

Arkansas Division of Higher Education

Operating Recommendations for State-Supported Institutions of Higher Education

Fiscal Year 2023-2024



Institutional Finance

December 2022

Arkansas Division of Higher Education
101 E. Capitol Avenue, Suite 300 Little Rock, AR 72201

**RECOMMENDATIONS FOR EDUCATIONAL AND GENERAL OPERATIONS
STATE-SUPPORTED INSTITUTIONS OF HIGHER EDUCATION
2023-25 BIENNIUM**

Background

A.C.A. §6-61-234 (Act 148 of 2017) directs the Arkansas Higher Education Coordinating Board (AHECB) to adopt policies developed by the Arkansas Division of Higher Education (ADHE) necessary to implement a productivity-based funding model for state-supported institutions of higher education. That language reads as follows:

“(a) (1) (A) The Arkansas Higher Education Coordinating Board shall adopt policies developed by the Division of Higher Education necessary to implement a productivity-based funding model for state-supported institutions of higher education.”

Productivity-based funding is a mechanism to align institutional funding with statewide priorities for higher education by incentivizing progress toward statewide goals. At the same time, such models encourage accountability to students and policymakers by focusing on the success of students through the achievement of their educational goals. The new funding model is built around a set of shared principles developed by institutions and aligned with goals and objectives for post-secondary attainment in our state.

At its October 27, 2017 meeting, the AHECB approved the productivity funding model policies for the two-year colleges and universities. The policies were developed in conjunction with presidents and chancellors after meetings and revisions. The AHECB shall use the productivity-based funding model as the mechanism for recommending funding for applicable state-supported institutions of higher education. According to A.C.A. §6-61-234, the productivity-based funding model shall not determine the funding needs of special units such as a medical school, division of agriculture, or system offices. These special units are known as non-formula entities and ADHE staff reviewed justification requests submitted by the non-formula entities and prepared funding recommendations for Fiscal Year 2023-24 based upon those requests.

Operating Funding Recommendations for the 2023-25 Biennium

The operating recommendations are based upon the productivity funding formula policies approved by the AHECB in October 2017 as well as requests submitted by the non-formula entities.

The two-year college and university productivity funding models have been

calculated using academic year 2019 through academic year 2021 student data as well as academic year 2018 through academic year 2020 expenditure data reported to and published by the Integrated Postsecondary Education Data System (IPEDS). The productivity funding model calculations represent a total productivity increase of 1.09% for two-year colleges and universities. This 1.09% supports the recommendation for state funding of institutions of higher education at \$588,684,453 in 2023-24. The total funding recommendation for the non-formula entities is \$267,492,563 in 2023-24.

For the **universities**, an increase in funding is recommended for those institutions with productivity increases for a total change in university funding of \$4,754,705.

For the **two-year colleges**, an increase in funding is recommended for those institutions with productivity increases for a total change in two-year college funding of \$1,585,822.

For the **non-formula entities**, the recommendation is for a 7.0% increase based on the CPI index and a recommendation of full funding of Operations and Program Enhancement requests which combined would require an additional \$50.1 million, of which \$29.2 million would be for the University of Arkansas for Medical Sciences (UAMS).

The individual institutional recommendations for all three types of institutions (Colleges, Universities, and Non-Formula Entities) were determined in the following manner: The general revenue funds were distributed based upon the productivity funding distribution policy adopted by the AHECB in October 2017. The non-formula needs were based on the justifications submitted by the institutions. **The total funding recommendation for 2023-24 for Colleges and Universities is \$6,340,527 in new revenue with \$5,664,694 of that being redistributed from one time incentive funds. The total recommendation for 2023-2024 for the Non-Formula Entities is \$50,079,154 in new revenue.**

In addition to these funding recommendations, an additional appropriation increase recommendation of 2% of the formula based entities funding recommendation has been added to address any changes in disbursements for Educational Excellence Trust Fund revenues or any other state funding adjustments. This increase totals \$9,881,273 for the **universities** and \$3,611,022 for the **two-year colleges**.

These recommendations will be requested to continue for the 2024-2025 fiscal year with changes and updates based on new formula data being presented prior to the 2024 Fiscal Session.

ADHE Executive Staff recommend that the Arkansas Higher Education Coordinating Board approve the following resolution.

RESOLVED, That the Arkansas Higher Education Coordinating Board adopts the recommendations for state funding of the educational and general operations of Arkansas public institutions of higher education in the 2023-25 Biennium as included in Tables A, B, C, D and E.

FURTHER RESOLVED, That the Director of the Arkansas Division of Higher Education is authorized to prepare appropriate documents for transmission to the Governor and the General Assembly of the 2023-25 operating recommendations of the Arkansas Higher Education Coordinating Board.

FURTHER RESOLVED, That should any errors of a technical nature be found in these recommendations, the Director of the Arkansas Division of Higher Education is authorized to make appropriate corrections consistent with the policy established by the Board's action on these recommendations.



Table A. Summary of Operating Recommendations for the 2023-24 Fiscal Year

Institution Type	Fiscal Year 2022-23 Base				FY2023-24 AHECB Recommendations		
	EETF Forecast	WF2000	RSA Forecast	Total Base (RSA, EETF & WF2000)	Total Recommendation	New Funds	% Inc
	Universities	50,456,760	2,157,610	440,233,100	489,284,964	494,039,408	4,754,444
Colleges	9,943,261	23,372,671	147,775,520	178,928,583	180,514,005	1,585,422	0.9%
Total	60,400,021	25,530,281	588,008,620	668,213,546	674,553,413	6,339,866	0.9%

Non-Formula Entity Type	Fiscal Year 2022-23 Base			FY2023-24 AHECB Recommendation		
	EETF Forecast	RSA Forecast	Total Base (RSA & EETF)	Total Recommendation	New Funds	% Inc
	Non-Formula Entities	18,585,292	91,976,202	110,561,494	131,483,111	20,921,617
Health Care-Related UAMS	13,070,364	95,786,321	108,856,685	138,014,221	29,157,536	26.8%
Total	31,655,656	187,762,523	219,418,179	269,497,333	50,079,154	22.8%



Table B. 2023-24 Four-Year Universities Recommendations

Inst	FY2022-23					PRODUCTIVITY DISTRIBUTIONS									FY2023-24 Recommendations			
	EETF Forecast	WF2000 Forecast	RSA Forecast	One-Time Incentive Funding in RSA	Total Base (RSA + EETF + WF2000 - Incentive Funding)	% Change in Productivity Index	Productivity Index Increases	Contribution to Increase	Distribution of Productivity Funding (New Funds)	% Increase over RSA	Reallocation Losses (2%)	Reallocation of Productivity Losses	RSA Increase (Capped at 2%)	Incentive Funding	Total Funding Recommendation	New Funds	2% Appropriation Adjustment	Total Recommendation
ASUJ	\$ 8,214,417	\$ -	\$ 59,357,665	\$ 122,087	\$ 67,449,995	1.03%	319	7.54%	\$ 358,652	0.61%	\$ -	\$ 185,933	\$ 544,585	\$ -	\$ 67,994,580	\$ 544,585	\$ 1,359,892	\$ 69,354,471
ATU*	\$ 2,819,482	\$ 794,492	\$ 38,234,177	\$ 379,065	\$ 41,469,086	-2.76%	-	0.00%	\$ -	0.00%	\$ 757,102	\$ (757,102)	\$ -	\$ -	\$ 40,711,983	\$ (757,102)	\$ 814,240	\$ 41,526,223
HSU	\$ 2,916,621	\$ -	\$ 19,252,049	\$ -	\$ 22,168,670	-0.61%	-	0.00%	\$ -	0.00%	\$ 118,253	\$ (118,253)	\$ -	\$ -	\$ 22,050,418	\$ (118,253)	\$ 441,008	\$ 22,491,426
SAUM	\$ 1,724,370	\$ -	\$ 17,278,600	\$ -	\$ 19,002,970	-3.92%	-	0.00%	\$ -	0.00%	\$ 345,572	\$ (345,572)	\$ -	\$ -	\$ 18,657,398	\$ (345,572)	\$ 373,148	\$ 19,030,546
UAF	\$ 12,610,820	\$ -	\$ 130,852,703	\$ 3,061,354	\$ 140,402,170	5.71%	3,757	88.72%	\$ 4,218,321	3.30%	\$ -	\$ 2,186,871	\$ 2,555,827	\$ 3,849,365	\$ 146,807,362	\$ 6,405,192	\$ 2,936,147	\$ 149,743,509
UAFS	\$ 4,273,669	\$ -	\$ 21,913,603	\$ -	\$ 26,187,272	-3.06%	-	0.00%	\$ -	0.00%	\$ 438,272	\$ (438,272)	\$ -	\$ -	\$ 25,749,000	\$ (438,272)	\$ 514,980	\$ 26,263,980
UALR	\$ 7,406,778	\$ -	\$ 56,239,812	\$ -	\$ 63,646,590	0.52%	110	2.60%	\$ 123,703	0.22%	\$ -	\$ 64,130	\$ 187,833	\$ -	\$ 63,834,423	\$ 187,833	\$ 1,276,688	\$ 65,111,111
UAM*	\$ 1,488,186	\$ 1,363,118	\$ 17,385,204	\$ -	\$ 20,236,508	-2.49%	-	0.00%	\$ -	0.00%	\$ 347,704	\$ (347,704)	\$ -	\$ -	\$ 19,888,804	\$ (347,704)	\$ 397,776	\$ 20,286,580
UAPB	\$ 2,583,459	\$ -	\$ 22,895,312	\$ -	\$ 25,478,771	-4.12%	-	0.00%	\$ -	0.00%	\$ 457,906	\$ (457,906)	\$ -	\$ -	\$ 25,020,864	\$ (457,906)	\$ 500,417	\$ 25,521,282
UCA	\$ 6,418,958	\$ -	\$ 56,823,974	\$ -	\$ 63,242,932	0.18%	48	1.13%	\$ 53,769	0.09%	\$ -	\$ 27,875	\$ 81,644	\$ -	\$ 63,324,576	\$ 81,644	\$ 1,266,492	\$ 64,591,068
Total	\$ 50,456,760	\$ 2,157,610	\$ 440,233,100	\$ 3,562,506	\$ 489,284,964	1.06%	4,234	100%	\$ 4,754,444	1%	\$ 2,464,809	\$ 0	\$ 3,369,888	\$ 3,849,365	\$ 494,039,408	\$ 4,754,444	\$ 9,880,788	\$ 503,920,196

*Includes ATU-Ozark
 **Includes UAM-Crossett and UAM-McGehee



Table C. 2023-24 Two Year Colleges Recommendations

Inst	FY2022-23					PRODUCTIVITY DISTRIBUTIONS									FY2023-24 Recommendations			
	EETF Forecast	WF2000 Forecast	RSA Forecast	One-Time Incentive Funding in RSA	Total Base (RSA + EETF + WF2000 - Incentive Funding)	% Change in Productivity Index	Productivity Index Increases	Contribution to Increase	Distribution of Productivity Funding (New Funds)	% Increase over RSA	Reallocation Losses (2%)	Reallocation of Productivity Losses	RSA Increase (Capped at 2%)	Incentive Funding	Total Funding Recommendation	New Funds	2% Appropriation Adjustment	Total Recommendation
ANC	\$ 1,005,983	\$ 730,954	\$ 8,885,745	\$ -	\$ 10,622,682	1.87%	59	2.89%	\$ 45,846	0.52%	\$ -	\$ 13,144	\$ 58,990	\$ -	\$ 10,681,672	\$ 58,990	\$ 213,633	\$ 10,895,306
ASUB	\$ 2,006,749	\$ 801,945	\$ 11,410,153	\$ -	\$ 14,218,847	-2.44%	-	0.00%	\$ -	0.00%	\$ 53,773	\$ (53,773)	\$ -	\$ -	\$ 14,165,074	\$ (53,773)	\$ 283,301	\$ 14,448,375
ASUMH	\$ -	\$ 823,929	\$ 3,537,885	\$ -	\$ 4,361,814	0.60%	21	1.03%	\$ 16,372	0.46%	\$ -	\$ 4,694	\$ 21,066	\$ -	\$ 4,382,880	\$ 21,066	\$ 87,658	\$ 4,470,538
ASUMS	\$ -	\$ 2,190,914	\$ 4,015,303	\$ -	\$ 6,206,217	4.34%	117	5.73%	\$ 90,829	2.26%	\$ -	\$ 26,040	\$ 80,306	\$ 36,563	\$ 6,323,086	\$ 116,869	\$ 126,462	\$ 6,449,548
ASUN	\$ -	\$ 1,417,628	\$ 6,586,716	\$ 67,716	\$ 7,936,628	0.50%	32	1.56%	\$ 24,801	0.38%	\$ -	\$ 7,110	\$ 31,911	\$ -	\$ 7,968,538	\$ 31,911	\$ 159,371	\$ 8,127,909
ASUTR	\$ -	\$ 1,156,386	\$ 3,350,898	\$ -	\$ 4,507,284	-2.53%	-	0.00%	\$ -	0.00%	\$ (30,462)	\$ 30,462	\$ 30,462	\$ -	\$ 4,537,746	\$ 30,462	\$ 90,755	\$ 4,628,500
BRTC	\$ -	\$ 2,245,209	\$ 5,807,840	\$ -	\$ 8,053,049	3.92%	148	7.24%	\$ 114,845	1.98%	\$ -	\$ 32,925	\$ 116,157	\$ 31,614	\$ 8,200,819	\$ 147,771	\$ 164,016	\$ 8,364,836
CCCUA	\$ -	\$ 1,350,337	\$ 3,808,951	\$ 192,480	\$ 4,966,808	4.27%	167	8.18%	\$ 129,754	3.59%	\$ -	\$ 37,200	\$ 72,329	\$ 94,625	\$ 5,133,762	\$ 166,954	\$ 102,675	\$ 5,236,437
EACC	\$ 1,050,182	\$ 783,221	\$ 8,843,482	\$ 266,107	\$ 10,410,779	8.30%	224	10.98%	\$ 174,137	2.03%	\$ -	\$ 49,924	\$ 171,548	\$ 52,514	\$ 10,634,840	\$ 224,061	\$ 212,697	\$ 10,847,537
NAC	\$ 620,225	\$ 575,177	\$ 7,583,686	\$ -	\$ 8,779,088	-0.59%	-	0.00%	\$ -	0.00%	\$ (22,041)	\$ 22,041	\$ -	\$ -	\$ 8,801,128	\$ 22,041	\$ 176,023	\$ 8,977,151
NPC	\$ 1,570,695	\$ 668,021	\$ 9,445,632	\$ 270,076	\$ 11,414,272	0.90%	49	2.43%	\$ 38,482	0.42%	\$ -	\$ 11,033	\$ 49,515	\$ -	\$ 11,463,787	\$ 49,515	\$ 229,276	\$ 11,693,063
NWACC	\$ 1,388,089	\$ -	\$ 12,058,969	\$ 620,749	\$ 12,826,309	1.36%	208	10.22%	\$ 162,055	1.42%	\$ -	\$ 46,460	\$ 208,515	\$ -	\$ 13,034,824	\$ 208,515	\$ 260,696	\$ 13,295,521
OZC	\$ -	\$ 1,271,841	\$ 3,336,266	\$ 164,314	\$ 4,443,793	7.51%	240	11.77%	\$ 186,554	5.88%	\$ -	\$ 53,483	\$ 63,439	\$ 176,599	\$ 4,683,831	\$ 240,038	\$ 93,677	\$ 4,777,507
PCCUA	\$ 1,022,735	\$ 529,856	\$ 9,255,216	\$ -	\$ 10,807,807	-1.61%	-	0.00%	\$ -	0.00%	\$ 149,286	\$ (149,286)	\$ -	\$ -	\$ 10,658,521	\$ (149,286)	\$ 213,170	\$ 10,871,691
SACC	\$ 718,249	\$ 461,389	\$ 6,207,823	\$ 18,412	\$ 7,369,049	0.49%	19	0.94%	\$ 14,862	0.24%	\$ -	\$ 4,261	\$ 19,123	\$ -	\$ 7,388,172	\$ 19,123	\$ 147,763	\$ 7,535,935
SAUT	\$ 283,144	\$ -	\$ 5,568,683	\$ -	\$ 5,851,828	-4.22%	-	0.00%	\$ -	0.00%	\$ 111,374	\$ (111,374)	\$ -	\$ -	\$ 5,740,454	\$ (111,374)	\$ 114,809	\$ 5,855,263
SEAC	\$ -	\$ 1,975,199	\$ 5,354,958	\$ -	\$ 7,330,157	-0.07%	-	0.00%	\$ -	0.00%	\$ 0	\$ (0)	\$ -	\$ -	\$ 7,330,157	\$ (0)	\$ 146,603	\$ 7,476,760
UACCB	\$ -	\$ 866,760	\$ 4,586,956	\$ 310,837	\$ 5,142,878	8.54%	301	14.77%	\$ 234,179	5.48%	\$ -	\$ 67,137	\$ 85,522	\$ 215,794	\$ 5,444,195	\$ 301,316	\$ 108,884	\$ 5,553,079
UACCH	\$ -	\$ 1,958,947	\$ 4,841,810	\$ -	\$ 6,800,757	-2.95%	-	0.00%	\$ -	0.00%	\$ 96,836	\$ (96,836)	\$ -	\$ -	\$ 6,703,921	\$ (96,836)	\$ 134,078	\$ 6,837,999
UACCM	\$ -	\$ 1,291,186	\$ 5,403,906	\$ 113,031	\$ 6,582,061	-1.81%	-	0.00%	\$ -	0.00%	\$ 95,761	\$ (95,761)	\$ -	\$ -	\$ 6,486,300	\$ (95,761)	\$ 129,726	\$ 6,616,026
UA-RM	\$ 277,210	\$ -	\$ 3,504,076	\$ 139,147	\$ 3,642,140	5.33%	108	5.32%	\$ 84,394	2.51%	\$ -	\$ 24,195	\$ 67,299	\$ 41,291	\$ 3,750,730	\$ 108,590	\$ 75,015	\$ 3,825,744
UA-PT	\$ -	\$ 2,273,772	\$ 14,380,665	\$ -	\$ 16,654,337	2.67%	345	16.92%	\$ 268,309	1.87%	\$ -	\$ 76,922	\$ 287,611	\$ 57,620	\$ 16,999,568	\$ 345,231	\$ 339,991	\$ 17,339,560
Total	\$ 9,943,261	\$ 23,372,671	\$ 147,775,520	\$ 2,162,870	\$ 178,928,583	1.15%	2,038	100%	\$ 1,585,422	1%	\$ 454,527	\$ (0)	\$ 1,385,833	\$ 706,618	\$ 180,514,005	\$ 1,585,422	\$ 3,610,280	\$ 184,124,285



Table D. 2023-24 Non-Formula Entities Recommendations

Institution/Entity	FY2022-23			FY 2023-24 Recommendations			
	EETF Forecast	RSA Forecast	Total Base (RSA & EETF)	7.0% Continuing Level of RSA	Base Operations & Program Enhancements	Total New Funds over 2022-23 Rec.	Total Recommendation
ADTEC/ADWIRED	\$ -	\$ 1,527,000	\$ 1,527,000	\$ 106,890	\$ -	\$ 106,890	\$ 1,633,890
AREON	\$ -	\$ -	\$ -	\$ -	\$ 2,100,000	\$ 2,100,000	\$ 2,100,000
ASU-System Office	\$ 196,755	\$ 2,483,758	\$ 2,680,513	\$ 173,863	\$ -	\$ 173,863	\$ 2,854,376
ASU-Heritage	\$ -	\$ 367,936	\$ 367,936	\$ 25,756	\$ 2,082,229	\$ 2,107,985	\$ 2,475,921
ASU-Delta Center for Economic Development	\$ -	\$ -	\$ -	\$ -	\$ 453,563	\$ 453,563	\$ 453,563
ATU-AR Tech Institute	\$ -	\$ -	\$ -	\$ -	\$ 2,004,769	\$ 2,004,769	\$ 2,004,769
HSU-CEC	\$ -	\$ 81,731	\$ 81,731	\$ 5,721	\$ -	\$ 5,721	\$ 87,452
NWACC-CPTC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SACC-Arboretum	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SAUT-ETA	\$ 47,316	\$ 375,036	\$ 422,352	\$ 26,253	\$ 500,000	\$ 526,253	\$ 948,605
SAUT-FTA	\$ 119,755	\$ 1,680,943	\$ 1,800,698	\$ 117,666	\$ 1,290,640	\$ 1,408,306	\$ 3,209,004
UA-SYS	\$ 626,158	\$ 3,479,474	\$ 4,105,632	\$ 243,563	\$ -	\$ 243,563	\$ 4,349,195
UA-AS	\$ 181,586	\$ 2,369,274	\$ 2,550,860	\$ 165,849	\$ 861,390	\$ 1,027,239	\$ 3,578,099
UA-DivAgri	\$ 7,453,366	\$ 65,800,138	\$ 73,253,504	\$ 4,606,010	\$ -	\$ 4,606,010	\$ 77,859,514
UA-ASMSA	\$ 9,960,356	\$ 1,133,048	\$ 11,093,404	\$ 79,313	\$ 1,182,300	\$ 1,261,613	\$ 12,355,017
UA-CS	\$ -	\$ 2,336,896	\$ 2,336,896	\$ 163,583	\$ 295,000	\$ 458,583	\$ 2,795,479
UA-CJI	\$ -	\$ 2,458,634	\$ 2,458,634	\$ 172,104	\$ 350,000	\$ 522,104	\$ 2,980,738
UAF-ARTP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UAF-Autism	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UAF-GWG	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UAF-Pryor Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UAF-WTC AR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UALR-RAPS	\$ -	\$ 4,064,026	\$ 4,064,026	\$ 284,482	\$ 1,980,000	\$ 2,264,482	\$ 6,328,508
UAPB-Nonformula*	\$ -	\$ 3,818,308	\$ 3,818,308	\$ 267,282	\$ 1,383,392	\$ 1,650,674	\$ 5,468,982
Total	\$ 18,585,292	\$ 91,976,202	\$ 110,561,494	\$ 6,438,334	\$ 14,483,283	\$ 20,921,617	\$ 131,483,111

*UAPB's Recommendation for RSA funding is for federal matching purposes.

Health-Related Non-Formula Entity - UAMS

	FY2022-23			FY 2023-24 Recommendations			
	EETF Forecast	RSA Forecast	Total Base (RSA & EETF)	7.0% Continuing Level of RSA	Base Operations & Program Enhancements	Total New Funds over 2022-23 Rec.	Total Recommendation
UAMS	\$ 12,753,020	\$ 88,012,881	\$ 100,765,901	\$ 6,160,902	\$ 22,452,494	\$ 28,613,396	\$ 129,379,297
UAMS-ABUSE/RAPE/DV	\$ -	\$ 350,000	\$ 350,000	\$ 24,500	\$ -	\$ 24,500	\$ 374,500
UAMS-Ped/Psych/Res.	\$ -	\$ 1,985,100	\$ 1,985,100	\$ 138,957	\$ -	\$ 138,957	\$ 2,124,057
UAMS-IC	\$ 317,344	\$ 5,438,340	\$ 5,755,684	\$ 380,684	\$ -	\$ 380,684	\$ 6,136,368
Total	\$ 13,070,364	\$ 95,786,321	\$ 108,856,685	\$ 6,705,042	\$ 22,452,494	\$ 29,157,536	\$ 138,014,221