

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Research Park, Oklahoma City

A G E N D A

Thursday, November 5, 2020 – 10:30 a.m.
Via Zoom Conference
Chair Ann Holloway, Presiding

1. **Announcement of filing of meeting notice and posting of the agenda in accordance with the Open Meeting Act.**
2. **Call to Order.** Roll call and announcement of quorum.
3. **Comments.**
 - a. Comments from the Chair.
 - b. Comments from the Chancellor.
4. **FY2022 System-wide Budget Request.** Presentation of the FY2022 Budget Request for the State System of Higher Education, the 2021 Public Agenda, and the 2021 Legislative Agenda.
5. **Comments from Presidents.** Select members of the Council of Presidents will provide comments regarding the FY2022 System-wide Budget Request.
6. **E&G Budget Needs for FY2022.** Approval of FY2022 System-wide Budget Need. Page 1.
7. **2021 Public Agenda.** Approval of the State Regents' Public Agenda. Page 7.
8. **2021 Legislative Agenda.** Approval of the State Regents' Legislative Agenda. Page 9.
9. **Announcement of Next Regular Meeting** – The next regular meetings are scheduled to be held Wednesday, December 2, 2020 at 10:30 a.m. and Thursday, December 3, 2020 at 9 a.m. at the State Regents' Office in Oklahoma City.
10. **Adjournment.**

Meeting of the
Oklahoma State Regents for Higher Education
November 5, 2020

AGENDA ITEM #6:

E&G Budget Needs for FY2022-FY2024.

SUBJECT: Approval of FY2022- FY2024 appropriations request.

RECOMMENDATION:

It is recommended that the State Regents approve a request for state appropriations for FY2022 in the amount of \$859.2 million, representing an increase of \$88.8 million, or 11.5 percent, for support of the Oklahoma State System of Higher Education.

BACKGROUND:

Pursuant to Article 13-A, §2 of the Oklahoma Constitution and state budget law O.S. 62 §34.36, the State Regents are required to determine a budget needs recommendation for presentation annually to the Oklahoma Legislature and the Governor. In 2016, the Legislature adopted a change in the law (S.B. 1030) to extend the submission of budget requests from one fiscal year to three fiscal years; thus, this recommendation covers the period of FY2022 through FY2024, using the FY2021 appropriation as the base year.

It is recommended that the State Regents approve a budget request for approximately \$859.2 million in total funding for FY2022 operations. This is an increase of approximately \$88.8 million above the current FY2021 level of \$770.4 million for operations. The estimated incremental increase for FY2023 is \$68.7 million for a total appropriation of \$927.9 million. The estimated incremental increase for FY2024 is \$74.2 million for a total appropriation of \$1,002.1 million.

ANALYSIS:

The State Regents have a constitutional duty under Article 13-A, §2 of the Oklahoma Constitution and state budget law O.S. 62 §34.36 to determine and recommend to the Oklahoma Legislature and the Governor each year a budget that states the needs of Oklahoma State System of Higher Education. Each year, the state system colleges and universities complete and submit to the State Regents a Budget Needs Survey that outlines each institution's budget needs for the upcoming fiscal year. According to the aggregated Budget Needs Surveys for FY22, state system colleges and universities have requested an additional \$493.2 million above the FY21 state appropriation. In prioritizing the needs of the State System as submitted by our colleges and universities, the State Regents have developed an FY22 Budget Need Proposal of \$88.8 million above the current FY21 state appropriation of \$770.4 million.

The FY22 Budget Need Proposal is outlined in four separate sections: (1) Workforce Development Initiatives, (2) Operational Cost Increases, (3) Financial Aid and Scholarship Programs, and (4) Endowed Chairs Matching Funds. The primary focus of the State Regents with the FY22 Budget Need Proposal is to support degree completion initiatives while maintaining current operating budget obligations and to support Oklahoma's colleges and universities in their efforts to ensure students have access to quality higher education opportunities. Further, this funding request is designed to support the link between degree

attainment and workforce development as a key driver of economic growth in the State of Oklahoma. The following initiatives support the strategic objectives of excellence, efficiency and effective delivery of higher education programs and services.

WORKFORCE DEVELOPMENT INITIATIVES: \$33.8 million
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Oklahoma’s Engineering Initiative: (\$10.5 million) Oklahoma currently ranks among the bottom 20 states in engineers per capita (OK 2.62/100,000). The goal of this initiative is to move Oklahoma’s ranking into the top half of the states in the nation, making Oklahoma more competitive in attracting businesses, such as TESLA, for STEM industry locations. Additional funding for engineering initiatives will accelerate the growth of highly qualified engineers to support the intellectual capital needs of Oklahoma’s industries. It is projected that the demand for qualified engineers in Oklahoma will be a minimum of 3,000 annually for the next nine years. This funding request would support \$5 million in targeted funding to both the University of Oklahoma and Oklahoma State University, and \$500,000 to the University of Central Oklahoma. The funding for these three institutions would be used to support additional engineering faculty positions to increase capacity for engineering students; new or developing bachelor-level programs with emphases on software engineering and engineering technology, computer science, cyber-security, mathematics, data analytics, and other STEM fields; increased access to online courses and digital transformation to expand access to STEM programs for students; and enhanced advisement, mentoring and academic tutoring to increase the success rates of students in Engineering and STEM-related programs.

Oklahoma’s Nursing Initiative: (\$12.0 million) Oklahoma currently ranks among the bottom five states in the nation in Registered Nurses (RNs) per capita (OK 790/100,000), which is significantly lower than the national average (920.9 /100,000). RNs are identified by the Oklahoma Works list of Critical Occupation analysis as the most critical occupation in the state. Increased funding for Nursing program initiatives will increase RN production, improving Oklahoma's rank in the number of RNs per capita to meet Oklahoma’s health care needs. This funding request will provide flexibility to colleges and universities to address their respective institutional needs with regard to Nursing programs. For example, funding could be used to support the expansion of nursing faculty on our college and university campuses by approximately 48 FTE, increasing the total nursing faculty headcount from 331 to 379. It is projected that such an increase in nursing faculty would allow for approximately 1,200 additional slots for nursing students. Additionally, this funding request would support designated nursing faculty salary increases at our colleges and universities, making the average Oklahoma nursing faculty salary (currently \$58,440) more competitive with both the national average nursing faculty salary (\$83,100) and the average annual Oklahoma nurse practitioner salary (\$113,200). Increasing the average Oklahoma nursing faculty salary will allow our nursing programs to attract and retain highly qualified nursing faculty, which is necessary for the increased production of nursing graduates in the state.

Oklahoma’s Physicians Residency Initiative: (\$7.0 million) Oklahoma currently ranks 47th in the nation in the number of physicians per capita (206.7 /100,000). This funding request, which will be an annual request, will fund the expansion of physician residency slots at the University of Oklahoma Health Sciences Center and Oklahoma State University Center for Health Sciences. The goal of this initiative is to provide additional physician residency slots in Oklahoma and to help incentivize physicians to continue their post-residency practice within the state. The additional funding will expand the current University of Oklahoma Health Sciences Center and the Oklahoma State University Center for Health Sciences residency capacity from 820 slots to approximately 1,640 slots in ten years, depending on continued annual funding.

Oklahoma’s Teacher Education Shortage: (\$2.5 million) Currently more than 40 percent of Oklahoma college graduates majoring in education are either out of the profession or have moved out-of-state within

five years. Additionally, the number of college students majoring in education declined 27 percent from the 2014-15 academic year to the 2018-19 academic year. Oklahoma's teacher shortage is especially pronounced among secondary math and science teachers, which affects our STEM education-to-workforce pipeline. This initiative seeks to make education majors and careers more attractive to college students. Additional funding will support programs to recruit, develop and graduate more highly qualified students to address the critical shortage of certified teachers in the state. This initiative will provide innovative grant funding to colleges of education at Oklahoma's universities, with a special emphasis given to retaining and graduating teacher candidates in high demand subject areas, such as math, science and special education. Funding would also be used to support course development that would enhance the experiences and knowledge of teacher education students, including online and virtual instruction best practices.

Workforce Micro-credentials and Rapid Re-employment Strategies: (\$1.8 million) Oklahoma business and industry continuously need access to a qualified and credentialed workforce. While associate and baccalaureate degrees provide assurances to employers that employees possess a general breadth and depth of expertise, employers also need employees with highly specific skills and competencies produced by short-term credentials (such as badges and micro-credentials). Earning industry-recognized micro-credentials is an increasingly popular strategy for re-employing individuals negatively impacted by the COVID-19 pandemic and the recent economic recession. Many micro-credentials are stackable, offering the possibility to also work toward an associate or baccalaureate degree by earning multiple micro-credentials in a similar field. Increased funding for this initiative would not only help Oklahoma citizens regain employment or advance current careers but would also improve the percentage of adults age 25 and older with a college degree in the state. Currently, only 26 percent of working adults in Oklahoma have a college degree, compared to the national average of 33 percent. Funding will support Oklahoma's colleges and universities accelerate the development of badging and micro-credentials tied directly to workforce needs. For this initiative, comprehensive collaborations with business and industry will establish industry-recognized badges and micro-credentials that align with pathways to certificates and degrees, as specifically identified by business sectors. This funding would also allow for the State Regents to implement a uniform credential platform for Oklahoma college and universities that links students, job seekers, or currently employed individuals to certified credential competencies for in-demand jobs.

OPERATIONAL COST INCREASES: \$30.8 million

System-Wide Mandatory Fixed Cost Increases: (\$24.0 million) This request includes \$24 million in anticipated increases in operating obligations at our colleges and universities, including health insurance, utilities, risk management costs, retirement, library acquisitions, equipment, and supplies.

Deferred Maintenance and Infrastructure – Section 13 Offset Program: (\$6.3 million) The request of \$6.3 million is needed for campus infrastructure improvements, laboratory and equipment upgrades, and required deferred maintenance projects to ensure the health and safety of students and faculty at our campuses as well as the stabilization of the Section 13 Offset Program. State system institutions are prioritizing deferred maintenance projects, and this additional funding will allow colleges and universities to address needed capital upgrades.

STEM Summer Academies: (\$500,000) This funding will be used to restore of the number of grants provided by the State Regents for the delivery of Summer Academies in Science, Technology, Engineering, and Math from 25 academies to 34 academies annually. STEM Summer Academies engage K-12 students in STEM programs on college and university campuses with the ultimate goal of increasing interest, preparation for, and enrollment in collegiate degree programs in critical STEM shortage subject areas.

FINANCIAL AID AND SCHOLARSHIP PROGRAMS: \$13.8 million

Concurrent Enrollment Tuition Waiver Program: (\$4.0 million) The Concurrent Enrollment Tuition Waiver Program currently provides tuition waivers to qualified high school students enrolled in up to 18 credit hours of college coursework during their senior year. The concurrent enrollment tuition waiver program allows outstanding juniors and seniors to earn college credit while still in high school, which strengthens student preparation, reduces family college costs, and decreases the time required to complete a degree. In the last academic year, there were over 14,000 students enrolled in concurrent courses, generating more than 132,000 credit hours. Currently, Oklahoma's public colleges and universities are only reimbursed 95.1 percent of the cost of providing high school senior concurrent enrollment tuition waivers. The current funding level is not sufficient for the program to be expanded to cover the provision of concurrent enrollment tuition waivers for up to 9 credit hours to qualified high school juniors. The request of an additional \$4.0 million will provide the estimated funding needed to fully reimburse institutions for concurrent enrollment tuition waivers to both high school seniors and juniors.

Scholarship Restoration: (\$7.8 million) This request restores funding for three scholarship programs administered through the State Regents, which have been reduced up to 27 percent since FY2015 due to reductions in state appropriations to the State System of Higher Education: 1.) \$2.0 million will be used to restore tuition waivers for National Guard members through the National Guard Tuition Waiver Program. Currently, colleges and universities are only reimbursed 48.6 percent of the costs of providing National Guard Tuition Waivers. This request will fully reimburse the institutions for providing these waivers. 2.) \$1.1 million will be used to provide the statutory award amount to math and science teachers that have committed to and completed five years of teaching math or science in K-12 schools. Due to budget reductions, the current award amount is only \$8,200 while the statutory award amount should be \$18,734. These awards incentivize teacher education graduates to remain in the education field, which helps address the critical shortage of teachers in Oklahoma's K-12 schools. 3.) \$4.7 million is requested to restore the need-based Oklahoma Tuition Aid Grant to the FY2015 funding level. This funding would support approximately 4,700 additional awards and would help our institutions with student retention and degree completion.

Adult Degree Completion and Workforce Re-entry Scholarships: (\$2.0 million) Despite significant declines in state fiscal support for higher education, Oklahoma's public colleges and universities continue to support the effort to increase the educational attainment level of our state's citizens through the production of college degree and certificate graduates. There are thousands of Oklahoma adults that need a college degree or short-term credential to not only gain employment but also meet the state's workforce demands. Adult students face unique challenges in attending college, whether it's their initial enrollment or they are returning to college to finish their degree. These common barriers to adult degree attainment include lack of disposable income to cover the costs of tuition, fees, and books, which increases the need to obtain student loans; child care and family obligations; and part-time or full-time employment. As Oklahoma's adult students contend with these challenges as well as the current COVID-19 pandemic, prioritizing educational expenses is difficult. Past research on financial needs for Oklahoma students found that scholarships of up to \$1,000 per semester were significantly related to motivating students to finish their college degree. This request would provide scholarship funds to each college and university to target at least 1,000 students near degree completion or those needing industry-recognized micro-credentials or certificates to increase employment opportunities.

ENDOWED CHAIRS STATE MATCHING PROGRAM: \$10.42 million (Bond Debt Service)

Endowed Chairs Matching Program: (\$10.42 million) The Endowed Chairs Program at Oklahoma's public research universities, regional universities, and two-year colleges provides support for research activities, faculty recruitment, lecture series, cultural programming, and innovative activities that enhance and strengthen educational experiences for college students. The benefits of the program include improving academic quality for students, increasing the ability for participating colleges and universities to recruit and retain outstanding faculty, and supporting research and economic development initiatives for the State of Oklahoma. Funding in the amount of approximately \$10.42 million (current estimate as of October 14, 2020) is requested to support the payment of debt service for a bond issuance to cover the \$161 million backlog of accounts awaiting state matching funds through the Endowed Chairs program. The current matching backlog includes gifts donated as far back as 2008 and consists of endowment accounts at 17 state system institutions. The disciplines represented in these accounts include medical/health fields, engineering, business, animal science, computer science, education, geophysics, law, chemistry, meteorology, fire protection science, music, and arts, among others.

A summary of the budget need request is provided in the following chart.

**Oklahoma State Regents for Higher Education
FY'22 Budget Need**

	<u>FY'22 OSRHE Budget Need</u>
FY'21 Appropriation	\$770,414,742
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FY'22 Budget Need	
1. STEM Workforce Development Initiatives	\$33,800,000
a. Initiatives to Meet Engineering Workforce Needs - \$10.5 million	
b. Initiatives to Meet Nursing Workforce Needs - \$12 million	
c. Initiatives to Expand Physician Residency Slots - \$7 million	
d. Initiatives to Meet Teacher Education Shortage - \$2.5 million	
e. Initiatives to Develop Micro-credentials and Rapid Re-employment Strategies - \$1.8 million	
2. Operational Cost Increases	\$30,800,000
a. System-wide Mandatory Fixed Cost Increases - \$24 million	
b. Deferred Maintenance for Campus Infrastructure (Section 13 Offset) - \$6.3 million	
c. STEM Summer Academies - \$500,000	
3. Financial Aid and Scholarship Programs	\$13,800,000
a. Concurrent Enrollment Program - \$4 million	
b. Restoration of Scholarship Programs - \$7.8 million	
i. National Guard Tuition Waiver Program - \$2 million	
ii. Teacher Shortage Employment Incentive Program - \$1.1 million	
iii. Oklahoma Tuition Aid Grant - \$4.7 million	
c. Adult Degree Completion and Workforce Re-entry Scholarship - \$2 million	
4. Endowed Chairs State Matching Funds Debt Service	\$10,420,000
a. Endowed Chairs State Matching Funds Backlog - \$161 million	(Bond Debt Service)
FY'22 Total Budget Need	\$859,234,742
\$ Difference from FY'21 State Appropriations	\$88,820,000
% Difference from FY'21 State Appropriations	11.5%

Pursuant to Title 62, Section 34.36 of Oklahoma Statutes estimates of budget need increases for subsequent fiscal years are as follows:

FY'23 Total Budget Need Increase - \$68.7 million above FY'22 Total Budget Need

FY'24 Total Budget Need Increase - \$74.2 million above FY'23 Total Budget Need

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AGENDA ITEM #7:

Public Agenda.

SUBJECT: Approval of the State Regents' 2021 Public Agenda.

RECOMMENDATION:

It is recommended that the State Regents approve the 2021 Public Agenda, as described below.

BACKGROUND:

The public agenda is developed to provide a better understanding of the critical policy issues, goals and objectives that shape the direction of the Oklahoma state system of higher education. It is based on the needs of the state as identified through ongoing strategic planning and describes the major initiatives in place to achieve policy objectives.

POLICY ISSUES:

This action is consistent with State Regents' policy.

ANALYSIS:

The 2021 Public Agenda identifies the objectives and key initiatives that will allow Oklahoma to increase its number of college graduates, enhance access and improve the quality of public higher education, and strengthen student preparation to meet the challenges of a global economy.

Objectives

- Implement Complete College America initiatives to increase the number of degrees and certificates earned in Oklahoma by 67% by 2023.
- Enhance capacity to successfully enroll, retain and graduate students.
- Increase systemwide efficiencies and cost savings.
- Strengthen financial support for Oklahoma college students.
- Improve instructional quality and mathematics success.
- Utilize performance funding to enhance student success and academic quality.
- Target economic development activities to support economic growth.
- Advance access to and quality of technologies to support systemwide programs and services.

Key Initiatives

- Task Force on the Future of Higher Education
- Oklahoma's Promise
- Concurrent Enrollment
- Workforce Development
- OKcollegestart.org
- GEAR UP
- Adult Degree Completion
- OneNet
- Online Education Task Force
- Campus Safety and Security Task Force

(Supplement)

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AGENDA ITEM #8:

Legislative Agenda.

SUBJECT: Approval of the State Regents' 2021 Legislative Agenda.

RECOMMENDATION:

It is recommended that the State Regents approve the 2021 Legislative Agenda, as described below.

BACKGROUND:

The Legislative Agenda is developed as a guideline to frame issues of interest to the Oklahoma state system of higher education that could be addressed by the Oklahoma Legislature.

POLICY ISSUES:

This action is consistent with State Regents' policy.

ANALYSIS:

The 2021 Legislative Agenda sets forward the following list of issues of interest to the Oklahoma state system of higher education, which may be brought before the Oklahoma Legislature during the 2021 Legislative Session.

- **Concurrent enrollment.** The concurrent enrollment program allows outstanding juniors and seniors to earn college credit while still in high school. An important component of Oklahoma's nationally recognized Complete College America strategic plan, concurrent enrollment improves college readiness, lowers family costs for college and reduces the time required to complete a degree. FY20 funding provided the opportunity to fully fund the concurrent enrollment program for high school seniors. To fully fund concurrent enrollment for high school juniors will require an additional investment of \$4 million.
- **Endowed chairs.** The endowed chairs program, which supports faculty chairs, professorships and lectureships to improve the quality of instruction and research, has enabled colleges and universities to attract approximately \$671 million in private gifts and develop meaningful public/private partnerships. Research clusters and disciplines include cancer, diabetes, mental health, neonatology, fire protection science, engineering, business, computer science, geophysics, chemistry, and meteorology. Currently, accounts in the backlog for state matching funds total \$161 million for 17 institutions statewide.
- **Workforce and economic development initiatives.** Degree and certificate program production in critical STEM disciplines has increased 54% over the last nine years. Workforce initiatives going forward will focus on continued growth in nursing, medicine, allied health, science, technology, engineering, teacher education and business. Strategic innovations include development of

microcredentials, which provide alternative learning pathways that are directly aligned with high-demand skills requested by employers.

- **Oklahoma’s Promise.** The state system of higher education strongly supports protecting the dedicated funding source for Oklahoma’s Promise, which has been named by the Southern Regional Education Board as a top promise scholarship program in the nation.
- **No weapons on campus.** Oklahoma higher education supports the second amendment and gun ownership. Under the current law, campus presidents have the discretion to permit the carrying of weapons on campus when an exception is warranted. The State Regents and our 25 public colleges and universities strongly believe that the current law is working, and that expanding authorization to carry weapons on campus would create a more dangerous environment for students, faculty, staff and visitors. Maintaining the current law regarding weapons on campus will continue to be a state system priority in partnership with the business community.
- **Task Force on the Future of Higher Education.** Work continues to implement the cost-saving, innovative strategies reflected in the recommendations issued by the State Regents’ Task Force on the Future of Higher Education in 2018. Advancements to date include completion of college and university long-term fiscal viability reviews, full funding for the concurrent enrollment program for high school seniors, initial implementation of systemwide predictive analytics, and development of a review protocol for Open Educational Resources for students.
- **Complete College America.** Oklahoma’s public and private institutions and career technology centers continue working to reach the state’s goal of increasing the number of degrees and certificates earned through our Complete College America initiative. Despite budget cuts to public higher education exceeding 26% since inception of our state’s CCA initiative, degree and certificate completion has increased by more than 98% of the target benchmark to date.
- **OneNet.** Driving digital learning, OneNet provides the technology and connectivity necessary to support advanced higher education academic research and enhance the quality and delivery of online education opportunities in changing learning environments. OneNet operates Oklahoma’s most advanced research, education and technology network, providing the infrastructure required for high-speed broadband services at an equitable rate.

(Supplement)