

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4

As Engrossed: H4/1/05
A Bill

SENATE BILL 288

5 By: Senator Bryles
6 By: Representative Pace
7
8

9 **For An Act To Be Entitled**

10 AN ACT TO IMPROVE RETENTION AND GRADUATION RATES
11 AT PUBLIC COLLEGES AND UNIVERSITIES; AND FOR
12 OTHER PURPOSES.
13

14 **Subtitle**

15 AN ACT TO IMPROVE RETENTION AND
16 GRADUATION RATES AT PUBLIC COLLEGES AND
17 UNIVERSITIES.
18
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 SECTION 1. (a) The General Assembly finds that:

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

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

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

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

32 (b) Appropriation and funding for the 2007-2009 biennium for
33 institutions that improve graduation rates shall be linked to the percentage
34 of full-time first-time degree seeking students who complete an associate's
35 degree in no more than three (3) years or a baccalaureate degree in no more
36 than six (6) years or a technical certificate in no more than five (5)



1 semesters.

2 (c) The annual graduation rate will be determined for the academic
3 year.

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

6 (i) It's graduation rate shows improvement
7 over the previous year; or

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

11 (a) Entrance exam scores;

12 (b) High school grade-point-average;

13 (c) Rank in high school class;

14 (d) Diversity of student population;

15 (e) On- or off-campus residence of

16 students;

17 (f) State resident and non-resident

18 student status;

19 (g) Academic major;

20 (h) Family income; or

21 (i) Institutional variables such as:

22 student-to-faculty ratio, tuition, cost of attendance, financial aid, percent
23 of freshman receiving Pell Grants, percent of freshmen receiving financial
24 aid , financial aid as a percent of cost of attendance and financial aid as a
25 percent of the institution's budget, percent of part-time faculty, percent of
26 faculty with terminal degrees, percent of budget spent on instruction, and
27 percent of freshmen living in residence halls where appropriate.

28 (B) Although a statistical regression model will
29 determine the variables that optimize the model's ability to accurately
30 predict graduation rates, the Arkansas Higher Education Coordinating Board
31 will have final approval of the variables and the model.

32 (2)(A) The two-year and university funding models shall be
33 amended to include multipliers for the Student Semester Credit Hour portions
34 of the model for institutions that demonstrate improvement over the previous
35 year's graduation rate or whose graduation rate exceeds the anticipated
36 graduation rate.

1 (B) The multiplier shall be 1.00 for institutions that do
2 not improve their graduation rate and do not meet the anticipated graduation
3 rate.

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

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

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

11 (B) Incentive pool funds shall be allocated among the
12 qualifying institutions on the basis of the relative degree of improvement in
13 their graduation rate or success in meeting or exceeding the anticipated
14 graduation rate, or both.

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16 SECTION 2. (a) The General Assembly finds that many two-year college
17 students enroll in one-year certificate programs or to complete courses with
18 no intention of completing a degree and the retention rate from semester-to-
19 semester would best capture this characteristic of two-year colleges. The
20 General Assembly further finds that the improvement of the semester-to-
21 semester retention rate of full-time students would be overlooked when only
22 measuring graduation rates.

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

26 (2)(A) The multiplier shall be 1.00 for two-year colleges that
27 do not improve their semester-to-semester retention rate.

28 (B) The multiplier for two-year colleges that exhibit
29 improvement in the semester-to-semester retention rate will vary from 1.00 to
30 1.02 depending upon the degree improvement.

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32 SECTION 3. (a)(1) The General Assembly finds that the retention from
33 the freshman year to the sophomore year at a university, referred to as the
34 one-year retention rate, is critical in increasing the likelihood that a
35 full-time student will graduate and improving the one-year retention rate is
36 imperative in order to improve graduation rates.

