

**2026 EDUCATIONAL  
ADEQUACY STUDY**

**Funding Overview**



PREPARED FOR THE SENATE AND HOUSE INTERIM  
COMMITTEES ON EDUCATION  
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## INTRODUCTION

According to the Continuing Adequacy Evaluation Act of 2004, § 10-3-2101 et seq., 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.”<sup>1</sup> This is to be accomplished in part by using evidence-based research to recalibrate “as necessary the state’s system of funding public education.”<sup>2</sup>

According to the National Conference of State Legislatures (NCSL)<sup>3</sup>, a state education finance system “represents a comprehensive framework that governs how educational resources are raised, allocated and managed across multiple levels of government.”<sup>4</sup> NCSL notes that “on average, federal sources provide nearly 9% of funding for public K-12 education” and is primarily targeted towards low-income (Title I) and special education (IDEA) students.<sup>5</sup> NCSL also noted that in 2023, federal funds accounted for 12.9% of total kindergarten through grade twelve (K-12) education revenues in the United States. State revenues made up 45.1% and local revenues accounted for the remaining 42%.

In 2025, NCSL and the Education Commission of the States (ECS)<sup>6</sup> both published principles for states to utilize in their respective education finance systems. These principles are both noted in the following table.

NCSL: Six Principles of a Sound State Education Finance System <sup>7</sup>	ECS: K-12 Funding Principles <sup>8</sup>
<ol style="list-style-type: none"> <li>1. The Lodestar: “A sound education finance system begins with and supports the overarching vision and mission of the entire education system.”</li> <li>2. Equity: “A sound education finance system adjusts for student needs, school district characteristics and local economic capacity to ensure resources are proportional to need.”</li> <li>3. Adequacy: “A sound education finance system provides sufficient resources across the system to achieve reasonable and manageable goals of the statewide education system.”</li> <li>4. Efficiency: “A sound education finance system aligns resource allocations-at every level-to the goals of the statewide education system, while enabling flexible decisions closest to students where the impact is greatest.”</li> </ol>	<ol style="list-style-type: none"> <li>1. Transparent: “State aid is allocated using a formula that is simple, logical, clearly articulated and informed by students, families, teachers and school leaders.”</li> <li>2. Student-centered: “Funding is allocated based on the learning needs of students with a focus on improving outcomes.”</li> <li>3. Adequate: “Schools are provided sufficient resources to provide a high-quality education for all students and meet state achievement goals for student learning.”</li> <li>4. Fair: “Resources are prioritized to schools where students have the most complex learning needs and to districts where local resources are most limited.”</li> </ol>

<sup>1</sup> Ark. Code Ann. § 10-3-2102(a)(8).

<sup>2</sup> *Id.* at § 10-3-2102(j)(1).

<sup>3</sup> NCSL is a nonpartisan association that “represents the legislatures in the states, territories and commonwealths of the U.S. Its mission is to advance the effectiveness, independence and integrity of legislatures and to foster interstate cooperation and facilitate the exchange of information among legislatures”, available at <https://www.ncsl.org/about-us>

<sup>4</sup> NCSL, September 2025, Principles of a Sound State Education Finance System, available at <https://www.ncsl.org/education/principles-of-a-sound-state-education-finance-system>

<sup>5</sup> *Id.*

<sup>6</sup> ECS is a nonprofit organization that provides education policy support and services to all 50 states, the District of Columbia, and U.S. territories, available at <https://www.ecs.org/about-us/>

<sup>7</sup> NCSL, September 2025, Principles of a Sound State Education Finance System, available at <https://www.ncsl.org/education/principles-of-a-sound-state-education-finance-system>

<sup>8</sup> Chris Duncombe and Lauren Peisch, K-12 Funding Toolkit: A Strategic Guide for States, March 2025, available at [https://www.ecs.org/wp-content/uploads/PG\\_0325\\_K-12-Funding-Toolkit.pdf](https://www.ecs.org/wp-content/uploads/PG_0325_K-12-Funding-Toolkit.pdf)

<p>5. Accountability: “A sound education finance system promotes accountability through transparency and includes the ability to link financial decisions to the goals of the statewide education system.”</p> <p>6. Stability: “A sound education finance system delivers stable funding for schools and school systems by relying on a mix of revenue sources that behave predictably over time.”</p>	<p>5. 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.”</p>
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There are multiple methods states use for funding K-12 public education. In their 2025 50-state comparison, ECS identified four models used by states. These are noted below, along with the models used by the Southern Regional Education Board (SREB)<sup>9</sup> states. Arkansas is identified as using a student-based funding model.

Funding Models	SREB States
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.”	Arkansas, Florida, Kentucky, Louisiana, Maryland, Mississippi, Oklahoma, South Carolina, Tennessee, Texas
Resource-based: “Districts receive funding sufficient to pay for minimum required resources. Resources could be staffing, services or programs.”	Alabama, Delaware, North Carolina, Virginia, West Virginia
Hybrid: “Funding models that combine aspects of student-based and resource-based models.”	Georgia
Other: “States rely on funding models that do not resemble student-based, resource-based or hybrid models.”	None

Data Sources: SREB States<sup>10</sup>; Funding Models<sup>11</sup>

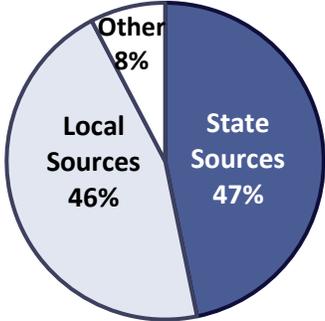
## ARKANSAS EDUCATION FUNDING

### Revenue for K-12 Public Education

Funding for Arkansas’s education system begins with revenues collected at the state and local levels. K-12 education state revenue for the 2025 school year totaled \$6.6 billion and is comprised of state revenues (general revenue and K-12 dedicated general revenue) and local revenues.<sup>12</sup> These are described on the next page.

Between the 2021 and 2025 school years, state and local annual revenues increased from \$5.2 billion to \$6.6 billion, or 27%-points. During that time, the proportion of state and local funds has also changed slightly. In the 2021 school year, state funds made up 53% received by public schools compared to 47% in the 2025 school year.

2025 K-12 Education State and Local Revenues Collected



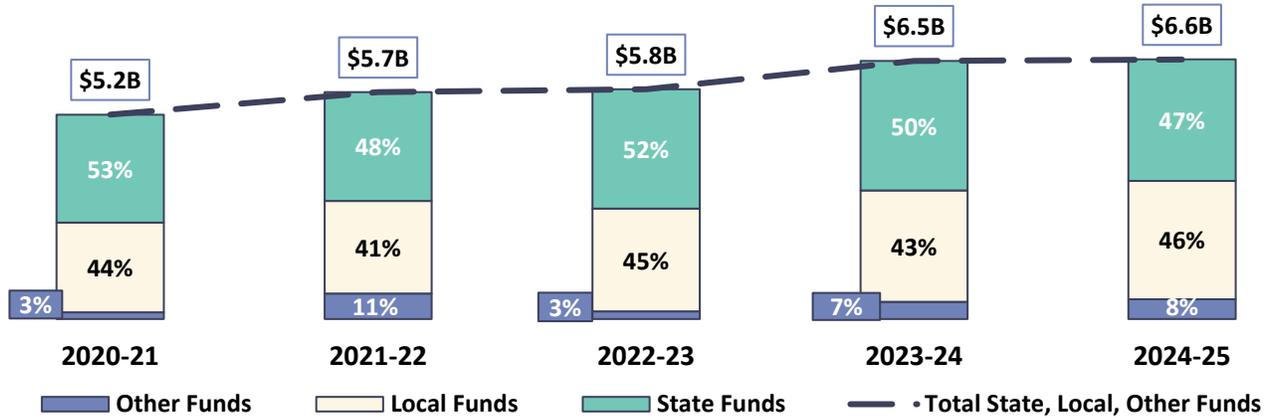
<sup>9</sup> SREB is a nonpartisan, nonprofit, regional interstate compaction for education, available at <https://www.sreb.org/about>

<sup>10</sup> About SREB, available at <https://www.sreb.org/about>

<sup>11</sup> ECS, 50-State Comparison: K-12 Funding, available at <https://www.ecs.org/50-state-comparison-k-12-funding-2024/>

<sup>12</sup> DESE, Preliminary Annual Statistics Report 2024-25, email from Anita Freer dated December 16, 2025.

## K-12 Education State and Local Revenues



### State and Local Revenue Sources

**State General Revenue Funding** - Each year, the Governor allocates general revenue for the Public School Fund (PSF). The Division of Elementary and Secondary Education (DESE) PSF receives the largest share of general revenues each year, totaling over \$2.4 billion for K-12 education in the 2025 school year. The total award for the DESE PSF is calculated each year considering several factors:<sup>13</sup>

- Measures recommended by the Educational Adequacy Study
- Calculated projections in local property revenue growth to accurately fund State Foundation Funding for traditional public school districts and open-enrollment public charter school systems
- Projected movements in public school student populations
- Other needs identified by the Department of Education (ADE) for administering programs as required or appropriated by law.

Arkansas General Revenues are comprised of:

- Income from Individual Income Taxes
- Sales and Use Tax Revenues
- Corporate Income Tax

ADE presents a budget request during budget hearings each year accommodating these considerations and the Governor and legislature have ultimate authority on the final funding amount, which will be enacted in the legislative session in advance of the next budget year.

In the 2025 school year, DESE's PSF received approximately \$2.44 billion in General Revenue Funding by allocation of the Governor's balanced budget and as enacted by the legislature in Act 1014 of 2025.

**Other K-12 Education Dedicated Arkansas General Revenue** - Includes multiple sources of general revenue that are dedicated to specific K-12 education purposes.

Other K-12 Education Dedicated Arkansas General Revenue:

- "Off-the-top" deduction from gross general revenues
- A 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.

<sup>13</sup> Per past ADE Budget Requests through submitted budget manuals prior to each legislative session

The **Educational Excellence Trust Fund (EETF)**<sup>14</sup> is funded with an “off-the-top” deduction from gross general revenues, and the amount distributed to EETF is 14.14%<sup>15</sup> of prior year sales and use tax collections.<sup>16</sup> The EETF was created in 1991 to provide additional funding for teacher salaries and to support other programs of educational opportunity.

The **Educational Adequacy Fund (EAF)**<sup>17</sup> was created to fund adequacy after the Supreme Court’s *Lake View* decision and derives its funding from:

- A 7/8 cent sales tax increase
- The 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

The Educational Adequacy Fund revenues are held in account at the Department of Finance and Administration (DFA) and each year DESE staff request the amount needed for the year to fund adequacy by sending a Certification of Income letter request to the DFA Office of Accounting. By this request, DFA will transmit available funds in the account to meet this annual funding allocation, either immediately if the full balance is available, or over the course of months as revenues flow into the account. Once the annual allocation is satisfied, all revenues will continue to collect in the EAF until requested again by DESE in the new fiscal year or on an emergency basis.

Arkansas Code § 19-27-283(c)(1) provides that the EAF is to be used to provide funds to the DESE PSF and the DESE Fund Account of the Education Adequacy Fund “to fulfill the financial obligation of the state to provide an adequate educational system as authorized by law”.

**Local Revenues** - Includes property taxes, property tax relief, tax accruals, delinquent taxes, excess commissions, land redemptions and income tax penalties, and interest on delinquent taxes and other local taxes. Local revenues also include local sources other than property taxes including revenue in lieu of taxes, interest on investments, rental income, donations, food service revenues, vending machine revenues, miscellaneous local revenue, and revenue from the county.<sup>18</sup>

### State and Local Revenue Distribution

The following state fund accounts are used to distribute the state revenues.

The **Public School Fund Account (PSF)** is the primary account used to distribute state funds to traditional public school districts and open-enrollment public charter systems and charter schools. It also serves as a passthrough for local revenues to go to traditional public school districts and open-enrollment public charter systems.

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<sup>14</sup> Ark. Code Ann. § 6-5-301 et seq. See also Ark. Code Ann. § 19-26-231, establishing the Educational Excellence Trust Fund on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State.

<sup>15</sup> Ark. Code Ann. § 6-5-301(a)(2), providing that the “Chief Fiscal Officer of the State shall determine as an annual allocation for [the Educational Excellence Trust Fund] an amount based on the total net general revenues as enumerated in Ark. Code Ann. § 19-41-201(1) and (2), which were collected in the immediate past year, times a factor of 0.1414”.

<sup>16</sup> Ark. Code Ann. § 6-5-301(b) requires that the Chief Fiscal Officer of the State certify to the Treasurer of State on the last day of each month of the respective fiscal year “an amount based on one-twelfth (1/12) of the annual allocation determined in subsection (a) of this section for transfer to the fund”, which the Treasurer of State shall then transfer after making certain deductions.

<sup>17</sup> Ark. Code Ann. § 19-27-283.

<sup>18</sup> DESE, 2024-2025 Annual Statistical Report, available at <https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/publication-and-reports/annual-statistical-reports>

As Arkansas's revenues have grown over the last decade, the Educational Excellence Trust Fund funding distribution to the Public School Fund has also grown significantly. In the 2025 school year, over \$320.5 million was transferred to the DESE PSF, representing 60% growth in annual distribution when compared to 2015 revenues. The PSF receives 67.16% of the total funding available to the EETF. These funds are used by DESE to provide a portion of the state foundation funding aid distributed to traditional public school districts and open-enrollment public charter school systems and are to be used for teacher salaries.

**Public School Fund (PSF) Account Revenue Sources:**

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

Since 2024, ADE has requested an annual transfer in the amount of \$594,468,551 from the Educational Adequacy Fund to provide for designated educational adequacy needs. This amount is transferred into the DESE PSF at the beginning of the fiscal year and becomes unrestricted funding to be used at the discretion of DESE. Since 2015, the ADE transfer has grown by 37%, from \$434 million in FY15 to \$594 million in FY25.

The following table shows the state funding that has been made available to the PSF from the 2021 Fiscal Year to the 2025 Fiscal Year for K-12 education. These are not the amounts allocated or expended from these funding accounts.

Public School Fund Revenues				
Fiscal Year	DESE Public School Fund Account General Revenue (JAA)/1	EETF Transfer Dept of Education Fund Acct of the Public School Fund (JAA)/5	Educational Adequacy Fund Transfer (JAA)	Total DESE – Public School Fund Revenues
2021	\$2,197,387,296	\$234,068,325	\$593,186,037	\$3,024,641,658
2022	\$2,221,385,390	\$265,368,010	\$529,468,551	\$3,016,221,951
2023	\$2,291,011,525	\$290,299,988	\$529,468,551	\$3,110,780,064
2024	\$2,409,366,375	\$314,559,273	\$594,468,551	\$3,318,394,199
2025	\$2,443,582,431	\$320,592,356	\$594,468,551	\$3,358,643,338

The **DESE Fund Account** is primarily used for the operations of DESE.<sup>19</sup>

DESE receives an allocation of General Revenue through the Governor's balanced budget and legislative process to provide operations costs of DESE and shared services. In the 2025 school year, DESE received \$18.28 million in General Revenues as enumerated in Act 1014 of 2025. This amount is 10% higher than allocations given a decade ago. The Educational Adequacy Fund transfer to DESE was \$4.2 million in FY25 and the Educational Excellence Trust Fund transfer was \$1.5 million.

The following table shows the state funding that has been made available to Department of Education Fund Account from the 2021 fiscal year to the 2025 fiscal year for K-12 education. These are not the amounts allocated or expended from these funding accounts.

**Department of Education Fund Revenue Sources:**

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

<sup>19</sup> Ark. Code Ann. § 19-22-104.

DESE Fund Account Revenues				
	General Education Fund – DESE Fund Account General Revenue (EGA)/2	EETF Transfer Dept of Education Fund Account (EGA)/5	Educational Adequacy Fund Transfer (EGA)	Total DESE - Operations Account Revenues
2021	\$16,346,413	\$1,146,735	\$4,296,593	\$21,789,741
2022	\$20,449,189	\$1,300,077	\$4,296,593	\$26,045,859
2023	\$20,496,441	\$1,422,222	\$4,296,593	\$26,215,256
2024	\$18,260,460	\$1,541,072	\$4,296,593	\$24,098,125
2025	\$18,282,199	\$1,570,629	\$4,296,593	\$24,149,421

The **Educational Facilities Partnership Fund Account (EFPF)** is the account used for distribution of grants for programs providing academic school facility and transportation assistance to public school districts.<sup>20</sup> The EFPF account consists of general revenues and moneys transferred from the Development and Enhancement Fund, and has also received funding through one-time transfers<sup>21</sup> from the General Improvement Fund and from state surplus funds held in the General Revenue Allotment Reserve Fund.<sup>22</sup>

The following table shows the state funding that has been made available to DESE from the 2021 Fiscal Year to the 2025 Fiscal Year for K-12 education. These are not the amounts allocated or expended from these funding accounts.

Fiscal Year	EFPF & Dept of Public School Academic Facilities & Trans. Fund Account
2021	\$41,828,951
2022	\$70,328,951
2023	\$70,328,951
2024	\$148,800,000
2025	\$0

Note: Act 561 of 2023 established a new “Educational Facilities Set-Aside” Fund with \$500M 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.

**Educational Facilities Partnership Fund Revenue Sources:**

- Arkansas general revenue
- Unexpended balances of funds allocated in the Public-School Fund for the Bonded Debt Assistance Program as required in Ark. Code Ann. § 6-20-2503(b)(3)(B)

<sup>20</sup> Ark. Code Ann. § 19-22-104(9)(A).

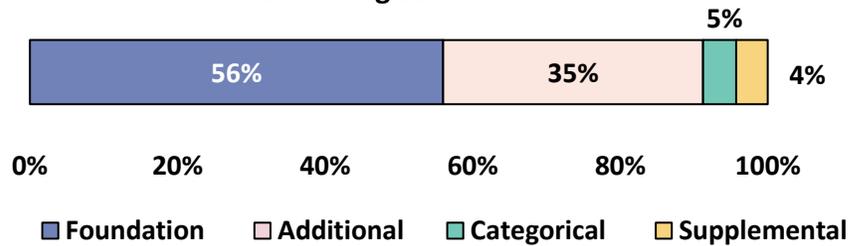
<sup>21</sup> One-time transfers from General Improvement Fund (GIF) occurred in 2014 (\$20M), 2016 (\$40M), and 2018 (\$60M).

<sup>22</sup> One-time transfers from Restricted Reserve Fund occurred in 2022 (\$28.5M) and 2024 (\$148.8M).

## Arkansas Education Funding Model

In the 2025 school year, Arkansas public schools received \$6.6 billion in state and local education funding. State and local funding is provided primarily through the three funding streams: Foundation, which comprises both state and local contributions; Categorical; and Supplemental funds. Federal funds are not included here.

**K-12 Education State Funding Sources**



### Foundation Funding

Foundation funding, sometimes referred to as “matrix funding”, is the primary funding stream for K-12 education in Arkansas.<sup>23</sup> Foundation funding makes up the largest source of funds public schools receive, 56% in the 2025 school year. Foundation funds are made up of a mix of local, state funds, and miscellaneous funds.

The **local source** of foundation funding comes from the first 25 mills of the millage money traditional public school districts receive from local property taxes. The Arkansas Constitution sets the uniform rate of tax (URT) of 25 mills for all public school districts.<sup>24</sup> Charter school systems, on the other hand, do not have a tax base, so their foundation funding does not include URT. URT, however, is not uniform since the value of a mill varies greatly among public school districts.

**State funds** include the state portion needed to offset the amount of foundation funding not covered by URT. This also includes the 98% adjustment,<sup>25</sup> which is provided to ensure that 98% of a local public school district’s property taxes are met if tax collections fall short.

**Miscellaneous funds** “are defined in A.C.A. § 6-20-2303(12) as funds received by a public school district from federal forest reserves, federal grazing rights, federal mineral rights, federal impact aid, federal flood control, wildlife refuge funds, severance taxes, in lieu of taxes and local sales and use 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.”<sup>26</sup>

<sup>23</sup> See Ark. Code Ann. § 6-20-2303(8) (defining “foundation funding” as “an amount of money specified by the General Assembly for each school year to be expended by school districts for the provision of an adequate education for each student ....”).

<sup>24</sup>Ark. Const. Art. 14, sec. 3(b)(1) (establishing “a uniform rate of ad valorem property tax of twenty-five (25) mills to be levied on the assessed value of all taxable real, personal, and utility property in the state to be used solely for maintenance and operation of the schools”).

<sup>25</sup> See Ark. Code Ann. § 6-20-2305(1)(A) (providing that each school district receives state foundation funding aid computed as the foundation funding amount “less the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district ....”). Subdivision (a)(4)(A)(i) requires the Division of Elementary and Secondary Education to distribute to a school district whose “net revenues are less than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district” the “net revenues distributed to the school district ... for the calendar year immediately preceding the current school year; and [t]he sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.”

<sup>26</sup> Arkansas Department of Education, Arkansas School Funding Guide 2024-2025 Fiscal Services and Support, available at [https://dese.ade.arkansas.gov/Files/2024-2025\\_Arkansas\\_School\\_Funding\\_Guide\\_FAS.pdf](https://dese.ade.arkansas.gov/Files/2024-2025_Arkansas_School_Funding_Guide_FAS.pdf)

The following table shows the makeup of foundation funding including the previous groups of funds.

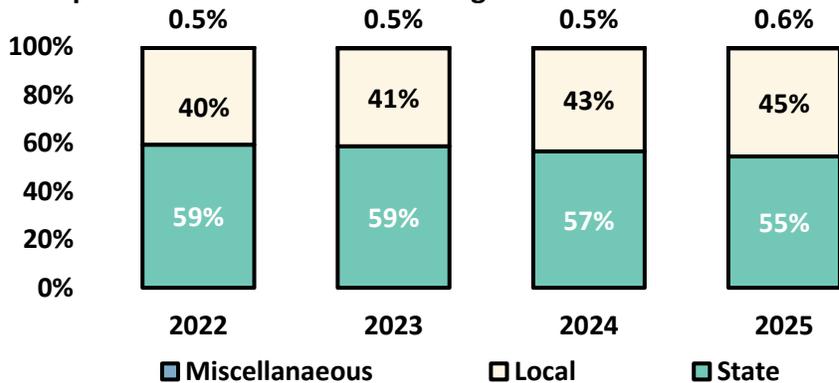
**Foundation Funding Makeup (2024-2025)**

	Estimated Local Taxes - 98% of URT X Assessment	State Foundation Funds	Miscellaneous	Less: Local property revenues collected above foundation amounts	Total Foundation Funding Amount
Districts	\$1,602,678,681	\$1,857,052,830	\$19,533,186	\$19,916,070	\$3,459,348,618
Charters	\$0	\$210,077,873	\$0	\$0	\$210,077,872
<b>Total</b>	<b>\$1,602,678,681</b>	<b>\$2,067,130,703</b>	<b>\$19,533,186</b>	<b>\$19,916,070</b>	<b>\$3,669,426,490</b>

Note: Due to rounding errors, the amounts will not equal the total foundation funding amounts.

As shown in the above table, 55% of foundation funding came from state revenue sources. Another 45% came from local revenues with the remaining 0.6% coming from miscellaneous funds. This chart shows the components of foundation funding over the last four school years. Between the 2022 and 2025 school years, the proportion of local funds increased by approximately five percentage points whereas the proportion of state funds decreased by almost that same amount.

**Components of Foundation Funding**



In the 2025 school year, there were eight districts that did not receive state foundation funding because their property tax revenues met and exceeded their total foundation funding. These are shown below. Sometimes these types of districts would be referred to “URT” or “High-URT” districts because their URT funds exceed the amount needed. The following table shows these eight districts alongside the amounts above foundation funding (\$7,771 per student) they received in 2025 in local and miscellaneous funds.

District (2024-2025) <sup>27</sup>	Needed Foundation Funding	Total Local and Miscellaneous Received	Total Amount Above Needed Foundation Funding	Total Per-Student Amount Received	Total Per-Student Amount Received Above Needed Per-Student Foundation Funding
Eureka Springs	\$4,799,292	\$7,274,389	\$2,475,097	\$11,779	\$4,008
West Side	\$3,632,088	\$6,038,422	\$2,406,334	\$12,919	\$5,148
Fountain Lake	\$9,332,272	\$12,444,889	\$3,112,617	\$10,363	\$2,592
Mineral Springs	\$3,019,111	\$4,898,953	\$1,879,842	\$12,610	\$4,839
Armored	\$3,040,015	\$6,165,917	\$3,125,902	\$15,762	\$7,991
Osceola	\$6,562,920	\$8,222,603	\$1,659,683	\$9,736	\$1,965
Marvell-Elaine	\$1,634,630	\$2,243,648	\$609,018	\$10,666	\$2,895
Pulaski County	\$88,524,046	\$93,171,623	\$4,647,577	\$8,179	\$408

<sup>27</sup> Funding Data, State Foundation Funding and Bonded Debt Assistance Data – Final (2021-22, 2022-23, 2023-24, 2024-25), available at <https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/school-funding/funding-data>

To help illustrate this phenomenon, the following table includes more details on two districts that have regularly been a “URT” district (Armored and Fountain Lake) and two that became a “URT” district for the first time in the 2025 school year (Marvell-Elaine and Pulaski County).

2024-2025	Armored	Fountain Lake	Marvell-Elaine	Pulaski County
<b>Local Taxes</b>	\$3,875,324	\$12,444,652	\$2,220,613	\$92,581,537
<b>Miscellaneous Funds</b>	\$2,290,593	\$237	\$23,035	\$590,086
<b>Total Local and Miscellaneous</b>	<b>\$6,165,917</b>	<b>\$12,444,889</b>	<b>\$2,243,648</b>	<b>\$93,171,623</b>
<b>Prior Year Three-Quarter (PY 3Qtr) Average Daily Membership (ADM)</b>	391	1,201	210	11,392
<b><u>Per-Student Local and Misc Revenues</u></b>	<b><u>\$15,762</u></b>	<b><u>\$10,363</u></b>	<b><u>\$10,666</u></b>	<b><u>\$8,179</u></b>

Note: Prior Year 3Qtr ADM is ADM used for foundation funding.

Data Sources: Local and Miscellaneous Funds Received: DESE<sup>28</sup>; Prior Year 3Qtr ADM: DESE<sup>29</sup>

The table above shows ADMs ranging from 210 in the Marvell-Elaine school district to 11,392 in the Pulaski County Special school district. It also shows a variety of local tax amounts and miscellaneous funds. The Armored school district received \$2.3M in miscellaneous funds in the 2025 school year, 37% of their total local and miscellaneous funds. Comparatively, the Fountain Lake school district received \$237 in miscellaneous funds, 0.002% of their total local and miscellaneous funds.

As noted earlier, there were two districts that were added to this list in 2025 for the first time: Marvell-Elaine and Pulaski County. There are multiple factors impacting this occurrence, including but not limited to, increased property tax revenues, increased miscellaneous funds, and declining enrollment. The following tables show changes in revenue, miscellaneous funds, and enrollment for the past four school years.

Marvell-Elaine	2022	2023	2024	2025	Pct. Change (2022 to 2025)
Local Taxes	\$1,927,402	\$2,076,598	\$2,166,346	\$2,220,613	15%
Miscellaneous Funds	\$24,863	\$3,775	\$0	\$23,035	-7%
<b>Total Local and Miscellaneous</b>	<b>\$1,952,265</b>	<b>\$2,080,373</b>	<b>\$2,166,346</b>	<b>\$2,243,648</b>	<b>15%</b>
PY 3Qtr ADM	326	296	293	210	-36%
<b><u>Per-Student Local and Misc Revenues</u></b>	<b><u>\$5,981</u></b>	<b><u>\$7,019</u></b>	<b><u>\$7,389</u></b>	<b><u>\$10,666</u></b>	<b><u>78%</u></b>
<b>Foundation Funding Amount</b>	<b>\$7,182</b>	<b>\$7,413</b>	<b>\$7,618</b>	<b>\$7,771</b>	

For example, in the Marvell-Elaine school district, their local taxes increased 15%-points between the 2022 and 2025 school years while their ADM decreased 36%-points at the same time. In the Pulaski County Special School District, their local taxes increased 27%-points between the 2022 and 2025 school years, and their miscellaneous funds increased 84%-points during that time. However, their ADM held steady during those school years.

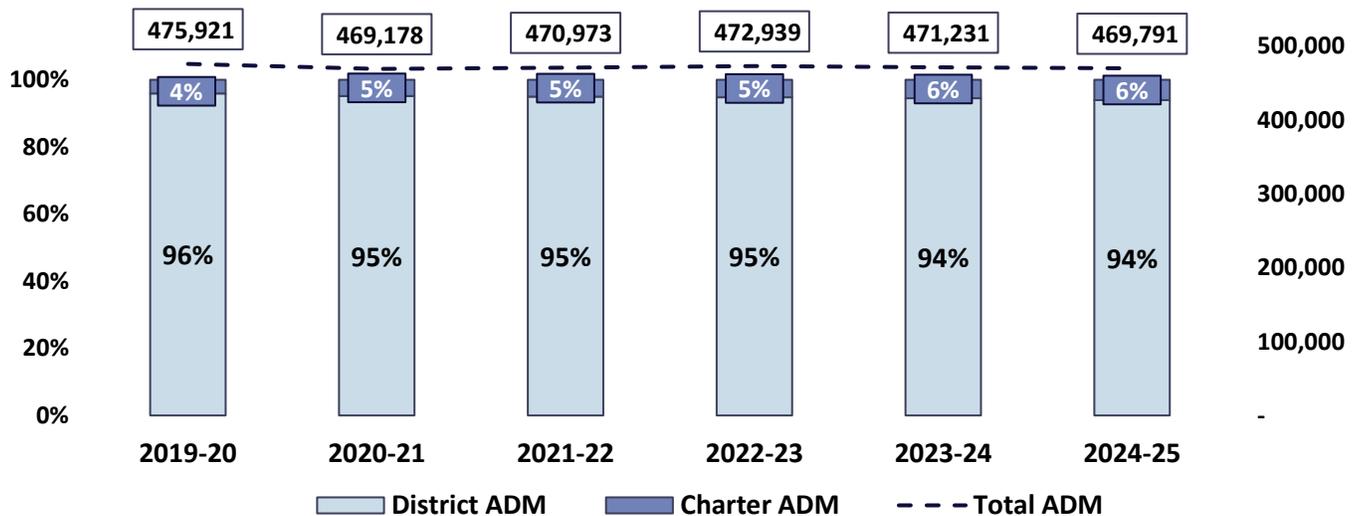
<sup>28</sup> Funding Data, State Foundation Funding and Bonded Debt Assistance Data – Final (2021-22, 2022-23, 2023-24, 2024-25), available at <https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/school-funding/funding-data>

<sup>29</sup> Archive State Aid Notices (Final – 2021-22, 2022-23, 2023-24, 2024-25), available at <https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/publication-and-reports/archive-state-aid-notices>

Pulaski County	2022	2023	2024	2025	Pct. Change (2022 to 2025)
Local Taxes	\$72,805,586	\$75,883,169	\$85,985,180	\$92,581,537	27%
Miscellaneous Funds	\$321,020	\$460,791	\$565,271	\$590,086	84%
<b>Total Local and Miscellaneous</b>	<b>\$73,126,606</b>	<b>\$76,343,960</b>	<b>\$86,550,451</b>	<b>\$93,171,623</b>	<b>27%</b>
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%
<b>Foundation Funding Amount</b>	<b>\$7,182</b>	<b>\$7,413</b>	<b>\$7,618</b>	<b>\$7,771</b>	

Foundation funding is distributed to traditional public school districts and open-enrollment public charter systems based on prior-year three-quarter ADM. For open-enrollment charters that are in their first year, added grade level(s), or expanded enrollment caps, their foundation funding is based on current year’s ADM.<sup>30</sup> Foundation funding in the 2025 school year was provided for 472,348 students.<sup>31</sup> The ADM in 2025 dropped statewide by 0.7%-points over the past two school years. However, ADM increased in open-enrollment charter schools by 16 percentage points during that same time.

### Historical Current Year ADM



Data Sources: DESE<sup>32</sup>

<sup>30</sup> Ark. Code Ann. § 6-23-501(a)(2)(A)

<sup>31</sup> DESE, Archive State Aid Notices, Charter State Aid Notice 2024-25 Final, State Aid Notice 2024-2025 Final, available at <https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/publication-and-reports/archive-state-aid-notices>

<sup>32</sup> Archive State Aid Notices, Charter State Aid Notices for 2020-21 Final – 2024-25 Final, State Aid Notices for 2020-21 Final – 2024-2025 Final, available at <https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/publication-and-reports/archive-state-aid-notices>

## The Matrix

Arkansas uses a specific formula to arrive at a per-student funding amount, which is calculated using the “matrix”. The matrix includes the staff and resources the General Assembly has deemed necessary for an adequate education. The resources listed in the matrix have remained largely unchanged since its creation in 2003, though the funding amounts for each have typically increased in most years.<sup>33</sup>

It is important to note that the matrix is used as a funding formula to determine a per-student amount, and while the foundation funding amount is in statute<sup>34</sup>, the matrix is not. Foundation funding is unrestricted, meaning traditional public school districts and public charter school systems are not required to spend the foundation funding they receive on the resources identified in the matrix.

**Matrix Calculations:** The matrix 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. The 500-student model evolved from the prevailing research at the time that showed that schools – *not districts* – with 500 students operated most efficiently and produced the best results in terms of academic achievement. Arkansas legislators took education consultants Odden and Picus’s per-school funding approach and converted it to a per-pupil funding approach using 500 students for the basis. Therefore, it takes 500 students to fully fund each resource listed in the matrix.<sup>35</sup>

Matrix	FY25
<b>Matrix Calculations</b>	
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.<sup>36</sup>

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<sup>33</sup> The matrix is not in statute. See Recommendations approved by the 94th General Assembly during the 2023 Regular Session, available at [https://www.arkleg.state.ar.us/Home/FTPDocument?path=%2FEducation%2FAdequacyReports%2FYearlyFinalReports%2F2022%2F2023+\(SB1688\)+Matrix+Recommendations+approved+by+the+94th+General+Assembly+during+the+2023+Regular+Session.pdf](https://www.arkleg.state.ar.us/Home/FTPDocument?path=%2FEducation%2FAdequacyReports%2FYearlyFinalReports%2F2022%2F2023+(SB1688)+Matrix+Recommendations+approved+by+the+94th+General+Assembly+during+the+2023+Regular+Session.pdf)

<sup>34</sup> Ark. Code Ann. § 6-20-2305

<sup>35</sup> Bureau of Legislative Research, Arkansas’s Education Funding System, available at <https://www.arkleg.state.ar.us/Home/FTPDocument?path=%2FEducation%2FAdequacyReports%2F2024%2F2024-02-06%2FFunding+Overview+Report.pdf>

<sup>36</sup> DESE, Archive State Aid Notices, Charter State Aid Notice 2024-25 Final, State Aid Notice 2024-2025 Final, available at <https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/publication-and-reports/archive-state-aid-notices>

**School-Level Staffing:** The matrix calculates the funding for the number of full-time equivalent staff listed under the school-level personnel section of the matrix, including classroom teachers and student support staff, using the prototypical K-12 school size assumption of 500 students. The matrix assumes an enrollment of 40 (8%) students for kindergarten, 115 (23%) in 1<sup>st</sup> – 3<sup>rd</sup> grades, and 345 (69%) in 4<sup>th</sup> – 12<sup>th</sup> grades. The number of classroom teachers funded is based on the class size and student-to-teacher ratios. Non-core teachers, also referred to as “specialist teachers,” are funded based on 20% of the total core teachers.

In all, 24.94 core and non-core classroom teachers are included in the matrix for every 500 students. In addition to teachers and student support staff, the matrix calculates funding for one principal and secretary for every 500 students. The staffing ratios included in the matrix are not the same ratios required in the Rules Governing Standards for Accreditation of Arkansas Public Schools and Public School Districts<sup>37</sup> or Rules Governing Class Size and Teaching Load.<sup>38</sup>

<b>School-Level Staffing Ratios</b>	
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
<b>Total Classroom Teachers</b>	<b>24.94</b>
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
<b>Total Pupil Support Personnel</b>	<b>8.75</b>
<b>SUBTOTAL</b>	<b>33.69</b>
Principal	1.0
Secretary	1.0
<b>Total School-Level Personnel</b>	<b>35.69</b>

**School-Level Salaries:**

Using the base salary, insurance, and benefits amounts adopted by the General Assembly, a per-pupil funding amount is calculated using a formula as follows:

**Per-student amount =**

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

For example, there are 33.69 classroom teachers and pupil support personnel per 500 students included in the matrix. Their respective per-student amount would be calculated as:

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

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

<sup>37</sup> DESE. (December 2024). Rules Governing Standards for Accreditation for Arkansas Public Schools and Public School Districts, 6 CAR pt. 61

<sup>38</sup> DESE. (January 2020). Rules Governing Class Size and Teaching Load,” 6 CAR pt. 62

**School- and District-Level Resources:**

The matrix also identifies specific school- and district-level resources that are funded using a flat per-student funding amount adopted by the General Assembly.

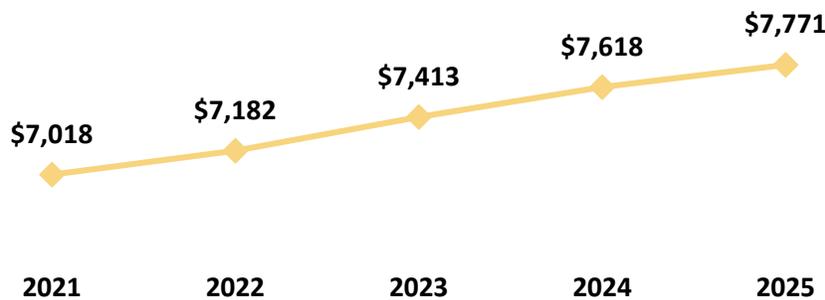
Beginning in the 2027 school year, the health insurance contribution rate ("All Other Personnel Health Ins." as identified in the matrix) will no longer be calculated in the overall per-pupil foundation funding rate.<sup>39</sup>

The matrix per-student amounts provide for school-level personnel, school-level resources, and district-level resources, which are 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
<b>Per Student Total School-Level Resources</b>	<b>\$739</b>
District-Level Resources	
Operations & Maintenance	\$786
Central Office	\$483
Transportation	\$337
<b>Per Student Total District-Level Resources</b>	<b>\$1,605</b>

<b>Per Student Total Foundation Funding Amount</b>	<b>\$7,771</b>
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**Foundation Funding Per-Student Amount**



In the 2025 school year, districts received \$7,771 per student in foundation funding. This was a two percentage point increase from 2024. Over the past six years, this amount has increased annually by 2.3 percentage points.

<sup>39</sup> Acts 2025, No. 909, shifts the responsibility of paying the public-school employees' health insurance contribution rate to Employee Benefits Division (EBD) from school districts to DESE.

## Categorical Funding

Categorical funds were created to address additional educational needs. Each categorical fund is restricted in use but funds can be transferred amongst each categorical fund by public school districts and public charter school systems as needed. Apart from professional development funds, categorical funds are all distributed to public school districts and public charter school systems as a per-student amount.<sup>40</sup>

The following table provides the four categorical funds and per-student amounts currently enacted by law.<sup>41</sup>

Categorical Fund	Intent	2025 Per-Student Amount		2025 Total Funding
<b>Alternative Learning Environment (ALE)</b>	Eliminate traditional barriers to learning for students	\$5,086		\$27,552,214
<b>English Language Learner (ELL)</b>	Overcome language barriers that impede equal participation by students in instructional programs	\$366		\$15,762,888
<b>Enhanced Student Achievement (ESA)</b>	Improve instruction and increase academic achievement of students who qualify for the national free and reduced-price lunch program	<70% FRL Students:	\$538	\$234,402,172
		70% - 90% FRL Students:	\$1,076	
		>90% FRL Students:	\$1,613	
<b>Professional Development (PD)</b>	Improve teaching and learning to facilitate individual, school-wide, and system-wide improvements designed to ensure that students demonstrate proficiency on state academic standards	\$41*		\$36,984,872

\*Note: The General Assembly provides \$41 per student in PD categorical funds. However, only \$37.50 goes to the districts. The remaining amount is used for additional professional development, including ArkansasIDEAS via the Arkansas Educational Television Network (AETN), and professional learning communities (PLCs).

Funding Data Source: DESE<sup>42</sup>

The PD funds differ slightly from the other three categorical funds in two ways. First, PD funds are not provided for specific student needs; they are provided for activities and materials designed to enhance school professionals' abilities, including activities such as teacher training.<sup>43</sup> Second, public school districts and public charter systems do not receive the entire funding

Funding Distribution	Funded Purpose/Entity	2025 Funding	Pct. of Total PD Categorical Funds
1 <sup>st</sup>	Professional Learning Grants	\$16,500,000	45%
2 <sup>nd</sup>	AETN (ArkansasIDEAS)	\$2,744,350	7%
3 <sup>rd</sup>	Public School Districts and Charters	\$17,740,522	48%

<sup>40</sup> See Ark. Code Ann. § 6-20-2305(b).

<sup>41</sup> Act 744 of 2023

<sup>42</sup> DESE, Archive State Aid Notices, Charter State Aid Notice 2024-25 Final, State Aid Notice 2024-2025 Final, available at <https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/publication-and-reports/archive-state-aid-notices>

<sup>43</sup> Ark. Code Ann. § 6-20-2305(b)(5)(B) (providing that professional development funds "shall be used for professional development activities and materials that [i]mprove the knowledge, skills, and effectiveness of teachers; [a]ddress the knowledge and skills of administrators and paraprofessionals concerning effective instructional strategies, methods, and skills; [l]ead to improved student academic achievement; and [p]rovide training for school bus drivers as outlined in rules promulgated by the Commission for Arkansas Public School Academic Facilities and Transportation").

allocation for professional development. PD funds are split between AETN, professional learning grants,<sup>44</sup> and public school districts and charter school systems.<sup>45</sup> Once funding is provided to AETN and allotted for PLC grants, the remaining amount is distributed to public school districts and public charter school systems as a per-student amount. In the 2025 school year, this amount equaled \$37.50.

AETN receives PD funds to implement ArkansasIDEAS, and DESE administers professional learning grants to approved qualified vendors.

### Supplemental Funding

Other state funding streams have been created over the years to help public school districts and public charter school systems address additional educational needs. Each supplemental fund has its own method for calculating the amount distributed to eligible public school districts and public charter school systems. The table below provides the funds currently enacted by law.

Supplemental Fund	Intent	2025 Total Funding
<b>Enhanced Transportation</b>	Help districts and charters cover transportation costs above what foundation funding provides.	\$7,999,997
<b>ESA Grants</b>	Support schools and charters that use specific research-based practices to help students qualifying for free and reduced lunch to excel.	\$5,500,000
<b>Special Education High-Cost Occurrences</b>	Reimburse districts and charters for eligible high costs associated with special education and related services required by an individualized education program (IEP) that are unduly expensive, extraordinary, or beyond the normal and routine special education and related services.	\$17,500,000
<b>Teacher Salary Equalization</b>	Support districts and charters with teacher salaries below a target average salary amount to exceed that average amount in teacher pay.	\$54,747,912
<b>Declining Enrollment</b>	Provide additional funding for districts and charters with declining enrollment.	\$24,663,364
<b>Isolated and Special Needs Isolated</b>	Provide additional funding for districts with low enrollment or geographic challenges, such as rugged road systems and/or low student density.	\$10,895,999
<b>Student Growth</b>	Provide additional funding for districts and charters experiencing growth.	\$31,340,011
<b>LEARNS Teacher Salaries</b>	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 beginning in 2023-24 and that teachers making above \$50,000 receive a minimum salary increase of \$2,000.	\$181,505,857

Data Sources: DESE<sup>46 47 48</sup>

<sup>44</sup> Acts 2025, No. 795, eliminated the additional funding IAO \$16.5 million provided for PD being used by DESE for PLCs. It is now for the “implementation of the LEARNS Act to improve student academic outcomes.”

<sup>45</sup> Ark. Code Ann. § 6-20-2305(b)(5) and special language section 18 of Act 792 of 2025.

<sup>46</sup> DESE, Archive State Aid Notices, Charter State Aid Notice 2024-25 Final, State Aid Notice 2024-2025 Final, available at <https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/publication-and-reports/archive-state-aid-notices>

<sup>47</sup> DESE, ADE Commissioner’s Memo 26-021, available at <https://adecm.ade.arkansas.gov/ViewApprovedMemo.aspx?Id=5797>

<sup>48</sup> DESE, Email from Josh Hart dated December 18, 2025.

### Additional Funding

Additional funding for the 2025 school year includes several other funds received by public school districts and charters that are described in the 2024-2025 Annual Statistical Report (ASR). Additional funds total approximately \$3.1 billion, including items listed in the table below.

Fund Source	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
<b>Total</b>	<b><u>\$3,111,230,341</u></b>

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

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## RELATED 2025 LEGISLATION

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### Act 909 of 2025 To Amend Public School Funding Amounts Under the Public School Funding Act Of 2003

ACT 909 (HB1312) amends the per-student foundation funding amounts for the 2025-2026 school year to eight thousand one hundred sixty-two dollars (\$8,162), which includes the minimum employer contribution for participants in the state-sponsored insurance program, and amends the per-student foundation funding amounts for the 2026-2027 school year to eight thousand thirty-seven dollars (\$8,037), which does not include the minimum employer contribution for participants in the state-sponsored insurance program.<sup>49</sup>

### Act 722 Of 2025 To Amend Various Provisions of The Arkansas Code Concerning Enhanced Transportation; And to Declare an Emergency.

ACT 722 (SB425) amends the enhanced transportation funding provided to certain public school districts and open-enrollment public charter schools by the Division of Elementary and Secondary Education for the 2025-2026 and 2026-2027 school years. The act declares an emergency and is effective on and after April 17, 2025.

### Act 795 of 2025 An Act to Amend the Use of Professional Development Funding That Exceeds the Maximum Amount Awarded to Public Schools for Public School Teachers Under the Public School Funding Act Of 2003.

ACT 795 (HB1874) repeals the requirement that additional funding provided for professional development be used for the development and administration of professional learning communities. The act repeals the authority of the Division of Elementary and Secondary Education to partner or contract with a person or entity to provide assistance for the development and implementation of professional learning communities. The act requires additional funding provided for professional development to be used for the implementation of the LEARNS Act and authorizes the division to distribute additional funding through grants to eligible entities.

### Act 919 of 2025 Concerning the Formation of An Isolated School District.

ACT 919 (SB619) provides a process for an isolated school to detach from a resulting or receiving district. The act also establishes state funding aid for the first year of operation of an isolated school district, provides for the governance and management of the isolated school district, and requires a local public school district under which a proposed isolated school district currently operates to agree to release ownership of the isolated school's facilities and any accompanying debt on the facilities to the isolated school district.

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<sup>49</sup> Bureau of Legislative Research, Summary of General Legislation, 2025, available at <https://www.arkleg.state.ar.us/Home/FTPDocument?path=%2Fassembly%2F2025%2F2025R%2FDocuments%2F2025+Summary+of+General+Legislation.pdf>