

Arkansas Division of Higher Education

Productivity Funding 'Report Card' for Arkansas Public Colleges and Universities

Fiscal Year 2019-20



Institutional Finance

December 2019

Arkansas Division of Higher Education
423 Main Street, Suite 400 Little Rock, AR 72201

RECOMMENDATION FOR DISTRIBUTION OF PRODUCTIVITY FUNDING FOR STATE-SUPPORTED INSTITUTIONS OF HIGHER EDUCATION 2020-21 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. 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 2020-21 based upon those requests to be presented at the January Coordinating Board meeting.

Productivity Funding Distribution Recommendations for the 2020-21 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 2015 through academic year 2018 student data as well as academic year 2014 through academic year 2017 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 1.52% for two-year colleges and universities, which supports the recommendation for state funding of those institutions of higher education of \$566,588,196 in 2020-21.

As part of the productivity funding formula, for the third year of funding, 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 FY2021 is \$5,318,002.

For the **universities**, an increase in funding is recommended for those institutions with productivity increases for a total change in university funding of \$6,271,012. In addition to this new funding, this is the second year that institutions with productivity declines will have an amount reduced and then reallocated to the institutions who showed an increase. \$244,326 was reallocated from 2 institutions to the other 8 universities.

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 \$2,194,503. In addition to this new funding, \$1,328,150 was reallocated from 14 institutions to the other 8 two-year colleges.

This distribution recommendation results in a total request for new general revenue funds of \$3,147,512.

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 2020-21 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 2020-21 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.

	BASE	CURRENT	Change in Outcomes Index	Percentage Change
	Total Outcomes Index	Total Outcomes Index		
ASUJ	28,296	29,203	908	3.21%
ATU	21,408	22,047	639	2.98%
HSU	7,536	7,529	(7)	-0.09%
SAUM	9,122	10,452	1,330	14.58%
UAF	56,968	59,553	2,584	4.54%
UAFS	11,798	11,667	(130)	-1.11%
UALR	20,928	21,011	84	0.40%
UAM	5,691	5,898	207	3.63%
UAPB	6,556	6,959	403	6.15%
UCA	22,602	23,655	1,052	4.66%
4YR TOTAL	190,905	197,974	7,070	3.70%

ANC	2,777	2,864	87	3.13%
ASUB	10,339	10,015	(324)	-3.13%
ASUMH	3,611	3,519	(92)	-2.55%
ASUMS	2,721	2,761	41	1.49%
ASUN	5,047	5,322	274	5.44%
BRTC	4,086	3,690	(396)	-9.70%
CCCUA	3,158	3,154	(5)	-0.15%
COTO	3,081	3,011	(70)	-2.26%
EACC	2,074	2,048	(26)	-1.24%
NAC	4,161	3,919	(242)	-5.82%
NPC	4,895	4,666	(230)	-4.69%
NWACC	11,966	12,550	584	4.88%
OZC	2,786	2,652	(135)	-4.83%
PCCUA	2,374	2,381	7	0.29%
SACC	3,378	3,262	(117)	-3.45%
SAUT	3,617	3,567	(50)	-1.37%
SEAC	3,328	3,128	(200)	-6.00%
UACCB	3,034	2,968	(65)	-2.15%
UACCH	3,253	3,415	162	4.98%
UACCM	5,465	5,626	161	2.95%
UACCRM	1,555	1,715	160	10.30%
UAPTC	15,707	13,560	(2,147)	-13.67%
2YR TOTAL	102,414	99,793	(2,621)	-2.56%

GRAND TOTAL	293,319	297,768	4,449	1.52%
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