

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 1760 of the Regular Session

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

As Engrossed: H3/28/05

A Bill

SENATE BILL 1083

4
5 By: Senator Bisbee

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7
8 **For An Act To Be Entitled**

9 AN ACT CONCERNING A FUNDING FORMULA MODEL FOR
10 TWO-YEAR COLLEGES; AND FOR OTHER PURPOSES.

11
12 **Subtitle**

13 AN ACT CONCERNING A FUNDING FORMULA
14 MODEL FOR TWO-YEAR COLLEGES.

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16
17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

18
19 SECTION 1. (a) The funding formula model for two-year colleges shall:

20 (1) Serve as a tool for implementing the broad goals of the
21 State of Arkansas and the Arkansas Higher Education Coordinating Board;

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

23 (3) Be simple to understand, sensitive to colleges' differing
24 missions, and responsive to changes within them; and

25 (4) Make provisions for special-purpose units.

26 (b)(1) The model shall determine the funding needs of two-year
27 colleges in four (4) student-semester-credit-hour or full-time-equivalent-
28 student-based expenditure functions, one (1) square-footage-based expenditure
29 function and one (1) contact hour expenditure function.

30 (2)(A) The student semester credit hour or full-time equivalent-
31 based expenditure functions shall include:

32 (i) Teaching salaries;

33 (ii) Academic support;

34 (iii) Student services; and

35 (iv) Institutional support.



1 (B) The square-footage-based expenditure function shall be
2 designated for facilities maintenance and operations.

3 (C) Funding for workforce education programs shall be
4 determined from student contact hours.

5 (c) To determine the teaching salaries needs of the two-year colleges
6 the student semester credit hour shall be summarized into four (4) academic
7 discipline categories based upon the relative costs of academic programs as
8 determined by historical expenditure patterns.

9 (d) The cost categories shall be designated as general education,
10 technical education, basic skills, and allied health as follows:

11 (1) General education shall include the following academic
12 disciplines:

13 (A) Agriculture business;

14 (B) Natural resources;

15 (C) Archeology;

16 (D) Communications;

17 (E) Education;

18 (F) Engineering;

19 (G) Foreign languages;

20 (H) Home economics;

21 (I) Law;

22 (J) Letters;

23 (K) Liberal studies;

24 (L) Biology or life sciences, or both;

25 (M) Mathematics;

26 (N) Interdisciplinary;

27 (O) Health;

28 (P) Recreation;

29 (Q) Philosophy;

30 (R) Physical sciences;

31 (S) Psychology;

32 (T) Public administration;

33 (U) Social sciences;

34 (V) Transportation;

35 (W) Visual arts; and

36 (X) Performing arts;

1 (2) Technical education shall include the following academic
2 disciplines:

3 (A) Agriculture;

4 (B) Marketing;

5 (C) Communications technology;

6 (D) Engineering technology;

7 (E) Technical education;

8 (F) Science technology;

9 (G) Protective services;

10 (H) Construction trades;

11 (I) Mechanics;

12 (J) Precision production; and

13 (K) Business management.

14 (3) Basic skills shall include remedial or developmental, or
15 both, student semester credit hour.

16 (4) Allied health shall include health professions.

17 (e)(1) The number of full-time equivalent faculty needed by a college
18 shall be determined using the established workload standards required to
19 produce a need for one (1) full-time equivalent faculty member.

20 (2) The workload standards to produce a full-time equivalent
21 faculty member shall be:

22 (A) Six hundred sixty (660) student semester credit hours
23 for general education;

24 (B) Four hundred eighty (480) student semester credit
25 hours for technical education and basic skills; and

26 (C) Four hundred twenty (420) student semester credit
27 hours for allied health.

28 (f)(1) The full-time equivalent faculty needs of each college shall be
29 determined by dividing the workload standards into the college's student
30 semester credit hours in that cost category.

31 (2) Funding for teaching salaries for each college shall be
32 determined by multiplying the total or full-time equivalent faculty needs of
33 each college by the predicted Southern Regional Education Board average
34 salary for two-year colleges with no academic rank.

35 (3) The teaching salary funding shall be adjusted for the use of
36 part-time faculty or full-time equivalent faculty needs generated by student

1 semester credit hours taught by part-time faculty and shall be funded at one-
2 half (1/2) of the rate of those student semester credit hours taught by full-
3 time faculty members.

4 (4) The part-time faculty adjustment for each college will be
5 determined each biennium by the Department of Higher Education staff.

6 (5) The fringe benefits for teaching salaries shall be
7 determined by multiplying the teaching salaries funding by the current
8 average fringe benefit rate, which shall be determined for the biennium by
9 the Department of Higher Education staff.

10 (6) The total teaching salaries need of a college shall include
11 the fringe benefits and teaching salary needs.

12 (g)(1) Funding needs for the academic support functions shall be equal
13 to sixty percent (60%) of adjusted teaching salaries plus thirty-five
14 thousand dollars (\$35,000) for a staff salary in public service.

15 (2) Fringe benefits for academic support shall be determined by
16 multiplying the fringe benefit rate determined for the biennium by sixty
17 percent (60%) of the academic support funding described in subdivision (g)(1)
18 of this section.

19 (h)(1) The funding needs for student services shall be calculated
20 based on a variable rate per student using the mean of full-time equivalent
21 enrollment and headcount enrollment.

22 (2) Student services funding shall include an economy-of-scale
23 component that will provide progressively less funding per student over
24 established enrollment levels.

25 (3) For the 2005-07 biennium, student services funding for the
26 first seven hundred fifty (750) students shall be six hundred fifty dollars
27 (\$650); four hundred fifty dollars(\$450) for each of the next twenty-two
28 hundred fifty (2,250) students; and two hundred fifty dollars(\$250) for all
29 students in excess of three thousand (3,000) full-time equivalent enrollment
30 level.

31 (4) The funding rates for each level shall have a full-time
32 equivalent enrollment level that shall be adjusted biennially for inflation.

33 (5) Full-time equivalent enrollment levels shall be reviewed
34 annually to determine if they require adjustment.

35 (6) Fringe benefits for student services shall be calculated as
36 an amount equal to the biennial fringe benefit rate times sixty percent (60%)

1 of the calculated student services funding need under subdivision (h)(3) of
2 this section.

3 (i) Institutional support funding shall be an amount equal to eighteen
4 percent (18%) of the total of the teaching salaries, academic support,
5 student services and facilities maintenance and operations.

6 (j) Facilities maintenance and operations funding shall include an
7 intensity factor for all institutions.

8 (1) Colleges whose square footage per full-time equivalent
9 student is greater than the average shall have an intensity factor of one
10 (1), but no college shall receive funding for more than one and one-half
11 (1.5) times the average square footage per full-time equivalent student times
12 the college's full-time equivalent enrollment.

13 (2) Those colleges whose square feet per full-time equivalent
14 student is less than the average square footage per full-time equivalent
15 student shall have an intensity factor that is determined by multiplying the
16 full-time equivalent enrollment by the average square footage per full-time
17 equivalent student and dividing the result by the actual square footage.

18 (3) The portion above one (1) shall be multiplied by sixty five
19 hundredths (0.65) and added back to one (1) to arrive at the intensity factor
20 for the college. The Arkansas Higher Education Coordinating Board staff
21 shall determine a funding rate per square foot based on the most recent cost
22 experiences of the institutions.

23 (4) That rate shall be multiplied by the institution's actual
24 square footage and the intensity factor for the institution.

25 (5) Staff benefits for facilities maintenance and operations
26 shall be determined by multiplying sixty percent (60%) of the square footage
27 funding and multiplying it by the biennial fringe benefit rate.

28 (k) Funding for workforce education shall be based on contact hours
29 and shall be calculated by using an established rate for the first ten
30 thousand (10,000) contact hours and a lesser rate for the next ten thousand
31 (10,000) and a lesser rate for all noncredit contact hours in excess of
32 twenty thousand (20,000).

33 (l) The total expenditure needs of each college shall be equal to the
34 sum of teaching salaries, academic support, student services, institutional
35 support, facilities maintenance and operations, and workforce education.

36 (m)(1) The appropriation needs of each college shall be the total

1 expenditure needs of the college less the calculated tuition and fee income.

2 (2) The Arkansas Higher Education Coordinating Board shall
3 establish biennially a tuition rate per credit hour for two-year colleges
4 with revenue derived from a local tax, including, but not limited to, a sales
5 tax or an ad valorem tax, and a higher per credit hour tuition rate for those
6 colleges without revenue derived from a local tax.

7 (n)(1) This formula does not provide funds for institutional
8 scholarships, debt service, or fund transfers.

9 (2) The revenue domain for the funding model shall include only
10 state appropriations and student tuition and fee income and shall not include
11 private contributions and other discretionary funds. (3)

12 The revenue domain shall exclude funding at the colleges from all sources
13 other than from student tuition and state appropriations, including, but not
14 limited, local tax levies, the federal government, private sources, and self-
15 supporting activities.

16 (4) Since the general definition specifies operating funds, the
17 funding model also does not consider the appropriation and allocation of
18 capital funds.

19 (o)(1) This funding formula model shall only be utilized to allocate
20 funds to the two-year colleges.

21 (2) It shall not be used to prescribe the allocation of those
22 funds within the colleges.

23 (p) Notwithstanding the provisions of this section, each two-year
24 college shall receive a minimum base funding equal to the greater of three
25 million dollars (\$3,000,000) per fiscal year or an amount equal to the
26 previous year's funding per fiscal year.

27
28 SECTION 2. The Arkansas Higher Education Coordinating Board, in
29 collaboration with the Executive Council of Presidents and Chancellors, shall
30 review the funding formula biennially and make written recommendations for
31 appropriate modifications or changes to the President Pro-Tempore of the
32 Senate, the Speaker of the House of Representatives, and the Governor by
33 October 15 of the year prior to each regular session of the General Assembly.

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35 /s/ Bisbee
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APPROVED: 4/05/2005