

EXHIBIT B

MINUTES

LEGISLATIVE TASK FORCE TO STUDY THE REALIGNMENT OF HIGHER EDUCATION

Monday, November 16, 2015

1:00 p.m.

**Multi-Agency Complex (MAC), Room A
Little Rock, Arkansas**

The Legislative Task Force to Study the Realignment of Higher Education met on Monday November 16, 2015, in the Multi-Agency Complex (MAC), Room A in Little Rock, Arkansas. Members in Attendance: Representative Mark Lowery, Co-Chair; Representatives Mark McElroy and Micah Neal. Senator Jane English, Co-Chair; Senators Ronald Caldwell, John Cooper, Uvalde Lindsey, Jason Rapert, and Stephanie Flowers.

Other Legislators present: Senators Jonathan Dismang and Greg Standridge. Representatives Charlotte Douglas, Mary “Prissy” Hickerson, Greg Leding, and Sue Scott.

Representative Lowery called the meeting to order and recognized Senator English for remarks. Representative Lowery informed the task force that several issues would be discussed regarding the astronomical growth of administrative and professional positions at universities that are far and beyond the growth of student enrollment.

Consideration to approve Minutes of October 19, 2015 [EXHIBIT B]

Representative Lowery asked for a motion to approve the minutes. Representative McElroy made the motion to approve the minutes, and it was seconded by Senator Cooper. Without objection, the minutes were adopted by the Task Force.

Discussion of Interim Study Proposal (ISP) 2015-139 Concerning Student Loan Debt [EXHIBIT C]

Representative Leding was recognized to discuss ISP 2015-139 regarding student loan debt and presented a Power Point presentation entitled “Student Debt.” Representative Leding stated that student loan debt in the U.S. is growing by an estimated \$3,055.19 every second. This explosive growth has driven student debt to nearly \$1.3 trillion in the U.S. Notably, student debt in the U.S. is now greater than credit card debt (\$901 billion) and auto debt (\$1 trillion). Moreover, student loan debts are second only to mortgage debt (\$8.7 trillion). According to Representative Leding, today’s \$1.29 trillion in student debt is about 3.5 times the amount of student loan debt just a decade ago. Some of the reasons for the increase in student loan debt include: increase in student enrollment, college costs increase, and the recession. Approximately 40 million Americans are carrying student loan debt. An estimated 37% of borrowers (14.8 million) are currently paying down this debt. In 2014, approximately 70% of students graduated with an average student loan debt of \$33,000. According to Representative Leding, the Wall Street Journal reported the class of 2015 left campus as the most indebted ever with an average student loan debt of \$35,000. Currently, Arkansas ranks 49th in the average length of time it takes students to graduate and 34th in completion. Nationally, federal loans make up approximately 90% of all student loan debt and 10% are private loans. Representative Leding reported that some goals for ISP 2015-139 include:

- getting a clear picture of where we stand in Arkansas,
- studying other states’ proposals,
- determining if any practical, legislative solutions make sense for Arkansas; and
- delivering a report by July 1, 2017.

Senator Rapert asked Representative Leding what he personally advocates to address student loan debt. Representative Leding replied there are a number of things to consider such as: financial literacy, keeping track of how much money is being borrowed and ensuring that universities are fully invested in the success of their students. Senator Caldwell requested that a subsection be added to the ISP that addresses how much debt is related to remediation courses. Representative Lowery stated that students who attend a 4-year university as opposed to a 2-year university for remediation will likely spend three times the amount of money.

Presentation on Arkansas's Community Colleges

Mr. Bill Stovall, Executive Director, Arkansas Community Colleges (ACC) was recognized. He stated that six institutions are currently working on a Working Family Success Network Grant noting that the institutions are focused intensely on financial literacy. Although federal student loans are extended to the students, colleges are held responsible for the default rate. Colleges can lose title funding if they reach 30% default on loans. Mr. Stovall said that when compared to SREB completion rates and credentials earned, Arkansas's 2-year and 4-year universities are doing a good job. He noted that ACC is launching a cooperative purchasing network on December 1 that focuses on higher education issues and will be open and available to all universities on a voluntary basis. According to Mr. Stovall, the network will help some resources at the local level depending upon the institution's participation, as vendors are happy to make one contract bid rather than 22 bids. Notably, nine institutions are aligned with a university partner/system and 13 institutions are independent. Universally, data shows that individuals who access post-secondary education have a significant change in earning potential.

Mr. Stovall gave a brief update on the advantages and disadvantages of system alignment. He encouraged everyone to look at higher education in Arkansas, in particular, community and technical colleges, as partnerships. Seventeen of the twenty-two institutions have invested in localities with a revenue stream of either mileage or sales taxes. In addition, the ACC has 1,200 to 1,500 business and industry partners along with community donors. Many states have different systems or issues with alignment. Whereas, some states have system-wide technical community colleges or system-wide university models, there are some that have [higher education] models similar to Arkansas. Mr. Stovall encouraged the task force to recognize the alignments Arkansas has had thus far that have been driven by community decisions and local boards. In addition, evaluating articulation agreements are very important components of alignment and/or realignment. Mr. Stovall also mentioned that he and Senator English have had discussions regarding prior learning assessments that will allow individuals to use their life experiences that can be transferred on a transcript for portable credit. Sixty-five percent of the U.S. is expected to have some post-secondary credential to be successful in the workplace by 2020. Representative Lowery noted that one great concern of higher education costs are in areas such as administration and professional. Mr. Stovall stated that administrative efficiencies are being investigated within each institution.

Representative Lowery announced that Dr. Brett Powell will be invited to attend the January meeting to address some of the alarming statistics that were presented at the last task force meeting. In addition, invitations will be extended to Dr. Donald Bobbitt and Dr. Charles Welch to give presentations in February regarding incentives that can be offered to 2-year colleges and 4-year universities to be part of a system.

Discussion of the Analysis of Higher Education in Arkansas

Dr. James Hendren, Board Member, Accelerate Arkansas (AA), was recognized and discussed realignment issues. Dr. Hendren gave a brief overview of AA. He said AA is a non-profit, non-partisan group of Arkansas citizens. According to Dr. Hendren, the vision of AA is to raise the average income in Arkansas to the national average. The five core strategies of AA that demonstrate how to affect average income include: producing more and better high paying jobs, more and better research, entrepreneurship, producing more risk capital, and helping existing industry become more competitive through technology. Dr. Hendren stressed the importance of having well-educated students that graduate remain in the state, as it is critical to meeting the aforementioned needs. According to Dr. Hendren, the key to economic growth and better jobs in Arkansas requires making higher education more productive, more efficient and producing better students. Dr. Hendren expressed that he does not feel that higher education funds should be cut. Moreover, he suggested having all higher education schools in one system to consolidate administration and set direction in an effort to produce centers of excellence within the educational criteria.

There being no further business, the meeting adjourned at 2:13p.m.