On April 23, 1884, Congress adopted an act to increase the endowment of the University of Alabama from the public lands in Alabama. The grant was to erect and restore suitable buildings and library and scientific apparatus destroyed by fire. At that time, 46,080 acres of public land in Alabama were granted to the State of Alabama for the benefit of the University. The land had a fair market value as of the date of the grant of $600,000.

A study in March 1978 showed that 27,313.43 acres of the original 46,080 remained. The study determined that the grant requirements to erect and restore suitable buildings and library and scientific apparatus destroyed by fire had been met by 1915. After the grant requirements were met, any remainder should go to endowment principal for UA.

The study determined the value of the endowment after finding that restoration was completed on 7/1/1915 and that “tree farming” for UA began on 10/1/1959 was $10,217,777.50. This amount was split between two funds – the University Federal Land Grant Endowment Fund (Fund 67001) and UA Quasi Federal Land Grant Endowment Fund (Fund 61501). The amount assigned to Fund 67001 was $6,006,787.19 and included revenues prior to 7/1/1915 and net revenues from coal and other royalties after 7/1/1915 and net revenues from timber sales other than from “tree farming” activities after 10/1/1959. The amount assigned to Fund 61501 was $4,210,990.31 and included net revenues primarily from tree farming after 10/1/1959 plus rental income, interest and transfers after 7/1/1915.

Income per the federal land grant:

1. Coal and similar royalties are classified as an addition to endowment principal rather than endowment income per the land grant requirements. UA records these royalties net of direct expenses to the corpus fund for addition to principal – Fund 67001. In FY2010, Bryce land was purchased and placed in the endowment. The net royalties of fund 67001 are currently being used to pay back the purchase of Bryce property. The related due to/from in 67001 fund and 91091 fund (Bryce Acquisition) is reduced each month by the amount of claim on cash in fund 67001 at month end. While there continues to be a payback for Bryce, the excess of this fund will be used for payback and not addition to principal.

2. Timber proceeds are classified as income as long as there is a policy of reforestation per the land grant requirements. UA records these proceeds net of expenses to the corpus fund – Fund 61501. As of FY13, timber proceeds are funding the deficit in fund 90009 UA Tech Upgrade (IT project). Excess funds are invested in UASPEF as an addition to principal and income is distributed back to the corpus.
3. Rents are classified as income. UA records these proceeds to the corpus fund for re-investment – Fund 61501.

4. Any proceeds from the sale of property should be recorded as additions to principal – Fund 67001.

All earnings from both funds shall be allocated for current operations of UA subject to the uses specified in Board Rule 441 (renumbered 412) and future Board action.

Historically, Fund 67001 has been used to fund some Chairs for various departments. Fund 61501 has been used to fund IT projects.

The earnings funds of these two corpus (Funds 15001 and 15501) are distributed ½ to Deferred Maintenance (A-93076-505153-700) and ½ to Library (A-11000-219101-400). The budget office confirms each year with the Associate VP of Finance that this distribution should occur.