

Legislative UPDATE

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Current News About Legislative Issues Affecting The University of Alabama System

TRUSTEES CALL FOR EQUITABLE FUNDING NOW

The Executive Committee of the Board of Trustees of the UA System met in Montgomery yesterday morning with its counterpart from Auburn in a historic joint session to begin the fight against House Bill 319 (the proposed Education budget bill). In addition to Exec Committee members, a sizable number of representatives from both boards attended in person or by telephone.

Debunking any erroneous myths that endowment funds and tuition increases can be used to offset the effects of proposed double-digit cuts to our state appropriations, campus leaders told Trustees that our institutions and the state of Alabama will lose valuable and necessary momentum unless an equitable budget compromise is reached. “This is not the time to lose opportunities,” Chancellor Mack Portera told the group in opening the meeting. “We have helped this state grow, and we must continue to do so, but that will only be possible if we have the necessary dollars from our Legislature.”

The proposed bill calls for budget cuts in the 15 percent range for Alabama’s universities, while K-12 would take a 2.5 percent decrease and the operating funds of two-year colleges would be cut 4.6 percent. “We are the biggest economic engines in this state,” UA System president pro tem Joe Espy told the packed room. “We are prepared to take our pro rata share of the cuts, but these institutions absolutely cannot afford to take a step backward. We need the help of everyone in this room to be sure we are treated fairly.”

TUITION AND ENDOWMENTS ARE NOT SOLUTIONS

System financial officers outlined calculations about how tuition increases are not a solution to the budget shortfall that would accrue if HB 319 were to go forward. At all three UAS campuses, tuition would have to be hiked more than 26 percent to cover the deficit. That is not an option.

Responding to headlines about the size of campus endowments, UA System Vice Chancellor Ray Hayes reiterated that, by law, the corpus of endowment holdings cannot be used for institutional operations. The UAS pooled endowment spending rate is 5 percent, which is the optimum level other universities in the country are trying to reach. On our campuses, more than 90 percent of all endowment dollars are legally restricted by donor agreements to be used for specified scholarships, faculty chairs or research initiatives.

We are responsible stewards of these gifts, and our management of those funds is a model for the country. That fact will be confirmed when U.S. Senators Grassley and Baucus assess the findings from a questionnaire sent recently to 137 universities. (The UA System is the only entity in Alabama asked to participate in the survey because of the size of our three-campus pooled endowment fund.)

NEXT STEPS

More than two dozen members of the Alabama House and Senate attended the joint Trustee Committee meeting yesterday morning. They heard first-hand that the campuses will take our call for equitable funding to the State House immediately, and we will work tirelessly for a compromise budget that treats all education entities evenly during this economic downturn.

Organizers anticipate record participation in Higher Education Day in Montgomery, which is set for March 6. A highly effective forum for students, faculty, staff and alumni to deliver our message to lawmakers; this year's rally will be critical as the budget debate dominates the Legislative agenda.

OUR PLAN

It is time to let your legislators know the current Education budget bill is not acceptable. Lawmakers need to go back to the drawing board now to develop a reasonable budget. As you contact your House and Senate members to request their support, here are our three key messages:

- All segments of education must be treated **EQUITABLY**. That is all we ask.
- University endowments are restricted by law and cannot be raided to cover the shortfall.
- Massive tuition increases of 25% or more would place an unmanageable burden on our students and their families. It is not an option.

Mark your calendars now for March 6 in Montgomery and watch upcoming issues of the Legislative Update for details.

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