



MEMORANDUM

TO: UAHuntsville Faculty and Staff

FROM: Dave Williams
Ray Pinner

RE: Board of Trustees Action on FY 2009-10 Operating Budget

DATE: June 24, 2009

The Board of Trustees met on June 18-19 to consider a number of resolutions related to the University of Alabama institutions. Operating budgets for all three institutions were a primary topic of discussion at the Finance Committee.

Chancellor Malcolm Portera and System CFO Ray Hayes presented financial information to the Finance Committee and other Trustees for all three institutions. The presentation materials are posted on the Budget Office website at: <http://www.uah.edu/admin/Budget/budgetinfo.php>

Some of the key points presented by Dr. Portera and Ray Hayes in relation to the FY 2010 operating budget are:

- State funding for the UA System has decreased by 21%, or \$132 million, since FY 2008.
- Federal Stimulus funding of about \$44 million per year will be provided to the UA System in FY 2010 and again in FY 2011, the final year such funding will be available.
- Future reductions in state funding are anticipated.
- Institutional costs for the state retirement system funding and retiree insurance are projected for future years.
- Tuition costs for all three UA institutions remain below the average of the Southern University Group (SUG). For UAHuntsville, Fall 2008 full time in-state undergraduate tuition and fees of \$5,952 was below the SUG average by 9%.

- Tuition increases of 9.4% for in-state students were requested by all three institutions and approved by the Board. Tuition increases for out-of-state students varied by institution, with UAHuntsville's approved increase at 19.4%.

This budget process has been very challenging for our campus as well as institutions in Alabama and most other states. The reduction of available resources has forced many difficult decisions to reduce operating budgets in practically all areas of the campus. The good news is that we now have a balanced budget, the difficult decisions have been made and implemented, and we are ready to move ahead into the new academic year. The deans, chairs, associate vice presidents, and other key managers who helped structure the budget to meet our fiscal challenges are to be commended for their role in the process.

While our FY 2010 budget is now in balance, planning for the future still involves many uncertainties. Prorating that would reduce the FY 2010 state funding remains a possibility, and further adjustments to the budget could result. Our student numbers must meet projections to provide the level of tuition revenues anticipated in the budget. Future year appropriations are subject to the general economic recovery of the nation and the state of Alabama. Finally, the shortfall in the retirement system must be solved, potentially requiring additional employer payments from all institutions.

The next step in the Board's budget approval process is the September 17-18 meeting. All UA System institutions will request final approval of budgets at that time, and additional financial information will be presented to the Trustees. We will continue to update the campus as the process moves forward.