

## 2020 REP Session 1

OK. And well, we will begin our first virtual Regents Education Program. Good morning. Thank you for joining us. I'm Kylie Smith, and I'm the Vice Chancellor for Administration at the Oklahoma State Regents for Higher Education. Before Chancellor Johnson introduces our keynote speaker, I would like to go over a few housekeeping items to make sure that you get the most from your participation in today's webinar. As audience members for this session, you will have two ways to interact with our presenters today. This morning I sent out an email with an instruction sheet that tells you the ways in which you can interact via the raise your hand function or the Q and A function. We hope that you take advantage of these opportunities so you can have the most beneficial experience during today's webinar. Now I will go ahead and turn it over to Chancellor Johnson for him to introduce our keynote speaker today.

OK. Good morning. And thank you, Kylie. It's really a pleasure to welcome everyone to our 2020 Regents Education Program. And this is the first virtual webinar series that we've had, so we very much appreciate everyone's participation. It's very obvious that we are in challenging times in our education, not only in the state of Oklahoma but across our nation. And as we face the new reality of COVID-19, certainly higher education is embracing new and innovative ways to achieve our goals and to reshape the landscape of our education for the next decade and beyond. Providing our regents with a solid educational foundation for their roles as regents and trustees in this virtual learning environment by way of Zoom is another example of how we're doing that. Normally we'd begin our Regents Education Program with welcoming remarks from our board chair. Unfortunately, our Board Chair, Regent Ann Holloway from Ardmore, had developments over the weekend, and she could not be here this morning, but she wanted me to express her appreciation to everyone and to Senator Thompson for participating this morning. I also would like to recognize our other State Regents who are on for this segment this morning. First, special welcome to Regent Dennis Casey from Morrison, Oklahoma, and also Regent Jack Sherry from Holdenville. We want to thank Regent Casey and Regent Sherry for their service to the State Regents and to the state of Oklahoma. All the regents and trustees that are on the Zoom call this morning, we do want you to know that we greatly appreciate your service and dedication to higher education and your contributions to the future of our system through your work on our governing boards. Each of you devotes a significant amount of time and talent, and expertise to the job of being a regent. The role of a regent can be very time-consuming. Certainly, at times it can be

frustrating, but we want you to know that everyone in the higher ed community understands and acknowledges the time and effort that you devote to this endeavor. And so, on behalf of our state system, certainly I can say that we benefit greatly from your service and from your commitment to our students. Additionally, I want to take a moment to recognize the presidents of our colleges and universities who are on the call this morning. They are great partners with me as we go to the legislature to advocate for our goals and our mission on behalf of our students and our higher education system. Our presidents have rendered great service during these unprecedented times and certainly want to thank each of them for their service. Now it's a real pleasure to introduce our keynote speaker today. Senator Roger Thompson was elected to the state senate in 2014, reelected again in 2018 from Senate District Number 8. He's from my hometown of Okemah, Oklahoma, where he owns and publishes the Okemah News Leader. He's also currently present of the Okemah Community Improvement Association and serves as Economic Development Consultant for businesses and municipalities. During his time in the Oklahoma State Senate, Senator Thompson has consistently supported funding and investment in higher education, and he has been an extremely effective advocate to ensure that our education is a top priority in our state. This past legislative session, he was the key player in minimizing the budget cut to higher education. We likely could have had a cut, probably double the 3.9% cut that we received, and it was due to his efforts and the efforts of this colleagues that that cut was minimized. Additionally, he was the key player in the passage of our endowed chair legislation. He has been the recipient of our Higher Education Distinguished Service Award twice and truly is someone that believes strongly in what we do in our education. Please help me welcome this morning as our keynote speaker State Senator Roger Thompson, Chair of the Senate Appropriations Committee. Welcome, Senator Thompson.

Well, thank you very much. It's good to be with you today, and certainly good to be in Okemah, as you've already noted, the hometown of Chancellor Glen Johnson. It's always great to be here living in his shadow. I appreciate the opportunity to be able to address the Regents this morning and those of you that are involved in higher education. Your service is very, very much appreciated; 2020 what a year to remember. There's no doubt about it. As some have noted, and to think we stayed up late on December the 31st, 2019, simply to welcome in 2020, and yet all the challenges that are before us. But one of my favorite sayings for this year is, forget about it being 5:00 somewhere. It's 2020. And that pretty well sums up the entire year. A lot of challenges. However, it's in the midst of those challenges that we often rise to meet the occasion. And certainly, that's true whenever we look at the state of Oklahoma and whenever that we look at the state of higher education. As

the Chancellor noted a few moments ago, with a \$1.3 billion deficit that was thrust upon the legislature right at the end of session, it forced many agencies to cut higher ed, a 3.95% cut, which amounted to about \$31.6 million. That is very, very significant. However, there were two areas that I was proud to be a part of this last year, and in addition to the budget, and one of those was the endowed chairs. I think that's major. It is an obligation that Oklahoma has had for a number of years, and now we've been able to meet that obligation and to move forward. And also the moving of Quartz Mountain. Quartz Mountain is a great educational institution for the arts. We're still working with the directors at Quartz Mountain. We're working with tourism to make sure that's one of the first bond issues that's going to be executed, and hopefully, when the pandemic is over, we'll have that back up and going again, and we'll be premier within the state. I want to reference this morning as I begin remarks and things that I read this weekend, and one is recently from the NCSL Report on Higher Education, and the remarks were by Andrew Smalley in the September 23rd edition of the State Legislature Magazine. He said postsecondary education was never faced such challenges as they are experiencing today. It was said by the Alaskan Senator Gary Stevens including the necessity of protecting students and employees from the pandemic, fewer face-to-face classes, the difficulties associated with teaching online, reduced budgets, the loss of faculty, fewer students, and restricted campus access. The Coronavirus pandemic has radically reshaped higher education from admission to graduation, and no aspect of the college experience remains unchanged, and the disruptions are far from over. How institutions and students will manage this year is uncertain, and the survival of some schools is in doubt. And many campuses reopened in August only to close a few weeks later following outbreaks of the virus, leaving students caught in a web of obstacles to obtaining a post-secondary degree from increased financial stress to mental health concerns. The challenges come at a time when education retraining and retooling are more important than ever. And post-secondary institutions response to the crisis will dramatically affect the economic recovery, and state legislatures and policymakers have [inaudible]. Look down at the middle of that quote, he simply said the challenges come at a time when education retraining and retooling are very important. And certainly, that's what this seminar is about over the next few weeks of getting together and training. Higher education plays an important role in Oklahoma in many areas. In one of those areas, and I want to thank you for is our economic development. And as the Chancellor brought out a few moments ago, I work in economic development. I work with businesses. And right now, our commerce department under the direction of Director Kisling reading out to a number of companies. And I had the opportunity to meet recently with the owner of North Star Scientific, who is relocating to Oklahoma from Hawaii. And this is not a punctiliar event. There are

many stories along the same line. But in talking to the owner, I said, "Why in the world are you moving from Hawaii all the way to Oklahoma?" And the answer he gave was because of the quality of the engineers that are trained in Oklahoma. We need to hear more of that story. We need to hear more of the great work that we're doing in higher education. And just one example, and, you know, higher education returns \$9.40 for every dollar invested, and that's almost \$9 billion a year. And I apologize for sounding like Glen Johnson for a few moments, but however, this is very, very important and must not be forgotten as we continue to invest in higher education. In 2018, the federal government decided that we can no longer use the 1115 waiver to pay for our graduate medical education, and that's whenever the state stepped up and picked up over \$100 million in financing for our medical schools and move forward because we said it's important to train doctors in Oklahoma because we know where they are trained is where they will usually practice. OSU and OU have premier medical training facilities that are recognized across the United States and around the world as being able to train docs. That's part of our higher education system. And I'll tell you, the training of doctors and nurses and the medical staff, very, very important. And while the Pandemic has reached havoc on America and on Oklahoma, the medical staff and Oklahoma have risen to the occasion. And even though it has not been without a cost to them that they have risen to the education, and they were trained in our system in Oklahoma to be able to do that. And so this morning, thank you to our doctors. Thank you to our nurses and the medical staff for your tireless dedication to the health of all Oklahomans. This would not have been possible without the leadership in higher education and in their medical training and to make sure that we have the latest technology and that we're ready to move forward, and we're doing a great job. It was our trained physicians that were able to step up, our nurses and medical staff that says we're here to meet this occasion, and we are meeting it. I want to move to just two or three other points this morning. And one is the autonomy of our higher education system. I'm a firm believer in the Constitutional autonomy of our higher ed system. We live in a world of politics, and yet politics cannot exclusively drive the conversation in higher education. There needs to be consistency. There needs to be stability for the system and also for the students who choose to attend any of our institutions. And as long as we talk about funding and we talk about classes that are taught, those that are involved in the legislature will be involved in that conversation. But we cannot have the leadership of higher education and the leadership of our colleges changing presidents and leaders every time we change governors, or we change legislators. I believe in the Constitutional autonomy of higher education. I also believe in the two-year institutions and the impact they have on local educational opportunities resulting in an economic impact across the state. There's a discussion that goes on all the time whether or

not our two years are still valuable and whether it's still viable. And I want you to know they prepare many students to move on to the next level, and if they were not there, I'm convinced that many students would not even begin to process. The two-year institutions are making a huge difference all the way across Oklahoma. So I believe there's a need for our research universities, our regional universities, our liberal arts universities, our community colleges, our professional colleges, our learning centers, and our independent institutions. And I believe working together produces a diverse student base and a diverse workforce that will propel us into the very next generation. And so, while there are discussions that are going on and especially during the time of budget cuts and budget concerns of what we can at some of these institutions, I believe that it's necessary that we maintain that autonomy. Not only in the two years but the four years but also the Constitutional direction of higher eds. As serving as appropriations chair, I'm often asked about the budget. And right now, I'm doing budget updates everywhere and being able to put any of those out to the community. There are many challenges as we look forward to the budget of next year. Some of those challenges have been the influx of federal funds, whether that has been the Payroll Protection Program, the PPP, the CARES money, unemployment benefits, and etcetera. Whenever we begin to look at the impact we've had on our economy, the \$2.2 trillion that the feds put into it was very well organized and orchestrated in that first round. Whether there will be a second round or not, no one knows at this particular time, but those are the challenges because they've also hit into our state budget. Now, I did notice in a report that I pulled earlier this morning from the Tax Commission on our withholding taxes that we're down to about a 1% gain. That means our employment is beginning to stabilize a little bit in Oklahoma for a while when unemployment benefits were being paid at \$600 a week. Our withholding taxes have risen to almost five or almost 6%, and so I think that was a little artificially inflated. So the challenges of the budget, will there be a second round? Another challenge to the budgets next year are our small businesses. Many were closed for some time, and they're trying to get open, and they're trying to get profitable. And recently as I listened to some business owners even yesterday on a Sunday who contacted me about OESC notifying them of a small increase in their unemployment rate. Now, I understand this from OESC's standpoint. They had no alternative but to do this, but it's still a challenge to business owners. And even though many of them will have a very small rate, it is still coming at a time that's very problematic for small businesses, and so I remain concerned about that. Many of you may have read over the weekend a 24, 25-page report from the Oklahoma Tax Commission to the McGirt case. Read the record this morning. It is the lead story in the Tulsa World. I have not read The Oklahoman yet today. But because of that case and because of the study by the Oklahoma Tax Commission that we're

looking at mainly just the Muskogee Creek Nation. It is my understanding that the McGirt ruling applies only to the Muskogee Creek Nation and that the other four civilized tribes will be asking for the same but at this time, just the Muskogee Creek Nation. And so, from the tax commission's possible impact on next year's budget, it could be as much as \$21.5 million just from the Muskogee Creek Nation. And if you take the three-year clawback or the three-year refund, if you will, because the statutes of limitations are still open on income taxes that are paid, it could have a potential of \$64.5 million to pay back. If we took all of those five civilized tribes, now we're looking at about \$72.7 million of a possible impact and a \$218.1 million potential refund. The other area that concerns me a great deal in that particular study was the sales and use tax of \$38.1 million, and if we expand that to all of the five civilized tribes, it's \$132.2 million. Now, that's going to be hitting our communities as well as to the state's 4.5% sales tax. This morning I was in communication with Jay Doyle, the Director of the Tax Commission, asking him will these numbers be reflected in the board of equalization number that we can expect to see in December, and his answer, in short, is yes, they'll be reflective, but they may not be this high. And so we'll have to wait and see whether compacts are going to be signed by the state and by the tribes. And I just simply want to say today that tribes have always been outstanding partners with the state of Oklahoma. Many of the tribal leaders that I have spoken with, they're also Oklahomans, and they want Oklahoma to succeed, and so I'm hopeful that compacts can be negotiated that's good for both the tribes and the state because we are in this together. Another area that's also challenging in the McGirt case is the cost to our court system. Many cases that have been adjudicated by local courts are now being dismissed for lack of jurisdiction, and those are moved to either federal courts or to the Muskogee Creek Nation court. This is what the McGirt case supreme court ruling articulated, and that's what our judicial system is complying with. However, as those cases are dismissed, court cost collections are diminished. The court system is asking for a \$15 million supplemental as we come into the legislature later this year. And Chancellor, just right here in Okfuskee County, I've got a meeting later this morning with our court clerk, who is very concerned about diminishing court costs. Another challenge to our budget for this next year is going to be a Medicaid expansion. And the voters voted for that. We recognize that and right now, we want to say that we have a cost of about \$164 to \$246 million impact on our budget this next year; \$164 as everything stays as it is today. Now, we do know that we've added about 80,000 people to our rolls, and a report I saw last week, that number is up to about 110,000. And so, the legislature will seek ways to meet this particular cost. One of the things that I'm almost assured of that there will be no tax increases, and those that are requiring the 75% vote, no tax increases are anticipated this next year as we begin to address some of these challenges. And so

while education, in a whole, is a majority spend in our budget, common ed, higher ed, career tech, it's a great system all the way through, we must be anticipating these challenges as we move forward. As you begin your conference for the next few weeks, I understand you'll be covering a multitude of subjects. And later on this morning on just the fiduciary duties and responsibilities and changing business models, and then coming up conversations in crisis management and leadership and ethics and open records. I just want you to know that you are appreciated. Words of appreciation seem to come less and less in our current environment of conversation. It seems that a world is full of critics today and very, very few leaders. I believe that you are a solid voice that is needed in a very chaotic world, and this morning I want to say thank you for that. I want to say thank you because I believe you are making a difference. There are thousands of students across Oklahoma and across the United States and even the world that may never understand the challenges that you take on every day as leaders and as Regents. But they do understand their education, and their educational experience has empowered them for a very productive life, and I believe that we are in uncharted waters. We have not been here before. But I also believe today that those of you who are navigating those uncharted waters are leading us to levels that we've never seen before and that Oklahoma is a better state because you choose to serve and you choose to lead. Chancellor, it's been an honor to be with you this morning and offer a few opening remarks as you begin your conference. And, Chancellor, if you'd like, I can take a few questions.

OK. Well, thank you very much, Senator Thompson. That was informative and certainly insightful as we kick off our conference with our keynote address. If you'd like to ask Senator Thompson a question, please use either the raise hand function or the Q&A function, and I'll ask Kylie Smith to monitor those questions and pose those questions to Senator Thompson.

Thank you, Chancellor. First, I would like to call on Regent Dennis Casey.

Regent Casey?

You'll have to unmute. There you go.

Hi, Senator. How are you?

Good morning, sir.

Hey, I just -- my question was because, you know, I've seen these issues before where we obviously don't want to raise taxes so, therefore, we have these fees and fines you just brought up about the court system, etcetera. Do you see any legislation that might move towards actually funding them versus getting your funding from fees and fines?

Regent Casey, I thank you for the question. This has been something that I've been interested in for the past two or three years. If we fully fund the court system, we're after about \$80 million to be able to do that removing fees and fines. In the area of criminal justice reform, that's one of the major areas that we need to be looking at. Last year we were able to put a little over \$14 million toward that. We were able to do some things to the District Attorneys Council and funding them, and so they would quit collecting money on bad checks and some of those areas. And if money is there, I'm 100% moving away from fees and fines and fund the court system, but we have to strike a balance to make sure they're still funded.

Thank you.

Are there any other questions? Please use the raise your hand function, or you can type into the chatbox, the Q and A box.

While we're waiting on that, I have a question, Senator Thompson. We've had, and you cited several of them, a number of good news items or successes coming from our higher ed system. We've made dramatic increases thanks to the funding of the legislature in the concurrent enrollment area, where this shortens the time to earn a degree, get students into the pipeline of taking college credit earlier, and certainly saving students and parents money. You cited our Regent Track Survey that shows that for every dollar that you and your colleagues appropriate to education, \$9.40 is returned to the economy. Certainly, the impact of our endowed share program that you have been very involved in. I guess the question would be we're rapidly approaching another legislative session here in about three months. As we begin our advocacy efforts, of those items, and there may be others, what do you suggest? What are the best things for us to lead with as we make our case that we need to be -- as you go through all of your issues this year that higher education needs to be up there in terms of a top funding priority?

Jeff, I really appreciate the remarks. I have a great, great concern right now with a lot of our teaching across Oklahoma, where especially broadband is not available. And when we begin to look at concurrent enrollment, I believe it's more important today than ever. What I'm really concerned about is that within a year or two years



and our students begin to enroll in college, they're going to be saddled with a lot of costs for remediating courses because they were not simply prepared for higher education. So, Chancellor, a lot with the remarks that you've made, I just simply want to state that I believe that concurrent enrollment is premier. I believe we need to be talking about. I believe it needs to be fully funded.

OK. Great.

Kylie, do we have other --

Chancellor, I don't see any more questions, but we do have a comment from Regent Wes Mitchell for Senator Thompson. Regent Mitchell is from Tulsa Community College, and he just wanted to thank you for your continued support and understanding of the importance of higher education.

Thank you very much. I believe it's on my schedule to be on the campus of Tulsa Community College next week and meeting with the president and touring and examining what they're doing. They're a major force in our area. Thank you very much for that comment.

Any other questions or comments? Well, Senator Thompson, you've kicked us off in a good way here. As always, you're to the point, informative, and, again, as I said when we started, we count you as truly our most effective advocate, and we continue to look forward to working with you as we get closer to the session and from that point forward. Let's all, by way of doing this, virtually express our appreciation for Senator Roger Thompson for his remarks today.

Thank you very much, Chancellor [inaudible].

All right. Thank you, Senator. Kylie, you want to --

Yes, I'll continue, Chancellor. Thank you. In 1990, the legislature established the Regents Education Program, or as we call it the REP, and it was to encourage to Regents to take continuing education courses in matters that would relate to their service on public higher education boards. Each Regent is required to complete 15 hours of continuing education credit during the first two years of their appointment. For this session today, you will receive three credit hours. As a reminder, we will be doing an electronic evaluation of this session and be sending that out via email to each of you. Please take a few moments to complete the survey when you receive it. Your comments and input will help us to continue to

strengthen and enhance our Regents Education Program. Now I would like to officially introduce Chancellor Johnson. He is the Chief Executive Officer for the Oklahoma State System of Higher Education and leads a state system comprised of 25 state colleges and universities, ten constituent agencies, two higher education centers, and independent colleges and universities coordinated with our system. Chancellor Johnson provides leadership on matters related to standards for Oklahoma higher education, courses and programs of study, budget allocations, and for institutions fees and tuition, and strategic plan. Chancellor Johnson directs 20 statewide scholarship programs as well as other programs, including the State Regent's Summer STEM Academies and the Gear Up efforts statewide. He became the eighth chancellor of the Oklahoma State System in January of 2007 after a national search. Prior to assuming the role of chancellor, he served as the 16th president of Southeastern Oklahoma State University in Durant, and Chancellor Johnson served in the Oklahoma House of Representatives from 1982 to 1996 serving as Speaker of the House from 1990 to 1996, and at the time of his election as Speaker of the House, he was the youngest sitting Speaker in the United States. He is an honors graduate of the University of Oklahoma with an undergraduate degree in political science and then a Juris Doctorate from the OU College of Law. He is also a member of Phi Beta Kappa and a founding member of the Oklahoma Foundation for Excellence. In 2007 -- or in 2006, Chancellor Johnson was inducted into the Oklahoma Hall of Fame, our state's highest honor. Please join me in welcoming Chancellor Johnson for an overview of the state system of higher education.

Well, thank you very much, Kylie. And it's really a pleasure to have a moment here to talk to each of you about the role that we play in higher education. Certainly, I might mention that this Regents Education Program we are one of only five states in the United States that have mandatory continuing education. It's viewed as a best practice by a number of our national organizations. So and I think it's important as we look at our participants today certainly as you start your service as a Regent, this continuing education is required, but I think probably one of the best takeaways is we've sponsored this program now for well over 25 years are the number of Regents who have long ago put in their -- essentially achieved the hours that they need, but they've gone on and continued to come back because the program content is something that's valuable to them in their service as a Regent. So clearly, I think already from Senator Thompson's comments we're in changing times, and we are. And certainly, as governing board, trustees, State Regents, your guidance and support and direction is very important as we continue to navigate this landscape where there really isn't a playbook, but we're using our expertise and our background to make sound, solid decisions on behalf of our institutions and

our system. I thought it might be helpful to start out with just a little background on our system of higher education and really go back to the nuts and bolts, if you will. You go to the Constitution of Oklahoma, Article 13A, and it tells us that all institutions of higher education that are supported at all or in part by a direct legislative appropriation are parts of our state system of higher education. Of course, the State Regents are the Coordinating Board, coordinating the initiatives, admission, and goals of all 25 institutions. Our current enrollment as of this fall, in terms of our preliminary numbers, our system serves over 162,271 students. Our system, as you can see from the next slide, is made up of 25 colleges and universities, our two research institutions, the University of Oklahoma, Oklahoma State University, ten regional universities that are geographically located around the state, one public liberal arts institution USAO at Chickasha, 12 community colleges, again, geographically located across our state, 11 constituent agencies from our law school to ag experiment, ag research just to name a few, and then we also have two higher education center, one in Ardmore and one in Ponca City. The State Regents, going to the next slide, were established by a Constitutional Amendment in 1941 where there was a feeling from the legislature and the governor, and they submitted to a vote of the people an effort to coordinate the state system where you wouldn't have duplication of academic programs. You wouldn't have law schools and med schools springing up on every corner at every institution. And thus, the voters of 1941 approved the creation of the State Regents. Nine-member board appointed by the Governor, confirmed by the Senate for nine-year terms. And you can see our current State Regents. I know a number of those are familiar faces. Regent Sherry and Regent Casey are on this Zoom call with us today. I thought the next thing I might do is talk about a question that I'm asked about quite a bit, and that is, well, tell us the difference between the State Regents and a Governing Board Regent like Oklahoma State University or Northeastern State University or Tulsa Community College. What's the difference between those two? So I think this may be the best way to delineate that difference and show the distinction. The State Regents are a coordinating board. So what do the State Regents do? We look at things like the functions, whether it's a two-year, a four-year, a research institution, the courses of study, we approve academic programs. The State Regents grant degrees. We recommend to the state legislature, and that's why individuals like Senator Thompson are so important. We recommend after work for about four or five months with each of our presidents and our CFOs on our campuses, they bring their budget request to you as Governing Board Regents, and then ultimately, we get that in November. We roll out the budget request for the entire state system. At the end of the legislative system, after we make our case to the legislature, then on number five, we allocate funds under a formula to the college and universities based on the funds that we receive from the state

legislature. The Regents also have the authority to set tuition. We administer over \$100 million in scholarships and financial aid. We are the coordinator of the OneNet telecommunication system, which provides connectivity not just for higher education and a number of schools in K through 12 but also for hospitals, clinics, libraries, and a number of other entities in the state. We provide through our College Assistance Program financial literacy assistance, default prevention on loan assistance, and, again, one of our statutory requirements is this program here today, which involves continuing education for our Regents and Trustees. Well, that's a Coordinating Board. Now, what's the difference between a Coordinating Board and a Governing Board? I like to think of the Governing Boards as the management board, and that's probably a pretty good way to describe it. The Governing Boards, I think most would argue one of their chief responsibilities is to select the president of the college or university. They also employ personnel. They are involved in general academic policy, budget administration, building contracts, the auxiliary services purchasing on behalf of the institution. They are the governing board that manages on a day-to-day basis in terms of governance with the president, the direction achieving the mission and goals of the institution. And that flag breakdown there we thought is a pretty good way how our Governing Boards are grouped, as everyone knows. So we have multiple institutions under sub-boards like the OSU A and M Board or the Regional University System Board, or the OU Board. We have a number of other institutions that have their own Governing Boards. In terms of Boards of Trustees going to the next slide, we have two, the University Center of Southern Oklahoma that has Murray State College, Southeastern, and Langston under their purview. The University Center at Ponca City with Northern Oklahoma College, Northwestern, and Oklahoma State University all providing course content for those two higher ed centers. Also, I might just mention briefly in order to conduct our work, the State Regents have a number of advisory councils and boards. I've listed them there as an example. The Council of Presidents, I meet with our presidents since COVID-19 at least twice a month and sometimes more often than that, but we work with our these various councils on the campuses in order to coordinate our work. It can be very helpful. Just looking at that Council on Information Technology as an example, we bring all of the IT officers on all of our campuses together. Von Royal, who is the Director of OneNet, is our Chief Information Technology Officer, and we talk about ways where we can achieve cost savings by buying off the same contract and by working together and achieving economies of scale through group purchases in order to save our institutions and the state taxpayers money. Next, I just mentioned I had earlier briefly alluded to the fact that we have \$100 million in scholarships. And so I wanted to reference a couple of the programs. Certainly, Oklahoma's Promise, which has been labeled by many as the best college access program in the

United States. In fact, SREB said that publicly in a presentation about a year and a half ago. Again, if you look, if student's parent, if they meet the income levels, if they make their grades, if they take the core curriculum, if they don't have any disciplinary problems, the state will pay their tuition at a college or university in the state of Oklahoma. If you think for just a moment, the program started in 1992, this program has provided scholarship opportunities now to over \$90,000 students in the state. I think most of you know on your campuses these are students who, on many occasions, if they didn't have this scholarship they would not have had the opportunity to earn their degree at our colleges and universities. Our Tuition Aid Grant Program is our need-based scholarship. The Regional University Baccalaureate at our regional universities for students with 30 ACT and above. Academic Scholars certainly is one that brings our best and brightest students to our campuses. The Teacher Shortage Employment Incentive Program, where we provide incentive dollars to teachers who will tell us while they're still in college that they're going to teach for at least five years in our K through 12 system in the areas of math and science. So, again, a number of these scholarships are very, very important in terms of providing our students the means and the wherewithal to attend college. Going to the next slide, in terms of other student programs, I'll mention a couple. I've already talked about concurrent enrollment, which has been highly successful, and we -- as these meetings are helpful, I think Senator Thompson indicated he was going to make sure that we have full funding for that program this year. So we all need to remember that he said that here although I don't think we will need to because he's been a great advocate. But other programs as well where we -- course equivalency where we achieve transfer of courses between and among institutions where students don't lose credit when they transfer. The Campus Compact where we engage students civically and their civic responsibilities, including the importance of voting. Gear Up as an example, which we now are one of only five states in the country to have received every federal Gear Up grant or cooperative agreements with career tech where students can earn college credit while they're enrolled in career tech. And then our Adult Degree Completion Initiative, which provides opportunities for adults who have stopped out of college for whatever reason to get back to college, to earn their degrees, and to become productive citizens and certainly Reach Higher has been very important for our veterans who are returning to college after military service. Other programs and I'll just touch on this briefly, but the Regents have tried to pinpoint as much as we can areas that are important from our mission and goals. So we might go to the next slide. We have since the tragedy at Virginia Tech, the shooting on that campus back in April of 2007, we've had a Campus Safety and Security Task Force where we bring everybody together to make sure we are doing everything we can to keep our campuses safe and secure. We work with our Department of Homeland

Security, Emergency Management, Department of Mental Health, and it's been a great collective effort. We got ahead of the curve on online. The State Regents started this online task force about six years ago, and it's been very helpful as we transition to online in the midst of the pandemic in March to have been looking at ways to break down those barriers for students who want to take some or part of their college experience online but also to make sure that the rigor of those courses remain very strong. Endowed Chairs where you bring in the best faculty and through gifts that have been provided from either corporations in our state or individuals enhance the compensation package for faculty where we can continue to bring great faculty to our campuses. Our EPSCoR Matching Fund Program, this is a research-based program. I've got -- I mentioned Congressman Tom Cole, whose subcommittee assists in providing funding for this program. It's really been in terms of giving our research efforts in this state a shot in the arm, we currently have an existing match program with the National Institute of Health that's bringing millions and millions of dollars to our state in water research. The Master Lease Program has been particularly helpful during this economic downturn that we've been in the last decade where you can essentially finance projects on campuses, both real property acquisitions and things like computers or other equipment that we need through this Master Lease Program at a very favorable interest rate. And, finally, our OneNet system that connects not only higher education but also many other entities in government as well. And I might mention, one day, it was extremely helpful during the conversion on our campuses in March from face-to-face instruction to online instruction by providing those Zoom licenses and working with our campuses to do that. I want to talk for a moment just about the value. Sometimes we get caught up in everything that we're doing, and we don't really look at those bigger pictures, and when I say we, I'm talking about all of us, including me. And so it's important to look at really the intrinsic value that higher education brings to the equation in our efforts today in trying to make Oklahoma an even better state. The data actually shows that the overwhelming majority of states that have a high percentage of our citizens with degrees are the states that have the higher per capita incomes. And conversely, the states that have a lower percentage of their citizens with college degrees are the states that have the lower per capita income. So I think what you have there basically is that there's a very strong correlation between the percentage of citizens in the state that have college degrees and the strength of the economy in that state. Going to the next slide, it's confirmed by this Census Bureau data if you just compare someone with a high school diploma to someone with a college degree, the most recent data shows that the person with the college degree will earn over a \$1.1 million more during their career lifetime. There's been a debate as we go to the next slide that has been ongoing, and that debate basically is higher education a

public good that only benefits the public? Is it just a private good that only benefits the individual? What is it? And I think you can see from this slide. The answer is it really -- a college degree benefits both the individual and the state as a whole. Certainly, we see that from the individual standpoint, you have the opportunity to earn more. You have more flexibility. You certainly have more mobility and options if you have a degree. The data shows that those individuals have -- are healthier, have a longer life expectancy. And then, from the standpoint of the public benefit, all the data shows that those that have college degrees are the ones that are more civically-engaged. We have higher tax revenues, certainly more charitable giving, and other things of that nature. So if you just look at this, there are significant private benefits for the individual but also public benefits to our state for having a higher percentage of our students earn their college degree. This is another great statistic. We conduct a data match every year, Tony Hutchison and his staff that shows the most recent data shows that, and we're often asked for those that graduate from our college and universities, how many stay in Oklahoma? And the data shows that one year after graduation, 87.9 or essentially 88% of our college graduates in Oklahoma stay in the state but, more importantly, have jobs in the state of Oklahoma one year after graduation. There may be a lot of reasons for this. I think the next slides that certainly the State Regents and I and our college and universities through your work as Regents, we've tried and made a much better effort to link our academic programs to what business tells us they need. Certainly, in the healthcare area, in areas like engineering and business, and new areas like data science and analytics. And as we link what our academic programs to what business tells us they want, we see that students have more internship opportunities while they're in college. Ultimately, they have more permanent job opportunities. Again, the importance of a degree, this one is right one us, every year Georgetown University conducts a study for all 50 states. What it told us for 2020, 67% of the jobs in Oklahoma this year will require some college, a long-term certificate, or a college degree, and 37% of the jobs in our state will require an associate's degree, a bachelor's degree, or higher. And we raise this because if we don't fulfill if we don't meet this request here if we don't generate enough college graduates to fill these job needs in Oklahoma, those jobs are going to go to students who graduate from colleges in other states, and nobody wants that outcome. Certainly, our parents and students don't. We don't. Our legislature doesn't. So it's incumbent on all of us to make sure that our students have the opportunity to take the courses they need on time where they can graduate on time and then apply for and gain these jobs that require a college degree in Oklahoma. I think it's important to look at where we stand in the region. If you look at this, nationally, a third of our adults 25 and older have a college degree. In Oklahoma right now, that percentage rests at 26.2%, and if you see -- if you look at where we stand regionally, only Arkansas

has a lower percentage. That's the news that we're not that excited about. The better news is we have a game plan called Complete College America, where we're already working to close that gap. And in terms of where we stand, Complete College America, going to the next side, we've now been in this endeavor for six years. We are still ahead of our six-year goal and, again, our goal there is to produce more college graduates because we know how important it is to our economy and to the future strength of our state. It would be hard to give you an update without talking about COVID. COVID's impact has been all-encompassing and dramatic, and certainly probably one of the largest challenges we faced in higher education. I've had the chance to serve on the Southern Regional Education Boards, COVID-19 Recovery Task Force, and that's been helpful to see what 15 other states in our region are doing as well. I would make the case this morning that our colleges and universities have responded very, very well to the challenge. Most of them have now -- are back in format of a face-to-face format certainly with protocols. If classroom size reaches a number of 40 or larger, we go to online education. There have been certainly classroom sizes reduced further to achieve social distancing. Many have programmed the fall semester where the break at Thanksgiving will be from Thanksgiving until the start of the second semester or transitioning after Thanksgiving break to an online format. We have multiple testing sites. One of the things that I think has been important that students do test positive while they're on our campuses, our campuses have been very, I think, very visionary to provide for opportunities where they can for students to stay on campus, which, again, mitigates the spread. There's been significant partnering with our health departments in this effort. At the State Regent's level, we've tried to through meetings with our campuses at least on an every other week basis, sometimes more than that, to just make sure that we're all working together and sharing experiences in order to make good decisions. I think it's important on this slide that's up here now to talk about the negative impact of COVID on our campuses. Everybody knows this and is painfully aware of what I say in this slide. We've lost revenues from decreasing housing capacities, certainly meal plans. There have been costs associated with the effort to mitigate the spread going from touchless water fountains, plexiglass barriers, sanitizing stations, working on reprogramming our ventilation systems. All of that has certainly cost a good amount of money, but it's been absolutely necessary. Further, the canceling of events, some of which generate revenue for the campuses. The masking and the other equipment that's been necessary to keep our students and faculty and staff safe, and then frankly there have been expenses incurred transitioning if you can imagine on a dime in about eight days, nine days during spring break the higher ed system transitioned from a face-to-face format in early March completely to an online format for the balance of the spring semester and then the summer. And



then certainly the purchase of webcams and the other equipment necessary to do that. Additional costs were incurred. So even the CARES Act, the federal stimulus money was a great deal of help, but I think we can see as we're now several months into the COVID-19 pandemic, the costs of COVID-19 have been significant, and certainly, we need to continue to make that case not only at the state level but also to the federal level as well in the event that there is another stimulus package that they're discussing as we speak in Congress. I might just say then as we go to the next slide, I wanted to talk about college affordability. This is a great success story, and as Regents, I think you have reason to be proud of this data point because you were responsible for helping us get there. While many, many states across the United States have had double-digit tuition increases over this last decade, Oklahoma higher education has kept it below 5%. You can see over this last decade, we have averaged 4.4%. And I think particularly significant, last year our tuition increase systemwide was only 1.3%. And we had 14 of our college and universities out of our 25-member system that made no request for tuition and fees this last year. In the area of student debt, going to the next slide, that's another really very good story, and it's a story that's different than the national story. We have a report that comes out in November of every year, but the most recent report, three takeaways that are very important, 53% of our students leave our college and universities with zero student debt, no debt. Those that have debt you can see from the data on the slide that debt is significantly below the national average, and then we, Oklahoma, remains in the top ten states in terms of students leaving college with the least amount of student debt. So in all those data points, we, in the area of student debt, Oklahoma higher education has performed very well. Another publication, slightly different criteria, but it's worth mentioning, in the most recent U.S. News and World Report ranking, Oklahoma ranked 12th lowest in the nation for tuition in fees. Oklahoma higher education ranked 13th lowest in the nation in terms of student debt at graduation. Just to give you a little perspective of where we stand financially, this slide is certainly one that gets your attention. If you look at it, a generation ago, in 2001, the state appropriation to higher education as a system was \$814 million. Twenty years later, as you can see, it's \$770 million. So we've actually lost ground in terms of state appropriation over that time period. A couple of things that we experienced, as you can see there during that time period beginning in '08 and '09, the recession that hit our nation, and then, of course, in Oklahoma, we get a double whammy with the reduced revenues from energy and oil and gas. So it's important to understand that we are receiving less dollars today than we were 20 years ago. And you might ask the question, if we go down during this time, you can see here from this slide that back in 1980, essentially 40 years ago, higher education received 18.6% of the state budget. Today that figure is significantly less. It's only 10.9%. So if higher education lost, I think a legitimate

question is who were the winners. And it's really very understandable as we've lost a percentage of the market share there if you will. Those that have gained have been healthcare through Medicaid, corrections through the expenditures that have been involved in providing funding for corrections, and also the transportation area. Looking at this from another vantage point, that's a very important one in terms of the if you take the higher ed dollar, what percentage of the higher ed dollars comes from state appropriations. Thirty-two years ago, back in 1988, essentially 75% of the higher ed dollar came from state appropriations. Today that percentage is only 26.4%. So clearly, as that percentage drops, areas like tuition and fees and scholarships have to pick up the gap there, but we've seen almost a complete reversal from a percentage standpoint during the last 32 years. Not what we like. Again, this is a trend that is occurring nationwide, not just in Oklahoma. But it's one that obviously it's on our backs to get that percentage going back up the other way where we could see this as some point as more a V-shaped curve. In terms of our economic outlook, it's heartening to hear Senator Thompson quote this report. That means that as we go over there and provide our legislature with data related to higher ed, and they are listening, and I think we all know Senator Thompson not only listens but he executes on our behalf, but two takeaways here, the State Chamber provided this report a year ago. It basically documents that higher education's role in our economy exceeded \$8.2 billion, and for every dollar that the legislature appropriates, \$9.40 is returned directly back to the economy. The State Chamber of Commerce conducted this study on their own. We provided the data, but it's a very, very good takeaway. And Regents might want to know also we provided the presidents with this breakdown from a regional standpoint, which shows the dramatic impact that higher education has on the regional economies throughout the state of Oklahoma, which certainly shows the importance of having a college or university in your area. We are, again, in challenging times. Again, this is our kickoff to begin preparation for how we put together our budget requests to provide our Regents with data where they could continue to have cutting edge information to discharge their responsibilities as Regents. I think in our arsenal, we should feel very good about the fact that Senator Thompson said there's not a really an entity in government that has a more dramatic impact on our economy than higher education. We've got data that shows that we truly are the best investment that can be made in the state of Oklahoma in terms of return on investment. I would cite the Endowed Chair program. Where else in government do you have individuals and companies that provide their private money to our college and universities because they strongly believe that was our college and universities, what they'd doing on a daily basis is moving the state forward, providing opportunities for students, and creating a better state of Oklahoma. So we have a lot of things we just need to leverage our strong points, and certainly, I think that

we also need to be reminded that our work on a daily basis is work that not only opens doors for students, but it frankly changes their life. I will be glad to answer questions. And certainly, my pleasure to present this overview today. So any questions?

Remember to ask questions, you can use the Q and A function box to type in question or the raised hand function, and I will talk on your name.

[ Silence ]

Well, Chancellor, it looks like we do not have any questions.

Right.

And I think everyone is ready for our first break.

A break would be a good idea. So why don't we take a five-minute break, and then we'll be back with our next segment, which will be a presentation by Dr. Tom Meredith. So five-minute break, and then we will -- we'll be prompt on that, so we'll start back with our next session in five minutes.

[ Music ]

[ Silence ]

And welcome back. We'll continue on. Chancellor Johnson, would you like to introduce our next presenter?

I certainly will. And, again, I want to thank all of ours -- I noticed that our number of our participants continues to increase. So we very much appreciate all of our Regents' participation and presence today in our Regents Education Program. Our next speaker this morning is one that many of you who have attended Regents Education Programs before are well acquainted with Dr. Tom Meredith. He is indeed back by popular demand this year. Dr. Meredith is a Senior Fellow with the Association of Governing Boards. He has served as the Commissioner of Higher Education in Mississippi, as the Chancellor of the system in Alabama, and also as the system head for the state of Georgia. Dr. Meredith, in addition to that, served as president and member of the faculty at Western Kentucky University. He is someone that is well-versed in board responsibilities. He has served on a number of national boards and is viewed by many, including me, as one of the premier

thought leaders within higher education. He is someone that is great to work with and again has been in Oklahoma on several other occasions, and we always benefit from his expertise, and we look forward to his presentation today. So please help me welcome Dr. Tom Meredith. Welcome, Dr. Meredith.

I appreciate that, Glen. It's good to be with you. It's always good to be a part of anything going on in Oklahoma. Again, as I've said -- it says start my video. Well, I'm not sure. OK. Sorry. One of the things that I want to say on the front-end it is such a testimony of -- a positive testimony for you and for the Board of Regents, State Board of Regents to do this education program. You guys set the standard for what's going on in the country in this area, and I wish others would do that as well. It's also a pleasure always to be with Glen. Those of you who are in Oklahoma know this already, but Glen is by far one of the outstanding leaders in higher education in this country, and that's evident by his -- the honors he's received. He's been the head of the State Higher Education Executive Officers and so forth and so on. So, Glen, thank you for the invitation, and I look forward to presenting today. It's a tough time to be a Regent. Some things -- a lot of rumors going around. I heard about a trustee yesterday that was sending out a warning to everyone to not let the businesses take your temperature before you go in, that it causes you to lose your memory. This trustee and Regent had gone to Walmart to pick up some eggs and some milk, and he came out with two six-packs of beer, so it does -- maybe some impact on your memory, at least that's what he told his wife. It's never been a more difficult time to be a trustee. All the things that are going on. In the session next week, we'll talk about the issues that are facing trustees across this country. It's never been more important to have trustees and boards that are functioning at a very, very high level. So for you to be a part of this today, it speaks well of you, and it speaks well of the state of Oklahoma. You know, you were selected out of all the people in Oklahoma to be on your particular board. That's a great compliment to you, but it also places great responsibility on your shoulders and a great deal of responsibility to be the very best that you can be. So I'm hoping that today that we'll be able to do the kinds of things that will help you be the kind of person that you should be on your board. So let's bring up this in full screen somewhere. Thomas, you can help me get full screen, we'll do that.

Yes, you should be able to hit the share screen at the very bottom and then select your PowerPoint. If your PowerPoint isn't up, go ahead and bring your PowerPoint up first.

Gotcha. And everybody hang on. OK. Well, I'm sorry, everybody. Thomas taught me well, but I'm not -- I miss my secretary. Anyway, the big point of this is the

president, and the institution are only as good as the board. I've watched great presidents be brought to mediocrity because they had a very, very poor board. I've watched institutions that were poised to take off, and the board just wasn't up to the task. So it's critical to have a good board, and a board is only as the chair and the individual board members. Let me talk a little bit about here -- here are the four things that we'll probably -- that we will talk about today. Understand and practice the fiduciary responsibility. We'll talk about fiduciary in just a moment. We're gonna talk about the essentials of good board governance and how to become the very best trustee that you can be, and then develop how the importance of developing a partnership with your president. Let's talk a little bit about fiduciary. Some of you are attorneys, I'm sure. You know, a fiduciary is someone who holds something in trust for someone else. And so involving -- the whole trustee name, trust is the first part that's critical. The two little Es on the end are you. I know some of them are called Regents, and some are called trustees, but it involves trust. And that's a word we're going to emphasize today, especially with regard to the relationship between a trustee and the beneficiary, and the beneficiary here, of course, are the people on the campuses, the state, everyone associated with all of this.

Dr. Meredith, I had to interrupt.

Yes.

We still cannot see your PowerPoint.

You can't see it at all?

Correct.

I'm sorry. I'm not quite sure what I'm about to share. No. My apologies. I thought we had this down pat.

You can also email it to one of us, and we can run it for you if we need to.

Say that again.

If it's easier, you can email it to either myself or to Kylie, and we can show it for you if that makes it easier.

If I could just get the full screen, Thomas. And I apologize to all the participants.

So, do you have your PowerPoint actually pulled up at the moment?

Yes, I'm straight by it.

Then push the little TV button at the bottom. That puts it in full screen there for you. It puts it in presenter view or presentation view.

Here we go right here.

There you go, and then you can go back to Zoom and make sure you share your screen. It should be at the bottom there.

Not here.

Are you looking at your PowerPoint only, or are you back in Zoom yet?

I'm in PowerPoint only.

OK. I believe you can get the Windows or the Mac key -- are you in a Mac or a Windows right now?

Mac.

OK. I think you can hit the Mac key, and I think it will pull up your applications. Kylie, you may have to --

I take that back, my -- the program is Windows.

OK. So Windows tab will pull up everything you have open, and you can select Zoom.

I'm not following you, Thomas. I'm sorry. I apologize to everybody.

OK. So on the --

Dr. Meredith, if you want to email me your slides, I can just pull them up real quick and advance them as you give your presentation.

OK.

[ Background Sounds ]

Should be on the way. Glen, my apologies. We had this thing down pat.

Well, we'll get it set up and proceed.

[ Background Sounds ]

Well, it's critical as a trustee that you learn how to do virtual presentations. You know, part of the whole point of being a trustee is that people can trust you and can look at what your board does and be appreciative of what you do. And they're also -- there's a whole aura around how you interact with your president. One of the things that we'll talk about in just a second is the whole idea of do you support your president or do you not support your president. I've worked with boards where the boards saw the president as an employee, someone that they kind of looked down on if you will. They all felt like they knew more than the president. And so the president was left in -- is always left in a pretty difficult position when that occurs. It's critical to support your president, particularly publicly. If you have a concern with your president, do it privately, and use your board chair to assist you in that conversation with the president, but don't embarrass the president ever publicly, and don't ever be in that position where there's no communication. Most boards that I worked with that are having a problem with their president, the key factor in it is lack of communication, so please, if you have a problem, sit your president down and have that conversation. Kylie, how are we doing?

I have not received it yet.

Well, it just went out. I'll do that again.

[ Background Sounds ]

Well, it's clear this will be the last year they'll ask me to do this, so.

If the size of the presentation makes it that it takes a while for it to be received by me, Dr. Meredith, I think we can continue on with your presentation orally, and I will make sure to email the slides out to participants --

OK.

-- following the webinar session.

Sounds good. I'm going to send it again just in case.

[ Background Sounds ]

OK.

[ Silence ]

Let's talk about fiduciary responsibilities of a board. And let's make sure that you don't have to concern yourself with taking lots of -- trying to write these down. As Kylie said, we're gonna send this out to you as soon as it's over. For one, it's important for you to keep the mission of the institution current, and that means do you know what the mission is? Is it still relevant today? Was it something that was created five or six years or a decade ago? And is it still current today? And then selecting and supporting the president. If you do a good job selecting the president, your job is easy. If you rush through and pick the wrong person, then you have a miserable time in front of you. Evaluating the president and reviewing compensation should be a regular evaluation of the president, a yearly sit down with the president at least by the board and one or two others, but then a formal evaluation can occur every three to five years, and that's a 360, and you should be doing that. And then reviewing the compensation. Don't let your president have to come to you to talk about his or her compensation. Have a committee that looks at that and tries to stay current with it. Charging the president to lead strategic planning. Where is the institution going? Charge the president to do that. You can be involved under the president's direction. Ensuring fiscal integrity, preserving assets, and fundraising. My goodness, gracious. Fiscal integrity is the number one goal that you have as a board member to make sure the institution stays fiscally sound. What's our debt ratio? What do our reserves look like? What is the anticipated income, anticipated expenditures, on and on and on? You should know those things. Ensuring the quality of academic offerings. You don't need to go into each department and try to determine that but ask the right questions. Do our graduates get jobs? What's our graduation rate, and you all are one of the leaders in the country, improving your academic, I'm sorry, your graduation rate. Are programs accredited? There are a number of questions you should be asking, and then safeguarding autonomy in academic freedom. You heard the Senator talk about it this morning. You have certain responsibilities that are dedicated to you to take care of, so make sure that you don't give away the institution's autonomy and the board's authority. And academic freedom is important to all of us in higher



education. So make sure that you understand what academic freedom means. It does not mean anybody can do anything they want to if they're a faculty member. By engaging periodically and properly with institution constituents. You should be hearing from people, but do that in an organized way. I knew a president who had a board chair who regularly met with the deans, and the president didn't know it. And the board chair is saying, what can we do for you, how can we help you. Ensuring the policies and processes remain current and are properly implemented. You should be on a regular basis going through your board bylaws and policies and make sure that they are still current and that they are being followed. Maybe some need to be eliminated, but that should be a regular activity of your board. And then ensure the business of the institution and the board is conducted in an exemplary fashion. We talked about trust earlier. All of you have to do is get off of the rails and doing things right, and suddenly your whole trust effort is gone. So make sure things are done not only by the board but by the president as well in exemplary fashion. And then ensure the board, its committees, and the board members are periodically assessed. You should be going through your own self-evaluation. Make sure that you're doing things right. AGB has some formats that you can use for that. They'll also send in a consultant to help you do that. It'll be an important piece for you. So let's ask some questions about your meetings. Do you make a difference? The fact that you met did it matter that you met? Is the institution better because you met? Is there a consequential agenda? When I go work with boards, one of the things I always ask for is a copy of their agenda from the last two or three meetings, and that tells me volumes about whether or not that board is doing the kinds of things that are really important and that are consequential. It would be terrible to be called an inconsequential board, so make sure your agenda is right on in terms of the kind of things that should be there. We'll talk more about that. Do you have a consent agenda? All those things that you just have to approve by policy or by law, but you know you're going to approve it. Unfortunately for a lot of boards, they approve these things after it's over. So make sure that you have a consent agenda and you make one motion and pass it, and remembering the rules of the consent agenda where anyone can take anything off of a consent agenda for a more detailed discussion. Is there discussion at your meeting? If you leave time for meetings to have discussion time to talk about where we're going. What does the future look like? What does enrollment look like in detail? Those that don't have any discussion are going to -- I read about a board last week that met for 16 minutes, and they didn't even mention the pandemic. So make sure your boards are important, and you're taking care of things. Last is, are they transactional? Is that what your board meeting is? Just transactional? Going to approve contracts, we'll approve this, we'll approve that, but there's no strategic kind of discussion or actions taking place. And do you

utilize the talents you have to think strategically? I worked with a board that had the chief financial officer on their board for a major corporation. And that individual was not on the finance committee of the board because there were other board members who really wanted to do that, so this person got bumped -- probably the best financial mind in that whole group. So make sure you're using your talent appropriately. And are you asking strategic questions about the future? Are you asking things like, what's our projected enrollment? What if our enrollment falls off? How do we make up the revenue? What does our future look like in terms of service to the state, or what kind of things are we doing? Is the board trustworthy? Is it ethical? I had a president tell me that he can never explore new ideas with the board because as soon as he did, it would be all over everywhere, all the faculty and in town, whatever. This person was not trustworthy. Be ethical. If you have a bank member on your board and they're working hard to make sure that their bank's ATMs are on campus, that's not a good thing. So make sure that your board stays ethical, and it's not about them. Do you know your high-risk areas as a board? We all remember the quadrants that we used to create. The top right quadrant was the risks that were most likely to happen, and what would we do about those in that particular area? And then, of course, the low risk and so forth and so on. So know the high-risk areas for your institution. What are the plans to make sure that doesn't happen? And then what are the plans in case it does happen? Do you know the mission of your institution? We talked about that a moment ago. Do you know the strategic plan goals of your institution? What are the timetables for achieving those goals? Have they been -- has your institution been successful in achieving those goals? You should know these kinds of things. And then, lastly, the budget. When you approve a budget each year, you should make sure that budget matches the strategic plan, and if it doesn't, you've got a problem. But you should be asking that question. Tell us how this budget matches up with our strategic plan. Is that where we're putting our money? So what is a committed trustee look like? Someone now that is going to be a great trustee, a great Regent on our particular board? One, be engaged. I mean, go to commencement. Go to events on campus. Be a part of it. Be engaged in this. Don't just come to board meetings. Keep learning. If you don't higher education clips, as we call them each day, then you're missing the board. Inside Higher Education is a good resource for that. It's all free. Inside Higher Education -- I think it's dot org. Chronicle of Higher Education has clips they send out every day. It's all the latest news in short fashion for board members and for presidents to keep up with what's going on in higher education. All kinds of resources are available. AGB has an enormous library of information on each and every topic that you could dream of regarding higher ed. Learn from your peers. You can go to conferences. Nowadays, it's virtual. I'm hopeful it'll get back to the other before too long so that

you can gain that from your peers. Know your colleagues personally. You know, it's -- I worked with a board, they only came together four times a year, and they only came together for the meeting. There was absolutely no connection before or after the meeting between board members. It's important that you know your board members personally. It enhances conversation. It means that you, as an individual, can know where someone is coming from with their comments. And so it's important for you to know personally. Dinners the night before now are a little more difficult unless you do the social distancing, but it's a chance to know people, and therefore you'll know how to act or how to react to what they're saying. One of the great tenets of effective leaders is being able to see behind the eyes of the people with whom you are doing. So for goodness, sakes, know them. Avoid the shoelace syndrome. And that is whenever your board is starting to do something that is absolutely inappropriate. They're starting to take on a topic they shouldn't take on that's an administrative item. You just let it go. And you look down at your shoelaces, and you just let it go without speaking up. Dietrich Bonhoeffer, who was a German philosopher during the time of Hitler, said that not to speak is to speak and not to act is to act. So be a committed trustee, a committed Regent that is going to speak up and call to task your fellow board members if we're going down the wrong pathway. Think strategically. Make sure your institution is financially sustainable. It's critical that you know the finances of your institution. We said a moment ago what do the reserves look like, how are we in terms of income versus outflow, all those kinds of things that you should know as a trustee, and you should be asking that question if it's not presented. Make sure your institution is financially stable. Institution across institution in this country are failing because they didn't know about the finances, they couldn't keep up on what the plans were to make sure that they could stay open. Advocate as well as oversee. A lot of boards mainly just want to oversee. Some boards will play a gotcha game. They're trying to find something wrong so that they can point it out, either for an individual or for an institution, but it's critical that you also advocate. You should be the one singing the praises of your institution, talking about all of the positive things that are going on. You should have an elevator speech, as we call it so that you can talk immediately if someone is on that elevator with you just as an example and they can say, "Well, I see you have on a Central Oklahoma shirt. Tell me about that institution." You'll be ready to talk about it. Practice your speech, if you will, to be ready to talk about those things. Make meetings teachable moments. You're on a board for the highest level of education in the state, and you should be the ones that set the example of how institutions should be run. They are civil. They are dealing with important things. They have important discussions. They make important decisions, and how you go about that should set the example. I worked with a board one time that was terrible in this regard, and they called each other names,

and they would say ugly things about other board members, as we like to say in the South. Make sure your board meetings are an example that others would want to follow. And remember the body corporate. You have no power individually. Your board chair has no power individually except those that are set forth in the bylaws and policies. The body of the board is the only power that exists. No individual board member can order something done, order people around, or any of those kind of things. It's only as a board that the power exists. So please don't forget that. Remember that you're always a board member. Once the title is bestowed upon you, you can't go to a cocktail party and say, "Yeah, I'm on the Board, but let me just tell you my personal opinion about that." You no longer have a personal opinion. The opinion you have reflects on the entire board because you are a board member. You are always a board member. Once you have a comment, once you have a statement about something that you think is just going to be personal and just be with that group will flow out quickly because as a board member, when you said it, it was factual. So make sure that you always remember, if I saw this, it's going to reflect on the board. Now, if you say something that the board has already done and you're reflecting the board's position, very appropriate. Learn the board culture. As a new board member within your first or second year or whatever year you're in now, make sure that you know how the board operates. Take some time to watch the board and to learn from the board on how they handle things, those things that they'd rather not rush, those things that they feel urgent about, and how they handle their conversations with each other. It takes the time to learn that board culture. Respect your fellow board members and earn their respect and trust. I watch board members with board with which I've worked that were just not respectful of other board members. They didn't pay attention to what they were saying, they didn't respect their opinion. They made that very clear. And when you don't respect others, then they're not going to respect you. If you don't trust your board members with the information that you have, then you'll be on the outside. I've watched board members very nicely and very courteously just start ignoring a particular board member because they were not trustworthy, and they were not respectful of other board members, and they let them speak. But then they would move on as if, quite frankly, they didn't exist. So earn the respect of your fellow board members, and you do that by respecting them. Stephen Covey, in *The Seven Habits of Highly Effective Leaders*, says, "Seek first to understand and then to be understood." Seek first to understand the other person and then ask them to understand what you're trying to say. It works so much better. Remember, results not process, policy, not management. Age-old problem between boards and presidents, who is responsible for what. That line of demarcation between whose responsibility is this. You, as a board member, should be mostly concerned about results. This is what we've talked about. This is what we've decided. We need to

get there. Mr. President, Ms. President, it's up to you to get us there. Develop the process for making sure that happens. Make sure that you are dealing, as a board member, you are dealing with policy. You're looking for results. You're not trying to be management. You're not trying to run the institution. A lot of people cannot run one institution. So let your president run the institution, but you make sure it's going in the right direction. You're looking for results, and you're looking for policy and that policy to be fulfilled. And that's the directive that you give your president. And remember that institutions are fragile. I've watched over the years the institutions that it just took one event or another event and all of the sudden the institution is all upset, faculty is upset, the students are upset, and nowadays with the protests so easily that are held, the institution is, as we say, out of whack. And so your institution is a very fragile place in reality. And your words are extremely powerful. So choose your words carefully. Don't say them in a cavalier fashion. Think carefully about what you say because it doesn't take much to upset an institution. I did an evaluation of a president a few years ago that -- where the board chair insisted that he sat in on every evaluation interview. We tried to convince him not to do that, but he was insistent, and so he did. There was a presence of power in the room with every group that I met with this board chair there. And everything really went OK until we got to the one with the faculty. We had about 15 faculty members sitting around a table. Those faculty members were engaged even though somewhat leery because of the board chair sitting there and listening to what they were saying, and we had promised confidentiality. And at some point in time, a particular board member said something that set the board chair off, and he leaned up on the table and really took that faculty member to task. As soon as he finished, there were no comments. There was no open reaction except everybody slid back their chair, probably about 6 or 8 inches, and they were through because the power was in the room and had utilized that power and expressed that power, and so everybody shut down. Very unfortunate. Your words are powerful. Be careful. And remember, it's not about you individually. This is not anything -- any role that you should expect something, you should demand something for you individually. This is about the institution and how you can best serve the institution through your membership on this board, but it's not about you. Read and be prepared. It's critical. Before you go to a meeting, make sure you are prepared for the meeting. Take the time to read the agenda and all the agenda items that support it. Nothing more embarrassing than to be sitting in a meeting, there's a board member here that hasn't read anything, and they're trying now to engage in discussion, and everybody in the meeting except for that person knows that that information was in the agenda, if he had read it, he would be up-to-day, and it wouldn't be a problem. So read and be prepared. Do your homework. The institution would be better served with that. Support your president. We talked

about that a little while ago, but it's critical for you to support your president. It's a tough job, and it's really tough right now. And presidents have very few people they can talk to. There's always pillow talk, but that gets a little old for the spouse on the other side of this. But your president needs to have someone they can talk to and trust that that conversation will be limited to those individuals engaged in the conversation. The president needs to be able to talk about if they feel run down, they need some personal time. A president needs a chance to explore some ideas with particular board members. The president needs the opportunity to just talk sometimes, and they need to be able to say, "Well, this job is tough right now, and I really need the support of this board." They need to be able to ask for that support. And you need to be able to provide that support. Corporations, as you know, have gone to a lead director, as they call it. That lead director is someone that the president of that particular business can always go to and talk to about problems that that individual is having or that they believe that the company is starting to have. See if you can't create a lead Regent for your particular institution, someone that the president feels comfortable with can talk to, and that individual then can carry it back to the board and talk to the board about that. It's critical. And then, of course, it's important for you to be able to have fun and enjoy what you're doing. We stay really serious about what we're doing in these jobs of being a board member. It seems like no one particularly these days is in a mode of laughing or really enjoying the time that they have. But it is a serious job, and it is hard sometimes to laugh because the problems are so severe. But it's important for you to have fun with this job, have fun with your fellow board members, have fun with your president, and enjoy what's going on. It's critical. So let me wrap up with these particular words that I want you to kind of lock into your psyche if you will. I encourage some board members to make a list of these and put them in front of their board book so that they can not lose sight of them. But here are some key elements of being a successful board and being a successful board member. One is transparency. In this day and time, there are no secrets. So make sure that all that you do as a board is transparent. There are ways that you can have an executive sessions, of course, whether it's with land transactions or legal cases or personnel decisions, whatever it might be, but on everything else, be transparent. Don't try to hide anything. Don't think that you can hide anything because these days you can't. Somebody is always gonna talk about it, record it, and whatever. So be transparent. Be ethical. If you have a question whether or not something is ethical, it's probably not. So if you have that little stirring inside, which we call our conscience, and it's raising a question about whether this is appropriate, don't do it. Just simply don't do it. Walk away from it. No matter who asks you, no matter how strong the force is, just have a strong inner peace that says, no, that's unethical, I'm not gonna do it. Don't lose the trust. Huge, huge element. I should've put this all caps when you

look at it on the listing. Make sure that you don't lose the trust. Once you lose trust as a board, once you lose trust as a president, it's very difficult to get it back, and most of the time, you can't get it back. There's a cloud now that stands over the lack of trust, and everything that you're gonna do from that point forward. Don't lose the trust. Whatever you have to do, don't lose the trust, transparency, ethical, all those things will help you keep that trust. Accountability. Hold your president accountable. Hold yourselves accountable. Make sure that everything you do is -- people can hold you to task for it, and you can be accountable, and you will be accountable for all the actions that you take. And then there's engagement. We talked about it earlier. Be prepared. This is a big job. It's important job, so be prepared when you come to meetings. But then just as much be engaged. It's important for people to see you on campus, for the president to have you on campus, and don't have lunch in a private dining room somewhere. Have lunch in the dining area where the students are if that's still open on your campus. But be engaged and go to commencement. Commencement is the culmination of everything we're about. So for goodness sakes, be engaged. Sustainability. We've spent a lot of time talking about that already, but that's heavy on your shoulders to make sure an institution is sustainable. And then leadership -- provide leadership through the board for the institution and for the president. It's critical. And then results -- not process, policy, not management. Just embed that in your mindset. And make sure your board is consequential, your meetings are consequential, and that you're thinking strategically all the time, looking ahead, thinking ahead, well how does this impact our future, and then lastly students. How does every decision you are making, how does it impact students? It's critical for you to continue to put them to the forefront. All the rest of us are just supportive people, whether you're faculty member, staff, whatever. You are supporters of your students. So make sure your decisions reflect that. So, Glen, with that, we'll ask for questions, and, again, I apologize for the technical part here.

Well, don't worry about it, Tom. It's part of the environment we're in, and we appreciate all the good information here. Let's get into questions. Kylie, do we have any that have been provided?

Let me check. We do not have any in our Q and A box. If you all would like to ask Dr. Meredith a question regarding his presentation, please use the raise hand function or the Q and A function.

Let me kick it off here for our Regents. Dr. Meredith has been a university president, he's been the system head for three institutions, and has interacted with a lot of board members. I might just ask Dr. Meredith, as an incoming Regent, in

terms of the interaction that you've had, you've given us a lot of good nuts and bolts information, but what would you -- if you could just impart one bit of knowledge or thoughts as you are coming in and you're being inundated with information as you're interacting with all of the stakeholders at the college or university, what would be, if you had to distill it to one guiding thought or principle, what would that be? And what would you share with someone that's obviously got the confidence of the Governor to be appointed and it excited about the opportunity, but what would be that one guiding thought as they start the journey as a Regent?

Yeah, good question, Glen. Understand the gravity of the responsibility you've taken on. I've seen too many board members come in, I'm just going to come to the meetings and be a part of this, go to athletic events and nothing else, and, you know, it's just all I'm gonna do. Understand the gravity and then be committed. Learn as much as you can. Be as much a part as you can of everything going on at the institution. Really be committed to being a great trustee and understand the gravity.

OK. Do we have any other questions of Dr. Meredith?

I do have a question from Raul Font. What dos and don'ts do you have for new Regents, or what dos and don'ts do new Regents make?

The dos, of course, be committed, do the kind of things we just talked about in the presentation. Take those to heart, and really try to do those things. The don'ts, I've watched board members make the mistake of coming into the first meeting, they've got all kinds of preconceived notions, they may even have an agenda that they're going to try to make happen. Don't come in with all of that. Don't speak up a lot in your first meeting or two. Listen a lot. You know I always encourage presidents that the first two or three months don't have a lot to say but do a lot of listening. And the same thing applies to trustees and Regents. Make sure that you listen a lot, and you understand what is really happening. You'll be amazed at how much you don't know. And higher education is an extraordinarily complicated enterprise, and so you need to spend time learning about the enterprise and learning how to operate within that enterprise, particularly on a governing board where your responsibilities are enormous.

Good.

Thank you, Dr. Meredith. Any other questions for Dr. Meredith?



I might mention if you look forward on the rest of our seminar series, Dr. Meredith will be with us on several other occasions, so we will hear from him at future REP seminars on other subjects, but please join me today in expressing our appreciation to Dr. Meredith for his presentation today. I think he has kicked us off in a good way, so let's virtually thank him for his presentation today.

Thanks, Glen.

Tom, thank you, and we'll tune in again soon here.

OK. Thank you.

Thank you. And with that. I think if everyone is agreeable, we will take another five-minute break, and we'll resume in five minutes for our next presentation by Huron Consulting. So five-minute break beginning right now.

[ Music ]

[ Silence ]

Thank you. I think we're ready to restart our final session for the Regents Education Program webinar today. Chancellor Johnson, would you like to introduce our next presenters.

I will, and it looks like our numbers are holding well, so we'll continue with our next presentation for the last hour of this conference today. In the spring of 2019, as a follow-up on the recommendations made by the Task Force on the Future of Higher Education, the State Regents engaged an outside consulting firm, Huron Consulting, to conduct fiscal viability reviews of each of our public colleges and universities given the trend of declining state support for higher education. These financial reviews have now been completed and presented to the State Regents. The work from Huron gave the State Regents an extensive understanding in each institution, and we wanted to provide today some of those insights. We've got John Curry and Glenn McLaurin from Huron with us today to discuss changing business models in higher education, which we believe you will find very useful to you in your role as a Regent. John Curry has more than 40 years' experience in higher education. He has served as Executive Vice President of MIT, Vice President for Business and Finance at Cal Tech, Administrative Vice Chancellor and CFO at UCLA, Vice President for Budget and Planning at USC, and Interim Vice

President for Operations and CFO at the University of Chicago. Glenn McLaurin has eight years of higher ed consulting experience focusing on helping institutions address financial reporting, planning, data analytics, as well as leading financial and performance improvement assessments. He is a certified public accountant in the state of North Carolina. I think you'll find that they're going to bring a lot of current information, even cutting-edge information on changing financial models in higher education. I think you'll enjoy this segment, so please welcome John Curry and Glenn McLaurin. And, John, would you kick off the conference for us today? Please welcome John Curry.

Thank you. It's a delight to be here. I must say that I tuned in for the last session with Dr. Meredith and found it very informative and enlightening, and I hope we can play up on his good efforts and continue a vital discussion with all of you today. I will mention to start with that we worked with the Regents for the last year or more in developing many of the financial indicators that Dr. Meredith was indicating that you should know as Regents. You've had several of them beforehand, but what we did is a comprehensive piece of work with every one of your campuses looking at the last five years, and in particular, our concern was how has the decline in state appropriation affected these colleges and universities, how have they responded, and what kind of position are they in with respect to these indicators at the end of 2019 when we went through the last audited financial statement of the colleges and universities. We -- and I'll share those with you in a moment, we reached some general conclusions. There were some difficult times with some campuses because of a serious decline even in enrollments at the same time they discovered that the state was reducing their appropriations. Others were relatively more healthy, but the issue today is that as now are looking at fiscal '20, just wrapping up getting audited, we will complete those same indicators for all the campuses and, in particular, take a look at how they're performing and what the implications are for the rest of fiscal '21 very soon as the first quarter ends. So we want to share with where the universities were when we finished 2019. And then to go with you into the most unexpected event probably in most of our lifetimes and the incredible challenges it's posing to colleges and universities. And so, Glenn, with that, let's move to the next slide. So we're gonna take a look at State Regent duties. That's going to be relatively short because we know that Dr. Meredith provided an in-depth view of that from the primary source of governance models in the U.S. [inaudible], but we'll emphasize aspects of that. So we're gonna talk about things like financial leadership and what the key issues are for you to be aware of. You will hear repetitions of what you heard earlier. One of the crucial issues right now is what is the impact of COVID-19 across universities. We will not talk about it specifically with respect to Oklahoma. We will be learning much more about that

very shortly as we work with the Chancellor and his team and the campuses, but at the same time, we do know what's going on at multiple institutions, and it's not just state appropriation drops. It's drops in multitude of other revenues that are causing extraordinary problems. Then the next question is, what are resource allocation trends? There have been simple approaches that characterize most universities, which says next year's budget is an increment to last year's budget. Not necessarily a budget that is created to affect a strategic plan. That we will go into in some depth and talk to you about the practices that are occurring. So the fiduciary role was spoken to considerably. You might tell from my life's experience that the fiduciary role is something I've been central to in many ways all of my academic career, and the board's role in that is fairly straightforward but crucial to agree to the allocation of funding, just to say a budget, to agree to the tuition and fees, critical acts of legitimacy, but then more important ultimately is to act as a steward of financial resources and investment of public dollars. I would say investment of private dollars as well through foundations. And then to be encouraging of realization of cost savings where they can occur. In other words, encourage efficiency and, at the same time, find ways to encourage and incentivize revenue growth, especially where needed. Quality assurance is, I think, fairly straightforward. The basic academic standards are ratified by most boards. The boards ultimately grant the degrees, and they provide oversight and direct reviews of performance at alignment with student and workforce needs, and I'll emphasize the student in this instance because it was all capitalization in the last slide that Dr. Meredith showed. Long-term strategy is something that he also was strong in emphasizing. We emphasize it here. And what I'll say as much as anything else is when you develop a long-term strategy, do it in relationship to financial projections of what that strategy would entail because the strategy may not be feasible under reasonable expectations, so it might need to be adapted. But then as it's adapted to what looks to be feasible, make sure your budgets comport with it, and then test your strategy every year with respect to determining whether budgets perform. That is, do they balance out as you expected them to, and do they deliver the outcomes that the strategy suggested was important. So this is our first pass. Let's go to the next slide, Glenn. This is perhaps the foundation of our conversation today. The Chancellor's office and the Regents invited Huron and that would up with Glenn and me and a few of our colleagues to take a look at the financial viability of all 25 campuses. That meant looking at what should be the measures of viability. We'll talk about some of those in a moment, and then an aggregate of those measures with weights associated with them to generally rank the stature and expectations of each of the universities or clusters of universities that we saw. We would note we interviewed key stakeholders, which is to say members of the campus, members of their financial management, and in some cases, academic

management and especially enrollment management. We had an extraordinary set of meetings with folks. And I want to say at the outset that we had extraordinary collaboration and responsiveness from each of the campuses in this work. That, by the way, is indicative of how one works with campuses or how one works with potential change management, which is to make sure you start with those affected by the outcome of your work with clear expectations and openness with respect of the intentions. Finally, we presented the key findings and conclusions for each of the institutions, and then we wrap those up in a comprehensive report to the university, and that sort of gave clusters and rankings so we could look at where the strong places were and the softer places where and what might constitute appropriate further conversation. I would say we did this up to 2019, just the last audited financial statement well before we did a couple as the COVID environment began to envelop us, but at the same time, we are having to look forward from 2019 for their issues already at stake but exacerbated as we will determine through concentrated efforts in the next few weeks by the COVID virus. So, Glenn, let's take a look at the next slide. Very critical was expendable reserve risk factors. And expendable reserve is just essentially how much-unrestricted assets do you have available that you could apply relative to your overall operating size. If you're small and have huge resources, that's great. If you are a bit but also have huge resources, that works, but if you have larger operations that are at risk for financial performance during the year and you have a very low amount of expendable reserves, which means that you either have restrictions on them or simply you don't have the money. That's a serious factor. At the end of 2019, the number of institutions that were problematic in that regard were four. That was against a national standard. We also looked at those institutions that had experienced reductions greater than 5.8% that said they had already consumed portions of their available resources to react to the difficulties of the prior five years. Operating performance basically means do you generate a surplus through operations or do you generate a deficit through operations. If you generate a surplus, you typically add to reserves and don't require additional cash during the year. If you generate a deficit, that may draw down your cash balances. If that becomes chronic, then you may draw cash balances down and damage your expendable reserves and net position as we'll go ahead with severely. These were also institutions that experienced average declines in expenses to their own good management of 5.8. It's just a number we generally picked. Net position risk, we look at -- the position of an institution is essentially measured by its balance sheet. We will not talk specifically more about that, although there are great details in the materials we provided, and we urge you to look at those, and I'm sure the Chancellor's office will make them available to you. There were significant numbers of institutions at risk. That leverage risk factors really means your debt relative to your overall size

and financial performance on an annual basis is -- you're overleveraged. We know what that means in many instances. And one of the worst things that can happen when you're overleveraged is when you start to run short on cash for other reasons, which is to say now you need more debt to cover your losses, but you're already overly indebted. Number of institutions at risk as of 2019 was eight. So we'll go on to look at how people are responding to these. This is a quick overall summary of - - we looked at pricing strategies. We saw in the last several years that two-year institution experienced the greatest increase in tuition rates, and the sharpest declines in enrollment. There may be something to that that we have to get behind. You know there's something called price elasticity of demand. As price goes up often, demand goes down. And since enrollment strategies are almost the only option many of these schools have, they're totally enrollment-driven in the community college world practically, this becomes a severe issue. Liquidity, we've mentioned before, declining margins are relatively important. When we summarized each of these issues and weighted them, scores, and positioned each of the campuses with respect to that weight score called a CFI, here's what the campuses looked like across the system. We note one slight anomaly, the left bar is extraordinary, but that's because of MSC's charitable trust, which brings in rather enormous reserves relative to many of the other campuses. So with that, let's move on to what other universities are about to experience with the COVID-19 and what they are doing about it. We're drawing these from many of our own Huron databases. As the Chancellor's office knows, Purdue sent them a daily report on what's going on across the country. It summarizes some of the materials that Dr. Meredith suggested, namely materials from The Chronicle of Higher Education, Inside Higher Education. And so we've drawn our responses from those and in some cases from our own consulting work where we have been involved with helping universities through this already.

Thank you, John. I can speak to some of these items. With regards to our approach, the first couple slides, we are going to talk about some of the specific impacts that we have observed, and then I will highlight a few of the specific responses that we've seen. One notable item on the responses, the slides will certainly not encapsulate the entirety of what chief business officers and institutional leaders have been concerned with but wanting to highlight that in the midst of great uncertainty around tuition and enrollment and declining budgets and general campus safety, there have been a range of competing priorities and challenges that leadership have had to tackle. With regards though to the most immediate impact through our conversations with institutional leaders across the country and monitoring specific actions taken by a cohort of about 150 institutions, we've observed that revenue and expense impacts have been particularly pronounced

across these six categories. Oklahoma is not alone in facing legislative-led budget reductions. We've seen a fairly wide range of reductions and many institutions expressing concerns that mid-year state budget cuts may follow. This is, of course, on the heels of declining state support that we've seen take place in many states over the last five to ten years. From a revenue and an expense perspective, athletics has been a primary concern. The postponement of many fall conference activities, the cancellation of spring sports in 2020, including the NCAA men's basketball competition, and uncertainty around the winter sports has placed the viability frankly of many programs into question as revenues have declined, and we've seen a concentration of expense cuts, furloughs, and layoffs concentrate particularly in athletic programs over the last few months. Institutions have also in a tie of ever-increasing competition for students, institutions must now be even more creative and strategic to try to attract and retain students as their tuition revenues are increasingly valuable as other revenue streams have dried up, and then on the expense side, we've seen leadership take extremely difficult -- make extremely difficult decisions related to instituting pay cuts, instituting furloughs, and instituting layoffs. Again, many of this has been, many of these layoffs have been concentrated in auxiliary and athletic functions where the revenue shortfalls have been most severe, but we've also seen a wide range of across the board furloughs.

So, Glenn, I'd like to mention something at this point, typically when we think of a university budget and a university financial performance, we look at, let's say in your case, the state appropriations, we look at enrollment, we may look at research revenues. But in many institutions, there is a fundamental reliance on athletic revenues. Not just to cover the cost of the athletic programs but in some cases for high-performance programs to cover a lot of other related costs on the campus. In other words, the top-performing athletic universities are subsidizing some of their academic programs. Second, we sometimes don't look at other auxiliary revenues like residence halls. That's important because most residence halls on most universities are built with debt, and the student payment of rent is the source of debt service. And when these facilities are not rented, as we know significantly the case across the country right now, there are no revenues coming in to service that debt, and that is causing an overleverage problem of some severity. So I'm raising the case here that in your broad view of what's performing and what's not as components of the revenue budget, don't neglect auxiliaries of which athletics is the key part, but residence halls, dining services are also very key.

Thanks, John. As noted in the previous side, reduction in state support have been top of mind for institutional leaders across the country. We have seen a wide variance in actions that states have taken and the severity of cuts that have been

implemented, adding to the complexity and to the challenge in many instances, cuts have not necessarily been straight forward in being announced and being applied, but rather institutions have been asked to model or to anticipate future reductions. This has stressed the strategic and financial planning capabilities of many institutions, and it has extended the uncertainty that has been felt not just through the start of this fiscal year, but that will continue through the year in its entirety.

So this slide has been pretty specific. It's giving you just examples. We could go through many other states, but these are -- we show each state with the announced cuts it's made to date if they've announced them. Specifically, New Jersey is borrowing about \$9.9 billion to balance its budget. Washington state has been led to expect a 15% reduction in state funding. And continued reductions are occurring in places like Georgia, which looks as if they're going to reduce educational funding additional 10% even after historically low funding levels in fiscal '20. So a measure of the gravity of a few state institutions that have been significant and generally reasonably well-performing.

We've also seen institutions respond to questions around enrollment and affordability, remodifications to their tuition pricing strategies between the prior academic year and this academic year, we have seen a range in modifications or average tuition rate increases. We have seen some differentiation amongst students, which are, or, I'm sorry, among institutions which are highly tuition-dependent versus those that have more diversified revenue streams. The general trend, though, has been that institutions, their academic year '20 to '21 growth rate has been less than the historical growth that the states and institutions have been sensitive to affordability and the financial situations that students and their families have been forced into. However, those institutions that have the greatest tuition dependency at the 40% to 50% to 50% plus have experienced greater average tuition rate increases than those that have greater tuition or revenue diversification, less tuition dependency, and greater ability to fund operations from other sources.

I think the moral of this story is you can't price your way out of this problem. On the other hand, you're not having to fund inflation of salaries either, for example. Very often, there's a close relationship between your tuition price increase and the salary increases you provide to faculty and staff. We've seen very little of those or even seen it descended in some ways.

As I mentioned previously, there have also been significant concerns raised around the models by which we fund athletics and the expectations that we set for athletics

to be relatively self-sustaining or return dollars for the institution in the case of some, particularly large institutions. The revenue, sorry, revenue at risk is substantial. It does vary by athletic conference as well as each conference's primary sources of revenue. Particularly notable [inaudible] draw attention to are those institutions which are in conferences for which donor contributions and conference distributions make up a significant portion of total revenue. Ticket sales while drawing a lot of attention from images of empty stadia or concerns around limitations around the number of individuals who may be admitted to watching their game, we know as well that the limitations and the payout from conference agreements, conference championships are canceled or do not draw in the revenue they historically due will have longstanding repercussions for athletic programs.

I would note looking at the dark [inaudible] bar again, which is the conference distributions, how big the Big 10's reliance is upon it. Others in this list as well. Just as an example, when March Madness last spring was canceled, the basketball revenues decreased over \$60 million to campuses that expected to receive them.

Of course, enrollment management has remained one of the top concerns for institutional leaders over the past few months. Although initial fall enrollment counts suggest that fall enrollment numbers have not been as bleak as was anticipated or estimated back in the springtime, most institutions have experienced unpredictability, uncertainty, and greater costs associated with recruiting and retaining their students. There have been notable cases of campuses which have invested hundreds and hundreds of staff hours and millions of dollars into reopening plans only to have to shift to remote-only instruction for the fall and facing a wide range of pressure to either return to campus for the spring for financial purposes or pressure related to uncertainty around safety protocols to remain closed through the spring. We've seen that students are showing a greater preference to remain closer to home. However, those students that were on campus and are now moved off-campus and shifted to remote-only instruction, they are struggling with limited access to technology and high-speed Internet in order to fully participate in their courses. Of course, COVID-19 has brought up many questions around how international students will be treated, how visas will continue to be treated in the future, and it raises whether or not -- raises questions around whether or not the foreign experience or international student experiences desirable in the time of COVID. High unemployment has, of course, impacted the ability of students and their families, impacted their ability to pay for education. This has increased greater -- placed greater strain on financial aid budgets as well. As we look ahead to 2021, it's also not clear what the repercussions of a remote-only recruiting season will be. Students have not been able to conduct their



traditional campus visits and instead have had to rely on virtual tours to get a sense of place and community for their [inaudible] future institutions. We've also seen student numbers decline for ACT and SAT testing due to reduced access. Just recently, the National College Attainment Networks formed a future FAFSA tracker found that nearly 100,000 fewer high school seniors completed FAFSAs compared to 2019, suggesting that students may feel that they are full-priced out of the market, or the applications will be lower for the upcoming academic year.

There's a fairly strong indication I would add that a lot of students don't believe they can afford to go to a university even if they get financial aid and, as a consequence, aren't even bothering to file the FAFSA form. We'll see what more we can learn from that. I would also note that it may not be that influential in Oklahoma, but I frankly don't know the numbers at the moment. But international enrollments have been a big source of full tuition-paying students across the country. And I'm very aware of it from my life in the northeast with number of international students wanting to come to places like MIT and Harvard. Of course, they're bringing a full payment either from the governments or their families with them and, as a consequence, don't consume financial aid. So they add significantly to net revenues. On the other hand, those folks have virtually disappeared. That's not a pun, actually. The decline in that is severe, and it impacts more severely than a normal decline would because it's all full-paying students.

We've also seen increased concern around future volatility in transfer students. Historically, approximately 31% nationally speaking based on National Student Clearinghouse data, only 31% of community college students ultimately transfer to another institution. Those who attain an associates degree transfer at a higher rate. And those students who do transfer with associates degrees, approximately -- well, less than half of those go on to complete a bachelors within six years from a four-year public or profit non-profit institutions. As, again, pricing and affordability remains top of mine for students, this places greater pressure on four-year institutions to reduce barriers, more flexible on credits, even the simple fact that during the spring, many institutions shifted to [inaudible] grading policies to accommodate the abrupt shift to remote-only instruction means that more institutions must become more flexible on what credits they accept or understanding of lower academic performance associated with the disruptions of the spring. More institutions are also pressured to consider limited-term grants that may help offset pricing concerns expressed by students who are facing short-term financial difficulties. To help mitigate some of the -- I'm sorry, go ahead, John.

Some implications of this for Oklahoma, and I know you have many agreements between your two-year schools and four-year schools, but looking at those again with a fresh eye and looking at how you can concretize them, if you will, make them more seamless, and make them easier for students even though you don't want to decrease the quality of the kind of students that you bring in but in so far as these transfers are easy through understanding between the campuses and well managed between the campuses can facilitate the holding on of two-year students into four-year students.

We also wanted to highlight a few of the tactical responses to COVID-19 that we've seen even as the previously described challenges are top of mind to institutional leaders, there are areas of campus where operations have continued, where difficult decisions have been made, where the manner of conduction business have changed substantially. We have recognized that at large research institutions, even though certain instruction may be primarily or fully remote, research operations are increasingly open. This is due to a range of factors in the institutions that are a medical school or health/science facilities and are supporting COVID-19-related research and the challenge to rapidly open up to support that research. We've also seen that with the reopening comes greater and more complex safety protocols; 80% of the institutions have required principal investigators to submit return to research plans that must be approved prior to execution. And, of course, if institutions are not able to conduct their research, there's, of course, indirect cost recovery that remains a primary concern as well [inaudible] research a large fixed -- high fixed cost, especially with large research facilities unfunded, can ultimately be a drain on institutional resources and additional motivation to identify ways in which research facilities may be safely reopened.

I'd like to emphasize something in this, Glenn. If the faculty can't charge the government because they are not able to do the research, the indirect costs like administrative service costs, facilities costs, all attributable to sponsored research, are not collected. Those costs don't go away unless you go out and reduce costs in your finance offices, in your facilities areas, things of that kind. And second, many faculty take some portion of their salary and charge that to the grant directly. And if the grant is not functioning because the labs aren't functioning, the faculty member can't charge that to the government, and it becomes an obligation of the institution. So there's a real interactive effect between the research enterprise and the rest of the institution. Now, that is not extremely relevant for many of your campuses, but certainly for your big ones, Oklahoma State, Oklahoma University, there's a real interactive effect there. We haven't calculated that, but just a thought of things to look for where there's major research going on.

For those institutions that have returned to campus or made an attempt to return to campus for some number of weeks before returning to a remote environment, we've seen that the treatment of instructional space has changed significantly. Prior to COVID-19, the classroom utilization target, the target goal that we typically saw for institutions to ensure maximum use of instructional space was to ensure a utilization rate of approximately 80% in achieving a density that allotted approximately 15 to 20-square feet per student in a classroom. Given social distancing requirements, we've seen from a sample of institutions that they have shifted to significantly more square feet allocated per student, centering around approximately 36 square feet allowing us to achieve that 6-foot minimum distancing. This has created a manner of logistical challenges, including splitting courses that typically would meet in large lecture halls into much smaller sections. This has also required institutions to repurpose space, reallocate, redesign open areas, or install plexiglass or other barriers to ensure that the occupants could be safe within a particular room or particular building. We've also seen similar to the splitting of sections subdividing on-campus sections by day or week to minimize the total number of students who are on campus or in a building at any given hour. These measures are not without cost and have significant complexity associated with them that have been necessary as institutions have sought to return to campus safely.

[ Silence ]

And then, lastly, of course, we've seen many institutions make the very difficult decisions to furlough or lay off staff. Looking at a range of announcements per month, we've seen so far two waves of furloughs and layoffs. The first wave clustered around the closing of campuses in the springtime and were particularly felt by dining and housing operations as refunds were given to students who left campus, and revenue streams dried up. We've seen a second wave begin to emerge in the new fiscal year, 25% of furloughs and layoffs in July and August in particular that we've tracked focused specifically on athletics. We've also seen a range of senior leaders volunteer pay cuts or ask that their cabinet and deans take pay cuts with them, averaging around 10%. It has been painful but necessary steps to take or help close budget shortfalls and operating deficits. So in the next section of our presentation really contextualizing both in terms of the risk factors that we identified in working with Oklahoma State Regents for Higher Education over the prior year as well as the competing and varied and significant challenges faced by institutional leaders across the United States. We thought it would be helpful to provide a short overview of three of the most prominent trends in resource

allocation that we have seen over the last five to seven years and specifically the ways in which institutions are seeking to move beyond simple reduction of expenses that take more holistic and comprehensive steps to change their business models. We'll go through a couple slides on each strategy. And what we wanted to discuss in the last 15 minutes today, one, an increasing shift to what we might call decentralized and incentive-based budget models. These have the intention of moving institutions beyond budgeting being an administrative function but rather more tightly woven into strategic objectives and approach that would work to directly empowers deans to department chairs and faculty to better understand and own the generation of revenue and the control of administrative and operating expenses. We have also seen dramatic growth in what we would term academic portfolio assessments, these being campus-engaged reviews of programmatic offerings which, when conducted appropriately and effectively, help institutions set and achieve goals of understanding and then seeking to optimize their mix of high cost of but mission-centric programs along with higher margin programs which may subsidize those mission-critical academic offerings. And, lastly, we've seen a range of what we might dub collaborative ventures. This can range from traditional auxiliary outsourcing measures to much wider, strategic administrative consolidation initiatives or even institutional ventures. Some of the recent trends that we have seen in budgeting or in resource allocation practices over the last five years include that many institutions are trying to reframe budgeting as a way not just to, as we might say, divide the pie but rather grow the pie seeking to align the methods with which funding is allocated to encourage those activities which may develop new resources, promote activities that align with the strategic plan. The goal is to make these more inclusive. We're trying to move away from the black box of a budget model that only three or four people understand on campus or the backroom handshake deals that lead to the majority in institutional resources being allocated. These approaches become inherently more data-driven requiring a more timely and comprehensive data. And, lastly, we increasingly have seen institutions or adopted resource allocation models that are highly customized to their institutional culture. These are not one size fits all approaches. These are not necessarily prescribed from a single textbook or a single approach that says there shall be only one appropriate way to allocate funding, but rather these are hybridized to ensure that the institutions are able to meet and carry out the mission.

Glenn, I'd like to mention just a couple of things about this area. It happens to be an area I've specialized in since my beginning days of the University of Southern California, and true confession, I've actually probably written a book on the subject. But the initial idea of incentive-based budgeting is to have -- turn deans and their faculty into what we jokingly called hunter or gatherers. They themselves

may know their markets for students, for research, and other areas, but if they don't see the particular advantage of working hard to develop them because it doesn't yield them greater resources, they go through the normal budget process and accept the increments handed down by the provost and the CFO. On the other hand, if they're energized and enabled through policy to retain a significant portion of the marginal revenues they generate, and then the expectation is that they turn that into funding a strategic plan that the deans have worked out with the academic officers at the university, that can be the best of worlds. When USC was comprehensively on that initiative with public universities that have embraced it significantly are Indiana, University of Michigan, and then there are universities which do hybrid as Glenn suggested. One of those might be MIT, or the Sloan Management School runs on its own revenues and is incentivized to develop. But the collaboration among researchers across other areas of the campus is so important that there's a much more collaborative top-down involvement in their budgeting even as the faculty members themselves are entrepreneurs who benefit from the research they bring to the campus.

And what we have seen here and as John alluded to as well, this gives rise to a shift from the traditional budgeting perceptions and administrative backroom activity, one that really focuses on strategic allocation of resources. We've seen institutions begin to rapidly and widely embrace these sort of budget redesign initiatives. This is not a comprehensive list of every institution in the country over the last 20 or so years it has pursued a bunch of model redesigns, but I believe what is notable as we see a before and after around the Great Recession as institutions initially responded to the Great Recession through central budget cuts than administrative cost reduction exercises. Many began to recognize that expense reductions alone would not be sufficient to allow the institutions to continue to grow and prosper, and rather, there needed to be a more dramatic reenvisioning around the manner in which resources were allocated. We do anticipate that the financial uncertainties generated by COVID-19 are not likely to slow down the interest in this sort of exercise, and rather institutions will continue to pursue new approaches to resource allocation in the coming years. The next two slides state in more detail about the variances or the various spectrums in which we may think about approaches to budgeting, the sort of take what you got last year and add 1% to remove 1% is characteristic of incremental budgeting. This is typically for institutions most commonly think of a base budget with slight modifications, slight increments, or decrements in the course of a given year. The other side of the spectrum and this truly does exist on a spectrum, and hybrid models are perhaps more common than sort of these pure models that these columns may indicate, we see incentive-based models which also include a range of potential variations. However, they tend to

have a few key characteristics, including the devolution or the attribution of revenue to those schools and colleges which are delivering instruction and enrolling students in a more comprehensive costing of overhead costs to revenue-generating units allowing institutions to have a much better understanding of the true cost and expenses associated with delivering a unit of instruction. We have seen with these instances [inaudible] common element are some invention pools or strategic initiative pools which allow the senior leadership to maintain a strong central steering wheel and direct strategic investment to align with mission and goals of the overarching institution. This just further illustrates the range of options which may even exist within the incentive-based budget model world. Some terms that may sound familiar include responsibility center management or each tub on its own bottom, ETOB. This mid-left column is where we increasingly institutions land. It's a contemporary approach in which local units, that is, schools and colleges, are attributed a significant portion of their revenue but are still paying a relatively high central tax to help cover central administrative services and support the cross-subsidization of program expenses which are inherent in higher education. John, before I move to sort of the academic portfolio elements, do you have any other comments on this?

No, I think these are more detailed than they probably should be for a presentation, but we chose to write it out because after this is over, a version of this will be made available to all people attending, so you can read some of this at your leisure for greater depth. But let's move ahead, Glenn, to make sure we have time for some questions.

Thank you, John. And for the last couple of years and with a great increase in interest in the last few months, many institutions are also conducting a more intensive exercise, which we commonly refer to as academic portfolio assessments. This is an effort to develop a better understanding and greater insight into the true costs of the program delivery and seek to review and understand the history [inaudible] organic program growth as well as the decentralized means by which new program offerings may historically have been generated. The goal of these academic program reviews are not to necessarily lead to across the board program reductions or a reaction elimination of programs but rather to increase the scope of knowledge and data available to institutional leadership. We tend to see institutions find that they offer a range of programs with high variance in cost structures. Some programs may prove to be relatively low-cost in delivery. These may be what we think of as our large History 101 courses that are fairly high leveraged and have sustained increased growth over prior years. These are necessary in many cases in order to generate the excess funds that are needed to subsidize high-cost programs,

which are also growing in enrollment or growing in popularity and may be core to the institution's mission. We also find, however, that institutions frequently are offering at least a handful of programs which fall on an enrollment decline side of this spectrum. Some of these may be relatively low cost. Others, however, may cost a great deal due to -- in order to deliver a single credit hour, due to limited class sizes, and relatively high overhead costs associated with certain disciplines. It's not necessarily the case that the position of a bubble with each bubble responding to a particular program, it's not the case that this is the determining factor of whether a program is retained or not, but this visualization and the understanding that this insight helps develop is key in helping senior leadership more effectively manage academic program offerings.

You know, Glenn, I'd like to make a couple comments on this. If you imagine high-cost area with enrollment growth, many universities would be excited by the enrollment growth because they don't know the marginal cost associated with it or do they know the cost on average to educate a student through a degree in the field. And as a consequence, they may think they're making money increasing enrollment growth, but at some stage, they're increasing the amount they have to spend beyond the marginal revenues they collect. This kind of study helps folks understand that. On the other hand, there could often be some very high priority programs, which are very high cost, and knowing that, you may well choose to keep those as core, as vital to your reputation, as a special feature of your university, but there also comes several studies that we've seen that show declining revenues and continuing high costs without the examination of whether you can sustain those programs. So this provides a sense of directionality of how and where to look and literally have taken to its limit it can tell you the cost of a bachelors degree in electrical engineering from beginning to end, and that's the full cost. And so I'll give one other instance of a study we recently completed. It was a mid-sized private university, about \$100 million in revenues, and our effort with them led to the conclusion that they could reduce their number of academic colleges and schools to three from four without giving up the academic programs of all four, but at the same time in so doing cut the costs of overlapping courses and the cost of staff by a total of \$10 million. So this portfolio analysis led to a 10% reduction in costs without a significant decline in the quality of the offerings the university made available.

Yeah. In our closing minutes, I will jump just to the last element of some of the common trends we've seen in changing business models. And this falls in a category of what we would call collaborative ventures. And as I noted, this ranges from what we would have historically perceived as traditional outsourcing

initiatives with such companies as Follett or Sodexo or Aramark to newer and more innovative partnerships with third parties such as 2tor, Pearson, or Academic Partnerships, which provide support for administrative, curricular or student services. We've seen a particular rise in the online program management or OPM space over the last five years. We've also seen institutions work together to either acquire and conduct mergers with other institutions or evaluate the consolidation of administrative functions. The routine goals here include achieving greater economies of scale. There's usually technology and systems consolidation element for identifying a particular niche or growth opportunity that one institution offers but is unable to fully deliver upon that the acquiring institution may be better positioned to invest in and achieve -- help achieve longer-term revenue growth.

So I think with this, we can probably stop at this point because I'd like to have some time for some questions. So, Chancellor Johnson, I turn this back to you and to Kylie and see what comes in the next few minutes.

OK. We want to thank you, John and Glenn both for a very informative presentation. You covered a lot of ground. And our understanding is that this PowerPoint will be available for those that are participating for them to review in greater detail. So with that, let's -- Kylie, you want to open our chat room for questions?

Thank you, Chancellor Johnson and Glenn, and John, for your presentation. We do have a question from Regent Dennis Casey. He asks, what is the role of a Regent of the board when it comes to funding? He said this might actually be a question for Chancellor Johnson but wanted the input from John Curry and Glenn McLaurin as well.

Well, a couple of thoughts on funding from my perspective for a moment, one is directional in the sense that boards typically authorize budgets that are presented to them by senior leadership. That act in itself is funding the program. On the other hand, in many universities, especially in private ones, trustees have an expectation to donate to the university or to help the university get donations. So they are very often instrumental in the development or fundraising efforts of the university, playing a very personal role. I'll say something crude for a moment, but it characterized one of my first institution's views of a trustee. And it happened to be a plaque on the chief fundraiser's desk. It was embarrassing. But the plaque said, "Give, get, or get off." And what it meant either donate or help us get donations, otherwise we can find someone who can play the horrible board function who can do that. It was crude, but it was not totally wrong. Now, that is not nearly as



common in public institutions, although it's becoming much more so as public institutions are relying on philanthropy more than ever, and you look at some of our analyses of some of your campuses, we are seeing their foundations start to play a much more important role in their funding. And those that were aggressive in developing these foundations look better on all the statistics because they have access to resources, including liquidity, that others don't. So that would be my quick perspective. Chancellor Johnson?

Yeah. I -- thank you, John. Regent Casey, I think I'd respond really from both the perspective of a State Regent Coordinating Board which you and Regent Sherry serve, and then also from the perspective of a Governing Board Regent as far as what you can do with regard to funding. First of all, I think in most cases, Governing Board Regents and then the State Regents, as we're developing our budget request for next year, Governing Board Regents right now with their presidents, with their business officers at their respective campuses can be working to establish what those funding priorities are on their campuses whether it be more fighting for concurrent enrollment, Section 13 offset, the endowed chair program, additional money for scholarships as those then come up. On November 5th, the State Regents will make our budget request to the legislature. We have already decided to invite key members of the legislature, the leadership, the budget leaders to be present when we make our budget request. So from that standpoint, again, both governing board regents and state regents have a role to play, and it's a very significant role in establishing what the budget priorities are that we request. I would say from there, Regents play a very important role in the advocacy of what our budget request is. We have a number of opportunities to do that. We have our Regent briefings, which occur on our campuses with our legislature, after our budget roll out on November 5 before the start of the session in early February where we interact one-on-one and make sure that our legislators on a one-on-one basis in their districts understand what higher education's budgeting priorities are. So I think Governing Boards, State Regents play a vital role in the advocacy efforts. And then finally, once in May, the money is allocated from the legislator to the State Regents, and then the State Regents make the decision to allocate the funding to our respective 25 colleges and universities, again, State Regents and Governing Board Regents play a key role once the money is allocated in how that money is programmed to fund goals, mission, priorities on our campuses. So I really think throughout the budgeting process our State Regents, our Governing Board Regents play a critical role in shaping the funding priorities, and then quite frankly, I'm certainly one that believes that the funding is important enough we need to have all hands on deck, and Regents play a very, very important role in that one-on-one advocacy with the legislature, with the Governor in making sure that

they understand what our priorities are and doing everything we can to make sure when those -- when the legislature establishes their funding priorities that higher ed is in that list on the top rung. So I really think it's pretty comprehensive, and Regents play a big role in not only establishing our priorities for budget funding but also in advocating to make sure that our message is heard.

Thank you, Chancellor Johnson. Are there any other questions for our presenters or for Chancellor Johnson or any questions in general? Chancellor --

OK.

I think we are ready to conclude this session.

OK. Let's take a moment by virtual hands to thank John Curry, Glenn McLaurin, for a very informative presentation. We appreciate their work with us, and that work will continue going forward. This concludes our first session of our virtual Regents Education Program. We will -- as we look forward, I might just tell you that we will have our second session a week from today on Monday, October 12th, beginning at 9:00. Our third session will be on Monday, October 26th, beginning at 9:00, and then our final session will be on Monday, November 2nd, beginning at 9:00. If you complete each of these, you will fulfill your requirements for the Regents Education Program, and we structured these in a way to be informative and also with the virtual format to be more accessible for you as regents in an effort to allow you to get the credit hours that you need. So, again, thanks to all of our presenters today. I hope it has been informative and helpful. And we will reconvene next Monday, October 12th, at 9:00 for Session 2. Thanks for being with us this morning.

Thank you, Chancellor.

Thank you.