

**OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION**  
655 Research Parkway, Suite 200, Oklahoma City, OK

# **A G E N D A**

Regents Conference Room  
655 Research Parkway, Suite 200  
Oklahoma City, Oklahoma  
Wednesday, October 9, 2024 at 8:00 a.m.

Chair Dennis Casey, Presiding

1. **Announcement of filing of meeting notice and posting of the agenda in accordance with the Open Meeting Act.**
2. **Call to order.** Roll call and announcement of quorum.
3. **Oklahoma's Promise.** Approval of the FY2026 Official Funding Estimate for the Oklahoma's Promise Scholarship Program. Page 1.
4. **Proposed Executive Session.**
  - a. Possible discussion and vote to enter into executive session pursuant to Title 25, Oklahoma Statutes, Section 307(B)(1) for the purpose of considering a potential appointment for the position of Chancellor.
  - b. Enter into executive session.
  - c. Exit executive session and vote to re-enter open session.
5. **Consider or take any action with reference to the matters contained in the immediately preceding item.**
6. **Adjournment.**

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Meeting of the  
**OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION**  
October 9, 2024

**AGENDA ITEM #3:**

**Oklahoma’s Promise.**

**SUBJECT:** Approval of the FY2026 Official Funding Estimate for the Oklahoma’s Promise Scholarship Program.

**RECOMMENDATION:**

**It is recommended that the State Regents provide to the State Board of Equalization a funding estimate of \$73.1 million for the Oklahoma’s Promise scholarship program for fiscal year 2026.**

**BACKGROUND:**

Oklahoma’s Promise was created by the Oklahoma Legislature in 1992. The program is designed to increase the education attainment level of Oklahoma’s population by providing an incentive for more students to aspire for college, prepare themselves academically in high school, and ultimately earn a college degree or other postsecondary credential.

Students must enroll in the program in the 8th, 9th, 10<sup>th</sup> or 11<sup>th</sup> grade. Beginning in the 2022-2023 school year, there are three levels of income eligibility based on the number of dependent children in the family. Students are eligible to enroll in the program if the federal adjusted gross income of the student's parent(s) does not exceed:

- \$60,000 per year for parents who have one or two dependent children;
- \$70,000 per year for parents who have three or four dependent children; or
- \$80,000 per year for parents who have five or more dependent children.

To earn the scholarship, students must complete a 15-course college preparatory curriculum, achieve at least a 2.50 GPA in the required core curriculum and a 2.50 GPA overall, attend school regularly, and refrain from substance abuse or delinquent acts. Students completing the requirements are eligible for a scholarship equal to public college tuition. In college, students are subject to an annual family income check at \$100,000. To retain the scholarship in college, students must also meet certain academic and conduct requirements.

During the 2007 session, the Oklahoma Legislature passed SB 820 providing a dedicated funding process to ensure full and stable financial support for the program. The implementation of a dedicated funding process for the Oklahoma’s Promise program was a long-standing legislative goal of the State Regents.

By statute, the State Regents must provide a funding estimate to the State Board of Equalization no later than November 1 of each year. The funding estimate is for the fiscal year that begins the following July 1. The seven-member State Board of Equalization is comprised of the Governor, Lieutenant Governor, State Auditor and Inspector, State Treasurer, Attorney General, Superintendent of Public Instruction, and the President of the Board of Agriculture. The Board is responsible for certifying the total amount of funds that the Legislature can appropriate from the state’s General Revenue Fund. The Board also has the

responsibility to determine the amount of revenue necessary to fund the Oklahoma’s Promise scholarships and subtract that amount from the total funds available for appropriation from the General Revenue Fund.

Following are significant changes made to the program in the past five years:

2017-2018

- Application family income limit increased from \$50,000 to \$55,000 (statutory; first increase since 2000).
- Use of scholarship expanded to include most Career Tech programs (statutory).

2018-2019

- Prohibited scholarship payments for remedial, non-credit courses (statutory).
- Required an annual check of \$100,000 family income limit for Oklahoma’s Promise college students rather than the previous one-time check when the student was an incoming freshman (statutory).
- Cap of 129 college credit hours placed on the scholarship beginning with the 2018 high school graduating class (cap mandated by statute; specific 129-hour limit set by State Regents in rules).

2021-2022

- Application family income limit increased from \$55,000 to \$60,000 (statutory).
- Application period expanded to include the 11<sup>th</sup> grade (statutory; previously grades 8 – 10).

2022-2023

- Application family income limit modified and increased based on the number of dependent children (statutory).
  - \$60,000 per year for parents who have one or two dependent children;
  - \$70,000 per year for parents who have three or four dependent children; or
  - \$80,000 per year for parents who have five or more dependent children.

2023-2024

- Application window expanded for students placed in DHS custody during their 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, or 11<sup>th</sup> grade years to the date of their official high school graduation (statutory).
- Curriculum requirements adjusted from a 17-unit curriculum to align with the OSHRE 15-unit high school curriculum requirements for college admission (statutory).
- New core curriculum pathway option for Oklahoma’s Promise students who only want to use their scholarship at career technology centers that aligns with the Oklahoma State Department of Education’s Core Diploma Pathway (statutory).

**POLICY ISSUES:**

The Oklahoma’s Promise program plays an important role in the State Regents’ goal to increase the proportion of Oklahoma’s population earning a college degree or other postsecondary credential.

**ANALYSIS:**

Fiscal Year 2025-2026 Funding Estimate

Based on current data and projections, the funding estimate for the Oklahoma’s Promise program in 2025-2026 is \$73.1 million, an increase of \$1.3 million or two percent from the 2024-2025 funding level of \$71.8 million. The number of students expected to receive an Oklahoma’s Promise award in 2025-2026 is about 15,518.

Factors taken into consideration to calculate the estimate include:

- Enrollment rates of 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, and 11<sup>th</sup> grade students in the program.
- The rate at which Oklahoma's Promise students complete the high school requirements to be eligible for the scholarship.
- High school-to-college-going rates.

Note: COVID appears to have negatively impacted the direct-from-high school-to-college rates of the 2020 and 2021 high school graduating classes of Oklahoma's Promise students. The college-going rate of 2020 high school graduates in 2020-2021 was 68 percent, down 5 percent from the 73 percent rate of 2019 high school graduates in 2019-2020 (the largest single year decline in the history of the program). The 2021 and 2022 high school graduating classes had similar lower college-going rates of 67 percent.

- Student enrollment patterns at colleges in Oklahoma.
- Student persistence/award-retention rates in college.
- The number of college semester credit hours in which students enroll.
- The tuition rates at each institution.
- Estimated tuition increases for 2025-2026.

### High School Student Enrollment in Oklahoma’s Promise

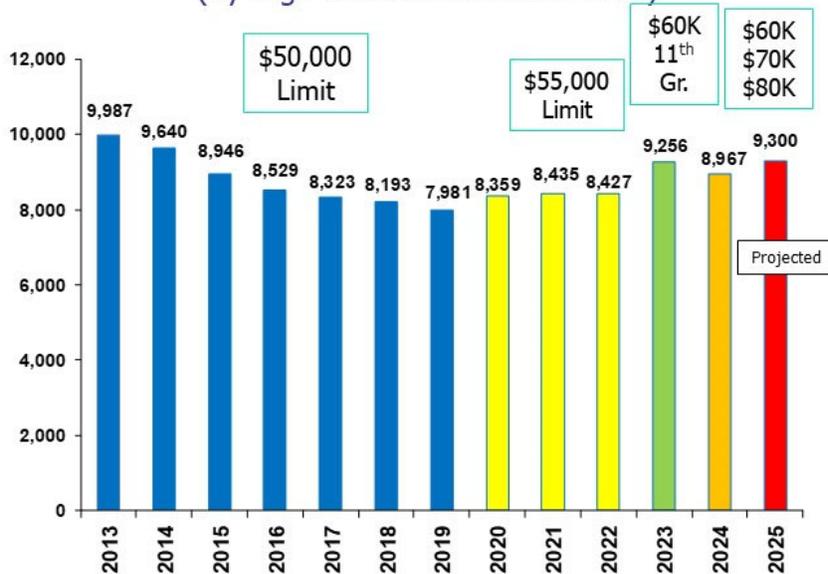
The number of high school students enrolling in Oklahoma’s Promise declined steadily from 10,600 in 2012 to 8,000 in 2019. Enrollment then grew to about 8,400 in the high school graduating classes of 2020, 2021 and 2022, reflecting the increase in the application family income limit from \$50,000 to \$55,000. Enrollment in the 2023 graduating class increased significantly to 9,200 due to two primary changes – a further increase in the application family income limit from \$55,000 to \$60,000 and the expansion of the application period to the 11<sup>th</sup> grade.

Additional higher income eligibility categories for students with higher numbers of dependent children were added in 2022-2023 for the 2024 graduating class. The number of applications submitted in the new higher income categories was relatively small:

- 93 percent of applicants reported income under \$60,000 (1-2 dependent children)
- 6 percent of applicants reported income of \$60,000 – \$70,000 (3-4 dependent children)
- 1 percent of applicants reported income of \$70,000 – \$80,000 (5 or more dependent children).



## OK Promise High School Enrollment (By High School Graduation Year)



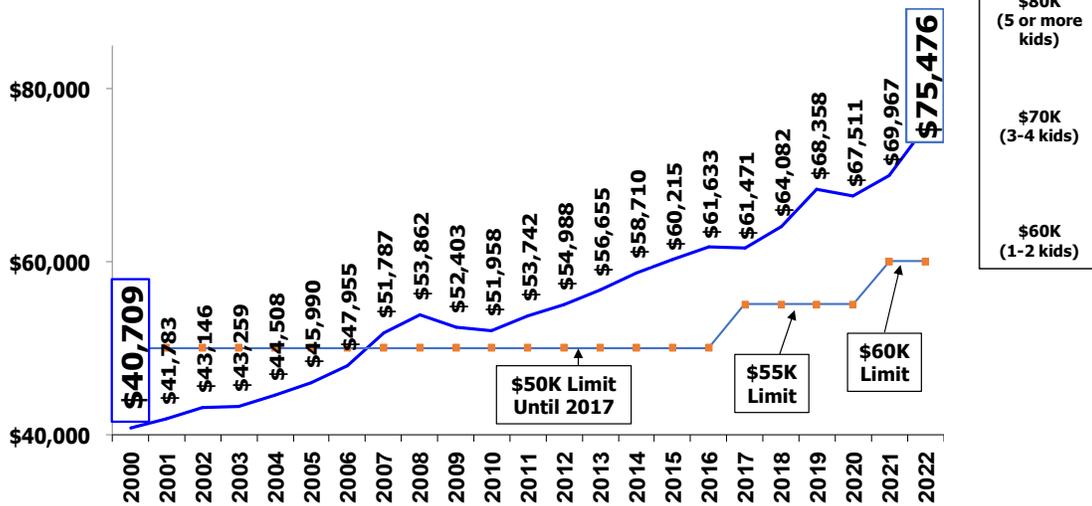
As of 9/20/2024

### Oklahoma Median Family Income

The lack of program enrollment growth for the 2024 graduating class, despite higher income eligibility limits for larger families, also appears to have been impacted by recent significant changes in Oklahoma median family income. As COVID hit in 2020, median family income dropped modestly from about \$68,400 to \$67,500. After 2020, income grew to nearly \$70,000 in 2021 and up sharply to over \$75,000 in 2022. In just two years from 2020 to 2022, median family income grew by nearly \$8,000 or 12 percent, thus reducing the number of families within the program income eligibility limits.



## Oklahoma Median Family Income (50<sup>th</sup> Percentile)



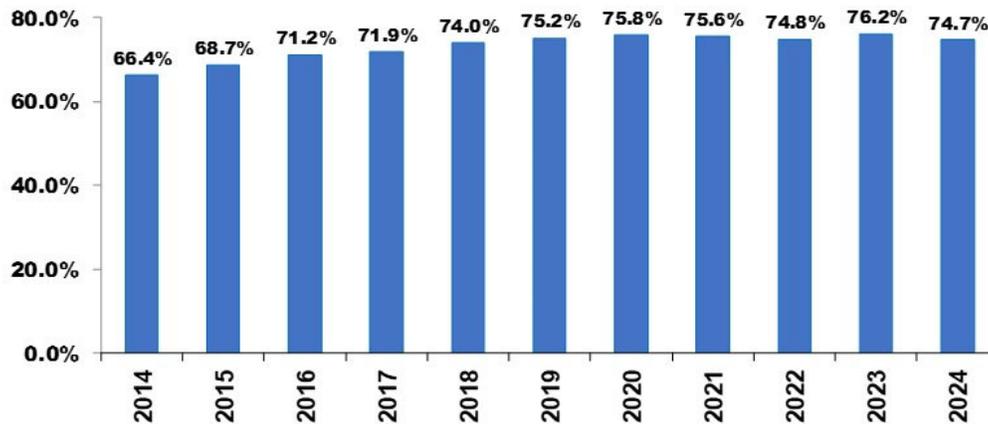
Source: US Census Bureau, 2000, 2010, 2020 Census, American Community Survey, 2001-2022

### High School Requirement Completion Rates of Oklahoma's Promise Students

Between 2013 and 2019 the proportion of enrolled students who successfully completed the program's high school requirements to be eligible for the scholarship increased by ten percentage points from 65 percent to 75 percent. Since 2019, the completion rates have remained steady at about 75 percent.



## Percentage of High School Students Completing OKPromise Requirements (by Grad Year)



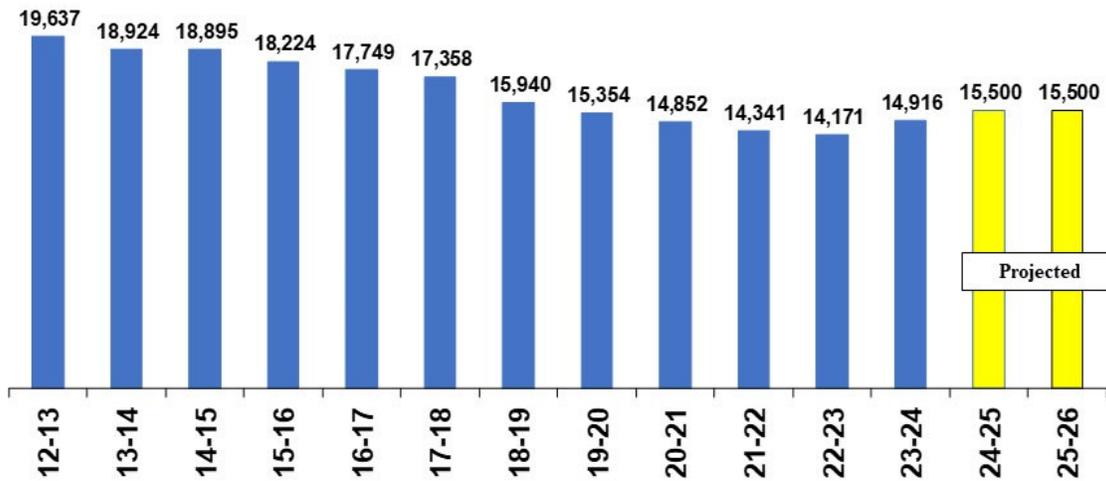
As of 9/20/2024

### Projected Scholarship Recipients

The number of scholarship recipients has declined significantly over the past thirteen years. Due in large part to the 2017 legislative fiscal reforms, the largest single year drop was in 2018-2019 which saw a reduction of 1,400 or eight percent compared to 2017-2018. However, in the 2023-2024 academic year, the number of scholarship recipients began to rise again, increasing by nearly 750. This trend is expected to continue, with projections indicating an additional increase of 600 recipients in the 2024-2025 and 2025-2026 academic years.



## Scholarship Recipients



As of 9/20/24

### Scholarship Expenditures

From 2017-2018 to 2022-2023, annual scholarship expenditures decreased from \$72.2 million to \$62.5 million, a decline of \$9.7 million or thirteen percent. Two primary factors contributed to the cost savings – (1) the implementation of statutory fiscal reforms approved by the Legislature in 2017, and (2) an increase in the number of state system institutions that did not raise tuition. Expenditures increased in 2023-2024, rising to \$68 million and are projected to increase further to \$71.8 million in 2024-2025 and \$73.1 million in 2025-26.



## Scholarship Expenditures

(In \$ millions, by academic year)



As of 9/20/2024

**Sources of Funding and Year End Trust Fund Balances**

As shown below, the program’s trust fund had a balance of \$29.4 million at the end of FY2024. For FY2024, no funds from the trust fund reserve were expended. The FY2025 funding estimate included \$4.1 million from the trust fund reserve and the program trust fund balance is expected to reach about \$24 million by June 30, 2025.

**Oklahoma's Promise  
Funding Sources / Year End Trust Fund Balances**

Fiscal Year	Funding Estimate	From General Revenue	Budgeted From Trust Fund	June 30 Trust Fund Balance	Balance as % of Funding
FY-11 actual	\$57,000,000	\$57,000,000		\$15,626,849	27.4%
FY-12 actual	\$63,200,000	\$63,200,000		\$20,121,256	31.8%
FY-13 actual	\$63,000,000	\$57,000,000	\$6,000,000	\$19,852,259	31.5%
FY-14 actual	\$62,700,000	\$57,000,000	\$5,700,000	\$12,400,074	19.8%
FY-15 actual	\$61,000,000	\$57,000,000	\$4,000,000	\$4,910,968	8.1%
FY-16 actual	\$61,700,000	\$59,000,000	\$2,700,000	\$649,223	1.1%
FY-17 actual	\$67,800,000	\$67,800,000	\$0	\$521,449	0.8%
FY-18 actual	\$74,300,000	\$74,300,000	\$0	\$2,120,053	2.9%
FY-19 actual	\$76,800,000	\$76,800,000	\$0	\$10,867,838	14.2%
FY-20 actual	\$77,300,000	\$77,300,000	\$0	\$22,600,628	29.2%
FY-21 actual	\$72,400,000	\$70,000,000	\$2,400,000	\$29,066,612	40.1%
FY-22 actual	\$69,400,000	\$65,400,000	\$4,000,000	\$32,795,857	47.3%
FY-23 actual	\$64,800,000	\$58,800,000	\$6,000,000	\$28,744,145	44.4%
FY-24 actual	\$67,700,000	\$67,700,000	\$0	\$29,421,214	43.5%
FY-25 estimated	\$71,800,000	\$67,700,000	\$4,100,000	\$24,035,754	33.5%
Total Budgeted From Trust Fund FY-13 to FY-24			\$34,900,000		
FY-26 estimated	\$73,100,000	\$70,000,000	\$3,100,000	\$20,950,294	28.7%
FY-27 estimated	\$77,500,000 <sup>1</sup>				
FY-28 estimated	\$81,100,000 <sup>2</sup>				

<sup>1</sup> Based on our predictive analytics model, the cost is estimated to increase in the following fiscal years as enrollment in the scholarship grows. More than 16,000 students are estimated to receive the scholarship in FY-27.

<sup>2</sup> More than 16,500 students are estimated to receive the scholarship in FY-28.