

# “A time of extreme challenge”

Operating in a challenging economic environment, the University of Alabama System has learned to fend for itself. The system draws research grants and outside investments and has largely weathered the recession, says Ralph Smith, its general counsel. A stark new challenge came in April when tornadoes ripped through Alabama, destroying communities and killing more than 230 people.

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**HOW HAS THE UNIVERSITY RESPONDED TO THE TORNADOES?**

It has been a time of extreme challenge. The destruction has been widespread in all three areas of the state where we have campuses—Tuscaloosa, Birmingham and Huntsville. It’s also been a time of inspiring response by the student community, the faculty community and the civic community. We’ve established funds to help students, faculty and staff who have been dislocated from their homes, who have lost all of their possessions. The response has been extremely generous, and I suppose that’s the silver lining.

**DOES THE UNIVERSITY HAVE THE FINANCING TO PULL THROUGH?**

We made a commitment to do what needs to be done, and we’ll find a way to do it. We have, as our three-campus University of Alabama System, experienced close

to \$200 million in state appropriation reductions over the last 36 months, and we’re looking to lose another \$40 million in federal stimulus funds at the end of this year, so the budgetary challenges have been significant. But I’m really proud to say, probably eight or 10 years ago, we made a conscious decision that we were not going to wait around for government to make us excellent. We were going to take responsibility for that ourselves, and we were going to be entrepreneurial, have initiative, and create alternative sources of revenue that would allow us to weather these economic storms. We’ve been able to do that. We have tightened our belt, focused on efficiency, invested in our strengths. We’ve maintained our momentum and will continue to do so even in the face of this storm tragedy.

**HOW DO YOU SEEK ALTERNATIVE SOURCES OF INCOME?**

Less than 10 percent of our budget is contributed by the state of Alabama. We’re looking at providing services that students want and need. We have record enrollment, we’ve increased our tuition, and we’re looking at innovative ways to generate resources. I just went on an economic development trip to India with the chancellor. We’re looking at academic collaborations with a number of leading institutions in India and at economic development opportunities with businesses—just a part of our approach to try to stay ahead of the next challenge. We also operate one of the world’s leading hospitals at our campus in Birmingham, so we have significant medical-related revenues. We enjoy about \$600 million in external grant support.

**WHAT IS THE OUTLOOK FOR THE NEXT FEW YEARS?**

Things won’t get much easier, economically. But we have outstanding leadership on our campuses. That’s why we can be creative, energetic, entrepreneurial in order to maintain our standards. We know that the most robust economies in the 21st century are going to be knowledge-driven, and we’re committed to creating that knowledge within our university community and using it for the benefit of all of our people. **CT**

