PROLOGUE

Oklahoma Finally Has Squeezed
The Last Drop from the Education Dollar

By J. R. Morris

Editor's Note: Well-versed on higher education after seven years as Norman campus provost, guest "Prologue" author and Regents' Professor J.R. Morris returned to the classroom last year.

There was a time when those in Oklahoma higher education could look upon a group of southern states for whatever satisfaction they could derive from the knowledge that somewhere someone was receiving fewer dollars for college and university programs. And even quite recently, with the increased funding from 1977 to 1983, there was the more genuine satisfaction that the state would at last become competitive with the rest of the country in the funding of higher education. Now, however, entering the fifth year of budget cutting in Oklahoma, the South and the rest of the nation have long since passed on by, and Oklahoma is alone at the bottom with the most poorly funded system of higher education in America.

That is one of the harsh facts in the recent edition of Higher Education Financing in the Fifty States, published by the National Center for Higher Education Management Systems, Boulder, Colorado. It is based on the fiscal year 1984 and represents the most detailed national comparisons currently available. (It takes about three years to get such a study out.) While interstate comparisons are complex and must be interpreted with caution, the NCHEM reports constitute the most accurate and comprehensive source for comparing higher education funding patterns. The comparative picture of Oklahoma higher education (which is based on funds available statewide in relation to the number of full-time equivalent students) is a bleak and depressing one. No state in the United States that year provided fewer dollars per student from state appropriations and tuition and fees. Since there has been only one budget increase in five years, one can hardly think that matters have improved.

The national average for per-student revenues (excluding revenues from government grants and contracts) was $5,625; Oklahoma's average was $4,152, 74 percent of the national average and low enough to rank the state 51st out of the 50 states plus Washington, D.C. In Oklahoma's neighboring states: Texas ranked 8th, Kansas 17th, Arkansas 19th, New Mexico 23rd and Colorado 27th. Arkansas (which enrolls about half the number of students that Oklahoma does) had $1,700 more for each full-time equivalent student than did Oklahoma, primarily because of hefty increases in tuition and fees. For Oklahoma to have had the same dollars-per-student as Arkansas would have required an additional $189 million in revenues! (Curiously, when one examines expenditures for instruction, there is not so great a difference between Oklahoma and Arkansas, the latter having spent $300 more per student. While that difference is not insignificant, the major difference is basically in what Arkansas spent in support of research and public service activities.)

The two predominant sources of revenues for public higher education are state appropriations and tuition and fees. Oklahoma ranked 38th in state appropriations per student, appropriating 80 percent of the national average. The national average was $3,695; Oklahoma's was $3,123. Had Oklahoma provided nationally average per-student appropriations, an additional $63 million would have been required.

Oklahoma had the lowest tuition and fees in the nation, ranking 51st, $50 per student behind the next lowest state, Texas. Oklahoma's tuition revenues were 49 percent of what the average state derived from tuition, ranking $600 per full-time student below the national average. In Oklahoma, only 12.5 percent of total revenues were from tuition and fees; the national average was 18.5 percent. Had the state derived average revenues, an additional $68 million would have been available to the higher education system in fiscal 1984.

Therefore, for Oklahoma to have had total per-student revenues equal to the national average, $131 million more would have been required in fiscal 1984. The typical pattern historically has been for states ranking low in tuition revenues to compensate by... (Continued on page 2)
In an earlier NCHEM publication, it was pointed out that Oklahoma's failure to make sufficient tuition and fee adjustments during the period of 1979 to 1982 resulted in a decline in revenues of 19.4 percent per student, when inflation is taken into account. There is nothing intrinsically wrong with a state keeping tuition low, but it necessitates sufficient appropriations to compensate for lost revenue.

Within the three groups of institutions in the state — comprehensive universities, regional universities, and two-year colleges — the two comprehensive universities are by national comparisons the most poorly funded and the two-year colleges categorically are the best funded. Because of OSU's veterinary school, OSU and OU (with the Health Sciences Center excluded in this report) are separately grouped in the report. OU is not included among the top 75 research universities because its per-student expenditures for research are not large enough. The University of Oklahoma per-student revenues (excluding government grants and contracts) were only 77 percent of the national average for similar type universities. The two-year colleges received 91 percent of the national average for their type institution; and the regional universities received 81 percent. (This last group is very heterogeneous in its funding. Because of small enrollments at some of the four-year institutions, per-student revenues are misleadingly high, while the large institutions are quite low.) The OSU figures are difficult to evaluate in the report because they are included among the figures of institutions that have medical schools in their campus budgets; but with that caveat, OSU revenues were only 67 percent of the national average for that group.

The sad reality is that all of the comparative gains of the late '70s and early '80s have been lost. As recently as the period from 1980 to 1984, Oklahoma ranked 7th in the nation in increased revenues to higher education — an overall 55 percent increase in spite of a 7 percent budget cut in 1984. By 1988, probably for the first time in the state's history, Oklahoma had achieved nationally competitive faculty salaries, leading the nation in percentage salary increases for that five-year period. Beginning early in 1983 and continuing today, budget reductions and lack of salary increases have essentially returned Oklahoma's overall funding level to the pre-boom period.

The frequent (and not invalid) criticism that Oklahoma has too many public higher education institutions for its population is often a kind of red herring that diverts attention from the primary problem that we are simply not investing the amount of dollars per student in higher education that other states are. You could put all of the students in the state into one huge institution of 112,000 or so students, and it would be a grossly underfunded university by national comparisons.

Nonetheless, the large number of institutions is a secondary problem, and it is hard to resist a comparison with the state of Indiana, which has the same number of public colleges and universities as Oklahoma, serving a population about twice the size of Oklahoma's, with twice as many high school graduates. Indiana enrolled 196,000 students in 28 public institutions, while Oklahoma enrolled 111,000 in 28 public institutions (29 if the Health Sciences Center is viewed separately). As a footnote, Indiana spent $1,800 more on each full-time student than did Oklahoma in 1984. That means that for about $200 million more in fiscal '84 Oklahoma would have supported each student at the level Indiana did.

If one is staggered by the magnitude of these differences, it should be realized that they have accrued over decades of underfunding, interrupted only briefly by that golden respite a few years ago. Oklahoma has yet to come to terms with the true costs of higher education. While our state system serves a larger percentage of our citizens than most state systems, we do it for fewer dollars than are needed for true educational quality. Educators have managed their task with considerably more ingenuity and efficiency than is generally recognized. But resources have become so scarce that as a state we have sacrificed the kind of quality that makes for great institutions and for a brighter future for Oklahoma's people.

OU Program Development Schedules Workshop In Financial Planning

Important financial planning tips will be provided in a morning workshop, "Smart Financial Planning," Saturday, Nov. 7, at the University of Oklahoma.

Sponsored by Program Development Services at OU, the workshop is designed for anyone interested in planning their financial goals effectively. Topics to be discussed include investments, estate planning, annuities, mutual funds, real estate and life insurance.

Registration will be from 8:30 to 9 a.m. in the Forum building of the Oklahoma Center for Continuing Education, 1700 Asp Ave. The workshop will conclude in plenty of time for participants to attend the OU vs. OSU football game at 1:30 p.m.

From 9 to 10:15 a.m., participants can attend sessions on Investments I — a discussion of stocks, bonds, certificates of deposit and partnerships — or a discussion of the Tax Reform Act of 1986.

From 10:30 a.m. to noon, sessions will be presented on Investments II — a discussion of annuities, mutual funds, real estate and life insurance — or a discussion of estate planning.

The cost of the workshop is $50 per person and $90 per couple.

Additional information is available from Marilyn Gottshall at OU Program Development Services, telephone 405/325-5101.