



OKLAHOMA STATE REGENTS
FOR HIGHER EDUCATION

Improving our future by degrees

November 7, 2019

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Research Park, Oklahoma City

A G E N D A

Thursday, November 7, 2019 – 10:30 a.m.
655 Research Parkway,
Presbyterian Health Foundation Conference Center,
Oklahoma City
Chairman Joseph L. Parker, Jr., 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. **Comments.**
 - a. **Comments from the Chairman.**
 - b. **Comments from the Chancellor.**
4. **E&G Budget Needs for FY2021.** Approval of FY2021 Systemwide Budget Need. Page 1.
5. **2020 Public Agenda.** Approval of the State Regents' public agenda. Page 6.
6. **2020 Legislative Agenda.** Approval of the State Regents' legislative agenda. Page 8.
7. **Comments from the Presidents.** Members of the Council of Presidents will have comments.
8. **Announcement of Next Regular Meeting— The next regular meetings are scheduled to be held on Wednesday, December 4 at 10:30 a.m. and Thursday, December 5 at 9 a.m. in Oklahoma City.**
9. **Adjournment.**

Meeting of the
Oklahoma State Regents for Higher Education
November 7, 2019

AGENDA ITEM #4:

E&G Budget Needs for FY2021-FY2023.

SUBJECT: Approval of FY2021- FY2023 appropriations request.

RECOMMENDATION:

It is recommended that the State Regents approve a request for state appropriations for FY2021 in the amount of \$927.1 million, representing an increase of \$125 million or 15.6 percent for support of the Oklahoma state system of higher education.

BACKGROUND:

Pursuant to Article 13-A, §2 and state budget law O.S. 62 §34.36, the State Regents are required to determine a budget needs recommendation for presentation to the Oklahoma Legislature and the Governor. In 2016, the Legislature adopted a change in the law (S.B. 1030) to extend the submission of budget requests from one fiscal year to three fiscal years; thus, this recommendation covers the period of FY2021 through FY2023, using the FY2020 appropriation as the base year.

It is recommended that the State Regents approve a budget request for approximately \$927.1 million in total funding for FY2021 operations. This is an increase of approximately \$125 million above the current FY2020 level of \$802.1 million for operations. The estimated incremental increase for FY2022 is \$68 million for a total appropriation of \$995.1 million. The estimated incremental increase for FY2023 is \$69.7 million for a total appropriation of \$1,064.9 million.

ANALYSIS:

The State Regents have a constitutional duty under Article 13-A, §2 of the Oklahoma Constitution and state budget law O.S. 62 §34.36 to determine and recommend to the Oklahoma Legislature and the Governor each year a budget that states the needs of Oklahoma State System of Higher Education. Each year, the state system colleges and universities complete and submit to the State Regents a Budget Needs Survey that outlines each institution's budget needs for the upcoming fiscal year. According to the aggregated Budget Needs Surveys for FY21, state system colleges and universities have requested an additional \$506.8 million above the FY20 state appropriation. In prioritizing the needs of the State System as submitted by our colleges and universities, the State Regents have developed an FY21 Budget Need Proposal of \$125 million above the current FY20 state appropriation of \$802.1 million.

The FY21 Budget Need Proposal is outlined in five separate sections: (1) STEM Workforce Development Initiatives, (2) Operational Cost Increases, (3) Deferred Maintenance, (4) Concurrent Enrollment Program, and (5) Endowed Chairs Matching Funds. The primary focus of the State Regents is to support degree completion initiatives while maintaining current operating budget obligations and to support Oklahoma's colleges and universities in their efforts to ensure students have access to quality higher education opportunities. Further, this funding request is designed to support workforce development as an economic engine to help prosper the State of Oklahoma.

STEM WORKFORCE DEVELOPMENT INITIATIVES: \$50.2 million

The Science, Technology, Engineering and Math (STEM) Workforce Development Initiatives in this request are primarily focused on three critical workforce shortage areas: 1.) Engineers, 2.) Nurses, and 3.) Physicians. Working in consultation with the Oklahoma Department of Commerce, the following proposals request the additional funding necessary to boost degree productivity and residency positions in high demand STEM-related fields.

Oklahoma's Engineering Initiative: (\$30 million) The goal of this project is to accelerate the growth of highly qualified engineers to support the intellectual capital needs of Oklahoma's industries. It is projected that the demand for qualified engineers in Oklahoma will be a minimum of 3,000 annually for the next nine years. This funding request would support \$10 million in targeted Engineering Program funding to both the University of Oklahoma and Oklahoma State University, with an additional \$10 million to be utilized on a competitive grant basis for the 23 non-research (regional and two-year) institutions to support specific proposals for STEM-related program development, such as the preparation of students for successful transfer to professional engineering programs; new or developing bachelor-level programs with emphasis on software engineering and engineering technology; bachelor and associate degree programs in computer science, cyber security, mathematics, data analytics, and other STEM fields; programs to recruit, develop and graduate more highly qualified students to teach secondary math and science classes; and programs to support the advisement, mentoring and academic tutoring to increase the success rates of students in Engineering and STEM-related programs with emphasis on multiple campus collaboration.

Oklahoma's Nursing Initiative: (\$12 million) This funding request will support the expansion of nursing faculty on our college and university campuses by approximately 48 FTE, increasing the total nursing faculty headcount from 313 to 361. The increase in nursing faculty will allow for approximately 1,200 additional slots for nursing students. Additionally, this funding request will allow for a portion of funds to be designated for nursing faculty salary increases at our colleges and universities, making the average Oklahoma nursing faculty salary (currently \$55,701) more competitive with both the national average nursing faculty salary (\$81,400) and the average annual Oklahoma nurse practitioner salary (\$94,976). Increasing the average Oklahoma nursing faculty salary will allow our nursing programs to attract and retain nursing faculty, which is necessary for increased production of nursing graduates in the state.

Oklahoma's Physicians Initiative: (\$8.2 million) This funding request, which will be an annual request, will fund the expansion of physician residency slots at the University of Oklahoma Health Sciences Center and Oklahoma State University Center for Health Sciences. The goal of this initiative is to provide additional physician residency slots in Oklahoma and to help incentivize physicians to continue their post-residency practice within the state. The additional funding will expand the University of Oklahoma Health Sciences Center and the Oklahoma State University Center for Health Sciences residency capacity from 820 to approximately 1,640 in ten years.

OPERATIONAL COST INCREASES: \$50.0 million

Instructional Requirements: (\$20.2 million) The request of \$20.2 million for Instruction will provide institutional funding support for faculty salary increases. This request would provide salary increases for full-time faculty and cover approximately 6,690 full-time-equivalent positions. The targeted increase is 3.5 percent for FY2021. This request will help ensure competitive salaries for post-secondary faculty and help to maintain quality instruction in the classroom.

Mandatory Fixed Cost Increases: (\$25.5 million) This request includes \$25.5 million in anticipated increases in operating obligations related to employee benefits (health, retirement, etc.), library acquisitions, equipment, and supplies. Also included in this category are risk management costs and utilities for plant operations.

Scholarship Restoration: (\$2.2 million) This request includes restoration of funding for two scholarship programs administered through the State Regents: 1.) \$1.2 million will be used to restore tuition waivers for National Guard members through the National Guard Tuition Waiver Program, which were cut in previous years due to budget reductions; and 2.) \$1.0 million will be used to provide teacher incentive awards through the Teacher Shortage Employment Incentive Program (TSEIP), which was cut in previous years due to budget reductions. These awards support teacher education and Oklahoma K-12 teachers in the critical shortage areas of science and math.

Strategic Innovations: (\$2.1 million) The remaining operational request will be used to fund strategic initiatives, such as the following projects and programs: 1.) implementation of a system-wide predictive analytics platform to provide data-informed decisions at state system colleges and universities that promote retention strategies and student success; 2.) expansion of the number of STEM Summer Academies to engage K-12 students in STEM programs with the ultimate goal of increasing interest and enrollment in collegiate degrees in critical STEM shortage areas; and 3.) competitive grants to our institutions for innovative programs and initiatives.

DEFERRED MAINTENANCE and INFRASTRUCTURE: \$5.8 million

Deferred Maintenance and Infrastructure: (\$5.8 million) The request of \$5.8 million is needed for campus infrastructure improvements, laboratory and equipment upgrades, and required deferred maintenance projects to ensure the health and safety of students and faculty as well as the enhancement of the Section 13 Offset Program. Our system institutions are prioritizing deferred maintenance projects and additional funding will allow them to address these needed capital upgrades.

CONCURRENT ENROLLMENT PROGRAM: \$7.0 million

Concurrent Enrollment Tuition Waiver Program: (\$7.0 million) The Concurrent Enrollment Tuition Waiver Program currently provides tuition waivers to qualified high school students enrolled in college coursework during their senior year. The high school senior concurrent enrollment tuition waivers are currently funded at 100 percent, allowing for the program to be expanded to cover concurrent enrollment tuition waivers for qualified high school juniors for a maximum of nine hours.

The request of \$7.0 million will provide the estimated funding needed to support the student participation generated by the addition of high school juniors to the concurrent enrollment tuition waiver program.

ENDOWED CHAIRS STATE MATCHING PROGRAM: \$12.0 million (Bond Debt Service)

Endowed Chairs Matching Program: (\$12.0 million) Funding of \$12 million is requested to support the debt service for a bond issuance to cover the \$160.9 million backlog of accounts awaiting state matching funds for the Endowed Chairs program. The current matching backlog includes some gifts given in 2008 and consists of endowment accounts at 18 system institutions. The disciplines represented in these accounts include medical/health fields, business, animal science, computer science, education, geophysics, law, chemistry, meteorology, fire protection science, music, arts and engineering.

The Endowed Chairs Program at the state's research universities, regional universities, and two-year colleges provides support for research activities, faculty recruitment, lecture series, cultural programming, and innovative activities. The benefits of the program include enhancing academic quality for students, the ability for participating colleges and universities to recruit outstanding new faculty, and support of research and economic development for the State.

A summary of the budget need request is provided in the following chart.

**Oklahoma State Regents for Higher Education
FY2021 Budget Need**

	FY21 OSRHE Budget Need
FY20 Appropriation	\$802,070,058
FY21 Budget Need	
1. STEM Workforce Development Initiatives	\$50,200,000
a. Initiatives to Meet STEM Workforce Needs - \$30 million	
b. Initiatives to Meet Nursing Workforce Needs - \$12 million	
c. Initiatives to Double Physician Residency Slots - \$8.2 million per year for 10-year period	
2. Operational Cost Increases*	\$50,000,000
a. 3.5% Faculty Pay Increases, Phase II - \$20.2 million	
b. System-Wide Mandatory Cost Increases - \$25.5 million	
c. Restoration of Scholarship Programs - \$2.2 million	
i. National Guard Tuition Waiver Program	
ii. Teacher Shortage Employment Incentive Program	
d. Strategic Innovations - \$2.1 million	
3. Deferred Maintenance for Campus Infrastructure (Section 13 Offset), Phase II	\$5,800,000
4. Concurrent Enrollment Tuition Waiver Program Expanded to Cover High School Juniors	\$7,000,000
5. Endowed Chairs State Matching Funds Bond Authorization and Debt Service	\$12,000,000 (Bond Debt Service)
a. Endowed Chairs State Matching Funds Backlog - \$160.9 million	
FY21 Total Budget Need	\$927,070,058
\$ Difference from FY20 State Appropriations	\$125,000,000
% Difference from FY20 State Appropriations	15.6%

*Six Year Higher Education Base Operational Funding Plan

	FY21	\$50,000,000
	FY22	\$44,800,000
	FY23	\$44,800,000
	FY24	\$44,800,000
	FY25	\$44,800,000
	FY26	\$44,800,000
Six Year Total		\$274,000,000

FY22 Total Budget Need Increase - \$68 million above the FY21 Total Budget Need (\$44.8 million for Six-Year Base Funding Plan)
FY23 Total Budget Need Increase - \$69.7 million above the FY22 Total Budget Need (\$44.8 million for Six-Year Base Funding Plan)

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AGENDA ITEM #5:

Public Agenda.

SUBJECT: Approval of the State Regents' 2020 Public Agenda.

RECOMMENDATION:

It is recommended that the State Regents approve the 2020 Public Agenda, as described below.

BACKGROUND:

The public agenda is developed to provide a better understanding of the critical policy issues, goals and objectives that shape the direction of the Oklahoma state system of higher education. It is based on the needs of the state as identified through ongoing strategic planning and describes the major initiatives in place to achieve policy objectives.

POLICY ISSUES:

This action is consistent with State Regents' policy.

ANALYSIS:

The 2020 Public Agenda identifies the objectives and key initiatives that will allow Oklahoma to increase its number of college graduates, enhance access and improve the quality of public higher education, and strengthen student preparation to meet the challenges of a global economy.

Objectives

- Implement Complete College America initiatives to increase the number of degrees and certificates earned in Oklahoma by 67 percent by 2023.
- Enhance capacity to successfully enroll, retain and graduate students.
- Increase systemwide efficiencies and cost savings.
- Strengthen financial support for Oklahoma college students.
- Improve instructional quality and mathematics success.
- Utilize performance funding to enhance student success and academic quality.
- Target economic development activities to support economic growth.
- Advance access to and quality of technologies to support systemwide programs and services.

Key Initiatives

- Task Force on the Future of Higher Education
- Oklahoma's Promise
- Concurrent Enrollment
- OKcollegestart.org
- GEAR UP
- Adult Degree Completion
- OneNet
- Online Education Task Force
- Campus Safety and Security Task Force

(Supplement)

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AGENDA ITEM #6:

Legislative Agenda.

SUBJECT: Approval of the State Regents' 2020 Legislative Agenda.

RECOMMENDATION:

It is recommended that the State Regents approve the 2020 Legislative Agenda, as described below.

BACKGROUND:

The Legislative Agenda is developed as a guideline to frame issues of interest to the Oklahoma state system of higher education that could be addressed by the Oklahoma Legislature.

POLICY ISSUES:

This action is consistent with State Regents' policy.

ANALYSIS:

The 2020 Legislative Agenda sets forward the following list of issues of interest to the Oklahoma state system of higher education, which may be brought before the Oklahoma Legislature during the 2020 Legislative Session.

- **Concurrent enrollment.** The concurrent enrollment program allows outstanding juniors and seniors to earn college credit while still in high school. An important component of Oklahoma's nationally recognized Complete College America strategic plan, concurrent enrollment improves college readiness, lowers family costs for college and reduces the time required to complete a degree. Currently, the concurrent enrollment waiver program is fully funded for high school seniors. To fully fund concurrent enrollment for high school juniors will require an additional investment of \$7 million.
- **Endowed chairs.** The endowed chairs program, which supports faculty chairs, professorships and lectureships to improve the quality of instruction and research, has enabled colleges and universities to attract approximately \$671 million in private gifts and develop meaningful public/private partnerships. Research clusters and disciplines include cancer, diabetes, mental health, neonatology, fire protection science, engineering, business, computer science, geophysics, chemistry, and meteorology. Currently, accounts in the backlog for state matching funds total \$160.9 million for 18 institutions statewide.
- **STEM and Workforce.** Degree and certificate production in critical STEM disciplines has increased 53% over the last eight years. Workforce development initiatives focus on continued growth in the number of science, technology, engineering and nursing degrees conferred, as well as doubling the number of physician residency slots available in our state over the next 10 years.

- **Faculty salaries.** The most recent national rankings from the Southern Regional Education Board list Oklahoma as 45th in the average faculty salary and show that average faculty salaries at Oklahoma's colleges and universities are more than 15% below other states. Additional funding for faculty salary increases is critical to our public institutions' efforts to competitively retain and recruit quality faculty in nursing, business, education, sciences, engineering and other high demand programs that are essential to meet Oklahoma's workforce needs.
- **Oklahoma's Promise.** The state system of higher education strongly supports protecting the dedicated funding source for the Oklahoma's Promise scholarship program, which has been nationally-recognized by many as one of the nation's best college access programs.
- **No weapons on campus.** Oklahoma higher education supports the second amendment and gun ownership. Under the current law, campus presidents have the discretion to permit the carrying of weapons on campus when an exception is warranted. The State Regents and our 25 public colleges and universities strongly believe that the current law is working, and that expanding authorization to carry weapons on campus would create a more dangerous environment for students, faculty, staff and visitors. Maintaining the current law regarding weapons on campus will continue to be a state system priority.
- **Task Force on the Future of Higher Education.** The State Regents' Task Force on the Future of Higher Education conducted a comprehensive assessment of Oklahoma public higher education, including academic models, online education, structural reforms, fiscal services, operational efficiencies, workforce development, and information technology. After 10 months of study and deliberations, the Task Force unanimously issued a set of comprehensive cost saving, innovative strategies to increase degree completion in our state.
- **Complete College America.** By 2020, 67% of Oklahoma job vacancies will require an associate degree or additional postsecondary education and training, and 37% will require an associate degree, bachelor's degree, or higher. Significant and sustained investment in our degree completion initiative is required to meet this critical need and keep Oklahoma competitive in a global economy.

(Supplement)