1   State of Arkansas

A Bill

2   85th General Assembly

3   Regular Session, 2005   SENATE BILL   1083

4

5   By: Senator Bisbee

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8   **For An Act To Be Entitled**

9   AN ACT CONCERNING A FUNDING FORMULA MODEL FOR

10   TWO-YEAR COLLEGES; AND FOR OTHER PURPOSES.

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12   **Subtitle**

13   AN ACT CONCERNING A FUNDING FORMULA

14   MODEL FOR TWO-YEAR COLLEGES.

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

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19   SECTION 1. (a) The funding formula model for two-year colleges shall:

20   (1) Serve as a tool for implementing the broad goals of the

21 State of Arkansas and the Arkansas Higher Education Coordinating Board;

22   (2) Be based on reliable and uniform data;

23   (3) Be simple to understand, sensitive to colleges' differing

24 missions, and responsive to changes within them; and

25   (4) Make provisions for special-purpose units.

26   (b)(1) The model shall determine the funding needs of two-year

27 colleges in four (4) student-semester-credit-hour or full-time-equivalent-

28 student-based expenditure functions, one (1) square-footage-based expenditure

29 function and one (1) contact hour expenditure function.

30   (2)(A) The student semester credit hour or full-time equivalent-

31 based expenditure functions shall include:

32   (i)   Teaching salaries;

33   (ii) Academic support;

34   (iii) Student services; and

35   (iv) Institutional support.

36   (B) The square-footage-based expenditure function shall be

1   designated for facilities maintenance and operations.

2   (C) Funding for workforce education programs shall be

3   determined from student contact hours.

4   (c) To determine the teaching salaries needs of the two-year colleges

5   the student semester credit hour shall be summarized into four (4) academic

6   discipline categories based upon the relative costs of academic programs as

7   determined by historical expenditure patterns.

8   (d) The cost categories shall be designated as general education,

9   technical education, basic skills, and allied health as follows:

10   (1) General education shall include the following academic

11   disciplines:

12   (A) Agriculture business;

13   (B) Natural resources;

14   (C) Archeology;

15   (D) Communications;

16   (E) Education;

17   (F) Engineering;

18   (G) Foreign languages;

19   (H) Home economics;

20   (I) Law;

21   (J) Letters;

22   (K) Liberal studies;

23   (L) Biology or life sciences, or both;

24   (M) Mathematics;

25   (N) Interdisciplinary;

26   (O) Health;

27   (P) Recreation;

28   (Q) Philosophy;

29   (R) Physical sciences;

30   (S) Psychology;

31   (T) Public administration;

32   (U) Social sciences;

33   (V) Transportation;

34   (W) Visual arts; and

35   (X) Performing arts;

36   (2) Technical education shall include the following academic

1   disciplines:

2   (A)   Agriculture;

3   (B)   Marketing;

4   (C)   Communications technology;

5   (D)   Engineering technology;

6   (E)   Technical education;

7   (F)   Science technology;

8   (G)   Protective services;

9   (H)   Construction trades;

10   (I)   Mechanics;

11   (J)   Precision production; and

12   (K)   Business management.

13   (3) Basic skills shall include remedial or developmental, or

14   both, student semester credit hour.

15   (4) Allied health shall include health professions.

16   (e)(1) The number of full-time equivalent faculty needed by a college

17   shall be determined using the established workload standards required to

18   produce a need for one (1) full-time equivalent faculty member.

19   (2) The workload standards to produce a full-time equivalent

20   faculty member shall be:

21   (A) Six hundred sixty (660) student semester credit hours

22   for general education;

23   (B) Four hundred eighty (480) student semester credit

24   hours for technical education and basic skills; and

25   (C) Four hundred twenty (420) student semester credit

26   hours for allied health.

27   (f)(1) The full-time equivalent faculty needs of each college shall be

28   determined by dividing the workload standards into the college's student

29   semester credit hours in that cost category.

30   (2) Funding for teaching salaries for each college shall be

31   determined by multiplying the total or full-time equivalent faculty needs of

32   each college by the predicted Southern Regional Education Board average

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

34   (3) The teaching salary funding shall be adjusted for the use of

35   part-time faculty or full-time equivalent faculty needs generated by student

36   semester credit hours taught by part-time faculty and shall be funded at one-

1   half (1/2) of the rate of those student semester credit hours taught by full-
2   time faculty members.
3   (4)   The part-time faculty adjustment for each college will be
4   determined each biennium by the Department of Higher Education staff.
5   (5)   The fringe benefits for teaching salaries shall be
6   determined by multiplying the teaching salaries funding by the current
7   average fringe benefit rate, which shall be determined for the biennium by
8   the Department of Higher Education staff.
9   (6)   The total teaching salaries need of a college shall include
10 the fringe benefits and teaching salary needs.
11   (g)(1) Funding needs for the academic support functions shall be equal
12 to sixty percent (60%) of adjusted teaching salaries plus thirty-five
13 thousand dollars ($35,000) for a staff salary in public service.
14   (2)   Fringe benefits for academic support shall be determined by
15 multiplying the fringe benefit rate determined for the biennium by sixty
16 percent (60%) of the academic support funding described in subdivision (g)(1)
17 of this section.
18   (h)(1) The funding needs for student services shall be based on mean
19 enrollment which shall be defined as the sum of the fall semester enrollment
20 and the annualized or full-time equivalent enrollment divided by two (2).
21   (2)   Student services funding shall include an economy-of-scale
22 component that will provide progressively less funding per student over
23 established enrollment levels.
24   (3)   For the 2005-07 biennium, student services funding for the
25 first seven hundred fifty (750) students shall be six hundred fifty dollars
26 ($650); four hundred fifty dollars($450) for each of the next twenty-two
27 hundred fifty (2,250) students; and two hundred fifty dollars($250) for all
28 students in excess of three thousand (3,000) full-time equivalent enrollment
29 level.
30   (4)   The funding rates for each level shall have a full-time
31 equivalent enrollment level that shall be adjusted biennially for inflation.
32   (5)   Full-time equivalent enrollment levels shall be reviewed
33 annually to determine if they require adjustment.
34   (6)   Fringe benefits for student services shall be calculated as
35 an amount equal to the biennial fringe benefit rate times sixty percent (60%)
36 of the calculated student services funding need under subdivision (h)(3) of

1   this section.
2   (i) Institutional support funding shall be an amount equal to eighteen
3   percent (18%) of the total of the teaching salaries, academic support,
4   student services and facilities maintenance and operations.
5   (j) Facilities maintenance and operations funding shall include an
6   intensity factor for all institutions.
7   (1) Colleges whose square footage per full-time equivalent
8   student is greater than the average shall have an intensity factor of one
9   (1), but no college shall receive funding for more than one and one-half
10 (1.5) times the average square footage per full-time equivalent student times
11 the college's full-time equivalent enrollment.
12   (2) Those colleges whose square feet per full-time equivalent
13 student is less than the average square footage per full-time equivalent
14 student shall have an intensity factor that is determined by multiplying the
15 full-time equivalent enrollment by the average square footage per full-time
16 equivalent student and dividing the result by the actual square footage.
17   (3) The portion above one (1) shall be multiplied by sixty five
18 hundredths (0.65) and added back to one (1) to arrive at the intensity factor
19 for the college. The Arkansas Higher Education Coordinating Board staff
20 shall determine a funding rate per square foot based on the most recent cost
21 experiences of the institutions.
22   (4) That rate shall be multiplied by the institution's actual
23 square footage and the intensity factor for the institution.
24   (5) Staff benefits for facilities maintenance and operations
25 shall be determined by multiplying sixty percent (60%) of the square footage
26 funding and multiplying it by the biennial fringe benefit rate.
27   (k) Funding for workforce education shall be based on contact hours
28 and shall be calculated by using an established rate for the first ten
29 thousand (10,000) contact hours and a lesser rate for the next ten thousand
30 (10,000) and a lesser rate for all noncredit contact hours in excess of
31 twenty thousand (20,000).
32   (1) The total expenditure needs of each college shall be equal to the
33 sum of teaching salaries, academic support, student services, institutional
34 support, facilities maintenance and operations, and workforce education.
35   (m)(1) The appropriation needs of each college shall be the total
36 expenditure needs of the college less the calculated tuition and fee income.

1   (2)   The Arkansas Higher Education Coordinating Board shall

2   establish biennially a tuition rate per credit hour for two-year colleges

3   with revenue derived from a local tax, including, but not limited to, a sales

4   tax or an ad valorem tax, and a higher per credit hour tuition rate for those

5   colleges without revenue derived from a local tax.

6   (n)(1) This formula does not provide funds for institutional

7   scholarships, debt service, or fund transfers.

8   (2)   The revenue domain for the funding model shall include only

9   state appropriations and student tuition and fee income and shall not include

10 private contributions and other discretionary funds.   (3)

11 The revenue domain shall exclude funding at the colleges from all sources

12 other than from student tuition and state appropriations, including, but not

13 limited, local tax levies, the federal government, private sources, and self-

14 supporting activities.

15   (4)   Since the general definition specifies operating funds, the

16 funding model also does not consider the appropriation and allocation of

17 capital funds.

18   (o)(1) This funding formula model shall only be utilized to allocate

19 funds to the two-year colleges.

20   (2)   It shall not be used to prescribe the allocation of those

21 funds within the colleges.

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