## OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

655 Research Parkway, Oklahoma City

## MINUTES OF THE COMMITTEE-OF-THE-WHOLE Wednesday, September 4, 2019

- 1. ANNOUNCEMENT OF FILING OF MEETING NOTICE AND POSTING OF THE AGENDA IN ACCORDANCE WITH THE OPEN MEETING ACT. The Committee-of-the-Whole met at 10:30 a.m. on Wednesday, September 4, 2019, in the Regents Conference Room at the State Regents' offices in Oklahoma City, Oklahoma. Notice of the meeting was filed with the Secretary of State on September 18, 2018 and amended on June 12, 2019. A copy of the agenda had been posted as required by the Open Meeting Act.
- 2. **CALL TO ORDER.** Participating in the meeting were Regents Jody Parker, Ann Holloway, Andy Lester, Toney Stricklin, Jay Helm, Jeff Hickman, Michael Turpen, Ron White, and Steven Taylor. Regent Parker called the meeting to order.
- 3. **MERCER HAMMOND.** Ms. Beth Johnson, Mr. Tim Westrich, and Mr. Anthony Brown from Mercer Hammond were present to discuss the Oklahoma State Regents for Higher Education's (OSRHE) current investments and market environment. Ms. Johnson and Mr. Westrich discussed asset allocation and market performance. Mr. Westrich stated that they were pleased with where they stood with asset allocation relative to long-term targets. He showed the ten-year horizon expected return of 6.1% and said they hoped they could do better than 6.1%. He also stated that even though valuations were high, they did have some opportunity at market to add some value. Ms. Johnson stated that liquid real assets and liquid private equity are expected to have higher returns and that is why they are adding capital there. They think the OSRHE will be slightly above median and are not making any recommendations for changes at the current moment.

Mr. Brown discussed recent market volatility driven in part by the U.S. escalation in the trade war with China and a slowdown in manufacturing, causing an inverted yield curve, which could mean that a recession may be likely to occur in the next 12 to 18 months. Based on data, they predict that equities will out-perform bonds in the long term by three percent.

4. **COLLABORATION WITH K-12 EDUCATION.** State Superintendent of Public Instruction Joy Hofmeister gave a presentation on Oklahoma Edge, the Oklahoma State Department of Education's commitment to giving the state's students a competitive edge as they pursue college and careers. She spoke of the state's poor history in reading and math proficiency and Oklahoma Edge's plan to change those statistics.

Mr. Levi Patrick, assistant executive director of Curriculum and Instruction, presented on the College Career Math Ready (CCMR) program, designed for high school seniors who are candidates for remedial math courses when they enter college. CCMR will now provide these candidates additional support in high school so they will not have to take remedial courses in college. Data has already shown that CCMR students are performing better on standardized tests.

Superintendent Hofmeister also spoke about the Individual Career Academic Planning (ICAP) process. Schools will receive credit for how they are preparing students for life out of secondary school. Superintendent Hofmeister asked that the State Regents help encourage schools to see the value in Oklahoma Edge.

## 5. INSTITUTIONAL UPDATES.

a. University of Oklahoma. Interim President Joe Harroz, University of Oklahoma (OU), began with an update on the University of Oklahoma's initiatives and priorities. Though there were large cuts to the Norman and Health Sciences Center campuses last year, President Harroz reiterated that OU is not in financial crisis. He highlighted that this is the second year in a row that the university has not increased tuition on students, increased the number of dollars to their Crimson Commitment, had a salary program in place (the first in five years), as well as having the largest entering class of freshman and one of the most academically qualified classes to enter.

President Harroz stated that research expenditures were up 25% while the number of research proposals was up 16% from last year. There has also been an overall increase in funding for strategic initiatives.

President Harroz finished by stating that OU is committed to outlining their strategic framework by January 17, 2019, particularly focusing on diversity and inclusion, and that their main goal was how to be both excellent and affordable.

b. Rose State College. President Jeanie Webb provided Regents with an update on Rose State College's (RSC) partnership with Metro Technology Centers regarding aerospace and aviation. Capitalizing on the second largest industry in the state, President Webb stated that RSC was expanding their aerospace program to include six pillars: A&P pathways, additive manufacturing, collaborative robotics, cyber security, drones, and corporate training.

President Webb stated that RSC, in partnership with Metro Tech, is creating aerospace pathways to keep students in the state to take all of their courses. She outlined plans where students receive their FAA A&P Certificates from local technology centers (Metro Tech in OKC or Tulsa Tech in Tulsa), then go on to attend two-year aerospace programs at RSC or Tulsa Community College, followed by four-year degrees at Southeastern Oklahoma State University or Oklahoma State University. The goal is to then move on to the University of Oklahoma for an MBA in Aerospace and Defense.

President Webb ended by announcing the grand opening of a new student union on RSC's campus in 2020, built to commemorate their upcoming 50<sup>th</sup> anniversary.

6. **EXECUTIVE SESSION.** Regent White made a motion, seconded by Regent Stricklin, to enter executive session for confidential communications between the board and its attorneys concerning pending investigations, claims, or actions. Voting for the motion were Regents Stricklin, White, Helm, Parker, Holloway, Lester, Hickman, Turpen, and Taylor. Voting against the motion were none.

Following executive session discussions, Regents returned to open session.

7. **GEAR UP.** This item was not addressed at this time.

- 8. **FISCAL VIABILITY REVIEWS.** Sheri Mauck, interim vice chancellor for Budget and Finance, presented two cohorts in process for review.
  - a. The first cohort, composed of five institutions (CASC, ECU, EOSC, OSU, TCC), have completed all onsite reviews. They expect to present their reports at October's State Regents meeting.
  - b. The second cohort, composed of five institutions (WOSC, SSC, NWOSU, USAO, MSC), have requested to have all their field work completed by January 2020.

Regent Helm asked if they were looking at institutions with branch campuses to see how viable those branch campuses were. Interim Vice Chancellor Mauck stated that they are looking at the financial statements for the main institutions and that the branch campuses have been folded into the main campus. Regent Helm said that these branch campuses need to be separated to see if they are financially viable. Interim Vice Chancellor Mauck stated she can communicate with the project manager and ask them to specifically include branch campus financials in their report.

- 9. **BUDGET REPORT AND REVENUE UPDATE.** Interim Vice Chancellor for Budget and Finance Sheri Mauck presented the budget report and gave a revenue update to the Regents. She stated that the revenue outlook is healthy and achieving the estimates. She stated that July collections did reach 6.6 above the estimate and collections were \$50.5 million ahead of July 2018. They will get the report for August collections on September 8, 2019. Regarding the budget report, she stated that they are beginning the work for the FY2021 budget request, with meetings scheduled for the end of September to discuss what information will go into the Governor's budget book. Chancellor Johnson added that they have scheduled the first House Budget and Appropriations Education Subcommittee meeting with Representative Mark McBride for September 30, 2019.
- 10. **LEGISLATIVE UPDATE.** Vice Chancellor for Governmental Relations LeeAnna McNally provided the legislative update. She stated that her department has been attending interim studies for the House and they are continuing to meet with legislators by phone before and during interim studies to provide any data and information. Additionally, Chancellor Johnson and Vice Chancellor McNally continue to meet with legislators one-on-one throughout the interim. They are beginning to schedule legislative tours (to take place between November 2019 and January 2020) and will start them after presenting the FY2021 budget request in November.

## 11. TASK FORCE REPORTS.

a. Online Education Task Force. Senior Vice Chancellor for Academic and Student Affairs Debbie Blanke stated that 23 institutions (not including the University of Oklahoma and Eastern Oklahoma State College) now had membership in the Online Consortium of Oklahoma (OCO) and invoices would be sent out soon. She stated that they are currently interviewing three candidates for the Director of Online Learning, who will primarily be responsible for the consortium operation as well as other online education initiatives. They also had a planning retreat in July and created three working committees: policy (which will focus on credit hours, accessibility, and intellectual property and how that plays out in online instruction), professional development (they have already begun working on this by creating a badging process and a full online teaching certification), and resources (working on an open education resource repository).

- b. **State Regents Campus Safety and Security Task Force.** Associate Vice Chancellor for Communications Angela Caddell updated the Regents on the status of the Campus Safety and Security Task Force. She discussed the Campus Emergency Manager consortium and how it would serve as a vehicle for individuals to share best practices. They have divided the state vertically into three regions to ensure everyone has a fair opportunity to attend these meetings, and they will discuss a range of topics, bringing in experts from the weather center at the University of Oklahoma, safe school building assessments, active assailant training, and tabletop exercises to name a few. The next task force meeting is scheduled for Tuesday, September 10, where they will begin planning for the fall 2020 statewide summit.
- 12. **"BEST OF HIGHER EDUCATION."** Regents received the September 2019 update on institutional activities via e-mail.
- 13. **CALENDAR OF EVENTS.** Vice Chancellor for Administration Kylie Smith distributed the calendar of events in written form to the Regents.
- 14. **ADJOURNMENT.** With no other items to discuss, the meeting was adjourned.

Joseph J. Facher, Jr. Parker, Chairman

ATTEST: