

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD
Special Meeting via Conference Call
February 16, 2016**

Minutes of Meeting

The Arkansas Higher Education Coordinating Board held a special meeting via conference call on Tuesday, February 16, 2016. The purpose of the meeting was to consider the economic feasibility of bond issue for the University of Arkansas, Fayetteville. The meeting convened at 3:30 p.m. with a quorum present.

Coordinating Board present:

Bob Crafton, Chair
Sherrel Johnson, Vice Chair
Dr. Jim Carr
Dr. Olin Cook
Florine Milligan
Ben Pickard
Greg Revels
Dr. Michael Stanton

Coordinating Board absent:

Dr. Charles Allen
Chris Gilliam
Sam Sicard

Department staff present:

Dr. Brett Powell, Director
Harold Criswell, Senior Associate Director of Administration and Finance
Tara Smith, Senior Associate Director for Institutional Finance
Chandra Robinson, Program Specialist for Institutional Finance
Lisa Smith, Communications/Outreach Coordinator
Nichole Abernathy, Executive Assistant

Presidents, chancellors, other institutional representatives, and guests were also present.

Chairman Crafton thanked the Coordinating Board members and guests for participating on the call. Because there weren't enough Finance Committee members for a quorum, the Board went into a committee of the whole.

Nichole Abernathy conducted a roll call to confirm that there was a quorum.

Agenda Item No. 1
Economic Feasibility of Bond Issue
University of Arkansas, Fayetteville

The University of Arkansas, Fayetteville requested approval of the economic feasibility of plans to issue bonds not to exceed \$30.0 million with a term of thirty (30) years at an annual interest rate not to exceed 5.50 percent. Proceeds from the bond issue will be used for educational and general (E&G) and auxiliary

purposes. The University of Arkansas Board of Trustees approved this financing at its meeting on February 15, 2016.

The current APPA recommendation is \$1.25 per gross square foot for auxiliary facilities. The two auxiliary projects provide new square footage for the University. The Sigma Alpha Epsilon Fraternity project will add approximately 5,668 sq. ft., and the Pat Walker Health Center project will add approximately 20,000 sq.ft. Therefore, based on an estimate of 25,668 new square footage (as the projects are completed over the next few years), \$32,085 will be transferred annually beginning in the fiscal year after the projects are placed into service.

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the University of Arkansas, Fayetteville to issue bonds in an amount not to exceed \$30 million with a term of thirty (30) years at an estimated interest rate not to exceed 5.50 percent for educational and general to fund the initial stage of the construction of an approximately 20,000 sq. ft. library storage facility; continue the renovation of and addition of approximately 3,500 sq. ft. to Kimpel Hall, fund the initial stage of the construction of an approximately 25,000 sq. ft. Civil Engineering Research and Education Center, complete the renovation of Discovery Hall, construct five new campus entrance signs, pay for the initial design of the new University Recreation Intramural Sports Playing Fields, and to fund other capital improvements and infrastructure and various equipment for educational and general purposes if proceeds are available; and for auxiliary purposes to renovate and construct an addition of approximately 5,668 sq. ft. to the Sigma Alpha Epsilon Fraternity; to fund the initial stage of construction of an approximately 20,000 sq. ft. addition to the Pat Walker Health Center; and other capital improvements and infrastructure and various equipment for auxiliary purposes if proceeds are available.

FURTHER RESOLVED, That the Director of the Arkansas Department of Higher Education is authorized to notify the President and the Chair of the Board of Trustees of University of Arkansas and the Chancellor of the University of Arkansas, Fayetteville of the Coordinating Board's resolution.

Chairman Crafton asked if the bond would only fund the initial stage or the entire stage of construction for the Civil Engineering Research and Education Center.

Dr. Joseph Steinmetz, Chancellor for the University of Arkansas, Fayetteville (UAF), explained that the bond would fund the design stage of the Civil Engineering Research and Education Center.

Chairman Crafton asked if UAF would request additional economic feasibilities in the future to finish the center.

Dr. Steinmetz said that is correct.

Ben Pickard asked what the average student fees are used to cover this project.

Dr. Steinmetz said that last year a \$2 addition, per credit hour was added for the facilities fee. Going forward, no additional fees are needed for this project.

Dr. Olin Cook moved to approve Agenda Item No. 1. Dr. Michael Stanton seconded the motion and the Board unanimously approved.

Nichole Abernathy conducted a final roll call, reaffirming the quorum.

Next, at the request of the Coordinating Board, Dr. Brett Powell provided an update on the status of possible changes to concurrent enrollment policies and need based requirements to the Academic Challenge Scholarship.

Dr. Powell began by saying the Concurrent Credit Advisory Committee met that morning to begin considering what concurrent strategies should look like for the state. The plan is to organize the meetings around several topics; which students should be enrolled in concurrent courses; what courses should be offered; how should the courses be offered; how should they be paid for; and, how are we going to determine if we have an effective concurrent credit program.

We tentatively set a goal of mid-fall to have this complete, just in case there are any considerations that might lead to changes in the way institutions are funded, said Powell.

We are still gathering information about the best practical approaches to need-based aid, said Powell. We are the fourth lowest in the country in the amount of state-based aid that is awarded on the basis of a student's financial need. Six (6) percent of Arkansas aid is based on need and ninety-four percent is based on merit. Across the nation, seventy-five percent of state financial aid is based on need. We are definitely in the minority, said Powell.

For the past five years that we have had the Lottery Scholarship, if you compare the characteristics of students who retain the scholarship until the end of the year with students who lose the scholarship after year one, they are very consistent across those five years. When you look at the characteristics of students who retain the scholarship in year two with those who lose the scholarship, the difference in ACT scores, college GPAs, and number of credit hours of those students are virtually identical in five years. Family income is the one factor where there is the most difference and widest gap. In my opinion this is another indicator why we should consider family income more when it comes to awarding financial aid, said Powell.

Ben Pickard asked if there was a goal for the need-based aid to be implemented in the future.

Powell said that the goal that we have is in the Closing the Gap Master Plan and that is to move to 25 percent of state funding based on need. The timing of that will depend on when we can get legislation enacted. Since the lottery began, there have been four changes to the structure of the Academic Challenge Scholarship (ACS). That lack of consistency is problematic. Families don't know from year to year what to expect, said Powell.

Pickard asked if the ADHE staff could provide information detailing the number of students that receive both the ACS and Pell Grant. Powell said he would provide that information to the Coordinating Board.

Pickard asked if there would be any legislative changes to board policies regarding concurrent courses and faculty qualifications.

Powell said that ADHE couldn't do anything against HLC requirements. If it is in policy, we need some enforcement process. We have to balance it with the fact that we're not an audit agency. We don't go into an institution's classrooms to make sure they are teaching the things that they say they are teaching. We have to also consider that academic quality is a purview of the institution and they have their own policies that they are trying to enforce.

Powell said that all of the institutions should have adopted a Memorandum of Understanding (MOU) with the school districts they work with. It is up to the institutions to make sure that their faculty carry out the standards in their MOU.

Pickard questioned whether or not all of the institutions met the faculty qualifications in their MOUs.

Dr. Jim Carr reminded the Coordinating Board that while only six (6) percent of Arkansas's financial aid is based on financial need, almost one hundred (100) percent of federal assistance is based on financial need.

Chairman Crafton thanked everyone for participating in the special meeting and announced that the next regular meeting would be April 22, 2016, at National Park College in Hot Springs.

With no further comments, the meeting adjourned at 3:58 p.m.

Nichole Abernathy

APPROVED:

Chris Gilliam, Secretary