

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 86th General Assembly  
3 Regular Session, 2007  
4

*As Engrossed: H3/13/07*

# A Bill

HOUSE BILL 2325

5 By: Representative Pickett  
6  
7

## For An Act To Be Entitled

9 AN ACT TO IMPROVE RETENTION AND GRADUATION RATES  
10 AT PUBLIC COLLEGES AND UNIVERSITIES BY PROVIDING  
11 A MECHANISM TO DISTRIBUTE INCENTIVE FUNDING FOR  
12 IMPROVED STUDENT OUTCOMES; TO ESTABLISH THE  
13 PRODUCTIVITY ENHANCEMENT FOR UNDERGRADUATE HIGHER  
14 EDUCATION ACT; AND FOR OTHER PURPOSES.

## Subtitle

15  
16 TO IMPROVE RETENTION AND GRADUATION  
17 RATES AT PUBLIC COLLEGES AND  
18 UNIVERSITIES BY PROVIDING A MECHANISM TO  
19 DISTRIBUTE INCENTIVE FUNDING FOR  
20 IMPROVED STUDENT OUTCOMES.  
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23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
25

26 SECTION 1. Arkansas Code Title 6, Chapter 61, is amended to add an  
27 additional subchapter to read as follows:

28 6-61-1301. Title.

29 This subchapter shall be known and may be cited as the "Productivity  
30 Enhancement for Undergraduate Higher Education Act".

31  
32 6-61-1302. Findings.

33 The General Assembly finds that:

34 (1) Higher education productivity is a state, national, and  
35 international issue that impacts the ability of Arkansans to compete on the  
36 state, national, and global level;



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

4           (3) Incentive funding is often successful to encourage public  
5 institutions to improve efficiency, accountability, and outcomes;

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

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

15  
16           6-61-1303. Definitions.

17           As used in this subchapter:

18           (1) "Completion rate for technical certificates" means the ratio  
19 of the number of first-time, full-time students who complete a technical  
20 certificate program in no more than five (5) consecutive semesters at the  
21 institution compared to the total number of first-time, full-time students  
22 who were enrolled at the institution in a technical certificate program five  
23 (5) semesters earlier, expressed as a percentage value;

24           (2) "Certificate-seeking student" means a student who is:

25                   (A) Enrolled in courses for credit; and

26                   (B) Recognized by the institution as seeking a formal  
27 award in a vocational program or an occupational program.

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

29                   (A) Enrolled in courses for credit; and

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

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

32                   (A) Is a student at a public institution of higher  
33 education;

34                   (B) Is enrolled in a course of study leading to an  
35 associate's or bachelor's degree or completion of a technical certificate;  
36 and

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

4                   (5) "Graduation rate for the university" means the ratio of the  
5 number of first-time, full-time degree-seeking students who complete a  
6 baccalaureate degree at the institution in no more than six (6) years  
7 compared to the total number of first-time, full-time degree-seeking students  
8 who began at the university as first-time, full-time degree-seeking students  
9 six (6) years earlier, expressed as a percentage value;

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

16                   (7)(A) "Institution" means a public institution of higher  
17 education.

18                   (B) Institutions include universities and two-year  
19 colleges;

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

24                   (9) "Retention rate for the university" means the ratio of the  
25 number of first-time, full-time, degree-seeking students who continue from  
26 their freshman year at the institution to their second year at the  
27 institution compared to the total number of first-time, full-time, degree-  
28 seeking students who began at the institution as freshman during the previous  
29 year, expressed as a percentage value; and

30                   (10) "Retention rate for the two-year college" means the ratio  
31 of the number of first-time, full-time degree-seeking or certificate-seeking  
32 students who remain at the institution for the following semester compared to  
33 the total number of full-time degree-seeking or certificate-seeking students  
34 at the institution during the previous semester, expressed as a percentage  
35 value.

36

1 6-61-1304. Creation – Purpose.

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

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

7 (1) The retention rates of first-year to second-year students;  
8 and

9 (2) The graduation rates.

10  
11 6-61-1305. Base funding not impacted.

12 Nothing in this subchapter shall impact the base funding of an  
13 institution.

14  
15 6-61-1306. Retention rate improvement incentives for two-year  
16 colleges.

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

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21 6-61-1307. Associate degree graduation rate improvement incentives for  
22 two-year colleges.

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

26  
27 6-61-1308. Technical certificate completion rate improvement  
28 incentives for two-year colleges.

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

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33 6-61-1309. Retention rate improvement incentives for universities.

34 A university is eligible for incentive funding under this section if  
35 the retention rate for the university is three percent (3%) more than the  
36 institutional baseline.

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2 6-61-1310. Graduation rate improvement incentives for universities.  
3 A university is eligible for incentive funding under this section if  
4 the graduation rate for the university is three percent (3%) more than the  
5 institutional baseline.

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7 6-61-1311. Duties of the Higher Education Coordinating Board.  
8 The Higher Education Coordinating Board shall:

9 (1) Develop, implement, and administer the Productivity  
10 Enhancement for Undergraduate Higher Education Program as provided under this  
11 subchapter;

12 (2) Allocate any and all incentive funding that is appropriated  
13 for the Productivity Enhancement for Undergraduate Higher Education Program  
14 among each institution that qualifies in each category under this subchapter;

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

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

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24 6-61-1312. Implementation Date.

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

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27 */s/ Pickett*  
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