

# **ARKANSAS HIGHER EDUCATION COORDINATING BOARD SPECIAL MEETING**

**Cooperative Extension Service Center  
Little Rock**

**Thursday, January 29, 2009  
4:00 p.m.**

## **AGENDA**

1. Appointment of Nominating Committee (David Leech)
2. State Rankings (Dr. Purcell)
3. Measuring Up Report Card 2008 (Dr. Purcell)
4. Legislative Updates (Dr. Jim Purcell)

Agenda Item No. 1  
Higher Education Coordinating Board  
January 29, 2009

**APPOINTMENT OF NOMINATING COMMITTEE  
FOR 2009-10 BOARD OFFICERS**

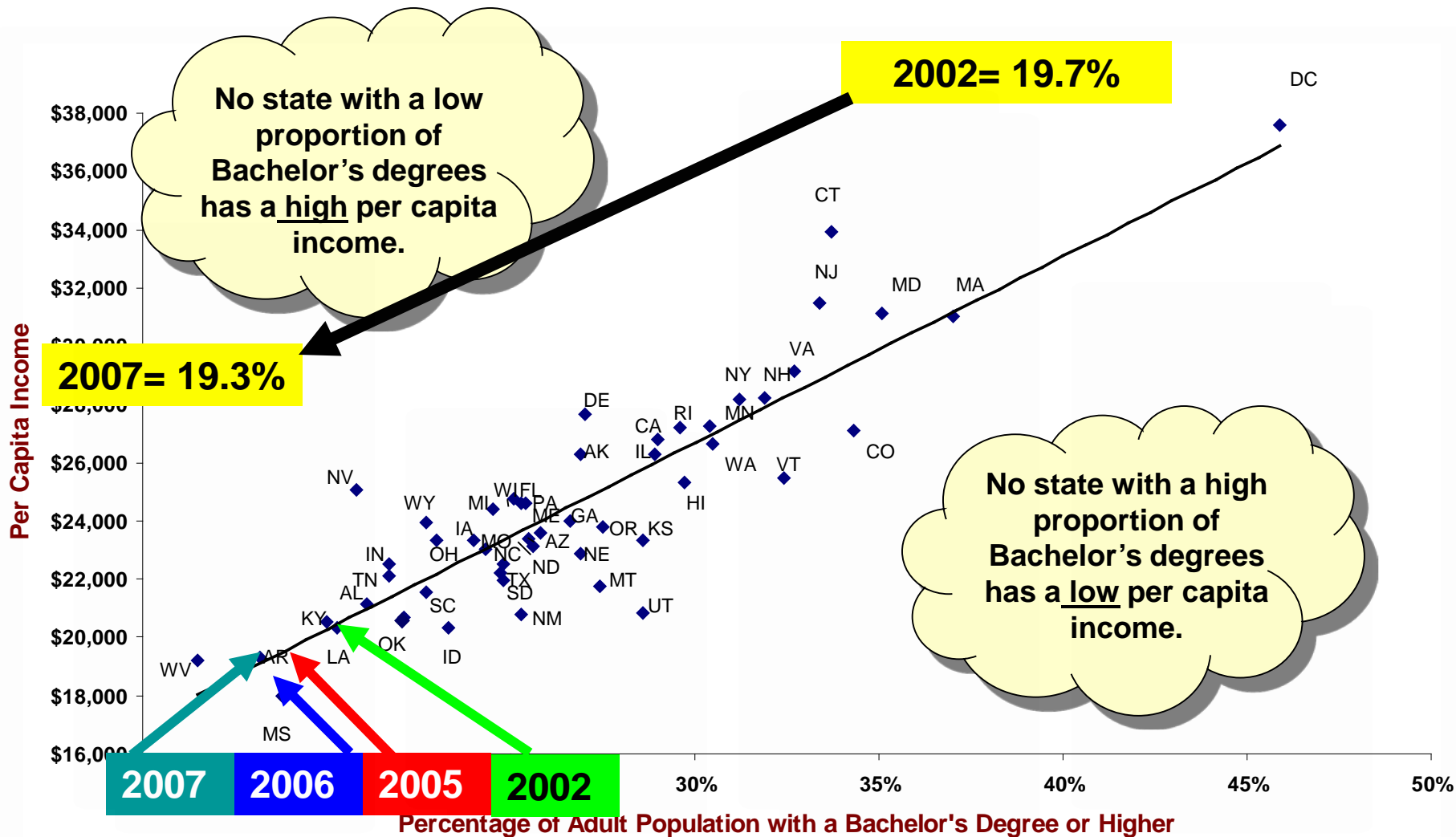
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Chairman David Leech will appoint members of the Arkansas Higher Education Coordinating Board nominating committee at the January 29 meeting. The nominating committee will recommend Board officers for 2009-10 at the January 30 meeting.

**State Rankings, Measuring Up,  
and Legislation related to  
Higher Education**

Jim Purcell

# State Per Capita Personal Income v. Share of Adult Population with Bachelor's Degree or Higher (2007)



**Why look at trends? Why look at rankings?**

**Shakespeare, *The Tempest* :**

**What's past is prologue,**

**What to come in yours and my  
discharge.**

**What will the future bring?**

**Who will we impact?**

**What/who will we throw to the curb?**

# Other State Rankings-

## Age

	Rank	Percent
Percent of <b>Grandparents Responsible for their Grandchildren</b> (Grandparents living with grandchildren)	2	58.6
Percent of <b>Households With One or More People 65 Years and Over</b>	7	25.1
Percent of <b>People 65 Years and Over Below Poverty</b> Level in the Past 12 Months	7	12.1
Percent of <b>People 65 Years and Over With a Disability</b>	2	49.7

**We have an aging population.**

**Will we be able to meet their care and health needs?**

**How does/will this impact our workforce?**

**What future will we build?**



# Other State Rankings- **Children**

	Rank	Percent
<b>Percent of Children Under 18 Years Below Poverty</b> Level in the Past 12 Months (For Whom Poverty Status is Determined)	3	25.8
Percent of Households With One or More <b>People</b> <b>Under 18 Years</b>	16	34.3

**Many of our children live in poverty.**

**We have many young people?  
Will we prepare them with  
skills that enable social and  
economic success?**

**What future will we build?**



# Other State Rankings-

## Workforce

	Rank	Percent
Percent of <b>People 21 to 64 Years Old With a Disability</b>	4	19.1
Percent of People 25 Years and Over Who Have <b>Completed High School</b> (Includes Equivalency)	45	81.1
Percent of People 25 Years and Over Who Have <b>Completed a Bachelor's Degree</b>	49	19.3
Percent of People 25 Years and Over Who Have <b>Completed an Advanced Degree</b>	49	6.5
<b>Employment/Population Ratio</b> for the Population 16 to 64 Years Old	46	65.5

**We have a working population with special needs.**

**We have an uneducated workforce.**

**We have less of our working age population that works.**

**What future will we build?**





# Other State Rankings-

## Work Type

	Rank	Percent
Percent of Civilian Employed Population 16 Years and Over in <b>Management, Business, and Financial Occupations</b>	44	12.1
Percent of Civilian Employed Population 16 Years and Over in <b>Professional and Related Occupations</b>	49	17.9
Percent of Civilian Employed Population 16 Years and Over in <b>Service Occupations</b>	26	16.3
Percent of Civilian Employed Population 16 Years and Over in the <b>Information Industry</b>	41	1.9
Percent of Civilian Employed Population 16 Years and Over in the <b>Manufacturing Industry</b>	7	15.1

**We have few 'professionals.'**

**Will have less workers in information industry and more in manufacturing.**

**What should our future economy**

**look like?**



# Other State Rankings- **Housing**

	Rank	Percent
Percent of Occupied Housing Units that are <b>Owner-Occupied</b>	38	67.7
Percent of Housing Units That Are <b>Mobile Homes</b>	9	12.7
Percent of <b>Renter-Occupied Units Spending 30 %</b> or More of Household Income <b>on Rent and Utilities</b>	35	41.6
Percent of Occupied <b>Housing Units With 1.01 or More Occupants Per Room</b>	18	2.3

**Less of our citizens own their own home.**

**In the future, will more rent or own their own home?**

**How do we make home ownership possible?**



# Other State Rankings-

## Income

	Rank	Percent
<b>Median Earnings for Female</b> Full-Time, Year-Round Workers (In 2007 Inflation-Adjusted Dollars)	49	26,815
<b>Median Earnings for Male</b> Full-Time, Year-Round Workers (In 2007 Inflation-Adjusted Dollars)	51	36,379
<b>Median Family Income</b> (In 2007 Inflation-Adjusted Dollars)	49	47,021
<b>Median Household Income</b> (In 2007 Inflation-Adjusted Dollars)	49	38,134
Percent of <b>People Below Poverty Level</b> in the Past 12 Months	4	17.9

**We do not make much money.**

**Our lack of education impacts our paycheck**

**Poverty abounds**

**Can we help?**



# Other State Rankings-

## Migration

	Rank	Percent
Percent of <b>People 1 Year and Over Who Lived in a Different House. . .</b> in Either the <b>U.S.</b> or Puerto Rico 1 Year Ago	9	18.4
Percent of <b>People 1 Year and Over Who Lived in a Different House Within the Same State</b> (Including Puerto Rico) 1 Year Ago	3	15.2
Percent of <b>People 1 Year and Over Who Lived in a Different State</b> (Including Puerto Rico) 1 Year Ago	24	3.2
Percent of the <b>Native Population</b> Born in their State of Residence	29	63.7

**We are very mobile.**

**Our educational offerings should be transportable.**

**How do we deliver education to a mobile population?**



**MEASURING UP**

**2008**

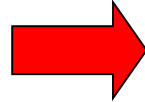
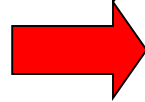
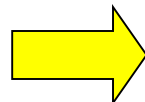
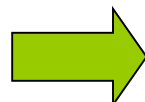
**THE STATE REPORT CARD  
ON HIGHER EDUCATION**



Arkansas



## REPORT CARD



<b>Preparation</b>	<b>C-</b>
<b>Participation</b>	<b>D+</b>
<b>Affordability</b>	<b>F</b>
<b>Completion</b>	<b>C-</b>
<b>Benefits</b>	<b>D+</b>
<b>Learning</b>	<b>I</b>

# MEASURING UP 2008

## THE STATE REPORT CARD ON HIGHER EDUCATION

### PREPARATION



*2008 Grade*    *Change Over Time*

Arkansas has made strides in preparing young people for college, though compared with other states its performance is only fair.

- High school students have improved substantially on Advanced Placement tests, but their scores remain low.
- Only 86% of blacks have a high school credential, compared with 91% of whites.



# MEASURING UP 2008

## THE STATE REPORT CARD ON HIGHER EDUCATION

### AFFORDABILITY



2008 Grade



Change Over Time

Higher education has become less affordable for students and their families.

- Poor and working-class families must devote 24% of their income, even after aid, to pay for costs at public four-year colleges. However, Arkansas is the best-performing state in the share of income needed to pay for public two-year colleges.
- Financial aid to low-income students is low. For every dollar in Pell Grant aid to students, the state spends only 28 cents.





# MEASURING UP 2008

## THE STATE REPORT CARD ON HIGHER EDUCATION

### BENEFITS



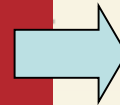
2008 Grade



Change Over Time

A very small proportion of residents have a bachelor's degree, and this substantially weakens the state economy.

- Fourteen percent of blacks have a bachelor's degree, compared with 22% of whites.
- If all racial/ethnic groups had the same educational attainment and earnings as whites, total annual personal income in the state would be about \$3 billion higher.





**Preparation C-**  
 Five below AR  
 Two Tied w/AR

State	Preparation	Participation	Affordability	Completion	Benefits	Learning
Alabama	D+	D+	F	C-	C	I
Alaska	C+	F	F	F	C+	I
Arizona	D	A	F	B	B-	I
Arkansas	C-	D+	F	C-	D+	I
California	C+	C	C-	B-	B+	I
Colorado	A-	C+	F	B-	B+	I
Connecticut	A	C-	F	B-	A-	I
Delaware	C+	C-	F	B	C+	I

**Participation D+**  
 Eleven below AR  
 Six Tied w/AR

Florida	C	D	F	B+	C	I
Georgia	C+	D-	F	B-	B	I
Hawaii	C-	D	F	C	B-	I
Idaho	C	D	F	C	C-	I
Illinois	B	C	F	B+	B	I
Indiana	C	C	F	B-	D+	I
Iowa	B	A	F	A	C+	I
Kansas	B	B-	F	B	C+	I

**Affordability F**  
 Forty-nine tied w/AR  
 CA = C-

Kentucky	C	C	F	B	D+	I
Louisiana	D-	F	F	C+	D	I
Maine	B-	C-	F	C+	C	I
Maryland	A-	C	F	B-	A	I
Massachusetts	A	B-	F	A	A	I
Michigan	C	C	F	C+	B+	I
Minnesota	B	B	F	A	B	I
Mississippi	D	D+	F	C	D	I
Missouri	C+	C	F	B	C+	I
Montana	B-	D+	F	C-	C+	I
Nebraska	B-	B	F	B+	B	I
Nevada	C	F	F	F	D	I

**Completion C-**  
 Three below AR  
 Three Tied w/AR

New Hampshire	B	C-	F	A-	B	I
New Jersey	A-	C	F	C+	A-	I
New Mexico	D-	B-	F	D+	C+	I
New York	B	D+	F	B+	B	I
North Carolina	B-	D+	F	B-	C+	I
North Dakota	B-	B+	F	A	D	I
Ohio	B-	C-	F	B-	C+	I

**Benefits D+**  
 Five below AR  
 Five tied w/AR

Oklahoma	C-	C-	F	C	D+	I
Oregon	C+	D	F	C+	B+	I
Pennsylvania	B-	C-	F	A	C	I
Rhode Island	C+	C+	F	A	B-	I
South Carolina	C+	D-	F	C+	C	I
South Dakota	B	B	F	B	D+	I
Tennessee	C	D	F	C	C	I
Texas	B	D-	F	C-	C+	I
Utah	B	B-	F	B+	B	I
Vermont	A-	C	F	A-	C+	I
Virginia	B+	C	F	B	A	I
Washington	C+	D	F	A-	B	I
West Virginia	C	C	F	C	F	I
Wisconsin	B	C+	F	A-	C	I
Wyoming	C	C	F	A	D-	I

# Legislative Taskforce on Remediation, Retention and Graduation



- Goal: *Reach the SREB average for citizens with bachelor's degrees by 2015. (projected to be 27%).*
- *Arkansas is currently at 18.2%.*
- Arkansas is currently producing 11,186 bachelor degrees per year and at this rate of production Arkansas will have 337,256 citizens with bachelor's degrees by 2015.
- To reach the SREB average, Arkansas must increase the current production of bachelor's degrees by 64% (7,098 more graduates per year).

**MEASURING UP**

**2008**

**THE STATE REPORT CARD  
ON HIGHER EDUCATION**



Arkansas



## REPORT CARD

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# What can we do to improve our performance? **Plenty**

- Performance Measures:
  - Accountability, Oversight, Repercussions
  - Incentives connected to student success
  - Remove impediments to student success
  - Target particular workforce needs

# What can we do to improve our performance? **Plenty**

- Performance Measures:
  - Accountability, Oversight, Repercussions
  - Incentives connected to student success
  - Remove impediments to student success
  - Target particular workforce needs
- Greater State Support
  - Imbalance in Tuition/State Funding ratio
  - Low tuition

- Enhance Scholarships

Historically there has been no enthusiasm for any of these measures

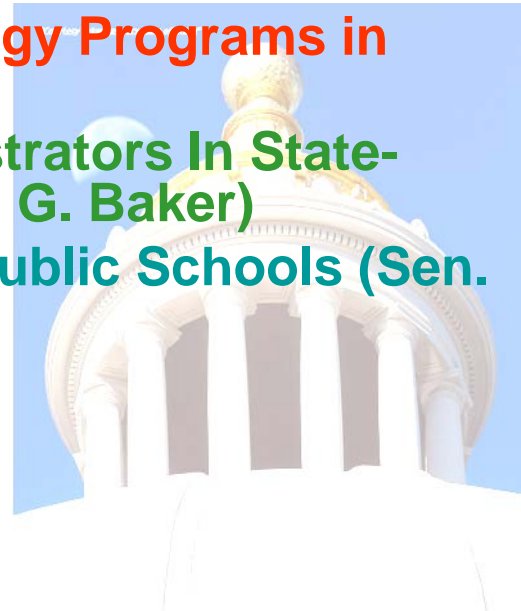
# Higher Education Legislative Issues

- **Accountability**
- **Lottery**
- **Funding**



# Filed Bills Related to Higher Education

- **HB 1002 Arkansas Scholarship Lottery (Rep. Wills)**
- **SB 26 Implement State Lotteries (Sen. Smith)**
- **HB 1251 Create a Loan Forgiveness Program for ARHEG programs (Rep. Breedlove)**
- **HB 1024 Compensation of IHE's non-classified employees for unused sick leave @ retirement (Rep. Abernathy)**
- **HB 1093 An Act Concerning Illegal Immigration (Rep Sample)**
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- **SB 55 Increase Salary Transparency For Administrators In State-supported Institutions Of Higher Education (Sen. G. Baker)**
- **SB 226 Establish a Common Spring Break for Public Schools (Sen. Broadway)**
- **SB 206 Appointments to board of trustees of Technical Colleges**





# Other ideas being considered, but not filed

- **Seamless transfer of AA/AS degrees to four-year institutions**
- **Institutional scholarships cap from 30-15**
- **Changes in current scholarship programs**





**FY08 Scholarship Fund Balance?**

**\$ 51,854,906**

***How could that happen?***

***What are you going to do to fix it?***

- ADHE authorized by the legislature to spend up to X amount for each scholarship
- Each scholarship has strict criteria
- Unawarded funds are deferred for future years in fund balance as required by law
- Every student who applied and met the current scholarship criteria was awarded the funds

**\$ 51,854,906**

# Exacerbating Factors/Excuses

- Advertising funds are not authorized for all programs (Only for GO and Academic Challenge)
- Very precise qualifications for many scholarships
- Paperwork, paperwork
- Inability to adjust as needed

# How did we get such a large fund balance?

**Scholarships (21 programs)**

**51,854,906**

Academic Challenge

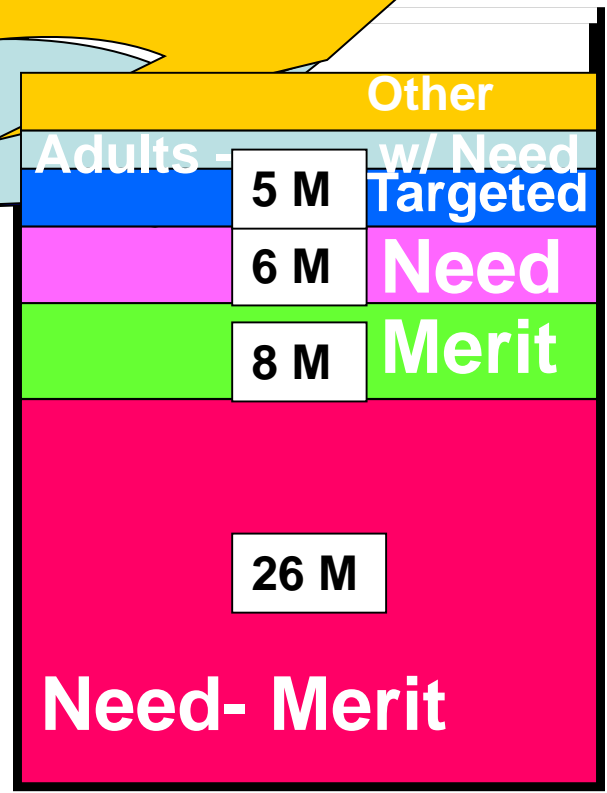
Governor's

Go Grant

Teachers

WIG

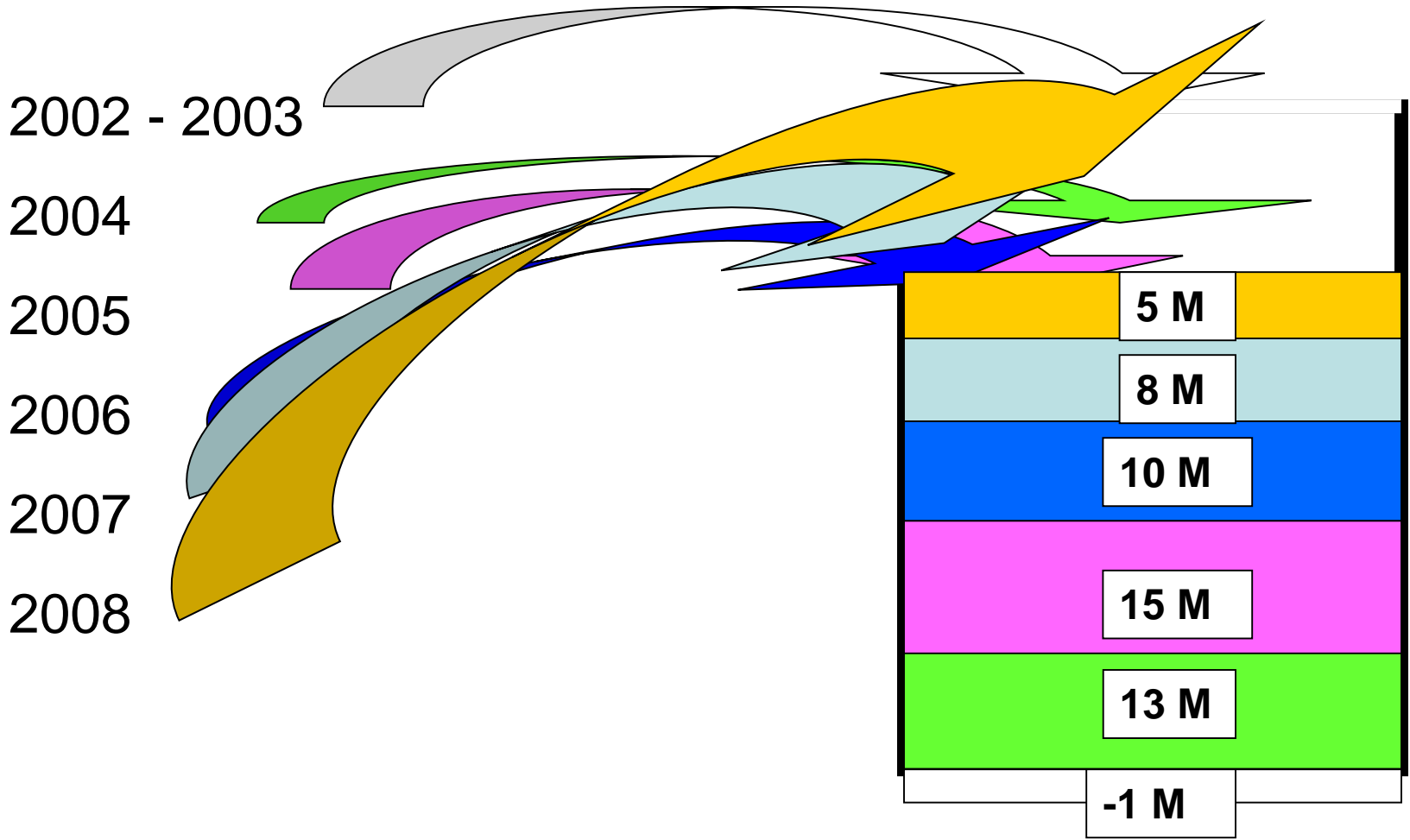
Other



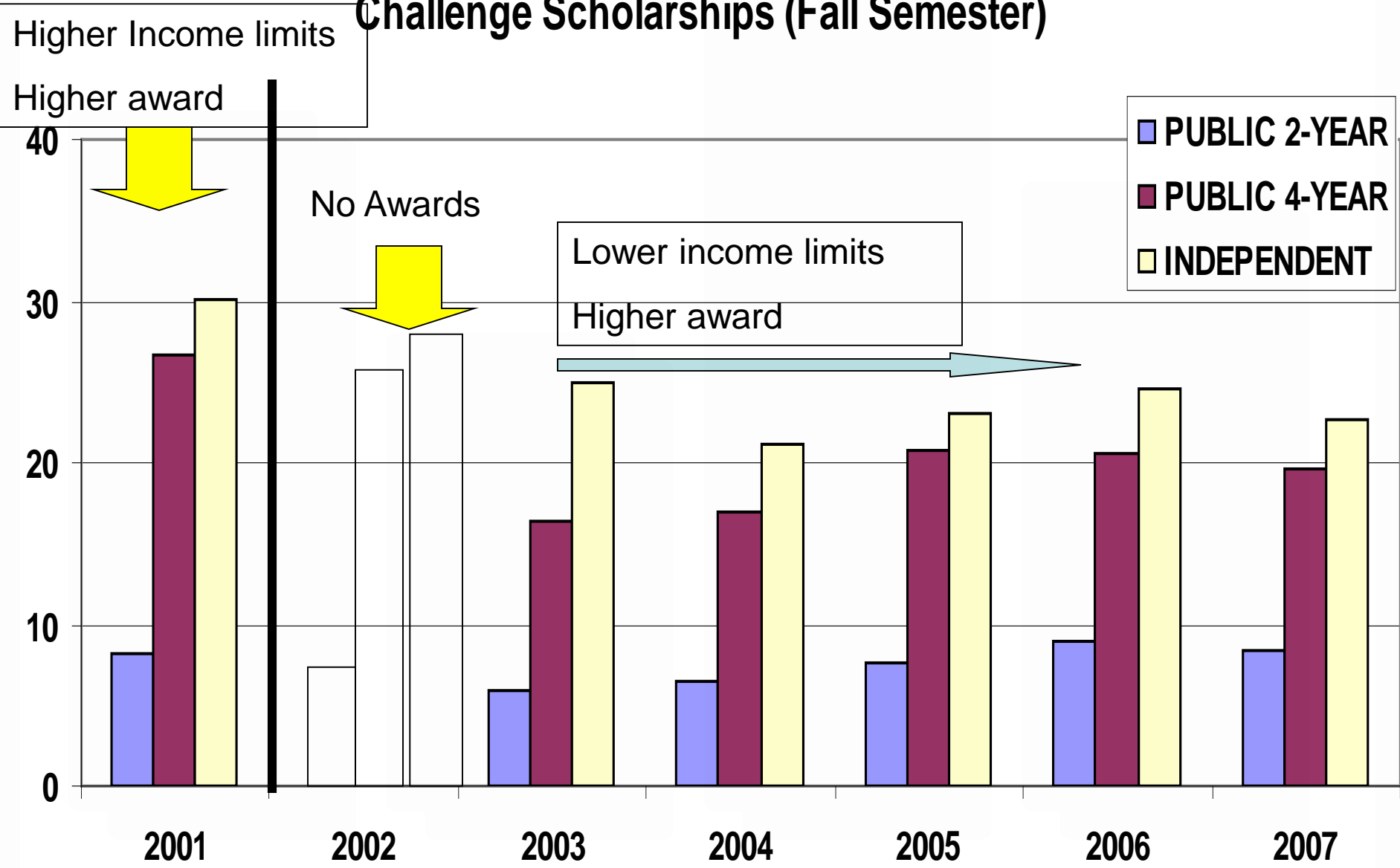
# How did we get such a large fund balance?

## Scholarships (21 programs)

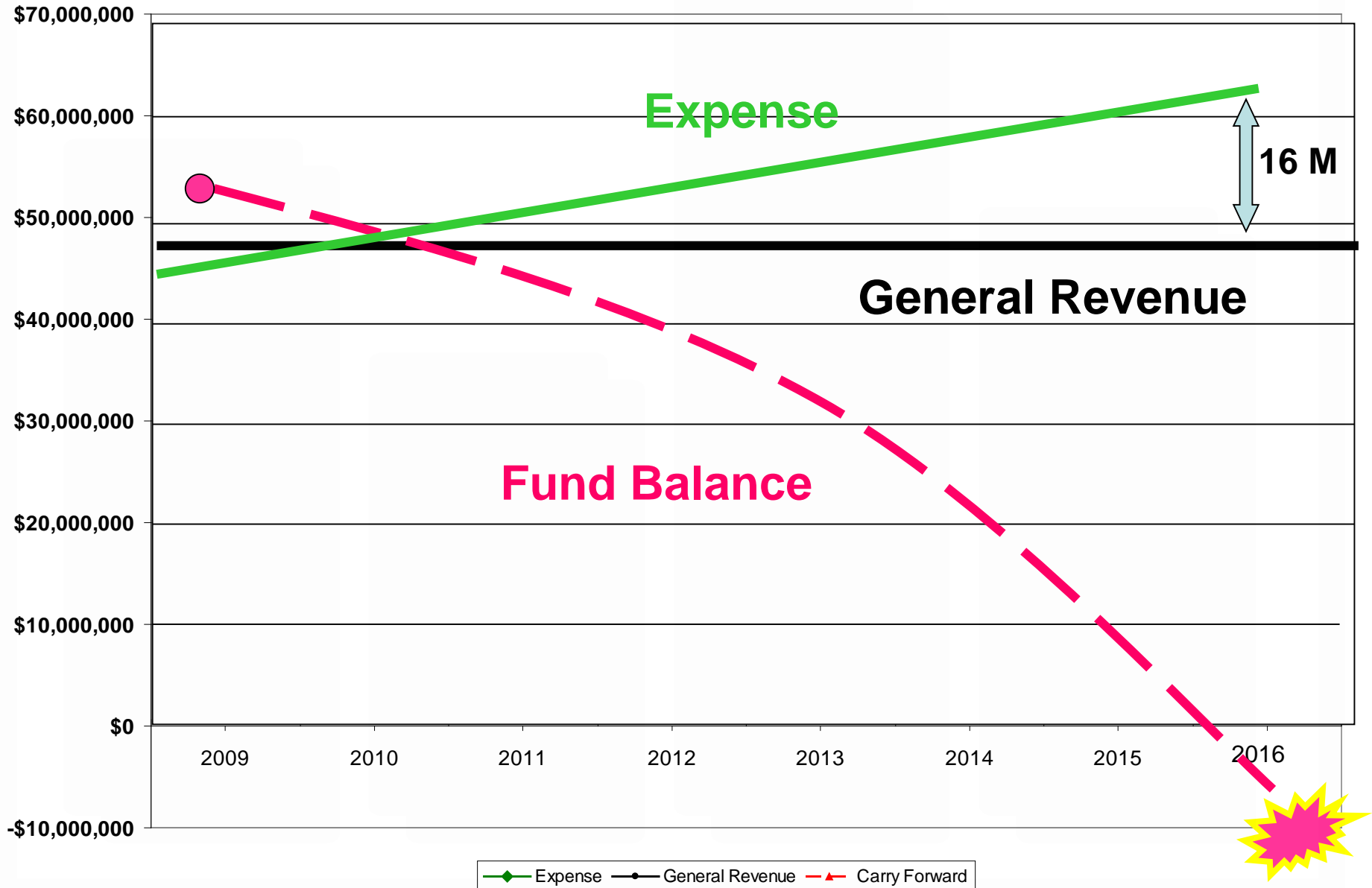
51,854,906



# Percentage of Incoming Freshmen Receiving Academic Challenge Scholarships (Fall Semester)



# Financial Aid Growth Projections



# Financial Aid Growth Scenario

<b>Fiscal year</b>	<b>Expense</b>	<b>Increase</b>	<b>Balance</b>	<b>General Revenue</b>	<b>Carry Forward</b>
<b>2009</b>	<b>46,500,000</b>	<b>3,470,000</b>	<b>1,100,000</b>	<b>47,600,000</b>	<b>52,900,000</b>
<b>2010</b>	<b>49,290,000</b>	<b>2,790,000</b>	<b>(1,690,000)</b>	<b>47,600,000</b>	<b>51,210,000</b>
<b>2011</b>	<b>51,754,500</b>	<b>2,464,500</b>	<b>(4,154,500)</b>	<b>47,600,000</b>	<b>47,055,500</b>
<b>2012</b>	<b>53,824,680</b>	<b>2,070,180</b>	<b>(6,224,680)</b>	<b>47,600,000</b>	<b>40,830,820</b>
<b>2013</b>	<b>55,977,667</b>	<b>2,152,987</b>	<b>(8,377,667)</b>	<b>47,600,000</b>	<b>32,453,153</b>
<b>2014</b>	<b>58,216,774</b>	<b>2,239,107</b>	<b>(10,616,774)</b>	<b>47,600,000</b>	<b>21,836,379</b>
<b>2015</b>	<b>60,545,445</b>	<b>2,328,671</b>	<b>(12,945,445)</b>	<b>47,600,000</b>	<b>8,890,934</b>
<b>2016</b>	<b>62,967,263</b>	<b>2,421,818</b>	<b>(15,367,263)</b>	<b>47,600,000</b>	<b>(6,476,329)</b>

Appropriation levels assumed flat at fiscal 2009 levels  
 GR Funding assumed flat at fiscal 2009 levels  
 Programs rules, eligibility unchanged from fiscal 2009  
 Fiscal 2010 -2011 growth = 5% Fiscal 2012-2016 flat 4%

# Proposed Scholarship Changes

- **Streamline Programs - Common application for all programs** Use 800k of fund balance to do this
  - Simplify process for applicants
  - Improve efficiency
- **GO! Opportunities Grant – expand**
  - Expand eligibility to all undergraduate first-degree-seeking students enrolled in college that meet the income guidelines (\$25,000 or less)

## Current allocation for this program

- **Consolidate Teacher Programs – (STAR, Minority Teachers Scholars & Minority Masters)**
  - Simplify process for applicants
  - Convert from a *loan forgiveness program* to a *loan repayment program* that will assist teachers in paying outstanding federal students loansCurrent allocation for this program should cover this
- **Increase award or income requirement for academic Challenge** Utilize lottery funds in future years
- **Target health and STEM majors** Utilize lottery funds



# U.S. House Economic Stimulus Package

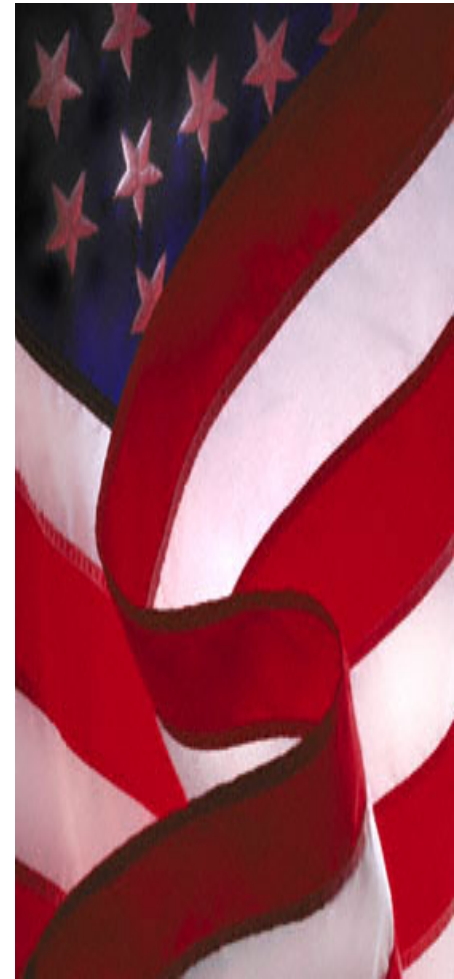
**Two parts:**

**1. Stabilize State government budgets**

**2. Higher Education Modernization, Renovation, Repair**

## **State Fiscal Stabilization Fund**

- Determination will need to be made on how much of funds in the **State Fiscal Stabilization Fund** will be distribute to K-12 and higher education institutions. According to estimates from the State Higher Education Executive Officers (SHEEO), Arkansas **could** receive \$177,863,823. Receipt is dependent on budget shortfalls.
- **Fortunately (or unfortunately) Arkansas K-12 and higher education were not funded in 2009 significantly below what they were funded in 2008.**



# Our Dilemma

- *While budgets were not drastically reduced at Arkansas's public colleges and universities, **these institutions have not been funded at "need" since 2001.** The current model addresses immediate shortfalls, but does not allow for contextual understanding of a state's education system's long term poor financial health.*
- *ADHE will recommend that the Arkansas Congressional delegation seek to modify the legislation so that states that have historically underfunded higher education in order to remain fiscally responsible are not penalized.*
- *ADHE institutions were reduced from 2008 to 2009 at total of **\$10,381,179.** ADHE suggests restoration of the institutions' original 2009 state funding level which would provide Arkansas postsecondary institutions with **\$35,410,550.***



# U.S. House Economic Stimulus Package

## Higher Education Modernization, Renovation, Repair Grant

- SHEEO estimates that Arkansas could receive \$49,427,744. ADHE can solicit campuses on “shovel ready” projects that meet the criteria of this grant.
  - Section 9302 provides for capital grants to state higher education agencies, based on FTE undergraduate enrollment. ADHE:
    - Make application to the Secretary of Education for the funds.
    - Obligate funds within six months or return them.
    - Allocate funds for instructional, research, and student housing facilities.
    - Give priority consideration to institutions eligible for support under Title III or V.
    - Must give priority to disaster relief and energy efficiency projects.
- ADHE will receive administrative support equal to 5% of the grant or \$500,000, whichever is less.**



# U.S. House Economic Stimulus Package

## Implementation Challenges:

- ADHE can easily develop a distribution process for these funds.

## Procedural Concerns:

- There is a need for authorization for a project manager from the legislature to provide coordination for the Higher Education Modernization, Renovation, and Repair Grants.
- Institutions will be required to submit a report describing the project and how the funds were used by 9/30/2011 to ADHE. ADHE will submit a state report to the USDOE by 12/31/2011.
- One of the goals of the State Fiscal Stabilization Fund is to minimize tuition increases. The \$10,381,179 will not be enough to encourage campuses to forego tuition increases.



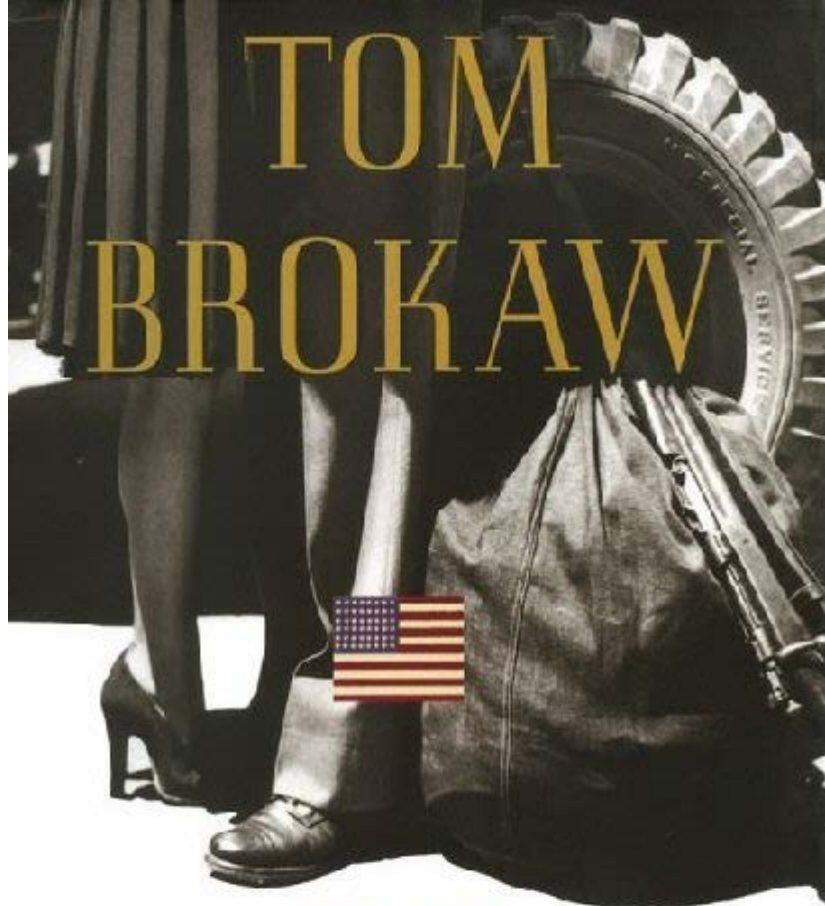
# U.S. House Economic Stimulus Package

## Economic/Formula Impact Analysis:

- Higher Education Modernization, Renovation, Repair Grant: This fund will have a significant impact upon improving the instructional, research and student housing facilities on the campuses of Arkansas public colleges and universities. State Higher Education Executive Officers (SHEEO) estimates that ADHE will receive \$48,927,774 through this grant for distribution to the colleges and universities.
- State Fiscal Stabilization Fund: If only \$10,381,179 is awarded, the economic impact will be minimal. The goal of stabilizing tuition will not be met.







# TOM BROKAW

## THE GREATEST GENERATION

At the end of WWII, the U.S made a bold decision to invest in the future of its economy by providing \$1.9 billion annually to the education of returning veterans of the war. This commitment to human capital helped enable the WWII generation to become the “greatest generation.”

**Possibly, Arkansas’s greatest generation is at the schoolhouse door waiting for the opportunity to propel Arkansas into the global economy.**

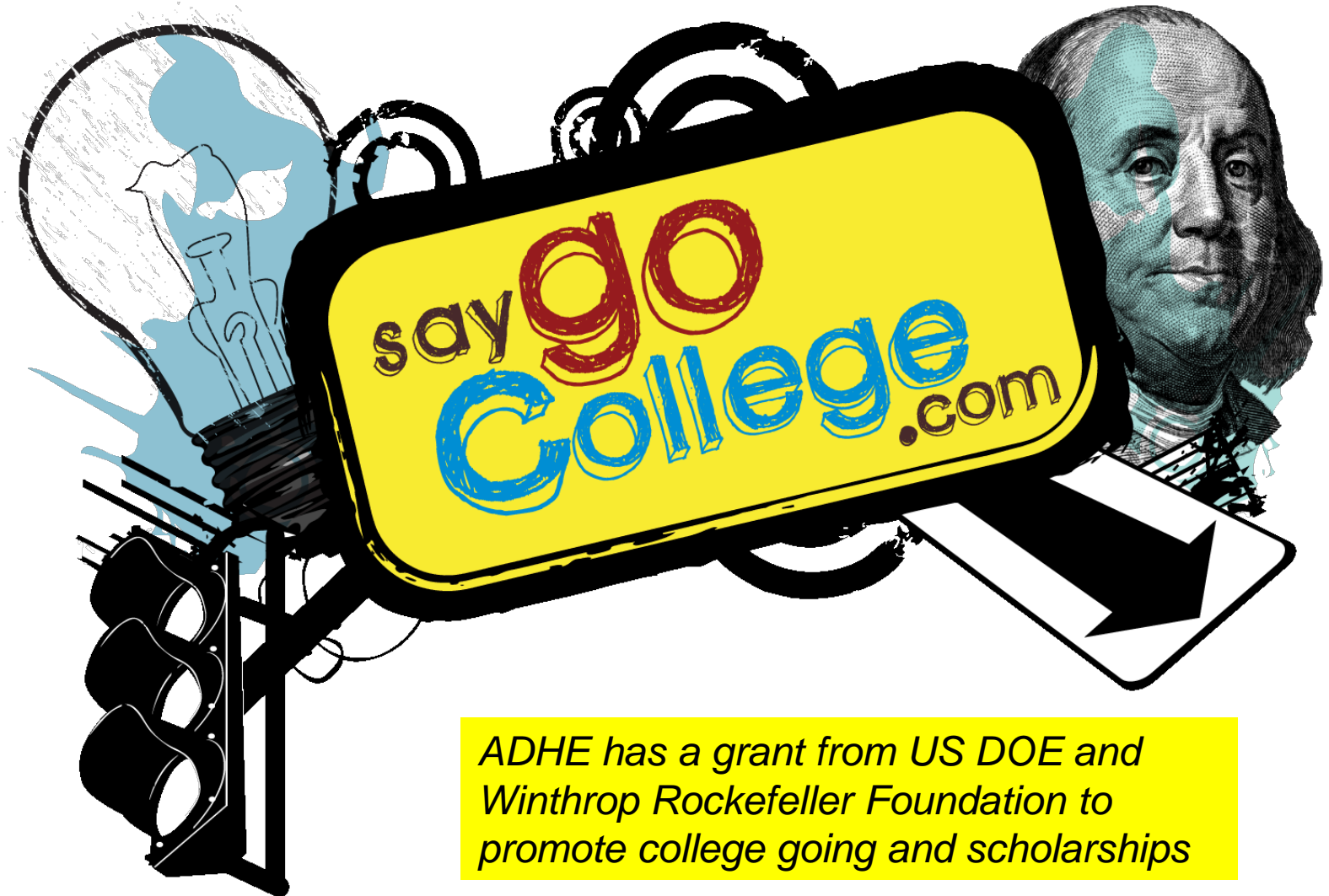
**Jim Purcell**

**[jpurcell@adhe.edu](mailto:jpurcell@adhe.edu)**

**501-371-2030**



# College Access Challenge Grant Week of February 16-22



*ADHE has a grant from US DOE and  
Winthrop Rockefeller Foundation to  
promote college going and scholarships*



**Higher Education  
Legislative Issues  
January 2009**

# Higher Education Legislative Issues

- Lottery
- Reduction of Spending Cap on Institutional Scholarships
- Funding

# Filed Bills Related to Higher Education

- HB 1002 Arkansas Scholarship Lottery (Rep. Wills)
- HB 1024 Compensation of IHE's non-classified employees for unused sick leave @retirement (Rep. Abernathy)
- HB 1093 An Act Concerning Illegal Immigration (Rep Sample)
- HB 1097 Concerning Places Where A Person Is Prohibited From Carrying A Concealed Handgun (Rep. Stewart)
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- SB 107 Prohibit Approval of Certain Cosmetology Programs in Public Educational Institutions (Sen. Faris)
- SB 226 Establish a Common Spring Break for Public Schools (Sen. Broadway)

# U.S. House Economic Stimulus Package

- **. What Agency administrative hurdles do you see?**
- Determination will need to be made on how much of funds in the State Fiscal Stabilization Fund will be distributed to K-12 and higher education institutions. According to estimates from the State Higher Education Executive Officers (SHEEO), Arkansas could receive \$177,863,823. Receipt is dependent on budget shortfalls. Fortunately (or unfortunately) Arkansas K-12 and higher education were not funded in 2009 significantly below what they were funded in 2008.
- *While budgets were not drastically reduced at Arkansas's public colleges and universities, these institutions have not been funded at "need" since 2001. The current model addresses immediate shortfalls, but does not allow for contextual understanding of a state's education system's long term poor financial health. ADHE would recommend that the Arkansas Congressional delegation seek to modify the legislation so that states that have historically underfunded higher education in order to remain fiscally responsible are not penalized. Under the proposed model, states with robust higher education systems that can more pragmatically weather an economic down turn will be made whole, where states that have been underfunded for years, reap little support in this project.*
- ADHE anticipates very few hurdles in the implementation of this initiative. Once the proportion of these funds going to K-12 and colleges and universities is determined, ADHE will be able to quickly present proposed allocations for the colleges and universities. ADHE institutions were reduced from 2008 to 2009 at total of \$10,381,179. ADHE suggests restoration of the institutions' original 2009 state funding level which would provide Arkansas postsecondary institutions with \$35,410,550.

# U.S. House Economic Stimulus Package

- Higher Education Modernization, Renovation, Repair Grant: SHEEO estimates that Arkansas could receive \$49,427,744. ADHE can solicit campuses on “shovel ready” projects that meet the criteria of this grant. From these proposals, the most needy/appropriate can be selected.
- Section 9302 provides for capital grants to state higher education agencies, based on FTE undergraduate enrollment. ADHE:
  - -Must make application to the Secretary of Education for the funds.
  - -Must obligate funds within six months or return them.
  - -Must allocate funds for instructional, research, and student housing facilities.
  - -Must give priority consideration to institutions eligible for support under Title III or Title V.
  - -Must give priority to disaster relief and energy efficiency projects.
- -ADHE will receive administrative support equal to 5% of the grant or \$500,000, whichever is less.

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- **. Implementation Challenges:**
- ADHE can easily develop a distribution process for these funds. An additional staff person would need to be hired from the grant to manage and monitor the project.
- **3. Procedural Concerns:**
- There is a need for authorization for a project manager from the legislature to provide coordination for the Higher Education Modernization, Renovation, and Repair Grants. Institutions of higher education that receive a Higher Education Modernization, Renovation, Repair subgrant will be required to submit a report describing the project and how the funds were used by September 30, 2011 to ADHE. ADHE will submit a state report to the USDOE by December 31, 2011.
- One of the goals of the State Fiscal Stabilization Fund is to minimize tuition increases. The \$10,381,179 will not be enough to encourage campuses to forego tuition increases for Fall 2009.

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- **Economic/Formula Impact Analysis:**
- Higher Education Modernization, Renovation, Repair Grant: This fund will have a significant impact upon improving the instructional, research and student housing facilities on the campuses of Arkansas public colleges and universities. State Higher Education Executive Officers (SHEEO) estimates that ADHE will receive \$48,927,774 through this grant for distribution to the colleges and universities.
- State Fiscal Stabilization Fund: If only \$10,381,179 is awarded, the economic impact will be minimal.
- **5. Does it meet/address project needs?**
- The Higher Education Modernization, Renovation, and Repair Grant helps begin to address the enormous needs that exist in critical maintenance of facilities on higher education campuses.
- The goal of stabilizing tuition will not be met as a result of the proposed funding legislation.
- **6. Overall Feedback:**
- ADHE feels the State Fiscal Stabilization Fund is not effective in addressing the goals of the legislation.