

**House Appropriations and Budget Committee**  
**Higher Education Subcommittee**  
**Performance Review Agency Questions**  
**January 15, 2013**

**Objective:** To gather information and gain insight into agency performance and strategies used to adjust to funding reductions and maintenance levels, and to ascertain the agency's perspective on strategies, measures, performance, inputs, outcomes, programs and fiscal needs to be used to develop the FY-14 agency budget.

**Please provide the following information.**

1. Agency mission statement, including program goals, cost and effectiveness, program and performance measures and objectives;

**Mission Statement:**

The mission of the Oklahoma State Regents for Higher Education is to build a nationally competitive system of higher education that will provide education programs and services universally recognized for excellence, expand frontiers of knowledge and enhance quality of life.

**Program Goals:**

1. Build upon the increase in number of degrees and certificates earned by at least 1,700 each year, under the Complete College America initiative.
2. Expand the transfer of credits among institutions through the Course Equivalency Project with a special emphasis on on-line courses.
3. Institute competitive grants for institutions to help facilitate student services in academic advisement, career counseling, financial literacy and veterans' services.
4. Provide an additional 25 Summer Academies through the higher education system with an emphasis on STEM education.
5. Institute a scholarship program that would match efforts undertaken by local communities and foundations that provide financial aid to adult degree seeking students.

**Cost and Effectiveness:**

From 2010 through 2014 higher education entities will have achieved over \$411 million in operational and IT cost savings and efficiencies.

The US Chamber of Commerce and the National Chamber Foundation ranks Oklahoma 8<sup>th</sup> in Higher Education Efficiency and 7<sup>th</sup> best in College Affordability.

The Institute for College Access and Success list Oklahoma 8<sup>th</sup> in the nation on the list of States with the lowest student debt.

Program and Performance Measures:

The Oklahoma State Regents for Higher Education implemented a new Performance Funding Formula that emphasizes outcome measures for Oklahoma higher education institutions to receive additional funding. Oklahoma's Performance Funding Formula has been recognized by several national groups, including College Board as "lead(ing) the nation in developing and implementing a performance funding for higher education.

Objectives:

The highest higher education priority continues to be the Complete College America Initiative. Complete College America is the most comprehensive and ambitious higher education initiative ever undertaken by the state of Oklahoma. The goal is to increase the number of degrees and certifications earned in Oklahoma by 1,700 per year for 12 years, resulting in a 67% increase by 2023. Complete College America (CCA) initiative is part of a unified economic policy that involves the Governor, postsecondary education, and business and industry. Working through the CCA leadership team and key Cabinet officials, the call has come from the Governor for these priorities to be central to job creation and workforce development in the present and future. The CCA and the National Governors Association's Complete to Compete action plan is an acceleration of efforts to make significant improvements to two critical segments of the educational pipeline in Oklahoma: restructuring remedial and developmental education and developing accelerated degree complete options. Undergirding all of these efforts is Oklahoma's revised Performance Funding Formula that utilizes appropriate components of the state and campus level CCA and NGA metrics that that reflects these new priorities by measuring and rewarding improvement in outcome measures.

2. Authorized and actual FTE; FY-12 actual expenditures and FY-13 budgeted expenditures;

See attached. (Attachments #1 and #2)

3. Funding sources for each program;

See attached. (Attachment #2)

4. Components of each program illustrating that it is unique, necessary and unduplicated by other agency services or programs.

Each program administered by the Oklahoma State Regents for Higher Education represents the Constitutional and statutory responsibilities of overseeing the coordination and funding of Oklahoma's public higher education system.

5. What strategies would you employ in response to flat funding or a five percent reduction in appropriated funding?

Continue reduction in FTE through attrition  
Reduction in purchases  
Across-the-board reduction in programs

6. If applicable, how will potential federal sequestration/reduced federal funds affect the agency and programs, and what contingencies are in place?

See attached. (Attachment 3)

7. What are your personal services costs, including professional services, as a percentage of your total budget? Which positions have received salary increases in FY-12 - FY-13?

Personal services costs (personnel costs), including professional services are 20% of our total budget of \$181.3. This figure is inclusive of all non-appropriated and grants revenue.

The following positions have received salary increases from FY'12 to FY'13:

Vice Chancellor for Strategic Planning and Analysis - assumed additional duties upon the departure of Vice Chancellor for Academic Affairs

Assistant Vice Chancellor for Budget and Finance - assumed additional duties due to new financial reports

8. What are your vacancy and turnover rates? What have you done with any funds accumulated from vacancies? What strategy, if any, do you utilize to retain key personnel?

The Oklahoma State Regents have experience a turnover rate of 24%. Funds accumulated from vacancies have been used to help absorb the 8.4% in budget cuts since FY'09.

9. Please provide the status of any implementation activities related to the information technology reforms enacted in the last three years regarding your agency with the Chief Information Officer in the Office of Management and Enterprise Services (OMES)?

Working with Governor's office, the Oklahoma State Regents has created the state's first Higher Education Chief Information Officer. The Higher Education CIO works closely with each institution and the State CIO to coordinate efforts in modernizing and cost efficiency measures.

In the first year of assigning the new Higher Education CIO, estimated savings from IT expenditures increased \$8 million, from \$40 million in FY'13 to projected \$48 million in FY'14.

Ongoing coordination efforts with the State CIO include the construction and operation of the Oklahoma Community Access Network (OCAN) funded through a federal grant, and participation in a network partnership to leverage network assets to meet the needs of each state agency in a cost effective manner.

10. Do you currently contract with OMES for shared services, or have you contacted or been contacted by OMES regarding their providing certain shared services to your agency that are currently accomplished in-house? Which services? Have you realized net savings?

The Oklahoma State Regents for Higher Education and all public universities and colleges recently concluded OMES payroll conversion reporting mechanisms and is currently working with OMES and the State Treasurer's office on utilization of electronic invoices.

11. Do you consult with other agencies to share strategies related to decreasing costs? If so, what have you shared and what costs have decreased and what has been the impact on programs, services, etc.?

The State Regents for Higher Education consistently meet with representatives from Career Tech., State Department of Education and Dept. of Commerce regarding initiatives that enable the system to be more efficient and cost-effective.

12. To what extent have you explored the cost effectiveness of initiating or expanding the privatization of certain functions, service delivery or programs of your operations?

As the coordinating board for the state system of higher education, the State Regents continue to assist the 25 colleges and universities in maximizing the services they outsource (i.e. bookstores, food services, maintenance and energy efficiency contracts).

13. Identify specific revenue sources for each of your agency's revolving/disbursement funds and provide totals for FY-11 and FY-12. What have your carryover funds been the past two fiscal years? Please note any significant revenue trends regarding any specific funding source.
14. What costs elements are included in your administrative program? Are certain administrative costs allocated throughout your budget?

Personnel costs and individual cost center needs are budgeted separately. Administrative costs associated with rent, supplies, postage, printing, etc. is budgeted primarily through Central Services cost center.

15. Have you undertaken or contemplated the elimination of any programs and, if so, what do you perceive to be the impacts of such eliminations?

Beginning in 2011, the Oklahoma State Regents for Higher Education replaced the Oklahoma Guaranteed Student Loan Program (OGSLP) with the Oklahoma College Assistance Program (OCAP). OCAP's focus is to help higher education students with financial planning, financial literacy, student loan management and services for students and parents seeking financial resources for higher education.

Replacing OGSLP with OCAP has eliminated approximately 20 FTE positions.

16. Please add any other information you believe to be essential for the Legislature to know concerning your agency's budget structure, performance, inputs and outcomes.

PowerPoint presentation by Chancellor Glen D. Johnson will be provided at all legislative budget hearings.

