ARKANSAS HIGHER EDUCATION COORDINATING BOARD
SPECIAL MEETING

Friday, May 24, 2019
2:00 p.m.

Conference Call

AGENDA

*1. Economic Feasibility of Bond Issue for University of Arkansas Rich Mountain (Mr. Nick Fuller)

*2. Economic Feasibility of Bond Issue for University of Arkansas, Fayetteville (Mr. Fuller)

*3. Policy Revision: Productivity Funding Policy – Colleges (Mr. Fuller)

*4. Policy Revision: Productivity Funding Policy – Universities (Mr. Fuller)

*5. New Program: Bachelor of Science in Agricultural Engineering
University of Arkansas at Pine Bluff (Dr. Jessie Walker)

*6. New Program: Bachelor of Science in Hospitality and Tourism Management
University of Arkansas at Pine Bluff (Dr. Walker)

*7. New Policy: Policy on Tuition and Fees for Nontraditional Documented Immigrants
(Dr. Maria Markham)

ECONOMIC FEASIBILITY OF BOND ISSUE
UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN

The University of Arkansas Community College at Rich Mountain (UA Rich Mountain) requests approval of the economic feasibility of plans to issue bonds not to exceed $9.58 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 the economic feasibility of this project at its meeting on May 23, 2019.

The E&G and auxiliary issues will be up to $9.58 million with an estimated annual debt service of $673,550 and a term of thirty (30) years. Proceeds will be used to refund the Series 2012 bonds in the amount of $1,580,000. New funding in the amount of approximately $8.0 million will be used to construct student housing and expand food service capabilities and for other E&G projects. The debt service on the issue will be supported by revenues derived from tuition & fees, sales and services revenues and all surplus sales and services and auxiliary enterprises revenues derived from, but not limited to, the following: student housing facilities, dining services and food service facilities, the student union, and the bookstore. Coordinating Board policy regarding debt service for E&G projects provides for a maximum of 25% of tuition and fee revenue and for auxiliary projects provides that annual auxiliary revenues should be no less than 120 percent of the total annual debt service.

Relevant data follows:

Budgeted 2019-2020 Net Tuition and Fee Revenue	$	2,354,885
Maximum Allowable Debt Service ($2,354,885 X 25%)	$	588,721
Budgeted 2019-2020 Net Auxiliary Revenue	$	618,000
Maximum Allowable Debt Service ($618,000 X 120%)	$	515,000
Maximum E&G and Auxiliary Allowable Debt Service	$	1,103,721
Existing Debt Service	$	105,000
Existing Debt Service Refunded	$	(105,000)
Proposed New Debt Service	$	673,550
Amount Remaining for Additional Debt Service	$	430,171

NOTE: The budgeted 2019-2020 Auxiliary Revenues includes housing and food service revenue that currently do not exist at UACCRM.

The above data demonstrates that the University of Arkansas Community

College at Rich Mountain has sufficient tuition and fee as well as auxiliary revenue to support a bond issue of $9.58 million with a term of thirty (30) years at an estimated annual interest rate not to exceed 5.50 percent.

In accordance with ADHE Board policy, the University of Arkansas Community College at Rich Mountain will sustain a building maintenance fund to be supported by revenues derived from tuition & fees, sales and services revenues and all surplus sales and services and auxiliary enterprises revenues derived from, but not limited to, the following: student housing facilities, dining services and food service facilities, the student union, and the bookstore. 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 E&G facilities and $1.25 per gross square foot for auxiliary facilities.

The E&G issue provides no additional square footage. The auxiliary issue will provide additional square footage of approximately 40,400 square feet, resulting in an annual transfer of $50,500.

The following resolution is presented for the Coordinating Board's consideration:

ADHE Executive Staff recommend that the Arkansas Higher Education Coordinating Board approve the following resolution:

> **RESOLVED,** That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the University of Arkansas Community College at Rich Mountain to issue bonds not to exceed $9.58 million with a term of thirty (30) years at an annual interest rate no to exceed 5.50 percent to refund the Series 2012 bonds and to construct student housing and expand food service capabilities and for other E&G projects.
>
> **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 Community College at Rich Mountain of the Coordinating Board's resolution.

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 $31.05 million with a maximum term of thirty (30) years at an estimated annual interest rate not to exceed 5.50 percent. Proceeds from the bond issue will be used for education and general (E&G) and auxiliary purposes. The University of Arkansas Board of Trustees approved this financing at its meeting on May 23, 2019.

The E&G issue will be up to $31.05 million with an annual debt service of $2,062,813 and a term of thirty (30) years. Proceeds from this bond issue will be used to (1) proceed with the renovation of levels 3 and 4 of Mullins Library; (2) proceed with the construction and equipping of an approximately 75,000 sq. ft. Student Success Center; (3) proceed with continued construction of new intramural playing fields and related support structure of approximately 1,350 sq. ft. ; (4) acquire, construct and equipment improvements to the north chilled water plant modernization; and (5) fund the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property if proceeds are available. The debt service on the bond issue will be supported by tuition and fee revenue. Coordinating Board policy regarding debt service for education and general projects provides that a maximum of 25 percent of tuition and fee revenue, may be pledged to E&G debt service.

Relevant data follows:

Educational & General Issue (E&G)

Budgeted 2019-2020 Tuition and Fee Revenue	$ 292,724,561
Maximum Allowable Debt Service ($292,724,561 X 25%)	$ 73,181,140
Existing Debt Service	$ 27,172,750
Proposed New Debt Service	$ 2,062,813
Amount Remaining for Additional Debt Service	$ 43,945,577

The above data demonstrates that the University of Arkansas, Fayetteville has sufficient tuition and fee revenue to support an E&G bond issue of up to $31.05 million with a term of thirty (30) years at an estimated annual interest rate not to exceed 5.50 percent.

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, 2010. The University of Arkansas, Fayetteville will sustain a building maintenance fund to be supported by tuition and fee revenue for the E&G facilities. 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 E&G facilities.

The projects of the E&G issue provide additional square footage to the campus as follows: 75,000 sq. ft. for the student success center; and 1,350 sq. ft. for University Recreation support facility. The construction related to the renovation of the library, the modernization of the North Chilled Water Plant, nor any of the other possible "other" projects mentioned in item no. 5 above add any new square footage. Therefore, based on an estimate of 76,350 new square footage for all projects (as they are completed over the next few years); $190,875 will be transferred annually beginning in the fiscal year after the projects are placed into service.

ADHE Executive Staff recommends that the Arkansas Higher Education Coordinating Board approve the following resolution:

> **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 $31.05 million with a term of thirty (30) years at an estimated interest rate not to exceed 5.50 percent for education and general purposes (E&G) to (1) proceed with the renovation of levels 3 and 4 of Mullins Library; (2) proceed with the construction and equipping of an approximately 75,000 sq. ft. Student Success Center; (3) proceed with continued construction of new intramural playing fields and related support structure of approximately 1,350 sq. ft. ; (4) acquire, construct and equipment improvements to the north chilled water plant modernization; and (5) fund the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property 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 University of Arkansas and the Chancellor of the University of Arkansas, Fayetteville of the Coordinating Board's resolution.

PRODUCTIVITY FUNDING MODEL POLICY
TWO-YEAR COLLEGES

Background
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 (ADHE) necessary to implement a productivity-based funding model for state-supported institutions of higher education.

Productivity-based funding is a mechanism to align institutional funding with statewide priorities for higher education by incentivizing progress toward statewide goals. At the same time, such models encourage accountability to students and policymakers by focusing on the success of students through the achievement of their educational goals. The new funding model is built around a set of shared principles developed by institutions and aligned with goals and objectives for post-secondary attainment in our state.

A set of guiding principles, which is described below, is important to orient the design of a new funding model for public higher education institutions. These guiding principles allow the development of a productivity-based funding model which is student-centered and responsive to post-secondary attainment goals, while creating a funding context which enables innovation, increased efficiency and enhanced affordability.

Guiding Principles

Student-centered:
The model should place at its center students and student's needs including both access to and completion of meaningful and quality post-secondary learning.

Outcomes:
The model should focus on completion, and particularly on completions of under-served and at-risk students and completions in areas of need by the state and industry. This structure should recognize differences in investment associated with meeting the evolving needs of students, the workforce, and the state.

Collaboration:
The model should provide incentives for cross-institutional collaboration and reward the successful transition of students across institutions.

Supporting institutional mission:
The model should respect and be responsive to the diverse set of missions represented by each public institution of higher education.

Formula structure:
The model should maintain clarity and simplicity.

Flexibility:
The model should be adaptable in the face of a dynamic institutional and external environment.

Stability and transition:
The model should support short-, mid- and long-term financial stability of the public institutions of higher education, while focusing attention on outcomes and the goals of the state. The transition from the current funding formula to a productivity-based funding formula should allow for a managed and intentional transition process which mitigates negative impact at any one or group of institutions.

Measures
In addition to incorporating the guiding principles above, measures adopted in the productivity-based funding model should acknowledge the following priorities:

- Differences in institutional missions are recognized and encouraged.
- Completion of students' educational goals should be the most important priority of every institution.
- Progression toward completion recognizes that funding must follow the student.
- Affordability is encouraged through on-time completion, limiting excess credits, and efficient resource allocation.
- Collaboration is rewarded by encouraging successful transfer of students and reducing barriers to student success.
- Potential unintended consequence of raising academic requirements or lowering academic quality to increase completions must be discouraged.

The measures adopted relate to Effectiveness, Affordability and Efficiency. In addition, some adjustments to the model are necessary to respond to the unique missions of some institutions which cannot be captured in the productivity metrics.

Measures will be reviewed every five years to ensure that the model continues to respond to the needs and priorities of the state. A review more frequently than five years is impractical as institutions would not have opportunity to respond in a timely fashion. However, if it is determined that the measures adopted have created unintended consequences, those measures will be reviewed immediately.

Productivity Measures

Summary of Measures

The productivity funding formula consists of four categories: Effectiveness (~~80%~~ 90% of formula), Affordability (~~20%~~ 10% of formula), Adjustments, and Efficiency (+/-2% of formula). The metrics of the four categories are broken down below.

Effectiveness	Affordability	Adjustment	Efficiency
• Credentials • Progression • Transfer Success • Gateway Course Success • ~~–~~	• Time to Degree • Credits at Completion	• Diseconomies of Scale	• Core Expense Ratio • Faculty to Administrator Salary Ratio

At this time, Post-Completion Success metrics are not included in the formula but will be when adequate data is available. It has been determined that the ~~The~~ non-credit workforce training/education metric will not be incorporated into the productivity funding model; however, the addition of this metric will continue to be evaluated in the future ~~for the funding recommendations made for the 2019-2020 fiscal year; and thereafter~~**.** Other future technical modifications, such as an addition of an inflationary index and refining of existing metrics, will be considered in the future as necessary.

Each metric is calculated using a three-year average based on the most recent academic year data that is available. Institutions will receive points in the productivity model according to the requirements of each metric. Points for each institution will be totaled and applied according to the weighting assigned to each metric in the effectiveness and affordability categories. Once the points for the effectiveness and affordability measures are totaled, adjustments based on diseconomies of scale will be applied. Finally, the efficiency category will be applied against the adjusted total. The final total of points will become the institution's Productivity Index.

Effectiveness Category

Credentials

The primary measure of effectiveness emphasizes students completing credentials that meet their educational goals and meet workforce needs of the state. The importance of credentials at each educational level are recognized. In addition, the unique characteristics of students are measured to recognize the additional resource needs of institutions which serve students' needs.

Characteristics include underserved race and ethnicity, underserved income, age, and underserved academic.

The Credentials metric is weighted at forty five percent (~~40%~~ 45%) of the ~~effectiveness category~~ formula. This metric includes the 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.

The Credentials metric includes the number of credentials earned in all degree levels: Certificate of Proficiency, Technical Certificate, Advanced Certificate, and Associate Degree. Designated weights are applied to each level of credential. All credentials earned in Science, Technology, Engineering and Math (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.

Weighting Specifications – Degree Level

Certificate of Proficiency	1.0
Technical Certificate	2.0
Advanced Certificate	2.0
Associate Degree	3.0

Weighting Specifications – Degree Type

STEM Credentials	3.0
High Demand Credentials	3.0 ~~1.5~~
All Other Credentials	1.0

Weighting Specifications – Student Characteristics

	Undergrad Level
All Students	1.00
Underserved Race/Ethnicity	0.29
Underserved Income	0.29
Underserved Academic	0.29
Adult (25 to 54)	0.29

Progression

For programs requiring more than one semester to complete, progression toward a credential must be measured. A student's progression towards a degree will be recognized. In addition, the unique characteristics of students should be measured to recognize the additional resource needs of institutions which serve

students' needs. Characteristics include underserved race and ethnicity, underserved income, age, and underserved academic.

The Progression Metric is weighted at ~~thirty~~ twenty percent (~~30%~~ 20%) of the ~~effectiveness category~~ formula. The metric includes the average number of progression goals met by concurrent and undergraduate students at the accumulation of 15 hours, 30 hours, and 45 hours over the most recent three academic years. Consideration is given to progression goals met by students who contribute to closing the attainment gap of underserved populations in Arkansas.

Weighting Specifications – Student Characteristics

All Students	1.00
Underserved Race	0.29
Underserved Income	0.29
Underserved Academic	0.29
Adult (25 to 54)	0.29

Transfer

Many students begin their post-secondary work at a community college before transferring to a university to complete a bachelor's degree. The efficient and effective transfer of these students should be measured to encourage collaboration among institutions.

The Transfer Metric is weighted at fifteen percent (15%) of the ~~effectiveness category~~ formula. The metric includes the average of the number of undergraduate students over the most recent three academic years who transfer successfully from a 2-year to a 4-year institution with an Associate degree or with at least 30 earned hours of Arkansas Course Transfer System (ACTS) courses in an effort to encourage student success and institutional collaboration. Students who have received an Associate degree will be assigned additional weighting.

Weighting Specifications – Transfer Students

30 Hours of ACTS courses	1.00
Associates	1.25

Gateway Course Success

Gateway courses in math, English and reading-intensive courses in the humanities and social sciences are a first indicator of likely student success. This is particularly important for students who are underprepared for college-level course work. In addition, the unique characteristics of students should be measured to recognize the additional resource needs of institutions which serve these students. The designated characteristic for this metric includes underserved academic.

The Gateway Course Success Metric is weighted at ~~fifteen~~ ten percent (~~15%~~ 10%) of the ~~effectiveness category~~ formula. The metric includes the average of the number of successfully completed gateway courses by academically prepared and academically underserved concurrent and undergraduate students over the most recent three academic years. The metric recognizes the completion of math, English and reading gateway courses by students with a grade of A, B, or C. Gateway courses completed by academically underserved students will receive additional weighting.

Weighting Specifications – Gateway Course Success

Placement in Remedial Course	3.00
No Placement in Remedial Course	1.00

Affordability Category

Time to Degree

Affordability of a credential is impacted by the length of time it takes a student to earn a credential. Measures should encourage students to complete credentials on time; generally, two years for an associate's degree.

The Time to Degree metric is weighted at fifty percent (50%) of the affordability category. The metric incudes the average of the number of students who graduated within the recommended timeframe for Associate degrees over the most recent three academic years. On time is defined as 24 months for Associate degrees. The metric also recognizes students who complete their degree within twenty-five percent (25%) of on-time completion (up to 30 months for Associate degrees) and within fifty percent (50%) of on-time completion (up to 36 months for Associate degrees). Allowances will be made for degree programs that require more than 24 months to complete due to external accreditation, professional licensure requirements or statewide articulation agreements. ADHE will review and approve the request for allowances.

Weighting Specifications – Time to Degree

On-Time Completion	1.0
Within 25% of On-Time Completion	0.875
Within 50% of On-Time Completion	0.4

Credits at Completion

Similar to time to degree, measuring the affordability of a credential also includes measuring the number of credit hours a student completes toward that credential. Students whose credit hour accumulation is at or near the minimum number required for a credential pay less in tuition and fees; thus, making the credential more affordable.

The Credits at Completion metric is weighted at fifty percent (50%) of the affordability category. The metric incudes the average of the number of students who graduated within the scheduled number of credits completed for Associate degrees over the most recent three academic years. On Schedule is defined as 60 credit hours for Associate degrees. The metric also recognizes students who complete their degree within ten percent (10%) of on schedule completion (up to 66 credit hours for Associate degrees) and within twenty-five percent (25%) of on schedule completion (up to 75 credit hours for Associate degrees). Allowances will be made for degree programs that require more than 60 credit hours to complete due to external accreditation, professional licensure requirements or statewide articulation agreements. ADHE will review and approve the request for allowances.

Weighting Specifications – Credits at Completion

On Schedule	1.00
Within 10% of On Schedule Completion	0.875
Within 25% of On Schedule Completion	0.4

Adjustments

Diseconomies of Scale

Some institutions in the state serve rural areas with insufficient populations to support large enrollments. Adjustments should be included to acknowledge this unique aspect of mission.

The diseconomies of scale adjustment will be recognized by adjusting the comparative year productivity index score of an institution that falls into a specified student enrollment size range. The range is based on the average three-year enrollment for two-year colleges.

Adjustment Specifications – Diseconomies of Scale

Enrollment Breaks	Adjustment
~~Between 0.01% Below Average and 15% Below Average~~ Less than 30% of Average	1% ~~3%~~
~~Between 15.01% Below Average and 30% Below Average~~ Less than 50% of Average	2% ~~4%~~
~~30.01% Below Average or More~~ Less than 70% of Average	3% ~~5%~~

Efficiency Category

Core Expense Ratio

This measure is intended to encourage resource allocations which maximize spending in areas that directly impact student success and achievement of institutional mission.

The Core Expenses Ratio is weighted at fifty percent (50%) of the efficiency category. The ratio measures the expenditures on the core functions of an institution compared to the expenditures for institutional support and how the ratio compares to an institution's Southern Regional Education Board (SREB) institution peer group.

The Core Expense Ratio is equal to the sum of Instruction Expenditures, Academic Support Expenditures, Student Services Expenditures, Public Service Expenditures and Research Expenditures on a per full-time equivalent (FTE) basis divided by the Institutional Support Expenditures per FTE. Data for these expenditure elements are reported to and published by the Integrated Postsecondary Education Data System (IPEDS).

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 efficiency adjustment as described in the chart below.

Weighting Specifications – Core Expense Ratio

% Deviation of ration from SREB Peer Group	% Change to Productivity Index score
Below -20%	-2.0%
-15.01% to -20%	-1.5%
-10.01% to -15%	-1.0%
-5.01% to -10%	-0.5%
-5% to 5%	0.0%
5.01% to 10%	0.5%
10.01% to 15%	1.0%
15.01% to 20%	1.5%
Above 20%	2.0%

Faculty to Administrator Salary Ratio

This measure is intended to encourage efficient use of administrative positions to support institutional mission.

The Faculty to Administrator Salary Ratio is weighted at fifty percent (50%) of the efficiency category. The ratio measures the expenditures on faculty salaries

compared to the expenditures on institutional support salaries and how the ratio compares to an institution's Southern Regional Education Board (SREB) institution peer group.

The Faculty to Administrator Salary Ratio is equal to Instruction Salaries & Wages per FTE divided by the Institutional Support Salaries & Wages per FTE. Data for these expenditure elements are reported to and published by the Integrated Postsecondary Education Data System (IPEDS).

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

Weighting Specifications – Faculty to Administrator Salary Ratio

% Deviation of ration from SREB Peer Group	% Change to Productivity Index score
Below -20%	-2.0%
-15.01% to -20%	-1.5%
-10.01% to -15%	-1.0%
-5.01% to -10%	-0.5%
-5% to 5%	0.0%
5.01% to 10%	0.5%
10.01% to 15%	1.0%
15.01% to 20%	1.5%
Above 20%	2.0%

PRODUCTIVITY FUNDING MODEL POLICY
UNIVERSITIES

Background
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 policies developed by the Department of Higher Education (ADHE) necessary to implement a productivity-based funding model for state-supported institutions of higher education.

Productivity-based funding is a mechanism to align institutional funding with statewide priorities for higher education by incentivizing progress toward statewide goals. At the same time, such models encourage accountability to students and policymakers by focusing on the success of students through the achievement of their educational goals. The new funding model is built around a set of shared principles developed by institutions and aligned with goals and objectives for post-secondary attainment in our state.

A set of guiding principles, which is described below, is important to orient the design of a new funding model for public higher education institutions. These guiding principles allow the development of a productivity-based funding model which is student-centered and responsive to post-secondary attainment goals, while creating a funding context which enables innovation, increased efficiency and enhanced affordability.

Guiding Principles

Student-centered:
The model should place at its center students and students' needs including both access to and completion of meaningful and quality post-secondary learning.

Outcomes:
The model should focus on completion, and particularly on completions of under-served and at-risk students and completions in areas of need by the state and industry. This structure should recognize differences in investment associated with meeting the evolving needs of students, the workforce, and the state.

Collaboration:
The model should provide incentives for cross-institutional collaboration and reward the successful transition of students across institutions.

Supporting institutional mission:
The model should respect and be responsive to the diverse set of missions represented by each public institution of higher education.

Formula structure:
The model should maintain clarity and simplicity.

Flexibility:
The model should be adaptable in the face of a dynamic institutional and external environment.

Stability and transition:
The model should support short-, mid- and long-term financial stability of the public institutions of higher education, while focusing attention on outcomes and the goals of the state. The transition from the current funding formula to a productivity-based funding formula should allow for a managed and intentional transition process which mitigates negative impact at any one or group of institutions.

Measures
In addition to incorporating the guiding principles above, measures adopted in the productivity-based funding model should acknowledge the following priorities:

- Differences in institutional missions are recognized and encouraged.
- Completion of students' educational goals should be the most important priority of every institution.
- Progression toward completion recognizes that funding must follow the student.
- Affordability is encouraged through on-time completion, limiting excess credits, and efficient resource allocation.
- Collaboration is rewarded by encouraging successful transfer of students and reducing barriers to student success.
- Potential unintended consequence of raising academic requirements or lowering academic quality to increase completions must be discouraged.

The measures adopted relate to Effectiveness, Affordability and Efficiency. In addition, some adjustments to the model are necessary to respond to the unique missions of some institutions which cannot be captured in the productivity metrics.

Measures will be reviewed every five years to ensure that the model continues to respond to the needs and priorities of the state. A review more frequently than five years is impractical as institutions would not have opportunity to respond in a timely fashion. However, if it is determined that the measures adopted have created unintended consequences, those measures will be reviewed immediately.

Productivity Measures

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
• Credentials • Progression • Transfer Success • Gateway Course Success	• Time to Degree • Credits at Completion	• Research (4-year only)	• Core Expense Ratio • Faculty to Administrator Salary Ratio

At this time, Non-credit Workforce Training and Post-Completion Success metrics are not included in the formula but will be when adequate data is available. Other future technical modifications, such as an addition of an inflationary index and refining of existing metrics, will be considered in the future as necessary.

Each metric is calculated using a three-year average based on the most recent academic year data that is available. Institutions will receive points in the productivity model according to the requirements of each metric. Points for each institution will be totaled and applied according to the weighting assigned to each metric in the effectiveness and affordability categories. Once the points for the effectiveness and affordability measures are totaled, adjustments based on research activities be applied. Finally, the efficiency category will be applied against the adjusted total. The final total of points will become the institution's Productivity Index.

Effectiveness Category

Credentials

The primary measure of effectiveness emphasizes students completing credentials that meet their educational goals and meet workforce needs of the state. The importance of credentials at each educational level are recognized. In addition, the unique characteristics of students are measured to recognize the additional resource needs of institutions which serve students' needs. Characteristics include underserved race and ethnicity, underserved income, age, and underserved academic.

The Credentials metric is weighted at forty percent (40%) of the ~~effectiveness category~~ formula. This metric includes the 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.

The Credentials metric includes the number of credentials earned in all degree levels: Certificate of Proficiency, Technical Certificate, Associate Degree, Advanced Certificate, Bachelor's Degree, Post-Baccalaureate 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 Science, Technology, Engineering and Math (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.

Weighting Specifications – Degree Level

Certificate of Proficiency	0.5
Technical Certificate	1.0
Advanced Certificate, Post-Baccalaureate Certificate, Post-Master's Certificate, Specialist, or Post-First Professional Certificate or Degree	1.0
Associate Degree	2.0
Bachelor Degree	4.0
Master Degree	5.0
Doctoral Degree	6.0

Weighting Specifications – Degree Type

STEM Credentials	3.0
High Demand Credentials	1.5
All Other Credentials	1.0

Weighting Specifications – Student Characteristics

	Undergrad Level	Graduate Level
All Students	1.00	1.00
Underserved Race/Ethnicity	0.29	0.29
Underserved Income	0.29	N/A
Underserved Academic	0.29	N/A
Adult (25 to 54)	0.29	N/A

Progression

For programs requiring more than one semester to complete, progression toward a credential must be measured. A student's progression towards a degree will be recognized. In addition, the unique characteristics of students should be measured to recognize the additional resource needs of institutions which serve

students' needs. Characteristics include underserved race and ethnicity, underserved income, age, and underserved academic.

The Progression Metric is weighted at thirty percent (30%) of the ~~effectiveness category~~ formula. The metric includes the average number of progression goals met by concurrent and undergraduate students at the accumulation of 15 hours, 30 hours, 45 hours, 60 hours, and 90 hours over the most recent three academic years. Consideration is given to progression goals met by students who contribute to closing the attainment gap of underserved populations in Arkansas.

Weighting Specifications – Student Characteristics

All Students	1.00
Underserved Race	0.29
Underserved Income	0.29
Underserved Academic	0.29
Adult (25 to 54)	0.29

Transfer

Many students begin their post-secondary work at a community college before transferring to a university to complete a bachelor's degree. The efficient and effective transfer of these students should be measured to encourage collaboration among institutions.

The Transfer Metric is weighted at fifteen percent (15%) of the ~~effectiveness category~~ formula. The metric includes the average of the number of undergraduate students over the most recent three academic years who earn a Bachelor's degree that transferred from a 2-year to a 4-year institutions in an effort to encourage student success and institutional collaboration.

Weighting Specifications – Transfer Students

Completed Bachelor's Degree	1.0

Gateway Course Success

Gateway courses in math, English and reading-intensive courses in the humanities and social sciences are a first indicator of likely student success. This is particularly important for students who are underprepared for college-level course work. In addition, the unique characteristics of students should be measured to recognize the additional resource needs of institutions which serve these students. The designated characteristic for this metric includes underserved academic.

The Gateway Course Success Metric is weighted at fifteen percent (15%) of the ~~effectiveness category~~ formula. The metric includes the average of the number of successfully completed gateway courses by academically prepared and

academically underserved undergraduate students over the most recent three academic years. The metric recognizes the completion of math, English and reading gateway courses by students with a grade of A, B, or C. Gateway courses completed by academically underserved students will receive additional weighting.

Weighting Specifications – Gateway Course Success

Placement in Remedial Course	3.00
No Placement in Remedial Course	1.00

Affordability Category

Time to Degree

Affordability of a credential is impacted by the length of time it takes a student to earn a credential. Measures should encourage students to complete credentials on time; generally, two years for an associate's degree and four years for a bachelor's degree.

The Time to Degree metric is weighted at fifty percent (50%) of the affordability category. The metric incudes the 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. On time is defined as 24 months for Associate degrees and 48 months for Bachelor~~'s~~ degrees. The metric also recognizes students who complete their degree within twenty-five percent (25%) of on-time completion (up to 30 months for Associate degrees; up to 60 months for Bachelor degrees) and within fifty percent (50%) of on-time completion (up to 36 months for Associate degrees; up to 72 months for Bachelor degrees). Allowances will be made for degree programs that require more than 24 months for an Associate degree and 48 months for a Bachelor degree to complete due to external accreditation, professional licensure requirements or statewide articulation agreements. ADHE will review and approve the request for allowances.

Weighting Specifications – Time to Degree

On-Time Completion	1.0
Within 25% of On-Time Completion	0.875
Within 50% of On-Time Completion	0.4

Credits at Completion

Similar to time to degree, measuring the affordability of a credential also includes measuring the number of credit hours a student completes toward that credential. Students whose credit hour accumulation is at or near the minimum number required for a credential pay less in tuition and fees; thus, making the credential more affordable.

The Credits at Completion metric is weighted at fifty percent (50%) of the affordability category. The metric incudes the average of the number of students who graduated within the scheduled number of credits completed for Associate and Bachelor~~'s~~ degrees over the most recent three academic years. On Schedule is defined as 60 credit hours for Associate degrees and 120 credit hours for Bachelor~~'s~~ degrees. The metric also recognizes students who complete their degree within ten percent (10%) of on schedule completion (up to 66 credit hours for Associate degrees; up to 132 credit hours for Bachelor~~'s~~ degrees) and within twenty-five percent (25%) of on schedule completion (up to 75 credit hours for Associate degrees; up to 150 credit hours for Bachelor~~'s~~ degrees). Allowances will be made for degree programs that require more than 60 credit hours for an Associate degree and 120 credit hours for a Bachelor degree to complete due to external accreditation, professional licensure requirements or statewide articulation agreements. ADHE will review and approve the request for allowances.

Weighting Specifications – Credits at Completion

On Schedule	1.00
Within 10% of On Schedule Completion	0.875
Within 25% of On Schedule Completion	0.4

Research Adjustment

Research

One unique mission of some public universities that is not adequately captured in productivity measures is research and should be included as an adjustment to appropriate institutions. Research is essential to the discovery of new knowledge, innovation, entrepreneurism, and societal, health, and economic development advancements.

The research adjustment will be recognized by adjusting the comparative year productivity index score of an institution by the three-year average percentage of expenditures on research. ~~This applies only to institutions with a research mission that spend more than 5% of all expenditures on research activities.~~

Weighting Specifications – Research Adjustment

% of Actual Research Expenditures/Total Expenditures	Adjustment %
~~For institutions whose research expenditures exceed 5% of total expenditures. (Based on 3-year average)~~	~~Actual % of Research Expenditures~~
Above 10%	2%
From 5% up to 10%	1.5%
Below 5%	1%

Efficiency Category

Core Expense Ratio

This measure is intended to encourage resource allocations which maximize spending in areas that directly impact student success and achievement of institutional mission.

The Core Expenses Ratio is weighted at fifty percent (50%) of the efficiency category. The ratio measures the expenditures on the core functions of an institution compared to the expenditures for institutional support and how the ratio compares to an institution's Southern Regional Education Board (SREB) institution peer group.

The Core Expense Ratio is equal to the sum of Instruction Expenditures, Academic Support Expenditures, Student Services Expenditures, Public Service Expenditures and Research Expenditures on a per full-time equivalent (FTE) basis divided by the Institutional Support Expenditures per FTE. Data for these expenditure elements are reported to and published by the Integrated Postsecondary Education Data System (IPEDS).

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 efficiency adjustment as described in the chart below.

Weighting Specifications – Core Expense Ratio

% Deviation of ration from SREB Peer Group	% Change to Productivity Index score
Below -20%	-2.0%
-15.01% to -20%	-1.5%
-10.01% to -15%	-1.0%
-5.01% to -10%	-0.5%
-5% to 5%	0.0%
5.01% to 10%	0.5%
10.01% to 15%	1.0%
15.01% to 20%	1.5%
Above 20%	2.0%

Faculty to Administrator Salary Ratio
This measure is intended to encourage efficient use of administrative positions to support institutional mission.

The Faculty to Administrator Salary Ratio is weighted at fifty percent (50%) of the efficiency category. The ratio measures the expenditures on faculty salaries compared to the expenditures on institutional support salaries and how the ratio compares to an institution's Southern Regional Education Board (SREB) institution peer group.

The Faculty to Administrator Salary Ratio is equal to Instruction Salaries & Wages per FTE divided by the Institutional Support Salaries & Wages per FTE. Data for these expenditure elements are reported to and published by the Integrated Postsecondary Education Data System (IPEDS).

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

Weighting Specifications – Faculty to Administrator Salary Ratio

% Deviation of ration from SREB Peer Group	% Change to Productivity Index score
Below -20%	-2.0%
-15.01% to -20%	-1.5%
-10.01% to -15%	-1.0%
-5.01% to -10%	-0.5%
-5% to 5%	0.0%
5.01% to 10%	0.5%
10.01% to 15%	1.0%
15.01% to 20%	1.5%
Above 20%	2.0%

BACHELOR OF SCIENCE IN AGRICULTURAL ENGINEERING
UNIVERSITY OF ARKANSAS AT PINE BLUFF

ADHE Executive Staff Recommendation

RESOLVED, That the Arkansas Higher Education Coordinating Board approves the Bachelor of Science in Agricultural Engineering (CIP 14.0301; 120 credit hours) offered by the University of Arkansas at Pine Bluff, effective August 2019.

FURTHER RESOLVED, That the Coordinating Board instructs the Director of the Arkansas Department of Higher Education to inform the President and Chair of the Board of Trustees of the University of Arkansas at Pine Bluff of the approval.

Program Justification

The proposed Bachelor of Science in agricultural engineering degree, will be one of two agricultural engineering programs in the state--both at land grant institutions in Arkansas, will be cutting-edge, innovative and market-driven in order to prepare students for today's industry demands. Three options will be offered as a part of the program: (1) Power & Machinery (2) Agricultural Production Systems and (3) Soil and Water Systems. The student and program outcomes for this degree will have positive impacts and implications on the state of Arkansas. Additionally, the program will assist the nation in increasing the number of underrepresented minorities pursuing and successfully completing STEM, more specifically engineering, degrees.

The institution conducted a market analysis study with Emsi, the report indicated that market demand would be robust. According to the report unique job postings were analyzed (April 2018-March 2019) for three agricultural engineering specializations: there were 28,905 job postings nationwide (4,948 in power & machinery; 21,003 in soil & water; and 2,954 in agricultural production) and 125 in Arkansas. More broadly, traditional labor market data projects 10-year job growth in Arkansas at 11%, and 13% regionally.

To implement the proposed degree, 20 new courses have been created. UAPB also states they will be simultaneously hiring 2 new faculty members with credentials in agricultural engineering by July 2019. The new program will be managed by the existing department chairperson of agriculture, and regulatory science center.

The University of Arkansas at Pine Bluff states it has adequate physical facilities needed to carry out a quality undergraduate program in Agricultural Engineering. The initial cost of facilities and equipment for this program will be supported through education and general fund (E&G), 1890 Evans-Allen Research Program, and state matching fund, State General Revenue funds (E and G), Federal Formula Funds.

Arkansas Institutions Offering Similar Program
University of Arkansas, Fayetteville

Program Viability
Projected Annual Enrollment beginning Fall 2019 – 40 students
Required Graduates by Summer 2026 – 12 students total, based on AHECB viability standard

Program Requirements – 120 Semester Credit Hours

Fall Semester 1 – 16 credit hours		
MATH	2510	Calculus I
CHEM	1330/ 1110	General Chemistry
AGEN	1101	Orient to Ag Engineering
ENGL	1311	English Composition I
	X3XX	Lower Division UAPB Core Elective
Spring Semester 2 – 17 credit hours		
ENGL	1321	English Composition II
MATH	2520	Calculus II
PHYS	3310/ 3110	University Physics I
BIOL	1455	Principles of Biology
BAS	1120	Career & Life Planning
Fall Semester 3 – 16 credit hours		
AGRI	1321	Science of Animals
PHYS	3320/ 3120	University Physics II
HUSC	1311	Nutrition and Wellness
AGRI	2331	Introductory Soils
ENGL	2300	Literature
Spring Semester 4 – 16 credit hours		
CPSC	2300	Computer Science I
AGEN	2310	AG Eng Fundamental
AGRI	1421	Plant Science
HIST	2315	US History to 1877
	X3XX	Social Science Elective
Fall Semester 5 – 15 credit hours		
SPCH	2390	Oral Communication
	X3XX	Social Science Elective
AGEN	3320	AG Eng Safety
AGEN	3345	Mechanics of Materials
AGEN	3301	Computer Assisted Design
Spring Semester 6 – 15 credit hours		
AGEN	X9XX	Agricultural Engineering Option
TECH	4320	Project Management
	X3XX	*Humanities Elective*
Fall Semester 7 – 9 credit hours		
	X3XX	*Humanities Elective*
AGEN	X6XX	Agricultural Engineering Option
Spring Semester 8 – 10 credit hours		
AGEN	4301	Agricultural Engineering Project
AGEN	X6XX	Agricultural Engineering Option

New courses

BACHELOR OF SCIENCE IN HOSPITALITY AND TOURISM MANAGEMENT
UNIVERSITY OF ARKANSAS-PINE BLUFF

ADHE Executive Staff Recommendation

RESOLVED, That the Arkansas Higher Education Coordinating Board approves the Bachelor of Science in Hospitality and Tourism Management (CIP 52.0901, 120 semester credit hours) offered by University of Arkansas at Pine Bluff, effective Fall 2019.

FURTHER RESOLVED, That the Coordinating Board instructs the Director of the Arkansas Department of Higher Education to inform the President and Chair of the Board of Trustees of the University of Arkansas System, and the Chancellor of University of Arkansas at Pine Bluff of the approval.

Program Justification
The proposed Bachelor of Science in Hospitality and Tourism Management will prepare students for managerial and high-level supervisory positions in restaurant operations, the tourism industry, event planning, hotel administration and other operational and administrative roles.

The program is a direct outgrowth of the proposed casino that will be established by Quapaw Tribe in Pine Bluff. The program is designed to provide future hospitality industries with a pool of qualified candidates and assuring that the region has a trained workforce that is prepared to propel the region in a direction that encourages tourism growth.

To implement the proposed degree, 12 new courses have been created. UAPB also states they will be simultaneously hiring 1 new faculty member with appropriate academic credentials by July 2019. The new program will be managed by the existing department chairperson of Human Sciences.

Existing equipment, classrooms, labs, library resources are adequate to implement the proposed program.

Arkansas Institutions Offering Similar Program
Arkansas Tech University

Program Viability
Projected Annual Enrollment beginning Fall 2019 – 20 students
Required Graduates by Summer 2026 – 12 students total, based on AHECB viability standard

Program Requirements – 120 Semester Credit Hours

Fall Semester 1 – 16 credit hours

BAS	1210	Personal & Social Dev.
HUSC	1300	Survey/Hosp/Industry
ENGL	1311	English Composition I
HUSC	1412	Food Principles Mgmt.
BIOL	1350	Biological Science
BIOL	1150	Biological Science

Spring Semester 2 – 16 credit hours

BAS	1120	Career/ Life Plan
HUSC	1311	Nutrition & Wellness
MIS	1312	Microcomputer Applications
ENGL	1321	Eng. Composition II
CHEM	1311	Physical Science
HUSC	1111	Physical Science
HUSC	1102	Orien. to Human Sciences
HLPE	1110	Physical Education

Fall Semester 3 – 14 credit hours

MATH	1330	College Algebra or Quantitative Literacy
PSYC	2300	General Psychology
ECON	2321	Principles of Microeconomics
HUMN	2301/ 2340	Humanities or Effective Logic
HUSC	1200	Applied FS Sanitation

Spring Semester 4 – 17 credit hours

HUSC	2433	Quantity Foods
	X3XX	Lower Division UAPB History Electives
X3XX	Lower	Division UAPB Art Electives
MCOM	2390	Oral Comm.
X3XX	Lower	Division UAPB Social Science Elective

Fall Semester 5 – 13 credit hours

MDFL	2311	Elementary Spanish
ACCT	2311	Principles of Financial Accounting I
HUSC	3309	Lodging Operations Management
HUSC	*3312*	*Hospitality Human Resources*
X3X		Lower Division UAPB Literature Electives

Spring Semester 6 – 16 credit hours

HUSC	*2312*	*Event Planning in Hospitality*
HUSC	*3301*	*Tourism Concepts*
HUSC	*3318*	*Hospitality Sales & Marketing*
HUSC	*3319*	*Hospitality & GamingHUSC 3215 Travel & Tourism*

Fall Semester 7 – 15 credit hours

HUSC	*4305*	*Hospitality Law*
HUSC	*4306*	*Hospitality Cost Control*
HUSC	*4307*	*Revenue Management*
HUSC	4399	Human Sci. Research
HUSC	*3322*	*Club Management*

Spring Semester 8 – 10 credit hours
HUSC 4202 Senior Seminar
X12XX Hospitality Internship
Italics - new courses

Agenda Item No. 7
Higher Education Coordinating Board
May 24, 2018

POLICY ON TUITION AND FEES FOR NONTRADITIONAL DOCUMENTED IMMIGRANTS

Background

Act 844 of 2019 amended Arkansas Code Ann. § 6-60-215 to give a state-supported institution of higher education the discretion to classify students with nontraditional documented immigration status as in-state for purposes of tuition and fees under limited circumstances. Under the Act, a student may be classified in-state for purposes of tuition and fees if the student satisfies one (1) of the following requirements:

> (a) The student personally holds or is the child of a person who holds a Federal Form I-766 United States Citizenship and Immigration Services-issued Employment Authorization Document, known popularly as a work permit;
>
> (b) The student has verified that he or she is a resident legally present in Arkansas and has immigrated from the Republic of the Marshall Islands; or
>
> (c)(i) The student's request for an exemption under Deferred Action for Childhood Arrivals has been approved by the United States Department of Homeland Security. (ii) The student's exemption shall not be expired, or shall have been renewed.

In addition, the student must satisfy the following requirements:

> (a) Resided in this state for at least three (3) years at the time the student applies for admission to a state-supported institution of higher education; and
>
> (b) Either: (i) Graduated from a public or private high school in this state; or (ii) Received a high school equivalency diploma in this state.

Resolution

In accordance with A.C.A. §6-60-215, the Arkansas Department of Higher Education (ADHE) will promulgate rules to implement the act.

ADHE Executive Staff recommend that the Arkansas Higher Education Coordinating Board approve the following resolution:

RESOLVED, That all state-supported institutions of higher education wishing to provide in-state tuition to nontraditional documented immigrants under Arkansas Code Ann. § 6-60-215 shall establish a policy in accordance with the Act and submit the policy to the Department.

FURTHER RESOLVED, That the Arkansas Higher Education Coordinating Board approves the policy on tuition and fees for nontraditional documented immigrants.