

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD**  
**Special Meeting**  
**Arkansas Department of Higher Education**  
**May 22, 2017**

**Minutes of Meeting**

The Arkansas Higher Education Coordinating Board held a special meeting at the Arkansas Department of Higher Education on Monday, May 22, 2017. The meeting convened at 1:00 p.m., with a quorum present.

Coordinating Board present:

Sherrel Johnson, Chair  
Dr. Jim Carr, Vice-Chair (*by phone*)  
Dr. Michael Stanton, Secretary  
Dr. Charles Allen (*by phone*)  
Dr. Olin Cook  
Bob Crafton (*by phone*)  
Florine Milligan (*by phone*)  
Ben Pickard (*by phone*)  
Greg Revels

Coordinating Board absent:

Chris Gilliam  
Jim von Grep

Department staff present:

Dr. Maria Markham, Director  
Tara Smith, Deputy Director  
Dr. Marla Strecker, Senior Associate Director for Academic Affairs/Research & Analytics  
Ann Clemmer, Senior Associate Director for Governmental Relations  
Alisha Lewis, Associate Director of Communications  
Nichole Abernathy, Executive Assistant

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

Chair Johnson thanked the Coordinating Board members and guests for participating in the meeting.

Nichole Abernathy conducted a roll call to confirm that there was a quorum.

Agenda Item No. 1  
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Act 1203 of 2011 repealed Arkansas Code § 6-61-223 and amended §6-61-224, §6-61-228, §6-61-229, and §6-61-230.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 directed the Department of Higher Education to develop an outcome-centered component of the funding formula for colleges and universities by December 31, 2011. The Department of Higher Education, in conjunction with the presidents, chancellors and key staff at the universities and colleges and the Executive Director and key staff at the Arkansas

Community Colleges (ACC), developed the outcome-centered component of the funding formula that was approved by the Arkansas Higher Education Coordinating Board on December 2, 2011. The funding recommendations are now 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 begins with five percent based on outcome-centered measures in 2013-14, increasing by five percent each year to reach 25 percent in 2017-18. In addition, A.C.A. § 6-61-233 states that the implementation of the funding component of the outcome-centered formula shall not progress beyond the 2014-2015 school year 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, as determined by the needs-based component of the funding formula models.

There were no questions.

Sam Sicard moved to recommend the approval of the review of Agenda Item No. 1 to the full Board for consideration. Bob Crafton seconded and the Committee approved.

Agenda Item No. 2  
Economic Feasibility of Loan Issue  
Southern Arkansas University

Southern Arkansas University requests approval of the economic feasibility of plans to obtain two (2) loans not to exceed \$1,060,000 with a term of ten (10) years at an annual interest rate not to exceed 3.6 percent. Proceeds from the loan issues will be used for educational and general (E&G) and auxiliary purposes.

**RESOLVED**, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for Southern Arkansas University to obtain two (2) loans in an amount not to exceed \$1,060,000 with a term of ten (10) years at an estimated interest rate not to exceed 3.6 percent for E&G purposes to construct a facility that will serve as the president's residence and official event's facility. The auxiliary purposes will be to purchase an apartment complex that was previously leased by the 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 Southern Arkansas University of the Coordinating Board's resolution.

There were no questions.

Bob Crafton moved to recommend Agenda Item No. 2 to the full Board for consideration. Sam Sicard seconded and the Committee approved.

Agenda Item No. 3 & 4  
Productivity Funding Policy  
Two-Year Colleges and Universities

Act 148 of 2017 repealed the needs-based and outcome-centered funding formulas as prescribed in Arkansas Code § 6-61-210, Arkansas Code § 6-61-224, Arkansas Code § 6-61-228, Arkansas Code § 6-61-229, Arkansas Code § 6-61-230, and Arkansas Code § 6-61-233, and amended Arkansas Code § 6-61-234. The Act directs the Arkansas Higher Education Coordinating Board to adopt polices developed by the Department of Higher Education necessary to implement a productivity-based funding model for state-supported institutions of higher education.

Dr. Maria Markham, Dr. Marla Strecker and Tara Smith presented information on the productivity funding formula. Markham began by going through the timeline of events starting with the adoption of the Master Plan back in October of 2015. After reviewing the guiding principles and the productivity measures, Markham asked Dr. Strecker to walk through the credentials and weighting.

Strecker began by stating that the most heavily weighted metric would be credentials, which is 40% of effectiveness.

Greg Revels asked if a student left a two-year institution after only one year and received their associate degree, who would receive the credit, the two-year institution or the university that awarded it.

Strecker said the awarding institution would receive the credit.

Dr. Olin Cook asked if students in both high school and college are counted.

Strecker said that a high school student in a college credit-bearing course that is non-concurrent, would be counted.

Sam Sicard asked what is the impact underserved non-minority verse underserved low-income and everything else is constant. How does that affect the funding?

Strecker said to incentivize institutions to help us as a state close the attainment gap is just compounded as an additional weighting based on that credential.

Sicard commented that post completion success is not included in this model. Strecker said that is correct. In similar models around the nation, post completion success is usually included in the second round.

Dr. Stanton asked if there were mechanisms in place for institutions to submit all of their data to ADHE. Markham said, yes. ADHE has been working with the institution's IR staff to insure the data are clean.

Chair Johnson asked if this formula was more flexible, allowing staff to fix issues in a timely manner. Director Markham said, yes. The act requires the AHECB to review it every five years; however, the language is very permissive and allows the board to review it sooner if needed.

After a lengthy discussion and numerous questions, Dr. Olin Cook moved to recommend the approval of the review of Agenda Items No. 3 and 4 to the full Board for consideration. Dr. Michael Stanton seconded and the Committee approved.

#### Report of the Committees

Greg Revels presented the report of the Finance Committee and moved approval of Agenda Items 1 - 4. Florine Milligan seconded the motion and the Board unanimously approved.

Chair Johnson thanked everyone for participating in the special meeting and announced that the next regular meeting would be July 28, 2017, at Cossatot Community College of the University of Arkansas in De Queen.

With no further comments, the meeting adjourned at 1:52 p.m.

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Nichole Abernathy

APPROVED:

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Dr. Michael Stanton, Secretary