
PROLOGUE

Lack of Commitment to Higher Ed Sends a Strange Message

Am I the only one who finds something missing in the economic development discussions emanating from the state capitol?

Ever since the traumatic oil bust of the '80s, economic development has been the overriding issue in Oklahoma. Diversify, diversify, diversify. Attract new business and industry. Sell Oklahoma as the place to live, work and prosper.

While community, county and state agencies race to put together attractive incentive packages of tax breaks, capital investment and public services, one of the state's prime assets—its system of higher education—is largely taken for granted. One has to wonder if the absence of a tangible commitment to public support for public higher education plays as well with companies seeking to expand or relocate as it does in the political arena.

The most coveted of the business and industrial firms courted by our economic recruiters are those requiring a steady supply of highly trained employees; these folks also are concerned with quality of life issues. They care what kind of higher education a state has to offer and what kind of importance the state attaches to its schools, kindergarten through Ph.D.

Certainly higher education as a priority for state funding in Oklahoma is suspect. Since FY 80, appropriations for vocational-technical schools have increased 302 percent; common schools, 228 percent; all other state agencies, 128 percent; and higher education 110 percent. Over the past four years, FY 91 to FY 95, common schools, boosted by the long-overdue HB 1017, increased 31.2 percent; vo-tech, 14.9 percent; criminal justice, 12.3 percent; social services and health, 11.4 percent; higher education, 9.5 percent; natural resources and "other," 7.0 percent; and

general government, 1.1 percent.

As a percentage of the state budget, expenditures for higher education have declined from 18.6 percent in FY 80 to 15.1 percent in FY 95. OU's Budget Office estimates that just sustaining the 1980 level would have meant \$128.1 million more for higher education this year—\$19.6 million for OU's Norman campus alone.

Early in the legislative session, the governor called for a 2.5 percent reduction in higher education funding for FY 96, estimated at \$13.9 million less for the system, \$3.5 million less for OU—a scenario that at this writing he would like to avoid. We can only hope, for even a small increase would quickly be devoured by rising fixed costs from which there apparently is no escape.

In the coming year, the State Regents for Higher Education estimate \$16.2 million in mandatory increases to the system (\$4.2 million at OU alone) in areas such as health and dental insurance, FICA, unemployment compensation, worker's compensation insurance, utilities, risk management premiums for property and tort liability, audits and accreditation requirements—and the biggie, \$7.2 million in increased contributions to the Teacher Retirement System. Operational costs of new facilities coming online will add another \$4.2 million.

The governor still is dedicated, however, to tuition hikes and administrative cuts. Neither idea is a new one; we have been there, done that.

As any student or parent can attest, tuition has increased seven of the past 10 years. The obligatory student grumblings accompany each increase but not the great outcry one might expect. The State Regents are working toward students bearing 30 percent of their educational costs, and on the Norman campus gross tuition still

stands at 23.5 percent of the educational and general budget.

Generally students ask only that tuition increases be accompanied by increased state commitment and that a multi-year program be adopted to enable them to plan in advance for their educational expenses. In several instances, OU students in specific areas—most recently the law school—actually proposed a tuition increase to improve the quality of their education. The operative words here are "improve the quality," not "compensate for state cutbacks."

The issue of administrative costs is more complicated. The University uses nationally accepted guidelines for determining "administrative costs," i.e. payroll, accounting, purchasing, the president's office, fiscal operations, external affairs, etc. These costs at OU have been reduced from 9.5 percent of the total operating budget in FY 89 to 7.9 percent in FY 95.

The governor, however, apparently considers anything that does not go directly into teaching, research, library or public service to be administrative expense. Using OU as an example, he sets that figure at 15 to 20 percent, including such items as building maintenance, groundskeeping and utilities—fully 13-14 percent of the institution's budget. Hence the dilemma.

To their credit, legislative leaders seem committed to shielding higher education from budget cuts this time around. But the pressures will continue to grow. Without economic growth to augment state coffers, increasing needs in all areas of government will be difficult to meet.

Education for education's sake ought to be enough, but if everything must be reduced to a bottom line . . . well, education still comes out ahead of whatever is in second place. —CJB