



## POST-SECONDARY EDUCATION

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Providing quality, affordable post-secondary programs to develop a skilled and educated workforce has become a priority with most lawmakers. These programs are seen as key to increasing the state's per-capita income. Oklahoma's universities, colleges and Career and Technology Centers (formerly called vo-tech centers) play an integral role in educating and preparing adults to compete in the state, national and global marketplace.

Since 1990, the Legislature has passed and implemented a number of funding and program initiatives to increase the caliber of our state's post-secondary institutions and expand opportunities for students to attain a post-secondary degree.

This chapter provides an overview of higher education and career and technology education in Oklahoma.

### HIGHER EDUCATION

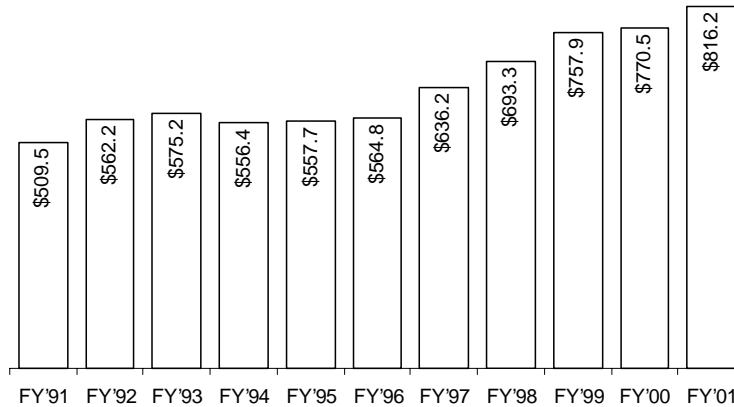
Oklahoma higher education began before Oklahoma Territory and Indian Territory combined to become a state in 1907. As early as 1890, the first territorial legislature created three institutions of higher learning. By 1901, four additional institutions of higher education were established across the state.

The Oklahoma State System of Higher Education was created in 1941 by a constitutional amendment, Article XIII-A, which provides that "all institutions of higher education supported in whole or in part by direct legislative appropriation shall be integral parts of a unified system." The amendment also created the State Regents for Higher Education as the "coordinating board of control of the Oklahoma State System of Higher Education."

## Funding Trends for Higher Education

In FY'01, more than 15% of the state's appropriated budget went to the State Regents for Higher Education, which has sole authority for allocating state funds among colleges and universities.

History of Appropriations to Higher Education  
FY'91 through FY'01  
(in Millions)



The FY'01 appropriation to the State Regents for Higher Education was \$816.2 million, which represents a \$306.7 million or 60.2% increase from the FY'91 level.

More than 98% of the appropriations to the regents are passed through to the state's public colleges and universities.

State appropriations represent more than 62% of total revenue for higher education. Tuition and fee revenue comprise 24.6% of the total higher education budget, while other funds comprise 13.4%.

The state regents' approach for determining the budget needs of higher education institutions sets as a target "peer group" states – those states that have higher education systems similar to Oklahoma's.

When compared with peer states, Oklahoma's appropriation increases to higher education were above average between FY'89 and FY'00.

Peer State Appropriation Comparison  
(in Millions)

Name of State	Year 1989-90	Year 1997-98	Year 1998-99	Year 1999-00	1 Year Gain	2 Year Gain	10 Year Gain
ARIZONA	554,413	787,905	836,389	865,828	3.5	9.9	56.2
ARKANSAS	320,613	516,675	556,659	605,439	8.8	17.2	88.8
COLORADO	505,994	652,263	682,210	719,221	5.4	10.3	42.1
ILLINOIS	1,700,284	2,248,187	2,414,727	2,554,402	5.8	13.6	50.2
INDIANA	815,010	1,091,732	1,147,819	1,226,677	6.9	12.4	50.5
IOWA	528,499	748,502	784,987	826,589	5.3	10.4	56.4
KANSAS	435,609	566,353	604,704	622,198	2.9	9.9	42.8
KENTUCKY	550,328	768,008	888,700	925,506	4.1	20.5	68.2
MICHIGAN	1,408,007	1,827,908	1,882,500	2,073,579	10.2	13.4	47.3
MINNESOTA	946,779	1,180,519	1,239,394	1,280,627	3.3	8.5	35.3
MISSOURI	582,557	840,938	919,548	977,626	6.3	16.3	67.8
NEBRASKA	293,242	415,099	440,095	473,939	7.7	14.2	61.6
NEW MEXICO	296,411	486,159	517,261	544,090	5.2	11.9	83.6
NORTH DAKOTA	129,757	173,107	173,107	187,456	8.3	8.3	44.5
OKLAHOMA	453,089	666,024	725,450	739,450	1.9	11.0	63.2
TEXAS	2,624,288	3,558,936	3,527,867	4,093,434	16.0	15.0	56.0
WISCONSIN	795,383	1,001,525	1,040,341	1,075,238	3.4	7.4	35.2
WYOMING	116,183	135,034	139,711	139,711	0.0	3.5	20.3
TOTALS	13,056,446	17,664,874	18,521,469	19,931,010	5.8	11.87	53.89
Oklahoma Rank Among 18 Peer States					17	10	5

The peer group concept involves first selecting institutions from across the nation with missions that are comparable to Oklahoma institutions for the three tiers (comprehensive, four-year regional and two-year institutions). Once peer institutions are selected, the per-student average revenue from appropriations and tuition and fees is determined at each peer institution. The average revenue per student of all peer institutions is multiplied by the student counts at each Oklahoma college and university to arrive at budget needs.

**Higher Education Governance**

The State Regents for Higher Education serve as the coordinating board for all state institutions. However, most agree that the Legislature has sole power to establish and/or close institutions (Attorney General Opinion 80-204). The primary responsibilities of the state regents are to:

- prescribe standards of higher education;
- determine functions and courses of study at state institutions;
- grant degrees and other forms of academic recognition;
- recommend to the Legislature budget needs for each institution; and
- determine fees within the limits set by the Legislature.

Since FY'89, the state regents' office has been funded through a line-item appropriation in the higher education funding bill. Prior to that year, the state office was funded through an assessment made on each of the institutions under the regents' control. The FY'01 appropriation for administrative operations in the state regents' office is \$4.8 million. The regents have budgeted an additional \$4.6 million to manage OneNet, the state's telecommunication network. These two items represent 1.2% of the total appropriation to higher education.

In addition to the state regents, there are three Constitutional governing boards and 12 statutory governing boards. These boards have responsibility for the operational governance of the state's higher education institutions. Membership on all governance and coordinating boards is by appointment of the Governor and confirmed by the Senate.

### **Mechanics of Institutional Budgets**

At a state college or university, the principal operating budget is called the educational and general (E&G) budget. It contains funds for the primary functions – instruction, research and public service – and activities supporting the main functions. The E&G budget is divided into Part I, which comprises mostly state funds, and Part II (the “sponsored budget”), which derives funding from external sources such as federal grants and training contracts. The E&G budget is distinct from the capital budget, which pays for new construction, major repairs or renovations, and major equipment purchases. Auxiliary enterprises – tangential services such as housing, food services and the college store – are also excluded from the E&G budget.

There are two primary sources of funds for the Part I E&G budget – state appropriations and revolving funds. Appropriations by the Legislature are made to the State Regents who, in turn, allocate directly to each facility in the state system. Appropriations constitute about 62% of the institutions' core educational budgets. Revolving funds are collected by the institution and consist primarily of student fees, sales and services of educational departments, and indirect cost reimbursements from grants and contracts. These funds constitute 38% of the core educational budget, with student fees being the largest component.

### **Revolving Funds**

Among the State Regents' constitutional powers is:

“...[t]o recommend to the Legislature proposed fees for all of such institutions and any such fees shall be effective only within the limits prescribed by the Legislature.”

Since 1890, it has been public policy in Oklahoma to provide comprehensive, low-cost public higher education. Thus, residents of Oklahoma are afforded subsidies covering a majority of their educational costs at all colleges and universities of the state system. Oklahoma's institutions are below peer institutions in percentage of total higher education costs paid by tuition.

Comparison of Percentage of Total Cost Paid by Tuition  
1998 - 1999 School Year

<u>Tier</u>	<u>Peer Institutions</u>	<u>Oklahoma Institutions</u>
Research Universities	40.3%	28.2%
Four-Year Universities	31.7%	27.4%
Two-Year Rural Colleges	23.6%	19.9%
Two-Year Urban Colleges	21.5%	22.6%
<u>Technical Branches</u>	<u>24.7%</u>	<u>21.8%</u>
Total	33.3%	26.4%

In FY'00, the last tuition increase authorized by the Legislature, tuition rates increased by 7% for the two-year colleges, 6% for the regional universities and 8% for the comprehensive universities.

All revenue derived from enrollment fees, nonresident tuition, and special fees for instruction and academic services are deposited in the institution's revolving fund for allocation for support of Part I of the institutions educational and general budget.

Cost of Attending State Higher Education Institutions\*  
1990 - 2000 School Year

<u>Institution Types</u>	<u>Tuition</u>	<u>Fees</u>	<u>Room &amp; Board</u>	<u>Books &amp; Supplies</u>	<u>Total</u>
Comprehensive Universities	\$1,890.00	\$726.90	\$4,453.00	\$1,015.00	\$8,084.90
Regional Universities	\$1,492.16	\$485.59	\$2,582.91	\$611.55	\$5,172.20
Two-Year Colleges	\$946.25	\$459.71	\$2,725.63	\$634.75	\$4,766.33
Technical Branches	\$1,320.00	\$492.00	\$2,500.00	\$933.00	\$5,245.00

\* Figures are for a full-time resident undergraduate student enrolled in 30 semester credit hours.

## Research and Development

A vital part of the higher education system, research and development (R&D) is primarily funded through the sponsored budget (Part II of the E&G budget). For FY'01, the sponsored budget was \$298 million. Federal grants comprise 56% of the sponsored budget.

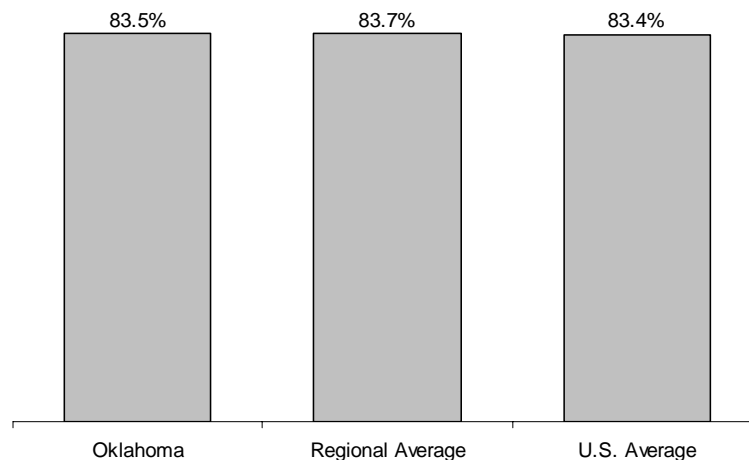
Most of the sponsored budget is derived and spent by the two research universities – the University of Oklahoma (OU) and Oklahoma State University (OSU) – and their constituent agencies. Of the total system-wide sponsored budget in FY'01, these entities account for 57.9%.

Over the past 12 years, state and local government has significantly increased funding for research and development. From 1988 to 1996, funding from state and local government increased by 544.3% for OU and 572.9% at OSU. In 1996, OU received \$14.4 million in R&D funding from local and state government, and OSU received \$15.4 million. As a result of these increases, OU moved from ninth to eighth place among Big 12 schools; and OSU moved from eighth to seventh.

## College Graduates in Oklahoma

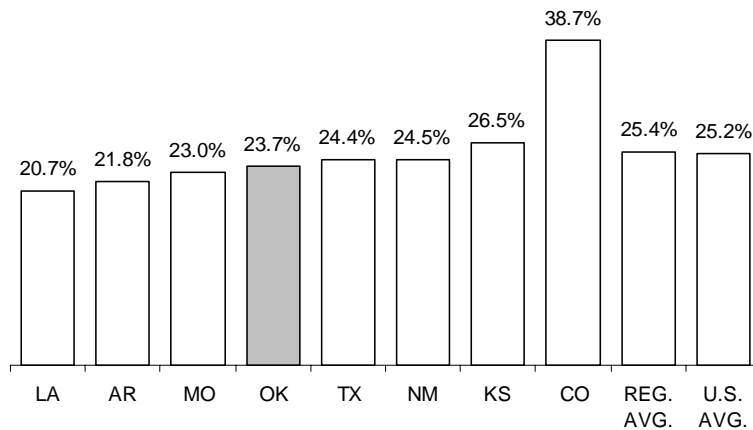
Lawmakers have made it a top priority to increase the number of college graduates in Oklahoma.

Percentage of Population 25 Years of Age and Older  
With a High School Diploma  
*Oklahoma vs. Region and U.S.*



Source: U.S. Census Bureau, 1999

Percentage of Population 25 Years of Age and Older  
With a College Degree  
Oklahoma vs. Regional States and U.S.



Source: U.S. Census Bureau, 1999

To increase the number of college graduates in Oklahoma, the Legislature has implemented a number of initiatives from the Oklahoma College Savings Plan Act to the Oklahoma Higher Learning Access Program to not only help families pay for college but help students complete college.

### Oklahoma College Savings Plan Act

Established in 1998 and implemented in 2000, the Oklahoma College Savings Plan Act provides parents and others an opportunity to save for college costs by creating a trust fund for prospective students. Any person may open an account on behalf of a beneficiary with as little as \$25 and contribute as little as \$15 per pay period to the savings plan. A maximum of \$100,000 may be invested for each beneficiary, and families participating may not contribute to an Education IRA for the same beneficiary. Among the plan's benefits:

- Funds are invested in a specific mix of securities, bonds and money market funds depending on the beneficiary's age.
- Interest earnings are not taxed until they are withdrawn. Upon withdrawal, the earnings are taxed as the beneficiary's income, which is usually taxed at a lower income-tax rate than the contributor's.

- Funds invested can be used to pay for almost all costs of attending an accredited or approved college, whether public or private, in-state or out-of-state.
- If the beneficiary decides not to attend college, account holders may switch the beneficiary or save the funds for a later date.
- People can open an account at any time irrespective of the beneficiary's age.

This program began in April of 2000. During the first seven months, 1,100 accounts were created and account balances totaled \$2.3 million.

## **State Financial Aid and Scholarships**

A number of programs are available to help students pay for college expenses. Some programs are based on financial need and others are merit-based.

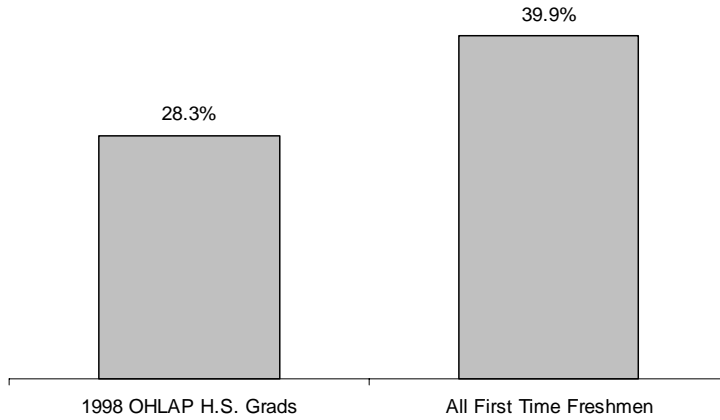
**Oklahoma Tuition Aid Grant Program (OTAG):** OTAG provides a maximum annual award of 75% of enrollment costs or \$1,000, whichever is less, to low-income students residing in Oklahoma who are attending school at least part time.

**Academic Scholars Program:** Ensuring Oklahoma's best students stay in Oklahoma to attain a higher education degree is the mission of this scholarship program. Students qualify for the program in one of three ways: (1) scoring among the top 0.5% of Oklahoma students on the ACT or SAT score; (2) receiving one of three official national designations, or (3) be nominated by a higher education institution (institutional nominee). The program provides \$5,500/year to students attending OU, OSU or University of Tulsa; \$4,000/year to students attending an Oklahoma four-year public or private college or university; or \$3,500 for students attending Oklahoma two-year colleges. In order to remain eligible for these awards, students must maintain a 3.25 GPA and attend 24 hours of courses a year.

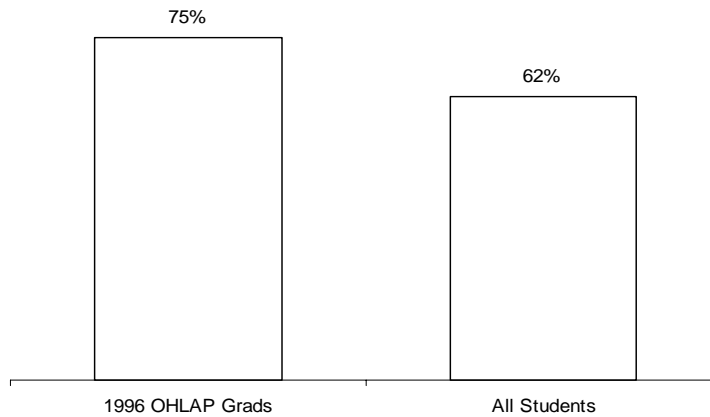
**Oklahoma Higher Learning Access Program (OHLAP):** This program's mission is to provide tuition assistance to students who might not otherwise attend or complete college. Qualifying students in families who earn less than \$50,000 annually receive free tuition assistance to any public or private higher education institution in Oklahoma for up to five years. To qualify, students must enroll in the program by the tenth grade, must agree to take a college preparatory curriculum, must have a grade point average of 2.5 in high school, and must refrain from unlawful

behavior. Studies show OHLAP students are much less likely to require remediation classes to prepare them for college-level work, and more likely to remain in college through the third year.

### Remediation Rates, OHLAP Students vs. All Freshmen



### Percent of Students Remaining in College in Third Year *OHLAP Students vs. All Students*



**Oklahoma Tuition Scholarship Program:** This program's mission is to reward outstanding students by providing up to two years of tuition assistance to high school senior students who (1) score at least a 26 on their ACT, (2) graduate in the top 15 % of their class, and (3) have a 3.25 GPA. To remain eligible, students must maintain a 2.75 GPA in college.

**Regional University Baccalaureate Scholarship:** This program provides \$3,000 and a tuition waiver to students who have received an official national designation (such as National Merit Finalist), or have achieved an ACT composite score of at least 30. Scholarships are available only to students attending one of the Oklahoma four-year regional universities.

**Heartland Scholarship Fund:** Lawmakers created this program to target children of victims of the April 19, 1995, bombing of the Alfred P. Murrah Federal Building in Oklahoma City. These awards can be applied to costs of tuition, fees, books, and room and board. Students attending an accredited higher education institution on a full-time basis receive the following amounts: \$5,500/year for a comprehensive university, \$4,000/year for a regional university, and \$3,500/year for a two-year college.

**Teacher Loan Repayment Program:** Passed during the 2000 legislative session, this program reimburses qualifying participants for up to three years of tuition and fees after they have taught science or math in an Oklahoma public school district for five years. Qualifying students must enroll in the program by their sophomore year in college.

**Future Teachers Scholarship:** Up to \$1,500/year is awarded to full-time upperclassmen and graduate students who intend to teach a subject in which there is a critical need of teachers. In order to qualify, students must have graduated in the top 15% of their high school graduating class, scored at or above the 85th percentile on the ACT or similar test, or have been accepted for admission to a professional accredited education program in Oklahoma. Lesser amounts are available to underclassmen and part-time students. For the FY'01 school year, the critical teacher shortage areas are special education, counseling, librarian/media specialist, science, speech/language pathology, foreign language and math.

**National Guard Tuition Waiver:** Members of the Army or Air National Guard who are pursuing an associate or baccalaureate degree at a state system institution receive an award amount equal to the cost of resident tuition.

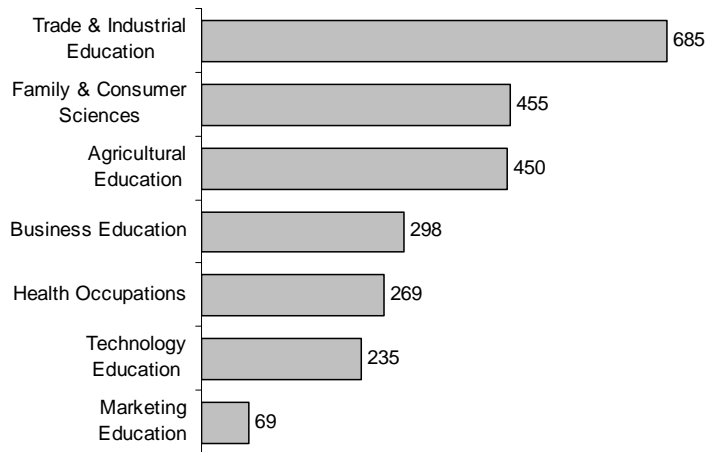
## **CAREER AND TECHNOLOGY EDUCATION (VO-TECH)**

The Oklahoma career-technology education system, until FY'01 called the Vocational-technical or vo-tech system, was established in 1917 and originally provided vocational agricultural and home economics programs. Since then, the career-technology educational system has

changed its focus to teach skills that will meet the demands of a competitive world market with special emphasis on technology and medical services. The name-change that expresses the change was passed during the 2000 session.

With 29 technology center districts, 54 campuses, and 560 comprehensive school sites, Oklahoma's career-tech system is at the forefront of the state's economic development efforts.

### Full-Time Programs in Career Technology



### Comprehensive Schools

The cornerstone of Oklahoma's system of technology education is the comprehensive school, which provides programs to secondary and adult students at a public middle or high school. There are more than 1300 programs at 560 school sites. Courses include vocational agriculture, business and marketing, graphic/computer design, etc. These programs also help students develop job-readiness skills, good work attitudes and leadership skills.

### Technology Centers

Another key component of the career-technology system is the technology center. Oklahoma's network of technology centers, which began with the Tulsa County Area Technology Center in 1965, consists of 29 districts with 54 campuses across the state. The locations of these campuses allow 97% of Oklahomans easy access to career-tech programs.

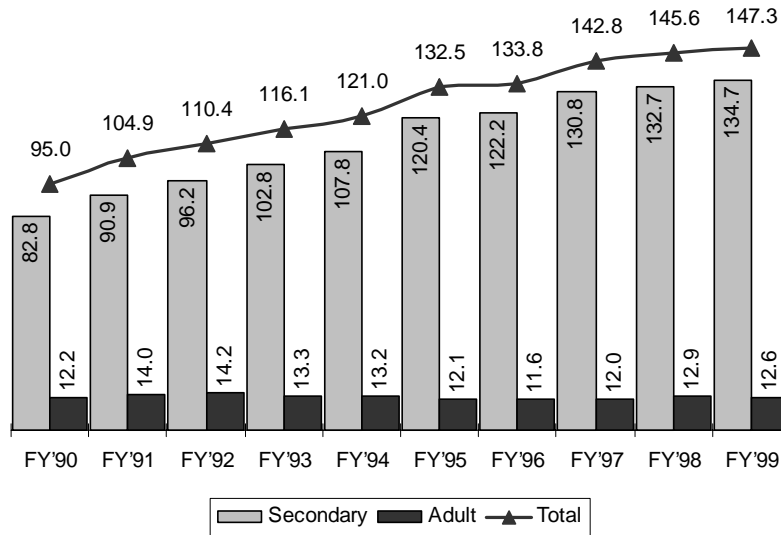
### Skill Centers

Programs at three Skill Centers (located at Tahlequah, Spiro and Midwest City) provide training to adults who are unemployed or need to improve their skills. There are also several Skill Centers located on prison grounds targeting the inmate population.

### Enrollment Trends

Between FY'90 and FY'99, total enrollment in career-tech programs increased by 55%. Eighty-one percent of total career-tech enrollment is in comprehensive schools and 19% is in area schools.

Career Tech Enrollment Trends by Student Type  
(in Thousands)



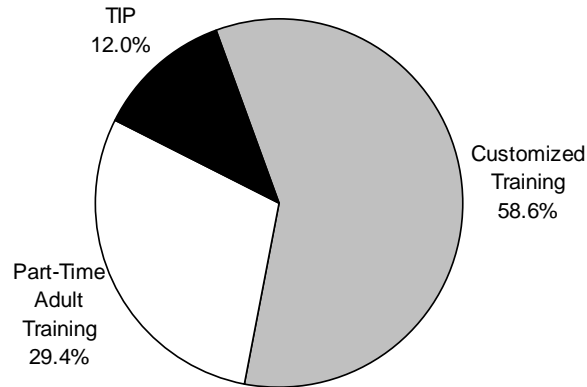
### Career Tech Economic Development Programs

Three career-tech programs focus primarily on economic development and are designed for adult education.

- **Adult Training and Development:** Adults wishing to expand their expertise or who are looking to change career paths are provided job-training workshops, seminars and short courses.
- **Training for Industry Programs (TIP):** This program meets specific training needs of new or expanding industries in conjunction with the Quality Jobs Act.

- **Industry Specific Training:** Industry specific or customized training are provided by the career-tech system for existing businesses.

FY'98 Enrollment by  
Career-Tech Economic Development Program



### **State Board of Career and Technology Education**

The State Board of Career and Technology Education is the governing body for the Oklahoma career-tech system. Membership of the board consists of the State Superintendent of Public Instruction, six appointed members of the State Board of Education as ex-officio voting members, and six members appointed by the Governor, five of whom require Senate confirmation. The director of the department serves as an ex-officio nonvoting member and is the executive officer of the board.

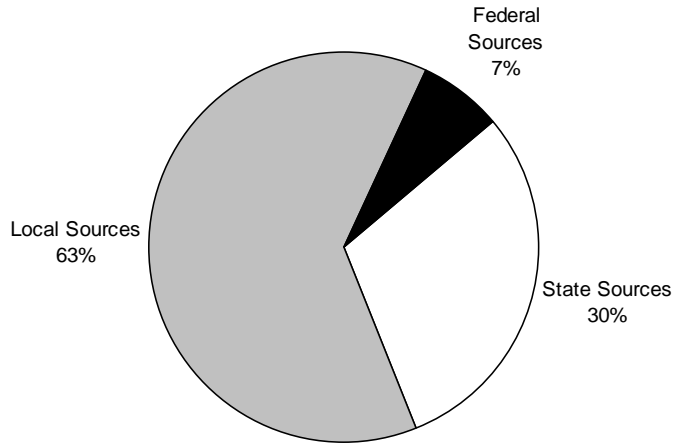
### **Technology Center Funding**

Technology centers are funded through dedicated local ad valorem millages, state appropriated revenues and tuition fees paid by students. Millages are assessed on real property within a technology center district. The Oklahoma Constitution restricts technology center districts to a maximum of 10 operating mills and 5 building-fund mills. Changes in career-tech millages are enacted by a majority vote in a district-wide election.

Most technology centers depend more on local ad valorem receipts than state appropriations. Local property wealth varies widely from district to

district, causing discrepancies in the amount of ad valorem revenue available to support each technology center. To address the discrepancies, the Legislature instituted a state equalization formula that allocates most state funds using local wealth as an inverse factor.

### FY'00 Funding Sources for Career-Tech Centers



### State Career Technology Appropriation History

State appropriations for career-tech grew by 73% from FY'89 to FY'00.

### Career and Technology Education Appropriation History (in millions)

