

*"We can and must double the number of college graduates in Arkansas by 2025 if we are to stay competitive.*

*This is a lofty goal aimed at the future, but we must begin implementing it today."*

*Governor Mike Beebe*

## Arkansas 2025:

Leading in the Global Economy  
by Investing in Education and  
Enhancing Accountability.

Performance Funding System

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Arkansas Department of Higher Education

2011

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## **Background and Purpose**

### **Goal**

For most of the 20th Century, America was able to provide an adequate supply of college-educated citizens to keep up with the increasing demands of the workplace. Beginning around 1990, however, as America found itself fully integrated in a global economy, the supply of college-educated young people slowed to an alarming rate. Projecting these growth trends from 2010 to 2025, our country stands to lose its place as the world's economic leader. Without a dramatic increase in the supply of college-educated citizens, the American economy will shrink to unacceptable levels. It is estimated that the United States must add an additional 20,000,000 postsecondary-educated workers over the next 15 years to compete on an equal footing with other developed nations.

From the early 1990's to the present, Arkansas has experienced a more positive pattern of growth than the nation as a whole. Unfortunately, because of lower rates of educational growth and development

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throughout most of the 20th Century, Arkansas still lags significantly behind the region and the nation. Gov. Mike Beebe recognizes the importance of Arkansas's educational attainment for the future economic growth and the prosperity of its people. On January 11, 2011, the Governor issued a challenge to the state and to its institutions of higher education by stating: “We can and must double the number of college graduates in Arkansas by 2025 if we are to stay competitive. This is a lofty goal aimed at the future, but we must begin implementing it today.”

The Arkansas General Assembly, Arkansas Department of Higher Education (ADHE) and the state's public institutions of higher education accepted the Governor's challenge. Senators Gilbert Baker and Johnny Key and Rep. Johnnie Roebuck sponsored Act 1203 of 2011 (AN ACT TO PROMOTE ACCOUNTABILITY AND EFFICIENCY AT STATE-SUPPORTED INSTITUTIONS OF HIGHER EDUCATION; TO CLARIFY FUNDING FORMULA CALCULATIONS FOR STATE SUPPORTED INSTITUTIONS OF HIGHER EDUCATION). Act 1203 was enacted by the Arkansas General Assembly and, on April 5, 2011, Gov. Beebe signed it into law. Over a period of five years starting with FY2013-14, 25% of an institution's base funding will be allocated according to performance.

ADHE Interim Director Shane Broadway and his staff dedicated significant time and effort working with the colleges and universities to develop an effective model for implementing the performance funding component required by Act 1203. Work groups were formed and met weekly to develop performance measures for funding the two- and four-year institutions. Because of the short amount of time available to complete the funding measures, it was critical that the work groups receive weekly data reports to evaluate and validate the measures discussed the previous week. ADHE staff provided the necessary information in a timely manner. This report was written as a result of efforts of the work groups. Without the strong pattern of cooperation among the higher education community and ADHE leadership and staff, this report would not have been possible.

Few can question the importance of the Governor's goal. According to SREB, the fastest-growing, highest-paying jobs require education beyond high school. Jobs in the United States are projected to increase by 19% by 2016 for people with associate degrees and by 17 percent for those with bachelor's degrees.

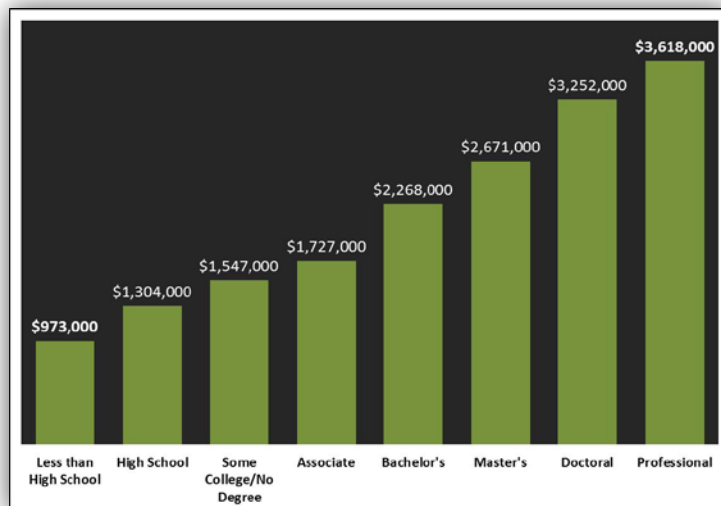
The past three years of economic turmoil have made many Americans question where they should invest for their future. Today, passbook savings provide little return. The volatile stock market has sapped many 401(k)s and the safe harbor of homeownership has vanished in a sea of over-extensions and foreclosures. One investment, however, is never questioned: higher education. While some argue that college graduates earn 84% more over their lifetime than their high school-educated counterparts, and others argue the real additional economic value is 74%, no one claims there is not a significant financial return on the investment in a college education. “On average, a four-year degree is the equivalent of an investment that returns 15.2% a year. That’s more than double the average return to stock market investments since the 1950s, which average 6.8%; more than five times the return to investments in corporate bonds, which return 2.9%; gold at 2.3%, long-term government bonds at 2.2% and housing at 0.4%.” (College Planning, June 2011)

The data are clear that with each increasing level of postsecondary education from the certificate to the doctoral degree there is a corresponding increase in lifetime financial earnings. While these earnings are most often measured in terms of dollars, earnings also accrue in job satisfaction, career advancement, job attainment and a host of other job-related benefits.

While the economic returns of post-secondary education are important, there are a host of social and personal advantages a college degree brings to almost every aspect of our lives. College graduates are healthier, live longer, have more stable family lives, and contribute greatly to their communities. College graduates are significantly less likely to commit crimes and more likely to participate in the civic life of their community. With the economic, social and personal advantages a college education promotes, it is not at all surprising that college graduates are much more likely to say they are “very happy” than are their high school graduate counterparts. Gov. Beebe’s goal for Arkansas is worthwhile for so many reasons; however, none is more important than the fact that education simply makes life better - better for the individual, better for the family and better for the community.

For these and many other reasons, the institutions of higher education are strongly united behind the Governor’s goal of doubling the number of graduates in Arkansas by 2025. Educational achievement is the pathway to prosperity for all Arkansans. Act 1203 of 2011 will help achieve this dream. While this Act and our goal focus on numbers, we cannot let our ambitions for quantity in any way reduce the commitment to quality that has characterized Arkansas higher education. This commitment was recognized in Act 1203 which encouraged steps to “promote degree production while maintaining a high level of rigor” and by requiring higher education institutions to “address institutional accountability for the quality of instruction.” Lasting educational improvement results from the collaborative efforts of all citizens of the state working together to increase the number of graduates. But increasing the number of graduates must be done while maintaining the quality educational experience necessary for success as Arkansas citizens and members of the global community.

**Median Lifetime Earnings by Highest Educational Attainment, 2009 Dollars**



Source: “The College Payoff; Education, Occupations, Lifetime Earnings,” Georgetown University Center on Education and the Workforce

## National, Regional and State Initiatives

### **National**

During the past decade, the national higher education community has seen a dramatic and increasing concern with America's place in the world's educational community. The United States is falling behind other countries in educational attainment. For the first time in history, the current generation of Americans will not be better educated than their parents, and in fact, America's 18- to 24-year-olds are less educated than today's 25- to 64-year-olds. The cause is not as simple as fewer Americans seeking a college education. Quite the contrary, the college-going rate in the United States has remained high. However, many of those fail to complete college, particularly among underrepresented and low-income students.

Almost 50 years after President John F. Kennedy surprised the world by pledging to send a man to the moon, President Barack Obama publicly recognized that America has lost its preeminent standing among the world's most educated nations. In a February 2009 speech to a joint session of Congress, the President challenged the nation by declaring, "By 2020, America will once again have the highest proportion of college graduates in the world. That is a goal we can meet."

As a nation, we have confronted this situation in a number of ways. In 2004, the Lumina Foundation partnered with seven of the leading higher education organizations to start a national initiative - *Achieving the Dream*. Its goal was to encourage community college students, particularly low-income and minority students, to achieve their dreams by staying in school and earning a degree. Four Arkansas two-year colleges were selected to participate and were funded through the Winthrop Rockefeller Foundation. Every *Achieving the Dream* institution develops and implements research-based policies and practices based on quantitative and qualitative analyses of its institutional strengths, problem areas and achievement gaps. Recently, Phillips Community College of the University of Arkansas and Pulaski Technical College were recognized as *Achieving the Dream* leader institutions for student-centered models of institutional improvement.

"By 2020, America will once again have the highest proportion of college graduates in the world. That is a goal we can meet."  
*President Barack Obama*

Additionally, Arkansas's *Career Pathways Initiative* (CPI) has been recognized as a national model for helping single parents complete a credential and get a job. In September 2011, the Secretary of Health and Human Services visited Arkansas to recognize CPI as one of the 10 best programs in the nation addressing the needs of TANF clients.

During the fall of 2007, a group of public higher education systems from nearly half of the states participated in a program called *Access to Success* in cooperation with the National Association of System Heads and the Educational Trust. The two major goals of this initiative were to dramatically increase the number of college graduates and ensure these graduates more closely resemble the profile of contemporary high school graduates, especially low-income and minority students.

Most recently, four two-year colleges and five universities were selected to participate in a *Complete College America* program aimed at improving college completion and closing attainment gaps for traditionally underrepresented populations.

Additionally, many states have engaged in developing performance models to increase productivity in higher education. In fact, performance funding is a major initiative of the National Governor's Association. Gov. Chris Gregoire of Washington, the current chair of the National Governors Association (NGA), recently said, "The challenge before us when it comes to higher education is increasing productivity – graduating more students with the skills our states need with the resources we have." Performance funding, however, is not a new phenomenon. The first performance funding started in Tennessee in 1979, and since that time over half of the states have developed and implemented a performance funding system. In fact, on January 28, 1994, the Arkansas State Board of Higher Education adopted a performance system titled, "*Strategies for Improvement: Productivity Enhancement for Arkansas Higher Education.*" This system, which allocated new monies based on seven statewide goals, was used for one funding cycle and then discontinued.

### **Regional**

Individual states and regions of the country quickly moved forward to accept the challenge of producing more graduates, and many did so through the mechanism of performance funding. For instance, efforts in Tennessee, Pennsylvania and Ohio are instructive.

In 1979, Tennessee implemented the first performance funding system for universities and community colleges. In 2010, the Tennessee performance funding model was modified to emphasize 10 outcomes with each assigned a scaled factor with an appropriate weight (e.g. student progression, transfer, degree attainment, research and service). Each measure of the state's institutions was weighted differently depending on its particular scope and mission. This new performance model in conjunction with the previous performance model and with maintenance, operations and equipment allocations makes up the total budget recommendations for higher education institutions in Tennessee.

In 2001, Pennsylvania initiated a performance funding model with a state allocation equal to 2.4% of the total educational and general operating budgets for institutions of higher education. The formula included 10 measures (five mandatory and five non-mandatory) that would allow institutions to achieve a total possible score of 10 points. Mandatory measures included, for example, the number of degrees conferred with special emphasis on bachelors' degrees awarded, improvement in the graduation of low-income and underrepresented minority students, faculty diversity and level of private support.

Ohio instituted its performance funding model in 2010. The university formula includes both degree completion and course completion, with additional weight on course completions by at-risk students. Additionally, the model takes into account mission-specific goals and funding for graduate and medical education. Ohio's community college formula provides a large portion of funding on the basis of enrollment, primarily because they serve a large number of non-traditional and underprepared students. Beginning in 2011, community colleges began receiving a portion of funds based on a number of success points including course completion, progression, degree completion and transfer.

In addition to the efforts of individual states, national and regional organizations developed programs to assist states to increase the number of graduates. The National Center for Higher Education Management Systems (NCHEMS) developed programs to coordinate the efforts of a number of states. Supported by a Lumina Foundation grant, the Southern Regional Education Board (SREB), through its Web site ([www.electroniccampus.org](http://www.electroniccampus.org)), assisted adults who had started but not completed a college program.

## **State**

In Arkansas, as a result of the culmination of a number of prior efforts, institutions have focused even more resources to provide access to all students and ensure those students are successful in earning a higher education credential.

### **Access to Success**

One of the most recent efforts, *Access to Success*, an initiative of Rep. Johnnie Roebuck and Sen. Gilbert Baker, laid out a number of challenges for the state's higher education institutions. One challenge is particularly relevant to the performance model outlined in this report.

- **Strengthening the Arkansas Education Pipeline** -The number of Arkansas residents who hold certificate, associate or bachelors' degrees is below the national average, and an insufficient number of students attending two-year colleges pursue a bachelors' degree.

In order to reach the goal of doubling the number of certificates and degrees by 2025, Arkansas higher education institutions must produce 4.73% more credentials than the current pace each year. Arkansas institutions are poised to meet this challenge. One only need look to the SREB rankings from the most recent year to see that Arkansas colleges and universities are No. 1 in the growth rate of bachelor degree production and No. 2 in the growth rate of associate degree production.

As mentioned above, while SREB has taken note of the progress Arkansas institutions have seen in the production of certificates and degrees, it must be acknowledged that the national rankings for retention and graduation only account for a small percentage of students enrolled in Arkansas institutions. The traditional IPEDS definition for graduation rate calculations fails to include the vast majority of students on today's college campuses since it only accounts for first-time, full-time, degree-seeking students who enroll in the fall semester. This narrow definition does not include the increasing number of part-time students, those who begin in the spring semester or those who transfer to another institution. The *Access to Success* task force recognized the need to go beyond the traditional definition of "student," and in particular on Page 35, Item 7.5, clearly stated that in measuring rates of remediation, retention and graduation, the definition of "student" be broader than "first-time, full-time." We could not agree more.

### **STEM Works**

*STEM Works*, an initiative of the Governor's Workforce Cabinet, specifically seeks to overhaul the ways in which Arkansas high school students receive STEM education and increase the number of well-qualified STEM teachers. *STEM Works'* objectives specifically seek to:

- Accelerate and transform secondary STEM education to better prepare high school graduates to pursue college degrees in STEM disciplines through New Tech High Schools and Relevant Education for Active Learning (REAL) schools, an initiative of the Environmental and Spatial Technology (EAST) schools.
- Provide special secondary teacher training through the UTeach program for college STEM majors to ensure that Arkansas produces a steady stream of qualified teachers.

One of the goals of *STEM Works* is to have 10 high schools implementing extensive project-based learning by the start of the August 2012 school year.

ADHE Interim Director Shane Broadway recently said, “It is critical for Arkansas to emphasize STEM education as we envision the jobs we will need in the future. We need to produce increasing numbers of STEM professionals with associate, baccalaureate, master’s and doctoral degrees and, more importantly, we need to produce more teachers in the STEM disciplines who have deep content knowledge and understand student learning.”

### **National Center for Higher Education Management Systems (NCHEMS)**

As part of its statewide effort to increase the number of graduates, Arkansas engaged NCHEMS to study its past progress and suggest additional strategies. The resulting report, *Increasing the Competitiveness of the Arkansas Workforce for a Knowledge-Based Economy: How Do Current Higher Education Policies Help or Get in the Way?* outlined two goals that speak to the heart of efforts to fully prepare today’s students for tomorrow’s future.

A goal stated by NCHEMS:

- Any strategy to improve the state’s competitiveness must address all regions, not only those that are currently the most competitive. Differences across regions of Arkansas in income are directly related to the educational level of [its] population. Arkansas is composed of several different ‘states’ in terms of demography, economy, and educational attainment.

In the August 17, 2011, *Arkansas Democrat-Gazette*, columnist Rex Nelson contributed an article illustrating the two very different areas of our state. He wrote: “[T]here are a number of counties in the central, northwest and western portions of Arkansas doing relatively well economically while consistently gaining population. Then, there are large swaths across the eastern and southern portions of Arkansas that continue to struggle. Thirty-nine counties gained populations during the past decade. Thirty-six counties lost population.” There are several institutions located in south Arkansas with relatively stagnant, even declining, populations with large pockets of low-income workers. To be successful, all sectors of the higher education community must do well.

Arkansas has begun to develop strategies to address regional education and training needs. For example, five two-year colleges in the Arkansas Delta collaborated to use their collective resources to address current and future training needs of business and industry. Gov. Mike Beebe has called the Arkansas Delta Training and Education Consortium (ADTEC) “the model” for matching community college curriculum to the needs of potential businesses and area employers. Based on the success of ADTEC, all two-year colleges in Arkansas have formed regional consortia to focus on the workforce training needs of their respective areas. The newly formed regional consortia include the North Arkansas Two-Year College Consortium, the Central Arkansas Community College Consortium and the Southwest Arkansas Community College Consortium.

Another goal stated by NCHEMS:

- Arkansas cannot reach competitive levels of educational attainment only by educating recent high school graduates. Even if Arkansas increased the college-going rate of recent high school graduates to the level of best performing states, Arkansas would still fall short in the needed increase in degree production.

Adult learners are a key, and we know there are many who either left higher education shy of the number of credits to graduate or never pursued a higher education credential after high



school. Gone are the days when training and education beyond high school were a luxury; it is now a necessity regardless of the type of employment or career one pursues.

### **Path to Accelerated Completion and Employment (PACE)**

In October 2011, the AATYC Center for Student Success, in partnership with Northwest Arkansas Community College, acquired a \$14.7 million dollar grant from the U.S. Department of Labor. The grant funds the *Path to Accelerated Completion and Employment (PACE)* program and includes all Arkansas two-year colleges. PACE has three main goals aimed at improving student success and reducing time to degree:

- Redesigning developmental education instruction in math and language, and placement test orientation for students;
- Streamlining certificate and degree programs;
- Enhancing academic advising and student development through use of technology.

### **Assessment of Current Status**

Embarking on a bold and challenging goal such as doubling the number of graduates by the year 2025 can be a daunting, almost impossible task. We believe the achievement of the goal will only be possible because this journey doesn't begin today but builds on the past accomplishments of Arkansas's institutions of higher education. The Arkansas record of accomplishments is indeed a strong one upon which to build. That past has included significant effort by the Arkansas higher education community to increase the college-going rate, the progression rate of all students from matriculation to graduation and the final destination – graduation.

SREB recently released information regarding increased production in degrees and certificates awarded by public two- and four- year institutions in the 16 SREB states. Arkansas can be proud of these results. Most relevant to Gov. Beebe's goal, Arkansas universities and colleges were ranked No. 1 and No. 2, respectively, in the growth of degree production in the SREB. From 2007-08 to 2008-09, Arkansas universities' degrees and certificates conferred grew by 7.5% while the SREB average was 3.4%. Two-year colleges over the same period increased total degrees and certificates by 18.4% while the SREB average grew by only 3.9%. From 2006-07 to 2008-09, Arkansas universities experienced a 10.5% increase in bachelor's degrees conferred while the SREB states averaged 6.5%. Without this sound foundation and commitment to growth, the goal of doubling the number of degrees each year by 4.73% would not be attainable.

### ***University Performance Funding***

In developing the performance model required by Act 1203, the university work group studied in great detail historical patterns of performance funding, looking specifically at which patterns were associated with successful funding systems. In addition, the work group studied, in more detail, states where current systems are being developed. Among the states examined closely were Tennessee, Pennsylvania, Ohio, Washington and Louisiana. From these analyses, the group found that successful systems utilize a relatively small number of simple, easy-to-understand measures explicitly tied to state goals for student completion and economic development. For example, the four mandatory measures

in the Arkansas system are bachelor credentials earned, total credentials earned, student progression toward degree completion and STEM credentials earned.

## **Guiding Principles and Timeline**

The university performance funding system is based on the following principles:

### **Increasing Credentials without Compromising Academic Rigor**

The most important feature of the performance funding system is the requirement that each university double the number of degrees it produces by 2025 while maintaining academic integrity and quality. While technical certificates and associate degrees are included, significant weighting is placed on increasing the number of bachelor's degrees awarded. The performance funding measures require all institutions be measured each year on total credentials awarded, bachelor credentials awarded, STEM production and student progression. Forty percent of all performance funding will be allocated to these four measures, with the remainder on optional measures selected by each institution.

### **Recognizing Important Policy Considerations**

With Act 1203 as our guide, the universities recognize that to bolster the economic development needs of the state, we must significantly increase the number of STEM degrees awarded to Arkansas students, as well as the number of secondary education STEM educators.

### **Missions, Role and Scope**

The performance funding measures recognize the diversity of Arkansas's universities and the varying demographics and economic realities of their locale, as well as the academic unpreparedness of many of the students they serve. The measures recognize these variations through the use of optional measures. Many of the optional measures are derived from Act 1203 and include underrepresented minorities, non-traditional, transfer and low-income graduates, as well as graduates with remedial needs and those electing a course of study in a high demand field or a critical need of a particular region of the state.

### **Economic Development**

The sponsors of Act 1203 identified research activities as a university performance funding measure recognizing its importance in bolstering the economic development of the state. In addition to teaching on the undergraduate level, several universities are involved in substantial research efforts through the receipt of external grants and awards, issuance of patents and the development of new companies. While not directly producing graduates, these economic development measures produce jobs, a component that must be present if the state has any hope of retaining a large percentage of its graduates.

### **Improvement Begins at Home**

The combination of mandatory and optional measures holds all institutions accountable for the major state goals outlined in Act 1203. The measures also allow each institution to select optional goals based on mission, role and scope. Each institution will be measured against its own progress and not against an arbitrary standard.

### **Need for Flexibility**

Since the performance funding system will be implemented over an almost 15-year period, it must be organic and adaptable to changing national, state, regional and institutional needs. Specifically, the measures recognize that the performance record in the early years will almost certainly change over

time and that it must be reviewed on an annual basis to assure the overall goal of doubling the number of graduates by 2025 is attainable.

### **Keeping it Simple**

The measures must be simple, clear and understandable – mandatory and optional measures, with an adjustment for the percentage of undergraduate students receiving a Pell award.

### **Data-Driven Decision-making**

Consistent with our two-year counterparts, the success of the performance funding measures will depend upon accurate and reliable data.

Each meeting of the university work group was attended by approximately 40 or more individuals – presidents, chancellors, academic officers, fiscal officers, institutional research and government relations personnel – representing all of the universities. Several of the meetings were attended by various staff members from the Arkansas Department of Higher Education, Governor’s Office, Bureau of Legislative Research, Dr. Olin Cook from the Arkansas Higher Education Coordinating Board, Sen. Sue Madison, Rep. Jim Nickels and Rep. Tiffany Rogers.

The following is a brief summary of the highlights of each meeting:

**April 15** – AHECB meeting (presentation and discussion of Act 1203)

**April 25** – ADHE meeting with all institutions (presentation and discussion of Act 1203)

**May-June** – Individual campus and system meetings to discuss implementation of Act 1203

**June 27** – Preliminary discussion of performance models

**July 8** – Initial meeting of the four-year work group

**July 20** – Discussion of performance funding models from PA, LA, WA, and TN based upon contact with representatives from those states

**July 22** – Discussion of performance measures, as well as *Compete to Complete* from the National Governors Association and *The Politics of Performance Funding in Eight States – Origins, Demise and Change* from the Lumina Foundation

**July 26** – Discussion of performance measures, in particular, how to address the progression of students (retention) which led to the appointment of Institutional Research personnel to create a model addressing the need to account for all students; discussion of rolling and baseline averages

**July 29** – Discussion of performance measures recommended by institutions

**August 3** – Discussion of performance measures, in particular, which credentials and degrees to count, defining and determining progression, STEM, low-income, transfer and course completion

**August 9** – Discussion of definitions ADHE prepared for each performance measure, in particular, how to define low-income and non-traditional students, appropriate STEM CIP codes, and three regional critical needs for each institution

**August 23** – Continued discussion of the issues noted above and data analysis

**August 30** – Continued discussion of the issues noted above and data analysis

**September 7** – Continued discussion of the issues noted above and data analysis

**September 14** – Continued discussion of the issues noted above and data analysis

**September 21** – Continued discussion of the issues noted above and data analysis

**September 26** – Discussion and compilation of performance funding report

**September 28** – Discussion of external grants and awards received measure, baseline year for credentials (2009-10), calculation of progression and STEM measures, and the importance of building upon the recent success in degree production of Arkansas’ colleges and universities (SREB)

**October 4** - Presidents and chancellors approve the performance funding measures recommended by the work group for consideration by the AHECB

**October 12** – Discussion and compilation of performance funding report

**October 19** – Discussion and compilation of performance funding report

## **Measures and Methodology**

The underlying guide for developing performance measures was, and continues to be, Gov. Beebe's charge to increase degree production among Arkansas's institutions of higher education. The primary measures, mandatory for all public universities and weighted for emphasis within the performance funding model, is the production of academic credentials.

The performance funding measures have been classified into three categories: (1) Mandatory; (2) Optional; and (3) Compensatory. The mandatory measures reflect those items that are most directly tied to the Governor's goal and can be measured consistently across all universities. Optional measures serve as barometers of each institution's progress in meeting the core objective of doubling the number of degrees awarded by 2025. Because institutions have different missions, role and scope designations, and serve unique geographical needs, the array of optional measures allows each institution to meet the Governor's objective in a manner that is consistent with its mission. The compensatory measure is an adjustment that recognizes the importance of engaging and advancing more individuals from low-income groups. Because this segment of the population has been underserved historically and represents one of the most significant opportunities to enhance degree production, this measure has been identified as a stand-alone item to ensure appropriate focus remains on advancing these students through the higher education pipeline.

### **Mandatory Measures**

The first two measures on which all institutions will be evaluated are continuous improvement in bachelor's degrees awarded and in total degrees awarded. Starting with a baseline of the 2009-10 academic year, the performance model establishes a goal for degree production for each public, four-year institution in Arkansas that is targeted toward doubling the number of degrees currently earned by students at these institutions by 2025.

The model established by the work group allocates points and partial points on the basis of each institution's ratio of meeting the goal. This system will allow institutions to track their own progress toward their proportionate share of degree production required to meet the goal.

For Arkansas to be competitive for higher-wage, knowledge-based jobs, the work group determined that increased degree production should also emphasize degrees earned in the sciences, technology, engineering and mathematics (STEM) disciplines. Thus, as a subset of the first two mandatory measures, all institutions will be measured on growth in STEM degrees.

### **Progression: A New Measure of Student Retention**

As we've noted, the standard IPEDS definition used to measure the retention of students for the past 20 years tracks only those who begin their college careers as first-time, full-time, degree-seeking students. While this measure captures some students on our campuses, a significant number of post-secondary students are non-traditional, and how they access higher education does not follow the pattern of traditional students.

To address these demographic variations and economic realities, a work group of individuals associated with the university institutional research offices developed a new measure for assessing student retention by focusing on tracking the progression of students toward a degree. By developing a more inclusive tracking model, the universities will hold themselves accountable utilizing a measure that more broadly reflects their student bodies and encourages support for students who enter later in life, stop out for a variety of reasons, or begin as part-time instead of full-time students.

The new progression measure is both more inclusive and addresses the intent of the performance funding legislation by counting those students who earn a threshold of credits toward their degrees or successfully complete a credential in a reasonable but more flexible time frame.

**Optional Measures**

As is the case with the new progression measure, the optional measures attempt to acknowledge and weight improvement in degree production of various subsets of students. If universities are successful with students who are most at-risk based on economic and age factors, there will be an overall growth in degrees earned.

Increasing the percentage of Arkansans who hold a bachelor’s degree or higher involves a three-pronged approach: 1) encouraging more current students to complete degrees; 2) recruiting more degree-seeking students; and 3) recruiting more business and industry to employ degree-holders. Without all of the above, we will not realize the full economic development potential of the state.

Beyond degree production, Arkansas universities contribute to the support of new and existing industry through research efforts that attract external funds, patents for new products and new companies that provide jobs throughout the state. By including these economic development considerations, high-demand and critical-needs measures as options for institutional focus, the performance funding model appropriately recognizes the various institutional missions, role and scope.

The following table provides a list of the measures with definitions:

<b>Mandatory Measures</b>	
<b>Measure</b>	<b>Definition</b>
Bachelor Credentials	Number of bachelor’s degrees earned by students for an academic year regardless of enrollment status.
Total Credentials	Number of all credentials (technical certificates and above) earned by a student for an academic year regardless of enrollment status.
STEM Credentials	Number of all credentials (technical certificates and above) earned by a student for an academic year regardless of enrollment status in the STEM CIP Codes. The source identifying STEM CIP Codes is the 2011 version published by US Immigration and Customs Enforcement (ICE). The list may be found at the following website ( <a href="http://www.ice.gov/sevis/stemlist.htm">www.ice.gov/sevis/stemlist.htm</a> ).
Progression: University Version (New Arkansas Measure)	This measure utilizes a cohort of credential-seeking students enrolling in 6 or more hours during a fall semester. The cohort is then tracked through the next academic year to identify how many students in the cohort earned a total 18 or more credit hours through the two academic years (including remedial/developmental courses). The Progression Rate is expressed as a percentage and changes over time are expressed as a difference in percentage points. If a student graduates during the allotted time frame, then that student is counted as progressed.

<b>Optional Measures</b>	
<b>Measure</b>	<b>Definition</b>
Course Completion	This is a Successful Course Completion Rate calculation which compares number of successful SSCH to all SSCH in all non-remedial courses. The Successful Course Completion Rate is expressed as a percentage and changes over time are expressed as a difference in percentage points.
High Demand Credentials	Number of all credentials (technical certificates and above) earned by a student for an academic year regardless of enrollment status in the HIGH DEMAND CIP Codes. The 2011 version of the HIGH DEMAND CIP Codes were obtained from ADWS (Arkansas Department of Workforce Services).
Minority Student Credentials	Number of all credentials (technical certificates and above) earned to persons identified as Asian only, Black only, Hispanic any, American Indian/Alaska Native only, Hawaiian/Pacific Islander only or Two or More Races. (Unknowns, Non-Resident Aliens, White and Other graduates are not included.)
Non-Traditional Student Credentials	Number of all credentials (technical certificates and above) earned by a non-traditional student in an academic year. Non-traditional students are defined as age 25 or older at the time of graduation.
Remedial Student Credentials	Number of all credentials (technical certificates and above) earned by a remedial student in an academic year. Remedial students are defined as students who were required to take at least one remedial course for completion.
Regional Economic Needs Programs Credentials	Number of all credentials (technical certificates and above) earned by a student for an academic year regardless of enrollment status in programs identified by the institution and approved by the Arkansas Higher Education Coordinating Board. See Appendix B for detail.
Transfer Student Credentials	Number of all credentials (technical certificates and above) earned by a student transferring from another Arkansas public institution of higher education.
Expenditure of Federal Awards	Increase in restricted federal expenditures excluding transfers and scholarships by fiscal year.
Patents	The number of U.S. patents (utility, plant or design) issued or reissued to an institution within the year. Certificates of plant variety protection issued by the USDA should be included.
New Company Start-ups	The number of new companies started during the years that were dependent on licensing an institution's technology for their formation.
<b>Compensatory Measure</b>	
Percentage of Pell Receiving Undergraduate Population	Percentage of all undergraduate students receiving Pell grants ( <a href="http://nces.ed.gov/collegenavigator/">http://nces.ed.gov/collegenavigator/</a> )

## ***Two-year College Performance Funding***

Arkansas two-year colleges have come a long way in 20 years. Twenty-two two-year colleges provide access to higher education to all corners of the state. In the last five years alone, student enrollment at Arkansas community colleges has grown more than 25%. New programs have been established to keep up with technology changes and the needs of business and industry. Partnerships have been forged among colleges and with the business community to share resources and capitalize on regional strengths.

Some things have not changed. Two-year colleges are open-door institutions with student populations that reflect the communities they serve. Nationally, nearly half of all community college students are the first in their family to attend college. In Arkansas, nearly half of community college students are ages 25 and older and the vast majority requires remediation.

Two-year colleges have been working to improve student success for years and the recently established AATYC Center for Student Success, funded by the Winthrop Rockefeller Foundation, will build upon this work. There is no one-size-fits-all answer; it takes a variety of programs and services to meet the diverse needs of students. While performance funding is a natural next step to continue to encourage student success, the model should help lower-performing colleges improve through data-based decision making.

#### **Arkansas Two-Year College Students**

- 86% require at least one remedial course.
- 43% attend part-time.
- 48% are ages 25 and older.
- Nationally, nearly half of all community college students are the first in their family to attend college.

### **Guiding Principles and Timeline**

Two-year colleges are open-door institutions that serve four major educational purposes: 1) technical skills education; 2) preparation for transfer to a four-year university; 3) remedial education and; 4) workforce training for business and industry. A two-year college performance funding model must incorporate all four purposes.

Considering the unique characteristics of two-year colleges, the work group struggled with several questions while developing a performance funding model. The group found it imperative to keep the model as simple as possible while also maintaining flexibility for individual colleges to account for regional missions and demographics.

It was immediately clear that two-year colleges have a number of things in common. They all serve academically under-prepared students requiring remediation and extra support from student services. They all have a significant number of part-time and non-traditional students, and they all share the goal of increasing course and credential completion.

With these commonalities in mind, it was clear that an accurate model for two-year colleges must measure the success of all students. In addition, the mission of two-year colleges cannot be compromised. They must continue to serve all Arkansans with dreams of pursuing higher education, while maintaining academic rigor to deliver a quality higher education.

There are also some differences among Arkansas two-year colleges. While all colleges have significant populations of low-income and academically under-prepared students, some regions of the state have considerably more. Emphasis on workforce training needs and transfer to four-year universities also varies by region.

Another consideration was how enrollment changes could impact data. For example, the explosive enrollment growth between 2008 and 2010 was a result of a lagging economy. As people lost jobs, they enrolled in college for training or re-training. Enrollment is likely to stabilize or even decrease as the economy recovers and people return to work. This could eventually impact the number of credential completers and skew the data.

A final concern during this process was ensuring that each institution could calculate the data and arrive at the same number as ADHE. Data credibility will set the tone for the success of this model.

The following is a timeline of the two-year college work group process:

#### **May 2011**

- Presidents and Chancellors (Ps/Cs) conduct a conference call with Ron Abrams regarding Ohio's performance funding model.

#### **July 2011**

- Ps/Cs nominate personnel for a performance funding work group. The group includes a diverse skill-set including finance, research, student affairs, academic affairs and faculty.
- An initial planning meeting is held to discuss strategy. The group identifies performance funding models from other states to research in-depth. States included Washington, Ohio, Tennessee, Pennsylvania, Indiana and Louisiana. Work group members volunteer to call representatives from each state. A conference call is held for members to report findings back to the group.
- Tennessee and Ohio emerge as potential models for Arkansas and conference calls are arranged to have representatives from those states speak to the entire work group.
- The work group meets with ADHE to discuss timeline and potential measures.
- Work group members report regularly to Ps/Cs regarding progress.

#### **August 2011**

- Conference calls are held with the work group and representatives from Tennessee and Ohio.
- Based on discussions with Tennessee and Ohio, AATYC drafts measures and definitions for the work group to consider.
- The work group meets in person one time and by conference call three times.
- The work group meets with ADHE two times to discuss definitions and methodology.
- Work group members report regularly to Ps/Cs regarding progress.
- AATYC reports on progress of the work group to Ps/Cs and receive feedback.

#### **September 2011**

- The work group meets independently and with ADHE to finalize recommendations.
- AATYC holds a webinar for Ps/Cs to explain in detail the recommendations of the work group. Ps/Cs are asked to review the recommendations and to be prepared to make decisions and vote in two weeks.
- Ps/Cs meet on September 22<sup>nd</sup> to review and vote on recommendations. Ps/Cs break into four groups by region. Information is presented in stages and is discussed first in small groups. Small groups report out to entire group. Ps/Cs vote individually on each issue.
- AATYC makes revisions and distributes the final performance funding model to Ps/Cs, the work group and ADHE.



## **Measures and Methodology**

The basic framework for the two-year college model includes mandatory, mandatory compensatory and optional measures – the latter are available for colleges to select based on individual mission and demographics.

While reviewing data from previous years, the work group became concerned with controlling for data anomalies. For example, in 2010 Pulaski Technical College embarked on an ambitious project to locate credential eligible students who never applied for graduation. As a result, the college doubled its number of completers that particular year. This increase was a one-time occurrence and cannot be replicated in the near future. Another example is the closing of the Brown Shoe Factory in Paragould. Dislocated workers flocked to Black River Technical College to upgrade their skills, resulting in a temporary increase in enrollment. As these dislocated workers completed their educational goals and returned to work, enrollment returned to normal. With these and other examples in mind, the work group decided to use an average of multiple years in the data comparisons. For all measures, an average of the most recent three years is compared to an average of the most recent five years.

### **Mandatory Measures**

The four major categories of two-year college mandatory measures include: 1) Course completion; 2) Progression; 3) Credential completion and; 4) At-risk students. These measures are standard across all 22 two-year colleges.

#### **Course Completion**

As noted earlier, it is common for students to enroll in two-year colleges for one or two courses in order to get a job or promotion. It is also common for students to complete remedial courses at two-year colleges before transferring to a four-year university. To account for “swirling” students whose success would never be included in a measure of credential completion alone, a course completion measure is included for both remedial and non-remedial courses.

#### **Progression**

Progression is essential to the eventual goal of completing a credential. However, traditional measures include only first-time, full-time students. This traditional measure is inadequate for the modern two-year college student who is likely to be an adult attending part-time. To measure progress of all students, a new progression rate was developed for both two- and four-year institutions. As discussed in the university measures, this new progression rate is more inclusive and more accurately reflects the progression of adult and part-time students.

#### **Credential Completion**

In order to meet Gov. Beebe’s goal of doubling the number of Arkansans with degrees by 2025, it is essential to include a measure of associate degree completers; however, this is only a fraction of the two-year college mission. Arkansans with certificates of proficiency and technical certificates have skills that are essential to nearly half of projected new jobs, according to Skills2Compete. Therefore it is essential to measure the number of all credential completers. To address the work group’s concerns about enrollment swings impacting the number of completers and skewing the data, an additional measure of completers relative to enrollment is included.

### At-Risk Students

While all two-year colleges have a significant number of at-risk students, certain regions have considerably more. Students are considered at-risk if they are less likely than the general population to meet their educational goals. The at-risk factors common to all two-year colleges include low-income and academically under-prepared students. To give some credit to colleges with more of these students, compensatory measures for low-income and under-prepared are included.

### Optional Measures

To account for varying missions and regional demographics, seven optional measures from which colleges may select are included. Optional measures include STEM credentials, high-demand credentials, workforce training, transfer, adult completion, minority completion and employment.

The following table provides a list of two-year college measures with definitions:

<b>Mandatory Measures</b>	
<b>Measure</b>	<b>Definition</b>
Remedial Course Success	The rate of remedial courses completed relative to remedial courses attempted.
Non-remedial Course Success	The rate of non-remedial courses completed relative to non-remedial courses attempted.
Progression	The rate of students that complete either 18 hours or a credential.
Certificates of Proficiency	The number of certificates of proficiency awarded.
Technical Certificates	The number of technical certificates awarded.
Associate Degrees	The number of associate degrees awarded.
Total Credentials	The rate of credentials awarded relative to enrollment.
<b>Mandatory Compensatory Measures</b>	
<b>Measure</b>	<b>Definition</b>
Low-Income	The number of low-income students relative to enrollment.
Under-prepared	The number of underprepared students relative to enrollment.
<b>Optional Measures</b>	
<b>Measure</b>	<b>Definition</b>
STEM Credentials	The number of STEM credentials awarded.
High Demand Credentials	The number of high demand credentials awarded.
Workforce Training	The number of workforce training contact hours reported.
Transfer	The number of students that transfer after completing a minimum of 12 hours.
Adult Credentials	The number of credentials awarded to adults.
Minority Credentials	The number of credentials awarded to minorities.
Employment	The number of credential completers that obtain employment.

## ***Sustainability and Maintenance***

The performance funding models described above were designed to assist Arkansas students to succeed in their higher education goals and in doing so reach the statewide goal of doubling the number of graduates by 2025. Through a system, designed to encourage two- and four-year campuses to continually improve academic and support programs, Arkansas institutions of higher education will help more students prepare for increasingly sophisticated and technologically demanding jobs. A better educated and trained workforce will help the state attract a greater number and diversity of business and industry.

It is important to note, however, that this is not a “one-and-done” model in which higher education develops a performance model and then sits back and watches the advantages accrue. In fact, future employment opportunities and needs will continue to grow, change and develop. Regions of the state will continue to change both in economic opportunity and in demographic composition. The performance model must not only deal with the current economic and educational environment but should also respond to emerging and changing needs of the future.

In order to maintain an effective system, it must be continually monitored to assure it effectively serves the students of the state. To accomplish this goal, a standing committee from higher education institutions and ADHE will be formed to examine the performance funding landscape each year and make recommendations to the Presidents and Chancellors Executive Council and Arkansas Higher Education Coordinating Board for needed modifications. Each year’s evaluation will focus on the previous year’s results in each of the measures and in the overall growth of graduates. Changes may be needed in the scales attached to each measure, weighting of various measures, funding distribution and even the measures themselves.

An important task of the standing committee will be to review and analyze data in order to set performance targets for institutions. The targets would serve as the benchmark for an institution’s continued performance. An institution that attains or maintains the target on any measure will receive points comparable to those allocated for improvement. For example, it would be impossible for an institution to reach 100 percent on its progression measure, thus it will be necessary for the standing committee to establish targets that are both meaningful and realistic.

This ongoing evaluation will be empirically-based, and will assure that timely modifications are made so that Arkansas students can succeed and the state can reach its economic and social goals through increasing the number of citizens who complete college. The standing committee will meet annually and make recommendations for needed modifications for the next year’s funding.

While there are obvious reasons why we must continually monitor and adapt this system to changing state needs, it is ever more important when a campus or an entire region of the state could lose up to 25% of its higher education funding base in a given year. No organization could be expected to continue operating effectively after such a dramatic loss. The results of such a substantial loss to an institution could reverberate throughout the entire state. Not only would the state goal of doubling the number of graduates be jeopardized, but the entire student body of an institution would be penalized through the almost certain reductions in the faculty and staff needed to provide an adequate education. Careful

monitoring, updating and improving of the performance funding model, as well as providing assistance to an institution experiencing serious challenges, will help assure that this dire situation never occur.

While improving retention and graduation has always been a priority for Arkansas's institutions of higher education, now is the time for state policy to zero in on degree completion. For more than two decades, Arkansas policymakers have focused on increasing access to college and improving the state's college-going rate. Beginning with legislation that allowed for the formation of the state's community colleges in 1991 and continuing with the creation of a number of state scholarship programs, particularly the Academic Challenge Scholarships in 1991 and the Governor's Distinguished Scholarships in 1997, Arkansas has attempted to remove the financial and locational impediments to give citizens of all types the opportunity to better themselves through higher education. This effort culminated in 2009 with the establishment of the Arkansas Scholarship Lottery, which is generating roughly \$100 million a year in Academic Challenge Scholarships.

While access to higher education has improved dramatically, many first-generation students who are under-prepared for college-level work have entered the pipeline and struggled to earn degrees. While statistics show that Arkansas colleges and universities are steadily improving degree production, we must continue to do more to get these students to the finish line. We believe this performance funding model is the logical next step in continuing to improve student success, while maintaining a policy that encourages all citizens to go to college.

Meanwhile, state policy also must continue to focus on ensuring that Arkansas high school students are prepared for the rigors of higher education. The state has made great strides through the implementation of common core standards and must continue to encourage school districts to give students the opportunity to prepare themselves to further their education after high school. As Gov. Beebe often says, we must focus on the entire education system, from Pre-K through graduate education, to improve the economic well-being of all Arkansans.

## ***Preserving Academic Integrity***

While Arkansas's colleges and universities are firmly committed to meeting Gov. Beebe's challenge of doubling the number of baccalaureate degree holders in the state by 2025, any increase in the quantity of degrees awarded cannot come at the expense of academic standards and quality. Thus, our commitment to increasing the number of baccalaureate degree holders does not imply a decrease in academic quality or, in any manner, infer that institutions of higher education will award a single degree based upon the numerical objectives discussed earlier in this report. Therefore, significant care must be taken to preserve the academic integrity of each institution as we embark upon this bold journey, together.

The role of the faculty will be essential to the success of this journey as they continue to foster high-quality learning environments while also supporting student development and retention initiatives that will occur outside of the classroom. As more students enter into, and are retained by, the Arkansas higher education system, it will be imperative that the faculty, department chairs, and academic deans be provided with continuing opportunities for meaningful input into all efforts designed to enhance the academic performance of students on their respective campuses. Therefore, the nexus between the offices of Student Affairs and Academic Affairs must remain strong on all campuses to ensure good students do not "fall between the cracks." Further, this nexus to quality is important to ensure students

who are not as prepared academically are acquiring the skills and receiving the guidance and direction needed to unlock their full academic potential.

Faculty will continue to provide mentoring, encouragement, understanding and advising to support students in meeting the rigor presented by each academic program. However, academic success ultimately lies at the feet of each student and this success is dependent upon students being prepared for the challenges of higher education and their willingness to embrace the tenets of commitment, discipline and sacrifice in their pursuit of a college education. Consistent with this commitment by our students, we will strive to preserve the academic integrity of all programs in a manner that assures the public that all Arkansas college graduates are prepared to work, live, and lead in the communities they will one day call home.

Academic quality will be preserved throughout this process by utilizing a combination of the following measures of quality at each public institution of higher education.

- The maintenance of regional accreditation by each institution.
- The maintenance of regionally and nationally accredited academic programs.
- Monitoring the percentage of students who graduate from accredited programs.
- Monitoring student performance on professional licensure exams.
- Monitoring the number of two-year college students that transfer to four-year universities.
- Monitoring the percentage of students who matriculate into graduate programs after receiving their baccalaureate degree.
- Reviewing institutional reporting of data detailing its assessment of student learning outcomes.
- Compiling and publishing the results of state-mandated program reviews by ADHE on an annual basis.
- Analyzing and reviewing the placement rates of graduates in the marketplace.
- Enhancing the presence of quality academic support programs designed to develop students academically and subsequently to enhance their performance in the classroom.
- Monitoring the increases in the number of degrees awarded to ensure growth is occurring over a range of CIP codes unless such growth is focused on CIP codes in the STEM or High Demand areas.

These measures are not exhaustive and collectively they serve as strong indicators that academic integrity is being preserved as the objectives of this plan are being pursued. Ultimately, the quality of academic programs at any institution will be inextricably linked to the quality of the institution's faculty. Therefore, the state of Arkansas must relentlessly support all new and continuing efforts to recruit and retain faculty who are among the best and brightest in their field and who are committed to the ideals of student success and engagement.

## **Appendix A: Key Arkansas Public and Higher Education Officials**

Honorable Mike Beebe, *Governor*

Mr. Shane Broadway, *Interim Director, Arkansas Department of Higher Education*

Arkansas Higher Education Coordinating Board

*Mr. David Leech, Chair*

*Dr. Olin Cook, Vice Chair and liaison on the Performance Funding Work Group*

*Ms. Sarah Argue, Secretary*

*Dr. Charles Allen*

*Dr. Joe Bennett*

*Mr. Bob L. Burns*

*Mr. Bob Crafton*

*Mr. Horace Hardwick*

*Mr. Kaneaster Hodges*

*Dr. Calvin Johnson*

*Mr. Steve Luelf*

*Mrs. Florine Milligan*

Sponsors of Act 1203 of 2011

*Senator Gilbert Baker*

*Senator Johnny Key*

*Representative Johnnie J. Roebuck*

Presidents and Chancellors

*Dr. Charles L. Welch, President, Arkansas State University System \**

*Dr. Dan Howard, Interim Chancellor, Arkansas State University Jonesboro*

*Dr. Robert Brown, President, Arkansas Tech University*

*Mr. Bobby Jones, Interim President, Henderson State University \**

*Dr. David F. Rankin, President, Southern Arkansas University*

*Dr. Donald R. Bobbitt, President, University of Arkansas System*

*Dr. B. Alan Sugg, President Emeritus, University of Arkansas System \**

*Dr. G. David Gearhart, Chancellor, University of Arkansas Fayetteville*

*Dr. Paul Beran, Chancellor, University of Arkansas at Fort Smith*

*Dr. Joel E. Anderson, Chancellor, University of Arkansas at Little Rock*

*Dr. Jack Lassiter, Chancellor, University of Arkansas at Monticello*

*Dr. Lawrence A. Davis Jr., Chancellor, University of Arkansas at Pine Bluff*

*Mr. Tom Courtway, Interim President, University of Central Arkansas*

*Dr. Robert Myers, President, Arkansas Northeastern College*

*Dr. Eugene McKay, Chancellor, Arkansas State University-Beebe*

*Dr. Ed Coulter, Chancellor, Arkansas State University-Mountain Home \**

*Dr. Larry Williams, Chancellor, Arkansas State University-Newport*

*Dr. Wayne Hatcher, President, Black River Technical College*

*Dr. Barry Ballard, President, College of the Ouachitas*

*Mr. Steve Cole, Chancellor, Cossatot Community College of the University of Arkansas*

*Dr. Coy Grace, President, East Arkansas Community College*

*Dr. Glen Fenter, President, Mid-South Community College*

*Dr. Sally Carder, President, National Park Community College*

*Dr. Jackie Elliott, President, North Arkansas College*

*Dr. Becky Paneitz, President, Northwest Arkansas Community College*

*Dr. Richard Dawe, President, Ozarka College \**

*Dr. Steven Murray, Chancellor, Phillips Community College of the University of Arkansas*  
*Dr. Dan F. Bakke, President, Pulaski Technical College \**  
*Mr. Phillip Wilson, President, Rich Mountain Community College*  
*Dr. Barbara Jones, President, South Arkansas Community College*  
*Dr. Steve Hilterbran, President, Southeast Arkansas College*  
*Dr. Corbet Lamkin, Chancellor, Southern Arkansas University Tech*  
*Ms. Deborah Frazier, Chancellor, University of Arkansas Community College at Batesville*  
*Mr. Chris Thomason, Chancellor, University of Arkansas Community College at Hope \**  
*Dr. Larry D. Davis, Chancellor, University of Arkansas Community College at Morrilton*

*\* Presidents and Chancellors Executive Council Member*

**Appendix B: Regional Critical Economic Needs Programs (Universities)**

<b>Regional Critical Needs</b>	
<b>Inst</b>	<b>Title</b>
ASUJ	Education
	Health Professions and Related Clinical Sciences
	Public Administration and Social Service Professions
ATU	Security and Protective Services
	Business, Management, Marketing, and Related Support Services
	Education
HSU	Biological and Biomedical Sciences
	Physical Science
	Education
SAUM	Agriculture, Agriculture Operations, and Related Sciences
	Liberal Arts and Sciences, General Studies & Humanities
	Health Professions and Related Clinical Sciences
UAF	Physical Science
	Engineering
	Biological and Biomedical Sciences
UAFS	Multi/Interdisciplinary Studies
	Health Professions and Related Clinical Sciences
	Security and Protective Services
UALR	Engineering
	Health Professions and Related Clinical Sciences
	Transfers to UAMS
UAM	Spatial Information Systems (GIS and Surveying)
	Natural Resources and Conservation
	Education
UAPB	Education
	Physical Science
	Security and Protective Services
UCA	Education
	Health Professions and Related Clinical Sciences
	Public Administration and Social Service Professions



## ***Appendix C: STEM Programs***

The following page is an example provided from the STEM list. The list in its entirety may be found at the following website: [www.ice.gov/sevis/stemlist.htm](http://www.ice.gov/sevis/stemlist.htm).

## STEM-Designated Degree Program List

2011 Revised List: Additions are in Bold

CIP Code Family	2010 CIP Code	Numeric Order CIP Code Title
1	<b>01.0901</b>	<b>Animal Sciences, General</b>
1	<b>01.0902</b>	<b>Agricultural Animal Breeding</b>
1	<b>01.0903</b>	<b>Animal Health</b>
1	<b>01.0904</b>	<b>Animal Nutrition</b>
1	<b>01.0905</b>	<b>Dairy Science</b>
1	<b>01.0906</b>	<b>Livestock Management</b>
1	<b>01.0907</b>	<b>Poultry Science</b>
1	<b>01.1001</b>	<b>Food Science</b>
1	<b>01.1002</b>	<b>Food Technology and Processing</b>
1	<b>01.1101</b>	<b>Plant Sciences, General</b>
1	<b>01.1102</b>	<b>Agronomy and Crop Science</b>
1	<b>01.1103</b>	<b>Horticultural Science</b>
1	<b>01.1104</b>	<b>Agricultural and Horticultural Plant Breeding</b>
1	<b>01.1105</b>	<b>Plant Protection and Integrated Pest Management</b>
1	<b>01.1106</b>	<b>Range Science and Management</b>
1	<b>01.1201</b>	<b>Soil Science and Agronomy, General</b>
1	<b>01.1202</b>	<b>Soil Chemistry and Physics</b>
1	<b>01.1203</b>	<b>Soil Microbiology</b>
3	<b>03.0104</b>	<b>Environmental Science</b>
3	<b>03.0502</b>	<b>Forest Sciences and Biology</b>
3	<b>03.0509</b>	<b>Wood Science and Wood Products/Pulp and Paper Technology</b>
9	<b>09.0702</b>	<b>Digital Communication and Media/Multimedia</b>
10	<b>10.0304</b>	<b>Animation, Interactive Technology, Video Graphics and Special Effects</b>
11	11.0101	Computer and Information Sciences, General
11	11.0102	Artificial Intelligence
11	11.0103	Information Technology
11	11.0104	Informatics
11	11.0201	Computer Programming/Programmer, General
11	11.0202	Computer Programming, Specific Applications
11	11.0203	Computer Programming, Vendor/Product Certification
11	11.0301	Data Processing and Data Processing Technology/Technician
11	11.0401	Information Science/Studies
11	11.0501	Computer Systems Analysis/Analyst
11	11.0701	Computer Science
11	11.0801	Web Page, Digital/Multimedia and Information Resources Design

## ***Appendix D: High Demand Programs***

The following page is an example provided from the High Demand Programs list. The list in its entirety may be found at the following website:

[www.discoverarkansas.net/article.asp?ARTICLEID=407&PAGEID=67&SUBID=120](http://www.discoverarkansas.net/article.asp?ARTICLEID=407&PAGEID=67&SUBID=120).

ADWS List of High Demand Occupations

soccode	soctitle	clp2010_co	clp2010tit
11-1011	Chief Executives	44.0401	Public Administration.
		52.0101	Business/Commerce, General.
		52.0201	Business Administration and Management, General.
		52.0701	Entrepreneurship/Entrepreneurial Studies.
		52.0801	Finance, General.
		52.1101	International Business/Trade/Commerce.
		52.1301	Management Science.
11-1021	General and Operations Managers	31.0399	Parks, Recreation and Leisure Facilities Management, Other.
		44.0401	Public Administration.
		52.0101	Business/Commerce, General.
		52.0201	Business Administration and Management, General.
		52.0212	Retail Management.
		52.0701	Entrepreneurship/Entrepreneurial Studies.
		52.0801	Finance, General.
		52.1101	International Business/Trade/Commerce.
		52.1301	Management Science.
11-1031	Legislators	44.0401	Public Administration.
		44.0501	Public Policy Analysis, General.
11-2021	Marketing Managers	19.0203	Consumer Merchandising/Retailing Management.
		19.0905	Apparel and Textile Marketing Management.
		51.2011	Pharmaceutical Marketing and Management.
		52.1401	Marketing/Marketing Management, General.
		52.1402	Marketing Research.
		52.1403	International Marketing.
		52.1499	Marketing, Other.
11-2022	Sales Managers	19.0203	Consumer Merchandising/Retailing Management.
		51.2011	Pharmaceutical Marketing and Management.
		52.0101	Business/Commerce, General.
		52.0201	Business Administration and Management, General.
		52.1401	Marketing/Marketing Management, General.
11-3011	Administrative Services Managers	51.0711	Medical/Health Management and Clinical Assistant/Specialist.
		52.0101	Business/Commerce, General.
		52.0201	Business Administration and Management, General.
		52.0202	Purchasing, Procurement/Acquisitions and Contracts Management.
11-3021	Computer and Information Systems Managers	11.0101	Computer and Information Sciences, General.
		11.0103	Information Technology.
		11.0401	Information Science/Studies.
		11.0701	Computer Science.
		11.1001	Network and System Administration/Administrator.
		11.1003	Computer and Information Systems Security/Information Assurance.
		11.1005	Information Technology Project Management.
		52.0205	Operations Management and Supervision.
		52.1201	Management Information Systems, General.
		52.1206	Information Resources Management.
		52.1207	Knowledge Management.
11-3031	Financial Managers	52.0304	Accounting and Finance.
		52.0305	Accounting and Business/Management.
		52.0801	Finance, General.
		52.0808	International Finance.
		52.0809	Public Finance.
		52.0809	Credit Management.
11-3051	Industrial Production Managers	52.0899	Finance and Financial Management Services, Other.
		14.3501	Industrial Engineering.
		15.1501	Engineering/Industrial Management.
		52.0101	Business/Commerce, General.
		52.0201	Business Administration and Management, General.

***Appendix E: Act 1203 of 2011***

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011  
4

As Engrossed: S3/21/11

# A Bill

SENATE BILL 766

5 By: Senators G. Baker, J. Key  
6 By: Representative J. Roebuck  
7

## For An Act To Be Entitled

9 AN ACT TO PROMOTE ACCOUNTABILITY AND EFFICIENCY AT  
10 STATE-SUPPORTED INSTITUTIONS OF HIGHER EDUCATION; TO  
11 CLARIFY FUNDING FORMULA CALCULATIONS FOR STATE-  
12 SUPPORTED INSTITUTIONS OF HIGHER EDUCATION; TO  
13 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.  
14

## Subtitle

15  
16 TO CLARIFY FUNDING FORMULA CALCULATIONS  
17 FOR STATE-SUPPORTED INSTITUTIONS OF  
18 HIGHER EDUCATION AND TO DECLARE AN  
19 EMERGENCY.  
20  
21  
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
24

25 SECTION 1. Arkansas Code § 6-61-223 is repealed.

26 ~~6-61-223. Funding formula—Arkansas Higher Education Coordinating~~  
27 ~~Board.~~

28 ~~(a) The Arkansas Higher Education Coordinating Board will work with~~  
29 ~~the state college and university Presidents Council to review, revise, and~~  
30 ~~develop funding formulas which will, in principle, seek to provide fair and~~  
31 ~~equitable state support to all postsecondary students across the state,~~  
32 ~~regardless of the state institution attended, while at the same time~~  
33 ~~recognizing:~~

34 ~~(1) The different needs for lower level, upper level, and~~  
35 ~~graduate level instruction at the various institutions;~~

36 ~~(2) The requirements for specialized equipment, labs, and~~



1 ~~smaller class sizes in some disciplines; and~~

2 ~~(3) Unique missions such as agricultural extension services,~~  
 3 ~~research, medical sciences, workforce development, and public service; and~~

4 ~~(4) Growth, economies of scale, and other appropriate factors.~~

5 ~~(b) The formulas will be developed in consensus with the state college~~  
 6 ~~and university President's Council and presented to the Joint Budget~~  
 7 ~~Committee for review.~~

8  
 9 SECTION 2. Arkansas Code § 6-61-224 is amended to read as follows:

10 6-61-224. Funding formula – Department of Higher Education.

11 (a) The Department of Higher ~~Education will work~~ Education, in  
 12 collaboration with the state college and university ~~Presidents Council to~~  
 13 ~~review, revise, and~~ presidents and chancellors, shall develop funding  
 14 formulas consisting of a needs-based component and an outcome-centered  
 15 component which will, in principle, seek to provide fair and equitable state  
 16 support to all postsecondary students across the state, regardless of the  
 17 state institution attended, while at the same time recognizing:

18 (1) The different needs for lower level, upper level, and  
 19 graduate level instruction at the various institutions;

20 (2) The requirements for specialized equipment, labs, and  
 21 smaller class sizes in some disciplines;

22 (3) Unique missions such as agricultural extension services,  
 23 research, medical sciences, workforce development, and public service; and

24 (4) Growth, economies of scale, and other appropriate factors.

25 (b)(1) ~~The funding formulas will be developed in consensus with the~~  
 26 ~~state college and university President's Council and presented to the~~  
 27 ~~Arkansas Higher Education Coordinating Board and the Joint Budget Committee~~  
 28 ~~for review~~ for two-year colleges and universities shall be comprised of a  
 29 needs-based component under § 6-61-228(b)-(m) and § 6-61-229(b)-(m) and an  
 30 outcome-centered component.

31 (2) The outcome-centered component shall constitute twenty-five  
 32 percent (25%) of funding for two-year colleges and universities by the 2017-  
 33 2018 school year and shall be phased in at a rate five percent (5%) per year  
 34 beginning in the 2013-2014 school year.

35 (3) The needs-based component shall constitute seventy-five  
 36 percent (75%) of funding for two-year colleges and universities by the 2017-

1 2018 school year.

2 (c) The outcome-centered component measures shall begin in the 2012-  
3 2013 school year, but may include outcomes from multiple previous years.

4 (d)(1) The outcome-centered component shall seek to promote and  
5 increase the satisfactory progression, matriculation, and graduation of all  
6 students enrolled in two-year colleges and universities.

7 (2) The department shall consider the unique factors of each  
8 two-year college and university when developing the outcome-centered  
9 component, including utilizing variables that may be weighted to reinforce  
10 the mission of each two-year college and university and provide incentives  
11 for increased credential production.

12 (3) The outcome-centered component may include without  
13 limitation:

14 (A) End-of-course enrollment;

15 (B) Student retention;

16 (C) Student progression toward credential completion;

17 (D) Number of credentials awarded, including an emphasis  
18 on high-demand credentials;

19 (E) Student transfer activity;

20 (F) Research activity; and

21 (G) Number of graduates from underserved populations.

22 (e) By December 31, 2011, the department shall present the funding  
23 formulas approved by the Arkansas Higher Education Coordinating Board,  
24 including both the needs-based component and the outcome-centered component,  
25 to the President Pro Tempore of the Senate, the Speaker of the House of  
26 Representatives, and the Governor.

27 (f) It is the intent of the General Assembly that the outcome-centered  
28 component of funding formulas for two-year colleges and universities become  
29 the primary component for funding purposes.

30  
31 SECTION 3. Arkansas Code § 6-61-228(a), concerning the broad goals for  
32 higher education funding, is amended to add additional subdivisions to read  
33 as follows:

34 (a)(1) The funding formula model for universities shall serve as a  
35 ~~tool~~ framework for implementing the broad goals of the State of Arkansas and  
36 the Arkansas Higher Education Coordinating Board.



1 (2) The model shall ensure adequate, equitable, and stable  
2 funding and be based on reliable and uniform data.

3 (3) The model shall be simple to understand, sensitive to  
4 universities' differing missions, and responsive to changes within the  
5 universities and shall make provisions for special-purpose units.

6 (4) The model shall hold universities accountable for increasing  
7 the educational attainment levels of Arkansas citizens by:

8 (A) Addressing the state's economic development and work  
9 force needs;

10 (B) Promoting increased degree production while  
11 maintaining a high level of rigor; and

12 (C) Acknowledging the unique mission of each university  
13 and allowing for collaboration and minimal redundancy in degree offerings and  
14 competitive research.

15 (5) The model shall promote a seamless and integrated system of  
16 postsecondary education designed to meet the needs of all students.

17 (6) The model shall address institutional accountability for the  
18 quality of instruction and student learning, including remedial instruction.  
19

20 SECTION 4. Arkansas Code § 6-61-228, concerning an outcome-centered  
21 funding formula, is amended to add additional subsections to read as follows:

22 (o)(1) By December 31, 2011, the Arkansas Higher Education  
23 Coordinating Board shall develop an outcome-centered funding formula model  
24 that implements the broad goals for the state in subsection (a) of this  
25 section and seeks to promote and increase the satisfactory progression,  
26 matriculation, and graduation of all students enrolled in state-supported  
27 institutions of higher education.

28 (2) The outcome-centered funding formula model shall take into  
29 consideration, at a minimum:

30 (A) Course completion;

31 (B) Degree completion;

32 (C) Critical needs shortage areas;

33 (D) Minority students;

34 (E) Economically disadvantaged students; and

35 (F) Nontraditional students.

36 (p)(1) Each university's total state funding received shall be

1 calculated at:

2 (A) Ninety-five percent (95%) under the funding formula  
 3 model under subsections (b)-(m) of this section and five percent (5%) on the  
 4 outcome-centered funding formula model for the 2013-2014 school year;

5 (B) Ninety percent (90%) under the funding formula model  
 6 under subsections (b)-(m) of this section and ten percent (10%) on the  
 7 outcome-centered funding formula model for the 2014-2015 school year;

8 (C) Eighty-five percent (85%) under the funding formula  
 9 model under subsections (b)-(m) of this section and fifteen percent (15%) on  
 10 the outcome-centered funding formula model for the 2015-2016 school year; and

11 (D) Eighty percent (80%) under the funding formula model  
 12 under subsections (b)-(m) of this section and twenty percent (20%) on the  
 13 outcome-centered funding formula model for the 2016-2017 school year.

14 (2) Beginning in the 2017-2018 school year, university funding  
 15 shall be based seventy-five percent (75%) under the funding formula model  
 16 under subsections (b)-(m) of this section and twenty-five percent (25%) on  
 17 the outcome-centered funding formula model.

18  
 19 SECTION 5. Arkansas Code § 6-61-229(a), concerning the funding formula  
 20 model for two-year colleges, is amended to read as follows:

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

22 (1) Serve as a ~~tool~~ framework for implementing the broad goals  
 23 of the State of Arkansas and the Arkansas Higher Education Coordinating  
 24 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 (4) Hold two-year colleges accountable for increasing the  
 30 educational attainment levels of Arkansas citizens by:

31 (A) Addressing the state's economic development and work-  
 32 force needs;

33 (B) Promoting increased certificate and degree production  
 34 while maintaining a high level of rigor; and

35 (C) Acknowledging the unique mission of each two-year  
 36 college and allowing for collaboration and minimal redundancy in degree

1 offerings and certificates;

2 (5) Promote a seamless and integrated system of postsecondary  
3 education designed to meet the needs of all students; and

4 (6) Address institutional accountability for the quality of  
5 instruction and student learning, including remedial instruction.

6  
7 SECTION 6. Arkansas Code § 6-61-229(p), concerning the outcome-  
8 centered funding formula, is amended to read as follows:

9 ~~(p) Notwithstanding the provisions of this section, each two-year~~  
10 ~~college shall receive a minimum base funding equal to the greater of three~~  
11 ~~million dollars (\$3,000,000) per fiscal year or an amount equal to the~~  
12 ~~previous year's funding per fiscal year (1) By December 31, 2011, the~~  
13 Arkansas Higher Education Coordinating Board shall develop an outcome-  
14 centered funding formula model that implements the board goals for the state  
15 in subsection (a) of this section and seeks to promote and increase the  
16 satisfactory progression, matriculation, and graduation of all students  
17 enrolled in state-supported institutions of higher education.

18 (2) The outcome-centered funding formula model shall take into  
19 consideration at a minimum:

20 (A) Course completion;

21 (B) Certificate and degree completion;

22 (C) Critical needs shortage areas;

23 (D) Minority students;

24 (E) Economically disadvantaged students; and

25 (F) Nontraditional students.

26 (q)(1) Each two-year college's total state funding received shall be  
27 calculated at:

28 (A) Ninety-five percent (95%) under the funding formula  
29 model under subsections (b)-(m) of this section and five percent (5%) on the  
30 outcome-centered funding formula model for the 2013-2014 school year;

31 (B) Ninety percent (90%) under the funding formula model  
32 under subsections (b)-(m) of this section and ten percent (10%) on the  
33 outcome-centered funding formula model for the 2014-2015 school year;

34 (C) Eighty-five percent (85%) under the funding formula  
35 model under subsections (b)-(m) of this section and fifteen percent (15%) on  
36 the outcome-centered funding formula model for the 2015-2016 school year; and

1                   (D) Eighty percent (80%) under the funding formula model  
2 under subsections (b)-(m) of this section and twenty percent (20%) on the  
3 outcome-centered funding formula model for the 2016-2017 school year.

4                   (2) Beginning in the 2017-2018 school year, two-year college  
5 funding shall be based seventy-five percent (75%) under the funding formula  
6 model under subsections (b)-(m) of this section and twenty-five percent (25%)  
7 on the outcome-centered funding formula model.

8  
9           SECTION 7. Arkansas Code § 6-61-230 is amended to read as follows:  
10           6-61-230. Review of funding formulas.

11           The Arkansas Higher Education Coordinating Board, ~~in collaboration with~~  
12 ~~the Executive Council of the Presidents Council~~, shall review the funding  
13 formulas set forth in this subchapter biennially and make written  
14 recommendations for appropriate modifications or changes to the President Pro  
15 Tempore of the Senate, the Speaker of the House of Representatives, and the  
16 Governor by October 15 of the year prior to each regular session of the  
17 General Assembly.

18  
19           SECTION 8. EMERGENCY CLAUSE. It is found and determined by the  
20 General Assembly of the State of Arkansas that there is an increasing need to  
21 ensure accountability and efficiency with our limited financial resources in  
22 trying economic times; that clarifying the funding mechanisms for state-  
23 supported institutions of education will allow the limited financial  
24 resources to be allocated in a fair and equitable manner; and that this act  
25 is immediately necessary because funding for state-supported institutions is  
26 necessary for the 2012-2013 academic year. Therefore, an emergency is  
27 declared to exist and this act being immediately necessary for the  
28 preservation of the public peace, health, and safety shall become effective  
29 on:

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

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

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

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*/s/G. Baker*

**APPROVED: 04/05/2011**

## Appendix F: Technical Specifications

### Universities

Mandatory Measures		
Measure	Definition	Detail
Bachelor Credentials	Number of bachelor's degrees earned by students for an academic year regardless of enrollment status.	To reach the goal of doubling the number of degrees, a goal of bachelor's awarded is calculated based on the current proportional share of degrees awarded statewide. The goal is increased annually from the base year of 2009-10 by 4.73% to provide the needed increase toward the overall state goal of doubling the number of degrees. Each institution's performance annually toward its own goal is calculated as a percent of the goal met. That percentage produces a point or partial point based on 100% of the institutional goal. The point earned is capped at 1.0.
Total Credentials	Number of all credentials (technical certificates and above) earned by a student for an academic year regardless of enrollment status.	To reach the goal of doubling the number of degrees, a goal of all credentials awarded is calculated based on the current proportional share of degrees awarded statewide. The goal is increased annually from the base year of 2009-10 by 4.73% to provide the needed increase toward the overall state goal of doubling the number of degrees. Each institution's performance annually toward its own goal is calculated as a percent of the goal met. That percentage produces a point or partial point based on 100% of the institutional goal. The point earned is capped at 1.0.
STEM Credentials	Number of all credentials (technical certificates and above) earned by a student for an academic year regardless of enrollment status in the STEM CIP Codes. The source identifying STEM CIP Codes is the 2011 version published by US Immigration and Customs Enforcement (ICE). The list may be found at the following website ( <a href="http://www.ice.gov/sevis/stemlist.htm">www.ice.gov/sevis/stemlist.htm</a> ).	If the average number of STEM credentials earned during the two most recent academic years is greater than the average of the three previous academic years then 1 point is awarded. Otherwise, if the two year average is 98.01% to 100% of previous three year average, .8 points are awarded; 96.01% to 98% of the average is .6 points, 94.01% to 96% of the average is .4 points; 92.01% to 94% is .2 points; 92% or below will result in 0 points.
Progression: University Version (New Arkansas Measure)	This measure utilizes a cohort of credential-seeking students enrolling in 6 or more hours during a fall semester. The cohort is then tracked through the next academic year to identify how many students in the cohort earned a total 18 or more credit hours through the two academic years (including remedial/developmental courses).	In each Fall Term, ADHE will create a Tracking Group for each institution by identifying the students enrolled in 6 or more hours on the 11 <sup>th</sup> class day. The percentage of those students who either earned 18 hours during the subsequent two academic years or completed a degree or technical certificate at the institution in which they were enrolled for tracking will be counted as having progressed. An increase in the comparison of the most recent 2-year average to the previous 3-year average generates 1 point.

	The Progression Rate is expressed as a percentage and changes over time are expressed as a difference in percentage points. If a student graduates during the allotted time frame, then that student is counted as progressed.	Otherwise, if the two year average is 99.91% to 100% of previous three year average, .9 points are awarded; 99.81 to 99.9% of the average is .8 points, 99.71% to 99.8% of the average is .7 points; 99.61% to 99.7% is .6 points; 99.51% to 99.6% is .5 points; 99.41% to 99.5% is .4 points; 99.31% to 99.4% is .3 points; 99.21% to 99.3% is .2 points; 99.11% to 99.2% is .1 points; 99% or below will result in 0 points.
<b>Optional Measures</b>		
<b>Measure</b>	<b>Definition</b>	<b>Detail</b>
Course Completion	This is a Successful Course Completion Rate calculation which compares number of successful SSCH to all SSCH in all non-remedial courses. The Successful Course Completion Rate is expressed as a percentage and changes over time are expressed as a difference in percentage points.	If the average percentage of successful course completions during the two most recent academic years is greater than the average percentage of successful course completions of the three previous academic years then 1 point is awarded, otherwise 0 points are awarded.
High Demand Credentials	Number of all credentials (technical certificates and above) earned by a student for an academic year regardless of enrollment status in the High Demand CIP Codes. The 2011 version of the High Demand CIP Codes were obtained from ADWS (Arkansas Department of Workforce Services).	If the average number of credentials earned during the two most recent academic years is greater than or equal to the average of the three previous academic years then 1 point is awarded, otherwise 0 points are awarded.
Minority Student Credentials	Number of all credentials (technical certificates and above) earned to persons identified as Asian only, Black only, Hispanic any, American Indian/Alaska Native only, Hawaiian/Pacific Islander only or Two or More Races. (Unknowns, Non-Resident Aliens, White and Other graduates are not included.)	If the average number of credentials earned during the two most recent academic years is greater than or equal to the average of the three previous academic years then 1 point is awarded, otherwise 0 points are awarded.
Non-Traditional Student Credentials	Number of all credentials (technical certificates and above) earned by a non-traditional student in an academic year. Non-traditional students are defined as age 25 or older at the time of graduation.	If the average number of credentials earned during the two most recent academic years is greater than or equal to the average of the three previous academic years then 1 point is awarded, otherwise 0 points are awarded.
Remedial Student Credentials	Number of all credentials (technical certificates and above) earned by a remedial student in an academic year. Remedial students are defined as students who were required to take at least one remedial course for completion.	If the average number of credentials earned during the two most recent academic years is greater than or equal to the average of the three previous academic years then 1 point is awarded, otherwise 0 points are awarded.
Regional Economic Needs	Number of all credentials (technical certificates and above) earned by a	If the average number of credentials earned during the two most recent academic years is greater than or equal

Programs Credentials	student for an academic year regardless of enrollment status in programs identified by the institution and approved by the Arkansas Higher Education Coordinating Board. See Appendix B for detail.	to the average of the three previous academic years then 1 point is awarded, otherwise 0 points are awarded.
Transfer Student Credentials	Number of all credentials (technical certificates and above) earned by a student transferring from another Arkansas public institution of higher education.	If the average number of credentials earned during the two most recent academic years is greater than or equal to the average of the three previous academic years then 1 point is awarded, otherwise 0 points are awarded.
Expenditure of Federal Awards	Increase in restricted federal expenditures excluding transfers and scholarships by fiscal year.	ADHE will use the restricted expenditures, excluding scholarship expenditures, from the institutional reporting on the 17 series to calculate a 3-year average of expenditures of funds from external sources. An average of the subsequent 2 years will be calculated from the same report. An increase in the comparison of the 3-year to 2-year average generates 1 point.
Patents	The number of U.S. patents (utility, plant or design) issued or reissued to an institution within the year. Certificates of plant variety protection issued by the USDA should be included.	Each institution will identify the number of U.S. patents issued on average of a 3-year period. An average of the subsequent 2 years will be calculated. An increase in the comparison of the 3-year to 2-year average generates 1 point.
New Company Start-ups	The number of new companies started during the years that were dependent on licensing an institution's technology for their formation.	Each institution will identify the number of new companies started on average of a 3-year period. An average of the subsequent 2 years will be calculated. An increase in the comparison of the 3-year to 2-year average generates 1 point.
<b>Compensatory Measure</b>		
Percentage of Pell Receiving Undergraduate Population	Percentage of all undergraduate students receiving Pell grants ( <a href="http://nces.ed.gov/collegenavigator/">http://nces.ed.gov/collegenavigator/</a> )	The points awarded will be the percentage of undergraduate students receiving PELL as defined by IPEDS rounded to 2 significant digits. Currently the range is from .22 to .71 points.



**Two-year Colleges**

<b>Mandatory Measures</b>		
<b>Measure</b>	<b>Definition</b>	<b>Detail</b>
Remedial Course Success	The rate of remedial courses completed relative to remedial courses attempted.	This is an SSCH calculation of all successful grades in remedial courses divided by the total remedial SSCH attempted. The remedial course success rate is expressed as a percentage and changes over time are expressed as a difference in percentage points. Attempted hours based on 11 <sup>th</sup> class day. Does not include Ds. The point earned for improvement is .50.
Non-remedial Course Success	The rate of non-remedial courses completed relative to non-remedial courses attempted.	This is an SSCH calculation of all successful grades in non-remedial courses divided by the total non-remedial attempted SSCH. The non-remedial course success rate is expressed as a percentage and changes over time are expressed as a difference in percentage points. Does not include remedial courses. Attempted hours based on 11 <sup>th</sup> class day. Includes Ds. The point earned for improvement is .50.
Progression	The rate of students that complete either 18 hours or a credential.	This measure utilizes a cohort of credential-seeking students enrolled in six or more hours during the fall or spring semester. This cohort is then tracked through the next two academic years to identify how many students in the cohort earned either 18 or more credit hours (including remedial courses) OR completed a credential (certificate of proficiency, technical certificate or any associate degree). The progression rate is expressed as a percentage and changes over time are expressed as a difference in percentage points. The point earned for improvement is 1.00.
Certificates of Proficiency	The number of certificates of proficiency awarded.	This is an overall headcount of all certificates of proficiency awarded by institution. This includes all certificates of proficiency approved by ADHE. Students earning more than one credential are counted each time. The point earned for improvement is .50.
Technical Certificates	The number of technical certificates awarded.	This is an overall headcount of all technical certificates awarded by institution. This includes all technical certificates approved by ADHE. Students earning more than one credential are counted each time. The point earned for improvement is .50.
Associate Degrees	The number of associate degrees awarded.	This is an overall headcount of all associate degrees awarded by institution. This includes all associate degrees approved by ADHE. Students earning more than one credential are counted each time. The point earned for improvement is 1.00.
Total Credentials	The rate of credentials awarded relative to enrollment.	This is a count of all credentials awarded by institution per 100 FTE. This includes all certificates of proficiency, technical certificates and associate degrees approved by ADHE. The total credentials rate is expressed as a percentage and changes over time are expressed as a

		difference in percentage points. Students earning more than one credential are counted each time. The points earned for improvement are 2.00.
Mandatory Compensatory Measures		
Measure	Definition	Detail
Low-Income	The number of low-income students relative to enrollment.	This is a headcount of low-income students divided by overall credential-seeking headcount. Low-income is defined as receiving Pell. Up to one compensatory point will be added to total mandatory points based on percentage of students who receive Pell. (Ex: 50% of students receive Pell = .50 compensatory point.) Total mandatory points may not exceed six.
Under-prepared	The number of underprepared students relative to enrollment.	This is a headcount of underprepared students divided by overall credential-seeking headcount. Underprepared is defined as having an ACT of 15 or below, or equivalent score. Up to one compensatory point will be added to total mandatory points based on percentage of students who are underprepared. (Ex: 50% of students are underprepared = .50 compensatory point.) Total mandatory points may not exceed six. *Working with ACT to determine ACT equivalent scores.
Optional Measures		
Measure	Definition	Detail
STEM Credentials	The number of STEM credentials awarded.	This is an overall headcount of all certificates and degrees awarded by institution in the STEM CIP Codes. Based on most recent ICE list as published on <a href="http://www.ice.gov">www.ice.gov</a> . Students earning more than one credential are counted each time. An institution may assign up to 2.00 points to this measure. Point(s) earned if number improves. Optional measures may not exceed 4 points.
High Demand Credentials	The number of high demand credentials awarded.	This is an overall headcount of all certificates and degrees awarded by institution in the high demand CIP Codes. Based on most recent ADWS list as published on <a href="http://www.discoverarkansas.net">www.discoverarkansas.net</a> . Students earning more than one credential are counted each time. An institution may assign up to 2.00 points to this measure. Point(s) earned if number improves. Optional measures may not exceed 4 points.

Workforce Training	The number of workforce training contact hours reported.	Workforce Education/Training is defined as any postsecondary (primarily non-credit) education or training activity (seminar, workshop, course, customized training, etc.) that is specifically used for developing/enhancing the skills of existing employees or members of any business or industry, and any training provided to individuals, whether employed or unemployed, that is designed to meet the employment needs of the student and/or employer by enhancing occupational, technical, and/or soft (communication, computational, and interpersonal) skills. Workforce training contact hours are reported by colleges annually. An institution may assign up to 2.00 points to this measure. Point(s) earned if number improves. Optional measures may not exceed 4 points.
Transfer	The number of students that transfer after completing a minimum of 12 hours.	This is an overall headcount of any student earning at least 12 hours at the “sending” institution that transfers to an Arkansas two-year college or four-year university. Includes remedial hours. The institution “sending” the student is counted. An institution may assign up to 2.00 points to this measure. Point(s) earned if number improves. Optional measures may not exceed 4 points.
Adult Credentials	The number of credentials awarded to adults.	This is an overall headcount of adult students who complete a certificate of proficiency, technical certificate or associate degree (as defined above). Adult is defined as age 25 or older at time of completion. All credentials completed are counted. An institution may assign up to 2.00 points to this measure. Point(s) earned if number improves. Optional measures may not exceed 4 points.
Minority Credentials	The number of credentials awarded to minorities.	This is an overall headcount of any credential completer reported as Asian, Black, Hispanic, American Indian/Alaska Native, or Hawaiian/Pacific Islander. Unknowns, Non-Resident Aliens, White and Other graduates are excluded. Graduate includes completion of certificate of proficiency, technical certificate, or associate degree (as defined above). All credentials completed are counted. An institution may assign up to 2.00 points to this measure. Point(s) earned if number improves. Optional measures may not exceed 4 points.
Employment	The number of credential completers that obtain employment.	*Working with Arkansas Department of Workforce Services on data. An institution may assign up to 2.00 points to this measure. Point(s) earned if number improves. Optional measures may not exceed 4 points.