1 State of Arkansas

2 86th General Assembly

A Bill

3 Regular Session, 2007

HOUSE BILL 2659

4

5 By: Representative Pickett

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8 ## For An Act To Be Entitled

9   AN ACT TO REPEAL ACT 1974 OF 2005 REGARDING

10   RETENTION AND GRADUATION RATES AT PUBLIC COLLEGES

11   AND UNIVERSITIES FOR THE 2007-2009 BIENNIUM; AND

12   FOR OTHER PURPOSES.

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14   ## Subtitle

15   TO REPEAL ACT 1974 OF 2005 REGARDING

16   RETENTION AND GRADUATION RATES AT PUBLIC

17   COLLEGES AND UNIVERSITIES FOR THE 2007-

18   2009 BIENNIUM.

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

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23   SECTION 1. Sections 1 through 4 of Uncodified Act 1974 of 2005 are

24 repealed.

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

26   (1) One of Arkansas' most formidable challenges in the next

27 decade is to increase the number of its citizens who have obtained a college

28 degree or technical certificate;

29   (2) College graduation rates are an important indicator of a

30 state's ability to compete in the new economy;

31   (3) The graduation rates of Arkansas college students must be

32 improved; and

33   (4) Institutions that are successfully graduating students

34 should be recognized for their efforts and achievements.

35   (b) Appropriation and funding for the 2007-2009 biennium for

36 institutions that improve graduation rates shall be linked to the percentage

1   of full-time first-time degree seeking students who complete an associate's
2   degree in no more than three (3) years or a baccalaureate degree in no more
3   than six (6) years or a technical certificate in no more than five (5)
4   semesters.
5   (c) The annual graduation rate will be determined for the academic
6   year.
7   (d)(1)(A) An institution shall be eligible for incentive funding if:
8   (i) It's graduation rate shows improvement
9   over the previous year; or
10   (ii) It meets or exceeds the anticipated
11   graduation rate as determined by a regression model using student variables
12   including but not limited to:
13   (a) Entrance exam scores;
14   (b) High school grade-point-average;
15   (c) Rank in high school class;
16   (d) Diversity of student population;
17   (e) On- or off-campus residence of
18   students;
19   (f) State resident and non-resident
20   student status;
21   (g) Academic major;
22   (h) Family income; or
23   (i) Institutional variables such as:
24   student-to-faculty ratio, tuition, cost of attendance, financial aid, percent
25   of freshman receiving Pell Grants, percent of freshmen receiving financial
26   aid , financial aid as a percent of cost of attendance and financial aid as a
27   percent of the institution's budget, percent of part-time faculty, percent of
28   faculty with terminal degrees, percent of budget spent on instruction, and
29   percent of freshmen living in residence halls where appropriate.
30   (B) Although a statistical regression model will
31   determine the variables that optimize the model's ability to accurately
32   predict graduation rates, the Arkansas Higher Education Coordinating Board
33   will have final approval of the variables and the model.
34   (2)(A) The two-year and university funding models shall be
35   amended to include multipliers for the Student Semester Credit Hour portions
36   of the model for institutions that demonstrate improvement over the previous

1 year's graduation rate or whose graduation rate exceeds the anticipated

2 graduation rate.

3   (B) The multiplier shall be 1.00 for institutions that do

4 not improve their graduation rate and do not meet the anticipated graduation

5 rate.

6   (C) The multipliers for institutions that exhibit either

7 improvement in graduation rates or meet and exceed their anticipated

8 graduation rate, or both will vary from 1.00 to 1.03 depending upon the

9 degree of their improvement or success.

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

11   (2)(A) However, the distribution of incentive funds shall

12 include factors of an institution's success in graduating students.

13   (B) Incentive pool funds shall be allocated among the

14 qualifying institutions on the basis of the relative degree of improvement in

15 their graduation rate or success in meeting or exceeding the anticipated

16 graduation rate, or both.

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18   SECTION 2. (a) The General Assembly finds that many two-year college

19 students enroll in one-year certificate programs or to complete courses with

20 no intention of completing a degree and the retention rate from semester-to-

21 semester would best capture this characteristic of two-year colleges. The

22 General Assembly further finds that the improvement of the semester-to-

23 semester retention rate of full-time students would be overlooked when only

24 measuring graduation rates.

25   (b)(1) Incentive funding for two-year colleges shall be linked to the

26 semester-to-semester retention rates of full-time degree or certificate

27 seeking students.

28   (2)(A) The multiplier shall be 1.00 for two-year colleges that

29 do not improve their semester-to-semester retention rate.

30   (B) The multiplier for two-year colleges that exhibit

31 improvement in the semester-to-semester retention rate will vary from 1.00 to

32 1.02 depending upon the degree improvement.

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34   SECTION 3. (a)(1) The General Assembly finds that the retention from

35 the freshman year to the sophomore year at a university, referred to as the

36 one-year retention rate, is critical in increasing the likelihood that a

1 full-time student will graduate and improving the one-year retention rate is
2 imperative in order to improve graduation rates.
3   (2) The General Assembly further finds that the improvement of
4 the first-to-second year retention rate of full-time students would be
5 overlooked when only measuring graduations rates of universities.
6   (b)(1) Incentive funding for universities shall be linked to the one-
7 year retention rate of first-time, full-time degree-seeking students.
8   (2)(A) The multiplier shall be 1.00 for universities that do not
9 improve their one-year retention rate.
10   (B) The multiplier for universities that exhibit
11 improvement in the first-to-second year retention rate will vary from 1.00 to
12 1.02 depending upon the degree of improvement.
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14   SECTION 4. Funding.
15   (a)(1) An incentive pool of one million dollars ($1,000,000) shall be
16 established to award two-year colleges and universities based upon Sections 1
17 through 3 of this act during each year of the 2007-2009 biennium.
18   (2) The Arkansas Higher Education Coordinating Board shall have
19 the authority to recommend a larger incentive appropriation and funding for
20 the second year of the biennium when the impact upon the funding formulas is
21 better understood and after the level of funding for the 2008 fiscal year is
22 determined.
23   (b) The funds awarded to the two-year colleges and universities based
24 upon Sections 1 through 3 of this act shall not impact an institution's base
25 funding.
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