

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 1974 of the Regular Session

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005  
4

As Engrossed: H4/1/05

A Bill

SENATE BILL 288

5 By: Senator Bryles  
6 By: Representative Pace  
7  
8

9 **For An Act To Be Entitled**

10 AN ACT TO IMPROVE RETENTION AND GRADUATION RATES  
11 AT PUBLIC COLLEGES AND UNIVERSITIES; AND FOR  
12 OTHER PURPOSES.  
13

14 **Subtitle**

15 AN ACT TO IMPROVE RETENTION AND  
16 GRADUATION RATES AT PUBLIC COLLEGES AND  
17 UNIVERSITIES.  
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19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
21

22 SECTION 1. (a) The General Assembly finds that:

23 (1) One of Arkansas' most formidable challenges in the next  
24 decade is to increase the number of its citizens who have obtained a college  
25 degree or technical certificate;

26 (2) College graduation rates are an important indicator of a  
27 state's ability to compete in the new economy;

28 (3) The graduation rates of Arkansas college students must be  
29 improved; and

30 (4) Institutions that are successfully graduating students  
31 should be recognized for their efforts and achievements.

32 (b) Appropriation and funding for the 2007-2009 biennium for  
33 institutions that improve graduation rates shall be linked to the percentage  
34 of full-time first-time degree seeking students who complete an associate's  
35 degree in no more than three (3) years or a baccalaureate degree in no more



1 than six (6) years or a technical certificate in no more than five (5)  
2 semesters.

3 (c) The annual graduation rate will be determined for the academic  
4 year.

5 (d)(1)(A) An institution shall be eligible for incentive funding  
6 if:

7 (i) It's graduation rate shows improvement  
8 over the previous year; or

9 (ii) It meets or exceeds the anticipated  
10 graduation rate as determined by a regression model using student variables  
11 including but not limited to:

12 (a) Entrance exam scores;

13 (b) High school grade-point-average;

14 (c) Rank in high school class;

15 (d) Diversity of student population;

16 (e) On- or off-campus residence of  
17 students;

18 (f) State resident and non-resident  
19 student status;

20 (g) Academic major;

21 (h) Family income; or

22 (i) Institutional variables such as:  
23 student-to-faculty ratio, tuition, cost of attendance, financial aid, percent  
24 of freshman receiving Pell Grants, percent of freshmen receiving financial  
25 aid, financial aid as a percent of cost of attendance and financial aid as a  
26 percent of the institution's budget, percent of part-time faculty, percent of  
27 faculty with terminal degrees, percent of budget spent on instruction, and  
28 percent of freshmen living in residence halls where appropriate.

29 (B) Although a statistical regression model will  
30 determine the variables that optimize the model's ability to accurately  
31 predict graduation rates, the Arkansas Higher Education Coordinating Board  
32 will have final approval of the variables and the model.

33 (2)(A) The two-year and university funding models shall be  
34 amended to include multipliers for the Student Semester Credit Hour portions  
35 of the model for institutions that demonstrate improvement over the previous  
36 year's graduation rate or whose graduation rate exceeds the anticipated

1 graduation rate.

2 (B) The multiplier shall be 1.00 for institutions that do  
3 not improve their graduation rate and do not meet the anticipated graduation  
4 rate.

5 (C) The multipliers for institutions that exhibit either  
6 improvement in graduation rates or meet and exceed their anticipated  
7 graduation rate, or both will vary from 1.00 to 1.03 depending upon the  
8 degree of their improvement or success.

9 (e)(1) An institution's base funding shall not be impacted.

10 (2)(A) However, the distribution of incentive funds shall  
11 include factors of an institution's success in graduating students.

12 (B) Incentive pool funds shall be allocated among the  
13 qualifying institutions on the basis of the relative degree of improvement in  
14 their graduation rate or success in meeting or exceeding the anticipated  
15 graduation rate, or both.

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17 SECTION 2. (a) The General Assembly finds that many two-year college  
18 students enroll in one-year certificate programs or to complete courses with  
19 no intention of completing a degree and the retention rate from semester-to-  
20 semester would best capture this characteristic of two-year colleges. The  
21 General Assembly further finds that the improvement of the semester-to-  
22 semester retention rate of full-time students would be overlooked when only  
23 measuring graduation rates.

24 (b)(1) Incentive funding for two-year colleges shall be linked to the  
25 semester-to-semester retention rates of full-time degree or certificate  
26 seeking students.

27 (2)(A) The multiplier shall be 1.00 for two-year colleges that  
28 do not improve their semester-to-semester retention rate.

29 (B) The multiplier for two-year colleges that exhibit  
30 improvement in the semester-to-semester retention rate will vary from 1.00 to  
31 1.02 depending upon the degree improvement.

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33 SECTION 3. (a)(1) The General Assembly finds that the retention from  
34 the freshman year to the sophomore year at a university, referred to as the  
35 one-year retention rate, is critical in increasing the likelihood that a  
36 full-time student will graduate and improving the one-year retention rate is

1 imperative in order to improve graduation rates.

2 (2) The General Assembly further finds that the improvement of  
3 the first-to-second year retention rate of full-time students would be  
4 overlooked when only measuring graduations rates of universities.

5 (b) (1) Incentive funding for universities shall be linked to the one-  
6 year retention rate of first-time, full-time degree-seeking students.

7 (2)(A) The multiplier shall be 1.00 for universities that do not  
8 improve their one-year retention rate.

9 (B) The multiplier for universities that exhibit  
10 improvement in the first-to-second year retention rate will vary from 1.00 to  
11 1.02 depending upon the degree of improvement.

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13 SECTION 4. Funding.

14 (a)(1) An incentive pool of one million dollars (\$1,000,000) shall be  
15 established to award two-year colleges and universities based upon Sections 1  
16 through 3 of this act during each year of the 2007-2009 biennium.

17 (2) The Arkansas Higher Education Coordinating Board shall have  
18 the authority to recommend a larger incentive appropriation and funding for  
19 the second year of the biennium when the impact upon the funding formulas is  
20 better understood and after the level of funding for the 2008 fiscal year is  
21 determined.

22 (b) The funds awarded to the two-year colleges and universities based  
23 upon Sections 1 through 3 of this act shall not impact an institution's base  
24 funding.

25  
26 /s/ Bryles

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29 APPROVED: 04/11/2005

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