

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 591 of the Regular Session

1 State of Arkansas

As Engrossed: S3/6/07 S3/14/07

2 86th General Assembly

A Bill

3 Regular Session, 2007

SENATE BILL 791

4
5 By: Senators Miller, J. Jeffress, G. Jeffress, T. Smith, Laverty, Bryles, Hill

6 By: Representative Saunders

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

10 AN ACT TO AMEND THE FUNDING FORMULA MODEL FOR
11 TWO-YEAR COLLEGES; AND FOR OTHER PURPOSES.

12
13 **Subtitle**

14 AN ACT TO AMEND THE FUNDING FORMULA
15 MODEL FOR TWO-YEAR COLLEGES.

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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

19
20 SECTION 1. Arkansas Code § 6-61-229 is amended to read as follows:

21 6-61-229. Funding formula model for two-year colleges.

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

23 (1) Serve as a tool for implementing the broad goals of the
24 State of Arkansas and the Arkansas Higher Education Coordinating 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 (b)(1) The model shall determine the funding needs of two-year
30 colleges in four (4) student-semester-credit-hour or full-time-equivalent,
31 student-based expenditure functions, one (1) square-footage-based expenditure
32 function, and one (1) contact hour expenditure function.

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

35 (i) Teaching salaries;



- 1 (ii) Academic support;
- 2 (iii) Student services; and
- 3 (iv) Institutional support.

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

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

8 (c) In order to determine the teaching salaries needs of the two-year
9 colleges, the student semester credit hour shall be summarized into four (4)
10 academic discipline categories based upon the relative costs of academic
11 programs as determined by historical expenditure patterns.

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

14 (1) General education shall include the following academic
15 disciplines:

- 16 (A) Agriculture business;
- 17 (B) Natural resources;
- 18 (C) Archeology;
- 19 (D) Communications;
- 20 (E) Education;
- 21 (F) Engineering;
- 22 (G) Foreign languages;
- 23 (H) Home economics;
- 24 (I) Law;
- 25 (J) Letters;
- 26 (K) Liberal studies;
- 27 (L) Biology or life sciences, or both;
- 28 (M) Mathematics;
- 29 (N) Interdisciplinary;
- 30 (O) Health;
- 31 (P) Recreation;
- 32 (Q) Philosophy;
- 33 (R) Physical sciences;
- 34 (S) Psychology;
- 35 (T) Public administration;
- 36 (U) Social sciences;

- 1 (V) Transportation;
- 2 (W) Visual arts; and
- 3 (X) Performing arts;

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

- 6 (A) Agriculture;
- 7 (B) Marketing;
- 8 (C) Communications technology;
- 9 (D) Engineering technology;
- 10 (E) Technical education;
- 11 (F) Science technology;
- 12 (G) Protective services;
- 13 (H) Construction trades;
- 14 (I) Mechanics;
- 15 (J) Precision production; and
- 16 (K) Business management;

17 (3) Basic skills shall include remedial or developmental, or
18 both, student semester credit hours; and

19 (4) Allied health shall include health professions.

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

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

25 (A) Six hundred sixty (660) student semester credit hours
26 for general education;

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

29 (C) ~~Four hundred twenty (420)~~ Three hundred sixty (360)
30 student semester credit hours for allied health.

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

34 (2) Funding for teaching salaries for each college shall be
35 determined by multiplying the total or full-time-equivalent faculty needs of
36 each college by the predicted Southern Regional Education Board average

1 salary for two-year colleges with no academic rank.

2 (3) The teaching salary funding shall be adjusted for the use of
3 part-time faculty or full-time-equivalent faculty needs generated by student
4 semester credit hours taught by part-time faculty and shall be funded at one-
5 half (1/2) of the rate of those student semester credit hours taught by full-
6 time faculty members.

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

9 (5) The fringe benefits for teaching salaries shall be
10 determined by multiplying the teaching salaries funding by the current
11 average fringe benefit rate, which shall be determined for the biennium by
12 the department staff.

13 (6) The total teaching salaries needs of a college shall include
14 the fringe benefits and teaching salary needs.

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

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

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

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

28 (3) For the 2005-2007 biennium, student services funding for the
29 first seven hundred fifty (750) students shall be ~~six hundred fifty dollars~~
30 ~~(\$650); four hundred fifty dollars (\$450) funded at a higher rate to be~~
31 determined each biennium; for each of the next two thousand two hundred
32 hundred fifty (2,250) students shall be funded at a lesser rate; and two
33 ~~hundred fifty dollars (\$250) for all students in excess of a three thousand~~
34 (3,000) full-time-equivalent enrollment level shall be funded at a lower
35 rate.

36 (4) The funding rates for each level shall have a full-time-

1 equivalent enrollment level that shall be adjusted biennially for inflation.

2 (5) Full-time-equivalent enrollment levels shall be reviewed
3 annually to determine whether they require adjustment.

4 (6) Fringe benefits for student services shall be calculated as
5 an amount equal to the biennial fringe benefit rate multiplied by sixty
6 percent (60%) of the calculated student services funding needs under
7 subdivision (h)(3) of this section.

8 (i) Institutional support funding shall be as follows based on the
9 college's full-time equivalent student enrollment:

10 (1) For one thousand (1,000) or fewer students enrolled, an
11 amount equal to twenty-one percent (21%) of the total teaching salaries,
12 academic support, student services, and facilities maintenance and
13 operations;

14 (2) For one thousand one (1,001) to three thousand (3,000)
15 students enrolled, an amount equal to eighteen percent (18%) of the total of
16 the teaching salaries, academic support, student services, and facilities
17 maintenance and operations;

18 (3) For more than three thousand (3,000) students enrolled, an
19 amount equal to fifteen percent (15%) of the total teaching salaries,
20 academic support, student services, and facilities maintenance and
21 operations.

22 ~~(j) Facilities maintenance and operations funding shall include an~~
23 ~~intensity factor for all institutions;~~

24 ~~(1) Colleges whose square footage per full-time equivalent~~
25 ~~student is greater than the average shall have an intensity factor of one~~
26 ~~(1), but no college shall receive funding for more than one and one-half~~
27 ~~(1.5) times the average square footage per full-time equivalent student~~
28 ~~multiplied by the college's full-time equivalent enrollment;~~

29 ~~(2) Those colleges whose square feet per full-time equivalent~~
30 ~~student is less than the average square footage per full-time equivalent~~
31 ~~student shall have an intensity factor that is determined by multiplying the~~
32 ~~full-time equivalent enrollment by the average square footage per full-time-~~
33 ~~equivalent student and dividing the result by the actual square footage;~~

34 ~~(3) The portion above one (1) shall be multiplied by sixty-five~~
35 ~~hundredths (0.65) and added back to one (1) to arrive at the intensity factor~~
36 ~~for the college. The Arkansas Higher Education Coordinating Board staff shall~~

1 ~~determine a funding rate per square foot based on the most recent cost~~
2 ~~experiences of the institutions;~~

3 ~~(4) That rate shall be multiplied by the institution's actual~~
4 ~~square footage and the intensity factor for the institution; and~~

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

8 (j)(1) Facilities maintenance and operations funding shall be based
9 upon each college's square footage needs as determined by the Space Need
10 Model that determines need based on the college's full-time equivalent
11 enrollment and the mix of academic programs that the college offers.

12 (2)(A) For each year of the biennium, the Higher Education
13 Coordinating Board shall determine a funding rate per square foot based on
14 the most recent cost experiences of the college.

15 (B) That rate shall be multiplied by the college's actual
16 square footage that does not exceed one hundred fifty percent (150%) of the
17 Space Need Model's determined need of the college.

18 (C) Square footage in excess of one hundred fifty percent
19 (150%) of the Space Need Model's determined need of the college shall be
20 funded at a lower rate.

21 (D) Colleges with a deficit in square footage as defined
22 by the Space Need Model will have the square footage shortfall partially
23 funded to compensate for the intensity of the use of the facilities.

24 (k) Funding for workforce education shall be based on contact hours
25 and shall be calculated by using an established rate for the first ten
26 thousand (10,000) contact hours, a lesser rate for the next ten thousand
27 (10,000), and a lesser rate for all noncredit contact hours in excess of
28 twenty thousand (20,000).

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

32 (m)(1) The appropriation needs of each college shall be the total
33 expenditure needs of the college less the calculated tuition and fee income.

34 (2) The Arkansas Higher Education Coordinating Board shall
35 establish biennially a tuition rate per credit hour for two-year colleges
36 with revenue derived from a local tax, including, but not limited to, a sales

1 tax or an ad valorem tax, and a higher per credit hour tuition rate for those
2 colleges without revenue derived from a local tax.

3 (n)(1) The formula does not provide funds for institutional
4 scholarships, debt service, or fund transfers.

5 (2) The revenue domain for the funding model shall include only
6 state appropriations and student tuition and fee income and shall not include
7 private contributions and other discretionary funds.

8 (3) The revenue domain shall exclude funding at the colleges
9 from all sources other than from student tuition and state appropriations,
10 including, but not limited to, local tax levies, the federal government,
11 private sources, and self-supporting activities.

12 (4) Since the general definition specifies operating funds, the
13 funding model also does not consider the appropriation and allocation of
14 capital funds.

15 (o)(1) The funding formula model shall only be utilized to allocate
16 funds to the two-year colleges.

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

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

23
24 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
25 General Assembly of the State of Arkansas that this act concerns the funding
26 formula for the fiscal year beginning July 1, 2007; that the changes in this
27 act are necessary to determine the funding for two-year colleges; and that
28 these changes are immediately necessary for the distribution of funds to be
29 in accordance with the revised funding formula. Therefore, an emergency is
30 declared to exist and this act being immediately necessary for the
31 preservation of the public peace, health, and safety shall become effective
32 on:

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

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

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

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4 /s/ Miller

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6 APPROVED: 3/28/2007
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