

# **Arkansas Division of Higher Education**

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

**Fiscal Year 2023-2024**



**Institutional Finance**

**December 2022**

**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 2023-24 FISCAL YEAR**

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## **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 reviewed justification requests submitted by the non-formula entities and prepared funding recommendations for Fiscal Year 2023-24 based upon those requests.

## **Productivity Funding Distribution Recommendations for the 2023-24 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 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 \$588,623,110 in 2023-24.

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 FY2024 is \$4,555,984.

For the **universities**, an increase in funding is recommended for those institutions with productivity increases for a total change in university funding of \$4,754,444. 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. 4 out of the 10 universities reflected increases for FY2024 resulting in a reallocation of \$2,464,809.

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 \$1,585,422. In addition to this new funding, \$454,527 was reallocated from 5 institutions to 15 of the other two-year colleges. There were 2 institutions that received a reallocation of funds while also having a decline in productivity. This was due to the restriction on any institution being capped at receiving 5% less funding than they received when compared to initial funding from 5 years prior.

This distribution recommendation results in a total increase of \$6,339,867 with only \$614,490 of that request being for new general revenue funds.

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 2023-24 fiscal year as included in Table A.

**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 2023-24 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 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.

Year 6 - Productivity Funding Distribution

Productivity Index for FY2024	1.09%		
	Universities	Colleges	
FY2024 RSA Forecast	\$ 582,283,244	75%	25%
Productivity Recommendation	\$ 6,339,867	4,754,444	1,585,422

	NEW FUNDING	REALLOCATED FUNDING		SOURCES OF NEW FUNDING
University	\$ 4,754,444	\$ 2,464,809		State Contribution \$ 614,490
College	\$ 1,585,422	\$ 454,527		Incentive Funding Contribution \$ 5,725,376
TOTAL	\$ 6,339,867	\$ -		Total \$ 6,339,867

Year 6 Reallocation Loss Cap	2.00%
Year 6 Cap on RSA Increase	2.00%

Institution	RSA ONLY Funding FY2023	FY2023 Incentive Funding	FY2024 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 2023-2024	Total Change in Funding	% Change	RSA Increase (Capped at 2.0%)	Incentive Funding
ASUJ	\$ 59,357,665	\$ 122,087	\$ 59,235,578	1.03%	319	7.54%	358,652	319	7.54%	\$ -	\$ 185,933	\$ 59,780,163	\$ 544,585	0.92%	\$ 544,585	\$ -
ATU	\$ 38,234,177	\$ 379,065	\$ 37,855,112	-2.76%	-	0.00%	-	-	0.00%	\$ 757,102	\$ (757,102)	\$ 37,098,009	\$ (757,102)	-2.00%	\$ -	\$ -
HSU	\$ 19,252,049	\$ -	\$ 19,252,049	-0.61%	-	0.00%	-	-	0.00%	\$ 118,253	\$ (118,253)	\$ 19,133,797	\$ (118,253)	-0.61%	\$ -	\$ -
SAUM	\$ 17,278,600	\$ -	\$ 17,278,600	-3.92%	-	0.00%	-	-	0.00%	\$ 345,572	\$ (345,572)	\$ 16,933,028	\$ (345,572)	-2.00%	\$ -	\$ -
UAF	\$ 130,852,703	\$ 3,061,354	\$ 127,791,350	5.71%	3,757	88.72%	4,218,321	3,757	88.72%	\$ -	\$ 2,186,871	\$ 134,196,542	\$ 6,405,192	5.01%	\$ 2,555,827	\$ 3,849,365
UAFS	\$ 21,913,603	\$ -	\$ 21,913,603	-3.06%	-	0.00%	-	-	0.00%	\$ 438,272	\$ (438,272)	\$ 21,475,331	\$ (438,272)	-2.00%	\$ -	\$ -
UALR	\$ 56,239,812	\$ -	\$ 56,239,812	0.52%	110	2.60%	123,703	110	2.60%	\$ 64,130	\$ -	\$ 56,427,645	\$ 187,833	0.33%	\$ 187,833	\$ -
UAM	\$ 17,385,204	\$ -	\$ 17,385,204	-2.49%	-	0.00%	-	-	0.00%	\$ 347,704	\$ (347,704)	\$ 17,037,500	\$ (347,704)	-2.00%	\$ -	\$ -
UAPB	\$ 22,895,312	\$ -	\$ 22,895,312	-4.12%	-	0.00%	-	-	0.00%	\$ 457,906	\$ (457,906)	\$ 22,437,405	\$ (457,906)	-2.00%	\$ -	\$ -
UCA	\$ 56,823,974	\$ -	\$ 56,823,974	0.18%	48	1.13%	53,769	48	1.13%	\$ -	\$ 27,875	\$ 56,905,618	\$ 81,644	0.14%	\$ 81,644	\$ -
4YR SUBTOTAL	440,233,100	3,562,506	436,670,594	1.06%	4,234	100%	4,754,444	4,234	100%	\$ 2,464,809	\$ 0	441,425,038	\$ 4,754,444	1.09%	\$ 3,369,888	\$ 3,849,365
ANC	\$ 8,885,745	\$ -	\$ 8,885,745	1.87%	59	2.89%	45,846	59	2.89%	\$ -	\$ 13,144	\$ 8,944,735	\$ 58,990	0.66%	\$ 58,990	\$ -
ASUB*	\$ 11,410,153	\$ -	\$ 11,410,153	-2.44%	-	0.00%	-	-	0.00%	\$ 53,773	\$ (53,773)	\$ 11,356,380	\$ (53,773)	-0.47%	\$ -	\$ -
ASUMH	\$ 3,537,885	\$ -	\$ 3,537,885	0.60%	21	1.03%	16,372	21	1.03%	\$ -	\$ 4,694	\$ 3,558,951	\$ 21,066	0.60%	\$ 21,066	\$ -
ASUMS	\$ 4,015,303	\$ -	\$ 4,015,303	4.34%	117	5.73%	90,829	117	5.73%	\$ -	\$ 26,040	\$ 4,132,172	\$ 116,869	2.91%	\$ 80,306	\$ 36,563
ASUN	\$ 6,586,716	\$ 67,716	\$ 6,519,000	0.50%	32	1.56%	24,801	32	1.56%	\$ -	\$ 7,110	\$ 6,550,910	\$ 31,911	0.49%	\$ 31,911	\$ -
ASUTR**	\$ 3,350,898	\$ -	\$ 3,350,898	-2.53%	-	0.00%	-	-	0.00%	\$ (30,462)	\$ 30,462	\$ 3,381,360	\$ 30,462	0.91%	\$ 30,462	\$ -
BRTC	\$ 5,807,840	\$ -	\$ 5,807,840	3.92%	148	7.24%	114,845	148	7.24%	\$ -	\$ 32,925	\$ 5,955,610	\$ 147,771	2.54%	\$ 116,157	\$ 31,614
CCCUA	\$ 3,808,951	\$ 192,480	\$ 3,616,471	4.27%	167	8.18%	129,754	167	8.18%	\$ -	\$ 37,200	\$ 3,783,425	\$ 166,954	4.62%	\$ 72,329	\$ 94,625
EACC	\$ 8,843,482	\$ 266,107	\$ 8,577,376	8.30%	224	10.98%	174,137	224	10.98%	\$ -	\$ 49,924	\$ 8,801,437	\$ 224,061	2.61%	\$ 171,548	\$ 52,514
NAC**	\$ 7,583,686	\$ -	\$ 7,583,686	-0.59%	-	0.00%	-	-	0.00%	\$ (22,041)	\$ 22,041	\$ 7,605,726	\$ 22,041	0.29%	\$ 22,041	\$ -
NPC	\$ 9,445,632	\$ 270,076	\$ 9,175,556	0.90%	49	2.43%	38,482	49	2.43%	\$ -	\$ 11,033	\$ 9,225,071	\$ 49,515	0.54%	\$ 49,515	\$ -
NWACC	\$ 12,058,969	\$ 620,749	\$ 11,438,220	1.36%	208	10.22%	162,055	208	10.22%	\$ -	\$ 46,460	\$ 11,646,735	\$ 208,515	1.82%	\$ 208,515	\$ -
OZC	\$ 3,336,266	\$ 164,314	\$ 3,171,952	7.51%	240	11.77%	186,554	240	11.77%	\$ -	\$ 53,483	\$ 3,411,990	\$ 240,038	7.57%	\$ 63,439	\$ 176,599
PCCUA	\$ 9,255,216	\$ -	\$ 9,255,216	-1.61%	-	0.00%	-	-	0.00%	\$ 149,286	\$ (149,286)	\$ 9,105,930	\$ (149,286)	-1.61%	\$ -	\$ -
SACC	\$ 6,207,823	\$ 18,412	\$ 6,189,411	0.49%	19	0.94%	14,862	19	0.94%	\$ -	\$ 4,261	\$ 6,208,534	\$ 19,123	0.31%	\$ 19,123	\$ -
SAUT	\$ 5,568,683	\$ -	\$ 5,568,683	-4.22%	-	0.00%	-	-	0.00%	\$ 111,374	\$ (111,374)	\$ 5,457,310	\$ (111,374)	-2.00%	\$ -	\$ -
SEAC*	\$ 5,354,958	\$ -	\$ 5,354,958	-0.07%	-	0.00%	-	-	0.00%	\$ 0	\$ (0)	\$ 5,354,958	\$ (0)	0.00%	\$ -	\$ -
UACCB	\$ 4,586,956	\$ 310,837	\$ 4,276,118	8.54%	301	14.77%	234,179	301	14.77%	\$ -	\$ 67,137	\$ 4,577,435	\$ 301,316	7.05%	\$ 85,522	\$ 215,794
UACCHT	\$ 4,841,810	\$ -	\$ 4,841,810	-2.95%	-	0.00%	-	-	0.00%	\$ 96,836	\$ (96,836)	\$ 4,744,974	\$ (96,836)	-2.00%	\$ -	\$ -
UACCM	\$ 5,403,906	\$ 113,031	\$ 5,290,875	-1.81%	-	0.00%	-	-	0.00%	\$ 95,761	\$ (95,761)	\$ 5,195,114	\$ (95,761)	-1.81%	\$ -	\$ -
UACCRM	\$ 3,504,076	\$ 139,147	\$ 3,364,930	5.33%	108	5.32%	84,394	108	5.32%	\$ -	\$ 24,195	\$ 3,473,520	\$ 108,590	3.23%	\$ 67,299	\$ 41,291
UA-PT	\$ 14,380,565	\$ -	\$ 14,380,565	2.67%	345	16.92%	268,309	345	16.92%	\$ -	\$ 76,922	\$ 14,725,796	\$ 345,231	2.40%	\$ 287,611	\$ 57,620
2 YR SUBTOTAL	\$ 147,775,520	\$ 2,162,870	\$ 145,612,650	1.15%	2,038	100%	1,585,422	2,038	100%	\$ 454,527	\$ (0)	\$ 147,198,072	\$ 1,585,422	1.09%	\$ 1,385,833	\$ 706,618
TOTAL	\$ 588,008,620	\$ 5,725,376	\$ 582,283,244	1.09%	-	-	6,339,867	-	-	\$ -	\$ -	\$ 588,623,110	\$ 6,339,866	1.09%	\$ 4,755,722	\$ 4,555,984

\* Denotes Institutions that met the 5% loss threshold when compared to initial funding from FY2019 per new productivity distribution policy.

\*\* Denotes Institutions that received an increase of reallocated funds to bring in line with the 5% loss threshold when compared to initial funding from FY2019 per new productivity distribution policy.