

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.

1 State of Arkansas  
2 86th General Assembly  
3 Regular Session, 2007  
4

# A Bill

SENATE BILL 927

5 By: Senator Bryles  
6  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND ACT 1974 OF 2005 TO IMPROVE  
10 RETENTION AND GRADUATION RATES AT PUBLIC COLLEGES  
11 AND UNIVERSITIES; AND FOR OTHER PURPOSES.  
12

## Subtitle

14 TO AMEND ACT 1974 OF 2005 TO IMPROVE  
15 RETENTION AND GRADUATION RATES AT PUBLIC  
16 COLLEGES AND UNIVERSITIES.  
17  
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. Uncodified Section 1 of Act 1974 of 2005 is amended to read  
22 as follows:

23 (a) The General Assembly finds that:

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

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

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

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

33 (b) Appropriation and funding ~~for the 2007-2009 biennium~~ for  
34 institutions that improve graduation rates shall be linked to the percentage  
35 of full-time first-time degree seeking students who complete an associate's  
36 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~~ shall be determined for the  
4 academic year.

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

7 ~~(i)(A)~~ Its graduation rate shows improvement over the  
8 average of the previous five (5) year years; or

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

12 ~~(a)(i)~~ Entrance exam scores;

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

14 ~~(c)(iii)~~ Rank in high school class;

15 ~~(d)(iv)~~ Diversity of student population;

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

17 ~~(f)(vi)~~ State resident and non-resident student

18 status;

19 ~~(g)(vii)~~ Academic major;

20 ~~(h)(viii)~~ Family income; or

21 ~~(i)(ix)~~ Institutional variables as appropriate such

22 as: ~~student to faculty ratio, tuition, cost of attendance, financial aid,~~

23 ~~percent of freshman receiving Pell Grants, percent of freshmen receiving~~

24 ~~financial aid, financial aid as a percent of cost of attendance and~~

25 ~~financial aid as a percent of the institution's budget, percent of part-time~~

26 ~~faculty, percent of faculty with terminal degrees, percent of budget spent on~~

27 ~~instruction, and percent of freshmen living in residence halls where~~

28 ~~appropriate.~~

29 (a) Student-to-faculty ratio;

30 (b) Tuition;

31 (c) Cost of attendance;

32 (d) Financial aid;

33 (e) Percentage of freshman receiving Pell

34 Grants;

35 (f) Percentage of freshman receiving financial

36 aid;

- 1 (g) Financial aid as a percentage of the cost
- 2 of attendance and as a percentage of the institution's budget;
- 3 (h) Percentage of part-time faculty;
- 4 (i) Percentage of faculty with terminal
- 5 degrees;
- 6 (j) Percentage of the budget spent on
- 7 instruction; and
- 8 (k) Percentage of freshman living in residence
- 9 halls.

10 ~~(B)(2)~~ Although a statistical regression model will determine  
 11 the variables that optimize the model's ability to accurately predict  
 12 graduation rates, the Arkansas Higher Education Coordinating Board ~~will~~ shall  
 13 have final approval of the variables and the model.

14 ~~(2)(A)~~ ~~The two year and university funding models shall be~~  
 15 ~~amended to include multipliers for the Student Semester Credit Hour portions~~  
 16 ~~of the model for institutions that demonstrate improvement over the previous~~  
 17 ~~year's graduation rate or whose graduation rate exceeds the anticipated~~  
 18 ~~graduation rate.~~

19 ~~(B)~~ ~~The multiplier shall be 1.00 for institutions that do~~  
 20 ~~not improve their graduation rate and do not meet the anticipated graduation~~  
 21 ~~rate.~~

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

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

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

29 (B) Incentive pool funds shall be allocated among the  
 30 qualifying institutions on the basis of the relative degree of improvement in  
 31 their graduation rate or success in meeting or exceeding the anticipated  
 32 graduation rate, or both.

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 34 SECTION 2. Uncodified Section 2 of Act 1974 of 2005 is amended to read  
 35 as follows:

36 (a)(1) The General Assembly finds that many two-year college students

1 enroll in one-year certificate programs or to complete courses with no  
 2 intention of completing a degree and the retention rate from semester-to-  
 3 semester would best capture this characteristic of two-year colleges.

4 (2) The General Assembly further finds that the improvement of  
 5 the semester-to-semester retention rate of full-time students would be  
 6 overlooked when only measuring graduation rates.

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

10 ~~(2)(A) The multiplier shall be 1.00 for two year colleges that~~  
 11 ~~do not improve their semester to semester retention rate.~~

12 ~~(B) The multiplier for two year colleges that exhibit~~  
 13 ~~improvement in the semester to semester retention rate will vary from 1.00 to~~  
 14 ~~1.02 depending upon the degree improvement.~~

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 16 SECTION 3. Uncodified Section 3 of Act 1974 of 2005 is amended to read  
 17 as follows:

18 (a)(1) The General Assembly finds that the retention from the freshman  
 19 year to the sophomore year at a university, which is referred to as the one-  
 20 year retention rate, is critical in increasing the likelihood that a full-  
 21 time student will graduate and improving the one-year retention rate is  
 22 imperative in order to improve graduation rates.

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

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

28 ~~(2)(A) The multiplier shall be 1.00 for universities that do not~~  
 29 ~~improve their one year retention rate.~~

30 ~~(B) The multiplier for universities that exhibit~~  
 31 ~~improvement in the first to second year retention rate will vary from 1.00 to~~  
 32 ~~1.02 depending upon the degree of improvement.~~

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 34 SECTION 4. Uncodified Section 4 of Act 1974 of 2005 is amended to read  
 35 as follows:

36 Funding. (a)(1) An incentive pool of one million dollars (\$1,000,000)

1 shall be established to award two-year colleges and universities based upon  
2 Sections 1 through 3 of this act ~~during each year of the 2007-2009 biennium.~~

3 ~~(2)(1) The Arkansas Higher Education Coordinating Board shall~~  
4 ~~have the authority to recommend a larger incentive appropriation and funding~~  
5 ~~for the second year of the biennium when the impact upon the funding formulas~~  
6 ~~is better understood and after the~~ The level of funding for the 2008 fiscal  
7 ~~year is determined shall be two million dollars (\$2,000,000).~~

8 (2) The Arkansas Higher Education Coordinating Board may  
9 recommend a larger incentive appropriation for subsequent years.

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

13 (c) Incentive funds shall be distributed based upon the number of  
14 students represented by an institution's percent improvement in graduation  
15 and retention rates over the previous five (5) years' average rate and the  
16 number of students by which the institution's actual graduation rate exceeds  
17 the anticipated graduation rate.

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19 SECTION 5. All provisions of this Act of a general and permanent  
20 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
21 Code Revision Commission shall incorporate the same in the Code.  
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