

HB165 ENGROSSED



1 HB165
2 I3YPTW6-2
3 By Representative Garrett
4 RFD: Ways and Means Education
5 First Read: 13-Jan-26



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A BILL

TO BE ENTITLED

AN ACT

9 Regarding higher education; to amend Section 41-4-97,
10 Code of Alabama 1975, to remove the Alabama Community College
11 System from federal fund reporting requirements; to make
12 nonsubstantive, technical revisions to update existing code
13 language to current style; and to add a new Section 41-4-98 to
14 the Code of Alabama 1975, to require each public institution
15 of higher education in the state to submit an annual report
16 regarding state and federal fund receipts and expenditures,
17 including plans for operating the institution if state or
18 federal funding is reduced.

19 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

20 Section 1. Section 41-4-97, Code of Alabama 1975, is
21 hereby amended as follows:

22 "§41-4-97

23 (a) For the purposes of this section, the following
24 terms—~~shall~~ have the following meanings:

25 (1) FEDERAL RECEIPTS. Federal financial assistance
26 received or administered from federal entities in the form of
27 grants, loans, loan guarantees, property, cooperative
28 agreements, interest subsidies, insurance, food commodities,



29 direct appropriations, other assistance, and amounts received
30 as reimbursement for services rendered to individuals, that is
31 reported as part of a single audit.

32 (2) SINGLE AUDIT. An audit, as described under 31
33 U.S.C. § 7502(d), of a ~~non-federal~~nonfederal entity that
34 includes the entity's financial statements and federal awards.

35 (3) STATE AGENCY. An agency, department, authority,
36 bureau, commission, or other administrative office of the
37 state, including the legislative and judicial branches of
38 state government. This term does not include a professional
39 licensing board of the state.

40 (b) A state agency shall prepare an annual report on or
41 before October 31, that includes all of the following:

42 (1) The aggregate value of federal receipts the state
43 agency received and expended for the preceding fiscal year.

44 (2) The aggregate amount of federal funds appropriated
45 by the Legislature to the state agency for the preceding
46 fiscal year.

47 (3) A calculation of the percentage of the state
48 agency's total budget for the preceding fiscal year that
49 constitutes federal receipts that the state agency received
50 for that fiscal year.

51 (4) A plan for operating the state agency if either of
52 the following occurs:

53 a. A reduction of 5five percent or more in the federal
54 receipts that the state agency receives.

55 b. A reduction of 25 percent or more in the federal
56 receipts that the state agency receives.



57 (c) The state agency shall provide the report required
58 under subsection (b) to the Executive Budget Office by October
59 31.

60 (d) (1) The Department of Education shall include
61 information for each public school district in the report
62 required under subsection (a).

63 (2) The Alabama Community College System shall include
64 information for each public community or technical college or
65 other school or university under its supervision.

66 (e) (1) The Executive Budget Office, on or before
67 January 1 of each year, shall prepare a report that includes
68 the following:

69 a. A compilation and summary of the reports the office
70 receives from each state agency.

71 b. A comparison of the aggregate value of federal
72 receipts each state agency received for the previous fiscal
73 year to the aggregate amount of federal funds appropriated by
74 the Legislature to that state agency for that fiscal year.

75 c. A list of state agencies that did not submit a
76 report as required by this subsection.

84 a. Recommend that the Legislature revise appropriations



85 for a state agency.

86 b. Take no action.

87 c. Take any other action upon majority approval of the
88 committee members."

89 Section 2. A new Section 41-4-98 is added to the Code
90 of Alabama 1975, as follows:

91 §41-4-98

92 (a) For the purposes of this section, the following
93 terms have the following meanings:

94 (1) FEDERAL RECEIPTS. Federal financial assistance
95 received or administered from federal entities in the form of
96 grants, loans, loan guarantees, property, cooperative
97 agreements, interest subsidies, insurance, food commodities,
98 direct appropriations, other assistance, and amounts received
99 as reimbursement for services rendered to individuals, that is
100 reported as part of a single audit.

101 (2) PUBLIC INSTITUTIONS OF HIGHER EDUCATION. Those
102 public educational institutions in Alabama which have been
103 authorized by the Legislature or by the constitution to
104 provide formal education, including vocational, technical,
105 collegiate, professional, or any other form of education,
106 above the secondary school level.

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108 (3) STATE RECEIPTS. State financial assistance received
109 from direct appropriations, or other assistance, from the
110 Education Trust Fund, the Education Trust Fund Advancement and
111 Technology Fund, Educational Opportunities Reserve Fund, or
112 from other state sources. The term does not include tuition



113 revenues or other self-generated funds.

114 (b) Each public institution of higher education shall
115 provide an annual report to the Executive Budget Office, on or
116 before October 31, that includes all of the following:

117 (1) The amount of state and federal funds received and
118 expended by the public institution of higher education for the
119 preceding fiscal year separately listed by source and
120 certified by the institution as being accurate based on the
121 most recently available information.

122 (2) The amount of state and federal funds appropriated
123 by the Legislature to the public institution of higher
124 education for the preceding fiscal year separately listed by
125 source.

126 (3) A calculation of the percentage of the public
127 institution of higher education's total budget for the
128 preceding fiscal year that constitutes state and federal
129 receipts that the public institution of higher education
130 received for that fiscal year.

131 (4) A plan for operating the public institution of
132 higher education if either of the following occurs:

133 a. A reduction of 5 percent or more in the state or
134 federal receipts that the public institution of higher
135 education receives.

136 b. A reduction of 20 percent or more in the state or
137 federal receipts that the public institution of higher
138 education receives.

139 (5) The Alabama Community College System shall include



141 information for each public community or technical college or
142 other school or university under its supervision.

143 (c) (1) The Executive Budget Office shall prepare a
144 report that includes the following:

145 a. A compilation and summary of the reports the office
146 receives from each public institution of higher education.

147 b. A comparison of the aggregate value of state and
148 federal receipts each public institution of higher education
149 received for the previous fiscal year to the aggregate amount
150 of state and federal funds appropriated by the Legislature to
151 that public institution of higher education for that fiscal
152 year.

153 c. A list of public institutions of higher education
154 that did not submit a report as required by this subsection.

155 (2) The Executive Budget Office shall submit the report
156 required under subdivision (1) to the Legislature by January
157 1.

158 (3) The House Ways and Means Education Committee and
159 the Senate Finance and Taxation Education Committee, referred
160 to in this subsection as committees, shall conduct hearings on
161 the report every even-numbered year as part of their budget
162 hearings. The committees shall utilize the information in the
163 report when considering revised appropriation levels for the
164 public institutions of higher education.

165 Section 3. This act shall become effective on October
166 1, 2026.



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House of Representatives

170 Read for the first time and referred13-Jan-26
171 to the House of Representatives
172 committee on Ways and Means
173 Education
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175 Read for the second time and placed21-Jan-26
176 on the calendar:
177 0 amendments
178
179 Read for the third time and passed03-Feb-26
180 as amended
181 Yeas 104
182 Nays 0
183 Abstains 0
184
185
186 John Treadwell
187 Clerk
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