

Arkansas Department of Higher Education

Operating Recommendations for State-Supported Institutions of Higher Education

Fiscal Year 2018-19



Institutional Finance

December 2017

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

**RECOMMENDATIONS FOR EDUCATIONAL AND GENERAL OPERATIONS
STATE-SUPPORTED INSTITUTIONS OF HIGHER EDUCATION
FISCAL YEAR 2018-19**

Background

A.C.A. §6-61-234 (Act 148 of 2017) directs the Arkansas Higher Education Coordinating Board (AHECB) to adopt polices developed by the Arkansas Department of Higher Education (ADHE) necessary to implement a productivity-based funding model for state-supported institutions of higher education. That language reads as follows:

“(a) (1) (A) The Arkansas Higher Education Coordinating Board shall adopt policies developed by the Department of Higher Education 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.

At its October 27, 2017 meeting, the AHECB approved the productivity funding model policies for the two-year colleges and universities. The policies were developed in conjunction with presidents and chancellors after meetings and revisions. The AHECB shall use the productivity-based funding model as the mechanism for recommending funding for applicable state-supported institutions of higher education. According to A.C.A. §6-61-234, the productivity-based funding model shall not determine the funding needs of special units such as a medical school, division of agriculture, or system offices. These special units are known as non-formula entities and ADHE staff reviewed justification requests submitted by the non-formula entities and prepared funding recommendations for Fiscal Year 2018-19 based upon those requests.

Operating Funding Recommendations for the 2018-19 Fiscal Year

The operating recommendations are based upon the productivity funding formula policies approved by the AHECB in October 2017 as well as requests submitted by the non-formula entities.

The two-year college and university productivity funding models have been calculated using academic year 2013 through academic year 2016 student data as well as academic year 2012 through academic year 2015 expenditure data reported to and

published by the Integrated Postsecondary Education Data System (IPEDS). The productivity funding model calculations represent a total productivity increase of 1.71% for 2-year colleges and universities, which supports the recommendation for state funding of those institutions of higher education of \$632,095,756 in 2018-19. The total funding recommendation for the non-formula entities is \$246,151,969 in 2018-19.

For the **universities**, an increase in funding is recommended for those institutions with productivity increases for a total university recommendation of \$6,979,776 in new revenue.

For the **two-year colleges**, an increase in funding is recommended for those institutions with productivity increases for a total two-year college recommendation of \$2,424,335 in new revenue.

For the **non-formula entities** the recommendation is for a 2.1% increase based on the Higher Education Price Index (HEPI) index which is \$3,935,634 and a recommendation of full funding which would require an additional \$34,367,390, of which \$16,372,702 would be for the University of Arkansas for Medical Sciences (UAMS).

The individual institutional recommendations for all three types of institutions (Colleges, Universities and Non-Formula Entities) were determined in the following manner: The general revenue funds were recommended based upon productivity changes as determined by the productivity funding model policies and the ADHE staff determined the recommendations of the non-formula entities. The non-formula recommendations were based upon the justifications submitted by the non-formula entity. **The total recommendation for 2018-19 for Colleges and Universities is \$9,404,111 in new revenue. The total recommendation for 2018-19 for the Non-Formula Entities is \$38,303,024 in new revenue.**

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

RESOLVED, That the Arkansas Higher Education Coordinating Board adopts the recommendations for state funding of the educational and general operations of Arkansas public institutions of higher education in the 2018-19 fiscal year as included in Tables A, B, C, D and E.

FURTHER RESOLVED, That the Director of the Arkansas Department of Higher Education is authorized to prepare appropriate documents for transmission to the Governor and the General Assembly of the 2018-19 operating recommendations of the Arkansas Higher Education Coordinating Board.

FURTHER RESOLVED, That should any errors of a technical nature be found in these recommendations, the Director of the Arkansas Department of Higher Education is authorized to make appropriate corrections consistent with the policy established by the Board's action on these recommendations.

Table A. Summary of Operating Recommendations for the 2018-19 Fiscal Year



Institution Type	Fiscal Year 2017-18 Base				FY2018-19 AHECB Recommendations		
	EETF Forecast	WF2000	RSA Forecast	Total Base (RSA, EETF & WF2000)	Total Recommendation	New Funds	% Inc
	Universities	39,889,493	2,130,489	408,606,439	450,626,421	457,606,197	6,979,776
Colleges	7,835,542	22,305,503	141,924,179	172,065,224	174,489,559	2,424,335	1.4%
Total	47,725,035	24,435,992	550,530,618	622,691,645	632,095,756	9,404,111	1.5%

Non-Formula Entity Type	Fiscal Year 2017-18 Base			FY2018-19 AHECB Recommendation		
	EETF Forecast	RSA Forecast	Total Base (RSA & EETF)	Total Recommendation	New Funds	% Inc
	Non-Formula Entities	14,517,382	87,827,357	102,344,739	122,233,783	19,889,044
Health Care-Related UAMS	10,299,776	95,204,430	105,504,206	123,918,186	18,413,980	17.5%
Total	24,817,158	183,031,787	207,848,945	246,151,969	38,303,024	18.4%

Table B. 2018-19 Productivity Index

Productivity Index for FY2019 Recommendations	1.71%		
		Universities	Colleges
FY2018 RSA Forecast	\$ 550,530,618	74%	26%
Productivity Recommendation	\$ 9,404,111	6,979,776	2,424,335

Institution	FY2018 RSA Forecast	2014-15 Productivity Index	2015-16 Productivity Index	Change in Productivity Index	% Change in Productivity Index
ASUJ	\$ 56,378,311	29,928	29,054	(874)	-2.92%
ATU	\$ 32,216,531	19,963	20,607	643	3.22%
HSU	\$ 18,796,213	7,276	7,364	89	1.22%
SAUM	\$ 15,584,976	6,815	7,268	453	6.64%
UAF	\$ 117,536,490	57,450	62,049	4,598	8.00%
UAFS	\$ 20,594,615	11,749	11,645	(104)	-0.89%
UALR	\$ 56,667,261	21,664	21,518	(146)	-0.67%
UAM	\$ 15,946,042	5,894	5,765	(129)	-2.19%
UAPB	\$ 21,771,294	6,662	6,800	138	2.07%
UCA	\$ 53,114,705	20,772	21,325	553	2.66%
4YR SUB	408,606,439	188,173	193,393	5,221	2.77%
ANC	\$ 8,577,052	2,322	2,178	(144)	-6.18%
ASUB	\$ 11,835,727	8,214	8,783	568	6.92%
ASUMH	\$ 3,648,110	2,846	2,896	50	1.76%
ASUMS	\$ 3,858,007	1,944	1,987	43	2.21%
ASUN	\$ 5,992,293	3,032	3,420	389	12.82%
BRTC	\$ 6,113,516	3,549	3,339	(210)	-5.93%
CCCUA	\$ 3,395,802	2,059	2,230	171	8.30%
COTO	\$ 3,527,261	2,259	2,276	17	0.76%
EACC	\$ 5,788,058	1,768	1,721	(47)	-2.67%
NAC	\$ 7,966,964	3,327	3,348	21	0.63%
NPC	\$ 9,046,489	4,245	3,965	(280)	-6.60%
NWACC	\$ 10,619,202	9,338	9,121	(217)	-2.32%
OZC	\$ 3,126,475	2,379	2,222	(157)	-6.59%
PCCUA	\$ 9,063,088	1,883	1,744	(139)	-7.40%
SACC	\$ 6,034,307	2,504	2,448	(55)	-2.21%
SAUT	\$ 5,705,511	2,848	2,731	(116)	-4.08%
SEAC	\$ 5,636,798	2,741	2,606	(135)	-4.92%
UACCB	\$ 4,131,061	2,383	2,318	(65)	-2.74%
UACCH	\$ 4,491,997	1,973	2,007	34	1.73%
UACCM	\$ 5,022,155	4,440	4,416	(24)	-0.54%
UA-PT	\$ 15,137,437	13,105	12,922	(184)	-1.40%
UA-RM	\$ 3,206,869	1,421	1,272	(149)	-10.50%
2 YR SUB	\$ 141,924,179	80,579	79,949	(630)	-0.78%
TOTAL	\$ 550,530,618	268,752	273,343	4,591	1.71%

Table C. 2018-19 Four-Year Universities Recommendations



Inst	FY2017-18				PRODUCTIVITY DISTRIBUTIONS							FY2018-19 Recommendations	
	EETF Forecast	WF2000 Forecast	RSA Forecast	Total Base (RSA, EETF & WF2000)	% Change in Productivity Index	Productivity Index Increases	Contribution to Increase	Distribution of Productivity Funding (New Funds)	% Increase over RSA	RSA Increase (Capped at 1%)	Incentive Funding	Total Recommendation	New Funds
ASUJ	\$ 6,473,168	\$ -	\$ 56,378,311	\$ 62,851,479	-2.92%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 62,851,479	\$ -
ATU*	\$ 2,221,823	\$ 784,505	\$ 32,216,531	\$ 35,222,859	3.22%	643	9.94%	693,692	2.15%	\$ 322,165	\$ 371,526	\$ 35,916,551	\$ 693,692
HSU	\$ 2,298,371	\$ -	\$ 18,796,213	\$ 21,094,584	1.22%	89	1.37%	95,730	0.51%	\$ 95,730	\$ -	\$ 21,190,314	\$ 95,730
SAUM	\$ 1,358,847	\$ -	\$ 15,584,976	\$ 16,943,823	6.64%	453	6.99%	487,971	3.13%	\$ 155,850	\$ 332,121	\$ 17,431,794	\$ 487,971
UAF	\$ 10,065,936	\$ -	\$ 117,536,490	\$ 127,602,426	8.00%	4,598	71.03%	4,957,564	4.22%	\$ 1,175,365	\$ 3,782,199	\$ 132,559,990	\$ 4,957,564
UAFS	\$ 3,367,759	\$ -	\$ 20,594,615	\$ 23,962,374	-0.89%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 23,962,374	\$ -
UALR	\$ 5,836,728	\$ -	\$ 56,667,261	\$ 62,503,989	-0.67%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 62,503,989	\$ -
UAM*	\$ 1,172,728	\$ 1,345,984	\$ 15,946,042	\$ 18,464,754	-2.19%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 18,464,754	\$ -
UAPB	\$ 2,035,831	\$ -	\$ 21,771,294	\$ 23,807,125	2.07%	138	2.13%	148,778	0.68%	\$ 148,778	\$ -	\$ 23,955,902	\$ 148,778
UCA	\$ 5,058,301	\$ -	\$ 53,114,705	\$ 58,173,006	2.66%	553	8.54%	596,042	1.12%	\$ 531,147	\$ 64,895	\$ 58,769,048	\$ 596,042
Total	\$ 39,889,493	\$ 2,130,489	408,606,439	450,626,421	2.77%	6,474	100%	6,979,776	1.71%	\$ 2,429,035	\$ 4,550,741	\$ 457,606,197	\$ 6,979,776

*Includes ATU-Ozark

**Includes UAM-Crossett and UAM-McGehee

Table D. 2018-19 Two Year Colleges Recommendations



Inst	FY2017-18				PRODUCTIVITY DISTRIBUTIONS							FY2018-19 Recommendations	
	EETF Forecast	WF2000 Forecast	RSA Forecast	Total Base (RSA, EETF & WF2000)	% Change in Productivity Index	Productivity Index Increases	Contribution to Increase	Distribution of Productivity Funding (New Funds)	% Increase over RSA	RSA Increase (Capped at 1%)	Incentive Funding	Total Recommendation	New Funds
ANC	\$ 792,740	\$ 721,766	\$ 8,577,052	\$ 10,091,558	-6.18%	-	0	-	0.00%	\$ -	\$ -	\$ 10,091,558	\$ -
ASUB	\$ 1,581,369	\$ 791,865	\$ 11,835,727	\$ 14,208,961	6.92%	568	43.97%	1,065,897	9.01%	\$ 118,357	\$ 947,540	\$ 15,274,858	\$ 1,065,897
ASUMH	\$ -	\$ 813,572	\$ 3,648,110	\$ 4,461,682	1.76%	50	3.87%	93,846	2.57%	\$ 36,481	\$ 57,365	\$ 4,555,528	\$ 93,846
ASUMS	\$ -	\$ 2,163,374	\$ 3,858,007	\$ 6,021,381	2.21%	43	3.32%	80,440	2.09%	\$ 38,580	\$ 41,859	\$ 6,101,821	\$ 80,440
ASUN	\$ -	\$ 1,399,808	\$ 5,992,293	\$ 7,392,101	12.82%	389	30.06%	728,871	12.16%	\$ 59,923	\$ 668,948	\$ 8,120,972	\$ 728,871
BRTC	\$ -	\$ 2,216,987	\$ 6,113,516	\$ 8,330,503	-5.93%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 8,330,503	\$ -
CCCUA	\$ -	\$ 1,333,364	\$ 3,395,802	\$ 4,729,166	8.30%	171	13.21%	320,236	9.43%	\$ 33,958	\$ 286,278	\$ 5,049,402	\$ 320,236
COTO	\$ -	\$ 1,141,851	\$ 3,527,261	\$ 4,669,112	0.76%	17	1.32%	32,065	0.91%	\$ 32,065	\$ -	\$ 4,701,177	\$ 32,065
EACC	\$ 827,570	\$ -	\$ 5,788,058	\$ 6,615,628	-2.67%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 6,615,628	\$ -
NAC	\$ 488,753	\$ 567,947	\$ 7,966,964	\$ 9,023,664	0.63%	21	1.61%	39,064	0.49%	\$ 39,064	\$ -	\$ 9,062,728	\$ 39,064
NPC	\$ 1,237,747	\$ 659,624	\$ 9,046,489	\$ 10,943,860	-6.60%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 10,943,860	\$ -
NWACC	\$ 1,093,849	\$ -	\$ 10,619,202	\$ 11,713,051	-2.32%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 11,713,051	\$ -
OZC	\$ -	\$ 1,255,854	\$ 3,126,475	\$ 4,382,329	-6.59%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 4,382,329	\$ -
PCCUA	\$ 805,941	\$ 523,196	\$ 9,063,088	\$ 10,392,225	-7.40%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 10,392,225	\$ -
SACC	\$ 565,999	\$ 455,589	\$ 6,034,307	\$ 7,055,895	-2.21%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 7,055,895	\$ -
SAUT	\$ 223,125	\$ -	\$ 5,705,511	\$ 5,928,636	-4.08%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 5,928,636	\$ -
SEAC	\$ -	\$ 1,950,371	\$ 5,636,798	\$ 7,587,169	-4.92%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 7,587,169	\$ -
UACCB	\$ -	\$ 855,865	\$ 4,131,061	\$ 4,986,926	-2.74%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 4,986,926	\$ -
UACCH	\$ -	\$ 1,934,323	\$ 4,491,997	\$ 6,426,320	1.73%	34	2.64%	63,917	1.42%	\$ 44,920	\$ 18,997	\$ 6,490,237	\$ 63,917
UACCM	\$ -	\$ 1,274,956	\$ 5,022,155	\$ 6,297,111	-0.54%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 6,297,111	\$ -
UA-PTC	\$ -	\$ 2,245,191	\$ 15,137,437	\$ 17,382,628	-1.40%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 17,382,628	\$ -
UA-RM	\$ 218,449	\$ -	\$ 3,206,869	\$ 3,425,318	-10.50%	-	0.00%	-	0.00%	\$ -	\$ -	\$ 3,425,318	\$ -
Total	\$ 7,835,542	\$ 22,305,503	\$ 141,924,179	\$ 172,065,224	-0.78%	1,293	100%	2,424,335	1.71%	\$ 403,348	\$ 2,020,987	\$ 174,489,559	\$ 2,424,335

Table E. 2018-19 Non-Formula Entities Recommendations



Institution/Entity	FY2017-18				FY 2018-19 Recommendations			
	EETF Forecast	RSA Forecast	Total Base (RSA & EETF)	FY 2017-18 AHECB Recommendation	2.1% Continuing Level of RSA	Base Operations & Program Enhancements	Total New Funds over 2017-18 Rec.	Total Recommendation
ADTEC/ADWIRED	\$ -	\$ 1,500,000	\$ 1,500,000	\$ 1,531,500	\$ 32,162	\$ -	\$ 32,162	\$ 1,563,662
AREON	\$ -	\$ -	\$ -	\$ 1,200,000	\$ -	\$ -	\$ -	\$ 1,200,000
ASU-System Office	\$ 155,048	\$ 2,362,680	\$ 2,517,728	\$ 2,565,053	\$ 50,658	\$ -	\$ 50,658	\$ 2,615,712
ASU-Heritage	\$ -	\$ 350,000	\$ 350,000	\$ 2,436,930	\$ 7,504	\$ 43,671	\$ 51,175	\$ 2,488,105
HSU-CEC	\$ -	\$ 79,798	\$ 79,798	\$ 81,474	\$ 1,711	\$ -	\$ 1,711	\$ 83,185
NWACC-CPTC	\$ -	\$ -	\$ -	\$ 120,800	\$ -	\$ 2,537	\$ 2,537	\$ 123,337
SACC-Arboretum	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000
SAUT-ETA	\$ 37,286	\$ 368,404	\$ 405,690	\$ 512,876	\$ 7,899	\$ -	\$ 7,899	\$ 520,775
SAUT-FTA	\$ 94,370	\$ 1,651,221	\$ 1,745,591	\$ 2,464,029	\$ 35,404	\$ 374,351	\$ 409,754	\$ 2,873,783
UA-SYS	\$ 289,475	\$ 3,417,950	\$ 3,707,425	\$ 4,035,573	\$ 73,284	\$ 5,473	\$ 78,757	\$ 4,114,330
UA-AS	\$ 143,094	\$ 2,327,380	\$ 2,470,474	\$ 2,599,941	\$ 49,901	\$ 1,654	\$ 51,556	\$ 2,651,496
UA-DivAgri	\$ 5,949,102	\$ 62,800,138	\$ 68,749,240	\$ 72,480,157	\$ 1,346,498	\$ 500,000	\$ 1,846,498	\$ 74,326,655
UA-ASMSA	\$ 7,849,008	\$ 1,113,015	\$ 8,962,023	\$ 9,435,283	\$ 23,864	\$ -	\$ 23,864	\$ 9,459,148
UA-CS	\$ -	\$ 2,295,575	\$ 2,295,575	\$ 2,448,782	\$ 49,219	\$ 2,205	\$ 51,424	\$ 2,500,206
UA-CJI	\$ -	\$ 1,825,769	\$ 1,825,769	\$ 2,852,490	\$ 39,146	\$ 20,755	\$ 59,901	\$ 2,912,391
UAF-ARTP	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
UAF-Autism	\$ -	\$ -	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -	\$ 2,500,000
UAF-GWG	\$ -	\$ -	\$ -	\$ 1,200,000	\$ -	\$ -	\$ -	\$ 1,200,000
UAF-Pryor Center	\$ -	\$ -	\$ -	\$ 173,087	\$ -	\$ -	\$ -	\$ 173,087
UAF-WTC AR	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ 2,588	\$ 2,588	\$ 252,588
UALR-RAPS	\$ -	\$ 4,087,836	\$ 4,087,836	\$ 5,862,681	\$ 87,647	\$ 50,670	\$ 138,317	\$ 6,000,998
UAPB-Nonformula*	\$ -	\$ 3,647,591	\$ 3,647,591	\$ 4,259,869	\$ 89,457	\$ -	\$ 89,457	\$ 4,349,326
Total	\$ 14,517,382	\$ 87,827,357	\$ 102,344,739	\$ 119,335,524	\$ 1,894,356	\$ 1,003,904	\$ 2,898,259	\$ 122,233,783

*UAPB's Recommendation for RSA funding is for federal matching purposes.

Health-Related Non-Formula Entity - UAMS

Institution/Entity	FY2017-18				FY 2018-19 Recommendations			
	EETF Forecast	RSA Forecast	Total Base (RSA & EETF)	FY 2017-18 AHECB Recommendation	2.1% Continuing Level of RSA	Base Operations & Program Enhancements	Total New Funds over 2017-18 Rec.	Total Recommendation
UAMS	\$ 10,049,701	\$ 86,456,661	\$ 96,506,362	\$ 111,036,210	\$ 1,853,717	\$ 1,662,844	\$ 3,516,561	\$ 114,552,772
UAMS-ABUSE/RAPE/DV	\$ -	\$ 735,000	\$ 735,000	\$ 750,435	\$ 15,759	\$ -	\$ 15,759	\$ 766,194
UAMS-Child Safety	\$ -	\$ 720,588	\$ 720,588	\$ 735,720	\$ 15,450	\$ -	\$ 15,450	\$ 751,170
UAMS-Ped/Psych/Res.	\$ -	\$ 1,950,000	\$ 1,950,000	\$ 1,990,950	\$ 41,810	\$ -	\$ 41,810	\$ 2,032,760
UAMS-IC	\$ 250,075	\$ 5,342,181	\$ 5,592,256	\$ 5,700,748	\$ 114,542	\$ -	\$ 114,542	\$ 5,815,290
Total	\$ 10,299,776	\$ 95,204,430	\$ 105,504,206	\$ 120,214,064	\$ 2,041,278	\$ 1,662,844	\$ 3,704,122	\$ 123,918,186