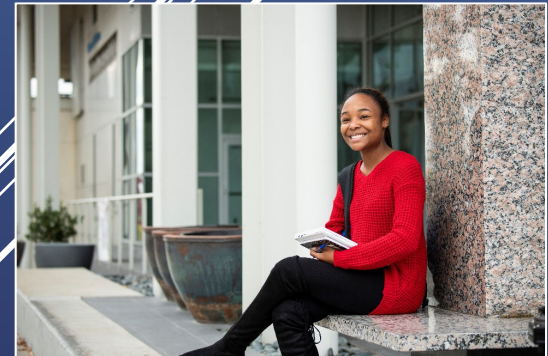




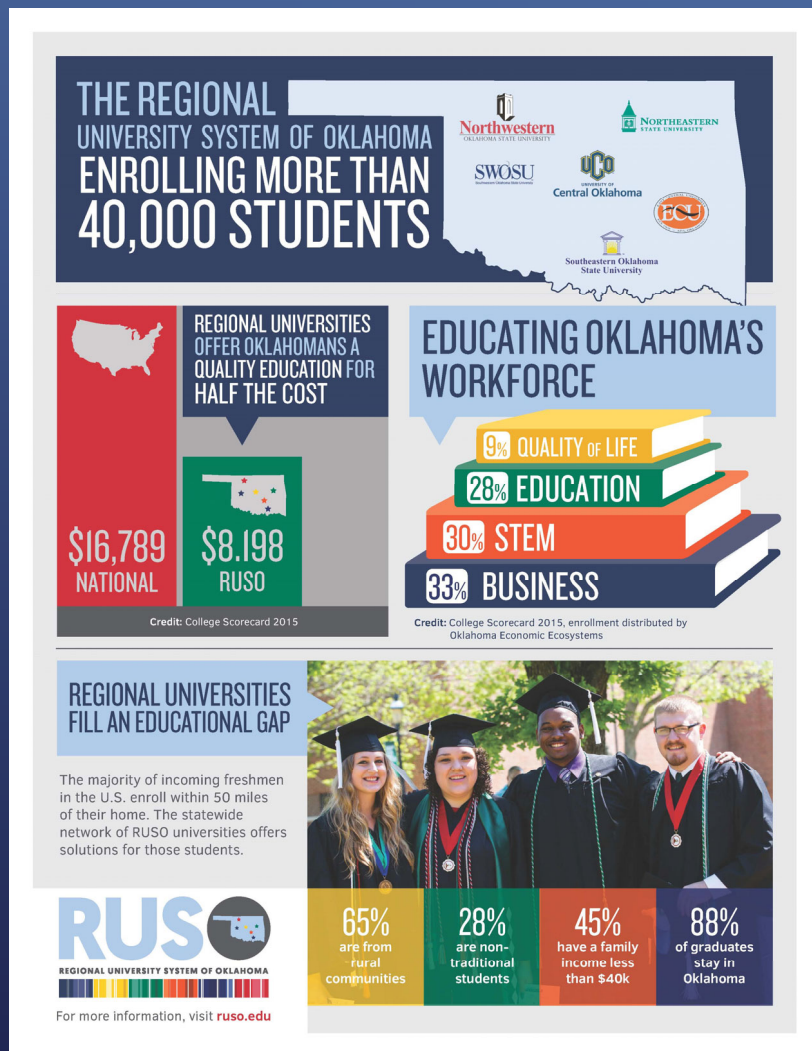
OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

Improving our future by degrees



Chancellor Glen D. Johnson
February 26, 2021

Value of Regional Universities



- The State Regents value our partnership with the Regional University System of Oklahoma (RUSO) and recognize the many benefits provided by RUSO institutions to Oklahoma's students and workforce.
- Nationally, regional universities....
 - Play a key role in promoting upward social mobility
 - Offer higher educational opportunities at an affordable cost
 - Educate half of all school teachers
 - Grant 30% of all college degrees
 - Positively impact regional economies

State Regents' Support of Regional Universities

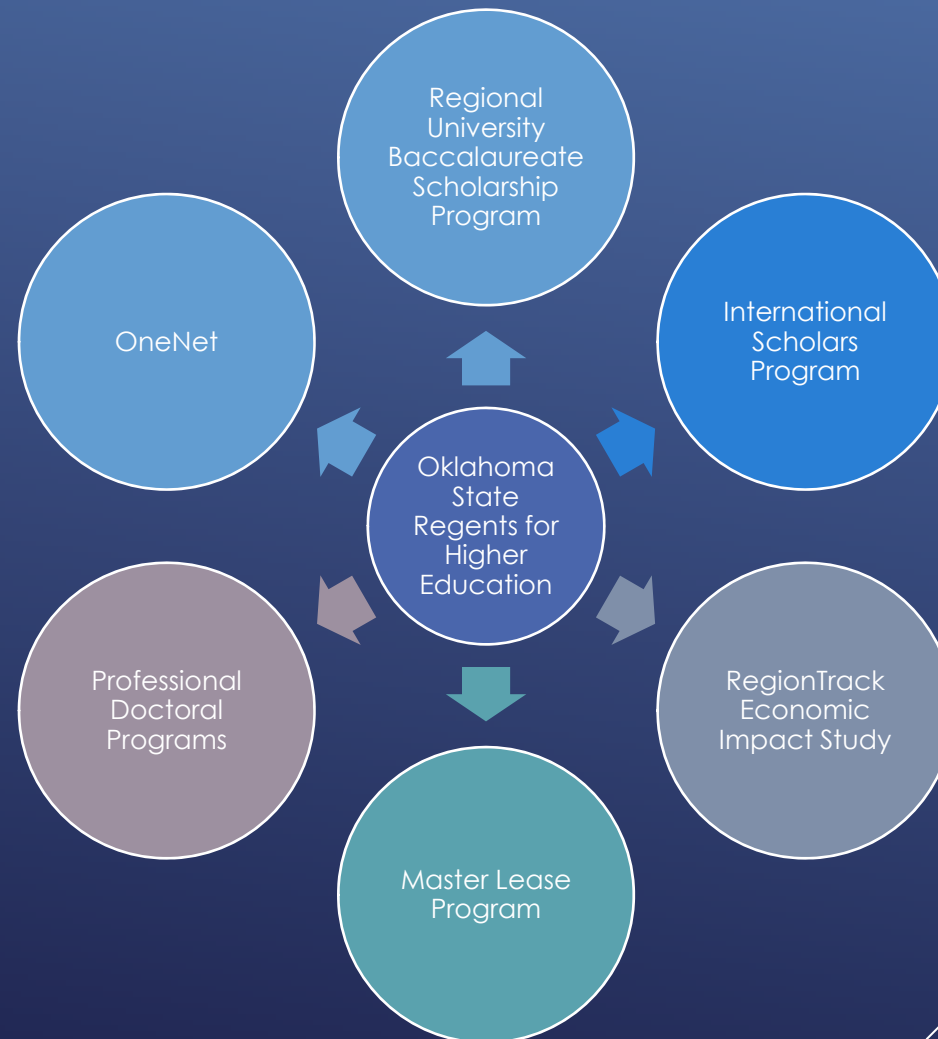
- **Increase in E&G Budget Resident Tuition Waiver Limitation**
 - Current State Regents' policy limit the amount of resident tuition waivers that can be provided to 3.5% of the institution's E&G – Part I Budget.
 - Based on a RUSO request and in light of the COVID-19 pandemic, the State Regents developed a pilot program available to all institutions within the State System to expand the resident tuition waiver limit to 5% of an institution's E&G – Part I Budget.
 - This pilot program is in effect for the 2020-21 and 2021-22 academic years, at which point the State Regents will evaluate the results of the increase in allowable resident tuition waiver awards.
 - The increase in resident waivers provides flexibility for our institutions to use the waiver as a tool for retention and recruitment purposes, especially in the context of the COVID-19 pandemic.

State Regents' Support of Regional Universities

- **Oklahoma Tuition Aid Grant (OTAG)**

- The OTAG grant is currently awarded directly by the State Regents to lower-income students on a "first-come, first-served" basis without regard to other financial aid the student is receiving.
- Based on a RUSO request, the State Regents have worked with Senate Appropriations Subcommittee on Education Chair Dewayne Pemberton and House Appropriations & Budget Subcommittee Chair on Education Mark McBride to modify the statutes related to the OTAG scholarship program.
- If SB 237, OTAG could be awarded directly by the institution to lower income students based on the student's overall financial need and other priority factors rather than on a "first-come, first-served basis."

State Regents' Support of Regional Universities



Endowed Chairs Program

1. The Endowed Chairs Program at Oklahoma's public research universities, regional universities, and two-year colleges provides support for research activities, faculty recruitment, lecture series, cultural programming, and innovative activities that enhance and strengthen educational experiences for college students.
2. The current matching backlog includes gifts donated as far back as 2008 and consists of endowment accounts at 17 state system institutions, including 5 RUSO universities.
3. The State Regents' FY22 budget request to the legislature and Governor includes \$10.4 million in funding to cover debt service for a bond issuance to address the current state match backlog of \$161 million.

Institution	Funding	# of Accounts
ECU	\$350,000.00	10
NWOSU	\$9,203,105.64	64
NSU	\$672,480.00	4
SEOSU	\$265,000.00	5
UCO	\$1,589,085.00	9



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Performance Funding Formula

Funding Formula History

- **In 1988 the Oklahoma State Regents for Higher Education adopted a Standard Cost Funding Formula for allocations made for the operations of all higher education institutions.**
- **In 2006, the Council of Presidents established a funding formula task force to review and make recommended changes as needed.**
- **In 2007, the Council of Presidents unanimously voted to continue with the Standard Cost Funding Formula without any recommended changes.**
 - **The Standard Cost Funding Formula was based on peer parity both within and outside the Oklahoma system. Institutions received “peer factor” multipliers based on how well funded they were compared to their peers.**

Funding Formula History cont.

- **In March 2011, the Oklahoma State Regents for Higher Education requested the Council of Presidents to conduct a review of the funding formula for the express purpose of replacing the “peer factor” with a performance factor.**
- **The Council of Presidents formed a Performance Funding Formula Task Force that conducted their work from March 2011 through January 2012. Members of the task force were:**

**President Cindy Ross, Chair
President Paul Sechrist
President Burns Hargis
President David Boren
President Jeff Hale
President Brandon Webb**

**President John Hargrave
President Janet Cunningham
President John Feaver
President Tom McKeon
President Larry Rice**

Funding Formula History cont.

- **The Task Force made their final recommendations on the new Performance Funding Formula to the Council of Presidents on January 11, 2012. The Council of Presidents voted to adopt the task force recommendations with a vote of 22 to 3 of accepting the recommendations.**
- **The final recommendations were presented to the Oklahoma State Regents for Higher Education on February 29, 2012.**
- **The Oklahoma State Regents for Higher Education voted to accept the Performance Funding recommendations on April 19, 2012.**
- **The Performance Funding Formula was utilized for the first time in the FY'13 allocations to the higher education institutions.**

Analysis and review conducted by the Performance Funding Formula Task Force

- Review of funding formula studies by SHEEO, AASCU and MGT of America
- Review of funding formula changes in other states:
 - Tennessee
 - Pennsylvania
 - Hawaii
 - Ohio
- Discussion and recognition that the use of peer factors was outdated
- Review of current funding formula:
 - Effect of peer factor on % of new dollars a school receives
 - Effect of peer factor on perceived amount of budget need a school receives
 - Effect on allocation equity among tier institutions and within the system

Analysis and review of Performance Funding Formula Task Force cont.

- Review of 2011 Legislative Bills
 - Average per student funding
 - Removal of peer factor in determining allocation
 - Removal of hold harmless budget provision
 - Amendment for base funding to equal 85% of budget need
 - Amendment for base funding to equal 75% of budget need (excluding OU and OSU)
- Conducted 20 funding formula scenarios and their fiscal impacts on the institutions
 - Removal of peer factor as a multiplier
 - Incorporating different performance measures
 - Incorporating Complete College America goals
 - Effect on continued use of standardized cost

Final Performance Funding Recommendations

- **Goals:**

1. **Recognize the higher education needs of the state;**
2. **Recognize the unique roles and missions of the state;**
3. **Achieve equity between and among institutions;**
4. **Provide confidence that the formula accurately represents institutional needs;**
5. **Reflect actual enrollment changes at institutions;**
6. **Recognize that there are minimum funding needs of each institution to provide quality services to students;**
7. **Include an incentive and performance component;**
8. **Be simple and transparent**

Final Performance Funding Recommendations cont.

- **Funding Formula changes:**

1. **Peer factors based on other states' funding levels will be discontinued;**
2. **Performance factors will be calculated for the incentive and performance multiplier component;**
3. **Full credit on performance factors will be given to institutions that are eligible for equity adjustments;**
4. **Institutions are eligible for equity adjustments if they are below one standard deviation of their tier or system per student FTE average.**
5. **Each fiscal year, a minimum of ten percent of all new funds for allocation to institutions shall be set aside to go toward equity adjustments;**
6. **Institutions will not be penalized for deleting or discontinuing programs;**
7. **Institutional base budgets shall be held harmless as new funds are allocated.**

Performance Measure Multipliers

		Year 1 (FY'13)	Year 2 (FY'14)	Year 3 (FY'15)	Year 4 (FY'16)	Year 5 (FY'17 and after)
Performance Multipliers						
1.	Campus Completion Plan	0.15	0.10	0.05	0.00	0.00
2.	1 Year Retention Rates	0.05	0.05	0.05	0.05	0.05
3.	Pell Grant Retention from 1st to 2nd year	0.05	0.05	0.05	0.05	0.05
4.	Gateway Course Passage (24 hours)	0.10	0.10	0.10	0.10	0.10
5.	Graduation Rates	0.15	0.15	0.20	0.20	0.20
6.	CCA Degree Target Completion	0.10	0.15	0.15	0.15	0.15
7.	Number of Certificates/Degrees Conferred	0.10	0.10	0.10	0.15	0.15
8.	Program Certification	0.05	0.05	0.05	0.05	0.05
	Total Performance Factor	0.75	0.75	0.75	0.75	0.75

Weight of Performance Measure Multipliers

		Year 1 (FY'13)	Year 2 (FY'14)	Year 3 (FY'15)	Year 4 (FY'16)	Year 5 (FY'17 and after)
Performance Multipliers - Weight %						
1.	Campus Completion Plan	20.0%	13.3%	6.7%	0.0%	0.0%
2.	1 Year Retention Rates	6.7%	6.7%	6.7%	6.7%	6.7%
3.	Pell Grant Retention from 1st to 2nd year	6.7%	6.7%	6.7%	6.7%	6.7%
4.	Gateway Course Passage (24 hours)	13.3%	13.3%	13.3%	13.3%	13.3%
5.	Graduation Rates	20.0%	20.0%	26.7%	26.7%	26.7%
6.	CCA Degree Target Completion	13.3%	20.0%	20.0%	20.0%	20.0%
7.	Number of Certificates/Degrees Conferred	13.3%	13.3%	13.3%	20.0%	20.0%
8.	Program Certification	6.7%	6.7%	6.7%	6.7%	6.7%
	Total Performance Factor	100.0%	100.0%	100.0%	100.0%	100.0%

Performance Funding Formula Allocations

- FY'13
 - Although no additional funds were appropriated for FY'13, the Oklahoma State Regents for Higher Education approved the recommendation to transfer funds from the current Brain Gain allocation to the new formula allocation.
 - \$1,871,433 was allocated through the funding formula
 - \$207,937 was allocated to eight institutions eligible for equity adjustments
- FY'14
 - \$9,000,000 was allocated through the funding formula
 - \$1,000,000 was allocated to eight institutions eligible for equity adjustments
- FY'15
 - \$1 million reduction in higher education appropriation. No allocation through the funding formula.
- FY'16
 - \$24.1 million (-2.44%) reduction in higher education appropriation. No allocation through the funding formula.
- FY'17
 - \$154 million (-16%) reduction in higher education appropriation. No allocation through the funding formula.

Performance Funding Formula Allocations

- FY'18
 - \$36.4 million (-4.5%) reduction in higher education appropriation. No allocation through the funding formula.
- FY'19
 - \$7.8 million (1.02%) increase in higher education appropriation targeted for Concurrent Enrollment Waivers (\$7.5 million) and State Pay Increase Plan. No allocation through the funding formula.
- FY'20
 - \$25.4 million (3.3%) increase in higher education appropriation. \$18.1 million allocation through the funding formula.
- FY'21
 - \$31.7 million (-4.0%) reduction in higher education appropriation. No allocation through the funding formula.

National Recognition of Oklahoma's Higher Education Performance Funding Formula

- Southern Regional Education Board (SREB) Annual Board Meeting and Legislative Work Conference - Williamsburg, Virginia, June, 2012
- The State Higher Education Executive Officers Association (SHEEO) – Seattle, Washington, July, 2012
 - Complete College America – What is happening in the states?
- American Association of State Colleges and Universities (AASCU) Summer Council– Santa Fe, New Mexico, July 25, 2012
 - State Report
- SHEEO Policy Conference - Chicago, Illinois, August 8-10, 2012
 - Oklahoma's performance metrics and link to funding formula highlighted with Illinois model
- HCM Strategist Lab Session – Chicago, Illinois, September 11, 2012
 - Oklahoma performance funding model as a best practice in conjunction with Tennessee, Indiana, Illinois, Pennsylvania and Ohio
- Letter from Dane Linn , College Board – Letter to Governor Fallin, offering congratulations on developing the first comprehensive performance funding formula in the country.

Advocacy and Engagement

- The State Regents and I value RUSO's support of our state system of higher education.
- Various opportunities exist for engagement with the State Regents and advocacy on behalf of state system priorities.

Annual
Legislative
Forum

Regional
Legislative Tours

Higher
Education Day
at the State
Capitol

Regents
Education
Forum

Livestreamed
State Regents
Meeting

Degrees of
Progress
Quarterly
Newsletter

FY22 Budget Request

FY 2022 BUDGET NEED

FY 2021 Appropriation\$770,414,742

FY 2022 Budget Need:

1. STEM Workforce Development Initiatives	\$33,800,000
a. Engineering workforce needs	\$10,500,000
b. Nursing workforce needs	\$12,000,000
c. Expand physician residency slots	\$7,000,000
d. Teacher education shortage needs	\$2,500,000
e. Develop microcredentials and rapid re-employment strategies	\$1,800,000
2. Operational Cost Increases.....	\$30,800,000
a. Systemwide mandatory fixed cost increases	\$24,000,000
b. Deferred maintenance for campus infrastructure (Section 13 Offset)	\$6,300,000
c. STEM Summer Academies	\$500,000
3. Financial Aid and Scholarship Programs	\$13,800,000
a. Concurrent enrollment program	\$4,000,000
b. Restoration of scholarship programs	\$7,800,000
i. National Guard Tuition Waiver program	\$2,000,000
ii. Teacher Shortage Employment Incentive Program	\$1,100,000
iii. Oklahoma Tuition Aid Grant	\$4,700,000
c. Adult Degree Completion and Workforce Re-entry Scholarship	\$2,000,000
4. Endowed Chairs State Matching Funds Debt Service.....	\$10,420,000
<i>\$161 million state match backlog</i>	

FY 2022 Total Budget Need\$859,234,742

- \$ Difference from FY 2021 State Appropriations \$88,820,000
- % Difference from FY 2021 State Appropriations 11.5%

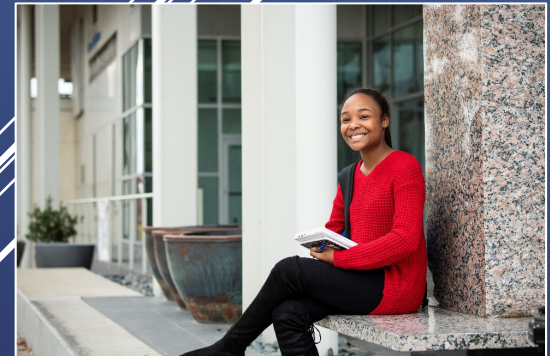
2021 Legislative Agenda

- **Concurrent Enrollment**
- **Endowed Chairs State Matching Funds**
- **Workforce and Economic Development Initiatives**
- **Oklahoma's Promise**
- **Maintain Current Law Regarding Weapons on Campus**
- **Implement the Task Force on the Future of Higher Education's Recommendations**
- **Complete College America**
- **OneNet**
- **Covid-19 Response**



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