

1 State of Arkansas  
2 92nd General Assembly  
3 Regular Session, 2019  
4

# A Bill

HOUSE BILL 1408

5 By: Representative Dotson  
6 By: Senator J. Sturch  
7

## For An Act To Be Entitled

9 AN ACT CONCERNING LAWS RELATED TO HIGHER EDUCATION;  
10 TO REQUIRE A FINANCIAL CONDITION REPORT BE SUBMITTED  
11 BY THE DEPARTMENT OF HIGHER EDUCATION; TO REPEAL THE  
12 LAW CREATING THE SOUTHWEST ARKANSAS HIGHER EDUCATION  
13 CONSORTIUM; TO REPEAL THE PRODUCTIVITY ENHANCEMENT  
14 FOR UNDERGRADUATE HIGHER EDUCATION ACT; TO REPEAL THE  
15 REQUIREMENT THAT AN INSTITUTION OF HIGHER EDUCATION  
16 REPORT TO THE LEGISLATIVE COUNCIL ITS FINDINGS  
17 REGARDING A PERFORMANCE REVIEW OF THE SUSTAINABLE  
18 ENERGY-EFFICIENT BUILDINGS PROGRAM; TO REPEAL THE  
19 REQUIREMENT THAT AN INSTITUTION OF HIGHER EDUCATION  
20 FILE WITH THE SECRETARY OF STATE ITS RULES AND  
21 REGULATIONS REGARDING MOTOR VEHICLES ON INSTITUTIONAL  
22 GROUNDS; AND FOR OTHER PURPOSES.  
23  
24

## Subtitle

25 TO AMEND LAWS RELATED TO HIGHER  
26 EDUCATION.  
27  
28  
29

30 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
31

32 SECTION 1. Arkansas Code § 6-60-703(b)(2), concerning certain  
33 information included in the Comprehensive Arkansas Higher Education Annual  
34 Report submitted by the Department of Higher Education to certain legislative  
35 bodies and individuals, is amended to read as follows:

36 (2) Biennially, each even-numbered year:



1 ~~(A) Changes to Productivity Enhancement for Undergraduate~~  
 2 ~~Higher Education Program plans, § 6-61-1311;~~

3 ~~(B)(A) Uniform reporting standards~~ A financial condition  
 4 report, § 6-61-222;

5 ~~(C)(B) Changes to affirmative action program plans, § 6-~~  
 6 ~~63-103; and~~

7 ~~(D)(C) Economic development goals and educational efforts,~~  
 8 ~~§ 6-61-207; and~~

9  
 10 SECTION 2. Arkansas Code § 6-61-221(d)(3), concerning the  
 11 Comprehensive Arkansas Higher Education Annual Report required for submission  
 12 by the Department of Higher Education, is amended to read as follows:

13 (3) The report required under this subsection shall be separate  
 14 from the ~~uniform reporting standards report~~ financial condition report  
 15 required under § 6-61-222.

16  
 17 SECTION 3. Arkansas Code § 6-61-222 is amended to read as follows:  
 18 6-61-222. ~~Uniform reporting standards~~ Financial condition report.

19 (a)(1) ~~The Arkansas Higher Education Coordinating Board is authorized~~  
 20 ~~and directed to establish uniform reporting standards to report biennially~~  
 21 ~~all current funds' revenues and expenditures associated with each academic~~  
 22 ~~department and, within each department, with the academic programs offered at~~  
 23 ~~each state-supported institution of higher education~~ Department of Higher  
 24 Education shall prepare a financial condition report, which shall include  
 25 without limitation the information required under subdivision (b)(1) of this  
 26 section.

27 (2) ~~Such reports~~ The financial condition report prepared under  
 28 subdivision (a)(1) of this section shall be subject to biennial review by the  
 29 ~~board~~ Arkansas Higher Education Coordinating Board, ~~and the~~ House Committee  
 30 on Education, and the Senate Committee on Education.

31 (3) ~~The reports shall be predicated on the following~~  
 32 ~~definitions:~~

33 (A) ~~“Academic department” means each organizational and~~  
 34 ~~budgetary unit associated with the delivery of instruction, research, and~~  
 35 ~~public service activities;~~

36 (B) ~~“Academic program” means any program of study leading~~

1 ~~to a degree or certificate and any other program as defined by the Department~~  
 2 ~~of Higher Education;~~

3 ~~(C) "Academic department and program revenues" shall~~  
 4 ~~include tuition and fees, both undergraduate and graduate, endowments, gifts~~  
 5 ~~and grants, sponsored research, and all other revenues associated with each~~  
 6 ~~academic department and with specific academic programs;~~

7 ~~(D)(i) "Academic department and program expenditures"~~  
 8 ~~shall include all direct and prorated indirect expenses.~~

9 ~~(ii) Direct expenses include faculty salaries, staff~~  
 10 ~~salaries, fringe benefits, scholarships and fellowships, graduate stipends~~  
 11 ~~and graduate assistant tuition, student labor, materials and supplies,~~  
 12 ~~equipment, travel, and telephone.~~

13 ~~(iii) Indirect expenses include central~~  
 14 ~~administrative management, institution-wide services, departmental~~  
 15 ~~administration, student services, research, indirect cost recovery, public~~  
 16 ~~services and information, financial aid, plant operations and maintenance,~~  
 17 ~~utilities, debt service, nonmandatory transfers, and all other indirect~~  
 18 ~~expenses.~~

19 ~~(iv) Total academic department and program~~  
 20 ~~expenditures should equal the current funds' expenditures as reported in the~~  
 21 ~~institution's financial statement;~~

22 ~~(E) "State subsidy" means that within each academic~~  
 23 ~~department, any difference between academic program revenues and academic~~  
 24 ~~program expenditures shall be determined to be the "state subsidy" of that~~  
 25 ~~academic program; and~~

26 ~~(F) "Productivity by academic program" means the number of~~  
 27 ~~declared majors, the number of undergraduate and graduate student semester~~  
 28 ~~credit hours produced, and the number of degrees and certificates conferred~~  
 29 ~~in each program.~~

30 ~~(4)(3) The board is authorized to may promulgate any rules or~~  
 31 ~~regulations necessary for the implementation of this section and shall report~~  
 32 ~~to the House Committee on Education and the Senate Committee on Education the~~  
 33 ~~failure of an institution to comply with the provisions of this section.~~

34 ~~(b)(1) By September 15 of each year, all~~ On a date determined by the  
 35 department, each state-supported ~~institutions~~ institution of higher education  
 36 shall ~~report academic department and program revenues, expenditures, and~~

1 ~~productivity utilizing the uniform report established by the board, submit~~  
 2 annually the following information for inclusion in the financial condition  
 3 report required under subdivision (a)(1) of this section:

4 (A) Expenditures per full-time equivalent student by  
 5 function, which includes without limitation:

6 (i) Instruction;

7 (ii) Research;

8 (iii) Public service;

9 (iv) Academic support;

10 (v) Student services;

11 (vi) Institutional support;

12 (vii) Operating and maintenance of plant; and

13 (viii) Scholarships and fellowships;

14 (B) Operating margins and education and general revenue  
 15 fund balances;

16 (C) Net tuition and fee income;

17 (D) Faculty salaries;

18 (E) Institutional scholarship expenditures;

19 (F) Deferred and critical maintenance needs as determined  
 20 by the facilities audit program;

21 (G) Auxiliary enterprise expenditures;

22 (H) Intercollegiate athletics revenues and expenditures;

23 (I) Bonds and loans that are reviewed for economic  
 24 feasibility;

25 (J) Gross tuition and fee income;

26 (K) Gross direct state income;

27 (L) Gross federal income; and

28 (M) Any other information requested by the department or  
 29 board.

30 ~~(2) The academic department and program report shall identify~~  
 31 ~~undergraduate and graduate programs that produce fewer graduates than are~~  
 32 ~~required to meet the degree productivity standards set by the board.~~

33 ~~(3)~~(2) The board shall review the ~~institutional reports and~~  
 34 ~~submit them~~ financial condition report required under subdivision (a)(1) of  
 35 this section and submit it to the House Committee on Education and the Senate  
 36 Committee on Education by January 15 of each odd-numbered year.

1 (c) The board ~~is further authorized and directed to~~ may establish  
 2 ~~uniform reporting~~ standards to report ~~any~~ other information that may be  
 3 required to meet ~~any~~ other state or federal statutory or regulatory  
 4 requirements.

5 ~~(d) The report required under this section shall be separate from the~~  
 6 ~~cost of remediation reports required under § 6-61-221.~~

8 SECTION 4. Arkansas Code Title 6, Chapter 61, Subchapter 12, is  
 9 repealed.

10 ~~Subchapter 12 — Southwest Arkansas Higher Education Consortium~~

11  
 12 ~~6-61-1201. Creation — Duties — Funding.~~

13 ~~(a) There is created the Southwest Arkansas Higher Education~~  
 14 ~~Consortium, composed of Cossatot Community College of the University of~~  
 15 ~~Arkansas, National Park College, Henderson State University, College of The~~  
 16 ~~Ouachitas, Pulaski Technical College, Rich Mountain Community College,~~  
 17 ~~Southern Arkansas University, SAU-Tech, and South Arkansas Community College,~~  
 18 ~~to establish and utilize high bandwidth connectivity within the consortium.~~

19 ~~(b) The consortium will provide a mixture of full-motion interactive~~  
 20 ~~video, compressed video, and ISDN video and data to member institutions.~~

21 ~~(c) Funding will be allocated through the Henderson State University~~  
 22 ~~Fund and distributed by an executive council composed of one (1)~~  
 23 ~~representative per institution in the consortium.~~

25 SECTION 5. Arkansas Code Title 6, Chapter 61, Subchapter 13, is  
 26 repealed.

27 ~~Subchapter 13 — Productivity Enhancement for Undergraduate Higher Education~~  
 28 ~~Act~~

29  
 30 ~~6-61-1301. Title.~~

31 ~~This subchapter shall be known and may be cited as the “Productivity~~  
 32 ~~Enhancement for Undergraduate Higher Education Act”.~~

33  
 34 ~~6-61-1302. Findings.~~

35 ~~The General Assembly finds that:~~

36 ~~(1) Higher education productivity is a state, national, and~~

1 ~~international issue that impacts the ability of Arkansans to compete on the~~  
 2 ~~state, national, and global levels;~~

3 ~~(2) Public institutions of higher education have a heightened~~  
 4 ~~duty for the efficient use and accountability for the expenditure of tax~~  
 5 ~~dollars;~~

6 ~~(3) Incentive funding is often successful to encourage public~~  
 7 ~~institutions to improve efficiency, accountability, and outcomes;~~

8 ~~(4) As applied to public institutions of higher education,~~  
 9 ~~incentive funding that encourages public institutions of higher education to~~  
 10 ~~maximize the efficiency of tax dollars and tuition receipts to improve~~  
 11 ~~outcomes for the students and the institution should improve the productivity~~  
 12 ~~of the public institutions; and~~

13 ~~(5) A statewide coordinated plan that uses incentive funding to~~  
 14 ~~improve retention and graduation rates at public institutions of higher~~  
 15 ~~education is necessary to enhance productivity and empower Arkansans to~~  
 16 ~~compete in the global economy.~~

17  
 18 ~~6-61-1303. Definitions.~~

19 ~~As used in this subchapter:~~

20 ~~(1) "Certificate-seeking student" means a student who is:~~

21 ~~(A) Enrolled in courses for credit; and~~

22 ~~(B) Recognized by the institution as seeking a formal~~  
 23 ~~award in a vocational program or an occupational program;~~

24 ~~(2) "Completion rate for technical certificates" means the ratio~~  
 25 ~~of the number of first-time, full-time students who complete a technical~~  
 26 ~~certificate program in no more than five (5) consecutive semesters at the~~  
 27 ~~institution compared to the total number of first-time, full-time students~~  
 28 ~~who were enrolled at the institution in a technical certificate program five~~  
 29 ~~(5) semesters earlier, expressed as a percentage value;~~

30 ~~(3) "Degree-seeking student" means a student who is:~~

31 ~~(A) Enrolled in courses for credit; and~~

32 ~~(B) Recognized by the institution as seeking a degree;~~

33 ~~(4) "Full-time student" means an individual who:~~

34 ~~(A) Is a student at a public institution of higher~~  
 35 ~~education;~~

36 ~~(B) Is enrolled in a course of study leading to an~~

1 ~~associate's or bachelor's degree or completion of a technical certificate;~~  
 2 ~~and~~

3 ~~(C) Is enrolled in at least twelve (12) semester hours or~~  
 4 ~~some other reasonable academic equivalent as defined by the Department of~~  
 5 ~~Higher Education;~~

6 ~~(5) "Graduation rate for the two-year college" means the ratio~~  
 7 ~~of the number of first-time, full-time degree-seeking students who complete~~  
 8 ~~an associate degree in no more than three (3) years at the institution~~  
 9 ~~compared to the total number of first-time, full-time degree-seeking students~~  
 10 ~~who began at the two-year college as first-time, full-time degree-seeking~~  
 11 ~~students three (3) years earlier, expressed as a percentage value;~~

12 ~~(6) "Graduation rate for the university" means the ratio of the~~  
 13 ~~number of first-time, full-time degree-seeking students who complete a~~  
 14 ~~baccalaureate degree at the institution in no more than six (6) years~~  
 15 ~~compared to the total number of first-time, full-time degree-seeking students~~  
 16 ~~who began at the university as first-time, full-time degree-seeking students~~  
 17 ~~six (6) years earlier, expressed as a percentage value;~~

18 ~~(7)(A) "Institution" means a public institution of higher~~  
 19 ~~education.~~

20 ~~(B) "Institution" includes universities and two-year~~  
 21 ~~colleges;~~

22 ~~(8) "Institutional baseline" means the institution's average~~  
 23 ~~rate for the previous three (3) years in a category established under this~~  
 24 ~~subchapter that is eligible for incentive funding, expressed as a percentage~~  
 25 ~~value;~~

26 ~~(9) "Retention rate for the two-year college" means the ratio of~~  
 27 ~~the number of first-time, full-time degree-seeking or certificate-seeking~~  
 28 ~~students who remain at the institution for the following semester compared to~~  
 29 ~~the total number of full-time degree-seeking or certificate-seeking students~~  
 30 ~~at the institution during the previous semester, expressed as a percentage~~  
 31 ~~value; and~~

32 ~~(10) "Retention rate for the university" means the ratio of the~~  
 33 ~~number of first-time, full-time, degree-seeking students who continue from~~  
 34 ~~their freshman year at the institution to their second year at the~~  
 35 ~~institution compared to the total number of first-time, full-time, degree-~~  
 36 ~~seeking students who began at the institution as freshmen during the previous~~

1 year, expressed as a percentage value.

2  
3 ~~6-61-1304. Creation Purpose.~~

4 ~~(a) There is created the Productivity Enhancement for Undergraduate~~  
5 ~~Higher Education Program to be administered by the Arkansas Higher Education~~  
6 ~~Coordinating Board.~~

7 ~~(b) The purpose of this program is to improve undergraduate education~~  
8 ~~at public institutions of higher education by improving:~~

9 ~~(1) The retention rates of first-year to second-year students;~~  
10 ~~and~~

11 ~~(2) The graduation rates.~~

12  
13 ~~6-61-1305. Base funding not impacted.~~

14 ~~Nothing in this subchapter shall impact the base funding of an~~  
15 ~~institution.~~

16  
17 ~~6-61-1306. Retention rate improvement incentives for two-year~~  
18 ~~colleges.~~

19 ~~A two-year college is eligible for incentive funding under this section~~  
20 ~~if the retention rate for the two-year college is three percent (3%) more~~  
21 ~~than the institutional baseline.~~

22  
23 ~~6-61-1307. Associate degree graduation rate improvement incentives for~~  
24 ~~two-year colleges.~~

25 ~~A two-year college is eligible for incentive funding under this section~~  
26 ~~if the graduation rate for the two-year college is three percent (3%) or more~~  
27 ~~than the institutional baseline.~~

28  
29 ~~6-61-1308. Technical certificate completion rate improvement~~  
30 ~~incentives for two-year colleges.~~

31 ~~A two-year college is eligible for incentive funding under this section~~  
32 ~~if the completion rate for technical certificates is three percent (3%) or~~  
33 ~~more than the institutional baseline.~~

34  
35 ~~6-61-1309. Retention rate improvement incentives for universities.~~

36 ~~A university is eligible for incentive funding under this section if~~



1 ~~the retention rate for the university is three percent (3%) more than the~~  
 2 ~~institutional baseline.~~

3  
 4 ~~6-61-1310.— Graduation rate improvement incentives for universities.~~

5 ~~A university is eligible for incentive funding under this section if~~  
 6 ~~the graduation rate for the university is three percent (3%) more than the~~  
 7 ~~institutional baseline.~~

8  
 9 ~~6-61-1311.— Duties of the Arkansas Higher Education Coordinating Board.~~

10 ~~The Arkansas Higher Education Coordinating Board shall:~~

11 ~~(1) Develop, implement, and administer the program as provided~~  
 12 ~~under this subchapter;~~

13 ~~(2) Allocate any and all incentive funding that is appropriated~~  
 14 ~~for the program to each institution that qualifies in each category under~~  
 15 ~~this subchapter;~~

16 ~~(3) Promulgate rules for the administration of this subchapter;~~  
 17 ~~and~~

18 ~~(4) Report on the status of the program, including~~  
 19 ~~recommendations for any changes to the program, to the Legislative Council,~~  
 20 ~~the House Committee on Education, and the Senate Committee on Education no~~  
 21 ~~later than December 1 of each even-numbered year, beginning on December 1,~~  
 22 ~~2008.~~

23  
 24 ~~6-61-1312.— Implementation Date.~~

25 ~~This program shall be implemented on July 1, 2009.~~

26  
 27 SECTION 6. Arkansas Code § 6-64-305(f)(18), concerning the exemption  
 28 of the eVersity of the University of Arkansas system from certain statutes,  
 29 is repealed.

30 ~~(18) Productivity Enhancement for Undergraduate Higher Education~~  
 31 ~~Act, § 6-61-1301 et seq.;~~

32  
 33 SECTION 7. Arkansas Code § 22-3-2010(b), concerning the reporting of a  
 34 performance review of the Sustainable Energy-Efficient Buildings Program, is  
 35 amended to read as follows:

36 (b) No later than December 1, 2010, and each year thereafter, the

1 Arkansas Energy Office ~~and each institution of higher education~~ shall report  
2 to the cochairs of the Legislative Council its:

- 3 (1) Findings under subsection (a) of this section; and  
4 (2) Recommended changes, if any.

5  
6 SECTION 8. Arkansas Code § 25-17-307 is amended to read as follows:

7 25-17-307. ~~Rules and regulations~~ Policies for motor vehicles on  
8 institutional grounds.

9 (a) Each of the institutions described in § 25-17-301 ~~is authorized to~~  
10 may adopt ~~promulgate rules and regulations policies~~ and ~~to amend or change~~  
11 ~~them~~ policies ~~from time to time as its governing board shall deem necessary,~~  
12 providing that provide for the operation and parking of motor vehicles upon  
13 the grounds, streets, drives, and alleys under its control, including, ~~but~~  
14 ~~not limited to, the following regulations~~ without limitation:

15 (1) Limiting the rate of speed;

16 (2)(A) Assigning parking spaces, ~~and~~ designating parking areas  
17 and their uses, ~~and~~ collecting charges or fees as rent for those parking  
18 spaces.

19 (B) The charges or fees collected under subdivision  
20 (a)(2)(A) of this section, other than fees for parking or parking passes for  
21 athletic events or other special events, ~~shall not be considered as~~ do not  
22 constitute payment for the providing of any service ~~of any nature~~ to the  
23 person paying the charges or fees as rent and ~~shall be~~ are exempt from the  
24 tax levied ~~by~~ under § 26-52-301(3);

25 (3) Prohibiting parking ~~as it deems necessary~~;

26 (4) Removing vehicles parked in violation of institutional ~~rules~~  
27 ~~and regulations~~ policies or city ordinances, at the expense of the violator,  
28 who shall pay the expense before the vehicle is released;

29 (5) Instituting a system of motor vehicle registration for the  
30 identification and regulation of vehicles regularly using institutional  
31 premises, including without limitation a reasonable charge to defray the cost  
32 ~~thereof~~ of the system; and

33 (6)(A) Collecting, ~~under an established system,~~ administrative  
34 charges for violations of institutional ~~rules and regulations~~ policies  
35 governing motor vehicles, ~~their~~ the operation of motor vehicles, and the  
36 parking of motor vehicles.

1 (B) However, an administrative finding of a violation of  
 2 policies under this section may be appealed to the appropriate district court  
 3 where the matter shall be heard de novo.

4 (b) ~~Rules and regulations~~ Policies, together with any amendments  
 5 thereto, ~~which that~~ may ~~from time to time~~ be adopted by a state institution  
 6 ~~for the regulation of~~ to regulate the operation and parking of motor vehicles  
 7 ~~shall be recorded in the official minutes of the governing board having~~  
 8 ~~supervision of the institution, shall be filed with the Secretary of State,~~  
 9 ~~and~~ shall be posted online or printed, with copies available at convenient  
 10 locations at the institution ~~or at any separate portion thereof.~~

11 (c) Speed limits shall be posted at reasonable intervals, and traffic  
 12 and parking directions and prohibitions shall be indicated by signs.

13 (d)(1) ~~From and after the promulgation of the rules and regulations~~  
 14 Upon the adoption of policies under this section, it shall be unlawful for  
 15 ~~any a~~ a person to operate or to park a motor vehicle in violation ~~thereof of~~  
 16 policies adopted under this section. ~~Any person violating or refusing~~

17 (2) A person who violates or refuses to comply with the ~~rules~~  
 18 ~~and regulations~~ policies adopted under this section, if not otherwise  
 19 ~~provided for~~ regulated by city ordinance, shall be subjected to a reasonable  
 20 administrative charge ~~stated in the promulgated rules and regulations~~  
 21 provided in the policies adopted under this section.

22 (e)(1)(A) ~~Persons violating institutional rules and regulations~~  
 23 ~~promulgated~~ A person who violates policies adopted under this section while  
 24 using a motor vehicle registered with the institution, at the option of the  
 25 institutional law enforcement officer, shall be charged under the  
 26 institution's system of charges or summoned to appear before ~~any a~~ a court of  
 27 competent jurisdiction, ~~to be dealt with according to law.~~

28 (B) A person adversely affected by ~~any an~~ an administrative  
 29 determination of an institution as described under subdivision (e)(1)(A) of  
 30 this section ~~shall have a right to~~ may appeal ~~therefrom~~ the administrative  
 31 determination to the appropriate district court where the matter shall be  
 32 heard de novo.

33 (2)(A) ~~Persons violating institutional rules and regulations~~ A  
 34 person who violates policies adopted under this section while using a motor  
 35 vehicle not registered with the institution or ~~persons violating~~ a person who  
 36 violates city ordinances shall be summoned to appear before ~~the a~~ a court of

1 competent jurisdiction.

2                   (B) Notice placed on the vehicle ~~shall be~~ is sufficient as  
3 a summons for the purposes of ~~this section~~ subdivision (e)(2)(A) of this  
4 section.

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