

## MORATORIUM ON NEW CAMPUSES

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At its April 27, 2000 meeting the Higher Education Coordinating Board adopted a ten (10) year moratorium on new campuses with some caveats for certain emerging sites. That moratorium has expired but the conditions that motivated the Coordinating Board to impose that moratorium continue to exist in 2010. The major reason stated seems to have been concern about the possibility of any further dilution of funding to the existing institutions. It was expressed in the following manner:

*“The Arkansas Higher Education Coordinating Board deems it in the best interests of the state of Arkansas to consider the negative consequences of further dividing the \$560,000,000 presently being sent to colleges and universities in the state of Arkansas; and restricting new institutions for a five-year period will be in the best interests of the state of Arkansas to the extent it will allow appropriate time to examine the wise use and allocation of existing resources, plus sufficient accountability and performance measures on behalf of the existing institutions.”*

A second consideration was the fact that Arkansas had a very low percentage of citizens with 2 year and/or 4 year degrees, a condition that continues to be of concern today.

The current economic conditions with the budget reductions of the past few years make it even more imperative to protect the funding of the existing institutions against further dilution than existed in 2000. Institutions of higher education in Arkansas have had their funding per FTE student reduced significantly by large enrollment increases, inflation, and declining state support. The addition of new campuses would further imperil the quality of the education the institutions are able to provide the citizens of Arkansas. The anticipated increased enrollment due to the increased availability of scholarships for the coming year, fiscal 2011, will only exacerbate the dilution of the purchasing power of state support per student.

The Executive Staff recommends the following resolution:

**RESOLVED**, Higher Education Coordinating Board extends the Moratorium on New Campus that was adopted by the Board on April 27, 2000 with all its provisions and exceptions until June 1, 2020.

## MORATORIUM ON NEW CAMPUSES

### Background

The Arkansas Higher Education Coordinating Board at its retreat last fall and at the October Board meeting initiated a discussion on, 'Should we have a moratorium on new institutions?'

There is a present policy that differentiates between off-campus activity and branch campus activity. That distinction depends on several criteria, including the amount of activity, like whether a student is able to get an entire degree at an off-campus site. Almost all the institutions have some type of off-campus activity. The present policy does not have a definition of 'stand-alone campus.'

Issues involved in the discussion include:

1. 'Access'-would imposing a moratorium, which freezes the number of institutions or campuses decrease access in a state with a low percentage of students attending and graduating from higher education?
2. If a community wants to pass a tax and build a nice building, will this Board say 'no'? Will we see those in every county? How many of those will we have?
3. Should we concentrate on the quality of education in the state or the quantity? Are we sacrificing quality to continue to support increasing quantity?
4. Do we need 'up to a ten-year moratorium on any new campuses in the state'?

Board members have discussed their concerns about the expanding number of campuses in the state and the need for access of citizens to higher education. The Board asked that the issue be placed on the agenda for the April meeting for consideration by the Coordinating Board of a policy restricting the creation of any new institutions of higher education.

In line with this, the Arkansas Higher Education Coordinating Board is considering adopting a moratorium on any new colleges being established in Arkansas. In the last legislative session a community (Heber Springs) garnered enough legislative support to have an appropriation passed for the establishment of another campus of a four-year university. The community is seeking a mileage to support that operation. There were comments that an 'institution' like Arkansas State-Heber Springs is not a 'new institution', but a 'branch' of Arkansas State-Beebe, which has 'governance' over Heber Springs.

The Board is concerned about such actions continuing across the state. They have directed ADHE to develop a proposal to curtail these efforts.

There is a legitimate public policy debate between increasing access to higher education-Arkansas has a very low percentage of citizens with 2 year and/or 4 year degrees-and how to deliver higher education services at reasonable cost. The present configuration has an institution within 30 miles of most counties-and in most instances there are off-campus operations in the counties without an institution.

A reasonable concern for the Board is the desire for additional communities around the state to have a 'site-presence' access to higher education. The building and administrative costs of a new branch are considerable. There is some reasonable consensus that there are enough branches-and those services can more economically be delivered through centers and other off-campus operations yet most citizens and community leaders (and legislators) do not understand the distinction between branches and off-campus operations.

The issue of money is terribly important in this discussion-particularly for buildings, other facilities, administration, small school fixed costs and adjustments, economies of scale, and how funding formula(s) treat off-campus operations.

The Board and the legislature have been dealing with how to balance these two contrasting views for 25 years, particularly in 1975, 1977, and 1992.

The legislature in 1975 passed an act to prohibit any public institution of higher education from establishing a 'branch campus or program' without approval of the Board. But the same session encouraged the institutions to expand services at off-campus locations. The Board established two categories: 'Branch Campuses or Programs' and 'Off-Campus Operations', differentiating between them on nine criteria: availability of degrees, size and scope of offerings, facilities, institutional intention and identification, administration, staffing, student services, library services, and accreditation.

The present board policy, adopted in 1992, considers that there are various degrees of off-campus operations and 'an off-campus location . . . could develop through demands for services to the point that it approaches status as branch or should be re-evaluated in those terms.

The present policy provides, ' . . . Any time an off-campus location meets any one of the criteria listed for a branch campus or program, that the State Higher Education Coordinating Board will review off-campus location in terms of a branch campus or program. In this respect, the meeting of one of the listed criteria would serve as a means for identifying off-campus locations that may be moving toward or have the potential to become branch campuses. In the review, the institutional intent and likely direction of development of the off-campus location will be given primary consideration.'

Meanwhile, there are somewhat inconsistent treatments for various purposes for various off-campus operations, as developments occurred to service local needs have

moved some off-campus operations to where they aspire to be treated as branches or stand-alone campus status, now or in the next few years. Those include, but may not be limited to: PCCUA campuses in Arkansas County (Stuttgart and Dewitt), and the ASU campus at Heber Springs.

### The Arkansas County Campuses (Stuttgart and Dewitt)

Stuttgart has about half as many FTE's as the main campus of Phillips County Community College of UA-Helena. The prevailing perception seems to be that it is an off-campus operation ('center') for PCCUA (Helena) although there may be some dispute over that. Its funding is through the PCCUA appropriation and Revenue Stabilization Act.

There may be concern within the Board for sufficient flexibility so that Stuttgart and Dewitt could become 'stand-alone' campus. The FTE's of the Stuttgart campus are projected to approach parity with Helena in the next few years.

Since a request is pending for consideration of stand-alone campus status for PCCUA-Arkansas County, if PCCUA-Arkansas County meets the provisions of the revised policy with appropriate enrollment figures, then PCCUA-Arkansas County shall be considered for stand-alone campus status at the appropriate time.

### Heber Springs

Heber Springs has a separate appropriation for \$350,000 for institutional facilities and \$350,000 for operating expenses for the Heber Springs Center of ASU Beebe. However it has not passed a tax.

When the supporters approached the department in 1999 seeking 'branch' or 'stand alone' status they were told, 'No' (that they could not reasonably meet the criteria in "Procedure for the Establishment of Community Colleges in Arkansas-November, 1989", (particularly the projected FTE) but that the

Department would recommend a few hundred thousand dollars (eventually \$350,000 for capital and \$350,000 for operation). (This was in lieu of about \$3 million a year as a full-fledged campus).

Because of preexisting language of Act 426 of 1999 relating to Arkansas State University-Heber Springs and because of pending requests to become a stand-alone campus of Arkansas State University, Arkansas State University-Heber Springs, should it comply with the requirements of stand-alone campus status as outlined in the revised policy, and successfully pass a local sales tax and meet appropriate enrollment, shall be considered for stand-alone campus status at the appropriate time.

## **Recommendations**

ADHE staff recommends to the Board:

1. The creation of a new category of 'stand-alone campus' (see below) only for the purpose of the Moratorium Resolution to be effective from June 1, 2000.
2. That the ADHE staff works with the Executive Council to revise present policy to clarify the definition and criteria of 'branch,' 'center' and 'off-campus operation' and identify present statutes that will need to be amended in the light of the revised policy. The revised policy should be presented to the Coordinating Board at the October 2000 meeting for consideration.
3. Subject to the report of the Non-Baccalaureate Task Force and any action taken by the General Assembly, if any technical institute becomes an institution of higher education, it must affiliate with an existing institution of higher education and will not be granted stand-alone campus status.

## **STAND-ALONE CAMPUS CRITERIA**

### **Introduction**

An institution must apply to the Arkansas Higher Education Coordinating Board for designation as a stand-alone campus. Status will be granted by the Arkansas Higher Education Coordinating Board if the criteria are met and the Arkansas Higher Education Coordinating Board does not find duplication of effort by other institutions or an unreasonable intrusion into an area where the same courses are already being offered by an institution with closer geographic proximity.

### **Stand-Alone Campus**

A stand-alone campus is a full-service operation, with a key criteria of funding as a stand-alone entity and not as part of another institution's funding. A stand-alone campus offers full degree programs (100 percent) on the campus, has permanent administration and faculty, owns (or leases) its building and provides a full range of student services, library resources, etc.

The following elements are characteristic of a stand-alone campus:

#### **Number of students**

More than 500 FTE's, for the past three consecutive years

#### **Funding and Appropriation**

The branch has a separate appropriation and is treated as a separate entity for formula funding purposes. Must include appropriate local funds (as defined by the Coordinating Board within the next twelve months) for two-year institutions.

### Availability of Degrees

It is possible for students to attain degrees through attendance only at the campus.

### Size and Scope of Offerings

The number of courses is large and in planned, sequential order so that students could regularly work toward degrees.

### Facilities

Facilities are part of a permanent or long-range commitment on the part of the institution. The facilities are primarily owned by, leased by, or otherwise under the complete control of the institution.

### Institutional Intention and Identification

It is the intention of the institution to operate as a separate entity and to carry a separate designation that would identify the location.

### Administration and Board

Local operation of the remote location is under a separate and identifiable administrative unit that includes a chancellor and/or president. The stand-alone campus may have a governing board (or an advisory board or board of visitors if it is subject to an affiliated with a larger university or system).

### Staffing

There is permanent staff at the location on a full-time basis.

### Student Services

Admissions, registration, counseling and other student services are available at the campus.

### Library Services

Permanent library resources are available at the location.

### Accreditation

Accreditation will be promptly sought for the campus as a stand-alone campus.

The following resolution is presented for Board consideration:

**WHEREAS,** There are 22 (to be 23 with ASU-Newport) two-year colleges in the state of Arkansas; and

**WHEREAS,** There are 9 four-year universities and the University of Arkansas for Medical Sciences; and

**WHEREAS,** In 1991, 14 new two-year colleges were added in the state of Arkansas under Act 1244 of 1991; and

**WHEREAS,** The Arkansas Higher Education Coordinating Board deems it in the best interests of the state of Arkansas to consider the negative consequences of further dividing the \$560,000,000 presently being sent to colleges and universities in the state of Arkansas; and

**WHEREAS,** Restricting new institutions for a five-year period will be in the best interests of the state of Arkansas to the extent it will allow appropriate time to examine the wise use and allocation of existing resources, plus sufficient accountability and performance measures on behalf of the existing institutions.

**NOW, THEREFORE, BE IT RESOLVED,** That the Arkansas Higher Education Coordinating Board adopts Recommendation No.1, the criteria for “stand-alone campuses” as stated above and declares a moratorium for ten (10) years on any new stand-alone campuses, except for the Arkansas County Campuses of Phillips Community College of the University of Arkansas and for the Arkansas State University-Heber Springs, which may achieve stand-alone campus status if and only if they meet the criteria stated and receive the approval of the Coordinating Board.

**FURTHER RESOLVED,** That the Coordinating Board approves Recommendation Nos. 2 and 3 as stated above and instructs the Director of the Arkansas Department of Higher Education to work with the Executive Council to implement the Recommendation No. 2.

**FURTHER RESOLVED,** That the Coordinating Board instructs the Director to notify all presidents, chancellors, chairs of the Boards of Trustees of all public institutions of higher education, and appropriate members of the General Assembly of this approval.

Approved: Agenda Item No. 31  
April 21, 2000