

Arkansas Division of Higher Education

Productivity Funding ‘Report Card’ for Arkansas Public Colleges and Universities

Fiscal Year 2025-2026



Institutional Finance

December 2024

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

RECOMMENDATION FOR DISTRIBUTION OF PRODUCTIVITY FUNDING FOR STATE-SUPPORTED INSTITUTIONS OF HIGHER EDUCATION 2025-26 FISCAL YEAR

Background

A.C.A. §6-61-234 directs the Arkansas Higher Education Coordinating Board (AHECB) to adopt polices 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 and made amendments to these policies for unintended consequences in a special meeting on May 24, 2019. 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 will review justification requests submitted by the non-formula entities and prepare funding recommendations for Fiscal Year 2025-26 based upon those requests.

Productivity Funding Distribution Recommendations for the 2025-26 Fiscal Year

The distribution recommendations are based upon the productivity funding formula policies approved by the AHECB in October 2017 and amended by the AHECB in May 2019.

The two-year college and university productivity funding models have been calculated using academic year 2021 through academic year 2023 student data as well as

academic year 2020 through academic year 2022 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 0.12% for two-year colleges and universities. This 0.12% supports the recommendation for state funding of institutions of higher education at \$588,582,614 in 2025-26, which continues to be an overall flat request from the previous two fiscal years.

As part of the productivity funding formula, institutions are only allowed to retain a portion of their funding increase from the prior year. This amount is up to 2% of their Base Level revenue in the prior year. The remaining funds are considered one time Incentive funding and would be redistributed in the following year to reduce the need for additional state funds to meet the productivity funding need. This amount for FY2026 is \$2,011,803. With the overall productivity being such a slight increase, these incentive funds will not be fully distributed to individual institutions, but instead will be recommended for utilization by the Division of Higher Education for statewide purposes.

For the **universities**, an increase in funding is recommended for those institutions with productivity increases for a total change in university funding of \$514,053. In addition to this new funding, institutions with productivity declines will have an amount reduced and then reallocated to the institutions who showed an increase. 3 out of the 10 universities reflected increases for FY2026 resulting in a reallocation of \$4,148,037.

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 \$172,315. In addition to this new funding, \$1,244,601 was reallocated from 18 institutions to 4 of the other two-year colleges.

This distribution recommendation results in a total request for new general revenue funds of \$0.

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 recommendation for distribution of productivity funding to the Arkansas public institutions of higher education in the 2025-26 fiscal year as included in Table A.

FURTHER RESOLVED, That the Commissioner of the Arkansas Division of Higher Education is authorized to prepare appropriate documents for transmission to the Governor and the General Assembly of the 2025-26 productivity funding distribution recommendation of the Arkansas Higher Education Coordinating Board.

FURTHER RESOLVED, That should any errors of a technical nature be found in this recommendation, the Commissioner 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.

Year 8 - Productivity Funding Distribution

Productivity Index for FY2026	0.12%		
	Universities		Colleges
FY2026 RSA Forecast	\$ 582,003,899	75%	25%
Productivity Recommendation	\$ 682,496	511,153	171,343

	NEW FUNDING	REALLOCATED FUNDING
University	\$ 511,153	\$ 3,988,999
College	\$ 171,343	\$ 1,244,601
TOTAL	\$ 682,496	\$ 5,233,599

SOURCES OF NEW FUNDING	
State Contribution	\$ -
Incentive Funding Contribution	\$ 682,496
Total	\$ 682,496

FUNDING TO BE USED FOR STATEWIDE PURPOSES	
State Contribution	\$ -
Incentive Funding Contribution	\$ 5,885,292
Total	\$ 5,885,292

Year 8 Reallocation Loss Cap	2.00%
Year 8 Cap on RSA Increase	2.00%

Institution	RSA ONLY Funding FY2025	FY2025 Incentive Funding	FY2026 Base RSA	% Change in Productivity Index	NEW GENERAL REVENUE FUNDING			PRODUCTIVITY REALLOCATION				RECOMMENDATION				
					Productivity Index Increases (Increases Only)	Contribution to Increase (by Inst. Type)	Distribution of NEW Funding	Change in Productivity Index (Increases Only)	Contribution to Increase (by Inst. Type)	Reallocation Losses (2.0%)	Reallocation of Productivity Losses	Recommended Funding 2025-2026	Total Change in Funding	% Change	RSA Increase (Capped at 2.0%)	Incentive Funding
ASUJ	\$ 59,297,803	\$ -	\$ 59,297,803	2.45%	757	15.56%	79,560	757	15.56%	\$ -	\$ 620,881	\$ 60,009,804	\$ 712,001	1.20%	\$ 712,001	\$ -
ATU	\$ 36,356,050	\$ -	\$ 36,356,050	-5.22%	-	0.00%	-	-	0.00%	\$ 727,121	\$ (727,121)	\$ 35,628,929	\$ (727,121)	-2.00%	\$ -	\$ -
HSU	\$ 18,752,741	\$ -	\$ 18,752,741	-4.56%	-	0.00%	-	-	0.00%	\$ 375,055	\$ (375,055)	\$ 18,377,686	\$ (375,055)	-2.00%	\$ -	\$ -
SAUM	\$ 16,861,877	\$ -	\$ 16,861,877	8.88%	926	19.05%	97,381	926	19.05%	\$ -	\$ 759,954	\$ 17,733,361	\$ 871,484	5.17%	\$ 337,238	\$ 534,247
UAF	\$ 134,584,010	\$ 1,629,889	\$ 132,954,121	4.77%	3,153	64.86%	331,553	3,153	64.86%	\$ -	\$ 2,587,415	\$ 136,032,726	\$ 3,078,605	2.32%	\$ 2,659,082	\$ 419,523
UAFS	\$ 21,045,824	\$ -	\$ 21,045,824	0.15%	25	0.52%	2,659	25	0.52%	\$ -	\$ 20,748	\$ 20,886,786	\$ (159,038)	-0.76%	\$ -	\$ -
UALR	\$ 56,008,998	\$ -	\$ 56,008,998	-4.48%	-	0.00%	-	-	0.00%	\$ 1,120,180	\$ (1,120,180)	\$ 54,888,818	\$ (1,120,180)	-2.00%	\$ -	\$ -
UAM	\$ 16,696,750	\$ -	\$ 16,696,750	-2.44%	-	0.00%	-	-	0.00%	\$ 333,935	\$ (333,935)	\$ 16,362,815	\$ (333,935)	-2.00%	\$ -	\$ -
UAPB	\$ 21,902,693	\$ -	\$ 21,902,693	-5.95%	-	0.00%	-	-	0.00%	\$ 438,054	\$ (438,054)	\$ 21,464,639	\$ (438,054)	-2.00%	\$ -	\$ -
UCA	\$ 56,013,219	\$ -	\$ 56,013,219	-1.78%	-	0.00%	-	-	0.00%	\$ 994,654	\$ (994,654)	\$ 55,018,565	\$ (994,654)	-1.78%	\$ -	\$ -
4YR SUBTOTAL	437,519,965	1,629,889	435,890,076	0.64%	4,861	100%	511,153	4,861	100%	\$ 3,988,999	\$ -	436,404,129	\$ 514,053	0.12%	\$ 3,708,321	\$ 953,769
ANC	\$ 8,765,839	\$ -	\$ 8,765,839	1.87%	61	5.65%	9,685	61	5.65%	\$ -	\$ 70,354	\$ 8,845,933	\$ 80,094	0.91%	\$ 80,094	\$ -
ASUB*	\$ 11,356,380	\$ -	\$ 11,356,380	-7.91%	-	0.00%	-	-	0.00%	\$ 23,084	\$ (23,084)	\$ 11,333,296	\$ (23,084)	-0.20%	\$ -	\$ -
ASUMH	\$ 3,695,854	\$ 65,724	\$ 3,630,130	-1.61%	-	0.00%	-	-	0.00%	\$ 58,430	\$ (58,430)	\$ 3,571,700	\$ (58,430)	-1.61%	\$ -	\$ -
ASUMS	\$ 4,013,696	\$ -	\$ 4,013,696	1.21%	34	3.13%	5,360	34	3.13%	\$ -	\$ 38,933	\$ 4,058,019	\$ 44,323	1.10%	\$ 44,323	\$ -
ASUN	\$ 6,559,812	\$ -	\$ 6,559,812	-1.65%	-	0.00%	-	-	0.00%	\$ 108,142	\$ (108,142)	\$ 6,451,670	\$ (108,142)	-1.65%	\$ -	\$ -
ASUTR*	\$ 3,381,360	\$ -	\$ 3,381,360	-1.23%	-	0.00%	-	-	0.00%	\$ 33,814	\$ (33,814)	\$ 3,347,546	\$ (33,814)	-1.00%	\$ -	\$ -
BRTC	\$ 6,321,306	\$ 278,828	\$ 6,042,478	17.17%	869	80.82%	138,481	869	80.82%	\$ -	\$ 1,005,903	\$ 7,187,648	\$ 1,145,170	18.95%	\$ 120,850	\$ 1,024,320
CCCUA	\$ 3,757,578	\$ -	\$ 3,757,578	-0.19%	-	0.00%	-	-	0.00%	\$ 7,245	\$ (7,245)	\$ 3,750,333	\$ (7,245)	-0.19%	\$ -	\$ -
EACC	\$ 8,749,489	\$ -	\$ 8,749,489	-0.47%	-	0.00%	-	-	0.00%	\$ 40,991	\$ (40,991)	\$ 8,708,498	\$ (40,991)	-0.47%	\$ -	\$ -
NAC*	\$ 7,605,726	\$ -	\$ 7,605,726	-1.13%	-	0.00%	-	-	0.00%	\$ 76,057	\$ (76,057)	\$ 7,529,669	\$ (76,057)	-1.00%	\$ -	\$ -
NPC	\$ 9,040,569	\$ -	\$ 9,040,569	-0.50%	-	0.00%	-	-	0.00%	\$ 45,487	\$ (45,487)	\$ 8,995,082	\$ (45,487)	-0.50%	\$ -	\$ -
NWACC	\$ 11,649,679	\$ -	\$ 11,649,679	-1.46%	-	0.00%	-	-	0.00%	\$ 170,466	\$ (170,466)	\$ 11,479,213	\$ (170,466)	-1.46%	\$ -	\$ -
OZC	\$ 3,248,284	\$ -	\$ 3,248,284	-2.05%	-	0.00%	-	-	0.00%	\$ 64,966	\$ (64,966)	\$ 3,183,318	\$ (64,966)	-2.00%	\$ -	\$ -
PCCUA	\$ 8,923,812	\$ -	\$ 8,923,812	-1.88%	-	0.00%	-	-	0.00%	\$ 167,502	\$ (167,502)	\$ 8,756,310	\$ (167,502)	-1.88%	\$ -	\$ -
SAC	\$ 6,084,362	\$ -	\$ 6,084,362	-2.03%	-	0.00%	-	-	0.00%	\$ 121,687	\$ (121,687)	\$ 5,962,675	\$ (121,687)	-2.00%	\$ -	\$ -
SAUT	\$ 5,530,868	\$ -	\$ 5,530,868	-0.10%	-	0.00%	-	-	0.00%	\$ 5,338	\$ (5,338)	\$ 5,525,530	\$ (5,338)	-0.10%	\$ -	\$ -
SEAC*	\$ 5,354,958	\$ -	\$ 5,354,958	-4.27%	-	0.00%	-	-	0.00%	\$ 53,550	\$ (53,550)	\$ 5,301,408	\$ (53,550)	-1.00%	\$ -	\$ -
UACCB	\$ 4,406,597	\$ -	\$ 4,406,597	-3.14%	-	0.00%	-	-	0.00%	\$ 88,132	\$ (88,132)	\$ 4,318,465	\$ (88,132)	-2.00%	\$ -	\$ -
UACCHT	\$ 4,647,636	\$ -	\$ 4,647,636	-4.97%	-	0.00%	-	-	0.00%	\$ 92,953	\$ (92,953)	\$ 4,554,683	\$ (92,953)	-2.00%	\$ -	\$ -
UACCM	\$ 5,089,458	\$ -	\$ 5,089,458	-0.31%	-	0.00%	-	-	0.00%	\$ 15,579	\$ (15,579)	\$ 5,073,879	\$ (15,579)	-0.31%	\$ -	\$ -
UACCRM	\$ 3,546,964	\$ 37,362	\$ 3,509,602	4.63%	112	10.40%	17,816	112	10.40%	\$ -	\$ 129,412	\$ 3,656,931	\$ 147,329	4.20%	\$ 70,192	\$ 77,136
UA-PT	\$ 14,765,510	\$ -	\$ 14,765,510	-0.48%	-	0.00%	-	-	0.00%	\$ 71,178	\$ (71,178)	\$ 14,694,332	\$ (71,178)	-0.48%	\$ -	\$ -
2 YR SUBTOTAL	\$ 146,495,737	\$ 381,914	\$ 146,113,823	-0.84%	1,075	100%	171,343	1,075	100%	\$ 1,244,601	\$ -	\$ 146,286,138	\$ 172,315	0.12%	\$ 315,459	\$ 1,101,457
TOTAL	\$ 584,015,702	\$ 2,011,803	\$ 582,003,899	0.12%	-	-	682,496	-	-	\$ -	\$ -	\$ 582,690,267	\$ 686,368	0.12%	\$ 4,023,779	\$ 2,055,226

* Denotes Institutions that met the 5% loss threshold when compared to initial funding from FY2021 per productivity distribution policy.