

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD  
Special Meeting  
July 24, 2008**

**Minutes of Meeting**

The Arkansas Higher Education Coordinating Board held a special meeting on Thursday, July 24, 2008 on the campus of Arkansas State University-Beebe. The purpose of the meeting was to give Coordinating Board members and Presidents/Chancellors an opportunity to discuss issues in financing higher education. The meeting convened at 4:00 p.m. with a quorum present.

Coordinating Board present:

Dick Trammel, Chair  
David Leech, Vice Chair  
Dr. Lynda Johnson, Secretary  
Dr. Charles Allen  
Dr. Joe Bennett  
Bob L. Burns  
Dr. Olin Cook  
Phil Ford  
Dr. Dan Grant  
Kaneaster Hodges  
Steve Luelf

Coordinating Board absent:

Jodie Carter

Department staff present:

Dr. Jim Purcell, Director  
Dr. Steve Floyd, Deputy Director  
Dr. Stanley Williams, Senior Associate Director for Finance  
Dr. Karen Wheeler, Associate Director for Academic Programs  
Cynthia Moten, Coordinator of Academic Programs  
Dale Ellis, Communications Officer  
Nichole Abernathy, Director's Assistant

Chairman Trammel thanked Coordinating Board members for participating in the meeting. With no formal agenda, Chairman Trammel stated that no action would be taken.

Dr. Stan Williams began by expressing his concerns regarding the maintenance of facilities at institutions. He shared photos of dilapidated facilities as well as new and well maintained ones. He noted that institutions need to have funding and a dependable revenue stream in order to maintain new facilities.

Dr. Lynda Johnson asked if institutions don't have the finances for improvements because of scholarships. Dr. Williams said that institutions have a choice and

even if they weren't spending all of their money on scholarships, it still wouldn't go toward research.

Next, Dr. Williams presented some of the concerns expressed by the public and by policy makers regarding rising tuition costs. Are college tuitions rising because spending is growing; is there any evidence of cost cutting; can institutions increase productivity as a way to lower costs and, ultimately, tuition; and, what should public policy makers do to address the college cost problem?

Dr. Williams stated that for more than three-quarters of the students enrolled in higher education, they are paying more, and getting less. Where spending is going up, it is generally not going into core academic programs. The greatest increases have been in contracted funding for research and public service, and for scholarships.

There is evidence of cost cutting, said Dr. Williams. Spending per FTE student has grown more slowly than inflation at public community colleges and at public master's level institutions in recent years. Even with recent cost cutting in many institutions, overall spending has continued to rise, with the largest increases in private research institutions. Spending cuts have not resulted in lower tuition – and will not, said Dr. Williams. Cost cuts will have to be much more drastic than they have been to date.

Dr. Williams noted that spending on institutional scholarships and fellowships was the greatest source of increased costs from discretionary spending. However, over the past two decades, the cost of instruction – primarily faculty salaries and benefits – have been declining as a percent of total spending.

For public policy makers to address the college cost problem they must begin by redefining the traditional understanding of the college cost problem, from a focus on tuition and financial aid, to a better understanding of costs and of how costs relate to performance, said Dr. Williams.

David Leach commented that tuition is sky high because scholarships appear to be out of control. 15% (30 % is the maximum allowable expenditure for academic and performance scholarships) sounds a lot closer to where it should be, he said.

After hearing the discussions regarding higher education finances, Chairman Trammel concluded that now is the time to make a difference.

With no further comments, the meeting adjourned at 5:30 p.m.

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Nichole Abernathy

APPROVED:

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Dr. Lynda Johnson, Secretary