

MINUTES OF A JOINT MEETING  
THE UNIVERSITY OF OKLAHOMA BOARD OF REGENTS  
OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION  
OCTOBER 22, 1977

A joint meeting of The University of Oklahoma Board of Regents and the Oklahoma State Regents for Higher Education was held in Conference Room A-6 of the Forum Building, Oklahoma Center for Continuing Education, on the Norman Campus of The University of Oklahoma on October 22, 1977, beginning at 10:15 a.m.

The following University of Oklahoma Regents were present: Regent Thomas R. Brett, President, presiding; Regents Bob G. Mitchell, M.D., Richard A. Bell, Dee A. Replogle, Jr., and Charles E. Engleman.

Absent: Regents K. D. Bailey and Ronald H. White, M.D.

The following Oklahoma State Regents for Higher Education were present: Regent Russell D. Vaught, Chairman, Regents Joe F. Gary, Rubye M. Hall, Bert H. Mackie, James L. Mills, Scott E. Orbison, John H. Patten, and Eugene L. Swearingen.

Absent: Regent Bob F. Allee.

The following were also present: Dr. Paul F. Sharp, President of the University of Oklahoma; Dr. E. T. Dunlap, Chancellor of the Oklahoma State Regents for Higher Education; Provosts Thurman and Uehling; Interim Vice President Van Hauen; Vice Presidents White, Morris, and Burr; Executive Assistant Joseph C. Ray; Dr. Dan Hobbs, Vice Chancellor of Academic Affairs; Mr. Boyd Gunning, University Trust Officer; and Mrs. Barbara H. James, Executive Secretary of the University of Oklahoma Board of Regents.

President Sharp introduced members of the faculty of the School of Meteorology, Dr. Rex Inman, Dr. John McCarthy, and Dr. James Kimpel, who presented visual and verbal information on the programs and research being conducted in the School of Meteorology.

Regent Brett welcomed the State Regents. Regent Brett commented that the Regents would begin today face to face discussions that the OU Regents hope will be at least annual discussions in continuing efforts to understand the role of each Board in the State System of Higher Education.

President Sharp presented information to the State Regents on the University's current \$50 million fund-raising campaign. The booklet "The Gift of Quality" was distributed to each State Regent. President Sharp called their attention to the fact that the focus in this fund-raising campaign is on educational activities; that there is very little in the way of bricks and mortar in the campaign. President Sharp said he has had many questions about the magnitude of the campaign and he believes the goal is not unrealistic. He said

the booklet was distributed in order for the State Regents to see the nature of our program and what it will accomplish. President Sharp commented on how important the policy statement adopted by the State Regents last year that private funds would not reduce state appropriations is to our fund-raising campaign. This public statement by the State Regents, President Sharp said, has been very reassuring to our donors. President Sharp said he believes we will reach our goal; that we are now at the \$18 million level and will begin the campaign for major funds soon.

President Sharp referred to concerns expressed in our 1978-79 budget hearing with the State Regents which was held on October 5, on the role of the comprehensive universities in providing quality programs. President Sharp referred to the Energy Resource Center proposal and the proposals submitted for the other Centers for Excellence: Institute for Entrepreneurial Studies and Small Business Development, Environmental Studies, Meteorology programs, a Native American Resources Center. President Sharp said these are the areas we feel over the next few years need to be emphasized as centers of excellence.

At President Sharp's request, Interim Vice President Van Hauen distributed a three-page analysis of the study undertaken by the University of Oklahoma in 1976-77 of all of the Big 8 budgets. The analysis is attached herewith, Exhibit A, and is included as a part of these minutes. Dr. Van Hauen reviewed the data presented and answered questions of the State Regents. During the discussion Chancellor Dunlap asked Dr. Van Hauen if he would be willing to sit down with Dr. Coyle and Dr. Hobbs of his staff, and brief them on the background and details of this study. Dr. Van Hauen indicated he would be happy to do that. Copies of the complete Big 8 study were distributed to each State Regent.

During the discussion that followed on the figures presented in the Big 8 study, Dr. Swearingen called attention to the number of institutions in our State System and the fact that many of them were located many years ago and the locations are no longer feasible. He believes we might be able to change the type and method of funding--that some of these institutions should be funded on a local level rather than entirely from the State. Dr. Swearingen also talked about the need for new funding and the fact that we might need to push for more of the State funding pie for higher education. He emphasized the need for more funds for the State. It was his feeling that we should have had a bond issue for capital improvements sooner than plans now call for. He believes that many institutions are draining off their maintenance funds for items that should be taken care of in a capital improvements bond program.

Dr. Dunlap responded by referring to the past bond issues and the fact that studies are now underway by a Legislative Committee for a capital improvements bond issue which may be voted on by the people of the state in November, 1978. Dr. Dunlap said we hope to have higher education needs before this committee in November.

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Chancellor Dunlap referred to plans which are underway by the State Regents for a meeting of all governing board members and administrators. He said the date has not yet been set, but it will be held sometime in January.

The attached information, Exhibit B, on utility cost and energy conservation on the Norman Campus of the University was distributed. President Sharp assured the State Regents we are making every serious effort to reduce the use and cost of energy. He said he believes the Governor's report issued recently indicates we rank number one in the State in reducing energy use and this is reflected in the report distributed.

Regent Brett said utilities costs and energy conservation are problems of all of the institutions in the State System. He wondered if there are some that are peculiar to our institution. Dr. Van Hauen indicated that one problem we have that many of the new institutions do not have is that we are dealing with a lot of very old buildings and these are not energy efficient in any way. Some of the other campuses have relatively new buildings which are much tighter and have more up-to-date heating and/or cooling systems. OSU, Dr. Van Hauen said, has a similar problem. Age of the buildings on a campus is a factor. We have to spend a lot of money on these old buildings in order to be energy efficient.

Regent Vaught commented on and complimented the University for the data presented in the table which indicates, among other things, that the gas consumed on the Norman Campus has been reduced by 35% since 1973-74.

Regent Hall suggested that one way of calling attention to the cost of utilities on the campuses would be to figure out what the cost is per student for energy and let the people of the State know how much would have to be charged for energy per student if we chose to do that.

Dr. Sharp asked Provost Uehling to outline what we are planning on the Norman Campus to emphasize quality and how we expect to design quality here in terms of reallocating funds. Briefly, Dr. Uehling said she believes one of the greatest problems in the next few years for higher education is how to identify quality. She commented on her studies in this area and particularly on a recent meeting she attended at which she expected to receive some answers about identifying quality, but which were not present. She said she believes there are not any good answers, but one thing we will have to do is to begin looking at quality output measures and she suggested several methods of doing this. She said we do have several areas of excellence at the University of Oklahoma and some of these are areas we have selected to request special funds from the State Regents for. She referred specifically to Meteorology, but the others are included in the list above. She indicated also there are areas at the University that we will be de-emphasizing.

At this point Regent Gary commented at length about higher education funding problems. He feels we need to improve in the following areas: (a) our

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public relations with the legislature and the governor, (b) our efforts in obtaining additional funds, (c) selling the State of Oklahoma on higher education, particularly the grassroots of Oklahoma. Regent Gary believes we will have a hard time in the next few years unless we come up with some additional funding sources.

Chancellor Dunlap again referred to the meeting which is planned for January with all of the members of the governing boards in the state system, at which time plans can be made for working with legislators and the Governor's office in funding for the upcoming fiscal year.

Regent Vaught indicated one of the reasons the State Regents asked for this meeting with the OU Board of Regents was to begin getting better acquainted with the Regents and with the problems of the University of Oklahoma. He believes it is important for the two Boards to work together and plan strategy. He said all of the State Regents appreciate being able to join together to discuss our problems.

The meeting adjourned at 11:40 a.m.



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Barbara H. James  
Executive Secretary of the Board of Regents

Others present at the meeting:

Dr. Beverly Ledbetter, University Legal Counsel  
Dr. Duane Stucky, Director of Institutional Research and Planning  
Mr. Carter Bradley, Executive Director of HEACO  
Mr. Randy Rutherford, University Media Information Office  
Ms. Donna Murphy, Assistant Director of Media Information for News Services  
Mr. Jim Bross, Norman Transcript  
Other representatives of the press

THE UNIVERSITY OF OKLAHOMA  
ANALYSIS OF THE 1976-77  
BIG-EIGHT BUDGET STUDY

The University of Oklahoma Board of Regents has long expressed its belief that the quality of education provided by the University should be equal to that of the finest state-supported institutions in the nation. "Quality" or "excellence" in education are not easily quantified, but several criteria are generally accepted as indicative of the level of quality within a university. Using these criteria as bases for comparison, two previous reports to the Board of Regents documented the not surprising fact that OU has experienced financial handicaps within its education and general operating budget in the University's quest for overall excellence.

For Fiscal Year 1976-77, the University of Oklahoma conducted a study of the operating levels of Big Eight member institutions. That analysis was compiled from budgets of each University and verified by a visit of University of Oklahoma personnel to each campus. During these visits educational and general budgets, faculty salaries, enrollments and special budgetary problems and situations were discussed. The analysis used the 1976-77 budget of the University of Oklahoma as a base and attempted to classify the budgets of the other institutions into like revenue source and functional expenditure classifications. In the same manner, activities and programs were examined and major differences in educational programs were segregated.

The results of the Big Eight study dealt with the educational and general portion of the budgets, including instructional programs and institutional and academic support. Auxiliary enterprises, agency accounts, sponsored grants and contracts, and other non-comparable programs were excluded. The study also attempted to match sources of revenue in comparable categories. Although budgetary methods of some of the institutions may have produced some distortions in certain categories, total educational and general revenues and expenditures are comparable.

The following table presents a comparison of 1976-77 student credit hours, total Educational and General budgeted revenues and expenditures as well as the estimated revenue and expenditure per student credit hour for each of the institutions:

BIG EIGHT INSTITUTIONS  
COMPARISON OF STUDENT CREDIT HOURS, EDUCATIONAL & GENERAL  
BUDGETS AND ESTIMATED REVENUE AND EXPENDITURE PER STUDENT

CREDIT HOUR FOR FISCAL YEAR 1976-77

	Iowa State	Missouri	Kansas	Colorado	Nebraska	Kansas St.	Oklahoma	Oklahoma State	Average	Average Oklahoma Institutions
1976-77 Student Credit Hours	634,317*	614,770	560,995	591,361	586,996	477,619	519,172	570,732	569,493	577,673
State Appropriations	47,226,938	42,785,359	38,970,916	26,035,602	35,597,909	27,083,997	25,645,214	26,450,097	33,724,504	36,283,454
Revolving Fund	22,011,390	21,433,200	18,838,310	27,489,817	15,378,669	14,981,649	14,377,033	13,048,037	18,444,763	20,022,172
Total Educational and General Budget	69,238,328	64,218,559	57,809,226	53,525,419	50,976,578	42,065,646	40,022,247	39,498,134	52,169,267	56,305,626
Estimated Revenue or Expenditure Per Student Credit Hour	109.15	104.46	103.05	90.51	86.84	88.07	77.07	69.21	91.60	97.47

\* Converted from a quarterly basis to a semester hour basis.  
\*\* Total budget for Oklahoma does not include beginning and ending reserve.

The estimated budget for each institution is divided by projected total student credit hours (SCH) for 1976-77 to arrive at estimated revenue or expenditure per SCH. The average figures for total Big Eight institutions is shown as well as the average without the two Oklahoma institutions.

The University of Oklahoma ranks last in state appropriations received for 1976-77, receiving only 54 per cent as much as the institution receiving the largest amount of state appropriations in the conference. At the same time O.U. produces 82 per cent as many student credit hours for upper, lower and graduate levels as does this same institution. When compared on graduate credit hours alone, O.U. produces 118 per cent of those produced by this same institution.

In analyzing the two major categories of revenue, student fees and state appropriations, the University of Oklahoma does not vary a great deal from the typical percentage ratios of revenues received from these two sources by the majority of the Big Eight institutions, receiving 28 per cent of its revenue from student fees and 63 per cent from state appropriations. The institution with the greatest amount of total revenue receives 26 per cent from fees and 68 per cent from state appropriations, and the conference average is 25.5 per cent from fees and 64.38 per cent from state appropriations. However, when compared to dollar amounts, O.U. receives \$6,187,468 less fee revenue and \$21,581,724 less state appropriation than the conference institution receiving the greatest amount of total revenue in 1976-77.

When reduced to a student credit hour (SCH) basis, the two Oklahoma schools receive the lowest revenue per student credit hour taught in the Conference. Oklahoma University receives \$32.08 per credit hour less revenue than the Big Eight institution receiving the greatest amount of total revenue. Based on the number of student credit hours taught by O.U. times the per student credit hour revenue of this same institution (\$109.15), O.U. would

need a 40 per cent total budget increase or \$16,645,376 to match the revenues of this institution.

The average revenue received per student credit hour among conference members for 1976-77 is \$91.06 per SCH. To be funded at this average, O.U. needs an increase of \$14.53 per SCH. Based on the University of Oklahoma's total student credit hours taught, O.U. needs a \$7,533,908 increase to be funded at the average level of the conference, a \$20.40 per SCH or \$10,581,448 total increase to be funded at the average level of the six non-Oklahoma Big Eight institutions, or a \$28.48 per SCH or \$14,676,358 total increase to be funded at the average level of the three top funded Big Eight institutions. Based on preliminary estimates for 1977-78, it appears that the University of Oklahoma has fallen further behind the other Big Eight institutions in funding of educational and general budget needs.

The University of Oklahoma ranked third in the Big Eight Conference in graduate SCH taught in 1975-76 and ranked fourth in 1976-77. When comparing O.U.'s budget with that of the average Big Eight budget, the number of upper and graduate level courses certainly must be considered. When this consideration is made it serves to point up an even greater variance from the average funding in the conference.

The University of Oklahoma ranks next to last in the conference in amount expended for organized research, seventh in total educational and general expenditures for physical plant and last in the conference in library expenditures. All of these factors point out the low level of funding for the University of Oklahoma.

The profile of the results of the total Big Eight study indicated that the State of Oklahoma has provided a relatively large number of educational institutions for relatively fewer students, and has had less money available with which to do it.

Only a small geographic proportion of the state is outside a 50 mile radius of at least one institution of higher education, and those areas are sparsely populated. Although the concept of providing easy access to higher education for all residents is an admirable one, Oklahoma has tried to do this before sufficient resources were available to guarantee adequate funding for existing institutions of higher education.

THE UNIVERSITY OF OKLAHOMA  
UTILITIES COST AND ENERGY CONSERVATION

One of the major budgetary concerns during recent years for all institutions of higher education is the steadily increasing costs of both purchased and produced utilities.

The University of Oklahoma's educational and general utility budget for 1976-77 amounted to \$2,254,859 and we are estimating a minimum increased cost of \$458,000 for Fiscal Year 1978-79. This could go as high as \$700,000 as a result of the recent rate increase approved by the Oklahoma Corporation Commission and the abolishment of favorable institutional rates for state agencies.

The attached tables present the increased utilities cost in recent years. Table I compares utility costs with expenditures for building repairs and other maintenance, for five years, with a projection for Fiscal Year 1978-79. As one can readily see by the information on Table I, all new monies in the Physical Plant area have gone for utility increases rather than repairs or maintenance. This situation is extremely critical at OU where we have many buildings that have been in existence from 50 to 60 years. Table II shows the increase in natural gas cost for the same period as well as a chart of our natural gas consumption. The decrease in consumption is a result of energy conservation measures we have taken in the last few years.

The University has an Energy Conservation Committee, which continually considers and recommends energy savings methods and plans for the institution. Savings, or cost avoidance, results from our energy conservation activities have been significant. However, the University's cost of energy has risen in the last four years from approximately 6% of the total salary budget to approximately 10% in the current budget.

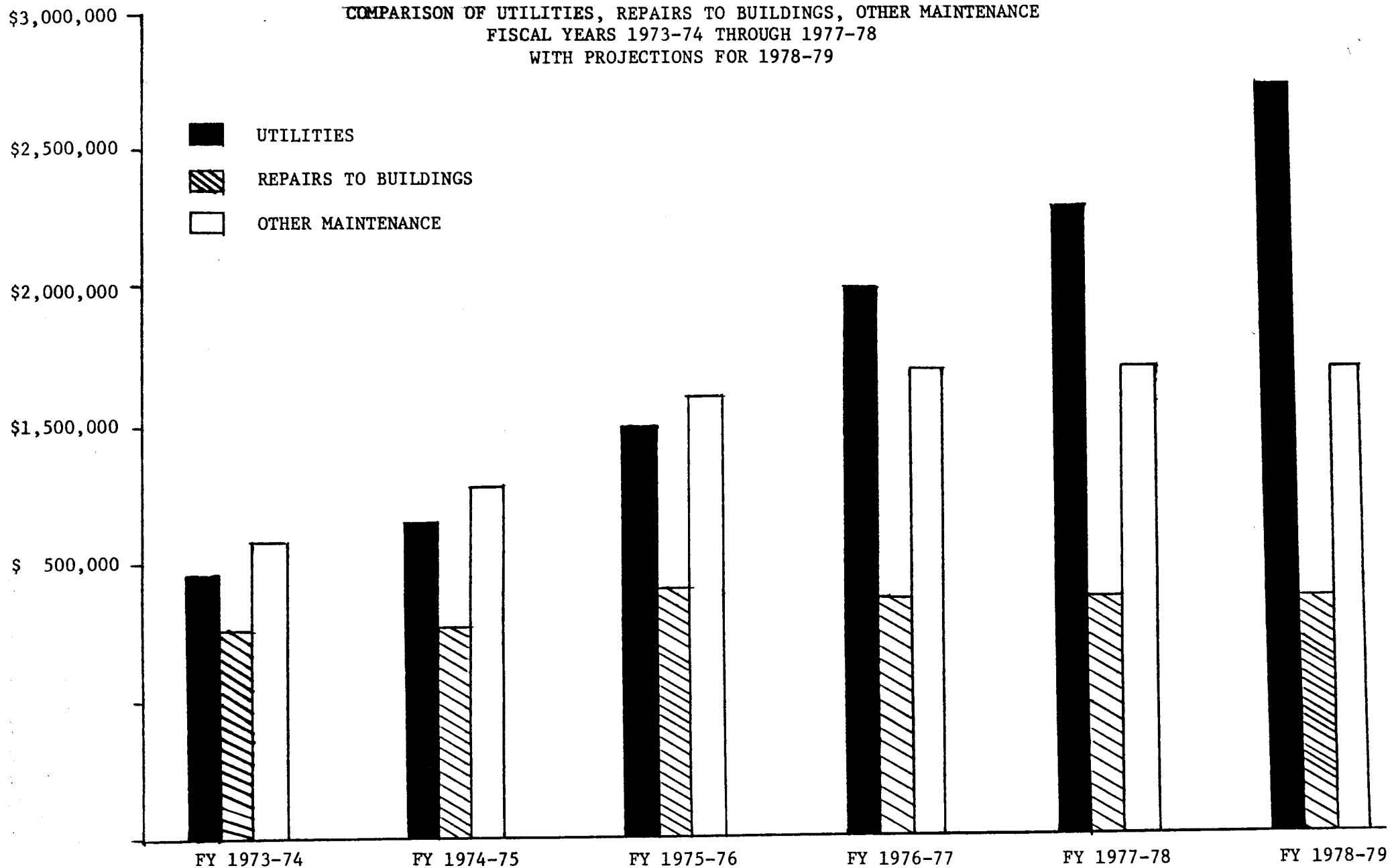
The following rate schedule presents the average fiscal year rates for all utilities for Fiscal Years 1973-74 through 1976-77 showing increases by type of utility.

<u>Average FY Rates:</u>	<u>1976-77</u>	<u>1975-76</u>	<u>1974-75</u>	<u>1973-74</u>
Electricity	.02/kwh	.013/kwh	.012/kwh	.01057/kwh
Natural Gas	1.42/Mcf	1.10/Mcf	.70/Mcf	.6162/Mcf
Steam	2.82/M lbs	1.80/M lbs	.9682/M lbs	.7633/M lbs.
Water	.35/M gals	.35/M gals	.35/M gals	.2762/m gals
Chilled Water	.043/Ton Hr	.035/Ton Hr	.025/Ton Hr	.02137/Ton Hr

Most of the Big Eight institutions now receive line item appropriations for utilities. The institutions may ask for a supplemental appropriation, if necessary during the fiscal year. Any unused balances revert back to the State at the end of the fiscal year. This approach seems to be a sensible one in light of the spiraling utility costs that have drained OU's operating funds which are desperately needed for salaries and wages and other operational needs.



THE UNIVERSITY OF OKLAHOMA  
 COMPARISON OF UTILITIES, REPAIRS TO BUILDINGS, OTHER MAINTENANCE  
 FISCAL YEARS 1973-74 THROUGH 1977-78  
 WITH PROJECTIONS FOR 1978-79

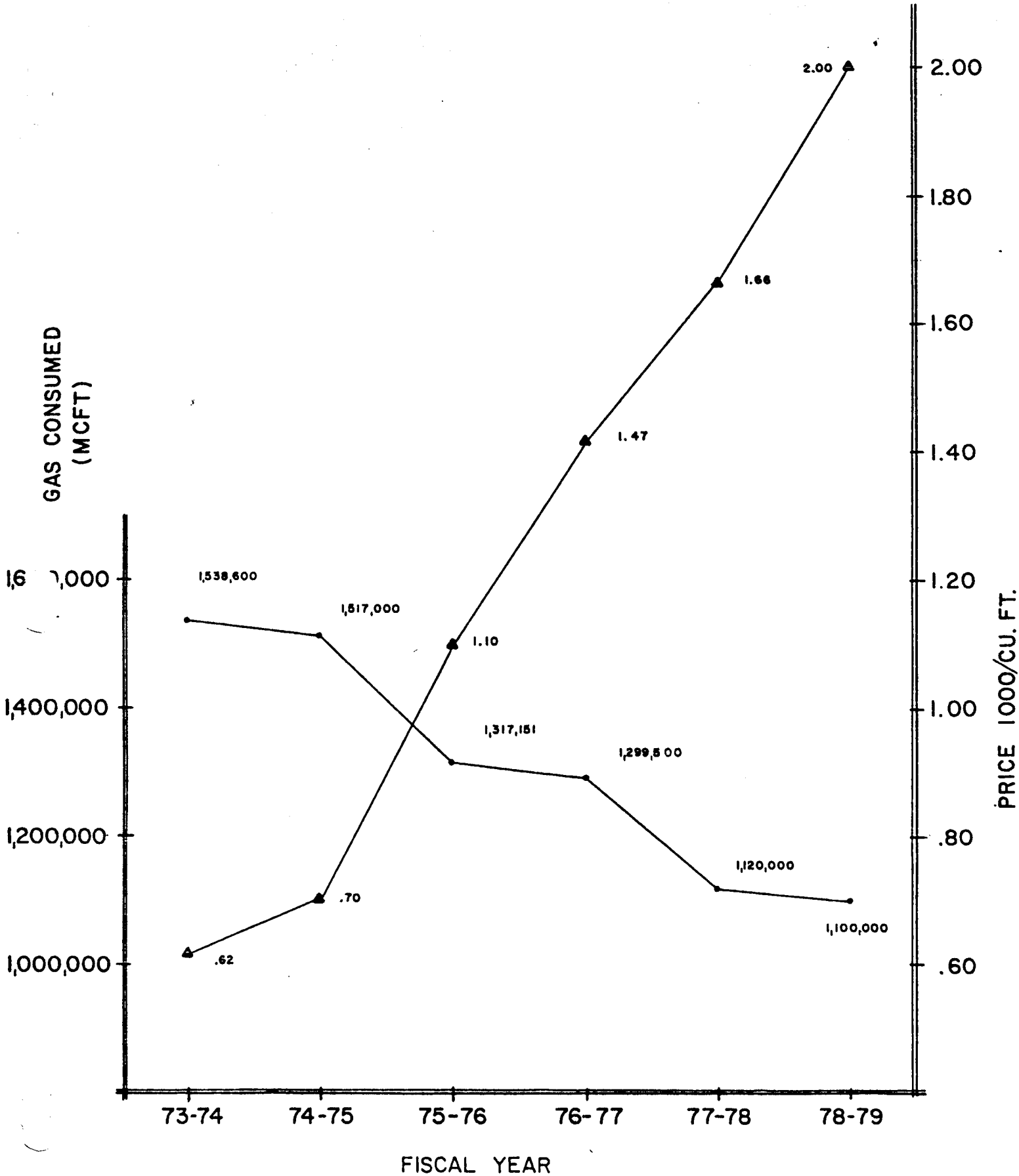


Fiscal Year	Total Physical Plant Service Unit Budget
FY 1973-74	\$2,785,664
FY 1974-75	\$3,108,097
FY 1975-76	\$3,645,569
FY 1976-77	\$4,459,921
FY 1977-78	\$4,780,894
FY 1978-79	\$5,030,000

Percentage of Total Physical Plant Service Unit Budget

Fiscal Year	Percentage of Total Physical Plant Service Unit Budget
FY 1973-74	17.1%
FY 1974-75	17.7%
FY 1975-76	18.8%
FY 1976-77	19.7%
FY 1977-78	20.0%
FY 1978-79	20.9%

TABLE II



NATURAL GAS STATISTICS  
UNIVERSITY OF OKLAHOMA