



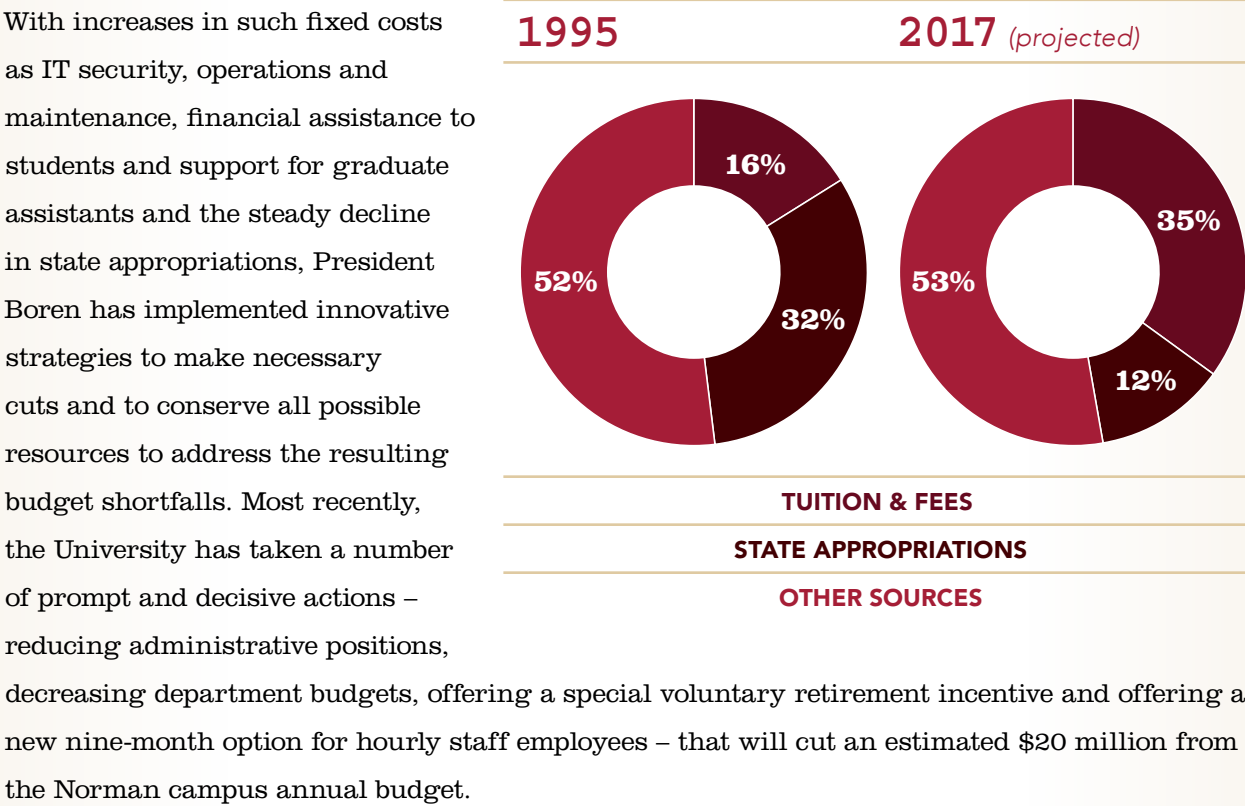
THE UNIVERSITY OF OKLAHOMA:

**A Leader in Higher
Education Efficiency**

BUDGETED ADMINISTRATIVE COSTS

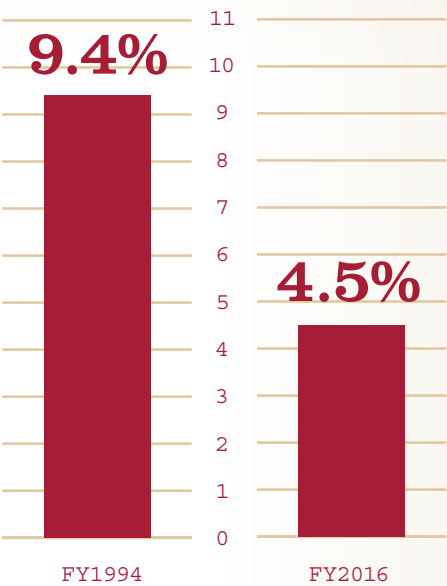
These are challenging times for public higher education in Oklahoma. State budget shortfalls resulting from state tax policy decisions and sharp and sustained reductions in crude oil production tax revenue have led to drastic cuts in higher education appropriations.

Unfortunately, declining State support for higher education is not a new story. In FY1995, state appropriations accounted for 32 percent of the University of Oklahoma’s total operating revenue budget; another 16 percent was generated from tuition and fees. For FY2017, we are looking at the reverse scenario: Only 12 percent of our budget is expected to come from state funding, while tuition and fees will account for 35 percent.

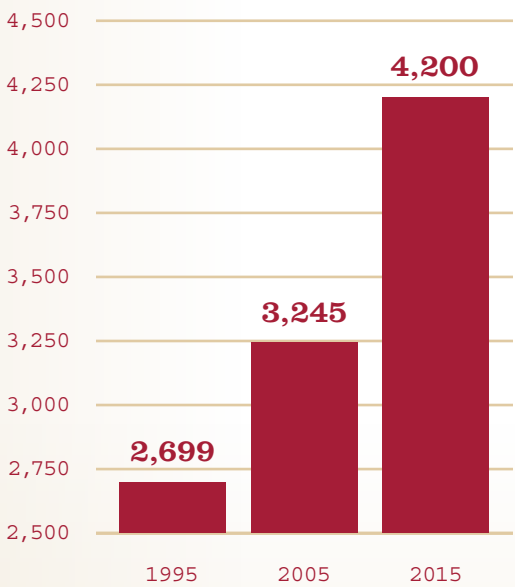


“The University of Oklahoma: A Leader in Higher Education Efficiency” is merely a snapshot of our comprehensive efforts to realize administrative savings and efficiencies without compromising the University’s ability to fulfill our primary mission of providing our students with an outstanding education that also is accessible and affordable. President Boren has made clear that one of our very most important and core values as a university is to maintain access and affordability for all students who seek a college degree.

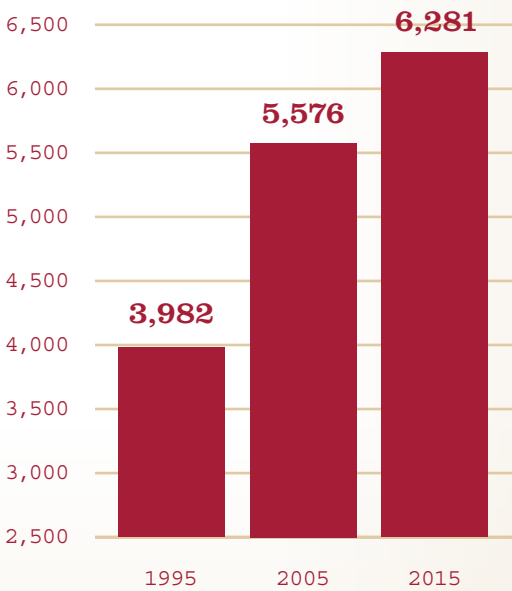
Administrative Costs*



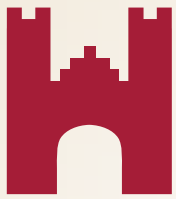
Freshman Fall Enrollments



Degrees Awarded



* This percentage reflects Institutional Support — a subcategory of the Educational & General Budget account classification system established by the National Association of College and University Business Officers and recommended for use at Oklahoma colleges and universities by the Oklahoma State Regents for Higher Education.

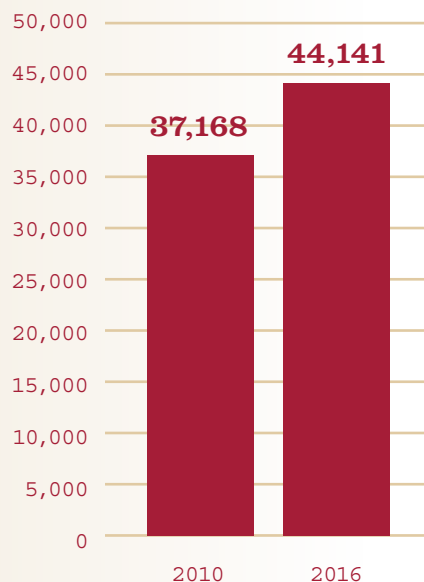


Administrative Costs

4.6%

(lowest in state)

Expenditures per Student



Savings and Efficiencies

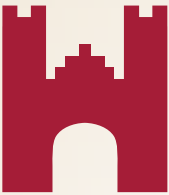
- The net present value of the savings from a partnership with Corix Utilities to operate the University's utility infrastructure is **projected at \$60 million** over the 50-year span of the agreement.

\$ Changes to the retiree medical plan and discontinuing the \$50 per month insurance waiver are projected to **save \$2.8 million annually**.

- Since the formation of the Elevator Shop in 2011, Facilities Management has **saved an estimated \$6.3 million** over the cost of contracting out those same labor hours.
- Using a third-party servicer to conduct verifications of FAFSA (Free Application for Federal Student Aid) applications rather than conducting them in-house **saves the University \$100,000 annually and shortened the process time for students and their families from four weeks to 48 hours**.

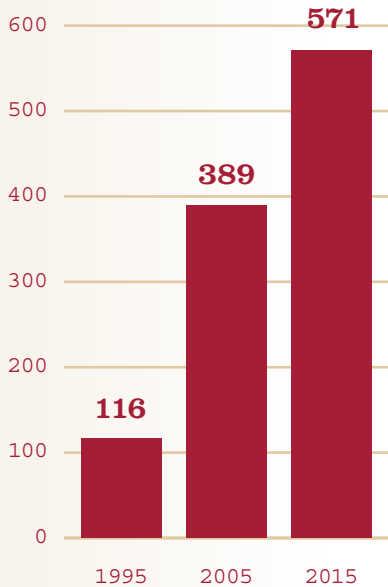
\$ The University saves **\$1.2 million annually** through consolidating Norman and Health Sciences Center purchasing.

- Negotiating a reduction in the Fidelity Investments unique participant fee will achieve a net **10-year savings of \$1.5 million**.
- By leveraging Shared Services multi-campus buying power, OU's Microsoft Campus Agreement Program has **saved OU students over \$5.6 million in software costs** in less than four years.
- Shared fiber and optics with OneNet **saves \$2.1 million annually**.
- OU's large-scale research data archive **reduces researchers' storage costs** by 85 percent compared to local disks and 93 percent compared to commercial cloud rates.
- The OU Research Cloud **saves 40-70 percent** off commercial cloud computing rates and **65 percent off** commercial cloud storage rates.



Administrative
Costs
4.5%
(lowest in state)

Endowed Chairs
and
Professorships



Savings and Efficiencies

NORMAN CAMPUS INTERNAL REALLOCATIONS		FY2008 - FY2015
	PERMANENT REALLOCATIONS	ONE-TIME FUNDS RECAPTURE
ACADEMIC & RESEARCH FUNCTIONS	\$ 26,757,000	\$ 12,022,000
ADMINISTRATION & EXECUTIVE AREAS	4,222,000	-
INFORMATION TECHNOLOGY	1,531,000	-
DEVELOPMENT, ALUMNI, STUDENT, AND PUBLIC AFFAIRS FUNCTIONS	778,000	-
TOTAL	\$ 33,288,000	\$ 12,022,000

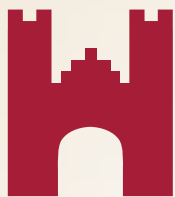
- Self-funding the University’s PPO medical plan resulted in **\$14.7 million in accumulated reserves** in 2015 and reduced the overall annual cost of health care premiums by \$6.4 million.

FY2015 PURCHASING SAVINGS INCLUDED:	
PRICE SAVINGS THROUGH COMPETITION, NEGOTIATION	\$1,890,000
UNIVERSITYWIDE POURING RIGHTS CONTRACT REVENUE	\$1,460,000
PROCUREMENT CARD REBATE	\$500,100
PRICE ACTUALLY PAID VERSUS LIST PRICE	\$56,200
E&I PURCHASING COOPERATIVE PATRONAGE REFUND	\$25,800

- The number of degree-seeking international students grew from 1,419 in fall 2012 to 1,736 in fall 2015, resulting in **additional revenue of \$3.5 million.**
- The “Live On, University” campaign **raises funds to support student scholarships**, teaching fellowships, classrooms and laboratories.

NORMAN CAMPUS RECYCLING 2015

Recycled 1.6M+ pounds in materials	Saved \$716,000 annually by minimizing hard copy printing
Saved \$31,000+ in landfill fees	Reduced 254,282 pounds paper use since 2013



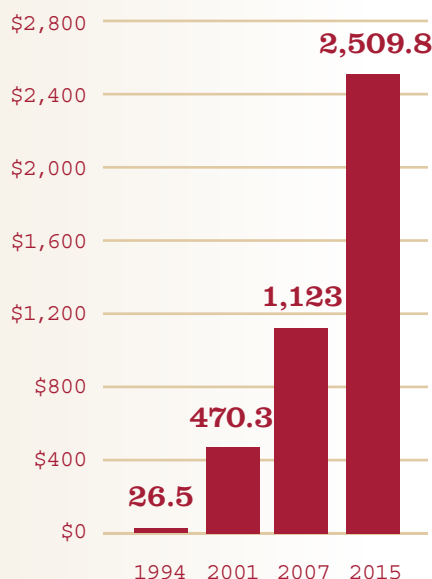
Administrative Costs

4.5%

(lowest in state)

Cumulative Fiscal Year Cash and In-kind Gifts

(in millions)



Savings and Efficiencies

- The University has **saved more than \$28 million** by closely monitoring interest rate trends and refinancing bond issues.

BOND ISSUE NET PRESENT VALUE SAVINGS

1998 MULTIPLE FACILITY REVENUE BONDS	\$795,000	(4.2%)
1999 UTILITY SYSTEM REVENUE BONDS	\$1,756,000	(8.3%)
2000 OKLAHOMA DEVELOPMENT FINANCE AUTHORITY REVENUE BONDS	\$359,000	(4.0%)
2001 STUDENT USAGE FACILITIES REVENUE BONDS	\$337,000	(4.0%)
2001 ATHLETIC FACILITIES REVENUE BONDS	\$550,000	(4.0%)
2001 AND 2004 PARKING SYSTEM REVENUE BONDS	\$2,197,000	(9.8%)
2002A AND 2002B ATHLETIC FACILITIES REVENUE BONDS	\$3,046,000	(4.8%)
2002 STUDENT HOUSING REVENUE BONDS	\$1,281,000	(21.8%)
2003 RESEARCH FACILITIES REVENUE BONDS	\$3,927,000	(15.2%)
2003 MULTIPLE FACILITY REVENUE BONDS	\$3,457,000	(13.1%)
2003A/2003B OKLA. DEVELOPMENT FINANCE AUTHORITY REVENUE BONDS	\$274,000	(4.5%)
2004 STUDENT HOUSING REVENUE BONDS	\$9,065,000	(13.4%)
2004 RESEARCH FACILITY REVENUE BONDS	\$975,000	(6.6%)

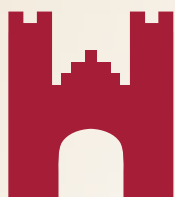
- Cuts to non-academic units between FY2008 and FY2016 **returned \$8 million** to the central budget for academic priorities.
- In recent years, competitive solicitations, negotiations and cooperative and group purchasing **saved an estimated \$28.9 million**.
- From 2012 to 2016, the University's **Shared Services initiative saved \$3.5 million** by negotiating new contracts, achieving better volume discounts and pooling licenses across campuses.



Business Analytics

OU is a national leader in higher education in using data analytics to identify efficiencies, cost savings and new strategic opportunities. Recent initiatives include:

- Identifying high-turnover employee positions and departments and uncovering practices to reduce turnover and associated high costs
- Developing a student feedback system to improve the student experience and, ultimately, graduation rates
- Using graduation likelihood predictions to better coach and support at-risk students and help determine effective scholarship funding allocations



Administrative Costs

4.3%

(projected)

Savings and Efficiencies

- OU is exploring the concept of entering into a public/private alliance to develop an on-campus neighborhood for students, faculty, staff and alumni. The alliance has the potential to contribute **millions of dollars in new revenue** for the University.
- Hedging fuel costs regarding utility needs will **reduce FY2017 costs by \$868,000.**

\$ Savings from the Special Voluntary Retirement Incentive announced in January 2016 are **expected to total \$10 million.**

- Improving facilities and renegotiating utility rates will **save an estimated average of \$1.5 million per year with a 20-year savings of \$30.3 million.**
- The University will continue to maintain a hiring freeze that **carefully regulates** all hiring needs.
- Savings from departmental reductions in travel and purchases, plus not filling vacant faculty and staff positions, will **save \$10 million.**

% A 3 percent decrease in the salaries of University executive officers and deans will **save \$287,000.**

- A new nine-month option for hourly staff positions will **save an estimated \$200,000.**
- Upon completing refinancing of 2006A General Revenue Refunding Bonds, the University expects to realize **net present value savings of more than \$14 million** or 16.7 percent of refunded bonds.
- In 2016, the University will pilot an online faculty search tool that is expected to **reduce time spent** reviewing applicant materials and completing internal hiring and compliance forms.
- Diversifying housing rates has the potential to contribute **an additional \$100,000** in housing revenues annually.
- Standardization within new data centers has allowed the University to consolidate technologies onto shared platforms, generating **cost savings of \$1.7 million** from 2012 to 2016.

