

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

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§41-4-97

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) The Executive Budget Office shall submit the report required under subdivision (1) to the Legislative Council by January 1.

(3) Upon receipt of the report, the Legislative Council shall place the report on the agenda for review and consideration. Upon consideration of the report, the committee may elect to do any of the following:

a. Recommend that the Legislature revise appropriations



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for a state agency.

b. Take no action.

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

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

§41-4-98

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

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

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

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



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revenues or other self-generated funds.

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

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

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

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

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

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

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

(5) The Alabama Community College System shall include



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

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

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

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

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

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

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

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



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House of Representatives

Read for the first time and referred13-Jan-26
to the House of Representatives
committee on Ways and Means
Education
Read for the second time and placed21-Jan-26
on the calendar:
0 amendments
Read for the third time and passed03-Feb-26
as amended
Yeas 104
Nays 0
Abstains 0

John Treadwell
Clerk