OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

Memo

To: **Governor Brad Henry**

From: Chancellor Glen D. Johnson

Date: Tuesday, March 24, 2009

Subject: Report of the Higher Education Working Group of ARRA

Executive Order 2009-14 created the Oklahoma Coordinating Council for the American Recovery and Reinvestment Act (ARRA). Members of the Coordinating Council were directed to form working groups within the functional areas to determine proposed use of funds, grant opportunities, monitoring and reporting requirements and other matters relating to ARRA. Members were also directed to look beyond the working groups for ways to partner and leverage the ARRA funds in innovative ways.

Below is an update on the progress of the Higher Education working group.

Examination and Determination of Funds Available:

Prior to the order, the State Regents' staff and I worked with State Treasurer Scott Meacham to jointly examine what funds might be available for higher education in the ARRA legislation. We have continued to work closely with Treasurer Meacham and Secretary of State Susan Savage since the creation of the Coordinating Council. We have determined that there is more than $100 million available for categorical increases in Pell Grants and work study programs for higher education. In addition to these formula increases we have determined that a portion of the $578 million in the State Fiscal Stabilization Fund can be used for higher education under certain circumstances. These circumstances include filling budget gaps created by revenue shortfalls and for specific areas identified by the intent section of the legislation including mitigation of tuition increases.

Conference Call with the Department of Education:

In advance of the creation of the Coordinating Council, a conference call was arranged with the U.S. Department of Education on Friday, March 13, 2009 regarding ARRA funding for higher education in Oklahoma. Governor Henry's contact with Secretary Arne Duncan prior to the call was greatly appreciated. Participants in the call included myself, chairman of the Presidents' Council Larry DeVane of Redlands Community College, University of Oklahoma President David Boren, Oklahoma State University President Burns Hargis, State Treasurer Scott

Meacham and your Chief-of-Staff Gerald Adams. We spoke with Tony Miller, a consultant with the U.S. Department of Education who is coordinating the State Fiscal Stabilization Fund portion of the legislation and two of his key assistants, Bob Shireman and Joe Conaty. The call helped clarify a number of issues related to flexibility of the fund in terms of required timing of expenditures, potential uses of funds, and methodology to calculate the budget gap.

Creation of the Higher Education Working Group on ARRA:

The Higher Education Working Group held it first meeting on Tuesday, March 18, 2009 and established several subgroups to aid in the development of the plan. We reviewed ARRA principles and funding guidelines at this initial meeting. We will be developing a process to set funding priorities for higher education ARRA monies but tuition mitigation will certainly top that list.

The Higher Education Working Group heard from three guest speakers including State Treasurer Scott Meacham, Secretary of State Susan Savage and State Auditor Steve Burrage.

- Treasurer Meacham spoke to the working group about the importance of exploring all funding opportunities in the ARRA legislation to maximize the financial impact on higher education and the State of Oklahoma.

- Secretary Savage explained her role as the communications coordinator within the process. She will coordinate with the Federal Government, the National Governors Association and each of the State's working groups.

- Auditor Burrage explained the importance of the monitoring and transparency requirements of the ARRA legislation with an emphasis on tracking and monitoring the expenditure of funds and jobs created and/or saved.

The mission and leadership of each subgroup are described below. In addition to State Regents' staff in each area two presidents from each of the three tiers of higher education have been invited to attend and participate in all groups.

- **Legal (State Regents' General Counsel Bob Anthony and Nancy Connally).** Charged with:
  a. Reviewing the entire legislation (ARRA).
  b. Reporting on meeting, identification and coordination of timelines in the ARRA with Governor's General Counsel Lisa Davis.
  c. Compiling an "internal guidance memo" that summarizes the key prohibitions and requirements of the bill relating to the law.

- **Financial Aid (Associate Vice Chancellor Bryce Fair).** Charged with compiling a summary of all financial aid provisions listed in the law.

- **Budget Plan/ Financing (Vice Chancellor Amanda Paliotta, Bob LeFlore, and Sheri Mauck).**
  Charged with:
  a. Reporting on development of the budget plan, alignment with guidelines and coordination with the State Treasurer Scott Meacham.
  b. Reporting on opportunities related to the tax advantaged bond sections of the bill. (compile information from State Treasurer's Office, Bond Advisor, and Institutions.)

- **Accountability and Transparency (Vice Chancellor Amanda Paliotta and Sheri Mauck).**
  Charged with:
  a. Drafting a financial monitoring policy for review and presentation to the State Regents.
  b. Reporting on the development of internal controls being developed within the State Regents to track and report on ARRA funds sent to institutions.
  c. Methodology for jobs created and/or saved.
  d. Development of monitoring linkages to assure institutional governing boards and administration comply and monitor funds in accordance with ARRA's provisions.

- **OneNet/Workforce/Economic Development (Vice Chancellor Sid Hudson, Vice Chancellor Kurt Snodgrass, and Connie Lake).**
  Charged with:
  a. Reporting on meeting with Secretary of State Susan Savage and state broadband working group-opportunities for cooperation.
  b. Reporting on multi-state broadband opportunities.
  c. Identifying workforce and economic development opportunities.

- **Academics (Vice Chancellor Houston Davis).**
  Charged with:
  a. Research and Development. Reporting on grant and funding opportunities through the bill e.g., innovation grants, energy, environment, agriculture, transportation, health sciences, NSF and NASA. Houston Davis, Frank Waxman, Debra Stuart and Debbie Blanke
  b. Teacher Quality and Teacher Education Grants. Reporting on grant opportunities. Houston Davis, Kyle Dahlem and Lisa Holder

- **Interface with public safety and homeland security (Communications Director Ben Hardcastle).** Charged with reporting back on progress toward a package to fund CLASS initiatives through the stimulus money.

- **Healthcare (Associate Vice Chancellor Tony Hutchison).** Charged with interfacing and reporting on a meeting with the Health working group on issues related to health care information technology and clinical education resources.