enhanced Student Achievement (ESA)	<70% FRL Students:	\$538	\$234.4M
	70% - 90% FRL Students:	\$1,076	
	>90% FRL Students:	\$1,613	
Professional Development (PD)	\$41*		\$37.0M

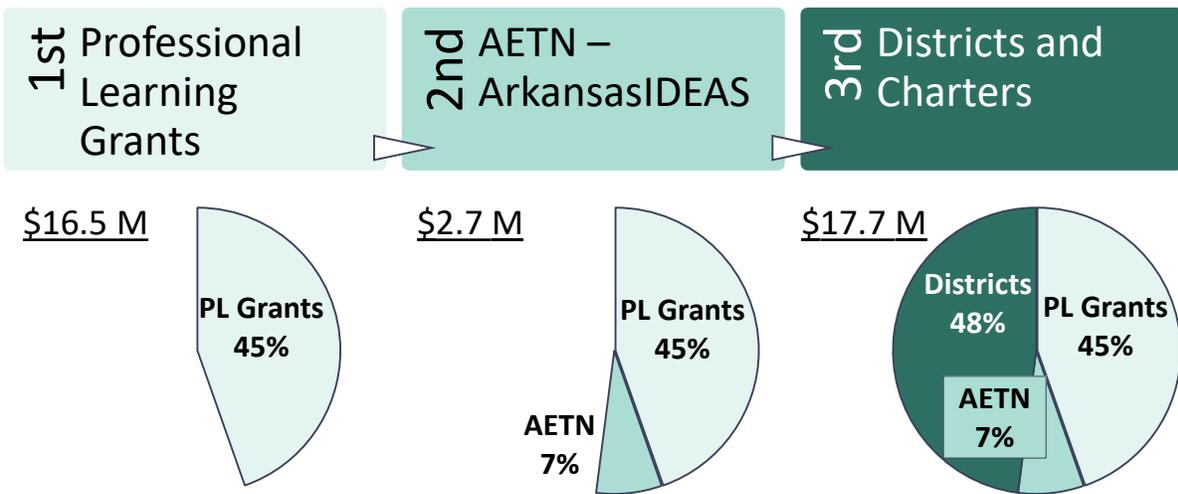
*Note: The General Assembly provides \$41 per student in PD categorical funds. However, only \$37.50 goes to the districts.

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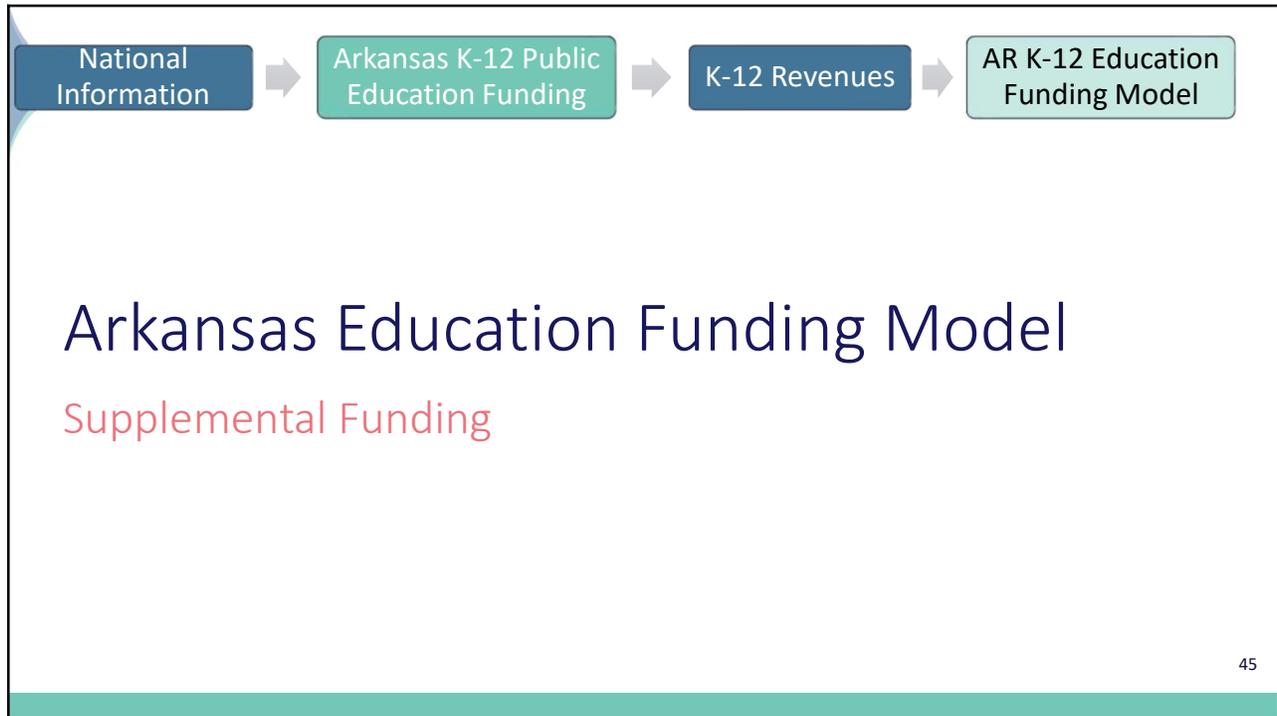
Categoricals

Professional Development

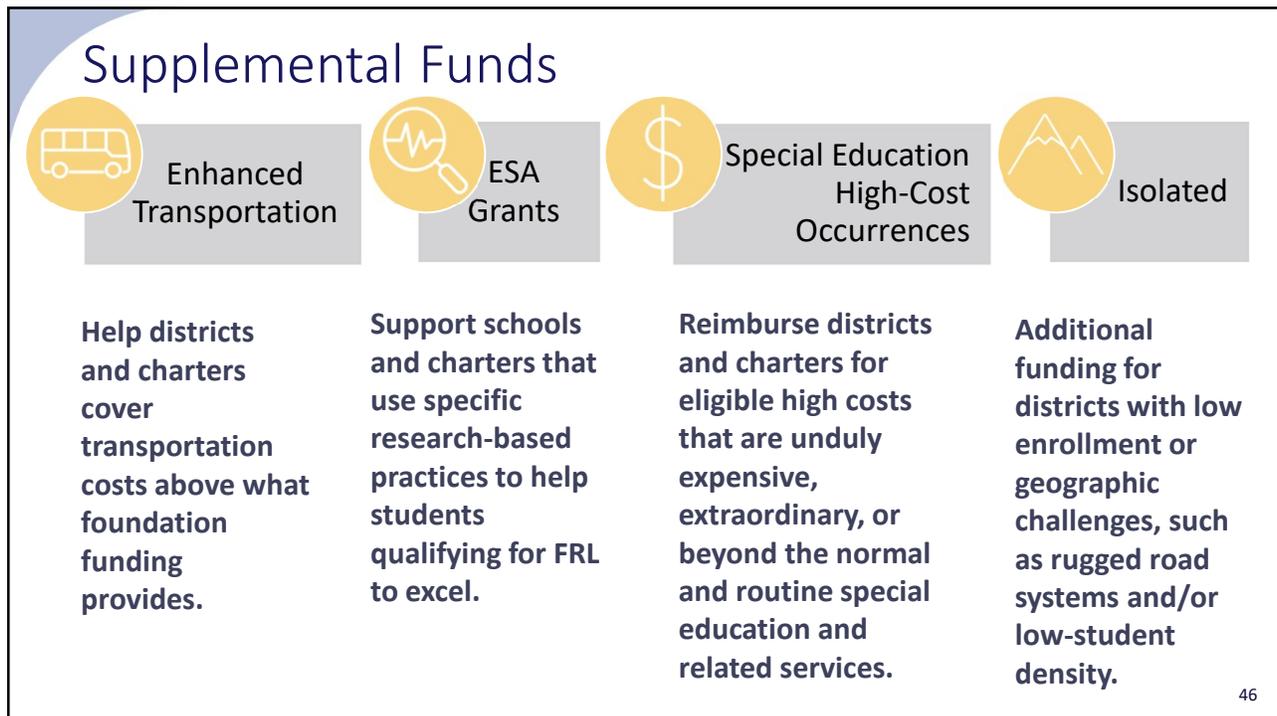


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Supplemental Funds



Teacher Salary Equalization

Support districts and charters with teacher salaries below a target average salary amount to exceed that average amount in teacher pay.



Declining Enrollment

Additional funding for districts and charters with declining enrollment.



LEARNS Teacher Salaries

Provides funding to districts to meet requirements set in Act 237 of 2023 that classroom teachers be paid a minimum base salary of \$50,000.



Student Growth

Additional funding for districts and charters experiencing growth.

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Supplemental Funds

Supplemental Funds	2025 Total Funding
Enhanced Transportation	\$7,999,997
ESA Grants	\$5,500,000
Special Education High-Cost Occurrences	\$17,500,000
Teachery Salary Equalization	\$54,747,912
Declining Enrollment	\$24,663,364
Isolated and Special Needs Isolated	\$10,895,999
Student Growth	\$31,340,011
LEARNS Teacher Salaries	\$181,505,857

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Additional Funds

- Additional funding for the 2025 school year total approximately \$3.1 billion.

Fund Sources	Total Funding
Building Fund	\$599,340,767
Debt Service	\$74,978,525
Capital Outlay	\$33,334,855
Federal	\$878,611,087
Other State and Local	\$1,524,965,108
Total	\$3,111,230,341

Note: Other state and local funds include \$4.5 million for the Excel Center.

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THANK YOU

QUESTIONS ON RESOURCE ALLOCATION?

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