

MESSAGE FROM THE GOVERNOR

June 1, 2023

Alabama Senate
Alabama State House
Montgomery, Alabama 36130

Ladies and Gentlemen:

Enclosed please find a message from the Governor returning Senate Bill 278 without the Governor's signature and with a proposed executive amendment.

Respectfully submitted,
WILLIAM G. PARKER, JR.,
General Counsel.

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Montgomery, Alabama 36130

Ladies and Gentlemen:

I believe that, if Senate Bill 278 is to become law, it should be amended to enhance the integrity of the proposed Distressed Institutions of Higher Education Revolving Loan Program.

Specifically, if this program is to go into effect, it should feature additional parameters and restrictions to better protect taxpayers. For example, any loan recipient under the program should be required to document its ability to repay the loan prior to being awarded the loan. The recipient should be required to pay interest on the loan. The loan should take priority over the recipient's other loans for repayment purposes. And loan funds should be disbursed only after the recipient meets specific benchmarks set forth in a written financial restructuring plan.

For these reasons, I am returning Senate Bill 278 to you, the body in which it originated, without my signature and with the below executive amendment.

EXECUTIVE AMENDMENT TO SENATE BILL 278

Please amend Senate Bill 278 on page 2, by inserting the following at the end of line 42:

"Before awarding a loan to any applicant, the Treasurer shall require the applicant to submit a written financial restructuring plan documenting the applicant's ability to repay the loan. The restructuring plan shall include specific facts demonstrating the applicant's ability to repay the loan."

Please further amend Senate Bill 278 on page 2, by deleting lines 43-48 and inserting in lieu thereof the following:

"(d) The State Treasurer is authorized to establish the terms and conditions of any loan made pursuant to this program, including: the amount of private funds committed prior to loan funds being drawn; the timing and amounts of disbursements; and the terms of repayment. Any loan made pursuant to this program shall require the recipient to pay interest. Any loan made pursuant to this program must be secured by a first perfected security interest in all collateral assets."

Please further amend Senate Bill 278 on page 2, by inserting the following at the end of line 53:

"In administering any loan made pursuant to this program, the Treasurer shall release funds to the recipient

only pursuant to a written financial restructuring plan, submitted by the recipient to the Treasurer, that includes specific steps the recipient must take to achieve financial soundness and specific benchmarks the recipient must meet to receive loan funds."

I have previously said that taxpayers' public funds should not be used to bail out a private college, and I remain concerned about the wisdom and propriety of this program. However, if Senate Bill 278 is to become law, adoption of the above-proposed executive amendment will enhance the integrity of the loan program in the name of protecting taxpayer funds.

Respectfully submitted,

KAY IVEY,
Governor.