

Quarterly Financial Briefing | Winter 2019

I am honored to serve as OU's Senior Vice President and Chief Financial Officer. I've worked for OU in various roles over the past 20 years and look forward to serving in this new capacity. I oversee Budget and Financial Planning, Controller and Financial Services, Payroll and Employee Services, Bursar Operations, Information Technology, Grants and Contracts Accounting, and the Shared Business Services Center.

Through this quarterly update, I will communicate changes being made to meet the challenges of balancing the budget, reducing debt, rebuilding cash reserves, improving administrative efficiencies and streamlining processes and services. These changes are essential for controlling costs for students, giving raises to our faculty and staff and being good stewards of taxpayer and donor funds.

What Has Happened So Far

Budget Reviews

Through **comprehensive review and restructuring of college and program budgets**, we have identified areas of overfunding and areas of underfunding and are redirecting resources to needs that are core to the university's mission. These reviews consider such factors as current organizational and budgetary structures, positive/negative cash streams, comparable standards at other institutions, possible efficiency measures, and third-party services where savings are possible. While budget reviews are ongoing, \$35 million in ongoing savings has been identified to date.

Employee Compensation

OU values our people and wants to ensure that our faculty and staff are paid at competitive levels. The first step toward reaching that goal is the **Norman Faculty Compensation Program** that went into effect January 1. Designed with input from faculty, the program is a market-based adjustment that moves faculty closer to competitive salaries. We continue to evaluate salaries and look for ways to provide raises to our **Health Sciences Center faculty, as well as to the staffs at all three campuses. We are committed to ensuring that our outstanding employees are appropriately compensated for their excellent work.**

Restructuring and Streamlining

The university has taken steps to identify silos and overlapping functions and to centralize and streamline operations to improve efficiencies. The **reduction in force within the Norman campus Landscape and Grounds department** was necessary in part because new construction on campus is slowing and landscaping needs are changing. **The reduction in force within the Health Sciences Center campus Landscape and Grounds department** was necessary to reduce seasonal landscaping support. We are not adding landscaping on campus but are **maintaining the existing landscaping, which requires less personnel and equipment.**

The reduction in force within the Norman campus IT department was necessary to reorganize leadership positions, end some specialty functions and reduce positions that support new construction. **These reductions are not expected to impact the level of IT service to classrooms or offices.** OU IT is working to unlock efficiencies across campuses by **streamlining its organization and standardizing and consolidating technologies, processes, contracts and policies.** Moving forward, OU IT **will work closely with university constituencies to develop and execute cohesive strategies** that improve services, better utilize data, and modernize our applications, network, security, and computer environments to **better support our academic, research, clinical and service missions.**

We are **implementing a technology standardization program for all campuses.** Designed to achieve support and cost efficiencies and maximize discounts, the program requires all university computers, printers, copiers and multi-function devices to be selected from pre-approved models with limited exceptions for specialty teaching, research and clinical areas.

We also are implementing a plan to **repurpose fleet vehicles and cut costs in fuel usage, materials, supplies and maintenance.** In addition, three research centers were closed as part of an effort to **streamline and refocus operations and provide quality research support in a more coordinated and efficient way.** Some responsibilities of these offices were shifted to existing resources.

Two restaurants in the Oklahoma Memorial Union have expanded service. Crossroads Restaurant has extended its hours Thursday through Saturday and the Jan Marie and Richard J. Crawford University Club now is open to anyone with an OU ID card. Two other restaurants, Elements Café in the Stephenson Life Science Research Center and the Charles W. Graham Café in Gould Hall, have closed due to low traffic. **No employees have been affected by the closures,** as they have been transferred to high-demand restaurants.

Reduction in Non-Essential Activities

At a time of fiscal discipline, we have been carefully examining activities and operations that are not essential to the university's core mission. This effort so far has resulted in **closing the One U Store in the Oklahoma Memorial Union,** which experienced declining sales and revenue due to the growth in online shopping for computers and accessories; **reducing our investment in digital initiatives,** ranging from curtailing third-party app development to decreasing the number of non-revenue generating digital projects; **scaling down expenditures for advertising and marketing sponsorships;** and **closing the study abroad center in Rio de Janeiro, Brazil,** which has the lowest enrollment of our three study centers, to allow us to focus on our centers in Arezzo, Italy, and Puebla, Mexico.

I hope this financial briefing answers your questions and provides some context for the decisions being made and actions being taken. I will continue to keep you updated through upcoming quarterly briefings.

Kenneth D. Rowe
Senior Vice President and Chief Financial Officer