

The UNIVERSITY of OKLAHOMA.

SAVINGS · EFFICIENCIES · SUSTAINABILITY

2014







OVERVIEW

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Higher education is under a microscope today more than ever before. The cost of a college degree generally is increasing faster than the rate of inflation, causing great concern to students, parents, governments and the public. The question is fairly asked, “What are colleges and universities doing to address and moderate this trend?”

During David L. Boren’s tenure as president, the University of Oklahoma has emerged as a leader in higher education affordability and value. Engaged in a comprehensive strategy addressing the cost and revenue elements of operating a world-class institution, OU continues to attract the best and brightest students from throughout the nation and world.

OU ranks No. 1 in the nation among all public universities in the number of National Merit Scholars enrolled. OU is the only university in the nation, public or private, whose students won Rhodes, Marshall, Mitchell, Truman, Goldwater and Fulbright scholarships in a single year. Over a 20-year period, the graduation rate improved from 42 percent to a recent high of 68 percent, the highest graduation rate in state history for a public university.

With in-state tuition of \$7,341 and out-of-state tuition of \$19,530, OU is among the most affordable universities in the country and regularly is named to such “best value” rankings as The Princeton Review’s Best Value Colleges list, Kiplinger’s Best Values in Public Colleges list and *Forbes* magazine’s Best Buy Colleges.

SAVINGS AND EFFICIENCIES

The University has been able to continue its tremendous progress and growth despite a declining share of state-appropriated support of higher education generally and OU specifically. From FY 2005 to FY 2013, state-appropriated funding for the Norman campus fell from 19.4 percent to 15.6 percent of total revenue. To sustain and strengthen its commitment to excellence, OU has worked diligently to secure other sources of funding and implement various cost savings and efficiencies. Highlights are provided below.

- ◆ **State-appropriated support** was \$123 million in FY 2005 and \$146 million in FY 2013 (an increase of \$23 million), representing an annual growth rate of 2.17 percent. For the same period, **support from private giving** increased from \$13.2 million to \$46.2 million (an increase of \$33 million), representing an annual growth rate of 16.95 percent.
- ◆ **Gross tuition and fees** increased from \$158.3 million in FY 2005 to \$302.4 million in FY 2013 (an increase of \$144.1 million), representing an annual growth rate of 8.43 percent. This was offset by additional support in **scholarships and fellowships** awarded for the same period, which increased from \$42.2 million to \$97.9 million (an increase of \$55.7 million), representing an annual growth rate of 11.09 percent.
- ◆ The growth in tuition and fees has been strategically implemented so in-state students have not been unduly burdened. A major element of the strategy has been President Boren's **gift-giving campaign along with a recruiting plan** to significantly increase out-of-state enrollment without decreasing in-state enrollment. First-year nonresident enrollment was 1,140 in fall 2005 and 1,618 in fall 2013 (an increase of 478 students), while Oklahoma resident enrollment for the same period was 2,474 and 2,434, respectively (a negligible change).



- ◆ The University's enrollment strategy goes beyond increased revenues. Understanding that standardized test scores, grade point average and class rank alone do not tell the whole story of a person applying to OU, the University recently adopted a **holistic (whole person) approach to admission** that also evaluates such criteria as academic rigor, extracurricular activities, talents, leadership and volunteerism to more accurately predict grades, retention and graduation. Moreover, information gathered from the essay and recommendation sections will better enable administrators to identify and offer academic and other services designed to **help students persist and graduate**.

SAVINGS AND EFFICIENCIES

- ◆ The Norman campus financial operating results reflect a **steady annual addition to the University's net assets**. At the close of FY 2005 net assets were \$1.2 billion, while at the close of FY 2013 net assets were \$1.8 billion (an overall increase of \$600 million). The average annual increase to the University's net assets for the period is \$75 million, demonstrating sound financial and operational management, as well as the ability and capacity to replace assets as necessary, sustain and grow instructional and research programs vital to the state, and continue in perpetuity as a going concern.
- ◆ The University has **improved its academic offerings and output**. In 2005, the Norman campus offered 235 majors and conferred 5,188 degrees. In 2013, it offered 270 majors (an increase of 35) and conferred 6,267 degrees (an increase of 1,079). During the same period, instructional faculty numbered 1,447 and 1,838, respectively (an increase of 391), and student-to-faculty ratio decreased from 22:1 to 17:1.
- ◆ **Utilities costs** for the Norman campus were \$22.5 million in FY 2005 and \$41.1 million in FY 2013 (an increase of \$18.6 million), representing a modest annualized growth rate of 7.82 percent. For the same time periods, **total campus square footage increased** from 9.8 million to 11.3 million, accounting for some of the utilities costs change. The per-square-foot costs for the two respective time periods are \$2.29 and \$3.64 (an increase of \$1.35 and a very modest annualized growth rate of 5.96 percent). One factor that has contributed to the increase in utilities costs is a \$0.013/kWh premium associated with the University's renewable energy agreement with OG&E.
- ◆ The Norman campus has implemented several initiatives to save energy costs, including:
 - ◆ **Renovation and updating of residence halls** to improve the energy efficiency of the buildings and provide a modern living experience for students.
 - ◆ **Improvements to facilities**, including upgrades to indoor lighting and occupancy sensors, outdoor lighting, water systems, vending machines, steam systems, building automation systems and exit signs.
 - + With these improvements, together with the renegotiation of utility rates, OU will **save an estimated average of \$1.5 million per year** with a 20-year savings projection of \$30.3 million.
 - + The environmental benefits are **reductions in greenhouse gas emissions**.

SAVINGS AND EFFICIENCIES



- ◆ Competitive engagement of Corix Utilities Inc. to assume the operation and maintenance of utility systems for a 50-year concession period.
 - + Through this contract, OU seeks to **improve its utilities systems more cost-effectively** than otherwise would have been accomplished in-house.
 - + The projected positive net present value of the agreement over its term ranges from \$38 million to \$66 million.
 - ◆ Acquisition and installation of new computerized building environmental control systems to better understand the utility usage of each building on campus and **control utility consumption**.
- ◆ Adoption of a **behavioral program** to teach people to turn off lights when not needed and adjust thermostats to 68 degrees in winter months and 75 degrees in summer months.
 - + Decals beside each light switch and thermostat serve as a reminder to monitor thermostats and help ensure observance.
 - ◆ Installation of new, efficient dishwashing machines **reduces annual water usage** by an additional 1.01 million gallons.

SAVINGS AND EFFICIENCIES

- ◆ All new construction on campus incorporates the **principles and characteristics of the LEED** (Leadership in Energy and Environmental Design) program.
- ◆ The physical growth of the Norman campus, made possible by private gifts and prudent borrowing of money through the issuance of bonds, has enabled OU to achieve **tremendous gains in instruction and research**. On a present value basis, the University has saved more than \$25 million through refinancing strategies in response to interest rate trends.
- ◆ The University achieved **substantial savings through purchasing strategies** that include:
 - ◆ Competitive solicitations, negotiations, and cooperative and group purchasing for FY 2010 to FY 2013 measured at \$30.6 million.
 - ◆ In response to an appeal by Gov. Mary Fallin, migration of the University's **procurement card program** in July 2011 from American Express to the State of Oklahoma's program with Bank of America/Merrill Lynch.
 - + Procurement card rebates attributable to Norman campus activity for FY 2010 to FY 2013 totaled \$1.7 million.
 - + During the same period, more than 505,000 procurement card transactions were executed, saving hundreds of thousands of dollars in labor and material costs associated with check issuances and related payment-processing actions.
- ◆ Growth of a **strategic sourcing** initiative facilitated by implementation of the SciQuest business-to-business solution.
 - + Departmental purchases are driven to strategic suppliers selected through the University's competitive process and/or analysis of spend data. Discounted pricing and other features (e.g., free shipping and handling) generate further savings.
 - + Annual savings for office-related supplies are projected to exceed \$200,000, with scientific supplies savings projected to exceed \$300,000.
- ◆ A **document management program** started in 2004 directs document printing away from desktop printers to more centralized multi-function copiers and printers. The program generates over \$500,000 in savings annually, with over \$5 million saved since its inception.
- ◆ Reduction in the number of reams of **paper purchased** from 107,153 in FY 2008 to 76,341 in FY 2013, saving more than 15.5 million sheets of paper.

SUSTAINABILITY

OU cost savings and efficiencies benefit not only the University's finances, but also its goals under the American College and University Presidents Climate Commitment, which the Norman campus joined in April 2007 as a charter signatory.

Efforts and achievements toward sustainability and carbon neutrality include:

- ◆ The Norman Campus Sustainability Committee has merged with the Environmental Concerns Committee with the result of making efforts toward sustainability more **effective, efficient and transparent**.
- ◆ The Norman campus was one of the first universities to participate in the **Chicago Climate Exchange**, the United States' prototypical marketplace for using the cap-and-trade approach to lowering greenhouse gas emissions.
- ◆ Food service operations have instituted **tray-less serving**, which reduces food waste, hot water usage and energy consumption.
- ◆ Elimination of trays from the serving process reduces the food service operations' water needs by more than 145,000 gallons per year.
- ◆ Food service operations installed state-of-the-art dishwashing machines for water and energy usage and operational efficiency and **purchased food products from local sources**, which cuts transportation and handling costs.



- ◆ A bio-digestive machine in Couch Restaurants **transforms food waste** into gray water, which then can be safely returned to the water treatment system.



- ◆ OU participates in such **environmentally and socially conscious events** as Green Week, Big Event and Recycling Mania.
- ◆ The University used 134.9 million kWh of **green power** in 2013.
- ◆ As of FY 2013, 100 percent of the Norman campus' purchased electricity is **attributable to renewable sources**, principally the power generated by OG&E from the OU Spirit Wind Farm in northwestern Oklahoma.
- ◆ OU **ranks second in the U.S. Environmental Protection Agency's** 2014 Top 30 College & University list. The EPA also has recognized OU as:
 - ◆ 2013-2014 Champion of the Big 12 in the College & University Green Power Challenge
 - ◆ 2013 Green Power Leadership Club Member
 - ◆ and 2012 Green Power Partner of the Year.
- ◆ The University has completed **numerous energy efficiency projects** that include upgrades and overhauls of air-handling systems in many older buildings, lighting retrofits, installation of a centralized energy management system, window sealing and caulking, roof upgrades and replacements, and low-flow toilets and faucets.
- ◆ All **janitorial and cleaning products** are environmentally friendly.

SUSTAINABILITY

- ◆ **Recycling** is practiced in all campus buildings, and a great number of outside receptacles have been converted to accept recyclable material separately from trash. Additionally, recycling has been made widely available at all OU athletics venues.
- ◆ Irrigation is accomplished using only non-potable water from OU's groundwater system. The University's **non-potable and potable water distribution systems** are separate.
- ◆ Cleveland Area Rapid Transit (CART) is transitioning to an **all-CNG (compressed natural gas) fleet**.
- ◆ Every June, OU's transportation department hosts **Dump the Pump**, offering free fare on the bus system for the day. CART also offers free fare on **Ozone Alert Days**, when the Oklahoma Department of Environmental Quality alerts the public that conditions are favorable for ground-level ozone air pollution.
- ◆ The University offers a commercial program to students, faculty and staff through which they can **rent vehicles on an hourly basis**, thereby reducing the need for everyone on campus to own a car.
- ◆ In 2013, University vehicles **consumed more alternative fuel than conventional fuel**. Unleaded and diesel sales at the Theta M. Dempsey Transportation Operations Center totaled 151,901 gallons. E85, CNG and biodiesel sales totaled 194,172 gallons. OU vehicles consumed more CNG than any other type of fuel for the first time in history.
- ◆ OU Information Technology has **upgraded, modernized and consolidated servers** on campus, reducing the attendant energy required for cooling. Desktop computers are programmed to go into "sleep" mode after specified periods of inactivity, which produces further energy savings. The "seat lease" program ensures that technology is continuously refreshed and up-to-date, and that disposal of obsolete equipment is carried out cleanly, securely and in compliance with applicable laws and regulations.
- ◆ The **Crimson and Green Commitment** invites members of the OU community to pledge to use sustainable practices at school and work and in their everyday lives.
- ◆ OU purchasing contracts incorporate terms and conditions that achieve and promote **sustainability and corporate social responsibility**.
- ◆ University Printing Services uses only **environmentally safe inks** and chemicals and recycles all scrap paper.
- ◆ The Norman campus has implemented a **comprehensive bicycling plan** that includes integration with the City of Norman's plan.
- ◆ OU offers **sustainability-related degrees** in the Department of Geography.
- ◆ University researchers seek to **further sustainability through research** into such renewable fuel sources as switch grass, along with investigations into biofuels, fuel recovery and the creation of fuel from cooking oil and other waste products.



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