

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011  
4

# A Bill

SENATE BILL 766

5 By: Senators G. Baker, J. Key  
6 By: Representative J. Roebuck  
7

## For An Act To Be Entitled

9 AN ACT TO PROMOTE ACCOUNTABILITY AND EFFICIENCY AT  
10 STATE-SUPPORTED INSTITUTIONS OF HIGHER EDUCATION; TO  
11 CLARIFY FUNDING FORMULA CALCULATIONS FOR STATE-  
12 SUPPORTED INSTITUTIONS OF HIGHER EDUCATION; TO  
13 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.  
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## Subtitle

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16  
17 TO CLARIFY FUNDING FORMULA CALCULATIONS  
18 FOR STATE-SUPPORTED INSTITUTIONS OF  
19 HIGHER EDUCATION AND TO DECLARE AN  
20 EMERGENCY.  
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22  
23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
24

25 SECTION 1. Arkansas Code § 6-61-223 is repealed.

26 ~~6-61-223. Funding formula—Arkansas Higher Education Coordinating~~  
27 ~~Board.~~

28 ~~(a) The Arkansas Higher Education Coordinating Board will work with~~  
29 ~~the state college and university Presidents Council to review, revise, and~~  
30 ~~develop funding formulas which will, in principle, seek to provide fair and~~  
31 ~~equitable state support to all postsecondary students across the state,~~  
32 ~~regardless of the state institution attended, while at the same time~~  
33 ~~recognizing:~~

34 ~~(1) The different needs for lower level, upper level, and~~  
35 ~~graduate level instruction at the various institutions;~~

36 ~~(2) The requirements for specialized equipment, labs, and~~



1 ~~smaller class sizes in some disciplines; and~~

2 ~~(3) Unique missions such as agricultural extension services,~~  
 3 ~~research, medical sciences, workforce development, and public service; and~~

4 ~~(4) Growth, economies of scale, and other appropriate factors.~~

5 ~~(b) The formulas will be developed in consensus with the state college~~  
 6 ~~and university President's Council and presented to the Joint Budget~~  
 7 ~~Committee for review.~~

8  
 9 SECTION 2. Arkansas Code § 6-61-224 is repealed.

10 ~~6-61-224. Funding formula—Department of Higher Education.~~

11 ~~(a) The Department of Higher Education will work with the state~~  
 12 ~~college and university Presidents Council to review, revise, and develop~~  
 13 ~~funding formulas which will, in principle, seek to provide fair and equitable~~  
 14 ~~state support to all postsecondary students across the state, regardless of~~  
 15 ~~the state institution attended, while at the same time recognizing:~~

16 ~~(1) The different needs for lower level, upper level, and~~  
 17 ~~graduate level instruction at the various institutions;~~

18 ~~(2) The requirements for specialized equipment, labs, and~~  
 19 ~~smaller class sizes in some disciplines;~~

20 ~~(3) Unique missions such as agricultural extension services,~~  
 21 ~~research, medical sciences, workforce development, and public service; and~~

22 ~~(4) Growth, economies of scale, and other appropriate factors.~~

23 ~~(b) The formulas will be developed in consensus with the state college~~  
 24 ~~and university President's Council and presented to the Arkansas Higher~~  
 25 ~~Education Coordinating Board and the Joint Budget Committee for review.~~

26  
 27 SECTION 3. Arkansas Code § 6-61-228(a), concerning the broad goals for  
 28 higher education funding, is amended to add additional subdivisions to read  
 29 as follows:

30 (a)(1) The funding formula model for universities shall serve as a  
 31 ~~tool~~ framework for implementing the broad goals of the State of Arkansas and  
 32 the Arkansas Higher Education Coordinating Board.

33 (2) The model shall ensure adequate, equitable, and stable  
 34 funding and be based on reliable and uniform data.

35 (3) The model shall be simple to understand, sensitive to  
 36 universities' differing missions, and responsive to changes within the

1 universities and shall make provisions for special-purpose units.

2 (4) The model shall hold universities accountable for increasing  
3 the educational attainment levels of Arkansas citizens by:

4 (A) Addressing the state's economic development and work  
5 force needs;

6 (B) Promoting increased degree production while  
7 maintaining a high level of rigor; and

8 (C) Acknowledging the unique mission of each university  
9 and allowing for collaboration and minimal redundancy in degree offerings and  
10 competitive research.

11 (5) The model shall promote a seamless and integrated system of  
12 postsecondary education designed to meet the needs of all students.

13 (6) The model shall address institutional accountability for the  
14 quality of instruction and student learning, including remedial instruction.

15  
16 SECTION 4. Arkansas Code § 6-61-228, concerning an outcome-centered  
17 funding formula, is amended to add additional subsections to read as follows:

18 (o)(1) By December 31, 2011, the Arkansas Higher Education  
19 Coordinating Board shall develop an outcome-centered funding formula model  
20 that implements the broad goals for the state in subsection (a) of this  
21 section and seeks to promote and increase the satisfactory progression,  
22 matriculation, and graduation of all students enrolled in state-supported  
23 institutions of higher education.

24 (2) The outcome-centered funding formula model shall take into  
25 consideration, at a minimum:

26 (A) Course completion;

27 (B) Degree completion;

28 (C) Critical needs shortage areas;

29 (D) Minority students;

30 (E) Economically disadvantaged students; and

31 (F) Nontraditional students.

32 (p)(1) Each university's total funding shall be calculated at:

33 (A) Ninety-five percent (95%) under the funding formula  
34 model under subsections (b)-(m) of this section and five percent (5%) on the  
35 outcome-centered funding formula model for the 2013-2014 school year;

36 (B) Ninety percent (90%) under the funding formula model

1 under subsections (b)-(m) of this section and ten percent (10%) on the  
 2 outcome-centered funding formula model for the 2014-2015 school year;

3 (C) Eighty-five percent (85%) under the funding formula  
 4 model under subsections (b)-(m) of this section and fifteen percent (15%) on  
 5 the outcome-centered funding formula model for the 2015-2016 school year; and

6 (D) Eighty percent (80%) under the funding formula model  
 7 under subsections (b)-(m) of this section and twenty percent (20%) on the  
 8 outcome-centered funding formula model for the 2016-2017 school year.

9 (2) Beginning in the 2017-2018 school year, university funding  
 10 shall be based seventy-five percent (75%) under the funding formula model  
 11 under subsections (b)-(m) of this section and twenty-five percent (25%) on  
 12 the outcome-centered funding formula model.

13 (q) A university shall receive no more than a two percent (2%)  
 14 reduction in state funding from the previous year, regardless of the funding  
 15 formula.

16  
 17 SECTION 5. Arkansas Code § 6-61-229(a), concerning the funding formula  
 18 model for two-year colleges, is amended to read as follows:

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

20 (1) Serve as a ~~tool~~ framework for implementing the broad goals  
 21 of the State of Arkansas and the Arkansas Higher Education Coordinating  
 22 Board;

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

24 (3) ~~Be simple to understand, sensitive to colleges' differing~~  
 25 ~~missions, and responsive to changes within them; and~~

26 ~~(4) Make provisions for special-purpose units~~ Hold two-year  
 27 colleges accountable for increasing the educational attainment levels of  
 28 Arkansas citizens by:

29 (A) Addressing the state's economic development and work-  
 30 force needs;

31 (B) Promoting increased certificate and degree production  
 32 while maintaining a high level of rigor; and

33 (C) Acknowledging the unique mission of each two-year  
 34 college and allowing for collaboration and minimal redundancy in degree  
 35 offerings and competitive research;

36 (4) Promote a seamless and integrated system of postsecondary

1 education designed to meet the needs of all students; and

2 (5) Address institutional accountability for the quality of  
3 instruction and student learning, including remedial instruction.

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5 SECTION 6. Arkansas Code § 6-61-229(p), concerning the outcome-  
6 centered funding formula, is amended to read as follows:

7 ~~(p) Notwithstanding the provisions of this section, each two-year~~  
8 ~~college shall receive a minimum base funding equal to the greater of three~~  
9 ~~million dollars (\$3,000,000) per fiscal year or an amount equal to the~~  
10 ~~previous year's funding per fiscal year (1) By December 31, 2011, the~~  
11 Arkansas Higher Education Coordinating Board shall develop an outcome-  
12 centered funding formula model that implements the board goals for the state  
13 in subsection (a) of this section and seeks to promote and increase the  
14 satisfactory progression, matriculation, and graduation of all students  
15 enrolled in state-supported institutions of higher education.

16 (2) The outcome-centered funding formula model shall take into  
17 consideration at a minimum:

18 (A) Course completion;

19 (B) Certificate and degree completion;

20 (C) Critical needs shortage areas;

21 (D) Minority students;

22 (E) Economically disadvantaged students; and

23 (F) Nontraditional students.

24 (q)(1) Each two-year college's total funding shall be calculated at:

25 (A) Ninety-five percent (95%) under the funding formula  
26 model under subsections (b)-(m) of this section and five percent (5%) on the  
27 outcome-centered funding formula model for the 2013-2014 school year;

28 (B) Ninety percent (90%) under the funding formula model  
29 under subsections (b)-(m) of this section and ten percent (10%) on the  
30 outcome-centered funding formula model for the 2014-2015 school year;

31 (C) Eighty-five percent (85%) under the funding formula  
32 model under subsections (b)-(m) of this section and fifteen percent (15%) on  
33 the outcome-centered funding formula model for the 2015-2016 school year; and

34 (D) Eighty percent (80%) under the funding formula model  
35 under subsections (b)-(m) of this section and twenty percent (20%) on the  
36 outcome-centered funding formula model for the 2016-2017 school year.

1           (2) Beginning in the 2017-2018 school year, two-year college  
 2 funding shall be based seventy-five percent (75%) under the funding formula  
 3 model under subsections (b)-(m) of this section and twenty-five percent (25%)  
 4 on the outcome-centered funding formula model.

5           (r) A two-year college shall receive no more than a two percent (2%)  
 6 reduction in state funding from the previous year, regardless of the funding  
 7 formula.

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 9           SECTION 7. Arkansas Code § 6-61-230 is amended to read as follows:

10          6-61-230. Review of funding formulas.

11          The Arkansas Higher Education Coordinating Board, ~~in collaboration with~~  
 12 ~~the Executive Council of the Presidents Council,~~ shall review the funding  
 13 formulas set forth in this subchapter biennially and make written  
 14 recommendations for appropriate modifications or changes to the President Pro  
 15 Tempore of the Senate, the Speaker of the House of Representatives, and the  
 16 Governor by October 15 of the year prior to each regular session of the  
 17 General Assembly.

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 19          SECTION 8. EMERGENCY CLAUSE. It is found and determined by the  
 20 General Assembly of the State of Arkansas that there is an increasing need to  
 21 ensure accountability and efficiency with our limited financial resources in  
 22 trying economic times; that clarifying the funding mechanisms for state-  
 23 supported institutions of education will allow the limited financial  
 24 resources to be allocated in a fair and equitable manner; and that this act  
 25 is immediately necessary because funding for state-supported institutions is  
 26 necessary for the 2012-2013 academic year. Therefore, an emergency is  
 27 declared to exist and this act being immediately necessary for the  
 28 preservation of the public peace, health, and safety shall become effective  
 29 on:

30           (1) The date of its approval by the Governor;

31           (2) If the bill is neither approved nor vetoed by the Governor,  
 32 the expiration of the period of time during which the Governor may veto the  
 33 bill; or

34           (3) If the bill is vetoed by the Governor and the veto is  
 35 overridden, the date the last house overrides the veto.

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