



## CHAPTER 4 - BUDGET AND FISCAL AFFAIRS Table of Contents

Last Updated - 3/17/2023

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#### **4. BUDGET AND FISCAL AFFAIRS**

##### **4.1 EDUCATIONAL AND GENERAL BUDGETS**

###### **4.1.1 Constitutional and Statutory Provision**

Article XIII-A, Section 2, of the Oklahoma Constitution specifies that the Oklahoma State Regents for Higher Education shall recommend to the State Legislature the budget allocations to each institution. In order to fulfill this Constitutional requirement, the State Regents engage in extensive and continuing research and evaluation involving budgetary needs in The State System as a basis for the recommendation made to the Legislature.

###### **4.1.2 Guidelines and Approach**

Preparation of the budget entails considerable research and study on the part of the State Regents. In arriving at the needs of institutions, it is necessary to gather and consider information about such factors as functions and educational programs of institutions, the student enrollment of institutions, faculty and staff manpower requirements, faculty salaries, and the like.

###### **4.1.3 Guiding Principles**

- A. Oklahoma should support the educational programs of institutions in The State System at such level that will provide high-quality educational performance.
- B. Calculations of funding provided to State System institutions should:
  - 1. recognize the higher education needs of the state
  - 2. recognize the unique roles and missions of the institutions
  - 3. achieve equity between and among institutions
  - 4. provide confidence that funding accurately represents institutional needs
  - 5. reflect actual enrollment changes at institutions
  - 6. recognize that there are minimum funding needs of each institution to provide quality services to students
  - 7. include an incentive and performance component
  - 8. be as simple and transparent as possible
- C. Full-time-equivalent enrollment data should be based on either the average enrollment of the three most recent years, or the most recent full year (summer, fall, and spring terms), whichever is greater. An undergraduate FTE student shall equal thirty (30) student credit hours; a master's level student shall equal twenty-four (24) student credit hours; and a doctoral FTE student shall equal 20 credit hours.

###### **4.1.4 Basic Factors of Consideration in Determining Incentive and**

## Performance Funding

- A. Function of the Institution and its Respective Educational Programs
1. Research Universities--The University of Oklahoma and Oklahoma State University - While the curriculums at the two research universities vary in emphasis of programs offered in all levels of study, faculty personnel, facilities, and other accommodations required to service these programs generally are similar in cost, and basic budget requirements per student by level for like-type programs are interpreted in the same manner. Functions of the two state research universities include both lower-division and upper-division undergraduate study in a number of curriculums leading to the bachelor's degree graduate study in several fields of advanced learning leading to the master's degree and the doctor's degree organized basic research statewide programs of extension study and public service.
  2. Large Regional Universities (3,500 FTE or Greater) -- University of Central Oklahoma, East Central University, Northeastern State University, Southeastern Oklahoma State University, Southwestern Oklahoma State University, Rogers State University and Cameron University - Because functions of large regional universities generally are the same, the basic budget requirements per student by level for like-type programs are interpreted in the same manner. Functions of these eight institutions include both lower-division and upper-division undergraduate study in several fields leading to the bachelor's degree graduate study in selected programs below the doctoral level of study with the exception of the Doctor of Optometry at Northeastern and the Doctor of Pharmacy at Southwestern. Cameron University has been authorized to offer an AAS program in education and continuing education programs in the various fields of study.
  3. Smaller Regional Universities (less than 3,500 FTE) -- Langston University, Northwestern Oklahoma State University, Oklahoma Panhandle State University, and the University of Science and Arts of Oklahoma. - For all three of these institutions, basic budget requirements are based on the cost per student by level for like-type programs. Functions of these three institutions include both lower-division and upper-division undergraduate study in several fields leading to the bachelor's degree.
    - i. Langston University was established in 1897 as a separate land-grant institution for men and women of color. However,

The State System was desegregated in 1954, and the institution was assigned a new set of functions to benefit a much broader segment of the Oklahoma population. Langston's primary mission is to provide educational programs and services designed to prepare students for life and work in an urban environment, including programs of liberal arts, teacher education, health sciences, and agriculture. The institution is also authorized to offer the Doctor of Physical Therapy.

- ii. At Panhandle, emphasis is given to agriculture and the mechanical arts, although the program of studies includes the usual fields of undergraduate education in the four-year college study program.
  - iii. For University of Science and Arts of Oklahoma the State Regents adopted Resolution No. 384 in July of 1965 changing the functions and standards of admission at this institution (previously Oklahoma College for Women) whereby both men and women students would be admitted to pursue four years of study in the liberal arts culminating with the bachelor's degree. In November of 1966, the State Regents approved the institution's request to become an experimental college operated on a trimester schedule, with select curriculums for students of special promise who wish to accelerate their college learning experience.
4. Oklahoma State University Center for Health Sciences - In 1972, Senate Bill No. 461 was enacted into law which provided for the establishment, development, and operation of The Oklahoma College of Osteopathic Medicine and Surgery, now Oklahoma State University Center for Health Sciences, in Tulsa as a fully constituent member institution of The Oklahoma State System of Higher Education with functions, programs of study, and standards of education for the college prescribed by the Oklahoma State Regents for Higher Education pursuant to Article XIII-A of the Constitution of Oklahoma. The Legislature expressed intent that emphasis be given in the education programs of this

institution to the training of Doctors of Osteopathic Medicine in the field of general practice. The budget for this institution is determined on the basis of needs to operate and establish courses and other requirements as the institution continues to develop.

5. Community Colleges with Enrollment less than 3,500 FTE Students. Carl Albert State College, Connors State College, Eastern Oklahoma State College, Redlands Community College, Murray State College, Northeastern Oklahoma Agricultural and Mechanical College, Northern Oklahoma College, Seminole State College, and Western Oklahoma State College - Under the provisions of House Bill 1049 of the 1973 Oklahoma Legislature, Carl Albert State College and Seminole State College were established by the Oklahoma State Regents for Higher Education as integral parts of The Oklahoma State System of Higher Education in 1973. Redlands Community College became a full-fledged member institution of The State System in 1974 under the provisions of House Bill No. 1497 of the 1974 Oklahoma Legislature. These state community colleges' basic budget requirements are based on the cost per student for like-type programs and have similar functions in that they provide undergraduate, lower-division study with emphasis on programs to achieve these purposes
  - i. provide general education for all students
  - ii. provide education in several basic fields of study for the freshman and sophomore years for students who plan to transfer to senior college and complete requirements for the bachelor's degree
  - iii. provide terminal education in several fields of vocational and technical study
  - iv. provide both formal and informal programs of study especially designed for adults and out-of-high-school youth in order to serve the community generally with a continuing education opportunity
  - v. offer one- and two-year transfer and technical programs leading toward certificates of accomplishment and associate degrees
6. Community Colleges with Enrollments of Greater than

3,500 FTE Students. Oklahoma City Community College, Rose State College and Tulsa Community College. Under the provisions of House Bill 1049 of the 1973 Oklahoma Legislature, Rose State College was established by the Oklahoma State Regents for Higher Education as an integral part of The Oklahoma State System of Higher Education in 1973. Oklahoma City Community College became a full-fledged member institution of The State System in 1974 under the provisions of House Bill No. 1497 of the 1974 Oklahoma Legislature. These state community colleges' basic budget requirements are based on the cost per student for like-type programs and have similar functions in that they provide undergraduate, lower-division study with emphasis on programs to achieve these purposes

- i. provide general education for all students
- ii. provide education in several basic fields of study for the freshman and sophomore years for students who plan to transfer to senior college and complete requirements for the bachelor's degree
- iii. provide terminal education in several fields of vocational and technical study
- iv. provide both formal and informal programs of study especially designed for adults and out-of-high-school youth in order to serve the community generally with a continuing education opportunity
- v. offer one- and two-year transfer and technical programs leading toward certificates of accomplishment and associate degrees

70 O.S. 4420.1B provides that the State Regents shall not take the ad valorem tax revenue of a college area vocational-technical district into consideration when allocating state appropriated funds.

7. The University of Oklahoma Health Sciences Center, University of Oklahoma Law Center, Oklahoma State University College of Veterinary Medicine, Oklahoma State University Agricultural Experiment Station, Oklahoma State University Agricultural Extension Division, Oklahoma State University Technical Branch-Okmulgee, and Oklahoma State University-Oklahoma

City - Each of these seven other constituent agencies of The State System has a unique function which it performs as a closely related part of public higher education in Oklahoma. The specialized function of each agency is implied in its title. A unique approach is required in deriving its budget need.

- B. Calculation of incentive and performance funding should be based on:
1. increases in non-cohort total of degrees and certificates conferred by an institution in an academic year
  2. increases in first time full time graduation rate
  3. increases in progression rate as calculated by the successful transfer of a student from a two year institution to a four year institution
  4. increases in retention from freshman to sophomore year of first time full time students
  5. increases in retention from freshman to sophomore year of first time full time students receiving Pell grants
  6. increases in the number of students earning 24 hours of college level credit in the first academic year
  7. percent of the Complete College America target goal for a campus reached each year not to exceed 100 percent
  8. submission of a college completion plan as a component of the institutional academic plan
  9. program accreditation
- C. Hold Harmless Provisions.
1. No institution with state funding over 100 percent of its budget shall receive additional state funds.
  2. Local funding sources will be excluded from computation of budget need.
  3. Each fiscal year, a minimum of ten percent of all new funds received from legislative allocation shall be set aside to go toward equity adjustments.
  4. The concept of APRA will be continued to allow institutions to delete programs and not lose resources.
  5. Institutional base budgets shall be "held harmless" as new funds are allocated.
- D. Finalizing the Budget Proposal
1. The State Regents review and analyze in detail the budget needs data submitted by each agency. The agency data are analyzed for guides to proposals of

general applicability in accomplishing functions of The State System. Specific items of information are identified to be considered with similar items derived from the results of the State Regents' research in making final budgetary decisions.

2. In September, the State Regents' staff completes research bearing specifically on the budget year being developed. The completion of the research provides data which, when combined with data resulting from the agencies' budget needs data, becomes the base from which projections are made into the budget year and needs for that year are determined. State Regents staff also compiles information about needs for systemwide programs such as scholarships, grant programs, matching programs and services to institutions, such as OneNet.

E. State Regents' Adoption and Publication of the Budget Needs

1. At the October meeting, the State Regents formally consider and adopt the budget needs for the State System to be recommended to the Legislature for the upcoming fiscal year, based upon a budget needs survey submitted by each institution and an analysis of funding at peer institutions. The needs of the entire State System are presented to the Director of State Finance and to the Director of the Legislative Service Bureau pursuant to 62, O.S. § 41.34.36, and to the Oklahoma Legislature convening in January as provided by the Oklahoma Constitution.

F. Recommendation of Budget Needs to the Legislature

1. Constitutional and Statutory Provision Article XIII-A, Section 2, of the Oklahoma Constitution directs the State Regents to submit recommended budget allocations for each institution in The State System to the Legislature.
2. Distribution of the Budget Needs Information Beginning with the initial January distribution of the budget needs documents to each Legislator, the Chancellor actively seeks opportunities to follow up the distribution with additional explanations and elaborations. Normally the Education Committees and the Appropriations and Budget Committees of the House of Representatives and the Senate invite the Chancellor to appear at one or more hearings to aid in their understanding and evaluation of the needs of The Oklahoma State System of Higher Education. Individual Legislators are provided explanations of the budget needs as they seek information from the State Regents' office. The State Regents' responsibility for presenting recommendations to the Legislature continue beyond the distribution of the



budget needs document to each Legislator. The State Regents, acting through their chief administrative officer, the Chancellor, actively pursue the budget needs presentation to the Legislature until the appropriation to the State Regents is passed by the Legislature.

G. Allocation of Funds

1. Constitutional and Statutory Provision Article XIII-A, Section 3, of the Oklahoma Constitution specifies that the appropriations made by the Legislature for all higher education institutions shall be made in consolidated form without reference to any particular institution and the State Regents shall allocate to each institution according to its needs and functions. Title 70, O.S. § 3903 (a) (2001) provides that the State Regents shall allocate to each institution and agency in The State System, from the consolidated or lump sum appropriation made by the Legislature, an amount sufficient to meet the needs and functions of the institution or agency for the entire fiscal year in a lump sum. From the consolidated appropriation, the State Regents determine the allocations for debt service, scholarships, OneNet and other systemwide allocations. The allocation of state appropriations to each institution for educational and general operations is based upon each institution's budget need as a proportion of the total budget need within the increased state appropriations available. In 70, O.S. § 3903 (d) all income available to an institution or agency for Educational and General purposes, defined by law as Revolving Fund income, is appropriated to the State Regents for allocation and shall be used to operate as a continuing non-fiscal appropriation which may be expended for Educational and General purpose for which appropriated funds may be expended, if allocated and allotted in accordance with the Oklahoma Budget Law of 1947.
2. Formal Resolutions and Notification The State Regents make allocations of both state-appropriated funds and revolving funds for the support of the educational and general budget. The allocations are made in lump sum according to each agency's needs and functions. Allocations of state-appropriated funds and allocations of revolving funds for all agencies are made by formal resolutions of the State Regents. Notification of the amount of state-appropriated funds and the amount of revolving funds allocated to each of the agencies in The State System is made to each institution and to the Director Office of Management and Enterprise Systems in the form of formal written resolutions. The resolutions specify the amounts allocated to each

agency, the source of the funds, and the legal authority for the allocation. With the allocation notification is included information setting the date by which the agencies submit their budget forms for allotment purposes showing the proposed budget by function, by object, by educational department and by quarter of the year. Form SR-A3 is sent with the allocation notice to provide a specific guide to the institution's development of its proposed budget as a basis for allotment.

H. Allotment of Funds

1. Constitutional and Statutory Provisions Title 62, O.S. § 41.34.53, containing the Oklahoma Budget Law of 1947, provides that The Oklahoma State System of Higher Education, established by Article XIII-A of the Oklahoma Constitution, shall operate an allotment system similar to the procedure set out in this Act for other agencies of the state except that the Oklahoma State Regents for Higher Education shall be substituted for the Director of Office of Management and Enterprise Systems in connection with approving allotment requests of the constituent institutions comprising The Oklahoma State System of Higher Education. The account classification for The State System of Higher Education shall conform as nearly as possible to the classification of accounts recommended by the National Association of College and University Business Officers for institutions of higher education. The amount allocated to each institution for each fiscal year in accordance with Article XIII-A of the Oklahoma Constitution shall be made in a lump sum without regard to uniform budget or accounting classification, but shall not be available for expenditure until subsequently allotted by the State Regents in accordance with the uniform budget and accounting classifications recommended by the National Association of College and University Business Officers. Prior to the beginning of the fiscal year on a date determined by the State Regents, each of the constituent institutions shall file with the State Regents its request for appropriation allotments for each of the purposes for which expenditures are to be made. Such requests shall be broken down to conform to the uniform budget or accounting classifications recommended by the National Committee on Standard Reports. Each institution's request for appropriation allotments shall show the amount required to finance each item of the request for the entire year and for each quarter or each six-months period within the fiscal year, as required by the Budget Director. The same general provisions are also contained in the Oklahoma Higher Education Code in 70 O.S. §3903 (2001).

2. In accordance with the above provisions and with the National Association of College and University Business Officers publication, the State Regents have adopted the following system-wide functional national classifications for budgetary purposes: instruction, research, public service, academic support, student services, institutional support, physical plant operations and scholarships and fellowships. The listing of the functional categories includes subordinate objects of expenditure, established in conjunction with the Office of Management and Enterprise Systems.

- i. Salaries and Wages Benefits
- ii. Professional Services
- iii. Travel
- iv. Utilities
- v. Supplies and Other Operating Expenses  
Property, Furniture and Equipment  
Library Books and Equipment
- vi. Scholarships and Fellowships

3. Form SR-A3 was developed to assist the State Regents in procedurally implementing the legal requirements with respect to an institution's budget as the basis for allotments. It contains all of the elements specified in the citations above. The form is divided into the following schedules

Schedule A represents expenditures by budget function.

Schedule B presents expenditures by object.

Schedule C presents income by source.

Schedule D presents selected statistical and financial data concerning faculty and enrollment.

Schedule E presents expenditures by function by object.

Schedule F presents expenditures by object group by quarter.

4. Each institution's and each constituents agency's budget as a basis for allotment is submitted to the State Regents preceding the beginning of the fiscal year July 1. The State Regents analyze the proposed expenditures for conformity to the agency's functions, programs, and the timing of availability of funds. The accepted budgets are formally approved at the June meeting of the State Regents. Copies of the approved budget are filed with the Director of the Office of Management and Enterprise Systems prior to July 1. The Director of the Office of Management and Enterprise Systems enters into his or

her records the allotments, by budget function, for the budget year. Effective July 1, the director activates the first quarter allotments shown on the agency's approved Schedule F. At the beginning of each quarter of the budget year thereafter, the Director of the Office of Management and Enterprise Systems activates the appropriate allotments based on the approved Schedule F.

5. These allotment procedures apply to all budget accounts except the amounts budgeted for Sponsored Research and Other Sponsored Programs which are allotted through Part II of the budget.
6. The purpose of quarterly allotments is to keep the amount of encumbrances within the amounts of anticipated revenues. Consequently, cash should normally be available to fund all allotments made. Therefore, an allotment made but not encumbered during that quarter remains available for encumbrance at any time until the end of the fiscal year.
7. The educational and general budget is similar to the operating budgets for all state agencies in the respect that it is limited to one fiscal year. Therefore, any portion of the budget not used during a fiscal year lapses at the close of that fiscal year on June 30. Consequently, with the exceptions specified below, all obligations incurred during a fiscal year are entered as encumbrances against available unencumbered allotment balances prior to the close of business June 30. The only exceptions to use of unencumbered balances subsequent to June 30 are payments of certain "nonencumbrance" items representing obligations incurred prior to July 1, but not of the type for which encumbrance documents are issued. These items include payment for personal services performed prior to July 1, reimbursable travel performed prior to July 1, and the like. These items must be processed through the Office of Management and Enterprise Systems for payment not later than November 15 following close of the fiscal year. The Director of the Office of Management and Enterprise Systems clears from his records unencumbered allotment balances on November 15 following June 30 of the fiscal year for which the allotments were made.

I. Supplemental Allocations and Allotments

1. Revolving Funds

In exceptional cases agencies find it necessary to request supplemental allocations from revolving funds. As a general rule the budget approved at the beginning of the fiscal year encompasses the designated work load of the

institution.

Collections of revenues by an institution in excess of the amounts anticipated and allocated by the State Regents would normally remain in the revolving fund for allocation and allotment as needed in future fiscal years. If, however, sufficient need exists in the current year for supplemental allocations of revolving funds, and if sufficient revenues are available either from prior years' surplus or from current year's income, the institution may request a supplemental allocation. The procedure for the request is to file Form SR-A5. This form, together with an appropriate explanatory letter from the president of the institution, are submitted to the State Regents for consideration. If the request is granted, the State Regents make the allocation by formal resolution, file copies of the resolution with the Director of the Office of Management and Enterprise Systems, and issue a copy to the institution. The funds are budgeted and allotted as explained below, in order to be encumbered and expended.

2. Budgeting and Allotting

Following a supplemental allocation, the institution must file a revised educational and general budget as a basis for allotment. The revised budget is filed with the State Regents on Form SR-A5, Schedules A, B, C, and F. After approving the revised budget, the State Regents file a copy of the approved revised budget with the Office of Management and Enterprise Systems where the revised Schedule F becomes the basis for subsequent allotment activation. The approved revised budget becomes the new guide to the institution in its program of expenditures.

J. Budget Revisions During the Fiscal Year

1. Title 62, O.S. § 41.34.53 outlines the procedures followed with respect to budget allotment revisions authorizing the administrative head of any department, institution, or agency to request that any item of the current appropriation, or appropriation allotment, work program, or work program allotment, etc., be transferred to any other item within the same department, institution, etc., with approval or rejection at the discretion of the Director of the Office of Management and Enterprise Systems.
2. Exercise of competent planning in the original budget and careful adherence to the planned activities keeps the need for budget revisions during the year to a minimum. It is recognized, however, that circumstances may justify budget object revisions which require allotment changes

without changes in the total budget allocations. An institution faced with the need for a budget revision files a letter of request with the State Regents. The explanatory letter request serves as a transmittal letter for the revised budget Form SR-A5. Only those schedules affected by the revision are filed. In all cases, Schedules A and F will be filed. If changes in objects of expenditures are to be made, Schedule B is also filed. If changes in revenues are known, Schedule C is also filed. Upon approval by the State Regents, the revised Schedule F becomes the basis for subsequent allotment activation. The approved revised budget becomes the new guide to the institution in its program of expenditures.

## **4.2 SPONSORED RESEARCH AND OTHER SPONSORED PROGRAMS**

### **4.2.1 Constitutional and Statutory Provision**

- A. Article XIII-A, Section 2, of the Oklahoma Constitution charges the State Regents with the responsibility of determining the functions of institutions within The State System. Section 3 of the same Article authorizes the State Regents to allocate to each institution according to its needs and functions. These legal provisions permit special handling of unique receipts and sets the base for a part of the educational and general budget specifically designed for sponsored research and other sponsored programs.
- B. Title 70 O.S. § 3903 and 62 O.S. § 41.34.53 make the Financial Accounting and Reporting Manual of the National Association of the College and University Business Officers a legal guideline for budgeting and accounting purposes. The manual specifies that budgets for organized research projects and other sponsored programs should also be prepared and adopted and an effective means of controlling expenditures in these budget areas should be used, although the methods adopted may differ from those used for the annual operating budget. Budgets for restricted current funds should also be included, even though their timing may or may not correspond to the fiscal year. The amounts of anticipated expenditures from restricted funds during the fiscal year should be shown so that the total current operations will be discovered in the annual budget.
- C. These citations provide for and anticipate a separate treatment of special classes of items. These classes are budgeted in The State System budgetary accounts as sponsored research and other sponsored programs.

### **4.2.2 Guidelines**

- A. A general guide to classification of items is that all educational and general programs properly belong in the regular educational and general budget unless specific provision is made for special

classification. This guide anticipates that revenues generated from all educational and general programs will be considered as revolving fund income to support the educational and general budget unless specific provision is made for special classification. In The State System, provision has been made for special classification of sponsored research and other sponsored programs meeting selected criteria established by the State Regents. Programs given this special classification give rise to overhead reimbursement to the regular educational and general budget, which is properly included in revolving fund income estimates. These programs also give rise to income to pay direct costs of the programs. This income is not considered in projecting revolving fund income estimates.

- B. To be classified as sponsored research or other sponsored programs, activities must be educational and general in nature, unique to the institution in comparison with regular activities at similar institutions in The State System, not a regular activity assigned by the State Regents, of a contract or grant agreement nature, and fully self-supporting. All programs supported by sponsors are not necessarily classified as sponsored research or other sponsored programs. Support for programs which are normally anticipated as a regular function of the institution is regular revolving fund revenue, and the programs would be classified in the appropriate regular budget function.
- C. Items classified as sponsored research or other sponsored programs must be fully self-supporting. This is in keeping with the principle that any activity to be underwritten by general resources of the state constitutes an assigned program and properly belongs in the regular educational and general budget. Funds for expenditures for sponsored research and other sponsored programs must come from external sources and not from regular educational and general budget funds to be reimbursed by the contracting or granting agency. This is in keeping with the principle that regular education and general budget funds support only assigned programs of the institution. Activities budgeted through sponsored research and other sponsored programs must be in addition -- either in type or in extent and quantity -- to those that would prevail in the institution without the contract or grant agreement.

#### **4.2.3 Allocation and Allotment**

- A. Constitutional and Statutory Provision
  - 1. Article XIII-A, Section 3, of the Oklahoma Constitution provides for allocation by the State Regents to each institution according to its needs. This provision is further identified by 70 O.S. § 3206(f), (i), (j), and (m), which provides for allocations according to needs, acceptance of federal funds and grants, gifts, devices, bequests, and other moneys and property from

foundations, corporations, and individuals for disbursement according to the requirements thereof. The cited references also provide that the State Regents shall exercise all powers necessary or convenient to accomplish the purposes and objectives of Article XIII-A of the Constitution of Oklahoma.

2. Title 62, O.S. § 41.34.53 provides that all institutional revenue available for educational and general purposes be allocated and allotted according to statute. It further provides that all forms and accounts classifications shall be mutually agreed upon by the State Regents and the Director of the Office of Management and Enterprise Systems. This provides the basis for developing allocation and allotment forms suitable for sponsored research and other sponsored programs.

B. Budget

1. Form SR-A3 contains sections in Schedules A, B, C, and E, for estimate of amounts to be received and expended during the budget year for all budget functions. The budget thus shows a unified educational and general budget for the year. However, allotments are made for sponsored research and other sponsored programs upon specific request for identified projects or programs as contracts are made by the institution.
2. Funds budgeted as sponsored research and other sponsored programs are allocated and allotted in lump sum. This is accomplished on Form SR-A8, which is filed with the State Regents' office by the institutions after the contract or grant agreement has been signed and the funding is assured. If the items included in the request meet the criteria for classification as sponsored research and other sponsored programs, the request is approved by the State Regents' office and processed to the Office of Management and Enterprise Systems. Both are accomplished with the same form which, when approved, is returned to the institution.
3. The fund used for sponsored research and other sponsored program allocations is number 430. Since all sponsored research and other sponsored program projects allocations and allotments for an institution are entered in the same budget office fund, the institution maintains internal fiscal control over the expenditures on each project to determine financial data with respect to individual projects.
4. Additional information regarding budgeting may be found in the State Regents' *Financial and Business Handbook*, also commonly referred to as *The Red Book*.



## **4.3 REVOLVING FUNDS**

### **4.3.1 Constitutional and Statutory Provision**

- A. Title 70, O.S. §3901 established in the State Treasury of Oklahoma a Revolving Fund for each institution and other budget agency of The Oklahoma State System of Higher Education into which revenues of an educational and general budget nature collected at the campus level are deposited. These funds generally include student fees and tuition, sales and services of educational departments, certain Federal funds and all other income available to the institution or budget agency for educational and general budget support as defined in the uniform budget and accounting classifications recommended by the National Committee on Standard Reports.
- B. Title 62 O.S. § 41.34.53, the State Budget Law of 1947 relating to The Oklahoma State System of Higher Education, charges the State Regents with the responsibility of estimating income to institutions' revolving funds to be applied toward meeting the educational and general budget needs of the institution or budget agency for the ensuing fiscal year. The difference in the estimated revolving funds available and the total budget needs of the institution is requested to be appropriated by the Legislature from the state General Revenue Fund. This statute also delegates appropriating powers to the State Regents to allocate and allot the revolving funds in the same manner that state-appropriated funds are allocated and allotted.

### **4.3.2 Administration of the Revolving Fund Law**

- A. In the statutes cited above, the State Regents are directed to prescribe appropriate rules and procedures for the administration of the Revolving Fund Law. Accordingly, the following principles and procedures shall serve as guidance for the State Regents and institutions in the administration of the Revolving Fund Law.
  - 1. The State Regents will request institutions to submit an estimate of revolving fund revenue expected to be available for the ensuing fiscal year at the time of the submission of the budget prior to the beginning of the fiscal year.
  - 2. The amount of funds considered being available for support of the ensuing fiscal year's educational and general operating budget will include estimated income for the year plus any surplus funds which may be expected to exist in the revolving fund at the end of the current fiscal year.
  - 3. Each institution and other budget agency will be expected to maintain a reasonable reserve in the

revolving fund at the end of the fiscal year June 30 to provide adequate cash flow for funding the revolving fund part of the new fiscal year's operating budget in order that the budget may be immediately functional at the beginning of the fiscal year. Normally the reserve should equal a minimum of 1/12 of the total allocated budget for the fiscal year.

4. Any institution or other budget agency whose actual income to the revolving fund exceeds the amount allocated by the State Regents for support of the E&G budget in a given year may request a supplemental allocation for further support of the E&G budget provided the total amount of the budget

B. All institutions and other budget agencies are expected to identify revolving fund revenue as it is collected and make appropriate transfer of this revenue to the institution's revolving fund in the State Treasury at least once each month as provided by state law.

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*Revised June 30, 1978. June 30, 2006 and June 27, 2013.*

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#### **4.4 GOVERNING BOARD OVERHEAD ASSESSMENTS**

##### **4.4.1 Constitutional and Statutory Provision**

A. Title 70 O. S. § 3903(c), provides that governing boards of control are integral parts of institutions under their respective jurisdiction and the Oklahoma State Regents for Higher Education, the coordinating board of control, is an integral part of The State System.

B. This law further provides that each governing board shall assess its operating budget pro rata among the institutions and other budget agencies under its governmental jurisdiction in the event that it does in fact govern two or more institutions and/or constituent agencies. An excerpt of this law follows

Governing boards of control are integral parts of institutions under their respective jurisdiction; therefore, the expenses of boards in carrying out their respective duties shall be paid from the operating budgets of the institutions and other budget agencies under their jurisdiction. In cases where a board is the governing board for two or more institutions and/or other budget agencies, the board shall prorate its operating expenses among the institutions and/or other budget agencies so governed. Prior to the beginning of the fiscal year, each board shall prepare a budget, setting out in detail its necessary expenses for the entire

fiscal year and shall, not later than July 1, file a copy of its budget with the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Director of the Office of Management and Enterprise Systems, and the Legislative Services Bureau. Said budget shall include all full-time-equivalent positions in each activity or division and an itemization of all sources of income used for operations and programs. Each board shall revise the budget, if necessary, and provide said revisions to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Director of State Finance, and the Legislative Services Bureau not later than January 1 of each year. In cases where a board has jurisdiction over two or more institutions or budget agencies, it shall, not later than July 1, notify the president of each institution as to the amount of its pro rata share of the board's expense budget that will be assessed against the institution and/or other budget agency during the fiscal year.

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*Revised June 1994; February 18, 2000 and June 27, 2013.*

## **4.5 TECHNOLOGY TRANSFER**

### **4.5.1 Purpose**

Pursuant to the Technology Transfer Act in 70 O.S. §3206.3, the State Regents hereby establish a model policy to be adapted by the governing board of each institution active in technology transfer or the commercial development of knowledge. Further, the State Regents establish policies to encourage institutions to engage in technology transfer and to compile information on research, including research that may qualify for protection under federal and state intellectual property laws. Further, the State Regents require compilation of information on revenues and expenditures associated with technology transfer and financial relationships between the institutions and private business entities.

The purpose of this policy is to establish a model policy to be adapted by the governing board of each institution active in technology transfer or the commercial development of knowledge; to establish policies to encourage institutions to engage in technology transfer and to compile information on research, including research that may qualify for protection under federal and state intellectual property laws; and to define requirements for compilation of information on revenues and expenditures associated with technology transfer and financial relationships between the institutions and private business entities.

The mission of the Oklahoma State Regents for Higher

Education is to build a nationally competitive system of higher education that will provide educational programs and services universally recognized for excellence, expand frontiers of knowledge, and enhance quality of life. Among the goals of the State Regents is the encouragement of economic development, applying scientific, professional, and technological expertise to promote economic progress.

The Oklahoma Constitution confers on the State Regents the responsibility to determine the function of colleges and universities; that is, the allocation of responsibility that commits an institution over a broad sphere of activity for a considerable length of time. The functions of the universities and colleges include varying scopes of research and programs of economic development.

#### **4.5.2** Definitions

The following words or terms, when used in this Subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

“Technology transfer” includes activities and development of intellectual property, which make the results of research available for public use and benefit. For example, technology transfer activities at institutions include, but are not limited to, the following: reports of inventions and discoveries from researchers; reporting the discovery or invention to the sponsor of the research, often the federal government; pursuing ownership of the invention or discovery; marketing the intellectual property to private entities, negotiating and administering license agreements. The license agreement may be with an established business, a non-profit organization or a firm established expressly to commercialize the new technology or product. Technology transfer activities do not normally include artistic and literary creations.

#### **4.5.3** Model Policy

Each governing board of a State System institution that engages in technology transfer shall adopt policies that incorporate the following provisions:

- A. The policy shall provide that the governing board obtains title to inventions or discoveries by persons employed by the institution or by persons employing institutional facilities.
- B. The policy shall provide the circumstances under which the patent or other property rights may be released to the inventor or creator.
- C. The policy shall specify that the use of institutional resources for activities that may benefit a private business entity must be approved and documented by the

appropriate institutional officers. Safeguards must be instituted to ensure that the performance of institutional duties is not compromised and adequate consideration is received for the use of such resources.

- D. The institutional policy shall specify under what conditions the institution will accept equity interest in a private business enterprise. Any equity interest must be acquired in accordance with provisions of law.
- E. The institution's policy shall include a schedule for the distribution of revenues from licensing agreements, royalties and equity, if applicable. The schedule for distribution of revenues shall be formulated to provide personal incentives to inventors.
- F. The policy shall respect fully the academic freedom of faculty and the educational interests of students.
- G. The policy shall be consistent with applicable federal and state law and shall apply to all discoveries or inventions, with the exception of literary or artistic creations, whether patentable or unpatentable, that are made or conceived by any member of the faculty, staff, or student body of the institution, either in the course and/or scope of employment by the institution or substantially through the use of facilities or funds provided by or through the institution. The institution shall take appropriate action to transmit the policy to all parties to whom it applies.
- H. The policy shall apply to all new inventions disclosed to the institution after the adoption of the governing board policy, as well as to those inventions or intellectual property licensed after adoption of the policy, regardless of the date of disclosure.
- I. The governing board shall transmit a copy of the policy to the State Regents.

#### **4.5.4 State Regents Reporting Requirements for Technology Transfer Activities**

- A. Institutions in The Oklahoma State System of Higher Education are encouraged to engage in technology transfer, i.e., to establish ownership of research discoveries and to market actively their intellectual property, whether through licensing agreements with established companies or creation of new companies. Institutions may utilize state appropriations allocated for Educational and General Budgets or allocated through incentive programs to support technology transfer activities. While revenues received from royalties or equity holdings may be distributed for any lawful purpose, institutional policies should reflect that priority

consideration be given to activities that encourage technology development within and transfer from the institution.

- B. The institution shall:
1. provide oversight to ensure adherence to the policy adopted by the governing board;
  2. establish and maintain mechanisms to stimulate technology transfer;
  3. provide legal services as appropriate;
  4. report to the State Regents as requested on forms provided by that office, research activities funded by external entities or the institutions, the results of which have generated new intellectual property; and
  5. report to the State Regents annually on forms provided expenditures of research and development supported by the institution; any financial relationships between the institution and private business entities; any acquisitions of an equity interest by the institution in a private business; the receipt of royalty or other income related to the sale of products, processes or ideas by the institution of a private business entity with which the institution has established a financial arrangement; the gains or losses upon the sale or other disposition of equity interests in private business entities; and any other information regarding technology transfer required by the State Regents.

## **4.6 ECONOMIC DEVELOPMENT GRANT PROGRAM**

### **4.6.1 Purpose**

The purpose of this policy is to establish the procedures for administering the economic development grant program and the guidelines for State System institutions to submit proposals for these funds.

### **4.6.2 Program Objectives**

- A. The Oklahoma State Regents for Higher Education (OSRHE) Economic Development Grant Program supports specific entrepreneurial economic development projects within the Oklahoma State System of Higher Education (State System).
- B. The primary purposes of the Economic Development Grant Program are to promote (1) regional economic development, (2) technology transfer, and (3) professional development and

continuing education in high-priority job classifications.

#### **4.6.3 Program Priorities**

A. Proposals should address one or more of the following topics:

1. Regional Economic Development.

Successful proposals will include collaboration and resource sharing among regional partners, including other higher education institutions, state/local business entities, or public state/local agencies.

2. Technology Transfer.

Successful proposals will demonstrate effective mechanisms for transferring technology from the higher education institution to the private sector, including maximizing speed to market and scouting for intellectual property with potential commercial value.

3. Professional Development and Continuing Education.

Successful proposals will address education and training programs that focus on the needs of new or expanding companies, industry clusters important in the institution's region, or industries that require specialized skills. In constructing these programs, institutions will recognize the need to simultaneously address the immediate and long-term skills sets required by a successful workforce.

#### **4.6.4 Program Authority**

As the State Higher Education Coordinating Board, the OSRHE have the responsibility to allocate funds and to support research, study and planning.

#### **4.6.5 Eligibility Information**

Only institutions of the State System are eligible to submit proposals for the OSRHE Economic Development Grant.

#### **4.6.6 Eligible Use of Grant Funds**

Grant funds may be used for office operations, personnel, equipment, travel and subcontracts to help implement various program components. The grant funds should not supplant institutional funds originally designated to accomplish the same program/project or enhancement.

### **4.7 QUALITY INITIATIVE GRANT PROGRAM**

#### **4.7.1 Purpose**

It is the intent of the Oklahoma State Regents for Higher Education to establish a Quality Initiative Grant Program to support quality initiatives contained in proposals to be submitted by institutions in The Oklahoma State System of Higher Education. The following criteria and procedures will be used by the State Regents to assess the worthiness of projects to be funded under the grant program.

#### 4.7.2 Criteria and Procedures

- A. The proposed project or program should contribute to the accomplishment of one or more priorities or goals previously established by the State Regents.
- B. The grant funds should help either to establish a new program or project of high quality, or to raise an existing program or project to a discernibly higher level of excellence.
- C. The project should be directly related to one or more of the functions and programs of the institution or institutions submitting the proposal.
- D. The project or program being proposed should be designed to have a multiplier effect, either in the sense that the grant provides "seed money" for a more comprehensive grant, or the results of the program are capable of being exported to other institutions or situations.
- E. The project should help to increase the level of excellence or improve the quality of the teaching and learning process in higher education.
- F. The proposing institution should be able to demonstrate that the proposed program or project will continue after the funding has ceased, or that its impact will last measurably beyond the term of the funding grant.
- G. The project should have the endorsement of the institution or agency from which the proposal emanates, as well as the recommendation of peer groups when such recommendation is deemed appropriate.
- H. The proposal should have an evaluation component designed to measure its effectiveness in accomplishing the purposes of the program or project.
- I. The grant funds should not supplant institutional funds originally designed to accomplish the same program or project.
- J. At the completion of a funded project, an abstract will be submitted to the State Regents containing a short description of the project, its outcomes, and a budget summary showing how the funds were expended.

#### 4.7.3 Priorities for Funding

In the event that two or more of the proposals submitted by institutions are of equal merit, the Regents will give priority to the one which promotes closer cooperation between and among institutions, between higher education and other educational sectors, or between higher education and the greater community. Also, a proposing institution's willingness to invest matching funds in the proposal will also weigh in the decision to fund proposals of equal merit.



## **4.8 ESTABLISHMENT, OPERATION AND CONTROL OF PETTY CASH FUNDS**

### **4.8.1 Constitutional and Statutory Provision**

Title 70 O.S. §3903(b) provides that the Oklahoma State Regents for Higher Education, with the approval of the Director of the Office of Management and Enterprise Systems Finance, may allot money to any institution or agency within The Oklahoma State System of Higher Education to establish and operate a petty cash fund. In accordance with this statute no single expenditure shall exceed Five Hundred Dollars (\$500) in amount, and invoices may not be split in order to meet this limitation. Except for payments to sports officials, research participants, refunds to students, competition judges, and temporary farm crews employed at Oklahoma Agricultural Experiment Stations, expenditures from the petty cash fund for personal services, travel reimbursement, or professional services are prohibited. Further, the exemptions for payments to sports officials and refunds to students are limited to only those institutions which have previously been authorized to participate in both the "Alternate Claims Processing" by the Director of the Office of Management and Enterprise Systems and "Remote Warrant Printing" by the State Treasurer. The amount of the petty cash fund shall depend upon the volume of transactions projected by the institution or agency and the timeliness of projected reimbursements from the Office of Management and Enterprise Systems. Every effort shall be made to minimize the amounts maintained in order to maximize the funds available for investment by the State Treasurer.

### **4.8.2 Guidelines**

- A. Each institution or agency has the responsibility to prepare appropriate operating procedures to ensure proper administration of the petty cash fund. The petty cash fund may be utilized in the following forms:
1. The petty cash fund except as provided below will be maintained in an account either in the State Treasury in a designated agency special "P" account or in a local bank (Oklahoma Statutes Title 62, Section 7.2, Paragraph D). Payments from this account will be made upon checks prepared by the institution and cleared through the State Treasury or the local bank.
  2. A portion of the petty cash fund may be allocated as cash to departmental or operating areas for use in making immediate cash payments if properly secured in the department or operating area and in the control of one person, known as the custodian.
  3. A portion of the petty cash fund may be allocated to departmental or operating areas in larger amounts if justified by proximity and operating requirements. Such funds shall be deposited into a local bank in an account assigned to a custodian who will have the responsibility

for proper maintenance of the account. (62 O.S. §7.2, (D))

4. The total of the three preceding forms of petty cash may not exceed the total amount of the petty cash fund approved. The following guidelines shall be used in establishing, using, replenishing, and controlling the petty cash fund.

B. Establishment or Increase of Petty Cash Fund

1. Requests for establishment or increase of a petty cash fund shall be approved by the Oklahoma State Regents for Higher Education and the Director of the Office of Management and Enterprise Systems.
2. Requests to establish a petty cash fund or to increase its amount requires the submission of a letter from the institutional president to the Chancellor of the State Regents for Higher Education, requesting the dollar amount and the need for the fund or increase.
3. All requests shall be approved by the institution's president and the chief financial officer.
4. Only one petty cash fund may be established at each institution or agency.
5. A petty cash fund may be established from multiple sources, but must be controlled as a single fund.

C. Guidelines for Use of Petty Cash Funds

1. Petty cash funds may be used to pay small expenditures not to exceed \$500. Expenditures shall not be made for personal services except for payments to sports officials, research participants, refunds to students, competition judges, and temporary farm crews employed at Oklahoma Agricultural Experiment Stations. Further, expenditures shall not be made for travel reimbursements, professional services, or postage except for small amounts of postage due.
2. Personal services are defined to include all elements of compensation (salary, retirement, insurance, etc.) paid to an employee of the institution and all payments for personal services paid to non-employees of the institution.
3. Travel reimbursements are defined to include all items of travel costs that would ordinarily be paid on a travel claim form.
4. Professional services are defined to include those services within the scope of the practice of architecture, engineering, law, accounting, medicine, or other such services licensed by the state.

5. Postage is defined to include metered postage and postage stamps except for postage due.
6. A petty cash fund shall not be used to cash personal checks or to make loans or advances to employees or other individuals.
7. A petty cash fund may be internally allocated to provide small cash funds to meet departmental or operational needs.
8. Expenditures shall be documented by a copy of a properly authorized invoice which shall be kept on file in the accounting department.

D. Guidelines for Replenishment of Petty Cash Funds

1. A petty cash fund shall operate on an imprest basis and be replenished for disbursements made no less often than biweekly.
2. Replenishment shall be made on forms provided by the Office of Management and Enterprise Systems and shall include the following:
  - i. Fund, agency, and account number(s) to be charged and summary of object of expenditure codes to be charged to each account.
  - ii. Date of each voucher or receipt for cash expended.
  - iii. Name of payee to whom payment was made.
  - iv. Three-digit object-of-expenditure code number of purchase made.
  - v. Petty cash check number and receipt number.
  - vi. Amount of each expenditure made from fund.
  - vii. Notarized signature by custodian of the fund and approval by agency's designated approving officer.
3. Replenishment warrants shall be deposited within one working day of their receipt.

E. Guidelines for Control of Petty Cash Funds

1. The petty cash fund shall be controlled as a single fund and reconciled on a monthly basis.
2. Petty cash fund procedural functions shall be performed by separate employees to meet internal control safeguards.

3. Audit procedures shall be performed to verify cash balances and proper use of the fund.
4. All unused petty-cash checks shall be controlled to safeguard against unauthorized use.
5. Procedures and records shall be maintained sufficient to permit audit by internal, external and state auditors.

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*Approved August 28, 1989. Revised October 15, 1999 and June 27, 2013.*

#### **4.9 ACCOUNTING AND FINANCIAL REPORTING MODEL**

##### **4.9.1 Standard Accounting and Financial Model**

- A. To achieve equity, uniformity, and efficiency for The Oklahoma State System of Higher Education and to maximize the reliability of financial reporting documents, the AICPA College Guide Model, as defined in Statement No. 15 of the Governmental Accounting Standards Board, Governmental College and University Accounting and Financial Reporting Models, shall be used by all components of The Oklahoma State System of Higher Education.
- B. Each institutional governing board shall ensure that institutions under its jurisdiction notify their external auditors of the requirements of this policy and obtain commitments concerning compliance.
- C. Each governing board shall develop appropriate language that conveys the requirements of this policy for use in future requests for proposals for external auditors and shall select only from those audit firms willing to comply.

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*Adopted by the State Regents on June 19, 1992.*

#### **4.10 DISCLOSURE OF BENEFICIAL INTEREST IN STATE SCHOOL LAND FUNDS**

##### **4.10.1 Purpose**

To achieve equity, uniformity, and efficiency for The Oklahoma State System of Higher Education, including all components, and to maximize the reliability of annual financial reports, an institution's equity interest in Section Thirteen Funds or New College Funds shall not be displayed in its annual financial report but the following statement, with appropriate financial data, shall be included in the Notes to the Financial Report for any institution in the State System receiving Section Thirteen or New College Funds:

*The "name of institution" has a beneficial interest in the "Section*

*Thirteen Fund State Educational Institutions" and the "New College Fund" held in the care of the Commissioners of the Land Office as Trustees. The "name of institution" has the right to receive annually xx% of the distributions of income produced by "Section Thirteen Fund State Educational Institutions" assets and 100% of the distribution of income produced by (name of institution)'s "New College Fund." The "name of institution" received \$xxx,xxx and \$xxx,xxx during the years ending June 30, 20xx and June 30, 20xx respectively, which is restricted to the acquisition of buildings, equipment, or other capital items. Present state law prohibits the distribution of any corpus of these funds to the beneficiaries. The Total Trust Fund for (name of institution), held in trust by the Commissioners of the Land Office, is \$xxx,xxx and \$xxx,xxx for years ended June 30, 20xx and 20xx, respectively.*

**4.10.2 Disclosure of Beneficial Interest in School Land Trust**

- A. Distributions made by the Commissioners of the Land Office to the Office of the State Treasurer on behalf of the institutions shall be shown on the annual financial report as direct additions to Revenue in the Unexpended Plant Fund Sub-group of the Plant Funds Group.
- B. The governing board shall ensure that each institution under its jurisdiction notify its external auditor of this policy and obtain commitments concerning their awareness and compliance with this policy.

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*Adopted by the State Regents on June 19, 1992.*

**4.11 DISCLOSURE OF PENSION INFORMATION**

**4.11.1 Reporting Standards**

To achieve equity, uniformity, and efficiency of reporting for all components of The Oklahoma State System of Higher Education, and to maximize the reliability of financial reporting documents, information on supplemental pension obligations and post-employment benefits other than pensions shall be disclosed in accordance with the Governmental Accounting Standards Board's Statement No. 5, *Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers*, and Statement No. 12, *Disclosure of Information on Post-employment Benefits Other Than Pension Benefits by State and Local Governmental Employers and newly adopted GASB Statements 67 and 68*.

**4.11.2 Standard Actuarial Assumptions**

- 1. By no later than June 1 of each fiscal year, the Oklahoma State Regents for Higher Education will establish standard actuarial

assumptions for use by all components of The State System that do not utilize plans that meet the pension standards of GASB Statements 67 and 68. Those institutions that have adopted a Trust (or equivalent) that meets the GASB Statements 67 & 68 standards shall determine the actuarial assumptions used in accordance with each institution's trust guidelines.

2. The final standard actuarial assumptions for those plans that do not meet GASB pension standards shall be established based on recommendations of a Systemwide Actuarial Assumptions Committee consisting of institutional business officers appointed by the Vice Chancellor of Budget and Finance. ~~All~~ These components of The State System shall use the final standard actuarial assumptions in the preparation of actuarial studies required with the disclosure of information on pensions and post-employment benefits for inclusion in annual financial reports.

Each institution shall notify the external auditor of the requirements of this policy and obtain commitments concerning compliance. In January of each year, the Systemwide Actuarial Assumptions shall be reviewed and circulated to The State System institutions.

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*Approved by the State Regents for Higher Education on June 19, 1992. Revised February 18, 2000 and June 27, 2013, and June 25, 2015.*

#### **4.12 UNIFORM PURCHASING POLICY MODEL**

- A. It is recognized that the purchasing function is a responsibility of the individual governing boards and that each governing board is likewise responsible for developing policy related to the acquisition of goods and services for its institution(s). It is appropriate, however, that the State Regents for Higher Education develop a model identifying provisions that should be included in an institution's purchasing policy. A systemwide model will ensure some measure of uniformity and consistency throughout the system of higher education.
- B. The Uniform Purchasing Policy Model identifies the following eight subject areas that should be addressed in each institution's purchasing policy.
  1. Policies should establish the authority for making purchases. To the extent that authority is delegated, limits of the specific individual authority granted and the required accountability should be delineated.
  2. Policies should require purchasing processes that are based on competitive bids as defined in the State Regents' Guidelines for Reporting of Sole Source Contracts. Policies, therefore, should clearly delineate between purchasing processes that are based on informal quotations and purchasing processes that are based on

formal written specifications.

3. Policies should delineate the level of costs at which bids are required to be taken either by an informal bid process or by a formal bid process. Minimum dollar levels requiring bids should be established to optimize the benefits of competition and should bear some reasonable relationship to the size and buying needs of the institution.
4. Policies should require that adequate documentation be maintained to substantiate that requirements of purchasing policies have been followed.
5. Policies should delineate those items or categories of items which are unauthorized or restricted for purchase.
6. Policies should provide that contracts of State Central Purchasing, contracts of other system institutions and contracts of institutional consortiums be used when an institution's needs can be adequately and economically served.
7. Policies should permit purchases from a sole source only after reasonable efforts have been made to identify all possible sources. When purchases are made from a sole source, policies should require the requesting department to sign a sole source statement and provide in writing the reasons justifying the purchase from a sole source.
8. Policies should encourage continued professional development for staff with responsibilities for purchasing and encourage membership in professional purchasing associations and participation in the information networks available through such associations.

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*Approved by the State Regents on December 1, 1995.*

#### **4.13 CAPITAL IMPROVEMENTS**

##### **4.13.1 General Statement of Purpose on Capital Planning**

- A. The Oklahoma State System of Higher Education, in order to meet its mission and the evolving needs of the students, faculty and the entire university community, must make program improvements that in many cases involve facility or capital improvements. This policy addresses basic considerations in meeting the capital and infrastructure needs on each campus.
- B. Capital planning will help to ensure that capital expenditures are well planned and enable institutions to replace capital items when needed and will ensure that resources are available to meet

the identified need. All capital improvements shall be made within an approved capital improvement program referred to as the Campus Master Plan.

- C. Each institution shall develop and submit a five-year capital improvement plan as required by the Long-Range Planning Commission. The plan will be updated and submitted annually by July 1.
- D. The institutions shall coordinate the development of the capital improvement budget with the development of the operating budget. Future operational costs associated with new capital improvements will be projected and included in operating budget forecasts.
- E. Institutions should provide on-going preventive maintenance and upkeep on all their assets at a level adequate to protect the State's investment and minimize future maintenance and replacement costs.
- F. The institutions will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to the Long-Range Planning Commission.

#### **4.14 DEFINED REVENUE SOURCES AND USES OF FUNDING FOR CAPITAL PROJECTS**

##### **4.14.1 Section 13 and New College Funds**

- A. Article XI, Section 5, of the Oklahoma Constitution preserved Section Thirteen in every portion of the State for use and benefit of the University of Oklahoma and the University Preparatory School (now Northern Oklahoma College) one-third; and of the Agricultural and Mechanical College (now Oklahoma State University) and the Colored Agricultural and Normal University (now Langston University), one-third; and of the normal schools (now state regional universities) one-third. The Constitution provided that the said lands or proceeds of the sale thereof, or any indemnity lands granted in lieu of Section Thirteen shall be preserved as a trust that shall not be diminished, but may be added to, and the income thereof, interest, rentals, or otherwise, only shall be used exclusively for the benefit of said educational institutions.
- B. The Enabling Act, which permitted the Territory of Oklahoma and the Indian Territory to adopt a constitution and become the State of Oklahoma in Section 12, provided for state school lands with the income, interest, rentals and proceeds of sale of the lands to be available to specified colleges and universities. This provision and others dealing with the constitutionally designated lands above are recognized by statute in 64 O.S. § 351-357 (2001.)
- C. Title 70 O.S. § 3904 (2001), further delineates Section 13 and



New College Funds as to their composition, disposition, distribution, and purpose of disbursement. Paragraph (b) of the statute cited provides, cumulative to existing laws, that institutions receiving Section 13 and New College Funds may expend them from time to time as needs arise for the construction and purchase of buildings, for the purchase of equipment, and for other capital additions.

#### **4.14.2 State-Appropriated Funds (State Building Bonds)**

- A. Article XIII-A, Section 2 of the Oklahoma Constitution provides that the Oklahoma State Regents for Higher Education shall recommend to the State Legislature the budget allocation to each institution. The State Regents make recommendations to the State Legislature for capital budget allocations. Because of the relatively long service of capital assets, public finance practice is generally to provide capital outlay funds from long-term borrowing to be repaid over the useful life of the assets. This procedure results in collecting funds to retire the indebtedness during the same period the public receives benefit from use of the capital assets.
- B. Article X, Section 23, of the Oklahoma Constitution provides that the State shall never create or authorize the creation of any debt or obligation, or fund or pay any deficit, against the State, or any department, institution or agency thereof, regardless of its form or the source of money from which it is to be paid, except as provided in this amendment and in sections twenty-four (24) and twenty-five (25) of Article X of the Constitution of the State of Oklahoma. This constitutional provision requires an amendment to the Oklahoma Constitution in order for the state to borrow money for capital outlay.
- C. Constitutional amendments authorizing the State Legislature to create an indebtedness of the state are vitalized by legislative action. Under terms of the vitalizing legislation, proceeds from the sale of bonds are deposited in the State Treasury of the State of Oklahoma in a designated building bond fund.

#### **4.14.3 Self-Liquidating Bonds Funds (Revenue Bonds)**

- A. Title 70 O.S. § 4001 provides specific authorization for the Boards of Regents for each of the state educational institutions to set aside portions of their respective campuses, or other lands owned or leased by said boards, for the construction of dormitories, dining halls, student union buildings, power plants, and other revenue-producing facilities necessary for the comfort, convenience, and welfare of their students. Section 4001 also provides for acquisition through construction, purchase, or condemnation of such buildings and facilities.
- B. Title 70, O.S. § 4002 authorizes local governing boards of regents to borrow money by issuance of negotiable bonds based on the credit of the income and revenues to be derived from the

operation of the facilities provided for in section 4001.

- C. Title 70, O.S. § 4006 specifies that proceeds from the sale of self-liquidating bonds shall be deposited in the State Treasury in a separate fund and paid out on warrants issued by the State Treasurer.
- D. Title 70, O.S. § 4014 places on the Oklahoma State Regents for Higher Education the duty to examine the statement of essential facts concerning a proposed bond issue pursuant to sections 4001 through 4014. The State Regents must determine that the facts are substantially accurate and that the projected revenue will satisfy the financial obligation to be incurred under the proposed bond issue.
- E. Legal provisions cited above give guidance to the types of revenue-producing capital projects to be funded from the proceeds of bond issues to be liquidated from revenues of the facilities. They prescribe the steps for authorization of issuance of bonds. They also prescribe that funds be placed in the State Treasury and paid out on warrants issued by the State Auditor. This procedure invokes the provisions of 62 O.S. § 41.34.51, 41.34.50, and 41.34.53, which establish requirements resulting in procedures followed in allocating and allotting self-liquidating bonds funds.

#### **4.14.4 Federal Funds**

Title 62, O.S. § 4134.48 provides that federal funds received by any agency of the state shall be deposited in the State Treasury and disbursed upon warrants issued by the State Treasurer and shall be subject to the other fiscal controls imposed by this Act, except where federal laws and/or regulations of the federal agency which makes such funds available to the State requires federal funds to be granted, deposited, allocated or expended through channels other than those required by the provisions of the Act.

#### **4.14.5 Section Thirteen Offset Program**

The State Regents established this program to distribute state appropriated revenue to the colleges that receive no or insufficient Section Thirteen and New College Funds. Each institution shall receive a minimum of \$500,000, or \$140 per full-time-equivalent (FTE) student, whichever amount is greater. From that amount the distributions for the most recent fiscal year from the Commissioners of the Land Office Trust Funds are subtracted. The balance is funded from the Section 13 Offset Program. Since no state revenue source apart from the trust funds of the Land Office has been dedicated to capital improvements at the institutions, this program is important in maintaining and expanding the capital infrastructure at Oklahoma's colleges and universities.

#### **4.14.6 Donated Funds**

- A. The Oklahoma Higher Education Code authorizes each of the governing boards in The State System to accept gifts of real and

personal property, money, and other things, and use or dispose of the same in accordance with the directions of the donors or grantors thereof. Title 62, O.S. § 34.57 requires each state agency to deposit daily in the State Treasury all moneys of every kind received by a state agency by reason of its existence.

- B. Title 62, O.S. § 41.34.53 provides that the Oklahoma State Regents for Higher Education shall approve allotment requests and provides for the maintenance of a separate cash account for allocations of cash appropriations for capital outlay. Title 62, O.S. § 41.34.51 provides that the Division of Central Accounting and Reporting shall set up authorized allotments in such accounts as required by the allotting authority and not approve claims in excess of the amount allotted for each account.

#### **4.14.7 Educational and General Funds**

- A. In special circumstances and with approval of the institutional governing board and the State Regents, an institution may utilize Educational and General Funds for capital expenditures. The funds must be transferred to the Capital Revolving Fund (295) and budgeted with the appropriate capital project.
- B. Likewise, with approval of the institutional governing board and the State Regents, an institution may utilize Section 13 Offset funds for Educational and General expenditures. The funds must be transferred to the Educational and General Revolving Fund (290) and budgeted according to the appropriate function and object code.

#### **4.14.8 Authorized Capital Expenditures**

- A. General Expenditures
  - 1. The capital outlay for buildings and other structures should include payment for legal, architectural and engineering fees, costs of surveys, permits, test drillings, and performance bonds, and to the contractor, or if no contractor is employed payments by the institution for the purchase of material and labor. Capital expenditures may include labor costs, such as salaries and wages paid to physical plant personnel assigned to a specific construction project. Insurance paid by the institution and interest cost during construction, if any, should also be included as a capital expenditure.
  - 2. Capital expenses may include improvements to include streets, roads, sidewalks, bridges, viaducts, tunnels, central air conditioning systems, lighting, water and sewer systems, and landscaping materials. Costs of maintaining covered surfaces, fencing, and similar improvements to auxiliary facilities would also be classified as capital outlay. Equipment should be classified as a capital expense under the general guideline of all movable property that is of a permanent

nature such as laboratory equipment, machinery, furniture, furnishings, tools, library books and periodicals; also, livestock, vehicles and other such items.

B. Section Thirteen/New College Expenditures

1. The Oklahoma Statutes provide guidance on the use of Section Thirteen/New College Funds for the thirteen eligible institutions and is summarized as follows

Funds can be used to supplement state funds to accomplish projects as submitted by institutions to, and approved by, the State Regents in their respective Campus Master Plans, including renovation and remodeling, equipment for renovated buildings, nonstructural improvements, and new construction and equipment.

Funds can be used to construct and purchase buildings, to purchase equipment and to make other capital additions as approved by the institutional governing board and as approved by the State Regents in the Campus Master Plan.

Funds can be used to accomplish other projects as approved by the State Regents upon application by institutions and in accordance with provisions of the Oklahoma Constitution and the Oklahoma Statutes.

#### **4.15 CAMPUS MASTER PLAN UPDATE**

##### **4.15.1 Guidelines for Institutions in Revising the Campus Master Plan**

A. Preparing the Annual Campus Master Plan

1. Certain basic factors must be considered in updating the Campus Master Plan. These factors include:
  - i. general enrollment trends
  - ii. changes in educational programs requiring facilities of a special type
  - iii. results of the utilization of present space
  - iv. physical state of existing structures
  - v. estimated costs required to accomplish defined projects
2. General procedures

Institutional officials will review facility needs of the campus consistent with priorities set out below, and will develop proposed projects to be accomplished and submitted on the forms developed and maintained by the Long-Range Planning Commission staff.

The institutions will submit their Campus Master Plan to the governing board for approval and then transmit it to the State Regents during the annual budget cycle. The forms are accessed through a web-based interface and are submitted electronically.

A formal listing of all projects will be submitted to the State Regents for final approval and submission to the Long-Range Planning Commission by July 1st of each fiscal year.

B. Project Definitions and Priorities

1. Capital improvement projects should include building projects with a budget of \$25,000 or greater such as
  - i. New construction
  - ii. Additions
  - iii. Renovations
  - iv. Renewal
  - v. Repairs
  - vi. Site development
  - vii. Utility services
  - viii. Parking facilities
  - ix. Roads
  - x. Fixed equipment/installation
  - xi. Other similar projects
2. Priorities for accomplishing capital improvements at institutions are as follows:
  - i. Refurbishing, remodeling, and modernizing structurally sound existing buildings including air conditioning as needed.
  - ii. New equipment as needed for refurbished and remodeled buildings.
  - iii. Improvements to mechanical, electrical and utility systems outside of buildings on the campus as needed.
  - iv. Nonstructural improvements to meet immediate and pressing campus needs.
  - v. Conversion of excess space to meet needs for new space as indicated by the State Regents' guidelines on utilization of academic space.
  - vi. Construction of new space needed as

indicated by the guidelines on space utilization.

C. Funding for the Campus Master Plan Projects

1. The State of Oklahoma currently has not identified a dedicated revenue source for funding projects listed on the Campus Master Plans. The Long-Range Planning Commission annually produces and submits a listing of projects they believe should receive priority for funding to the State Legislature each December. The State Capital Improvement Plan includes projects submitted by higher education but does not ensure that funding is available to meet the capital improvement need.
2. As funds are made available by the Legislature, either in the form of a state building bonds issue or direct appropriations from the state general revenue fund, the State Regents' policy is to implement an equitable allocation process to help institutions meet their capital improvement objectives.
3. A funding formula methodology was developed in conjunction with the Council of Presidents to allocate funds provided through potential bond issuances. The objective on which the methodology was developed was to create a data-driven formula that would equitably allocate any potential capital improvement resources. The allocation methodology is driven by the following primary factors:
  - A factor based on an institution's FTE and headcount enrollment,
  - A factor to incorporate a minimum allotment or floor for those institutions that receive Section 13 Offset funding,
  - A factor based on the institution's square footage and age of buildings relative to the institution's enrollment,
  - A factor to incorporate the research function at each institution and space designated to the research function,
  - A factor to incorporate special circumstances, or for entities that are not provided for in any of the other factors, and/or for urgent need.
4. After a determination of the allocation for each institution is made, the respective presidents will determine specific projects to be submitted for approval. The final recommendation to the Legislature shall be presented as a well-documented package with dollar amounts for each project, text describing each project, and a rationale for the requested projects in meeting the institutional objectives.

D. Art in Public Places (RESERVED)

## 4.16 STANDARDS FOR SPACE UTILIZATION

### 4.16.1 Accepted Standards

The facilities at post-secondary institutions typically serve multiple missions and functions including instruction, research, and public service. Good planning and management of college and university buildings is essential. The space utilization policy is to be a guide for institutions in scheduling space for program delivery, accounting for the use of space for direct and indirect cost rates, assessing the need for new space, and providing consistent reporting elements for comparability and managerial decision-making. The guidelines are based on accepted standards developed in the Postsecondary Education Facilities Inventory and Classification Manual, published by the National Center for Higher Education Statistics.

### 4.16.2 General Classrooms

- A. The classroom utilization potential in Oklahoma colleges and universities indicates that each general classroom should be in use an average of thirty-one and a half (31.5) hours per week (of a 45 hour class week) with sixty-five (65) percent of the student stations occupied when the room is in use for regional universities and community colleges and thirty (30) hours per week (of a 45 hour class week) with sixty-two and a half (62.5) percent of the student stations occupied when the room is in use for the research universities. The occupancy rate assures the availability of class space for students involved in dropping and adding classes at the first of each semester and provides institutions with flexibility in scheduling unpredictable enrollments for individual classes.
- B. Even though each of the contributing factors of classroom utilization mentioned in the standards can be examined separately in a utilization study, a measure known as "the space factor" combines all these factors into one useful statistic. The space factor is calculated by multiplying the number of hours per week the average room is to be used by the percentage of the student stations that are to be occupied when the room is in use. The product is a measure of the number of hours each student station is to be in use each week. Experience gained over the past several years has indicated that an individual student station in the average classroom will require approximately sixteen (16) assignable square feet (ASF) of space for community colleges and regional universities and fifteen (15) ASF for the research universities. By dividing fifteen (15) or sixteen (16), respectively for the appropriate type of institution, by the number of hours each student station is used per week, the quotient will be the square feet required for each weekly hour of use of a student station. The space factor has been used in calculating classroom needs for future enrollments at institutions. Its usefulness as a "utilization factor" will be evident, however,

since it combines all aspects of utilization into a single measure.

- C. To convert the factor to a percentage measure that is more easily understood, the following calculation is made from the instructional load report for each classroom: the square footage of each room is divided by the total weekly student clock hours generated by all the classes meeting in the room. The result of this calculation is the "utilization factor", since it is a measure of the actual square footage assigned to each weekly student clock hour. Since the two statistics are identical in nature, a quotient of the two will indicate the "percentage of utilization" according to the standard established for each institution.
- D. In summary, this measure compares the variables of: hours of use per week, percentage of student stations occupied, and student stations per square feet with the standard established for each institution into one statistic. If the "percentage of utilization" deviates very far from one hundred percent (100%), an analysis should be undertaken of each of the above-mentioned variables to determine the cause of deviation. (For example, a community college would compute its space factor as follows:  $16/(31.5 \times .65) = 78.1$ . The space factor for a regional university is similarly calculated to be  $15/(31.5 \times .65) = 73.3$ , and the space factor for a research university would be  $15/(30 \times .625) = 80$ .)

#### 4.16.3 Class Laboratories

- A. A class laboratory is by definition a room used primarily by regularly scheduled classes that require special-purpose equipment for student participation, experimentation, observation, or practice in a field of study. The design and/or equipment in such a room normally preclude its use for other areas of study. The utilization standard employed for class laboratories is developed in a similar manner to the general classroom standard.
- B. The class laboratory standard establishes an average use of twenty-two and a half (22.5) hours a week with eighty (80) percent of the student stations occupied when the room is in use. These standards are expected of all class laboratories regardless of the subject field classification or the size of the institution.
- C. One criterion needed in determining class laboratory utilization is the amount of space required per student station. Because of the difference in equipment requirements and instructional methodologies, the assignable square feet (ASF) required for each student station varies with the subject field for which the laboratory is designed. The following allowances per student station by subject field have been adopted for Oklahoma institutions.



<b>Class Laboratories/Subject Field</b>	<b>Group Code</b>	<b>Recommended Assignable Square Feet (ASF)</b>
<i>Life Sciences</i>		
Agriculture	C	60 ASF/Station
Agronomy	C	68 ASF/Station
Animal Sciences	C	75 ASF/Station
Dairy Science	C	65 ASF/Station
Poultry Science	C	63 ASF/Station
Horticulture	C	58 ASF/Station
Agriculture Economics	C	35 ASF/Station
Food Science and Technology	C	70 ASF/Station
Resource Management	C	43 ASF/Station
Biological Science	C	58 ASF/Station
Nursing	C	35 ASF/Station
Dentistry	C	65 ASF/Station
Optometry	C	75 ASF/Station
Pharmacy	C	65 ASF/Station
Veterinary Medicine	C	75 ASF/Station
Other Life Science	C	60 ASF/Station
<i>Mathematical</i>	<i>A-B</i>	<i>25 ASF/Station</i>
<i>Computer</i>	<i>A-B</i>	<i>50 ASF/Station</i>
<i>Physical Sciences</i>	<i>A-B</i>	<i>68 ASF/Station</i>
<i>Engineering</i>	<i>C</i>	<i>100 ASF/Station</i>
<i>Behavioral Sciences</i>		

Psychology	A-B	45 ASF/Station
Social Science	A-B	40 ASF/Station
Other Behavioral Sciences	A-B	43 ASF/Station
<i>Humanities</i>		
Art	A-B	70 ASF/Station
Art History	A-B	33 ASF/Station
Music	A-B	53 ASF/Station
Dance	A-B	125 ASF/Station
Other Humanities	A-B	70 ASF/Station
<i>Professional</i>		
Architecture	A-B	70 ASF/Station
Education	A-B	38 ASF/Station
Home Economics	A-B	55 ASF/Station
Law	A-B	45 ASF/Station
Other Professional	A-B	53 ASF/Station
<i>Other Class Labs</i>		
Business Management	A-B	35 ASF/Station
Communications	A-B	45 ASF/Station
Foreign Language	A-B	35 ASF/Station
Other	A-B	35 ASF/Station
<i>Technical-Vocational</i>		
Business and Commerce Technology	A-B	35 ASF/Station
Data Processing Technology	A-B	50 ASF/Station
Health Services PM Technology	C	70 ASF/Station

Mechanical and Engineering Technology	C	100 ASF/Station
Natural Science Technology	C	60 ASF/Station
Public Service Related Technology	A-B	45 ASF/Station

D. The combination of the above considerations into a single "utilization factor" is calculated exactly as it is for classrooms. The utilization standard of the class laboratories for each of the subject fields listed previously can be calculated by dividing the corresponding assignable square feet per student station by a use factor. The use factor is the reciprocal of multiplying the hours a lab is expected to be used by its projected percentage of station use. This utilization standard, when divided by the ratio of the actual square footage of a room and the student clock hours produced in a week, will produce a percentage of utilization measure unique to the subject field standard of the laboratory. For Groups A, B, and C  $1/22.5 \times 1/80\% = 1/18$  or .056.

1. Group A includes those departments which have minimal teaching lab requirements and which often cannot generate sufficient weekly student credit hours (WSCH) to produce enough laboratory space to meet their actual space needs. Generally included in Group A are the social sciences, business and management, communications, computing, education, languages, law, mathematics, psychology, and the social sciences.
2. Group B includes those departments with definite lab requirements, usually containing fixed equipment, but with limited need for a variety of lab types. Generally included in Group B are the physical sciences and biological sciences.
3. Group C includes departments similar to those in Group B but which require a wider variety of laboratory types or considerable independent lab work. Generally included in Group C are engineering, the health professions, and agriculture. (U.S. Department of Health, Education and Welfare, National Center for Higher Education Management Systems at WICHE, Facilities Inventory and Classification Manual, Washington, D.C.; Government Printing Office, 1992, page 452.)
4. For example, if the average class laboratory is in use 22.58 hours per week and eighty (80) percent of its student stations are occupied, then the product of these two factors ( $1/22.5 \times 1/80\% = 1/18$  or .056) represents the number of hours per week the average student station should be used. The utilization standard for the physical

science laboratory would then be computed as  $7.5 \times .056 = 3.78$  similarly, for a computer laboratory,  $50 \times .056 = 2.80$ . Each of the standards would represent the square feet required for each weekly hour of use of a student station for a given subject field.

#### 4.16.4 Other Instructional Space

A. There exist a wide variety of other types of facilities directly related to the instructional program that are not primarily used in regularly scheduled classes. These types of facilities, although extremely important to the educational programs of an institution, exist on an "as needed" basis and therefore cannot be assigned a utilization standard for a given time period.

Examples of this type of facility include:

1. Special class laboratories - A room used primarily by informally (or irregularly) scheduled classes that require special-purpose equipment for student participation, experimentation, observation, or practice in a field of study.
2. Individual study laboratories - A room used primarily for individual student experimentation, observation, or practice in a particular field of study.
3. Physical education rooms
4. Auditoriums
5. Other similar rooms
6. Examining the activity in the room can reveal the unique utilization of these types of space. For example, an individual study laboratory designed and equipped as a piano practice room should never have any classes assigned to it; however, the piano majors may schedule themselves in the room every available hour of the day and part of the night.

B. Since the category of other instructional space has to include large areas of space, such as gymnasiums and auditoriums, and since the amounts of these types of space are not directly proportional to the enrollment of the institution, the following space projection standards were adopted for Oklahoma institutions.

1. Institutions with an enrollment of less than 1,000 - 24 ASF per FTE student
2. Institutions with an enrollment of greater than 1,000 but less than 3,000 - 16 ASF per FTE student
3. Institutions with an enrollment greater than 3,000 - 14 per FTE student (U.S. Department of Health, Education and Welfare, National Center for Higher Education Management Systems at WICHE, Facilities Inventory

and Classification Manual, Washington, D.C.  
Government Printing Office, 1992, page 45.)

#### 4.16.5 Other Academic Space

- A. The remaining types of academic space directly related to the instructional process are faculty offices, administrative offices and library space, and research space. The standards for faculty offices including related service areas are:
1. 6.25 ASF per lower division FTE student
  2. 8.75 ASF per upper division FTE student
  3. 15.00 ASF per FTE graduate level student.
  4. Because the standards for faculty offices vary according to the distribution of enrollment, the actual enrollment distribution would affect the projected space allotment for each institution. However, according to the standards
    - i. each community college should have a ratio of 6.25 ASF per FTE
    - ii. each regional university should have a ratio between 6.25 and 8.75 ASF per FTE student
    - iii. each of the rest of the institutions which have graduate enrollments should have a ratio of approximately 10.00 ASF per FTE.
  5. The administrative space standard is 5 ASF per FTE student regardless of the size or type of institution.
  6. The library standard involves the need for reader space, stack space, and related service space.
- B. The size of the college library building shall be calculated on the basis of a formula that takes into consideration the size of the student body, the size of the staff and its space requirements, and the number of volumes in the collections. To the result of this calculation must be added such space as may be required to house and service non-print materials and microforms, to provide bibliographic instruction to groups, and to accommodate equipment and service associated with various forms of library technology.
1. Space for users

The seating requirement for the library

    - i. a college where less than fifty percent (50%) of the FTE enrollment resides on campus shall be one for each five (5) students

- ii. a typical residential college shall be one for each four (4) students.
- iii. Each study station shall be assumed to require twenty-five (25) to thirty-five (35) square feet of floor space, depending upon its function.

2. Space for books

The space allocated for books shall be adequate to accommodate a convenient and orderly distribution of the collection according to the classification system(s) in use, and should include space for growth. Gross space requirements may be estimated according to the following formula.

Square Feet/Volume	Formula
For the first 150,000 volumes	0.10
For the next 150,000 volumes	0.09
For the next 300,000 volumes	0.08
For holdings above 600,000 volumes	0.07

3. Space for staff

Space required for staff offices, service and work areas, catalogs, files, and equipment shall be approximately one-eighth of the sum of the space needed for books and users as calculated under (A) and (B) above.

4. Space for research

Research space will be determined on a departmental basis. The total amount of research laboratory space required by a department is based on the percent of masters and doctoral students, the percent of technicians, and the percent of faculty conducting research at any one time. These percentages are then applied to module sizes.

Multiplier		Headcount	
Percent conducting research	X	Master's headcount	+
Percent conducting research	X	Doctoral headcount	+

Percent conducting research	X	Technician headcount	+
Percent conducting research x faculty headcount	X	Module size	=
Departmental Research Laboratory Space			

#### 4.16.6 Space Factors Used in Projecting Space Needs

##### A. Classrooms

##### 1. Assignable Square Feet (ASF) per Weekly Student Clock Hours (WSCH)

Type	ASF per WSCH
Research Universities	0.800 ASF per WSCH
Regional Universities	0.755 ASF per WSCH
Community Colleges	0.781 ASF per WSCH
<i>Classroom Laboratories</i>	
<i>Life Sciences</i>	
Agriculture	6.66 ASF per WSCH
Agronomy	7.49 ASF per WSCH
Animal Sciences	8.33 ASF per WSCH
Dairy Science	7.22 ASF per WSCH
Poultry Science	6.94 ASF per WSCH
Horticulture	6.38 ASF per WSCH
Ag Economics	3.89 ASF per WSCH
Food Science and Technology	7.77 ASF per WSCH
Resource Management	4.72 ASF per WSCH
Biological Science	6.38 ASF per WSCH
Nursing	6.66 ASF per WSCH
Dentistry	7.22 ASF per WSCH
Optometry	8.33 ASF per WSCH
Pharmacy	7.22 ASF per WSCH
Veterinary Medicine	8.33 ASF per WSCH
Other Life Science	6.66 ASF per WSCH
Mathematical	1.40 ASF per WSCH
Computer	2.80 ASF per WSCH
Physical Science	3.78 ASF per WSCH
Engineering	11.10 ASF per WSCH
<i>Behavioral Sciences</i>	
Psychology	2.52 ASF per WSCH
Social Science	2.24 ASF per WSCH
Other Behavioral Sciences	2.38 ASF per WSCH
<i>Humanities</i>	
Art	3.92 ASF per WSCH

Art History	1.82 ASF per WSCH
Music	2.94 ASF per WSCH
Dance	7.00 ASF per WSCH
Other Humanities	3.92 ASF per WSCH
<i>Professional</i>	
Architecture	3.92 ASF per WSCH
Education	2.10 ASF per WSCH
Home Economics	3.08 ASF per WSCH
Law	2.52 ASF per WSCH
Other Professional	2.94 ASF per WSCH
<i>Other Class Laboratories</i>	
Business Management	1.06 ASF per WSCH
Communications	2.52 ASF per WSCH
Foreign Language	1.96 ASF per WSCH
<i>Other</i>	
Technical-Vocational	1.96 ASF per WSCH
Business and Commerce Technology	1.96 ASF per WSCH
Data Processing Technology	2.80 ASF per WSCH
Health Services PM Tech	7.77 ASF per WSCH
Mechanical and Engineering Tech	11.10 ASF per WSCH
Natural Science Technology	6.66 ASF per WSCH
Public Service Related Tech	2.52 ASF per WSCH

B. Other Instructional Space

1. Institutions with a projected enrollment of less than 1,000 FTE: 24 ASF per FTE student
2. Institutions with a projected enrollment of 1,000 to 3,000 FTE: 16 ASF per FTE student (minimum of 24,000 ASF)
3. Institutions with a projected enrollment of more than 3,000 FTE: 14 ASF per FTE student (minimum of 48,000 ASF)

C. Faculty Offices

1. 6.5 ASF per FTE lower division undergraduate student
2. 8.75 ASF per FTE upper division undergraduate student
3. 15.0 ASF per FTE graduate student 25.0% additional for related services area

D. Administrative Space

1. 5.0 ASF per FTE student

E. Miscellaneous Considerations

1. The preceding space factors have been developed for use in determining the overall space requirements of an



entire institution. Caution is urged with reference to the use of these space factors for determining the needs of individual departments.

2. Should an institution desire to estimate space requirements for an individual program, this may be accomplished by application of the appropriate space factors to the instructional load of the program in question. The amount of space currently assigned to the program would, of course, need to be deducted from the total requirements in order to arrive at the amount of additional space to be constructed.

F. Library

1. Reader Space

Where less than 50% of the FTE resides on campus: 30 ASF per 5 FTE

Where greater than 50% of the FTE resides on campus: 30 ASF per 4 FTE

2. Stack Space

Holdings	Square Feet per Volume
For the first 150,000 volumes	0.10 square feet per volume
For the next 150,000 volumes	0.09 square feet per volume
For the next 300,000 volumes	0.08 square feet per volume
For holdings above 600,000	0.07 square feet per volume

The formula for calculating the number that should provide prompt access as recommended by the Association of College and Research Libraries Board of Directors is as follows

Reader	Volumes
Basic collection	85,000 volumes
Allowance per FTE faculty member	100 volumes
Allowance per FTE student	15 volumes
Allowance per undergraduate major or minor field*	350 volumes
Allowance per master's field when no higher degree is	6,000 volumes

offered in the field*	
Allowance per master's field when a higher degree is offered in the field	3,000 volumes
Allowance per sixth year specialist degree field*	6,000 volumes
Allowance per doctoral field*	25,000 volumes
Related service space	12.5% of reader space and stack space

\*For example of List of Fields, see Gerald S. Malitz, *A Classification of Instructional Programs*, Washington, D.C., National Center for Educational Statistics, 1981.

#### G. Research Laboratories

Module Size	Assignable Square Feet
<i>Life Sciences</i>	
Agriculture	275.0 ASF
Agronomy	325.0 ASF
Animal Sciences	300.0 ASF
Dairy Science	300.0 ASF
Poultry Science	300.0 ASF
Horticulture	250.0 ASF
Ag Economics	50.0 ASF
Food Science and Technology	325.0 ASF
Resource Management	150.0 ASF
Biological Science	312.5 ASF
Nursing	45.0 ASF
Dentistry	200.0 ASF
Optometry	250.0 ASF
Pharmacy	235.0 ASF
Veterinary Medicine	325.0 ASF

Mathematical	75.0 ASF
Computer	65.0 ASF
Physical Science	312.5 ASF
Engineering	337.5 ASF
<i>Behavioral Sciences</i>	
Psychology	200.0 ASF
Social Science	87.5 ASF
<i>Humanities</i>	
Art	175.0 ASF
Art History	45.0 ASF
Music	45.0 ASF
Dance	100.0 ASF
<i>Professional</i>	
Architecture	100.0 ASF
Education	75.0 ASF
Home Economics	175.0 ASF
Law	75.0 ASF
<i>Other Class Laboratories</i>	
Business Management	70.0 ASF
Communications	75.0 ASF
Foreign Language	75.0 ASF

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*Revised November 28, 1977; May 26, 2000.*

#### **4.17 MASTER LEASE PROGRAM**

##### **4.17.1 Purpose**

- A. Equipment Program: The purpose of the State System Master

Lease Purchase Equipment Program is to offer a method of financing the acquisition of major personal property that will provide cost efficiencies in both financing and administrative costs. As authorized in 70 O.S. § 3206.6, institutions may enter into lease agreements for values from a minimum of \$50,000 up to values of \$10 million. The lease terms will vary by the useful life of the equipment purchased, yet may have a useful life of no more than twenty (20) years. The total amount of personal property projects financed during a calendar year shall not exceed \$50 million.

- B. Real Property Program: The purpose of the State System Master Lease Purchase Real Property Program is to finance the acquisition of real property or improvements to real property in a cost effect manner. As authorized in 70 O.S. § 3206.6a, institutions may enter into lease agreements for lease terms that will vary by the useful life of each project, yet may not exceed thirty (30) years. Projects must be submitted for legislative review to be eligible to be included in a financing issuance.

#### 4.17.2 Participation in and Process of the Program

- A. Pursuant to a Master Lease Purchase Agreement, the Oklahoma State Regents (“Lessee”), on behalf of The State System of Higher Education, will enter into an agreement with a financial institution (the “Lessor”), or another similar entity such as the Oklahoma Development Finance Authority, to provide funding for individual purchases of personal property. Individual institutional lease-purchase agreements will be entered into under the Master Lease Agreement as needed for equipment purchases. The types of purchases authorized under this program may include, but will not be limited to:
  1. computer equipment
  2. agricultural equipment
  3. telephone equipment
  4. copiers
  5. research and medical equipment
  6. maintenance equipment.

Purchases for the acquisition of real property and improvements to real property and refinancing issuances are also authorized expenditures under the Master Lease Agreement for Real Property. These types of expenditures may include new construction or renovations to existing buildings as well as acquisition of land for campus expansion.

- B. The State Regents’ fiscal and legal staff, in conjunction with the Oklahoma Development Finance Authority (ODFA), will

administer the Master Lease Purchase Program. The Office of the Vice Chancellor for Budget and Finance will coordinate arrangements for the execution of the Master Lease Agreement and the Lease-Purchase Agreements with advisement from the General Counsel.

C. Institutional Lease-Purchase Agreements

Each lease-purchase agreement will establish interest rates, repayment schedules and prepayment terms applicable to the individual personal property acquisition. The financial rates will be based upon the daily rates at the time of issuance with all other provisions, including the duration of the agreement and redemption provisions being negotiated with the lessor for each agreement. Projects to be funded through this program must have institutional governing board approval.

D. Lease-Purchase Agreement Security

Institutional participation will be secured by lease payments received by the State Regents from the participatory institutions under the term of the Lease-Purchase Agreement. The debt service payments by the institutions should be made from existing capital and operating funds and will require no additional allocation from the State Regents. The State Regents, under the authority of Title 62, O.S. § 41.34.53(B), have the ability to reduce an institution's allocation of funds in order to make debt service payments for leases financed through Master Lease Purchase Program. Title to the equipment financed through this program will remain with the Oklahoma Development Finance Authority until the time debt service is paid. Debt service schedules will be based on the useful life of the equipment financed.

E. Applications for Participation

1. Applications for participation are expected to be received three (3) times each fiscal year with the first issuance scheduled for mid-August of each fiscal year, the second issuance scheduled for mid-December, and the last issuance for a fiscal year in mid-May. If the number of participating institutions at any given interval does not provide sufficient project dollar amounts to achieve cost effectiveness, those institutions' applications may be held until the next scheduled issuance.
2. As required by Oklahoma Statutes, the Council of Bond Oversight must approve all lease-purchase projects. Each block of projects to be financed by each financed series of bonds must be submitted to the Council of Bond Oversight under their requirements and approved by the board before sale of bonds may commence.

F. Bond Counsel

The bond counsel, selected by Request for Proposal, will provide advice and assistance with the development of the Master Lease Purchase Program and will be expected to provide a full range of legal services required in connection with the successful authorization, offering, and delivery of each lease obligation under the program. The bond counsel will provide services to include program structure, required authorizations, advice on tax status and tax implications, development of legal documents, development of disclosure materials, transcripts, and review and comment on contracts and agreements. Legal counsel will also provide assistance with other legal matters relating to investment of proceeds, reserves, and compliance with federal arbitrage regulations.

G. Fees and Expenses

The State Regents will either allocate sufficient funds to cover the expenditures of the issuance of the bonds or alternatively will assess a cost-based fee to each participating institution. Institutions will submit debt service payments once a month into a system-wide designated fund for payment to the Trustee sinking fund as required by negotiation at the time bonds are issued.

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*Adopted October 3, 2000, September 14, 2006, June 21, 2012 and June 27, 2013.*

## **4.18 STUDENT TUITION AND FEES POLICY**

### **4.18.1 Constitutional and Statutory Provisions for the Coordination of Higher Education Tuition and Fees**

- A. Article XIII-A of the Constitution of the State of Oklahoma provides for the establishment of The Oklahoma State System of Higher Education (herein after referred to as The State System) and for the Oklahoma State Regents for Higher Education (herein after referred to as the State Regents) as a “coordinating board of control” for all institutions in The State System. Among those specific powers enumerated in the Constitution which are vested in the State Regents is the power to recommend to the Legislature proposed fees for all institutions in The State System within limits prescribed by the Legislature.
- B. Title 70, O. S. § 3218.2, further recognizes the authority of the State Regents to prescribe and coordinate student fees and tuition at institutions in The State System. By January 1 of each year, the State Regents shall submit a report to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the minority floor leaders and education committee chairs of both houses of the Oklahoma Legislature, of action taken in regard to and the schedule of tuition and fees approved for the current academic year. The annual report shall

include data on the impact of any tuition and fee increases on the ability of students to meet the costs of attendance, enrollment patterns, availability of financial aid, and any other data considered relevant by the State Regents.

- C. Title 70, O. S. § 3218.8, authorizes the State Regents to establish nonguaranteed undergraduate resident and nonresident tuition and mandatory fees and guaranteed undergraduate resident tuition and mandatory fees, which students shall pay as a condition of enrollment, except as otherwise provided by law. At the research universities the combined average of the resident tuition and mandatory fees established for any school year for the nonguaranteed rate, as determined by the State Regents, shall remain less than the combined average of the resident tuition and mandatory fees at state-supported institutions of higher education that are members of the Big Twelve Conference. The combined average of undergraduate nonresident tuition and mandatory fees established for any school year for either the guaranteed or nonguaranteed rate, as determined by the State Regents, shall remain less than one hundred and five (105) percent of the combined average of the nonresident undergraduate tuition and mandatory fees at the state-supported institutions of higher education that are members of the Big Twelve Conference. At the regional universities and community colleges, the combined average of the resident undergraduate tuition and mandatory fees established for any school year for the nonguaranteed rate, as determined by the State Regents, shall remain less than the combined average of the resident undergraduate tuition and mandatory fees at like-type state-supported institutions of higher education in states determined by the State Regents that include, but are not limited to, those adjacent to Oklahoma. The combined average of the nonresident undergraduate tuition and mandatory fees, as determined by the State Regents, shall remain less than one hundred and five (105) percent of the combined average of the nonresident undergraduate tuition and mandatory fees at like-type state-supported institutions of higher education in states determined by the State Regents that include, but are not limited to, those adjacent to Oklahoma. In its deliberation on the establishment of resident tuition rates for undergraduate and graduate education, the State Regents shall balance the affordability of public higher education with the provision of available, diverse, and high-quality learning opportunities, giving consideration to the level of state appropriations, the state economy, the per capita income and cost of living, the college-going and college-retention rates, and the availability of financial aid in Oklahoma. For any increase in the tuition rates, the State Regents shall demonstrate a reasonable effort to effect a proportionate increase in the availability of need-based student financial aid which shall include, but shall not be limited to, awards for the Oklahoma Higher Learning Access Program, Oklahoma Tuition Aid

Grants, federal need-based financial aid and tuition waivers, and private donations. In addition, when determining the guaranteed tuition rates, the Regents shall consider the anticipated revenue needs during the four-year period of the guarantee.

- D. Title 70 O. S. §3218.8D authorizes institutions within The State System of Higher Education to offer to resident students enrolling for the first time as a full-time undergraduate a tuition rate that will be guaranteed for a period of not less than four (4) consecutive academic years at the comprehensive and regional institutions, or the normal time-to-completion period of the program as determined by the institution if greater than four (4) years. Students shall have the option to participate or not participate in the guaranteed tuition rate program and shall indicate their election at the time of enrollment. Prior to their enrollment, each institution shall provide students with the annual tuition rate charged and the percentage increase for the previous four (4) academic years and the annual tuition and percentage increase that the nonguaranteed tuition rate would have to increase to equal or exceed the guaranteed tuition rate for the succeeding four (4) academic years. The guaranteed rate of undergraduate resident tuition charged to the student shall not exceed the amount charged at the time of first enrollment, nor shall it exceed one hundred and fifteen percent (115%) of the nonguaranteed tuition rate charged students at the same institution.
- E. Title 70, O. S. § 3218.9, authorizes the State Regents to establish resident and nonresident tuition and mandatory fees for graduate and professional courses and programs which shall remain less than the combined average of tuition and mandatory fees for like-type graduate and professional courses and programs of comparable quality and standing at state-supported institutions of higher education as determined by the State Regents. Professional courses and programs include, but are not limited to, law, medicine, veterinary medicine, optometry, pharmacy, and dentistry.
- F. Title 70, O. S. § 3218.10, authorizes governing boards of institutions within The State System to establish academic services fees at their respective institutions, with the approval of the State Regents, which may be required in addition to resident and nonresident tuition and mandatory fees. Such fees shall not exceed the actual costs of the academic services provided by the institution and may include, but shall not be limited to, special instruction, testing, and provision of laboratory supplies and materials. It is the intent of the Legislature that the State Regents maintain information on established mandatory fees authorized in Title 70, O. S§ 3218.8 and 3218.9 and on the academic services fees authorized in this section. The information shall include, but shall not be limited to, the basis for the amount of the fee, the amount of total revenue to be



collected from the fee, and the use of the revenue collected.

- G. Title 70, O. S. § 3218.12, authorizes the State Regents to contract for, charge, collect, receive, and use any and all fees, tuition, charges, grants, and allowances available through the United States Veterans Administration, or any other federal agency for the education and training of veterans, establish a system of student tuition and fee waiver scholarships for use at each institution of The State System, establish an educational assistance program utilizing state institutional matching funds when federal student loan programs require it, and establish a program for payment of tuition and fees by consumer credit card.
- H. Title 70, O. S. § 3218.14, authorizes the State Regents to review and consider requests submitted by institutions, constituent agencies, and/or their governing boards for tuition and fees, within the limits established by law, to be charged as a condition of enrollment at each institution or constituent agency. If appropriate, the State Regents may approve the recommendations.
- I. Title 70, O. S. § 3218.15, requires the State Regents to maintain for public inspection all reports submitted by institutions to the United States Department of Education regarding tuition and fees of institutions that receive federal funds. In addition, this section requires each institution in The State System that receives federal funds to submit the Integrated Postsecondary Education Data System Report annually to the Department of Education reflecting the average annual tuition and fees charged to its students.
- J. Title 70, O. S. § 4004(a)(6), authorizes the State Regents to set fees for use of buildings and facilities financed by institutional governing boards through revenue bonds, within limits established by law, on behalf of any higher education institution in The State System. The fees will be used for the repayment of principal and interest toward the retirement of the revenue bonds as authorized by appropriate provisions in the resolution(s) authorizing the bonds.
- K. Waiver for Concurrently Enrolled High School Seniors. State System institutions shall waive up to 18 credit-hours during the senior year for all eligible high school seniors concurrently enrolled. Students will be responsible for any applicable fees as well as the cost of books and supplies. State Regents will reimburse institutions for the resident tuition portion of these scholarships, subject to availability of state appropriations. Student eligibility will be governed by State Regents' admissions policy; provided, "high school senior" means a student who has completed the junior year but who has not yet graduated from high school. High school senior concurrent enrollment waivers for hours beyond these eligible eighteen (18) credit hours will result in those credit hours counting toward the waiver limitation

of the three and five-tenths (3.5) percent of the total E&G Budget – Part I for the current year.

- L. Waiver for Concurrently Enrolled High School Juniors. Subject to the availability of funding, after 100% reimbursement of waivers made to high school seniors concurrently enrolled, state system institutions shall waive up to nine (9) credit hours for all eligible high school juniors concurrently enrolled. Students will be responsible for any applicable fees as well as the cost of books and supplies. State Regents will reimburse institutions for the resident tuition portion of these scholarships, subject to availability of state appropriations after 100% reimbursement of the senior student waivers above. Student eligibility will be governed by State Regents' admissions policy; provided, "high school junior" means a student who has completed the sophomore year. High school junior concurrent enrollment waivers for hours beyond these eligible nine (9) credit hours concurrently enrolled will result in those credit hours counting toward the waiver limitation of the three and five-tenths (3.5) percent of the total E&G Budget – Part I for the current year

#### 4.18.2 Definitions

- A. The following words or terms, when used in this subchapter, shall have the following meaning, unless the concept clearly indicates otherwise.
  - 1. Fees. Those fees assessed students in addition to resident and nonresident tuition as a condition of enrollment.
    - a. Academic Services Fees. Fees assessed certain students as a condition of enrollment and as a condition of academic recognition for completion of prescribed courses. Such fees are assessed students receiving certain courses of instruction or certain academic services as designated by the institution and shall not exceed the actual costs of the course of instruction or the academic services provided by the institution. These services may include, but shall not be limited to, special instruction, testing, and provision of laboratory supplies and materials.
    - b. Contract Credit Course Fee. A separate special fee, up to full cost, assessed for delivery of credit courses and programs with business, industry, and governmental entities.
    - c. Mandatory Fees. Fees required of all students for enrollment to receive instruction at an institution of The State System. Such fees shall be used to support the mission of the institution and shall support service facilities, such as student unions, health care infirmaries, recreational facilities, for any lawful purpose to enhance quality of student life including, but not limited to, facility debt service, student scholarships, student awards, travel, entertainment, guest speakers, and

student organizations, or for any academic purpose or service as designated by the institution including, but not limited to, assessment fees and library resources fees. The State Regents shall maintain information on established mandatory fees, which shall include, but shall not be limited to, the basis for the amount of the fee, the amount of total revenue to be collected from the fee, and the use of the revenue collected.

2. Tuition. Payment required of an individual for enrollment to receive instruction at an institution of The State System. Tuition is payment in addition to fees that may be required, as defined above in Section A.
  - a. Out-of-State/Nonresident Tuition. Payment required of an individual who is neither a resident of the state of Oklahoma nor qualified for resident tuition under the provisions of Title.70, O.S. § 3242 and § 3242.2, for enrollment to receive instruction at an institution of The State System. Nonresident tuition is payment in addition to fees as defined above in Section A.
  - b. In-State/Resident Tuition. Payment required of an individual who is either a resident of the state of Oklahoma or qualified for resident tuition under the provisions of Title 70, O. S. § 3242 and § 3242.2, for enrollment to receive instruction at an institution of The State System. Resident tuition is payment in addition to fees as defined above in Section A. The definition of an In-State/Resident student can be found in State Regents' Policy on Academic Affairs.

#### **4.18.3 Approval of Tuition and Fees**

- A. The State Regents will annually, at a minimum, monitor and publish limits on tuition and mandatory fees at peer institutions. The information, published in a timely fashion, will show the level of tuition and mandatory fees at each institution in Oklahoma and the maximum possible increase for the next academic year.
- B. Institutions will submit requests for authorization to change tuition and fees to the State Regents. Requests for changes in tuition and fees require institutional governing board approval and will normally be considered by the State Regents one time each year. Requests for a change in academic services fees must be received in the State Regents' office by February 1 preceding the beginning of the fiscal year, July 1, in which the change is to be effective. Each institutional request for tuition and mandatory fees should be accompanied by documentation on the following items:
  1. communication of tuition and fee requests to student government organizations, other student groups, and students at large

2. efforts to increase need-based financial aid proportionately to tuition
  3. statement of the expected effect of tuition and fee increases on enrollment
  4. dedication to cost-effectiveness in operations
- C. Tuition and mandatory fees for students enrolled in courses and programs at the Ardmore Higher Education Program in Ardmore shall be less than the average tuition and mandatory fees at peer institutions for the regional universities, as determined by the State Regents. Tuition and mandatory fees shall be approved by the State Regents with the advice of the participant institutions and the board of trustees of the higher education program. The State Regents shall determine the proportionate distribution of revenue from the tuition and mandatory fees between the participant institutions or other institutions offering courses and the higher education program. Participant institutions and the trustees of the higher education program may request academic services fees to be charged to students enrolled at the higher education program.
- D. The State Regents will assist in preparation and dissemination of guidelines for students and student groups to inform themselves about the process and issues and to provide input both at the campus level and to the State Regents.
- E. The State Regents' will give public notice of any increase in tuition and fees at least thirty (30) days prior to the effective date of the increase.
- F. The State Regents' will hold a public hearing on proposed changes in tuition and fees at least twenty (20) days prior to the effective date of the increase.
- G. By January 1 of each year, the State Regents will submit a report to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the minority floor leaders and education committee chairs of both houses of the Oklahoma Legislature of the actions taken in regard to and the schedule of tuition and fees approved for the current academic year for The State System, with due regard for the provisions of 70 O. S. § 3218.14. The annual report shall include data on the impact of any tuition or fee increases on the ability of students to meet the costs of attendance, enrollment patterns, availability of financial aid, and any other data considered relevant by the State Regents.

#### 4.18.4 General Policies

- A. Assessment and Waiver of Tuition and Fees. Resident and nonresident tuition and fees may be neither assessed nor waived unless authorized by general policy or by specific authorization of the State Regents.

- B. Publication of Fee Schedule. Each institution shall publish a schedule annually of all tuition and fees charged.
- C. Contract Credit Course Fee. A special Contract Credit Course Fee is established in 70 O. S. § 3219.3 (2001). This section authorizes the State Regents to establish special fees for delivery of courses and programs to governmental entities, including, but not limited to, the military, profit and nonprofit associations, corporations, and other private entities in an amount sufficient to cover the cost of delivery of such courses and programs. This fee allows universities and colleges to negotiate a separate special fee, up to full cost, for delivery of credit courses with business, industry, and governmental entities. If the institution negotiates a special fee, the assessment and collection of additional fees from students (resident or nonresident tuition, mandatory fees, and academic services fees) shall be waived. This policy provision authorizes any institution to assess charges up to the cost of delivery of the course.
  - 1. Contract Fees for Nonresident Students at the Oklahoma State University College of Veterinary Medicine. The following will guide Oklahoma State University in negotiating contracts with state governments for the support of nonresident students at the OSU College of Veterinary Medicine.
    - a. Nonresident students admitted to the College of Veterinary Medicine will be those whose state of residence contracts with Oklahoma State University for payment of a nonresident charge based on the actual direct cost of instruction for the year period to the beginning of the contract period divided by the number of Oklahoma residents enrolled full-time in the college. This is the contract fee for nonresident students.
    - b. Although contract students are exempt from the nonresident enrollment restrictions, the total number of contract students cannot exceed the amount that would cause the College of Veterinary Medicine to increase its indirect, non-instructional fixed costs. (See State Regents' Criteria and Standards for Admission of First-Year-Entering Students and Transfer Students to reference the twenty percent (20%) limit on nonresident student enrollment.)
    - c. The contract fee for nonresident students will be renegotiated in contracts with other states biennially, based on the College budget of the previous year.
    - d. Nonresident students enrolled in the College whose state of residence does not sign a new contract will be permitted to complete the DVM degree program at a charge equal to the contract fee paid by states having contracts in effect, plus the regular enrollment fee.
- D. Disposition of Revenue Received from Tuition and Fees
  - 1. Tuition and Academic Services Fees. Revenue derived

from resident and nonresident tuition and academic services fees shall be deposited to the institution's Fund 290 revolving fund or may be deposited to the institution's Fund 295 or clearing account and then transferred to the institution's Fund 290 revolving fund.

2. **Mandatory Fees.** Revenue derived from mandatory fees shall be deposited to the institution's Fund 290 revolving fund or the Agency Special Account (Fund 700) revolving fund, as appropriate, or may be deposited to the institution's Fund 295 or clearing account and then transferred to the institution's Agency Special Account (Fund 700) revolving fund.
3. **Expenditure of Student Fee Revenue.** Institutions that charge students special fees for library materials and services, classroom and laboratory materials, or technology must ensure that the revenues are spent for the approved purpose of the fee. Likewise, to the extent possible, traditional E&G support for the above and similar purposes should not be diminished as a result of student fee revenue.

- E. **Assessing Tuition and Mandatory Fees.** Resident and nonresident tuition and mandatory fee charges at institutions in The State System shall be based upon the academic level of the course, with the exception of certain professional programs. Institutions shall assess resident and nonresident tuition and mandatory fee charges based upon those course numbers appearing in the official catalog or bulletin. The following definitions and procedures shall be used to determine the level of tuition and mandatory fee charges.
1. **Undergraduate.** Courses numbered in the "1000 and 2000" (lower division) and "3000 and 4000" (upper division) series shall be classified as undergraduate courses for determining resident and nonresident tuition and mandatory fees charges. In addition, those developmental courses at the "less than 1000" level that normally do not carry collegiate credit shall be classified as undergraduate courses for resident and nonresident tuition and mandatory fees purposes.
  2. **Graduate.** Courses offered by research and regional universities designated at the "5000" level and above shall be classified as graduate courses for resident and nonresident tuition and mandatory fees purposes.
- F. **Collection of Tuition and Fees.** Tuition and fees are due prior to the first day of class. Each institution shall establish and publish a deadline when tuition and fees are payable, after which payment may be subject to a late charge. Late payment will require payment in full as well as be subject to late payment charges in an amount determined and published by the institution.
- G. **Refunds of Tuition and Fees.** The refund policy for tuition and fees collected from students at institutions shall be as follows

1. Withdrawals and Changes of Enrollment. Changes in schedules and complete withdrawals from the institution during the defined add/drop period will result in full charges for courses added and full credit for courses dropped. No refunds will be made after the add/drop period for that session.
  2. Return of Title IV Funds for Students Who Cease Attendance. Title 20 U. S. C. § 1091(b), as amended by Section 485 of the Higher Education Amendments of 1998, Public Law 105-244, enacted October 7, 1998, requires that, if a recipient of Title IV grant or loan funds withdraws from an institution after beginning attendance, the amount of Title IV HEA program assistance earned by the student must be determined. If the amount of assistance disbursed to the student is greater than the amount the student earned, unearned funds must be returned. If the amount of assistance disbursed to the student is less than the amount the student earned, the student is eligible to receive a late disbursement in the amount of the earned aid that the student had not received. Each institution shall develop and publish policies and procedures that are in compliance with the above referenced law. Reference: [Federal Register: November 1, 1999 (Vol. 64, Number 210)] and 34 CFR, Parts 668, 682, and 685.
  3. Tuition and Fees Applicable Only for Current Semester. Tuition and fees are applicable only for the current semester. If a student withdraws and is entitled to a refund, the amount of the refund cannot be carried forward as a credit to a subsequent session.
  4. Refunds for Classes Offered on a Non-Standard Schedule. Institutions may refund tuition and fees paid by a student who must withdraw from a course offered on a schedule that differs from the standard 16-week term or 15-week trimester. Each institution may develop refund procedures for courses offered on a non-standard schedule.
- H. Refund of Tuition and Fees for Students with Hardship Circumstances. Institutions may refund tuition and fees paid by a student who must withdraw from the institution due to hardship or extraordinary circumstances. Each institution may develop institutional policy to address the definition of hardship or extraordinary circumstances and refund procedures.
- I. Refund of Tuition and Fees for Students Called to Active Military Service. If a student is called to active military service during a term in which the student has not completed an amount of work sufficient to receive a grade, the institution shall refund the tuition and fees paid by the student for the current term.
- J. Tuition and Fees Relating to Course Audits. Students permitted to audit courses shall pay the same resident and nonresident tuition, mandatory fees, and academic services fees as required of students who enroll for credit.
- K. Guaranteed Tuition Rate Program Relating to Withdrawal, Transfers, Change of Major, Full-Time Enrollment, Bachelor's Degree with Graduate Level Course Requirements, Oklahoma's Promise, and Tuition Waivers.

1. **Withdrawal.** If a student who has elected to participate in the guaranteed tuition rate program is a member of the United States Armed Forces, including the Army and Air National Guard, the Army, Navy, Air Force, Marine Corps, and Coast Guard Reserves, or any component of the Armed Forces, and when ordered by the proper authority to active or inactive duty or service is required to withdraw from an institution for military or other national defense emergencies, the amount of resident tuition the student is required to pay upon reentering the institution shall not exceed the amount the student was charged at the time of withdrawal.
2. **Transfers.** If a student who has elected to participate in the guaranteed tuition rate program transfers to another institution or transfers from a constituent agency of an institution to another constituent agency or the institution after initial enrollment, the student shall be charged the amount of resident tuition charged to other students enrolling for the first time at that institution or constituent agency.
3. **Change of Major.** If a student who has elected to participate in the guaranteed tuition rate program changes majors or transfers to another campus of the same institution after initial enrollment, the tuition charged to the student shall equal the amount the student would have been charged had the student been admitted to the changed major or enrolled at the new campus when the student first enrolled, unless the student transfers from a constituent agency of an institution to another constituent agency of the institution.
4. **Full-Time Enrollment.** A student who elects to participate in the guaranteed tuition rate program shall maintain full-time enrollment during the fall and spring semesters of the guaranteed four-year period. Full-time enrollment for each institution shall be determined by the number of credit hours as defined by the State Regents for Higher Education.
5. **Bachelor's Degree with Graduate Level Course Requirements.** At the time of first enrollment, institutions must notify undergraduate students who elect to participate in the guaranteed tuition rate program and also select a major which is longer than the usual four year program and requires graduate level courses that the guaranteed tuition rate will be charged for the undergraduate courses and the graduate tuition rate will be charged for the graduate level courses.
6. **Oklahoma's Promise.** First-time-entering students who are eligible to receive Oklahoma's Promise awards will not have the option of choosing the guaranteed tuition rate. Their award will be based on nonguaranteed tuition rates.
7. **Tuition Waivers.** First-time-entering students who are eligible to receive a tuition waiver (see Section 4.18.5 below) will not have the option of choosing the guaranteed tuition rate. All tuition waivers will be based on nonguaranteed tuition rates.

#### 4.18.5 Waiver of Tuition



- A. Resident Tuition Waiver Scholarships. Pursuant to Title 70, O. S. § 3218.12, authorizing the State Regents to establish a system of student scholarships, the following policy of resident tuition waiver scholarships is hereby authorized for each institution in The State System. Except as provided below, it is the intent of this policy to provide assistance to Oklahoma students with demonstrated financial needs and to promote excellence of scholarship throughout all of the academic and professional fields of study. It is further intended that this program provide equitably for all students at all academic levels from the freshman year through the graduate student. Also, insofar as is practicable, awards should be distributed so as to be supportive of the state's needs and demands for trained manpower in the various career and occupational areas. Finally, assistance under this program should be utilized to promote equity of treatment for those students in fields without access to funds from other student assistance programs.
1. Elements to be considered by institutions in the awarding of scholarships are financial need, scholastic aptitude and achievement, academic discipline or field of study, student activity participation, cultural diversity, and academic level. These elements shall be specifically incorporated into institutional procedures as follows:
    - a. At least fifty (50) percent of all scholarships awarded shall be on the basis of financial need of students. The criteria for determining financial need shall be determined by the institution.
    - b. Awards shall be apportioned in such a manner as to provide equity for students by academic discipline or field of study consistent with the state's educated workforce priorities and taking into consideration other kinds of funds available for the support of students in particular programs.
    - c. Awards shall be apportioned at each institution generally in accordance with the distribution of student enrollment among the various academic levels (undergraduate or graduate division) and by student classification (freshman, sophomore, junior, senior, master, or doctoral classification).
    - d. Scholarships shall be available to students regardless of the number of credit hours in which they are enrolled, as well as to high school students who are concurrently enrolled. Tuition waiver scholarships may also be awarded to students enrolled in on-line courses and other special students.
    - e. Scholarships so granted shall be gratuities and the student shall not be required to perform services in return for the award.
  2. Each institution is authorized to award scholarships to residents of the state of Oklahoma from the Educational and General Budget – Part I in the form of resident tuition waivers, the total amount of which shall not exceed three and five-tenths (3.5) percent of the total E&G Budget – Part I for the current year.

This policy shall disqualify a student from receiving a tuition waiver scholarship on the basis of immigration status if the student does not qualify for resident tuition under the provisions of Title 70, O. S. § 3242 and § 3242.2.

- a. **Reduced Tuition Benefit for Eligible Employees and Dependents.** Subject to all applicable federal tax laws and regulations eligible employees at constituent institutions in The State System and their dependents may enroll in courses at the institution where employed and be charged tuition at the rate of one-half the amount regularly charged to students. The term “eligible employees” means full-time and permanent employees of the institution who are eligible under the institution’s benefit eligibility criteria. It should be assumed that an employee’s enrollment in a course of study is for the benefit of both the employee and the institution. Procedures including appropriate limitation as to the number of credit hours in a given term for which the benefit will apply shall be determined by the institution. Upon the institution’s determination that the employee’s enrollment in a course of study is primarily for the benefit of the institution, the institution may waive or reimburse the employee for the remaining one-half of the tuition that was charged to the employee.
3. The following waivers, as noted below, shall not be included as tuition waiver scholarships awarded under the three and five-tenths (3.5) percent of the E&G Budget – Part I limitation above.
    - a. **Auditing of Classes by Senior Citizens.** State System institutions are hereby authorized to waive the tuition and fees for auditing of classes for residents of the state of Oklahoma who are sixty-five (65) years of age or older. Such students may be admitted without charge to classes on a space available basis.
    - b. **Waiver of Tuition for Prisoners of War, Persons Missing in Action, and Their Dependents.** Title 70 O. S. § 2281, provides that any former prisoner of war or person missing in action and their dependents may, if otherwise qualified, enroll and pursue study at any state-supported institution of higher education or state-supported technical institute without payment of resident tuition. Institutions may waive tuition for out-of-state/nonresident students. The following points of policy and procedure will serve as guidance for institutions in the administration of this law.
      - i. A “prisoner of war” or a “person missing in action” means any person who was a resident of the state of Oklahoma at the time he or she entered service of the United States Armed Forces or whose official residence is within the state of Oklahoma and who, while in the United States Armed Forces, has been declared to be a

- prisoner of war or a person missing in action as established by the Secretary of Defense.
- ii. A “dependent” means any child whose parent served as a prisoner of war or was declared by the United States Armed Forces to be a person missing in action. A dependent child ceases to be eligible for benefits when he/she turns twenty-four (24) years old.
  - iii. Dependents of prisoners of war, persons missing in action, or persons reclassified as killed in action are not eligible for this benefit if federal funds are provided to pay their tuition.
  - iv. Under this policy, the benefits to which an eligible person is entitled includes tuition waivers for five (5) years or the completion of the bachelor’s degree, whichever occurs first.
- c. Waiver for Dependents of Peace Officers, Firefighters and Emergency Medical Technicians. Within The State System, no resident or nonresident tuition shall be charged to the dependents of Oklahoma peace officers, firefighters and Emergency medical technicians who have given their lives in the line of duty. Institutions shall grant tuition waivers to eligible persons upon presentation of evidence that the deceased person was a duly appointed peace officer or firefighter as defined in Title 70, O. S. § 3218.7, or licensed emergency medical technician as defined in Title 63, O.S. § 1-2505. For dependents of deceased commissioned members of the Oklahoma Law Enforcement Retirement System no room or board charges shall be assessed as authorized in Title 70, O. S. § 3218.7-1. Such waivers shall be limited to a period of five (5) years from the date of the first waiver. A “dependent” means any child of an Oklahoma peace officer, firefighter or emergency medical technician who has given their life in the line of duty. A dependent ceases to be eligible for benefits when he/she turns twenty-four (24) years old. Such waiver of resident or nonresident tuition shall also apply to the children of members of the Oklahoma Law Enforcement Retirement System who have given their lives in the line of duty or whose disability is by means of personal and traumatic injury of a catastrophic nature and occurred in the line of duty, as defined by Title 47, O. S. § 2-300. Such waiver shall be a service benefit of each Oklahoma peace officer and firefighter. For the purpose of this section, “firefighter” means a volunteer firefighter or a permanent, salaried, professional member of any fire department within the state of Oklahoma. “Emergency Medical Technician” means a person volunteering or employed as an Emergency Medical Technician and who is licensed as an Emergency Medical Technician.

- d. Waiver for Graduate Assistants. Graduate students with at least a one-quarter time graduate assistantship are eligible for these scholarships irrespective of Oklahoma residency status. Graduate assistants involved in teaching must be proficient in both oral and written English. The ability to communicate course material effectively in understandable English is required of all graduate teaching assistants awarded these waivers as defined in 70 O. S. § 3224.
- e. Waiver for Exchange Students on a Reciprocal Basis. Institutions are hereby authorized to grant waiver of resident tuition and/or waive the nonresident tuition for students from institutions outside the continental limits of the United States that have entered into an exchange agreement with a State System institution to provide reciprocal waivers for students from the Oklahoma institution. The number of credit hours of nonresident students received by the Oklahoma institution is expected to equal the number of credit hours sent by the Oklahoma institution to the exchange institution. Such authorization will be effective for as long as a contract exists with the reciprocal institution.
- f. Waiver for Oklahoma State Regents' Academic Scholars Program. Institutions shall waive resident tuition for Oklahoma residents and may elect to waive tuition for nonresident students who are recipients of the Oklahoma State Regents' Academic Scholars Program scholarship in an amount that, when added to the State Regents' cash award and any other state or federal financial aid for which the student qualifies, is sufficient to comply with the provisions of Title 70, O. S. § 2403 (C) and (E). Eligible recipients may be granted waivers of tuition for up to five (5) years of undergraduate and/or graduate study.
- g. Waiver for Regional University Baccalaureate Scholarships. The regional universities shall waive resident tuition for recipients of a Regional University Baccalaureate Scholarship in an amount that, when added to the State Regents' cash award and any other state or federal financial aid for which the student qualifies, shall comprise a scholarship sufficient to cover the cost of tuition, fees, room, board, books, and supplies required for courses.
- h. Waiver for Students in Custody of the Department of Human Services (Independent Living Act). As established in 70 O. S. § 3230, State System institutions are authorized to waive the resident tuition for any eligible Oklahoma resident who, within the past three (3) years, has been in the custody of the Department of Human Services for any nine (9) of the twenty-four (24) months after the individual's sixteenth (16) birthday and

before the individual's eighteenth (18) birthday. To be eligible, the resident must have graduated within the previous three (3) years from a high school accredited by the State Board of Education, the Oklahoma School of Science and Mathematics, or, upon approval of the State Regents, a public high school in a state bordering Oklahoma in which the student enrolled with approval of the State Board of Education as provided in Title 70, O. S. § 8-103, or has completed General Educational Development (GED) requirements. The eligible student must be pursuing studies in this state leading to an associate or baccalaureate degree or studies in a postsecondary Career Tech program or course offered pursuant to a duly approved cooperative agreement between an area Career Tech school and an institution which is a member of The State System. To retain eligibility, the student shall maintain good academic standing and satisfactory academic progress and comply with the standards related to maintenance of eligibility as promulgated by the State Regents. The student shall be eligible for such waivers up to the age of twenty-six (26) years or upon completion of the requirements for a baccalaureate degree, whichever comes first.

- i. Waiver for Active Duty Military Personnel and Their Families. State System institutions shall waive the nonresident tuition of a member of the armed forces who is on active duty for a period of more than 30 days, and of his or her spouse, and of his or her dependent children so long as the military member is stationed in the state in full-time military service and under military orders. Students will continue to receive a waiver of nonresident tuition if they are continuously enrolled, even if there is a subsequent change in the permanent duty station of the member to a location outside of the state. The term "armed forces" means the Army, Navy, Air Force, Marine Corps, and Coast Guard. The term "active duty for a period of 30 days" means active duty under a call or order that does not specify a period of 30 days or less. The term "active duty" means full-time duty in the active military service of the United States. Such term includes full-time training duty, annual training duty, and attendance, while in the active military service, at a school designated as a service school by law or by the secretary of the military department concerned. Such term does not include full-time National Guard duty.

- .
  - j. Waiver for Oklahoma National Guard Students.
    - i. Goals of the Program. The Oklahoma National Guard Tuition Waiver is established as an incentive for qualified young men and women to join the Oklahoma National Guard and as a

means to retain skilled, productive citizens within the state.

ii. Requirements for Program Eligibility. A student who is a member of the Oklahoma National Guard shall be eligible for a full resident tuition waiver, provided the student:

- is a bona fide member of the Oklahoma National Guard at the beginning of the semester for which he/she is applying for a waiver or by the waiver application deadline determined by the institution and the Educational Service Office of the Oklahoma Military Department;
- has been certified as a member in good standing by the Adjutant General;
- is an Oklahoma resident; Nonresident students who are actively participating members of the Oklahoma National Guard may be eligible for a waiver of the nonresident portion of tuition or will be charged the resident tuition rate only, dependent upon the tuition rate structure approved for the institution they are attending;
- does not currently hold a baccalaureate or graduate degree;
- meets all admission and retention requirements of the institution; and
- maintains a cumulative grade point average (GPA) of a minimum of 2.00.

iii. Certification of Eligibility. The student is required to coordinate each semester for which he/she is applying for the waiver with his/her Unit Administrator for application under the OKARNG Regulation 621-202 or the OKAGN Regulation 621-202 requirements. These regulations outline the application process used to certify that the student is in good standing with the National Guard and that the National Guard member agrees to abide by all program rules and procedures. The student should contact their Unit Administrator/Commander for participation in the program each semester by the following dates preceding the term in which the student is enrolling:

- Summer Semester – June 15th;
- Spring Semester – January 31st;
- Fall Semester – August 31st.

The official certification listing will be provided to the institutions by the Education Service Officer of the Oklahoma Military Department

within two weeks of the published filing dates for each semester as defined above. Students whose names do not appear on the official certification listing will not be eligible for a waiver for that semester.

iv. Enrollment Requirements. A student meeting all of the program eligibility requirements will be awarded a full resident tuition waiver, provided the student:

- is enrolled in a program of study in an Oklahoma State System college or university leading to an associate degree or a baccalaureate degree;
- is enrolled in a minimum of three (3) semester credit hours. The student may meet enrollment requirements either at a single institution or more than one institution in the Oklahoma State System of Higher Education; and,
- has submitted a plan for the completion of his/her degree with the Oklahoma National Guard.

v. Fiscal Aspects of the Program.

- The waiver will be awarded to students in programs leading to a baccalaureate or associate degree. Waivers will not be awarded for programs leading to a certificate, continuing education courses, or vo-tech courses which are not counted towards a degree program at another institution.
- The waiver will cover resident tuition for all courses for which resident tuition is charged. The student is responsible for all other fees: mandatory fees, special course fees, student activity and facility fees, assessment fees, and others.
- Concurrently enrolled high school students are not eligible for this tuition waiver.
- The tuition waiver is not applicable to professional programs which do not require an earned degree.
- A student may receive a waiver for a maximum of eighteen (18) semester credit hours each semester, until the student has met the requirements for a bachelor's degree.
- A student may not receive a waiver for courses completed in a prior semester;

that is, a student must apply for the waiver during the semester in which he or she is enrolled by the deadline determined by the institution and the Educational Service Office of the Oklahoma Military Department. If a student fails to maintain a minimum GPA of 2.00 during a semester, he/she will be ineligible for a waiver in subsequent semesters until the student's cumulative GPA returns to a minimum of 2.00. Once the student's GPA has returned to 2.00 or higher, the student may apply for a waiver in the next semester.

- The State Regents have approved a policy exception for the National Guard Tuition Waiver regarding provisions on financial need, on distribution of awards across fields of study and levels of students and on the budgetary limitation.
- vi. Institution Responsibilities.
- The Education Service Officer of the Oklahoma Military Department shall establish a deadline each semester for turning in the Certification of Eligibility as application for the waiver.
  - The institution will report all hours and dollars waived at the end of each academic year. All hours from which the student withdraws subsequent to the add/drop period may be billed to the student and be ineligible for a waiver.
  - The Ardmore Higher Education Center will be responsible for reporting the number of credit hours waived for each National Guard member to each institution that provides courses at the center. The center's report to the State Regents' office should reflect only that portion of hours and dollars waived for which the center is responsible.
- vii. National Guard Responsibilities.
- The National Guard will monitor student progress in the completion of the degree.
  - The National Guard shall make available information materials including the application deadline and Statement of Understanding and Certificate of Basic Eligibility to National Guard members.



- The National Guard shall coordinate the circulation of the official certification listing of eligible students with State System institutions and determine the appropriate filing deadlines for the student in submitting his or her approved application prior to or early in each semester.
- viii. Allocation of Funds. For reimbursement purposes, each institution is responsible for waiving tuition for a minimum number of credit hours each academic year, based on total undergraduate enrollment as shown below:

Undergraduate FTE	Minimum Hours Required for Reimbursement Eligibility
10,000 or greater	750
5,000 to 9,999	450
4,999 or less	300

Funds will be distributed to the institutions with the allocation of state appropriations for the next fiscal year on a prorated basis according to the number of credit hours waived in excess of the minimum commitment in the previous academic year.

(Approved June 28, 1995. Revised April 11, 1997; June 30, 2005; and June 29, 2006.)

- k. Waiver for Concurrently Enrolled High School Seniors. State System institutions shall waive up to six (6) credit hours of resident tuition per semester or summer term for all eligible high school seniors concurrently enrolled. The first six (6) hours will not count toward the waiver limits of three and five-tenths (3.5) percent of the total E&G Budget – Part I for the current year. Students will be responsible for any applicable fees as well as the cost of books and supplies. State Regents will reimburse institutions for the resident tuition portion of these scholarships, subject to availability of state appropriations. Student eligibility will be governed by State Regents’ admissions policy; provided, “high school senior” means a student who has completed the junior year but who has not yet graduated from high school. High school senior concurrent enrollment waivers for hours beyond these eligible six (6) credit hours per semester or summer term and all waivers for high school juniors concurrently enrolled will result in those credit hours counting toward the waiver limitation

of the three and five-tenths (3.5) percent of the total E&G Budget – Part I for the current year. “High school junior” mean a student who has completed the sophomore year and has not graduated from high school.

4. Scholarships so granted shall be gratuities and the student shall not be required to perform services in return for the award.
5. Institutions shall report to the State Regents on an annual basis the number of students and the amount of tuition waivers granted.

B. Nonresident Tuition Waiver Scholarships

1. Any institution in The State System may award a scholarship that includes a waiver of a portion of the nonresident tuition as provided in 70 O. S. § 3226 (2001), which amount shall not exceed the difference between nonresident tuition and the amount paid by resident students.
2. Institutions shall report to the State Regents on an annual basis the number of students and the amount of nonresident tuition waivers granted.

4.18.6 Waiver of Fees

- A. Institutions may establish procedures for waiving of fees for students who are enrolled in courses offered on a non-standard schedule.
- B. Institutions shall waive fees for courses offered under a contract with business, industry, military, and governmental entities pursuant to the State Regents’ Policy on Contract Credit Course Fees as outlined above.
- C. Institutions in The State System are authorized to establish policies that waive mandatory fees for students enrolled in off-campus, electronic media, and correspondence courses. Generally, fees for campus services and activities not available to students due to time and distance may be waived if the institution determines the waiver is in the best interests of the student and the institution.
- D. Fees may be neither assessed nor waived unless authorized by general policy or by specific authorization of the State Regents.

Approved by the State Regents for Higher Education on January 30, 1961. Revised on June 17, 1966; April 29, 1968; September 17, 1973; September 22, 1975; July 26, 1976; March 27, 1978; May 21, 1982; September 28, 1983; March 26, 1985; September 18, 1989; December 17, 1990; March 12, 1992; June 28, 1995; May 31, 1996; June 29, 2001; May 30, 2003; May 28, 2004; June 30, 2004; June 30, 2005; March 23, 2006; June 29, 2006; April 17, 2008; June 26, 2008; October 23, 2008; September 3, 2009, June 27, 2013 October 16, 2014 and October 22, 2015.

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## 4.19 INVESTMENT OF INSTITUTIONAL FUNDS

### 4.19.1 Purpose

- A. The State Regents for Higher Education have responsibility for developing uniform guidelines and criteria for all institutions in the higher education system as set forth in 70 O.S. § 3906:

*It is the intent of the Legislature that the Oklahoma State Regents for Higher Education establish uniform guidelines and criteria for all institutions of The Oklahoma State System of Higher Education for all special accounts, special agency accounts, or any other funds, and for expenditures from such funds and accounts.*

- B. In the absence of specific statutory directives concerning investment of monies by institutions of higher education, the purpose of this policy is to address the investment of Agency Special Funds and federal funds.
- C. Allowable monies for investment shall include all monies residing in the Agency Special Fund and Agency Relationship accounts that are not required by law to be invested by the State Treasurer.
- D. Allowable investment instruments shall include those permitted for the investment of state monies, as enumerated in 62 O.S. § 89.2(A):
  - 1. Obligations of the United States Government, its agencies and instrumentalities;
  - 2. Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state;
  - 3. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank;
  - 4. Prime banker's acceptances which are eligible for purchase by the Federal Reserve System and which do not exceed 270 days' maturity;
  - 5. Prime commercial paper, which shall not have a maturity that exceeds 180 days nor represent more than ten percent of the outstanding paper of an issuing corporation;
  - 6. Investment grade obligations of state and local governments; and
  - 7. Repurchase agreements that have underlying collateral consisting of those items and those restrictions specified in paragraphs 1 through 6 above.
- E. Investments of allowable monies shall be made in accordance with written policies approved by the governing board of each institution or agency. The written investment policy shall address liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management, with primary emphasis on safety and liquidity. Provision shall be made for institutional officials authorized to make

investments, for reporting and documentation of investments, and for selection of financial institutions.

- F. To the extent practicable, the institutions' investment policies shall include provision for utilization of a system of competitive bidding in the investment of state funds. Such system shall be designed to maximize yield within each class of investment instrument, consistent with the safety of the funds invested. Institutions and agencies may invest allowable monies through the Office of the State Treasurer or, provided a higher return on the investment can be earned, with other financial institutions.
- G. Interest income from investments made by the State Treasurer shall accrue to the Agency Special Fund or fund from which the investment was made, in accordance with the provisions of 70 O.S. § 3906. Each institution and agency shall develop an interest-income distribution plan to ensure that investment income shall be deposited to the source generating the principal invested.

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*Approved June 29, 1994 and June 27, 2013.*

## **4.20 ADMINISTRATION OF THE REGENTS ENDOWMENT FUND PROGRAM**

### **4.20.1 Authority**

House Bill No. 1581 of the 1988 Oklahoma Legislature appropriated \$15 million to the Oklahoma State Regents for Higher Education for the purpose of establishing an endowment program to support the establishment of faculty chairs and professorships, and to carry out other related activities to improve the quality of instruction and research at colleges and universities of The Oklahoma State System of Higher Education. Examples of instruction-related projects eligible to participate in the endowment program upon approval of the State Regents are visiting professorships, artist in residence, lectureships and other such support activities. In 70 O.S. Supp. 2008 § 3951, 3952, and 3954, the Oklahoma Legislature provides the statutory framework for the endowment program that includes the fiduciary responsibility of the trustees and permissible investments for the endowment.

### **4.20.2 Purpose of the Oklahoma State Regents' Endowment Program**

Endowed chairs and distinguished professorships should be established in academic areas, which will contribute to the enhancement of the overall cultural, business, scientific, and/or economic development of Oklahoma. Endowed chairs and professorships must be established in areas for which the institution has ongoing, approved academic programs.

### **4.20.3 Regents' Endowment Trust Fund**

- A. The Endowment Trust Fund shall be administered by the State Regents in their role as trustees. The Endowment Fund shall be a permanent fund and shall be used for the purposes of establishing and maintaining endowed chairs and professorships at institutions in The Oklahoma State System of Higher Education, and for any other related activities approved by the State Regents to improve the quality of higher education instruction at State System institutions.
- B. Upon authorization of the State Regents, an endowment fund will be established in the State Regents' Agency Special Account or in a custodian bank or trust company to receive monies appropriated by the Legislature, as well as any monies or assets contributed from any source, public or private.
- C. No earnings of the trust fund shall be used for the administrative expenses of the office of the State Regents for Higher Education; expenses incurred by the State Regents in the administration of the trust fund and of the endowment program shall be paid from monies appropriated for the general operating budget of the coordinating board.

1. Establishment and Operation of Endowment Accounts

Principal. The principal held in the Regents' Endowment Fund shall be used for the establishment of and allocated to endowment accounts within the Regents' Endowment Fund for the benefit of public institutions of higher education within the State of Oklahoma.

Investment Return. The investment return on the principal of the Regents' Endowment Fund shall be allocated for the benefit of individual institutions for which the accounts are respectively designated and shall be remitted to such institution for the support of endowed chairs and professorships approved by the State Regents, together with other activities approved by the State Regents to improve the quality of instruction and/or research at State System institutions. The investment income approved by the State Regents for distribution to an institution shall be deposited in the institution's operating revolving fund (Fund 290). Any investment income not designated for remittance to an institution shall become part of the principal of the Endowment Fund.

Account levels. The levels indicated for each category are the amounts of private donations required to establish an account. The private donation will be matched dollar for dollar with public monies for those private donations \$250,000 or less and at 25 cents of public monies for every private dollar received at \$250,001 and above.

- i. Endowed chair accounts may be established at the research universities with a minimum private donation of \$500,000; at other institutions, the minimum required is \$250,000.
  - ii. At the research universities, professorship accounts may be established with a minimum private donation of \$250,000. At other institutions, professorships may be established with a minimum private donation of \$125,000. Thus, when fully funded with both private and public matching monies, professorships at research universities will be endowed with a minimum of \$500,000 and professorships at other institutions will be endowed with a minimum of \$250,000.
  - iii. Lectureships, artist-in-residence, and similar accounts may be established with a minimum private donation of \$25,000 only at regional and special purpose universities and community colleges. Thus, when fully funded with both private and public matching monies, said accounts will be endowed with a minimum of \$50,000.
- D. Initial Eligibility. To be initially eligible for an endowment account within the Regents' Endowment Fund, an institution must request an account and must have on deposit as provided in Section F of this policy an amount equal to at least one-half (50%) of the requested account with a written commitment that the balance will be contributed within a thirty-six (36) month period.
- E. Time Limitations. The total matching requirements shall be equal to the amount of the requested endowment account in each instance and shall be deposited within a period of thirty-six (36) months from the date of approval of the account by the State Regents. Provided, an institution may deposit in an endowment account matching funds in an amount which exceeds the required matching amount. Any endowment account for which the institution fails to provide the full matching amount within the time established shall be available to be awarded to another public institution of higher education. No investment return shall be remitted to any institution from an endowment account before the institution has deposited the total required match for the endowment account as provided in Section F of this policy.

- F. **Private Sources of Matching Monies.** Funds that an institution submits for matching purposes must originate from monies contributed to the institution after July 1, 1988, from private sources specifically designated by the donor to be used for purposes specified in this program. Monies provided for matching purposes may not be drawn from regularly allocated funds from the Oklahoma State Regents for Higher Education, proceeds of fees or charges authorized by the State Regents of Higher Education, nor from federal grants or reimbursements. In instances where the qualifications of all or a portion of the amount of matching monies are questionable, the institution shall request express approval of the State Regents to apply that amount toward the matching requirement. Monies for matching purposes may be contributed to and retained by a foundation for which the sole beneficiary is the respective institution. The foundation must demonstrate that the funds are being held on behalf of the institution as outlined in Section F of this policy; provided, monies contributed by a foundation whose sole beneficiary is an institution may qualify as private matching monies only if the monies are transferred from the foundation to the State Regents for deposit in the State Regents' Endowment Fund. Private matching monies contributed by the foundation may not be retained in that foundation, but must be deposited in the State Regents' Endowment Fund.
- G. **Deposit of Private Matching Monies.** Any institution, which provides matching monies, shall deposit the matching funds to one of the following:
1. The State Regents' Endowment Fund
  2. The institution's endowment matching fund
  3. A fund of a foundation whose sole beneficiary is that institution. If the matching monies are not deposited in the Regents' Endowment Fund, the net investment return on matching monies shall be retained in the fund.
- H. **Ownership of Private Matching Monies.** Ownership of private matching monies transferred by an institution to the State Regents' Endowment Fund for investment shall remain with the institution. Upon request, the monies may be returned to the institution for deposit in Item G.2 above.

#### **4.20.4 Report on Activities Supported by the State Regents' Endowment**

Each participating institution shall submit reports as requested to the State Regents in which the investments of the matching funds, earned interest income (including capital gains and losses) and the costs of managing the investments are presented in detail. The report shall also include a full accounting of the expenditures of earnings of both the public monies and the private matching monies. Diminution of the original private matching amount may, at the discretion of the State Regents, constitute a forfeiture of the Regents' Endowment Funds, which

the institutional monies were to match.

**4.20.5** Application Procedures

- A. All institutions in The Oklahoma State System of Higher Education are eligible to apply for an endowed chair, professorship, or other related projects under the Regents' Endowment Fund Program. State System institutions desiring to participate in the Regents' Endowment Fund Program shall make application to the State Regents upon meeting requirements for establishing an endowment account as set forth in this policy.
- B. The application shall include certification of deposited private matching monies by the president of the institution, including the date of receipt, the repository, and the name of the donor(s). Names of donors will be held in confidence by the State Regents, upon request.

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*Adopted by the State Regents on October 17, 1988; Amended January 19, 1994 and June 25, 2009.*



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**4.21 STATEMENT OF INVESTMENT POLICY FOR THE FUNDS  
ADMINISTERED BY THE OKLAHOMA STATE REGENTS FOR  
HIGHER EDUCATION**

4.21.1 Statement of Purpose

The intent of this statement is to design an investment environment with specific parameters that reflects the philosophy of the Regents, thereby providing the Investment Committee, administration, and the Consultant with clearly defined policies and objectives. Although these policies and objectives are intended to govern the investment activity, they are designed to be sufficiently flexible to be practical.

- A. Define the investment policies, guidelines and objectives of the Endowment Fund (the “Endowment.”)
- B. Create a framework from which the Investment Committee can evaluate performance, explore new opportunities and make recommendations to the Oklahoma State Regents for Higher Education (the “Regents.”)
- C. Provide guidance for, expectations of, and limitations on all parties bearing responsibilities related to the Endowment Fund of the Oklahoma State Regents for Higher Education.

4.21.2 Roles and Responsibilities

A. Board of Regents

The Regents, ultimately, are responsible as fiduciaries for managing the Endowment (70 O.S. 2001, §3951.) Therefore, the Regents’ specific responsibilities are as follows:

- 1. Set overall policies for the investment of the Endowment and approve a written Investment Policy Statement;
- 2. Establish the spending rate;
- 3. Establish the real return need and delegate the performance oversight to the Investment Committee; and
- 4. Oversee activities of the Investment Committee as they relate to the investment of the Endowment.

B. Investment Committee

The Investment Committee’s responsibilities are as follows:

- 1. Review and recommend to the Regents an appropriate Investment Policy.
- 2. Ensure that the Investment Policy is being implemented.
- 3. Recommend to the Board appropriate Investment Policy guidelines, to include:
  - a) The spending rate and calculation thereof.

- b) The Endowment's real return need (i.e. sum of spending rate, management costs and desired growth rate, if any.)
  - c) New guidelines as appropriate.
4. Establish appropriate implementation guidelines, to include:
    - a) The time horizon for the portfolio.
    - b) The acceptable asset classes for investment (e.g. U.S. large-cap stocks, U.S. small-cap stocks, emerging markets stocks, etc.)
    - c) The allocation of assets among the available asset classes (e.g. 15% to U.S. large-cap stocks, 10% to U.S. small-cap stocks, etc.)
  5. Recommend and evaluate the Investment Consultant.
  6. Establish investment practices, including:
    - a) Determine the portfolio's rebalancing rules.
  7. Monitor, review and evaluate investment results in the context of predetermined performance standards.
  8. Monitor the performance of the individual fund managers, recommend manager changes to the Regents as appropriate.
  9. Ensure that adequate and appropriate research is being conducted concerning the future performance of the portfolio and its investments.
  10. Confer at least quarterly to review the performance of the portfolio and the managers, interface with the administration and Consultant to address current issues, and develop recommendations for policy changes to be reviewed and presented for adoption to the Regents.
  11. Report regularly on the status of the Endowment to the Regents.

C. Chancellor and Staff

The responsibilities of the Chancellor and staff are as follows:

1. Implement the decisions approved by the Regents.
2. Invest new gifts made to the Endowment according to established guidelines.
3. Sell assets as needed to fund the spending allowance or as recommended by the Consultant.
4. Rebalance the portfolio as directed by the Investment Policy.
5. Serve as the primary communication link with the

Investment Committee and Investment Consultant.

D. Consultant.

The consultant's responsibilities are as follows:

1. Assist in the development and implementation of investment policies, objectives and guidelines.
2. Prepare an asset allocation analysis and recommend an asset allocation strategy with respect to the Endowment's objectives.
3. Review investment managers – including search, selection and recommendation.
4. Prepare and present performance evaluation reports in accordance with CFA Institute standards.
5. Attend Investment Committee meetings to present evaluation reports on a quarterly basis. Attend other meetings on an "as needed" basis.
6. Review contracts and fees for both current and proposed investment managers.
7. Review and recommend special investment strategies that complement existing asset classes or strategies to be considered.
8. Notify the Investment Committee and staff of any changes in personnel or ownership of the consulting firm.
9. Notify the staff and Investment Committee immediately of any litigation or violation of securities regulations in which any Investment Manager utilized by the Endowment is involved.
10. Notify staff and Investment Committee of any significant changes in portfolio managers, personnel or ownership of any investment management firm, which is utilized by the Endowment.
11. Adhere to all regulatory agency guidelines.

E. Investment Managers

The investment managers' responsibilities are as follows:

1. Invest assets under their management
2. Exercise discretionary authority over the assets entrusted to them.
3. Provide written documentation of portfolio activity, portfolio valuations, performance data, and portfolio characteristics on a quarterly basis in addition to other information as requested by the Investment Committee or Investment Consultant.

4. Vote proxies vigorously in the best interest of the Endowment, where possible.

F. Custodian

The custodian's responsibilities are as follows:

1. Provide timely reports detailing investment holdings and account transactions monthly and an annual report summarizing the following to be submitted to the administration within 21 days following each fiscal year end.
2. The reports will include the following:
  - a) Statement of all securities and other assets on hand.
  - b) Statement of all property received representing contributions to the accounts.
  - c) Statement of all sales, redemptions, and principal payments.
  - d) Statement of all distributions from the account.
  - e) Statement of all expenses paid.
  - f) Statement of all purchases.
  - g) Statement of all income.
3. Establish and maintain an account(s) for each Investment Manager of the Endowment.
4. Provide all normal custodial functions including security safekeeping, collection of income, settlement of trades, collection of proceeds of maturing securities, daily investment of uninvested cash, etc.
5. Prepare additional accounting reports as requested by the Administration or Investment Consultant.

4.21.3 Investment Policies and Objectives

- A. General Investment Philosophy – Providing for future spending needs while meeting current spending needs is the objective of the funds administered by the Oklahoma State Regents for Higher Education.
  1. Time Horizon: The Endowment has an infinite life.
  2. Return: The long-term minimum need of the Endowment is to achieve a total return averaging at least the spending rate of approximately 4.5%, plus inflation, fees, and costs. Returns experienced in excess of the need provide for the long-term growth of the Endowment.
  3. Risk: The overall level of risk in the investment portfolio will be primarily mitigated by attention to asset

allocation. The focus is on overall portfolio risk, not risk related to specific asset classes.

4. Taxes: The Endowment is owned by a tax-exempt organization.

B. Return Measurement Objectives.

The investment objectives of the Endowment are based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. While there cannot be complete assurance that the defined objectives will be realized, it is believed that the likelihood of their realization is enhanced by the Investment Policy Statement of the Endowment.

Over time, the Endowment will aim to achieve the return goal while maintaining acceptable risk levels. To accomplish this goal, the Endowment will diversify its assets among several asset classes. The table included as part of this statement provides permissible asset classes and appropriate index measures of these classes. Active managers will be expected to provide returns greater than or equal to their appropriate benchmark while utilizing acceptable risk levels.

All return objectives described are understood to be net of (after) investment expense. To evaluate the progress of the portfolio, the Investment Committee will review performance at least quarterly. It is not anticipated that the goals defined below will be satisfied in every single quarter or year. It is, however, expected that performance goals will be met over a full market cycle, normally defined as a three- to five-year period. Analysis of performance should always be within the context of the prevailing investment environment and the manager's particular investment style. The investment performance of the Fund will be evaluated relative to the following standards:

1. Investment portfolio assets should return, over a full market cycle (expected to be 3 to 5 years,) an annualized nominal rate of return greater than or equal to the long-term return objective plus the rate of inflation, net after all fees and costs.
2. Investment portfolio assets should return, over rolling sixty-month periods, a nominal rate of return greater than or equal to a composite index created by combining various indices in the same proportion as the Endowment's policy allocation.
3. Each investment manager should return, over rolling sixty-month periods, a nominal rate of return greater than or equal to the appropriate market index for that asset class, with not more than commensurate risk.

**TABLE A****PERMISSABLE ASSET CLASSES AND  
COMPARATIVE INDICES  
FOR INVESTMENT MANAGERS**

<b>ASSET CLASS</b>	<b>COMPARATIVE INDEX</b>
<b>GROWTH ASSETS:</b> Domestic Equity U.S. All Cap Stocks U.S. Large Stocks U.S. Large Cap Quality Stocks U.S. Large Cap Growth Stocks U.S. Large Cap Value Stocks U.S. Mid Cap Stocks U.S. Small Cap Stocks International Equity Int'l Large Stocks Int'l Small Stocks Emerging Mkt Stocks Global Equity Private Equity <sup>1</sup> Opportunistic Fixed Income	Dow Jones US Total Stock Market Index Dow Jones US Total Stock Market Index S&P 500 NASDAQ US Dividend Achievers Index Russell 1000 Growth Index Russell 1000 Value Index Russell Mid Cap Index Russell 2000 Index MSCI ACWI ex US Index MSCI EAFE Index MSCI EAFE Small Cap Index MSCI Emerging Markets Index MSCI ACWI Index Burgiss Global Private Equity Index 50% Bank of America Merrill Lynch High Yield Master Index / 50% Credit Suisse Leveraged Loans Index
<b>RISK REDUCTION ASSETS:</b> Domestic Fixed Income Int'l Fixed Income Cash Equivalents Hedge Funds <sup>2</sup>	Bloomberg US Aggregate Index FTSE World Government Bond Index U.S. Treasury Bills HFRI Fund of Funds Composite Index
<b>INFLATION PROTECTED ASSETS:</b> Inflation Protected Fixed Income Public Natural Resources Global Listed Infrastructure REITs Private Real Estate Private Natural Resources	Bloomberg US TIPS Index S&P North America Natural Resources Index Custom Infrastructure Index S&P Global Property Index NCREIF Open End Diversified Core Index Mercer Illiquid Natural Resources Index

<sup>1</sup> Private equity managers will additionally be monitored against a cost of capital benchmark, the Dow Jones US Total Stock Market Index + 3%.

<sup>2</sup> Hedge fund managers will also be monitored against a cost of capital benchmark, T-Bills + 4%.

C. Volatility and Risk

Risk is defined as the probability of failing to meet the Endowment's objectives over the time horizon. Therefore, in order to minimize the probability of failure, thereby minimizing risk, the following variables should be considered in all aspects of the decision-making process with regards to the Endowment's investable assets:

1. Probability of missing the goal return
2. Inflation
3. Asset/Style Allocation

D. Spending Policy

The purpose of the Endowment Fund is to provide in perpetuity. The Investment Committee shall recommend to the Regents the distribution at the end of each fiscal year. The distribution will not necessarily be equivalent to actual earnings during the year, but to maintain a distribution rate from year to year that, as a goal, will approximate four and one-half percent of the asset values based on an average of the past three years for the endowment trust fund.

E. Asset Allocation

The single most important decision that affects the Endowment is the asset allocation decision. Investment research has determined that a significant portion of an Endowment's investment behavior can be attributed to (1) the asset classes/styles employed by the Endowment, and (2) the weighting of each asset class/style. Given its importance, the policy asset allocation should be reviewed periodically and revised as necessary.

The target asset allocation is based on a comprehensive allocation study completed by the Investment Consultant. The target asset allocation of the Endowment is designed to give balance to the overall structure of the Endowment's investment program over a long-term horizon. Asset allocation decisions will not be based on market timing. However, some factors may impact the policy allocation, thereby requiring an asset allocation review and possible rebalancing. Some of these factors include a change in the assessment of the intermediate or long-term outlook for different types of asset classes and styles or divergence in the performance of the different asset classes and styles. The following table outlines the target asset allocation policy for the Endowment.

**TABLE B**

<b>TARGET POLICY ASSET ALLOCATION AND ALLOWABLE RANGES</b>			
<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Minimum Allocation</u></b>	<b><u>Maximum Allocation</u></b>
<b><i>GROWTH ASSETS:</i></b>			
Domestic Equity	28	12	45
International Equity	13	5	25
Global Equity	5	0	10
Opportunistic Fixed Income	68	0	10
Private Equity	20	0	25
<b><i>Total, Growth Assets</i></b>	<b>72</b>	<b>20</b>	<b>85</b>
<b><i>RISK REDUCTION ASSETS:</i></b>			
Domestic/Fixed Income	8	5	30
International Fixed Income	0	0	10
Absolute Return (Hedge Funds)	10	0	20
Cash	2	0	15
<b><i>Total, Risk Reduction Assets</i></b>	<b>20</b>	<b>5</b>	<b>60</b>
<b><i>INFLATION PROTECTED ASSETS:</i></b>			
Inflation Protected Fixed Income	0	0	10
Real Assets	8	0	15
<b><i>Total, Inflation Protected Assets</i></b>	<b>8</b>	<b>0</b>	<b>25</b>
<b><i>TOTAL:</i></b>	<b>100</b>		

## F. Portfolio Rebalancing

Since asset allocation is the most critical component of the



Endowment's return, the portfolio will be rebalanced at least annually. In addition, the Endowment will be rebalanced in the event any asset class allocation differs from policy by more than 20% of the target weight, but with a 2% minimum deviation threshold (before rebalancing is required.) Alternative asset classes may require a longer period of time to achieve target allocation due to their illiquid structure. Please refer to the table above for allowable target asset allocation ranges.

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*Approved March 12, 1992. Revised June 29, 1994, May 30, 1997, May 25, 2001, April 3, 2003, April 27, 2006, February 8, 2007, September 13, 2007, October 18, 2017, December 4, 2019, December 2, 2020, and February 9, 2023.*

#### **4.21.1 Other Funds and Programs Administered by the Oklahoma State Regents**

- A. William P. Willis Scholarship Program
  - 1. Oklahoma Statute 70 Section 2291 requires that the State Regents, in their role as Board of Trustees for the William P. Willis Scholarship Fund, "invest the trust capital in a reasonable and prudent manner which, consistent with any long-term investment needs, will produce the greatest trust income over the term of the investment while preserving the trust capital."
  - 2. Given that the principal of the fund is not to be expended, the fund can tolerate the volatility of investments other than fixed income. The principal of the fund, defined as the total legislative appropriations, may be treated as quasi-endowment funds and invested in up to sixty percent (60%) equity and equity-like investments. The remainder of the principal should be held in fixed income investments and cash.
  - 3. All earnings generated through the investment of these funds will be credited to the William P. Willis Scholarship Fund.
- B. Oklahoma Tuition Aid Grant Funds
  - 1. Funds appropriated to the Oklahoma Tuition Aid Grant Program (OTAG) by the Oklahoma legislature are eligible for investment at the discretion of the Oklahoma State Regents. These funds cannot tolerate volatility since the full appropriation is expended each year.
  - 2. Therefore, investment of these funds is restricted to investment grade fixed income securities. Securities should be fully collateralized or backed by the full faith and credit of the federal government, a federal agency, or the state of Oklahoma.
  - 3. Fixed income investment maturities should coincide

with scheduled OTAG distributions. That is, since the cash flows of the program are known, the maturity date of individual investments should be set to the time of the expected cash distribution rather than purchasing a security with a significantly longer maturity with the expectation of realizing a capital gain at the time of sale.

4. All earnings generated through the investment of these funds will be credited to the Oklahoma Tuition Aid Grant Fund.

C. Oklahoma State Regents' Retirement Funds

1. To fund the liability associated with the supplemental retirement plan, the State Regents must hold a pool of funds equal to the actuarial value of the retirement liability. The year-to-year cash need of the fund will vary depending on the number of retirees and is projected to extend to approximately the year 2025.
2. The long-time horizon of these funds permits exposure to volatility associated with equity investments. As a general rule, equity and equity-like investments should comprise no more than fifty percent (50%) of the portfolio. The balance of the fund may be invested in a variety of fixed income investments.
3. Alternately, the State Regents will purchase annuities to fund all or part of this obligation.

D. Investment of All Other Funds

All other funds eligible for investment by the State Regents shall be restricted to fixed income investments. Only by a direct action of the State Regents may staff be authorized to invest funds for which an investment policy does not exist in any vehicle other than investment grade fixed income securities.

4.21.2 Investment Risk

- A. In addition to considering the asset allocation between fixed income and equity investments, careful attention shall be given to analyzing the risk attributes of all securities purchased. Normally, funds other than endowments shall not be invested in equities. Any funds invested in equities must be able to tolerate the volatility, or market risk, associated with the stock market. As a general rule, funds, which cannot be invested for more than five years, should not have equity exposure.
- B. Fixed income investments should be examined on the basis of liquidity, maturity, duration, quality, and yield. Fixed income investment portfolios should be diversified on the basis of these characteristics. For investments other than those made in endowment and quasi-endowment funds, maturities should coincide with cash need. That is, when the cash flows of a program are known, the maturity date of an individual

investment should be set to the time of the expected cash distribution rather than purchasing a security with a significantly longer maturity with the expectation of realizing a capital gain at the time of sale.

- C. Special care shall be exercised before purchasing derivative or non-traditional securities. For example, the volatility associated with certain mortgage-backed securities, even though backed by the federal government, would not be suitable for most non-endowment funds.

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*Approved March 12, 1992. Revised June 29, 1994, May 30, 1997, April 7, 2000 and February 9, 2023.*

## **4.22 END-OF-YEAR REPORTS**

### **4.22.1 Statutory Provisions**

- A. Title 70 O. S. § 4307, provides that institutions of higher learning in The Oklahoma State System of Higher Education and other colleges and universities in the state shall make enrollment and other educational information reports to the Oklahoma State Regents for Higher Education on forms and at such times as may be prescribed by the State Regents.
- B. Title 70 O. S. § 3206, makes provision for the State Regents to prepare and publish annually a report to the Governor, the Legislature, and institutions, setting forth the progress, needs, and recommendations of state educational institutions and of the State Regents; conduct studies, surveys, and research projects to gather information about the needs of state educational institutions; and to make such additional reports and recommendations as it deems necessary.
- C. Title 70, O. S. § 3218.12 (B) and 3226, provide for a system of resident and nonresident student tuition waiver scholarships in each state educational institution to be authorized by the State Regents. The State Regents adopted a policy concerning Regents' Tuition Waiver Scholarships, and the policy includes provisions for a fiscal year report to the State Regents.
- D. Title 74, O.S. § 3602, provides that agencies, boards, commissions, departments and institutions shall file a quarterly report with the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate, reflecting employee status, showing the increase or decrease in employees, each quarter of the fiscal year for the Oklahoma State Regents for Higher Education and every institution comprising The Oklahoma State System of Higher Education.

### **4.22.2 Report Contents**

- A. In order to accomplish the requirements of Article XIII-A of the Oklahoma Constitution with respect to determination of financial needs of the members of The Oklahoma State System of Higher

Education and the statutory provisions cited above, the State Regents need timely, specialized, and reliable data concerning selected financial and statistical circumstances at institutions in The State System. For some of these data, the primary source is each institution. While some data must be obtained on an ad hoc basis, the State Regents obtain as much data as feasible on a regular year-end basis in one report document.

- B. Year-end fiscal reports include data on current operating funds, capital funds, bonded indebtedness, federal student financial aid programs, and tuition waiver scholarships. Data are obtained to identify funds as state-appropriated, federal, or other non-state-appropriated funds. Funds are further identified as educational and general, auxiliary enterprise, or student aid. The reports include surplus available at the beginning of the year, receipts, disbursements, and surplus at the end of the year.

#### 4.22.3 Report Submission

- A. Not later than July each year, Form SR-A6 is distributed to each institution for return not later than August 1. Instructions for preparing the institution's annual report of funds are sent with the forms.
- B. The State Regents summarize and analyze data reported by each of the institutions on Form SR-A6. These data for The State System are reported in the State Regents' *Biennial Report*. Details of the current operating data are reported with a written analysis in the State Regents' *Current Operating Income and Expenditures, Oklahoma State Colleges and Universities* report. For a list of the various fiscal reports that are required throughout the fiscal year, refer to the State Regents' *Financial and Business Handbook*, also commonly referred to as *The Red Book*.

### 4.23 EMPLOYEES – QUARTERLY REPORTS

#### 4.23.1 Purpose and Authority

- A. Title 74 O.S. §3602 provides that agencies, boards, commissions, departments and institutions shall file a quarterly report with the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate, reflecting employee status each quarter of the fiscal year.

- B. Excerpt from the Oklahoma Statutes:

*The following agencies, boards, commissions, departments and institutions shall file a quarterly report with the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate, showing the increase or decrease in employees employed by them during the fiscal quarter immediately preceding the filing of the report:*

1. *Oklahoma State Regents for Higher Education;*

***Oklahoma State Regents for Higher Education***

2. *Board of Regents of Oklahoma Colleges; and*
3. *Every institution comprising The Oklahoma State System of Higher Education. (74 O.S. §3602)*

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*Approved on June 27, 2013.*