



## *prologue.*

# Membership in the Billion-Dollar Club requires aggressive optimism

University of Oklahoma President David L. Boren wants to join the club—a very exclusive club. He is not in a big hurry; any time in the next three years will do. He has been gathering his credentials for a decade, lining up supporters willing to foot the bill, converting nonbelievers who feared he was aiming too high. When he went public with his ambitions in February 2006, no one even blinked an eye.

Boren has set his sights on the Billion-Dollar Club, a compilation of public institutions of higher education whose endowments have topped that magic number. It is a fairly esoteric group, comprised of many of the usual suspects, 19 of them at the close of fiscal 2005, as certified by the National Association of College and University Business Officers (NACUBO). A few others could cross the line when 2006 figures are final; OU was not that far back at 26<sup>th</sup> among 231 reporting institutions.

Eclipsing all others was the University of Texas System at more than \$11.6 billion, a testament to the wisdom of finding oil under school land set-asides. (Texas also ranked third among all institutions, public and private, behind behemoths Harvard at \$25.4 billion and Yale at \$15.2 billion).

The University of Oklahoma's total endowment (which was \$777.5 million in the NACUBO study of fiscal 2005 and had grown to approximately \$879.3 million by March 31, 2006) comes in several parts. The Oklahoma State Regents for Higher Education Endowment Fund holds the legislatively appropriated matching money for OU's privately funded endowed faculty positions; the March '06 figure for that fund stood at \$166.2

million with another \$46 million ready to be added from a recent bond issue. The OU Regents also have a \$65.4 million endowment fund comprised of gifts made directly to that board; a \$6.5 million petroleum engineering endowment and \$93.1 million from a state land fund endowment also fuel OU programs. But the major portion—and the one that must power the jump to the billion-dollar level—is the private money received, invested, managed and expended by the University of Oklahoma Foundation, which at March 31, 2006, was \$502.1 million.

Is it really important that OU's total endowment reach the billion-dollar level in three years, as Boren predicts—or five or ten? Perhaps not if the purpose were merely to claim bragging rights in the private funding numbers game, but the impact on the institution in setting a challenging goal—and then reaching it—is very important.

Endowments are forever, throwing off investment income in perpetuity. This bedrock funding enables an institution to achieve what state appropriations alone cannot afford.

Take the endowed faculty chairs and professorships, for instance. University development officers had been in the business of soliciting that kind of private support to augment basic salaries for distinguished faculty since 1974 with modest success. In 1988, when Oklahoma's legislature began the matching program—one of the few states to do so—OU had 34 endowed positions; today there are 407. The presence of these endowments make possible the recruitment and retention of faculty members with national reputations in their fields, who act as

academic magnets in the attraction of other outstanding faculty, students and research contracts.

A graphic example of goal-setting is the phenomenal success of the Campaign for Scholarships, announced just a year ago as a five-year, \$50 million drive for immediate and endowed scholarship help to offset ever-rising tuition and fees. Responding were more than 5,000 donors, including Cy and Lissa Wagner of Midland, Texas, whose \$6 million gift created OU's largest individual scholarship endowment and sent the campaign's ultimate goal soaring. A new target will be announced in the fall.

Less dramatic are the day-to-day benefits emerging from the expenditure of the earned interest from the 2,283 endowed accounts in the OU Foundation. Besides faculty positions and scholarships, Foundation endowments support museum collection conservation, building upkeep, research, special landscape areas, library acquisitions and the like.

As dedicated as the University is to reaching the symbolic endowment marker that signals its commitment to the future, there is still the present to be served. The bread and butter of private support always has been the expendable funds that pay for items such as new construction and renovation, equipment, research laboratories, works of art, student and faculty awards, professional travel, athletics, scholarly publications. The work of securing this kind of support continues apace even as the permanent endowment grows.

There are many clubs worth joining in the academic world, and if David Boren has his way, the University of Oklahoma will belong to them all. —CJB