

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

As Engrossed: S3/21/11

A Bill

SENATE BILL 766

5 By: Senators G. Baker, J. Key
6 By: Representative J. Roebuck
7

For An Act To Be Entitled

9 AN ACT TO PROMOTE ACCOUNTABILITY AND EFFICIENCY AT
10 STATE-SUPPORTED INSTITUTIONS OF HIGHER EDUCATION; TO
11 CLARIFY FUNDING FORMULA CALCULATIONS FOR STATE-
12 SUPPORTED INSTITUTIONS OF HIGHER EDUCATION; TO
13 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
14

Subtitle

15
16 TO CLARIFY FUNDING FORMULA CALCULATIONS
17 FOR STATE-SUPPORTED INSTITUTIONS OF
18 HIGHER EDUCATION AND TO DECLARE AN
19 EMERGENCY.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
24

25 SECTION 1. Arkansas Code § 6-61-223 is repealed.

26 ~~6-61-223. Funding formula—Arkansas Higher Education Coordinating~~
27 ~~Board.~~

28 ~~(a) The Arkansas Higher Education Coordinating Board will work with~~
29 ~~the state college and university Presidents Council to review, revise, and~~
30 ~~develop funding formulas which will, in principle, seek to provide fair and~~
31 ~~equitable state support to all postsecondary students across the state,~~
32 ~~regardless of the state institution attended, while at the same time~~
33 ~~recognizing:~~

34 ~~(1) The different needs for lower level, upper level, and~~
35 ~~graduate level instruction at the various institutions;~~

36 ~~(2) The requirements for specialized equipment, labs, and~~



1 ~~smaller class sizes in some disciplines; and~~

2 ~~(3) Unique missions such as agricultural extension services,~~
3 ~~research, medical sciences, workforce development, and public service; and~~

4 ~~(4) Growth, economies of scale, and other appropriate factors.~~

5 ~~(b) The formulas will be developed in consensus with the state college~~
6 ~~and university President's Council and presented to the Joint Budget~~
7 ~~Committee for review.~~

8
9 SECTION 2. Arkansas Code § 6-61-224 is amended to read as follows:
10 6-61-224. Funding formula – Department of Higher Education.

11 (a) The Department of Higher ~~Education will work~~ Education, in
12 collaboration with the state college and university ~~Presidents Council to~~
13 ~~review, revise, and~~ presidents and chancellors, shall develop funding
14 formulas consisting of a needs-based component and an outcome-centered
15 component which will, in principle, seek to provide fair and equitable state
16 support to all postsecondary students across the state, regardless of the
17 state institution attended, while at the same time recognizing:

18 (1) The different needs for lower level, upper level, and
19 graduate level instruction at the various institutions;

20 (2) The requirements for specialized equipment, labs, and
21 smaller class sizes in some disciplines;

22 (3) Unique missions such as agricultural extension services,
23 research, medical sciences, workforce development, and public service; and

24 (4) Growth, economies of scale, and other appropriate factors.

25 (b)(1) ~~The funding formulas will be developed in consensus with the~~
26 ~~state college and university President's Council and presented to the~~
27 ~~Arkansas Higher Education Coordinating Board and the Joint Budget Committee~~
28 ~~for review~~ for two-year colleges and universities shall be comprised of a
29 needs-based component under § 6-61-228(b)-(m) and § 6-61-229(b)-(m) and an
30 outcome-centered component.

31 (2) The outcome-centered component shall constitute twenty-five
32 percent (25%) of funding for two-year colleges and universities by the 2017-
33 2018 school year and shall be phased in at a rate five percent (5%) per year
34 beginning in the 2013-2014 school year.

35 (3) The needs-based component shall constitute seventy-five
36 percent (75%) of funding for two-year colleges and universities by the 2017-

1 2018 school year.

2 (c) The outcome-centered component measures shall begin in the 2012-
3 2013 school year, but may include outcomes from multiple previous years.

4 (d)(1) The outcome-centered component shall seek to promote and
5 increase the satisfactory progression, matriculation, and graduation of all
6 students enrolled in two-year colleges and universities.

7 (2) The department shall consider the unique factors of each
8 two-year college and university when developing the outcome-centered
9 component, including utilizing variables that may be weighted to reinforce
10 the mission of each two-year college and university and provide incentives
11 for increased credential production.

12 (3) The outcome-centered component may include without
13 limitation:

14 (A) End-of-course enrollment;

15 (B) Student retention;

16 (C) Student progression toward credential completion;

17 (D) Number of credentials awarded, including an emphasis
18 on high-demand credentials;

19 (E) Student transfer activity;

20 (F) Research activity; and

21 (G) Number of graduates from underserved populations.

22 (e) By December 31, 2011, the department shall present the funding
23 formulas approved by the Arkansas Higher Education Coordinating Board,
24 including both the needs-based component and the outcome-centered component,
25 to the President Pro Tempore of the Senate, the Speaker of the House of
26 Representatives, and the Governor.

27 (f) It is the intent of the General Assembly that the outcome-centered
28 component of funding formulas for two-year colleges and universities become
29 the primary component for funding purposes.

30
31 SECTION 3. Arkansas Code § 6-61-228(a), concerning the broad goals for
32 higher education funding, is amended to add additional subdivisions to read
33 as follows:

34 (a)(1) The funding formula model for universities shall serve as a
35 ~~tool~~ framework for implementing the broad goals of the State of Arkansas and
36 the Arkansas Higher Education Coordinating Board.

1 (2) The model shall ensure adequate, equitable, and stable
2 funding and be based on reliable and uniform data.

3 (3) The model shall be simple to understand, sensitive to
4 universities' differing missions, and responsive to changes within the
5 universities and shall make provisions for special-purpose units.

6 (4) The model shall hold universities accountable for increasing
7 the educational attainment levels of Arkansas citizens by:

8 (A) Addressing the state's economic development and work
9 force needs;

10 (B) Promoting increased degree production while
11 maintaining a high level of rigor; and

12 (C) Acknowledging the unique mission of each university
13 and allowing for collaboration and minimal redundancy in degree offerings and
14 competitive research.

15 (5) The model shall promote a seamless and integrated system of
16 postsecondary education designed to meet the needs of all students.

17 (6) The model shall address institutional accountability for the
18 quality of instruction and student learning, including remedial instruction.

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20 SECTION 4. Arkansas Code § 6-61-228, concerning an outcome-centered
21 funding formula, is amended to add additional subsections to read as follows:

22 (o)(1) By December 31, 2011, the Arkansas Higher Education
23 Coordinating Board shall develop an outcome-centered funding formula model
24 that implements the broad goals for the state in subsection (a) of this
25 section and seeks to promote and increase the satisfactory progression,
26 matriculation, and graduation of all students enrolled in state-supported
27 institutions of higher education.

28 (2) The outcome-centered funding formula model shall take into
29 consideration, at a minimum:

30 (A) Course completion;

31 (B) Degree completion;

32 (C) Critical needs shortage areas;

33 (D) Minority students;

34 (E) Economically disadvantaged students; and

35 (F) Nontraditional students.

36 (p)(1) Each university's total state funding received shall be

1 calculated at:

2 (A) Ninety-five percent (95%) under the funding formula
 3 model under subsections (b)-(m) of this section and five percent (5%) on the
 4 outcome-centered funding formula model for the 2013-2014 school year;

5 (B) Ninety percent (90%) under the funding formula model
 6 under subsections (b)-(m) of this section and ten percent (10%) on the
 7 outcome-centered funding formula model for the 2014-2015 school year;

8 (C) Eighty-five percent (85%) under the funding formula
 9 model under subsections (b)-(m) of this section and fifteen percent (15%) on
 10 the outcome-centered funding formula model for the 2015-2016 school year; and

11 (D) Eighty percent (80%) under the funding formula model
 12 under subsections (b)-(m) of this section and twenty percent (20%) on the
 13 outcome-centered funding formula model for the 2016-2017 school year.

14 (2) Beginning in the 2017-2018 school year, university funding
 15 shall be based seventy-five percent (75%) under the funding formula model
 16 under subsections (b)-(m) of this section and twenty-five percent (25%) on
 17 the outcome-centered funding formula model.

18

19 SECTION 5. Arkansas Code § 6-61-229(a), concerning the funding formula
 20 model for two-year colleges, is amended to read as follows:

21 (a) The funding formula model for two-year colleges shall:

22 (1) Serve as a ~~tool~~ framework for implementing the broad goals
 23 of the State of Arkansas and the Arkansas Higher Education Coordinating
 24 Board;

25 (2) Be based on reliable and uniform data;

26 (3) ~~Be simple to understand, sensitive to colleges' differing~~
 27 ~~missions, and responsive to changes within them; and~~

28 ~~(4) Make provisions for special-purpose units;~~

29 (4) Hold two-year colleges accountable for increasing the
 30 educational attainment levels of Arkansas citizens by:

31 (A) Addressing the state's economic development and work-
 32 force needs;

33 (B) Promoting increased certificate and degree production
 34 while maintaining a high level of rigor; and

35 (C) Acknowledging the unique mission of each two-year
 36 college and allowing for collaboration and minimal redundancy in degree

1 offerings and certificates;

2 (5) Promote a seamless and integrated system of postsecondary
3 education designed to meet the needs of all students; and

4 (6) Address institutional accountability for the quality of
5 instruction and student learning, including remedial instruction.

6
7 SECTION 6. Arkansas Code § 6-61-229(p), concerning the outcome-
8 centered funding formula, is amended to read as follows:

9 ~~(p) Notwithstanding the provisions of this section, each two-year~~
10 ~~college shall receive a minimum base funding equal to the greater of three~~
11 ~~million dollars (\$3,000,000) per fiscal year or an amount equal to the~~
12 ~~previous year's funding per fiscal year (1) By December 31, 2011, the~~
13 ~~Arkansas Higher Education Coordinating Board shall develop an outcome-~~
14 ~~centered funding formula model that implements the board goals for the state~~
15 ~~in subsection (a) of this section and seeks to promote and increase the~~
16 ~~satisfactory progression, matriculation, and graduation of all students~~
17 ~~enrolled in state-supported institutions of higher education.~~

18 (2) The outcome-centered funding formula model shall take into
19 consideration at a minimum:

20 (A) Course completion;

21 (B) Certificate and degree completion;

22 (C) Critical needs shortage areas;

23 (D) Minority students;

24 (E) Economically disadvantaged students; and

25 (F) Nontraditional students.

26 (q)(1) Each two-year college's total state funding received shall be
27 calculated at:

28 (A) Ninety-five percent (95%) under the funding formula
29 model under subsections (b)-(m) of this section and five percent (5%) on the
30 outcome-centered funding formula model for the 2013-2014 school year;

31 (B) Ninety percent (90%) under the funding formula model
32 under subsections (b)-(m) of this section and ten percent (10%) on the
33 outcome-centered funding formula model for the 2014-2015 school year;

34 (C) Eighty-five percent (85%) under the funding formula
35 model under subsections (b)-(m) of this section and fifteen percent (15%) on
36 the outcome-centered funding formula model for the 2015-2016 school year; and

1 (D) Eighty percent (80%) under the funding formula model
2 under subsections (b)-(m) of this section and twenty percent (20%) on the
3 outcome-centered funding formula model for the 2016-2017 school year.

4 (2) Beginning in the 2017-2018 school year, two-year college
5 funding shall be based seventy-five percent (75%) under the funding formula
6 model under subsections (b)-(m) of this section and twenty-five percent (25%)
7 on the outcome-centered funding formula model.

8
9 SECTION 7. Arkansas Code § 6-61-230 is amended to read as follows:
10 6-61-230. Review of funding formulas.

11 The Arkansas Higher Education Coordinating Board, ~~in collaboration with~~
12 ~~the Executive Council of the Presidents Council,~~ shall review the funding
13 formulas set forth in this subchapter biennially and make written
14 recommendations for appropriate modifications or changes to the President Pro
15 Tempore of the Senate, the Speaker of the House of Representatives, and the
16 Governor by October 15 of the year prior to each regular session of the
17 General Assembly.

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19 SECTION 8. EMERGENCY CLAUSE. It is found and determined by the
20 General Assembly of the State of Arkansas that there is an increasing need to
21 ensure accountability and efficiency with our limited financial resources in
22 trying economic times; that clarifying the funding mechanisms for state-
23 supported institutions of education will allow the limited financial
24 resources to be allocated in a fair and equitable manner; and that this act
25 is immediately necessary because funding for state-supported institutions is
26 necessary for the 2012-2013 academic year. Therefore, an emergency is
27 declared to exist and this act being immediately necessary for the
28 preservation of the public peace, health, and safety shall become effective
29 on:

30 (1) The date of its approval by the Governor;

31 (2) If the bill is neither approved nor vetoed by the Governor,
32 the expiration of the period of time during which the Governor may veto the
33 bill; or

34 (3) If the bill is vetoed by the Governor and the veto is
35 overridden, the date the last house overrides the veto.

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/s/G. Baker

APPROVED: 04/05/2011