

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD  
Regular Quarterly Meeting  
July 31, 2015**

**Minutes of Meeting**

The July 31, 2015, regular meeting of the Arkansas Higher Education Coordinating Board (AHECB) was held at the Arkansas Department of Higher Education (ADHE) in Little Rock. Chairman Crafton called the meeting to order at 8:30 a.m. with a quorum present.

Coordinating Board present:

Bob Crafton, Chair  
Horace Hardwick, Vice Chair  
Dr. Charles Allen  
Dr. Jim Carr  
Dr. Olin Cook  
Chris Gilliam  
Florine Milligan  
Ben Pickard  
Greg Revels  
Mary Anne Salmon  
Sam Sicard

Coordinating Board absent:

Sherrel Johnson

Department staff present:

Dr. Brett Powell, Director  
Harold Criswell, Senior Associate Director of Administration and Finance  
Ann Clemmer, Senior Associate Director for Academic Affairs  
Rick Jenkins, Associate Director for Planning and Accountability  
Tara Smith, Senior Associate Director for Institutional Finance  
Jake Eddington, Program Specialist for Institutional Finance  
Alana Boles, Program Specialist for Academic Affairs  
Nichole Abernathy, Executive Assistant

Presidents, chancellors, institutional representatives, members of the press, and guests were also present.

Chairman Crafton welcomed his distinguished guests to the meeting and then asked everyone to stand for the pledge of allegiance and a brief moment of silence.

Next, he introduced new AHECB member Dr. Jim Carr of Searcy. Dr. Carr replaced Sarah Argue whose term expired May 1. Chairman Crafton also introduced Dr. Rex Horne, the new executive director of Arkansas' Independent Colleges and Universities.

Agenda Item No. 1  
Approval of Minutes

Horace Hardwick moved to approve Agenda Item No. 1. Mary Anne Salmon seconded the motion and the Board unanimously approved.

Agenda Item No. 2  
Agency Updates

*Institutional Leadership Changes*

Powell announced that Dr. Keith Pinchback is the new chancellor at Phillips Community College and starting on August 1, Dr. Debra West would be the first chancellor at Arkansas State University Mid-South. He also announced that former Ouachita Baptist University president Dr. Rex Horne is now the president of Arkansas' Independent Colleges and Universities. Dr. Charles Wright is the interim president at OBU.

*ADHE Personnel Changes*

Dr. Tim Atkinson is the new senior associate director for research and technology at ADHE. Atkinson was formerly the president of the Arkansas Science and Technology Authority (ASTA).

Callan Callaway, previously in the institutional finance department, is currently in charge of securing payments and reimbursements from ADHE's loan repayment programs.

Lisa Smith, ADHE outreach coordinator, will now serve as the outreach and communications coordinator.

Powell also announced that financial aid coordinator Kristi Rainwater resigned on August 7 to relocate to El Dorado.

*Faculty Performance Reviews*

Colleges and universities are required to conduct faculty performance reviews under Arkansas Code Annotated §6-63-104 and AHECB policy 5.5. ADHE staff is required to monitor faculty evaluation processes adopted at Arkansas public institutions and report annually to the AHECB and Legislative Council. All institutions conducted faculty performance reviews during 2014-15 using a variety of methods including assessment by students, classroom visits by administrators, peer review, and self-evaluation activities.

*Regional Workforce Grants*

This initiative creates three successive grant programs; a planning grant, an implementation grant and a continuation grant, said Powell. On May 1, the grant guidelines were approved. The letters of intent are due from the institutions by August 1 and the grant proposals are due by September 1, said Powell. Finally, the award notices will be sent by October 1. There is up to \$2 million in planning grant funds available to the institutions.

Chairman Grant asked if both public and independent institutions could apply for the grants. Powell said yes.

Mary Anne Salmon asked if ADHE received more proposals from the two-year institutions or four-year institutions, or if they were equal. Powell said primarily two-year institutions, because the grants are centered on their existing programs.

*Legislative Update*

Representative Leding will begin a student loan debt study to exam the impact of student loans on students in September, said Powell. He is not focused solely on higher education institutions. He will also look at federal legislation and college savings bonds.

Powell announced that Representative Mark Lowery and Senator Jane English will lead the Higher Education Realignment Task Force, which came out of the 90<sup>th</sup> general assembly. The task force will identify if there are any redundancies, efficiencies, or a need for greater accountability in the higher education system. Powell noted that ADHE was asked to assist this task force.

*2016 Fiscal session*

Powell said that the 2016 fiscal session dates have changed. He noted that the timeline for information due to ADHE will remain the same. Tara Smith will send out requests for operating budgets and personnel recommendations soon, said Powell.

*SHEEO Annual Meeting*

Powell stated that he attended the SHEEO annual meeting and learned that Arkansas is not alone in their lack of educational attainment. Other states are dealing with some of the same issues. He also discussed the US Department of Education report, the National Student Clearinghouse and the Kentucky College Readiness program.

Agenda Item No. 3  
Amendment to the  
Performance Funding Outcomes

Act 1203 of 2011 repealed Arkansas Code §6-61-223 and amended §6-61-224, §6-61-228, §6-61-229, and §6-61-230. The act directs the Department of Higher Education to develop an outcome-centered component of the funding formula for colleges and universities by December 31, 2011. Beginning in 2013-14 the funding recommendations will be based on the need component of student enrollment and the output components of student success and other performance measures. The proportion of the funding recommendation will begin with five percent based on outcome-centered measures, increasing by five percent (5%) each year to reach twenty-five percent (25%) in 2017-18. **Act 1397 of 2013 was later implemented so that the funding component of the outcome-centered formula shall not progress beyond the 2014-2015 school year, or ten percent (10%), until such time as the Department of Higher Education determines that all institutions are funded at the minimum standard of equity defined as seventy-five percent (75%) of needed state funding. Also, in any fiscal year that the aggregate general revenue funding forecast for higher education institutions is less than the amount in the 2012-2013 fiscal year, the Department of Higher Education will not further implement the funding component until such time as the aggregate general revenue is restored to the 2012-2013 fiscal year level.** The Director and staff at the Department of Higher Education worked with the presidents, chancellors and key staff at the universities and colleges, along with the Executive Director and key staff at the Arkansas Association of Two-Year Colleges, to develop the university and college performance measures.

**RESOLVED,** That the Arkansas Higher Education Coordinating Board adopts the amendment to the performance measures described in this agenda item for outcome-centered components in implementing the provisions of Act 1203 of 2011 and Act 1397 of 2013.

Dr. Olin Cook moved to approve Agenda Item No. 3. Florine Milligan seconded the motion and the Board unanimously approved.

Agenda Item No. 4  
Report on 2014 Fall College-Going Rate

The college-going rate measures the proportion of students enrolling in postsecondary education in the fall semester after finishing high school, in most cases, immediately after high school. Since most students enrolling in postsecondary education do so immediately after completing high school, the college-going rate is an indicator of the total proportion that will or did enroll in postsecondary education. The percentage, therefore, reflects the accessibility of higher education as well as students' assessments of the value of attending college when compared to working, entering the military, traveling, or following other pursuits.

The college-going rate (CGR) for all Arkansas public and independent institutions for the 2014 Fall term was 50.1 percent. This represents a decrease of 1.3 percentage points from the previous fall term. The share of CGR students at 4-Year Universities has decreased from 31.5 percent to 31.0 percent (a decrease of 0.5 percentage points). The share of CGR students at 2-Year Colleges has decreased from 17.6 percent to 16.2 percent (a decrease of 1.4 percentage points). The share of CGR students at Private/Independent Institutions has decreased from 3.3 percent to 2.9 percent (a decrease of 0.4 percentage points). The majority of CGR students attend 4-Year Universities.

Rick Jenkins noted that an error was discovered in the methodology that has been used the last few years and it has been corrected. The error caused the previously reported college-going rate to be slightly higher than it actually should have been.

Mary Anne Salmon asked if the college-going rate dropped just this year. Jenkins explained that the rate started trending down in 2012.

Horace Hardwick asked how this breaks out between the two-year and four-year institutions. Jenkins said the data can explain what is happening but not necessarily why it's happening.

#### Agenda Item No. 5

##### Certification of Intercollegiate Athletic Budgets for 2015-16

A.C.A. §6-62-805 (Act 366 of 1991) requires each state supported institution of higher education to annually certify by June 15 to the Arkansas Higher Education Coordinating Board that its intercollegiate athletic program will generate sufficient revenues to meet expenditures or that any athletic deficit will be met by separate institutional board sanctioned student athletic fees.

RESOLVED, That the Arkansas Higher Education Coordinating Board accepts the Certification of Intercollegiate Athletic Revenues and Expenditures Budgeted for 2015-16 as prepared in accordance with Arkansas Higher Education Coordinating Board uniform accounting standards and definitions for athletic reporting.

Chris Gilliam asked if the athletic fees remained the same every year or if they continually climbed. Tara Smith said they have had slight increases over the years, which is not uncommon. This is a means for the institutions to meet their expenditure demands for their athletic programs, she said.

Greg Revels moved to recommend the approval of Agenda Item No. 5 to the full Board for consideration. Chris Gilliam seconded and the Committee approved.

Agenda Item No. 6  
Economic Feasibility of Bond Issue  
Arkansas Northeastern College

Arkansas Northeastern College requests approval of the economic feasibility of plans to issue bonds not to exceed \$5.105 million with a term of thirty (30) years at an annual interest rate not to exceed 4.50 percent. Proceeds from the bond issue will be used for educational and general purposes. Arkansas Northeastern College Board of Trustees approved this financing at its meeting on June 17, 2015.

In accordance with board policy, Arkansas Northeastern College will sustain a building maintenance fund to be supported by millage revenue. These funds will be held in a separate account for the maintenance of the new facilities by transferring annually to plant funds based on the Association of Physical Plant Administrators (APPA) of Universities and Colleges recommendation. The current APPA recommendation is \$2.50 per gross square foot for educational and general facilities. Based on a total of 80,000 square feet, \$200,000 will be transferred annually.

**RESOLVED**, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for Arkansas Northeastern College to issue bonds in an amount not to exceed \$5.105 million with a term of thirty (30) years at an estimated interest rate not to exceed 4.50 percent for the construction and equipping of the College's Center for Allied Technologies and pay the expenses of issuing the bonds.

**FURTHER RESOLVED**, That the Director of the Arkansas Department of Higher Education is authorized to notify the President and the Chair of the Board of Trustees of Arkansas Northeastern College of the Coordinating Board's resolution.

There were no questions.

Greg Revels moved to recommend the approval of Agenda Item No. 6 to the full Board for consideration. Chris Gilliam seconded and the Committee approved.

Agenda Item No. 7  
Economic Feasibility of Bond Issue  
Arkansas Tech University

Arkansas Tech University requests approval of the economic feasibility of plans to issue bonds not to exceed \$1.25 million with a term of thirty (30) years at an annual interest rate not to exceed 4.75 percent. Proceeds from the bond issue will be used for auxiliary purposes. Arkansas Tech University Board of Trustees approved this financing at its meeting on June 18, 2015.

In accordance with board policy, any proceeds from bonds that require AHECB approval, which are used for the purchase or construction of new facilities, and result in additional square footage are subject to the AHECB maintenance policy as adopted in October of 2010. This project does not provide additional square footage to the campus.

**RESOLVED**, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for Arkansas Tech University to issue bonds in an amount not to exceed \$1.25 million with a term of thirty (30) years at an estimated interest rate not to exceed 4.75 percent to renovate Wilson Residence Hall on the campus of Arkansas Tech University.

**FURTHER RESOLVED**, That the Director of the Arkansas Department of Higher Education is authorized to notify the President and the Chair of the Board of Trustees of Arkansas Tech University of the Coordinating Board's resolution.

Horace Hardwick asked if agenda items 7 – 9 were for the same projects. Chandra Robinson explained that agenda items 7 and 9 are for the Wilson Residence Hall; however, agenda 8 is not.

Chris Gilliam moved to recommend the approval of Agenda Item No. 7 to the full Board for consideration. Greg Revels seconded and the Committee approved.

Agenda Item No. 8  
Economic Feasibility of Bond Issue  
Arkansas Tech University

Arkansas Tech University requests approval of the economic feasibility of plans to issue bonds not to exceed \$2.0 million with a term of five (5) years at an annual interest rate not to exceed 3.0 percent. Proceeds from the bond issue will be used for educational and general purposes. Arkansas Tech University Board of Trustees approved this financing at its meeting on June 18, 2015.

In accordance with board policy, any proceeds from bonds that require AHECB approval, which are used for the purchase or construction of new facilities, and result in additional square footage are subject to the AHECB maintenance policy as adopted in October of 2010. This project does not provide additional square footage to the campus.

**RESOLVED**, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for Arkansas Tech University to issue bonds in an amount not to exceed \$2.0 million with a term of five (5) years at an estimated interest rate not to exceed 3.0 percent for upgrading computer hardware in the University's computer center.

**FURTHER RESOLVED**, That the Director of the Arkansas Department of Higher Education is authorized to notify the President and the Chair of the Board of Trustees of Arkansas Tech University of the Coordinating Board's resolution.

There were no questions.

Dr. Charles Allen moved to recommend the approval of Agenda Item No. 8 to the full Board for consideration. Chris Gilliam seconded and the Committee approved.

Agenda Item No. 9  
Economic Feasibility of Loan Issue  
Arkansas Tech University

Arkansas Tech University requests approval of the economic feasibility of plans to obtain a loan not to exceed \$1.0 million with a term of ten (10) years at an annual interest rate not to exceed 4.0 percent. Proceeds from the bond issue will be used for auxiliary purposes. Arkansas Tech University Board of Trustees approved this financing at its meeting on June 18, 2015.

In accordance with board policy, any proceeds from bonds that require AHECB approval, which are used for the purchase or construction of new facilities, and result in additional square footage are subject to the AHECB maintenance policy as adopted in October of 2010. This project does not provide additional square footage to the campus.

**RESOLVED**, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for Arkansas Tech University to issue bonds in an amount not to exceed \$1.0 million with a term of ten (10) years at an estimated interest rate not to exceed 4.0 percent to renovate Wilson Residence Hall on the campus of Arkansas Tech University.

**FURTHER RESOLVED**, That the Director of the Arkansas Department of Higher Education is authorized to notify the President and the Chair of the Board of Trustees of Arkansas Tech University of the Coordinating Board's resolution.

Chairman Crafton asked if ATU was getting the best interest rate available for all three projects. Robinson said, yes. After receiving their board's approval, they do market testing to check for the best interest rates available.

Chris Gilliam moved to recommend the approval of Agenda Item No. 9 to the full Board for consideration. Dr. Charles Allen seconded and the Committee approved.



Agenda Item No. 10  
Economic Feasibility of Bond Issue  
University of Arkansas, Fayetteville

The University of Arkansas, Fayetteville requests approval of the economic feasibility of plans to issue bonds not to exceed \$8.0 million with a term of thirty (30) years at an annual interest rate not to exceed 5.50 percent. Proceeds from the bond issue will be used for educational and general (E&G) and auxiliary purposes. The University of Arkansas Board of Trustees approved this financing at its meeting on May 21, 2015.

In accordance with board policy, the University of Arkansas, Fayetteville will sustain a building maintenance fund to be supported by tuition and fee revenue. These funds will be held in a separate account for the maintenance of the new facilities by transferring annually to plant funds based on the Association of Physical Plant Administrators (APPA) of Universities and Colleges recommendation. The current APPA recommendation is \$1.25 per gross square foot for educational and general facilities. Note that the square footage for the Lambda Chi Alpha renovation is 22,446 sq. ft., but less than 1,000 sq. ft. is new. Therefore, based on an estimate of 1,000 new square footage, \$1,250 will be transferred annually.

**RESOLVED**, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the University of Arkansas, Fayetteville to issue bonds in an amount not to exceed \$8.0 million with a term of thirty (30) years at an estimated interest rate not to exceed 5.50 percent for educational and general to fund a utility infrastructure expansion with an approximate 5,300 lineal feet (LF) of buried, six inch, wrapped steel pipe for a high pressure, natural gas service line to accommodate a 5 megawatt (MW) gas turbine generator being installed on campus and for auxiliary purposes to renovate and construct (1) housing for Lambda Chi Alpha Fraternity, (2) housing for the Pi Kappa Alpha Fraternity, and (3) other capital improvements and infrastructure and various equipment for auxiliary purposes if proceeds are available.

**FURTHER RESOLVED**, That the Director of the Arkansas Department of Higher Education is authorized to notify the President and the Chair of the Board of Trustees of the University of Arkansas and the Chancellor of the University of Arkansas, Fayetteville of the Coordinating Board's resolution.

There were no questions.

Chris Gilliam moved to recommend the approval of Agenda Item No. 10 to the full Board for consideration. Dr. Charles Allen seconded and the Committee approved.

Agenda Item No. 11  
Institutional Certification Advisory Committee

**Initial Program Certification-Distance Technology**

**RESOLVED**, That pursuant to ACA §6-61-301, the Arkansas Higher Education Coordinating Board grants initial certification to the institutions listed on pages 1-6 to offer the specified degree programs to Arkansas residents for a period of three years through December 31, 2018.

**FURTHER RESOLVED**, That the Director of the Arkansas Department of Higher Education is authorized to notify the administration of said institutions that the certification of the degree programs requires the institution to notify the Arkansas Department of Higher Education whenever any of the following occurs: (1) major reorganization of the controlling body; (2) changes in the charter or incorporation documents of the institution; or (3) changes in the method of operation of the institution's programs in Arkansas.

**FURTHER RESOLVED**, That the Coordinating Board instructs the Director to notify the administration of said institutions that any advertisement or published materials using the name of the Arkansas Higher Education Coordinating Board or the Arkansas Department of Higher Education must contain the following statement:

Arkansas Higher Education Coordinating Board certification does not constitute an endorsement of any institution or program. Such certification merely indicates that certain criteria have been met as required under the rules and regulations implementing institutional and program certification as defined in Arkansas Code §6-61-301.

Argosy University, Orange, California  
Art Institute of Pittsburgh, Pittsburgh, Pennsylvania  
Bryant and Stratton College, Orchard Park, New York  
Columbia Southern University, Orange Beach, Alabama  
Georgetown University, Washington, D.C.  
Johns Hopkins University, Baltimore, Maryland  
Kaplan University, Davenport, Iowa  
Post University, Waterbury, Connecticut  
Remington College, Little Rock, Arkansas  
South University, Savannah, Georgia  
Strayer University, Washington, D.C.  
University of Wisconsin-Stout, Menomonie, Wisconsin  
Vista College, Richardson, Texas

**Initial Program Certification - Arkansas Campus**

Vista College, Richardson, Texas – Fort Smith Campus

**New Institutions – Distance Technology**

Adler University, Chicago, Illinois

California State University, Northridge, Northridge, California

Lindenwood University, St. Charles, Missouri

University of Michigan-Flint, Flint, Michigan

Mary Anne Salmon moved to recommend Agenda Items No. 5 - 11 to the full Board for consideration. Dr. Olin Cook seconded and the Committee approved.

Agenda Items No. 12 & 13  
Letters of Notification and Letters of Intent

The Director of the Arkansas Department of Higher Education approved institutional requests for new programs not requiring Board action unless further review is requested by the Board. During this period, the Institutional Certification Advisory Committee received notice of requests from out-of-state institutions to offer degree programs to Arkansas residents. The program notice lists appear in the Letters of Notification on pages 12-1 through 12-20 and in the Letters of Intent on pages 13-1 through 13-16 of the agenda book.

Agenda Item No. 14  
Report of Nominating Committee

The Nominating Committee (Chair, Mary Anne Salmon, Horace Hardwick and Greg Revels) made the following recommendations on the slate of Board officers for 2015-16 (Sherrel Johnson as Secretary of the Coordinating Board and as Vice President of the State Board of Higher Education Foundation Supervisory Committee).

Mary Anne Salmon moved to accept the 2015-2016 nominations. Greg Revels seconded the motion and the Board unanimously approved.

Report of the Committees

Horace Hardwick presented the report of the Finance Committee and moved approval of Agenda Items 5 – 10. The Board approved.

Ben Pickard voiced concern regarding athletic spending. He said while he does support intercollegiate athletics, he believes the student fees are too high and he urges the institutions to look at them.

Dr. Olin Cook expressed concern regarding faculty salaries. He asked the board to compare faculty salaries to SREB states and share this information with the legislature.

Chairman Crafton noted that he shared both board members concerns regarding the athletic fees and the faculty salaries. He asked Dr. Powell if ADHE staff could provide a report regarding faculty salaries. Dr. Powell said yes.

Dr. Olin Cook presented the report of the Academic Committee and moved approval of Agenda Item 11. The Board approved.

Greg Revels discussed the possibility of eliminating the finance and academic committee meetings.

Dr. Joel Anderson, President of the University of Arkansas at Little Rock, commented that on rare occasions, it has been necessary for the finance committee to meet, in between board meetings, to approve bond issues.

Chairman Crafton said that he would look at all of the information and decide something. However, the committees would remain the same for now.

#### Remarks by Presidents and Chancellors

Mary Anne Salmon announced that Governor Asa Hutchinson was named the president of the Southern Regional Education Board (SREB).

Chairman Crafton announced that Governor Hutchinson would address the Presidents Council at their next meeting on Tuesday, September 1 at the Arkansas Department of Higher Education (ADHE) in Little Rock. The next Coordinating Board meeting would be at ADHE on October 30, 2015.

With no further comments, the meeting adjourned at 10:26 a.m.

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Nichole Abernathy

APPROVED:

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Sherrel Johnson, Secretary