

Productivity Funding Formula

Specifications

Updated May 2017

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Overview

Act 148 was enacted by the 91st General Assembly, and was signed into law by Governor Asa Hutchinson on February 8, 2017. The purpose of Act 148 of 2017 is to adopt a productivity-based funding model for state-supported institutions of higher education. Governor Hutchinson issued the following statement when he signed the bill into law:

“When I was elected Governor, I made it a goal for my administration to increase the percentage of Arkansans who attain post-secondary degrees from 40% to 60% by 2025. With the legislature’s passing of the new Productivity Funding Formula, we have taken an important step toward achieving that goal.

This new formula will be based upon student progress rather than student enrollment. This shift in focus will encourage and empower our students to successfully attain their degree, license or certificate in a timely manner. I am thrilled that the legislature has approved this measure, and I look forward to continued work with the Department of Higher Education and our state’s colleges and universities to make Arkansas a leader in student success.”

Source: Governor’s Press Release 02/08/2017

The Arkansas Department of Higher Education (ADHE) Productivity Funding Formula Model Technical Definitions:

The following pages provide detailed definitions for each category in the productivity funding model. These definitions outline a step-by-step process to generate the productivity data from the Arkansas Student Information System (SIS) and other reports submitted to ADHE. For each metric, there is a simplified definition, expanded definition, the required data tables and data elements, and a specific description of how the data will be generated. At the end of each metric description, a Points of Clarification section will provide additional information related to each metric.

Reference to frequently asked questions (FAQs) as well as agency contact information is located at the end of the document.

Summary of Measures

The productivity funding formula consists of four categories: Effectiveness (80% of formula), Affordability (20% of formula), Adjustments, and Efficiency (+/-2% of formula). The metrics of the four categories are broken down below.

Effectiveness	Affordability	Adjustment	Efficiency
<ul style="list-style-type: none"> • Credentials • Progression • Transfer Success • Gateway Course Success • Non-Credit Workforce Training • Post-Completion Success 	<ul style="list-style-type: none"> • Time to Degree • Credits at Completion 	<ul style="list-style-type: none"> • Research (4-year only) • Diseconomies of Scale • (2-year only) 	<ul style="list-style-type: none"> • Core Expense Ratio • Faculty to Administrator Salary Ratio

At this time, Non-credit Workforce Training and Post-Completion Success are not included in the formula but will be a metric under the effectiveness category when data become available.

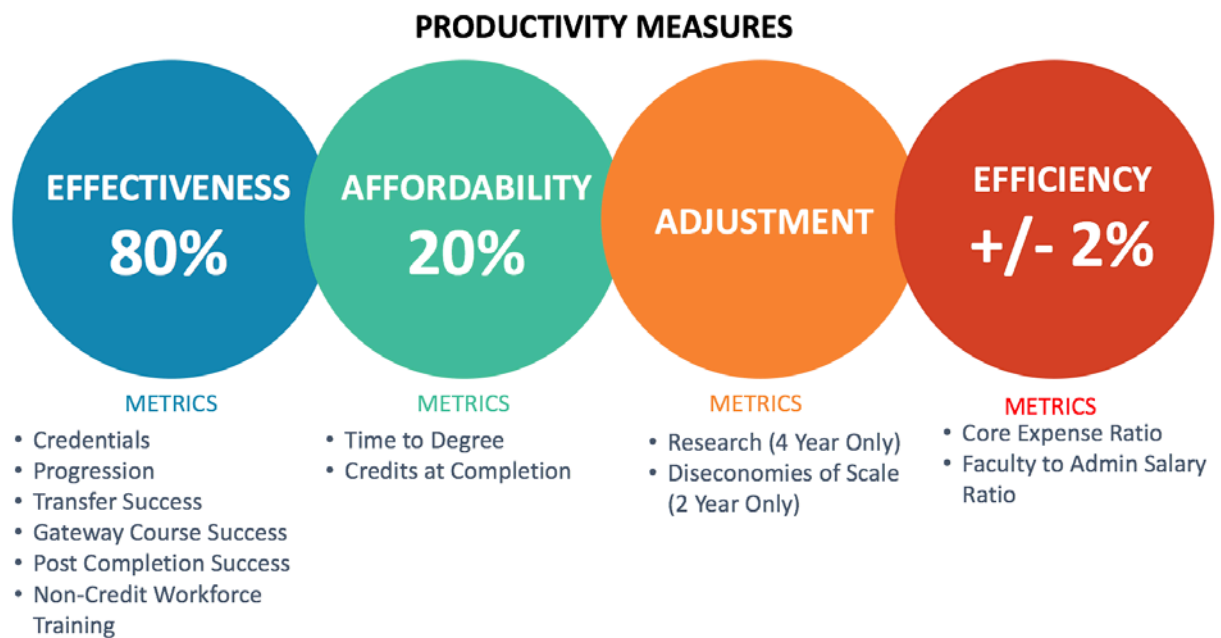
Each metric is calculated using a three-year average. For example, in 2017 the metrics will look at a 3-year average consisting of data from AY2014, AY2015, and AY2016.

In the formula institutions will receive points according to the requirements of each metric. Those points will be totaled and applied according to the weight of the metric. Once the points for the Effectiveness and Affordability measures are totaled, the Adjustments will be applied to the points accordingly. Finally, the Efficiency measure will be applied against the adjusted total. This final total of points will become the institution's **Productivity Index**. That Productivity Index will be compared to the prior year's index for that institution. For example, in 2017 the Productivity Index using data averages from AY2014, AY2015, and AY2016 will be compared to the 3-year average consisting of data from AY2013, AY2014, and

AY2015. The difference in the Baseline Index and the Comparative Index is the Change in Productivity Index. This percent change determines the distribution of funding.

For more information on how the distribution of funding will occur once the Change in Productivity Index is determined, please refer to the Funding Distribution Policy.

PRODUCTIVITY MEASURES



Funding Model Definitions

Simplified Definition:	
In multiple productivity metrics, students garner additional points when they contribute to closing the attainment gap of underserved populations in Arkansas, as well as, when they earn credentials that meet state workforce needs.	
Expanded Definition:	
The model awards additional points in multiple productivity metrics to underserved students in the areas of race/ethnicity, income, academic preparedness and age. Additional points provided for degree types considered STEM or High Demand.	
Data Sources:	
SIS Primary Data Files Submitted by Institutions:	Student Registration Credit Course Graduated Student Student Financial Aid Workforce
SIS Secondary Tables:	Fice Code Degree Fice Year
Support tables defined by the Ark Dept of Workforce Services (ADWS) & by ADHE with input from institution administrators:	STEM CIP Code High Demand CIP Code
Underserved Student Characteristics	
Race/ethnicity	Student reported as either Hispanic or Black/African American anytime during the identified academic years.
Income	Student received a Pell Grant > \$0 anytime during the identified academic years.

Academic	Student enrolled in at least one remedial course anytime during their college attendance.
Age	Student is between the ages 25 - 54 at initial enrollment at an institution. If the student stops out of college for at least one fall <u>or</u> one spring term and is readmitted to the same institution later, the age is recalculated at the date of readmission.
Credential Types	
STEM	Credential is in a STEM field identified by the four-digit CIP Code, and reported by the Immigrations and Customs Enforcement (ICE) agency. Additional CIP Codes approved by ADHE with input from college and university administrators are included in the AY2016 STEM list. The list will be reviewed every five years for possible updates. The Model will use the AY2016 approved STEM CIP Code list through AY2020.
High Demand	Credential is in a High Demand field identified by the six-digit CIP Code, reported in the statewide Demand Occupations List published by the Arkansas Department of Workforce Services (ADWS). The AY2016 High Demand CIP Code List will be reviewed every five years for possible updates. The Model will use the AY2016 High Demand CIP Code List through AY2020.
Subset Types	
Multiple categories of the formula use four years of institutional data. The first three years of the dataset are compared to the last three years of the dataset to determine productivity.	
Baseline	The average of the initial three-years of the dataset. For example, the 2017 baseline years include academic years 2013, 2014, and 2015.

Comparative	The average of the last three-years of the dataset. For example, the 2017 comparative years include academic years 2014, 2015, and 2016.
Arkansas Course Transfer System (ACTS)	
The Arkansas Course Transfer System (ACTS) contains information about the transferability of courses within Arkansas public colleges and universities. http://acts.adhe.edu/studenttransfer.aspx	
<p>Points of Clarification:</p> <p>These Underserved Student Characteristics and Credential Types will be used in multiple metric calculations including Credentials, Progression, and Gateway Course Success.</p>	

Credentials Metric

40% of Effectiveness Category, 32% of Productivity Model

Simplified Definition:

An average of the number of credentials awarded over the most recent three academic years, with consideration given to credentials earned by students who contribute to closing the attainment gap of underserved populations in Arkansas, as well as credentials that will help meet state workforce needs.

Expanded Definition:

The model includes the number of credentials earned in all degree levels: Certificate of Proficiency, Technical Certificate, Associate Degree, Advanced Certificate, Bachelor's Degree, Post-Bacc Certificate, Master's Degree, Post-Master's Certificate, Specialist, and Doctoral Degree. Designated weights are applied to each level of credential. All credentials earned in STEM and High Demand fields receive additional weights. Credentials earned by students who are underserved in the areas of race/ethnicity, income, academic preparedness and age will receive additional weight. Degrees and certificates above the Bachelor's level will only receive additional weight for underserved race/ethnicity.

Required SIS Tables for this Metric:

Graduated Student	Workforce
Student	Fice Code
Registration	STEM CIP Code
Credit Course	High Demand CIP Code
Student Financial Aid	

Specific Criteria for this Metric:

Academic Years	2013, 2014, 2015, 2016
Underserved Race/ethnicity	All degree levels
Underserved Income	Undergraduate degree levels only
Underserved Academic	Undergraduate degree levels only
Underserved Age	Undergraduate degree levels only
STEM	AY2016 STEM CIP Code List
High Demand	AY2016 High Demand CIP Code List

Operational Definition:

The Credentials metric awards an institution points for the number of credentials awarded in all credential levels. The points differ between credential levels for 2-year and 4-year institutions.

The institution receives additional points from a multiplier for credentials listed on the STEM or High Demand CIP Code lists.

The institution receives additional points from a multiplier for credentials awarded to students meeting any of the underserved student criteria in race/ethnicity, income, academic, and age defined earlier in the Funding Model Definitions.

The average of all earned points of the three-year baseline subset is compared to the average of the three-year comparative subset resulting in a percent change used in the formula calculation.

DEGREE LEVEL	2 YEAR	4 YEAR
CERTIFICATE OF PROFICIENCY	1	0.5
TECHNICAL CERTIFICATE	2	1
ADVANCED CERTIFICATE, POST-BACCALAUREATE CERTIFICATE, POST-MASTER'S CERTIFICATE, SPECIALIST, OR POST-FIRST PROFESSIONAL CERTIFICATE	2	1
ASSOCIATE DEGREE	3	2
BACHELOR'S DEGREE	N/A	4
MASTER'S DEGREE	N/A	5
DOCTORAL DEGREE	N/A	6

DEGREE TYPE	PTS.
STEM	3
High Demand	1.5
All Other	1

STUDENT CHARACTERISTICS	UNDERGRAD LEVEL	GRADUATE LEVEL
All Students	1	1
Underserved Race	0.29	0.29
Underserved Income	0.29	N/A
Underserved Academic	0.29	N/A
Adult (25 to 54)	0.29	N/A

Points of Clarification:

This metric counts credentials awarded, not students receiving the credentials.

Progression Metric

30% of Effectiveness Category, 24% of Productivity Model

Simplified Definition:

The number of progression goals met by undergraduate students. Extra consideration given to progression goals met by students who contribute to closing the attainment gap of underserved populations in Arkansas.

Expanded Definition:

The model awards points to institutions based on the number of undergraduate students who reach a progression goal during a given academic year. Progression points earned by underserved students in the areas of race/ethnicity, income, academic preparedness, and age will receive additional weight. This category compares the baseline average to the comparative average.

Required Tables for this Metric:

Student	Student Financial Aid
Registration/End-of-Term	Fice Code
Credit Course	

Specific Criteria for this Metric:

Baseline AY	Total UG hours earned through AY2012 2013, 2014, 2015, 2016
Academic Years	Passing grades include: A, B, C, D, CR, S
2-Year Progression Goals	15, 30 and 45 earned credit hours
4-Year Progression Goals	15, 30, 45, 60 & 90 earned credit hours
Underserved student characteristics	Underserved Race/ethnicity Underserved Income Underserved Academic Underserved Age

Student enrollment status	01 - First time entering undergraduate
	02 - Other first year continuing
	03 - First-time entering UG transfer
	06 - Continuing undergraduate
	08 - Readmitted undergraduate
	13 - High School Concurrent
	14 - Undergraduate transfer transient

Operational Definition:

A baseline academic year will be established by looking at the number of cumulative credit hours an undergraduate student has successfully completed at all public Arkansas institutions through the end of the baseline year. Following the baseline year the total earned credit hours for each of the next four years will be calculated and points awarded based on the number of progression goals a student passed each year. This includes credit hours earned by the student at all institutions attended within the academic year. If a student reaches a progression goal and is enrolled at more than one institution, all institutions will receive a point. This dataset will be used to calculate the baseline and comparative averages.

The institution receives additional points from a multiplier for progression of students meeting any of the underserved student criteria in race/ethnicity, income, academic, and age defined earlier in the Funding Model Definitions.

Example:

A student attending a 4-year university on July 1, 2015 had accumulated 32 earned credit hours. On June 30, 2016, the student had accumulated 65 earned credit hours. During this academic year, the student took 6 hours at a 2-year college. The 4-year university will earn two progression points for the student passing the 45 and 60-hour progression goals. The 2-year college will receive one progression point for the student passing the 45-hour progression goal.

The chart below indicates the progression points available for both 2- and 4-year institutions.

PROGRESSION GOAL	2 YEAR	4 YEAR	STUDENT CHARACTERISTICS	
15 HOURS	1	1	All Students	1
30 HOURS	1	1	Underserved Race	0.29
45 HOURS	1	1	Underserved Income	0.29
60 HOURS	N/A	1	Underserved Academic	0.29
90 HOURS	N/A	1	Adult (25 to 54)	0.29

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Points of Clarification:

The progression metric involves cross referencing SIS data from all public institutions in the state. Because of this cross referencing this is not a metric an institution can simulate on its own.

If the student is identified as an underserved population at any institution at which that student attended, then the student will be considered underserved for this metric.

Total earned credit hours is calculated using the grade reported in the SIS End-of-Term file.

It is important all Incomplete (I), In Progress (IP), and Not Reported (NR) grades be reconciled for an institution to receive all deserved progression points.

Transfer Metric

15% of Effectiveness Category, 12% of Productivity Model

Simplified Definition:

An average of the number of students transferring from 2-year to 4-year institutions over the most recent three academic years as an effort to encourage student success and institutional collaboration.

Expanded Definition:

4-year universities will earn points for students who have successfully transferred from a 2-year college and who earn a Bachelor's degree.

2-year colleges will earn points for students who transfer successfully to a 4-year institution with an Associate degree or with at least 30 earned hours of ACTS courses. Students who have received an Associate degree will be weighted more heavily.

This category compares the baseline average to the comparative average.

Required Tables for this Metric:

Used for 4-year Universities:

Graduated Student
Student
Fice Table

Used for 2-Year Colleges:

Student
Registration
Credit Course
Graduated Student
Fice Table

Specific Criteria for this Metric:

Academic Year	2010, 2011, 2012, 2013, 2014, 2015, 2016
4-Year Transfer Metric:	2-year college transfers completing a Bachelor's degree
2-Year Associate Transfer Metric:	2-year college Associate degree transfers to 4-year university

2-Year 30+ ACTS Transfer Metric: 2-year college 30+ ACTS hours transfers to 4-year university

Operational Definition:

4-Year University Transfer Measure

4-year institutions receive points for students who graduate with a bachelor's degree during the most recent three academic years, who transferred from a 2-year college within three years of their first enrollment as an undergraduate transfer student at the 4-year university.

2-Year College Associate Degree Transfer Measure

2-year colleges receive points for students who graduate from their college with an Associate degree and enroll as a transfer student at a 4-year university within three years after completing an Associate degree.

2-Year College 30 ACTS Credit Hours Transfer Measure

2-year colleges receive points for students who have earned 30 or more ACTS credit hours and then enroll as a transfer student at a 4-year university within three academic years of their last enrollment at the 2-year college.

TRANSFER FACTOR	2 YEAR	4 YEAR
Transferred with 30 Hrs of ACTS	1	N/A
Transferred with Associates Degree	1.25	N/A
Completed Bachelor Degree	N/A	1

Points of Clarification:

The Transfer Metric only looks at transfers from an in-state, public, 2-year college to an in-state, public, 4-year university.

Each year prior to processing the Transfer Metric data, a Random Sample Audit of transfer reporting will be conducted to ensure proper transfer reporting is occurring.

Gateway Course Success Metric

15% of Effectiveness Category, 12% of Productivity Model

Simplified Definition:

An average of the number of successfully completed gateway courses by academically prepared and academically underserved students over the most recent three academic years.

Expanded Definition:

The completion of math, English and reading gateway courses by students with a grade of A, B, or C earn points for the institution at which the course was taken. Each student may receive credit for the passing of only one course per gateway category. Gateway courses completed by academically underserved students will be weighted more heavily. This category compares the baseline average to the comparative average.

Required Tables for this Metric:

Student
Registration / End-of-Term
Credit Course
ACTS Course Crosswalk
Fice Code

Specific Criteria for this Metric:

Academic Year	2013, 2014, 2015, 2016
Math Gateway	Student passed Math Gateway
Math Gateway with Remediation	Student passed Math Gateway and required Math remediation
English Gateway	Student passed English Gateway
English Gateway with Remediation	Student passed English Gateway and required English remediation
Reading Gateway	Student passed Reading Gateway
Reading Gateway with Remediation	Student passed Reading Gateway and required Reading remediation

Operational Definition:

This metric counts all undergraduate students, excluding high school concurrent students, who earn a grade of A, B, or C in an approved Arkansas Course Transfer System (ACTS) general education course in math, English and reading, or ADHE approved terminal subject area course.

The ACTS Course name and number of the approved gateway courses are listed in the table below. Each institution will receive additional points for a student who is identified as academically underserved by registration in a remedial course in Math, English or Reading who successfully completes the gateway Course in that subject.

A list of approved course exceptions which have been added to the Approved Gateway Course List for specific institutions may be provided upon request.

Gateway Course Subject Area	ACTS	Approved ACTS Course Number
Math	College Math	MATH1003
	College Algebra	MATH1103
	Plane Trigonometry	MATH1203
	Pre-Calculus	MATH1305
	Introduction to Statistics	MATH2103
	Survey of Calculus	MATH2203
	Calculus I	MATH2405
	Calculus II	MATH2505
	Calculus III	MATH2603
English	Composition I	ENGL1013
	Composition II	ENGL1023
Reading	Introduction to Anthropology	ANTH1013
	Cultural Anthropology	ANTH2013
	World Literature I	ENGL2113
	World Literature II	ENGL2123

	Western Literature I	ENGL2213
	Western Literature II	ENGL2223
	American Literature I	ENGL2653
	American Literature II	ENGL2663
	British Literature I	ENGL2673
	British Literature II	ENGL2683
	World Civilizations I	HIST1113
	World Civilizations II	HIST1123
	Western Civilizations I	HIST1213
	Western Civilizations II	HIST1223
	United States History I	HIST2113
	United States History II	HIST2123
	Philosophy	PHIL1103
	American National Government	PLSC2003
	State and Local Government	PLSC2103
	General Psychology	PSYC1103
	Developmental Psychology	PSYC2103
	Introduction to Sociology	SOCI1013
	Social Problems	SOCI2013

*Chart does not include exception gateway courses approved by ADHE.

A student receives credit for the completion of one course per gateway category at each institution. For example, a student completes U.S. History I and General Psychology at the same institution. Student will receive one point for completing the reading gateway course requirement. The exception to this is if gateway courses are taken at separate institutions. For example, a student takes Composition I at Institution A and then transfers to Institution B where he/she takes Composition II. Both institutions will receive one point for the student completing an English gateway course at that institution.

A crosswalk of the above listed ACTS gateway courses with course names and numbers can be found on the ADHE ACTS website.

GATEWAY COURSE TYPE		STUDENT CHARACTERISTIC	
MATH	1	REMEDIAL	3
ENGLISH	1	NON-REMEDIAL	1
READING	1		

Points of Clarification:
 In this metric the underserved academic category is broken down by Math, English, and Reading subjects rather than just being any remediation as used in previous metrics. The institution receives additional points if the student required discipline specific remediation to support completing the gateway course.

Credits at Completion Metric

50% of Affordability Category, 10% of Productivity Model

Simplified Definition:

An average of the number of students who graduated within the scheduled number of credits completed for Bachelor's and Associate degrees over the most recent three academic years.

Expanded Definition:

The model award points for students who graduated on schedule. On schedule is defined as completing a Bachelor's degree with 120 credit hours or completing an Associate degree with 60 credit hours. Remedial level coursework as defined by SIS is not calculated into the total number of hours a student completed for this metric. Institutions are also given points for students who complete on schedule + 10% (132hrs; 66hrs) and who complete on schedule + 25% (150hrs; 75hrs). Only Associate degrees and Bachelor's degrees will be measured. Other certificates and degrees will not be counted in this metric. This category compares the baseline average to the comparative average.

Required Tables for this Metric:

Graduated Student
Registration
Credit Course
Fice Code

Specific Criteria for this Metric:

Academic Years

Degree Levels

Total Earned Credit Hours

Completed On Schedule

Completed On Schedule +10%

Specific Criteria for this Metric:

2013, 2014, 2015, 2016

Associate and Bachelor's Degrees

Completed in 60 or 120 hours

Completed in 61-66 hours or 121-132 hours

Completed On Schedule +25%	Completed in 67-75 hours or 133-150 hours
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Operational Definition:

For each Associate degree and Bachelor's degree awarded, the total number of credits the student took at all in-state, public institutions (credit reported in the Registration and Credit Course Tables) will be added. Remedial level coursework will be excluded from this total. The total number of credit hours will be divided by the standard required program credits, 60 hours for Associate degree and 120 hours for Bachelor's degree, per AR Code 6-61-232 (2012).

That percentage will result in that degree being added to one of three categories: on schedule, on schedule + 10%, and on schedule + 25%. Degrees completed on schedule will result in a full point, whereas degrees completed on schedule plus 10% or 25% will receive a reduced point. Degrees completed with more than 125% of legislated credit needed for that degree will not receive credit in this metric.

CREDIT COMPLETION FACTORS

On Schedule	1
On Schedule + 10%	0.875
On Schedule + 25%	0.4

Points of Clarification:

A list of approved exceptions for the Credits at Completion metric is available upon request. CIP Codes may be approved for extended time in this metric if the external accrediting body for that credential requires an extended time to complete the credential beyond the state legislated 60 hour, two year standard time. For example, AAS Registered Nursing requires additional hours above the normalized 60 credit hours for an Associate degree by their accrediting body.

Time to Degree Metric

50% of Affordability Category, 10% of Productivity Model

Simplified Definition:

An average of the number of students who graduated within the recommended timeframe for Associate and Bachelor's degrees over the most recent three academic years.

Expanded Definition:

Institutions are assigned a score based on the number of students that graduate on time. On time is defined as 24 months for Associate degrees and 48 months for Bachelor's degrees. Points will also be garnered for students who complete their degree on time + 25% (30 months; 60 months) or on time + 50% (36 months; 72 months). Only Associate degrees and Bachelor's degrees will be measured. Other certificates and degrees will not be counted in this metric. This category compares the baseline average to the comparative average.

Required Tables for this Metric:

Graduated Student
Student
Fice Code

Specific Criteria for this Metric:

Academic Years	2013, 2014, 2015, 2016
Degree Levels	Associate and Bachelor's Degrees
Initial Admit Date	Student's Initial Admit Date to Inst
Graduation Date	Graduation Date
Time to Degree in Months	Calculated using Initial Admit Date and Graduation Date
Completed On Time	Completed in 24 months or 48 months

Completed On Time + 25%	Completed in 25-30 months or 49-60 months
Completed On Time + 50%	Completed in 31-36 months or 61-72 months

Operational Definition:

This cohort uses the traditional IPEDS definition of First-Time, Full-Time, Degree Seeking. For each Associate and Bachelor's degree awarded, the total number of months the student took to complete their degree at that institution will be measured.

That total number of months will then be divided by the standard number of months required for students to complete their degree on time (24 months for an Associate degree; 48 months for a Bachelor's degree). That percentage will result in that degree being added to one of three categories: on time, on time + 25%, and on time + 50%.

Degrees completed on time will result in a full point; whereas, degrees completed on time plus 25% or 50% will received a reduced point. This category compares the baseline average to the comparative average.

TIME TO DEGREE FACTORS

On Time	1
On Time + 25%	0.875
On Time + 50%	0.4

Points of Clarification:

Time to Degree is the only category that uses the traditional IPEDS cohort definition of First-time, Full-time, Degree Seeking.

Research Adjustment – 4-Year Universities

Simplified Definition:

Adds a percentage increase to the scores of 4-year universities with a research mission for research expenditures.

Expanded Definition:

This metric increases the index score of an institution by the percentage of expenditures spent on research. This applies only to institutions with a research mission that spend more than 5% of all expenditures on research activities.

Required Data for this Metric:

IPEDS

Specific Criteria for this Metric:

Reported on IPEDS Finance Survey:

Institution (entity) name

State Abbreviation

Sector of Institution

Research

Total Expenses Deductions

12-month Full-Time Equivalent Enrollment

Operational Definition:

The adjustment for each institution is calculated by finding the percentage of research expenditures to total institutional expenditures as reported on the most recently published IPEDS. A three-year average of the Research expenditures will be used to calculate a research percentage. The resulting percentage is multiplied by the index score to determine the adjustment.

RESEARCH ADJUSTMENT

% INCREASE

For Institutions whose research expenditures exceed 5% of total expenditures (based on 3 Year Average)

Actual Percentage of Research Expenditures

Points of Clarification:

Applies to 4-year universities with a research mission only.

Due to the one year delay in the publishing of IPEDS data, the score calculated in this metric will always be one year prior to other data used in the formula.

Diseconomies of Scale Adjustment – 2-Year Colleges

Simplified Definition:

Adds a percentage increase to the scores of 2-year colleges serving a small population of students.

Expanded Definition:

This adjustment is to recognize that institutions must maintain certain student services regardless of the institution's student enrollment size. This metric increases the index score of a 2-year college that falls into a specified student enrollment size range. The range is based on average three-year enrollment for all 2-year colleges with the exception of the two largest, UAPTC and NWACC.

Required Tables for this Metric:

Student

Specific Criteria for this Metric:

Annual unduplicated headcount

Operational Definition:

The score for each institution is calculated by finding the average enrollment for 2-year colleges with the exception of UAPTC and NWACC as the baseline for comparison. The institution's enrollment will be calculated by averaging the annual unduplicated headcount of students NOT including high school/concurrent (enroll_status=13) for the most recent three academic years.

TWO-YEAR COLLEGE ENROLLMENT	% INCREASE
Between 0.01% Below Average & 15% Below Average Enrollment	3%
Between 15.01% Below Average & 30% Below Average Enrollment	4%
30.01% Below Average or More	5%

Points of Clarification:

Applies to 2-year colleges only.

Core Expense Ratio

50% of Efficiency Category, Applied after Adjustments

Simplified Definition:

Measures the core expense ratio of each institution as compared to its SREB peer group.

Expanded Definition:

Core Expense Ratio is equal to the sum of Instruction Expenditures, Academic Support Expenditures, Student Services Expenditures, Public Service Expenditures and Research Expenditures (all per FTE) divided by the Institutional Support Expenditures per FTE.

Required Data for this Category:

IPEDS

Specific Criteria for this Metric:

Reported on IPEDS Finance Survey (4-Year Universities):

Institution (entity) Name

State Abbreviation

Sector of Institution

Carnegie Classification 2010: Graduate Instructional Program

Instruction

Research

Public Service

Academic Support

Student Services

Institutional Support

12-Month Full-time Equivalent Enrollment

Reported on IPEDS Finance Survey (2-Year Colleges):

Institution (entity) Name

State Abbreviation

Sector of Institution

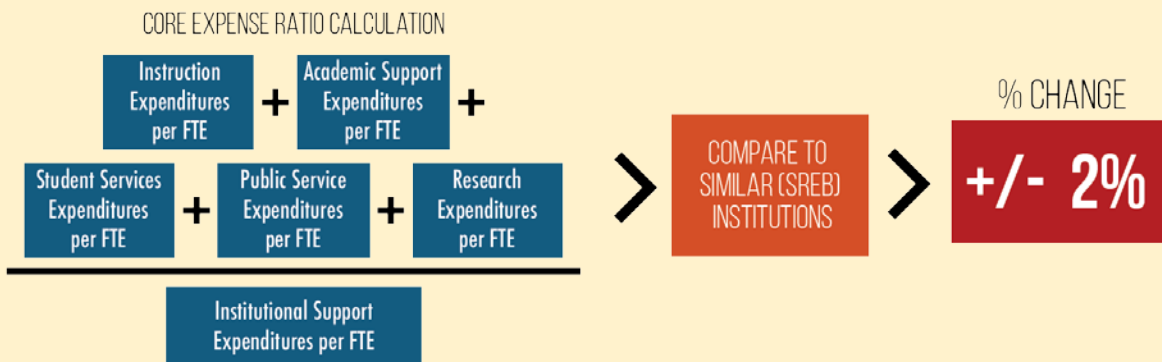
Carnegie Classification 2010: Basic

Instruction

Research
 Public Service
 Academic Support
 Student Services
 Institutional Support
 12-Month Full-time Equivalent Enrollment

Operational Definition:

The Core Expense Ratio will look at the most recent three years of published IPEDS data. Because it will use published IPEDS data the years of data used will always be one year prior to other data used in the formula. The Core Expense Ratio is calculated by taking the sum of IPEDS reported Instruction Expenditures, Academic Support Expenditures, Student Services Expenditures, Public Service Expenditures and Research Expenditures (all per FTE) divided by the Institutional Support Expenditures per FTE. This ratio will be calculated for each of the most recent three years and then will be averaged.



The baseline group that the institutional Core Expense Ratio will be compared to is the institution's SREB peer group. The SREB peer group will be defined as all SREB institutions outside of the state of Arkansas who are in the same Carnegie Classification as the institution who report FTE data to SREB. A three-year Core Expense Ratio Average will be calculated for the SREB peer group in the same way that it was calculated for the institution.

The adjustment for each institution is calculated by finding the percentage deviation of the Core Expense Ratio of each institution

compared to the SREB Average Core Expense Ratio for their peer group. The resulting percentage is assigned an effectiveness adjustment as described in the chart below.

COMPARE TO SIMILAR (SREB) INSTITUTIONS	% CHANGE
Below -20.01%	-2%
-15.01% to -20%	-1.5%
-10.01% to -15%	-1%
-5.01% to -10%	-0.5%
-5% to 5%	0%
5.01% to 10%	0.5%
10.01% to 15%	1%
15.01% to 20%	1.5%
Above 20.01%	2%

Points of Clarification:

This metric is 50% of the Efficiency Category. The Efficiency Category can influence an institution's score by no more than +/- 2%.

A list of institutions included in the SREB peer group will be provided to each institution.

Faculty to Administrative Salary Ratio

50% of Efficiency Category, Applied after Adjustments

Simplified Definition:

Measures the ratio of faculty salaries to administrative salaries at an institution as compared to its SREB peer group.

Expanded Definition:

Faculty to Administrative Salary Ratio is equal to the Instruction Salaries & Wages per FTE divided by the Institutional Support Salaries & Wages per FTE.

Required Data for this Metric:

IPEDS

Specific Criteria for this Metric:

Reported on IPEDS Finance Survey (4-Year Universities):

Institution (entity) Name

State Abbreviation

Sector of Institution

Carnegie Classification 2010: Graduate Instructional Program

Instruction – Salaries and Wages

Institutional Support – Salaries and Wages

12-Month Full-time Equivalent Enrollment

Reported on IPEDS Finance Survey (2-Year Colleges):

Institution (entity) Name

State Abbreviation

Sector of Institution

Carnegie Classification 2010: Basic

Instruction – Salaries and Wages

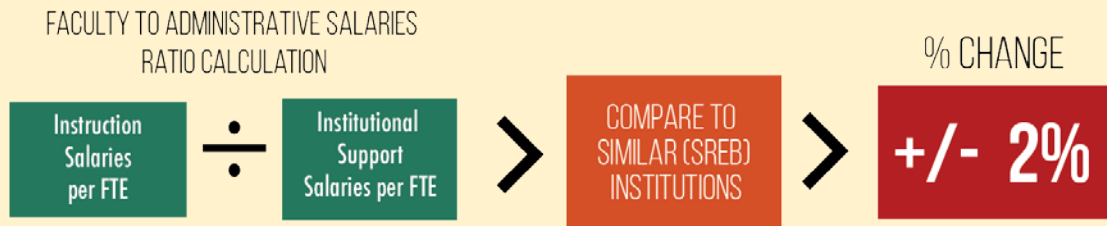
Institutional Support – Salaries and Wages

12-Month Full-time Equivalent Enrollment

Operational Definition:

The Faculty to Administrative Salary ratio will look at the most recent three years of published IPEDS data. Because it will use published IPEDS data the years of data used will always be one year prior to other

data used in the formula. The Faculty to Administrative Salary ratio is calculated by taking the Instruction Salaries & Wages per FTE divided by the Institutional Support Salaries & Wages per FTE. This ratio will be calculated for each of the most recent three years and then will be averaged.



The baseline group that the institutional Faculty to Administrative Salary ratio will be compared to is the institution's SREB peer group. The SREB peer group will be defined as all SREB institutions outside of the state of Arkansas who are in the same Carnegie Classification as the institution. A three year Faculty to Administrative Salary Ratio Average will be calculated for the SREB peer group in the same way that it was calculated for the institution.

The adjustment for each institution is calculated by finding the percentage deviation of the Faculty to Administrative Salary Ratio of each institution compared to the SREB Average Faculty to Administrative Salary Ratio for their peer group. The resulting percentage is assigned an effectiveness adjustment as described in the chart below.

COMPARE TO SIMILAR (SREB) INSTITUTIONS % CHANGE

Below -20.01%	-2%
-15.01% to -20%	-1.5%
-10.01% to -15%	-1%
-5.01% to -10%	-0.5%
-5% to 5%	0%
5.01% to 10%	0.5%
10.01% to 15%	1%
15.01% to 20%	1.5%
Above 20.01%	2%

Points of Clarification:

This metric is 50% of the Efficiency Category. The Efficiency Category can influence an institution's score by no more than +/- 2%.

A list of institutions included in the SREB peer group will be provided to each institution.

FAQs

- Q1. Are concurrent/high school students included in this model?
- A1. Concurrent/high school students are included in the credentials and progression metrics only.
- Q2. How will the new placement policy impact this formula?
- A2. The definition of underserved academic is based upon a student who registers for a remedial English, math, or reading course. It does not look at the placement test score. A remedial level course is determined by looking at courses where Course_Level=0 in the Credit Course Table.
- Q3. We are attempting to pull data internally to look at how we are doing, but our numbers are not all matching up to ADHE's numbers. Why can't I get them to match?
- A3. It is important to understand that some metrics utilize data at the state level that individual institutions do not have access to. Transfer data, total credit hours taken at all in-state public institutions, and Pell eligibility at multiple campuses, are a few examples of data that may cause internal estimates to be skewed for this reason.
- Q4. When am I compared to myself vs to other institutions?
- A4. In the Effectiveness and Affordability measures institutions are compared to themselves using a rolling three-year comparative average. For example, the average of 2014, 2015 and 2016 will be compared to the average of 2013, 2014 and 2015. The difference in the averages, either positive or negative, will be used in calculating the institution's Productivity Index.
- In the Adjustment measures a three-year average will be calculated but will not be measured against a three-year comparative. The Research category will use the three-year average to calculate percentage of expenditures used on research at that institution. This is not a comparison at all, simply a calculation. The Diseconomies of Scale category will compare the three-year average headcount to the three-year average headcount of 2-year colleges in Arkansas (not including PTC or NWACC)

In the Efficiency measures a three-year average will be calculated but will not be measured against a three-year comparative. In these categories, the three-year average will be compared against the three-year average of SREB institutions in that institution's peer group.

Q5. Does this formula use the IPEDS definition of a cohort?

A5. As a whole, this formula does not use the IPEDS definition of a cohort (First-Time, Full-Time, Degree Seeking in the Fall Semester). Each category defines its cohort differently based upon what is being measured so that it can more accurately represent the populations served by institutions. The only category that uses the IPEDS definition of a cohort is the Time-to-Degree category. Please see each category definition for the details of what makes up each cohort.

Q6. We have a large population of part-time students. Won't this unfairly hurt us in the Progression and Time-to-Degree categories?

A6. No. It is important to remember in the Effectiveness and Affordability metrics, that you will only be compared to yourself. This is not like the old formula where an institution has to get a set number of points to be successful. If in the past, only 30 out of 100 graduating students completed their degrees "on-time" because of the high population of part-time students, that is what you will be compared to. In this scenario 31 out of 100 graduating students completing "on-time" will be considered positive change. This model does not intend to change the mission of an institution.

Contact Information

Arkansas Department of Higher Education
423 Main Street, Suite 400
Little Rock, AR 72201
Tel: 501.371.2000

For questions regarding the model and funding outcomes, contact:

Tara Smith
Deputy Director
Tel: 501.371.2026
tara.smith@adhe.edu

OR

Dr. Marla Strecker
Senior Associate Director
Tel: 501-682-1602
marla.strecker@adhe.edu

For questions regarding technical definitions or your institution's data, contact:

Beth Stewart
Data Steward
Tel: 501.371.2058
beth.stewart@adhe.edu

OR

Sonia Hazelwood
Associate Director
for Research and Analytics
Tel: 501.371.2054
sonia.hazelwood@adhe.edu