

Financial Oversight & Accountability

2024 Regents Education Program Oklahoma State Regents for Higher Education

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About AGB

Mission

- AGB advances higher education as a public good by preparing college, university, and foundation governing boards to fulfill their fiduciary duties and exemplify the highest ideals of trusteeship.

We help our members:

- understand governance
- work collaboratively to oversee the institution
- lead through strategic challenges and opportunities

Membership: 2,000 higher education institutions, systems, and foundations; 40,000 individuals

11:15 Agenda

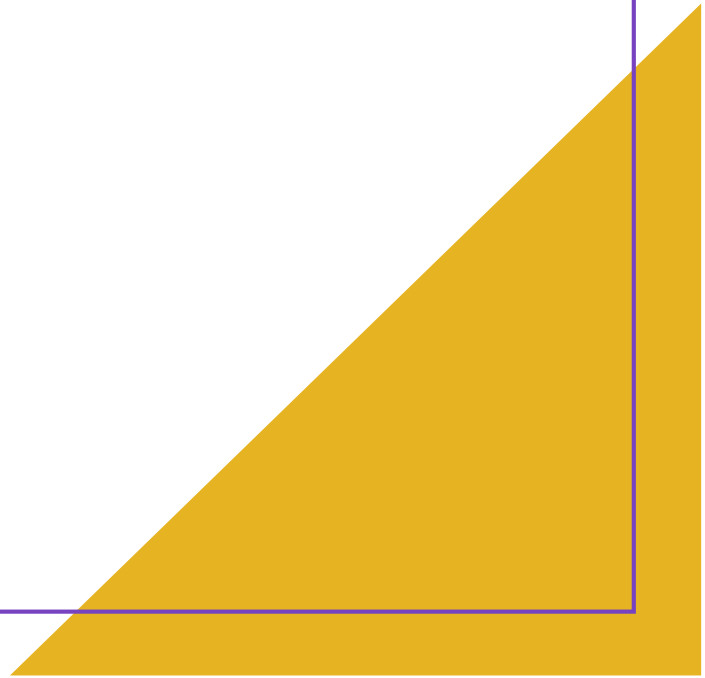
Financial Stewardship

Business Model

Public Funding Model

Environmental Pressures

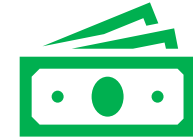
Oklahoma Data



Stewardship

- Finances support a clearly stated mission and take intergenerational equity into account
- All need a basic understanding of the institution's financial condition
- Ensure financial alignment with strategic options
- Identify and manage risk, ensure compliance
- Approve budgets, long-range plans, proposals for major change
- Noses in; fingers out (stay in the helicopter)

Understanding the Business Model: Questions from the Helicopter



Who do we serve?

What is our value proposition?

What channels do we use to access our students?

What is our relationship with our students?

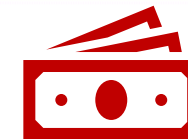
Where do revenues come from?

What are our key program offerings?

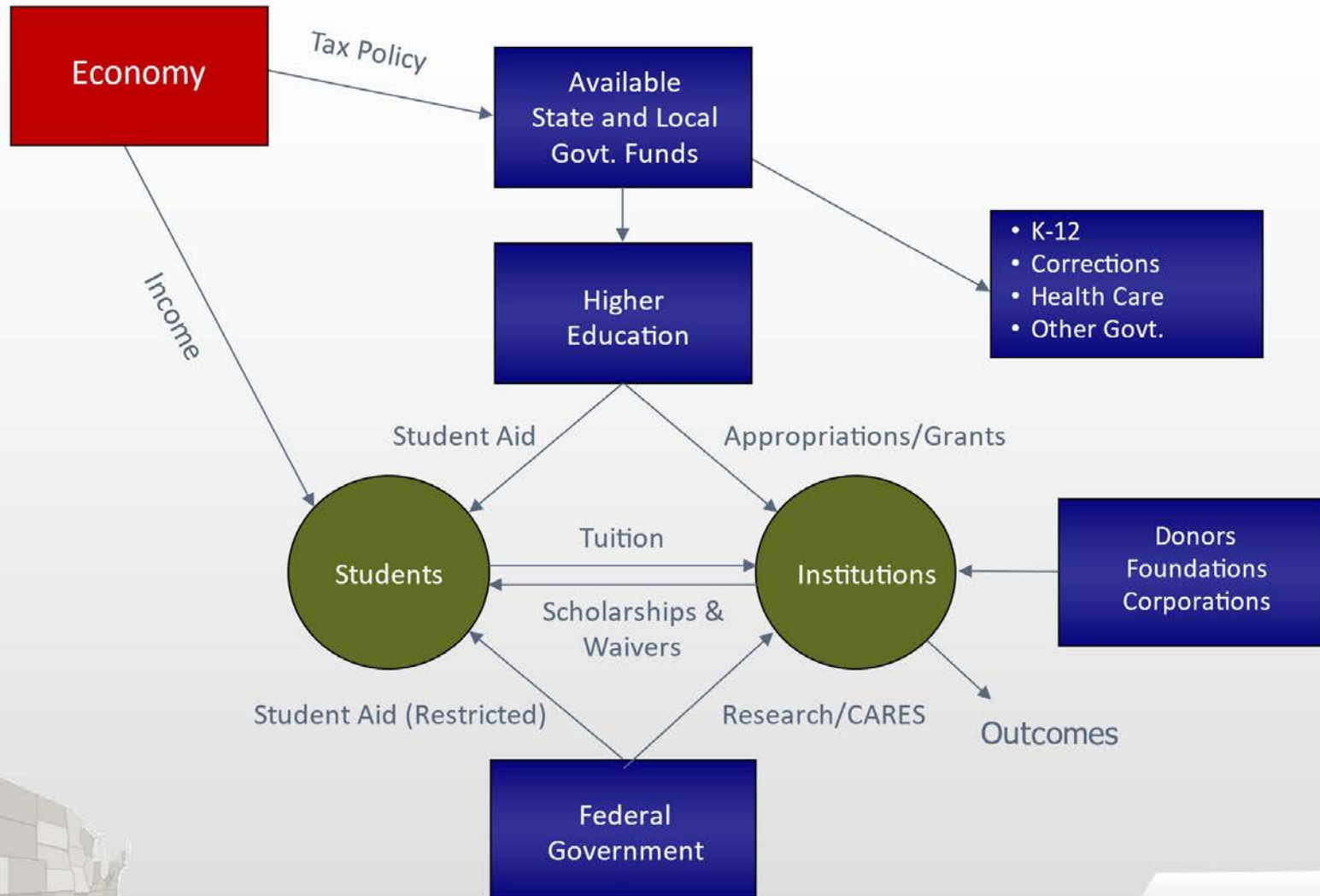
What are our key resources – competitive advantage?

Who do we partner with?

What is our cost structure?



The Flow of Funds



Courtesy of
Dennis Jones,
NCHEMS.org



Financial Environment for Higher Education

- Cost/Affordability
- Student Loan Debt
- Sustainability of Financial Model
 - Barely 50% of CFO's think their institution's finances are sustainable in the next decade
- Dramatic Decrease in State Support of Public Institutions

HLC Financial Indicator: CFI: Composite Financial Index

- CFI is a calculated composite of four ratios:
 - Primary Reserve Ratio,
 - Net Operating Revenues Ratio,
 - Return on Net Asset Ratio, and
 - Viability Ratio
- Range (publics): - 4 to 10
 - 0 to 10 = financially responsible, per HLC

Non-Financial Indicators, HLC

- Significant **enrollment** changes over three years
- Increase or decrease of **degrees awarded** over three years
- # **Full-time faculty** (HC) change (decrease) over three years
- Minimal # **full-time faculty** ($\frac{\text{\#FT faculty}}{\text{\# degree programs}} < 1$)
- **Student to teacher ratio** = 35 or greater

OK vs U.S. Appropriations/ Net Tuition/Student

FY 2023

Education Appropriations Net Tuition

Oklahoma

2-Year Less state, higher net tuition



4-Year Less state, "same" net tuition



U.S.

2-Year

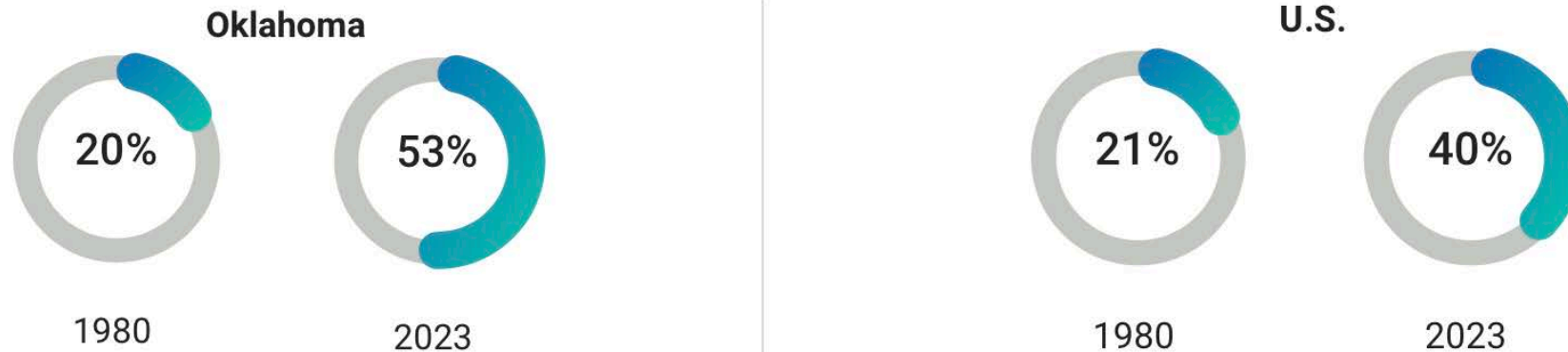


4-Year



How Has the Student Share Changed Over Time? [↗](#)

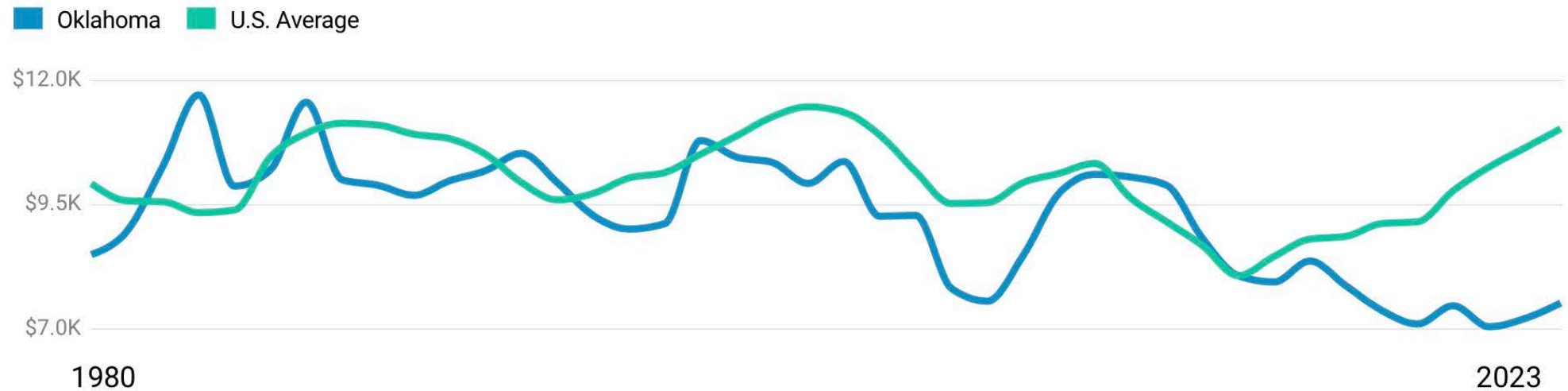
Over time, the student share (the proportion of total education revenues at public institutions coming from net tuition revenue) has increased in most states. **i** Student share generally rises during economic recessions and levels off during economic recoveries. The sharpest increase in student share occurred during and immediately following the Great Recession. Tuition revenue comprises more than 50% of total revenues in nearly half of all states. Oklahoma had an above average student share in 2023. Oklahoma's two-year student share was 31%, and the state's four-year student share was 61%.



Student share is much higher than in 1980 and re U.S., especially at 4-year institutions

Per-Student Education Appropriations Over Time [↗](#)

Higher education often faces the largest cuts of any budget category during economic recessions. As a result, state funding has changed over time. Education appropriations per FTE (a measure of state and local support for public higher education, excluding RAM) in Oklahoma have decreased 11.3% since 1980. ⁱ In 2023, public institutions in Oklahoma had \$7,540 in education appropriations per FTE, approximately 68% of the U.S. average. General operating appropriations in Oklahoma have decreased 33.5% per FTE from \$10,029 in 2001 to \$6,665 in 2023.



OK state funds per student 1980-2015 were like U.S. but now about \$3,500 less than U.S.

