

Arkansas Division of Higher Education

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

Fiscal Year 2026-2027



Institutional Finance

December 2025

Arkansas Division of Higher Education
#4 Capitol Mall, Box 21, Little Rock, AR 72201

RECOMMENDATION FOR DISTRIBUTION OF PRODUCTIVITY FUNDING FOR STATE-SUPPORTED INSTITUTIONS OF HIGHER EDUCATION 2026-27 FISCAL YEAR

Background

A.C.A. §6-61-234 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 have reviewed justification requests submitted by the non-formula entities and funding recommendations for Fiscal Year 2026-27 based upon those requests are presented later in this agenda.

Productivity Funding Distribution Recommendations for the 2026-27 Fiscal Year

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

The two-year college and university productivity funding models have been calculated using academic year 2022 through academic year 2024 student data as well as academic year 2021 through academic year 2023 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 2.61%

for two-year colleges and universities. Productivity funding distribution policy; however, dictates that recommendations will be capped at no more than 2.00% in any given year. This 2.00% supports the recommendation for state funding of institutions of higher education at \$598,474,061 in 2026-27.

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 FY2027 is \$7,714,474.

For the **universities**, a 2.00% increase in funding is recommended for those institutions with productivity increases for a total change in university funding of \$8,801,648. Also, institutions with productivity declines will have an amount reduced and then reallocated to the institutions who showed an increase. \$2,917,485 was reallocated from 4 institutions to the other 6 universities. 1 of the four-year universities hit the 5% stop-loss level for the FY2026-2027 recommendation. This resulted in the overall amount of reallocation dollars being reduced to ensure that the institution does not lose more than 5% of their FY2021-22 funding for the upcoming fiscal year per the current distribution policy. This is shown in the data in Table 04C.

For the **two-year colleges**, a 2.00% increase in funding is also recommended for those institutions with productivity increases for a total change in two-year college funding of \$2,933,138. \$418,306 was reallocated from 5 institutions to 13 other two-year colleges. 0 of the two-year colleges hit the 5% stop-loss level for the FY2026-2027 recommendation.

This distribution recommendation results in a total request for new general revenue funds of \$12,858,104.

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 2026-27 fiscal year as included in Table 04B.

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 2026-27 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 9 - Productivity Funding Distribution

Productivity Index for FY2027		2.00%		
		Universities		Colleges
FY2027 RSA Forecast		\$ 586,739,275	75%	25%
Productivity Recommendation		\$ 11,734,786	8,801,648	2,933,138

	NEW FUNDING	REALLOCATED FUNDING
University	\$ 8,801,648	\$ 2,917,485
College	\$ 2,933,138	\$ 418,306
TOTAL	\$ 11,734,786	\$ 3,335,790



SOURCES OF NEW FUNDING	
State Contribution	\$ 6,972,812
Incentive Funding Contribution	\$ 4,761,974
Total	\$ 11,734,786

FUNDING TO BE USED FOR STATEWIDE PURPOSES	
State Contribution	\$ -
Incentive Funding Contribution	\$ -
Total	\$ -

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

Institution	RSA ONLY Funding FY2026	FY2026 Incentive Funding	FY2027 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 2026-2027	Total Change in Funding	% Change	RSA Increase (Capped at 2.0%)	Incentive Funding	
ASUJ	\$ 59,977,118	\$ -	\$ 60,578,145	5.53%	1,734	21.21%	1,867,267	1,734	21.21%	\$ -	\$ 618,943	\$ 63,064,355	\$ 2,486,210	4.10%	\$ 1,211,563	\$ 1,274,648	
ATU	\$ 35,628,929	\$ -	\$ 36,008,976	3.63%	771	9.44%	830,891	771	9.44%	\$ -	\$ 275,416	\$ 37,115,283	\$ 1,106,307	3.07%	\$ 720,180	\$ 386,127	
HSU	\$ 18,379,271	\$ -	\$ 18,579,650	-7.27%	-	0.00%	-	-	0.00%	\$ 371,593	\$ (371,593)	\$ 18,208,057	\$ (371,593)	-2.00%	\$ -	\$ -	
SAUM	\$ 17,733,361	\$ 520,098	\$ 17,389,948	12.25%	1,385	16.95%	1,491,947	1,385	16.95%	-	\$ 494,536	\$ 19,376,431	\$ 1,986,483	11.42%	\$ 347,799	\$ 1,638,684	
UAF	\$ 136,032,727	\$ 259,886	\$ 137,025,851	5.41%	3,980	48.71%	4,287,250	3,980	48.71%	\$ -	\$ 1,421,096	\$ 142,734,197	\$ 5,708,346	4.17%	\$ 2,740,517	\$ 2,967,829	
UAFS	\$ 20,886,786	\$ -	\$ 21,117,177	2.43%	287	3.51%	309,226	287	3.51%	\$ -	\$ 102,499	\$ 21,528,902	\$ 411,725	1.95%	\$ 411,725	\$ -	
UALR	\$ 54,964,188	\$ -	\$ 55,568,295	-5.96%	-	0.00%	-	-	0.00%	\$ 1,111,366	\$ (1,111,366)	\$ 54,456,929	\$ (1,111,366)	-2.00%	\$ -	\$ -	
UAM	\$ 16,362,815	\$ -	\$ 16,532,809	0.23%	14	0.17%	15,067	14	0.17%	\$ -	\$ 4,994	\$ 16,552,870	\$ 20,061	0.12%	\$ 20,061	\$ -	
UAPB*	\$ 21,464,639	\$ -	\$ 21,696,734	-2.96%	-	0.00%	-	-	0.00%	\$ 322,830	\$ (322,830)	\$ 21,373,904	\$ (322,830)	-1.49%	\$ -	\$ -	
UCA	\$ 55,018,565	\$ -	\$ 55,584,800	-2.47%	-	0.00%	-	-	0.00%	\$ 1,111,696	\$ (1,111,696)	\$ 54,473,104	\$ (1,111,696)	-2.00%	\$ -	\$ -	
4YR SUBTOTAL	436,448,399	779,984	440,082,385	2.62%	8,171	100%	8,801,648	8,171	100%	\$ 2,917,485	\$ -	448,884,033	\$ 8,801,648	2.00%	\$ 5,451,845	\$ 6,267,288	
ANC	\$ 8,845,933	\$ -	\$ 8,934,851	-4.15%	-	0.00%	-	-	0.00%	\$ 178,697	\$ (178,697)	\$ 8,756,154	\$ (178,697)	-2.00%	\$ -	\$ -	
ASUB	\$ 11,333,296	\$ -	\$ 11,455,997	0.35%	32	0.91%	26,827	32	0.91%	\$ -	\$ 3,826	\$ 11,486,650	\$ 30,653	0.27%	\$ 30,653	\$ -	
ASUMH	\$ 3,571,700	\$ -	\$ 3,609,520	2.25%	87	2.48%	72,853	87	2.48%	\$ -	\$ 10,390	\$ 3,692,763	\$ 83,243	2.31%	\$ 72,190	\$ 11,053	
ASUMS	\$ 4,058,019	\$ -	\$ 4,098,015	-6.84%	-	0.00%	-	-	0.00%	\$ 81,960	\$ (81,960)	\$ 4,016,055	\$ (81,960)	-2.00%	\$ -	\$ -	
ASUN	\$ 6,451,670	\$ -	\$ 6,513,792	7.23%	494	14.04%	411,786	494	14.04%	\$ -	\$ 58,726	\$ 6,984,305	\$ 470,513	7.22%	\$ 130,276	\$ 340,237	
ASUTR	\$ 3,347,546	\$ -	\$ 3,384,113	8.47%	237	6.72%	197,200	237	6.72%	\$ -	\$ 28,123	\$ 3,609,436	\$ 225,323	6.66%	\$ 67,682	\$ 157,641	
BRTC	\$ 7,187,648	\$ 1,023,534	\$ 6,227,493	9.48%	572	16.24%	476,466	572	16.24%	\$ -	\$ 67,951	\$ 6,771,909	\$ 544,416	8.74%	\$ 124,550	\$ 419,867	
CCCUA	\$ 3,750,333	\$ -	\$ 3,785,537	3.26%	143	4.06%	118,995	143	4.06%	\$ -	\$ 16,970	\$ 3,921,503	\$ 135,966	3.59%	\$ 75,711	\$ 60,255	
NAC	\$ 7,529,669	\$ -	\$ 7,612,262	7.92%	328	9.33%	273,564	328	9.33%	\$ -	\$ 39,014	\$ 7,924,840	\$ 312,578	4.11%	\$ 152,245	\$ 160,333	
NPC	\$ 8,995,082	\$ -	\$ 9,088,867	2.92%	173	4.92%	144,215	173	4.92%	\$ -	\$ 20,567	\$ 9,253,649	\$ 164,782	1.81%	\$ 164,782	\$ -	
NWACC	\$ 11,479,213	\$ -	\$ 11,589,302	1.88%	318	9.03%	264,984	318	9.03%	\$ -	\$ 37,790	\$ 11,892,077	\$ 302,775	2.61%	\$ 231,786	\$ 70,989	
OZC	\$ 3,183,318	\$ -	\$ 3,215,730	-2.16%	-	0.00%	-	-	0.00%	\$ 64,315	\$ (64,315)	\$ 3,151,415	\$ (64,315)	-2.00%	\$ -	\$ -	
PCCUA	\$ 8,756,310	\$ -	\$ 8,850,267	2.31%	62	1.76%	51,555	62	1.76%	\$ -	\$ 7,353	\$ 8,909,175	\$ 58,908	0.67%	\$ 58,908	\$ -	
SAC	\$ 5,962,675	\$ -	\$ 6,025,232	0.97%	39	1.10%	32,359	39	1.10%	\$ -	\$ 4,615	\$ 6,062,206	\$ 36,974	0.61%	\$ 36,974	\$ -	
SAUT	\$ 5,525,530	\$ -	\$ 5,584,679	1.08%	41	1.18%	34,523	41	1.18%	\$ -	\$ 4,923	\$ 5,624,126	\$ 39,447	0.71%	\$ 39,447	\$ -	
SEAC	\$ 5,301,408	\$ -	\$ 5,359,844	4.31%	130	3.69%	108,350	130	3.69%	\$ -	\$ 15,452	\$ 5,483,647	\$ 123,803	2.31%	\$ 107,197	\$ 16,606	
UACCB	\$ 4,318,464	\$ -	\$ 4,361,291	2.82%	111	3.15%	92,373	111	3.15%	\$ -	\$ 13,174	\$ 4,466,837	\$ 105,546	2.42%	\$ 87,226	\$ 18,321	
UACCHT	\$ 4,554,683	\$ -	\$ 4,601,251	-1.87%	-	0.00%	-	-	0.00%	\$ 86,149	\$ (86,149)	\$ 4,515,102	\$ (86,149)	-1.87%	\$ -	\$ -	
UACCM	\$ 5,073,879	\$ -	\$ 5,125,944	4.82%	309	8.78%	257,659	309	8.78%	\$ -	\$ 36,746	\$ 5,420,349	\$ 294,405	5.74%	\$ 102,519	\$ 191,886	
UACCRM	\$ 3,656,930	\$ 77,035	\$ 3,613,140	-0.20%	-	0.00%	-	-	0.00%	\$ 7,185	\$ (7,185)	\$ 3,605,954	\$ (7,185)	-0.20%	\$ -	\$ -	
UAEACC	\$ 8,708,498	\$ -	\$ 8,768,503	5.53%	169	4.81%	140,999	169	4.81%	\$ -	\$ 20,108	\$ 8,929,611	\$ 161,108	1.84%	\$ 161,108	\$ -	
UA-PT	\$ 14,694,332	\$ -	\$ 14,851,261	1.86%	274	7.79%	228,427	274	7.79%	\$ -	\$ 32,577	\$ 15,112,265	\$ 261,004	1.76%	\$ 261,004	\$ -	
2 YR SUBTOTAL	\$ 146,286,136	\$ 1,100,570	\$ 146,656,890	2.59%	3,521	100%	2,933,138	3,521	100%	\$ 418,306	\$ -	\$ 149,590,028	\$ 2,933,138	2.00%	\$ 1,904,257	\$ 1,447,186	
TOTAL	\$ 582,734,535	\$ 1,880,554	\$ 586,739,275	2.61%	-	-	11,734,786	-	-	\$ -	\$ -	\$ 598,474,061	\$ 11,734,786	2.00%	\$ 7,356,101	\$ 7,714,474	

* Denotes Institutions that met the 5% loss threshold when compared to initial funding from FY2022 per productivity distribution policy.