

colleges and universities (Enabling Act, Section 12). The above provisions and others dealing with the constitutionally designated lands are recognized by statute in Title 64 O.S. 2001, Sections 351 through 355.

Title 70 O.S. 2001, Section 3904 further delineates Section 13 and New College Funds as to their composition, disposition, distribution, and purpose of disbursement. Paragraph (b) of the statute provides, cumulative to existing laws, that institutions receiving Section 13 and New College Funds may expend them from time to time as the need arises for the construction and purchases of buildings, for the purchase of equipment, and for other capital additions.

In accordance with the citations above, the State Regents follow the policy of allocating and allotting Section 13 and New College Funds primarily for capital outlay projects. Request for allocation and allotment of these funds are to contain adequate information to identify the specific project and to classify it as capital outlay.

### **7.5.2 Section 13 Offset Funds**

In the interest of effective capital planning and state system equity, the State Regents established the Section 13 Offset Program in 1991 to distribute state appropriated revenue to the two-year colleges that did not receive Section 13 and New College Funds. Because the Section 13 Funds are distributed in equal portions, regardless of size, the Section Offset Program was expanded in Fiscal Year 1998 to include the regional universities (with the exception of Langston University, which is a beneficiary of the Section 13 and New College trust fund monies). Under the program guidelines each regional university and two-year college receives a minimum of five hundred thousand dollars (\$500,000) or one hundred and forty dollars(\$140) per full-time equivalent student, whichever is greater.

### **7.5.3 Utilization of Educational and General Funds Limited**

Under certain circumstances and with approval of its governing board, an institution has the ability to utilize Educational and General Funds for capital projects. To do this, State Regents must approve such transfer of funds to the Capital Revolving Fund (Fund 295). Title 70 O.S. 2001, Section 3210 (g).

### **7.5.4 State-Appropriated Funds (State Building Bonds)**

Article XIII-A, Section 2 of the Oklahoma Constitution provides that the Oklahoma State Regents for Higher Education shall recommend to the State legislature the budget allocation to each institution. The State Regents also make recommendations to the legislature for capital budget allocations. Because of the relatively long service of capital assets, public finance practice is generally to provide capital outlay funds from long-term borrowing to be repaid over the useful life of the assets. This procedure results in collecting funds to retire the indebtedness during the same period the public receives benefit from use of the capital assets.

Article X, Section 23 of the Oklahoma Constitution provides that "The state shall never create or authorize the creation of any debt or obligation, or fund or pay any deficit, against the state,