

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

JOHN F. KNIGHT, JR., ET AL.,

Plaintiffs and
Plaintiff Intervenors,

UNITED STATES OF AMERICA,

Plaintiff,

CIVIL ACTION
NUMBER:
CV-83-M-1676-S

v.

THE STATE OF ALABAMA, ET AL.,

Defendants.

ORDER

I

This case is before the Court on the joint motion of the State Defendants and Alabama A&M University for clarification of the 1995 Remedial Decree regarding State funding for agricultural research at Alabama A&M University. Docket No. 3468. The 1995 Remedial Decree ("Decree") and this Court's

Order of January 1997 (Docket No. 2420) set forth the basis for funding agricultural research at AAMU. The Remedial Decree allowed AAMU to compete for up to ten percent of the appropriation from the State to the Alabama Agricultural Experiment Station ("AAES"). Knight v. Alabama, 900 F. Supp. 272, 366 (N.D. Ala. 1995). The Decree was silent, however, on the issue of AAMU's fixed costs (*i.e.*, overhead) for the operation of its Winfred Thomas Agricultural Research Station in Normal, Alabama.

Prior to the Decree, AAMU supported its research station through internal reallocation of financial resources--primarily resources from the cooperative extension service. In a November 25, 1996 memorandum from the Oversight Committee to the Court, the committee noted that "the Court's 1995 Decree had the effect of transferring from the Research Station to the Cooperative Extension System the legislatively appropriated funds used in the past to support the operation of

the Research Station.” Consequently, the Court was faced with the question of how to fund the fixed costs for AAMU’s Agricultural Research Station under the new regime. The Oversight Committee made a recommendation in this regard, and by Order dated January 14, 1997, (Docket No. 2420), the Court adopted the Oversight Committee’s recommendation and established a means for funding AAMU’s fixed costs.

The 1997 Order required AAES and the State to make certain annual payments for fixed costs to AAMU. The State was directed to make annual payments to AAMU for fixed costs in the amount of \$300,000, and those payments were to fluctuate proportionately with increases or decreases in the State’s annual appropriation to the AAES. The 1997 Order also required AAES to make \$200,000 in annual transfer payments to AAMU for fixed costs. These transfer payments were to rise and fall in proportion to the State’s budget for AAES as well. The 1997 Order specifically provided:

For fiscal year 1997-1998 and following, the AAES will transfer annually to Alabama A&M University

\$200,000 to be used by AAMU to offset the costs associated with supporting the University's Agricultural Research Station. In addition, the State of Alabama will also annually appropriate to AAMU an additional \$300,000 to support the University's Agricultural Research Station.

The appropriation from the State and the transfer from the AAES should rise and fall by the same percentage increase or decrease within the AAES budget appropriation from the State. Proration will apply to these funds.

The Court's Order further provided that these annual transfers would count against the ten percent of AAES funds available for competitive grants.

The State and the AAES made annual payments after the 1997 Order of \$300,000 and \$200,000, respectively for fiscal years 1997-1998 through 2004-2005. The parties agree that through inadvertence those payments did not vary with the increases or decreases in the AAES appropriation from the State. Docket No. 3468 at 2. AAMU, AAES, and the State, have, however, resolved that issue by agreement and the State has agreed to pay AAMU \$354,659 to satisfy its deficiency. Id.

Although the State contends that it has no obligation pursuant to the Decree or the 1997 Order to provide overhead funding to AAMU after fiscal year 2004-2005, the Legislature has nevertheless continued to appropriated \$300,000 to AAMU for agricultural research for each of the fiscal years since 2004-2005, i.e., FY 2005-2006 and 2006-2007. AAMU contends that the State should increase its prior 2005-2006 and 2006-2007 payments by the amount of the increase to the AAES base budget for those fiscal years as required by the 1997 Order. AAMU and the State agree that if AAMU's position is correct, the State owes \$328,292 for fixed costs for those two years, beyond the annual appropriations that have already been made.

The State contends that it has satisfied all of its obligations under the Decree with respect to funding AAMU's agricultural research efforts. AAMU maintains that the Court intended for its funding to continue as provided in the Decree and the 1997 Order. AAMU also contends that because the Court extended

the Decree, the obligation of the State to provide an appropriation to AAMU tied to AAES's base budget also continues.

II

Alabama State University ("ASU") attempted to extend the diversity scholarship program by arguing that the several interim extensions of the Decree extended the diversity scholarship provisions of the Decree. Docket No. 3353 at 17-19. The University ultimately sought leave to withdraw that argument (Docket No. 3355), and the Court, in granting ASU's motion, held that extensions of the Decree beyond its automatic termination date of July 31, 2005, were "intended for only one purpose: to facilitate discussion of a possible agreement among the parties that would negate the need for a prolonged hearing regarding the termination of the Decree." Docket No. 3357 at 1. The Court noted that if a party believed an extension of the Decree's termination date specifically extended a provision of

the Decree, then that party should “petition the Court directly” concerning that issue. Id. at 3.

The 1997 Order that required the State to pay AAMU for fixed costs did not contain a specific cutoff. Nevertheless, at the time the obligation was imposed, there was no suggestion that the order would continue indefinitely. The Defendants have stated it well:

The Remedial Decree has as its basis the concept that certain actions, or inactions, would be required for a specified period in order to eradicate the identified vestiges of segregation. Thereafter, the political matters of the State would return to the political process, no longer tainted by those vestiges. In fact, the issue now before the Court in this Joint Motion returned to the political process following July 31, 2005, and AAMU has been successful in achieving appropriations of \$300,000 each year since the Court-required funding ended.

Docket No. 3484 at 5.

The State’s obligation to fund AAMU’s fixed costs for agricultural research ended July 31, 2005, and with the payment of the agreed to \$354,659 the State has met all its financial obligations under the Decree and the 1997 Order.


While the State has met its Decree obligations, it is certainly appropriate for the Legislature, in its judgment, to continue to provide support to AAMU for the important agricultural research activities that it conducts. This research is a benefit to the State and to the nation, and it is altogether appropriate that the State continue to support AAMU's endeavors.

The clout of AAMU's supporters in the legislature is such that the Court is confident the University's needs will be provided for by the State. The State has voluntarily continued the \$300,000 annual appropriation to AAMU for two years beyond the required time. This ongoing support is evidence of AAMU's political clout in Montgomery.

III

ACCORDINGLY, the Court answers the parties' Joint Motion for Clarification (Docket No. 3468) as follows: the State's obligation to fund AAMU's fixed costs for agricultural research ended July 31, 2005. With the payment of the agreed-to \$354,659, the State has met all its financial obligations under the Decree.

IT IS SO ORDERED, this the 27th day of November, 2006.



HAROLD L. MURPHY, JUDGE
UNITED STATES DISTRICT COURT