



## A funding crisis while building continues apace. What's wrong—or right—with this picture?

The last of the new stadium seats were being secured to the upper deck even as bricklayers turned the southeast corner and interior carpenters raced to meet the first-game completion deadline. If these hard-pressed workers had had time to look down from their lofty perches, they could have seen other new facilities beginning to take shape across the campus that eventually will house business, journalism, music, art, physical fitness, multipurpose research and a weather center.

Just a few months ago, a *Sooner Magazine* article surveyed the remarkable amount of campus construction that had occurred in the preceding eight years of the Boren administration—primarily in Norman and to a lesser degree in Oklahoma City and Tulsa—and looked ahead to projects then in various stages of planning and now under way. Yes, the dramatic physical transformation of the University of Oklahoma remains right on schedule. And that is good news.

But the news on the operating side of the ledger is not so good, as the University experiences its share of the state's budget crisis—major cuts in state appropriations and a corresponding significant hike in tuition and fees for the coming year. Reconciling these seemingly opposing realities is puzzling, even frustrating, to members of the University family unfamiliar with the complex way institutions are financed. How, they ask, can we afford these new buildings when we had to cut nearly \$25 million university wide in the past two years, reprogram approximately \$13 million from administrative to academic support and still needed an average \$812 increase in tuition and fees to avoid a projected \$19 million deficit for 2003-04?

The simple answer to a complicated question is that the University has both recurring and one-time expenses, and the funding sources to meet these obligations are separated by a budgetary wall. Recur-

ring expenses are paid from recurring sources—tuition and fees, state appropriations, auxiliary services, endowment income and in some cases research grants and contracts. One-time expenses are met through private donations, general obligation and revenue bonds and very occasionally special appropriations, both state and federal—all earmarked.

Planning for the new facilities has been in progress for years, long before the current economic crisis, the funding being painstakingly assembled over time. This money is dedicated to the individual projects, takes nothing away from the operating budget, and could not be moved into that budget even if University officials wished to do so—which they certainly do not.

Investing one-time resources in continuing expenses would be folly. Private money is raised and bonds are sold—whether backed by the full faith and credit of the state or by revenue generated by the University—for specific capital projects that will be paid off. Operating expenses are forever and must rely on ongoing sources of income.

Putting together financial packages for capital improvements can be a monumental juggling act. Take the recently completed Law Center expansion and renovation. Of the total \$18.2 million cost, \$8.2 million came from private gifts and the rest from a combination of state and University revenue and general obligation bonds, affinity card income and Section 13/New College funds, which are allocated annually by the state from the land set aside at statehood for education—the 13<sup>th</sup> section of every square mile.

In the case of the remarkable number of facilities being added by the Athletics Department, not even state bond money is being used. That self-supporting department has the advantage of being able to generate income, and its new facilities are being financed by an extremely successful

private funding campaign and revenue bonds secured by its various enterprises, from ticket sales to concessions.

Even with capital funding available, some ask, how does it look for the University to be building at a record pace while operational funding struggles? Well, it looks pretty good to me. When I see these new structures dotting the campus from Boyd Street to Highway 9, I see the future of this institution—long-delayed opportunities for faculty, students, the University and the state. I also see immediate business for local companies, jobs for thousands of construction workers and millions of dollars pumped back into the Oklahoma economy.

The 22 capital projects listed as under construction or recently completed have budgets totaling nearly \$337.5 million. Oklahoma architects designed all but eight of these facilities, and of the eight out-of-state firms employed, one was in a joint venture and three had associated local firms. All of the construction contracts went to Oklahoma companies. The workers on these projects and in the industries supplying the materials and other services do not sit on the money they earn; they go out and spend it.

Building in hard times is nothing new; WPA imprints still can be found on construction funded by the Work Projects Administration as the country fought its way out of the Great Depression. Three Norman campus landmarks were completed during the dark days of 1936 with WPA help and state matching funds—Biological Sciences (Richards Hall), Business Administration (Adams Hall) and the Oklahoma Memorial Union Tower.

The University weathered that crisis and all those that followed. This time, when better days return—and they will—new generations of Sooners will see in the rejuvenated University the tangible results of careful and courageous planning, perseverance and faith in the future. —CJB