

## HB165 INTRODUCED



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



1  
2  
3

4     SYNOPSIS:

5                 Under existing law, certain state agencies and  
6     the Alabama Community College System are required to  
7     prepare an annual report that includes information  
8     regarding federal receipts, federal funds appropriated,  
9     and plans for operating the agency if the federal  
10    funding is reduced. Public four-year institutions of  
11    higher education are not required to submit this annual  
12    report.

13                This bill would require each public institution  
14    of higher education to prepare an annual report on the  
15    amount of state and federal funds received and expended  
16    during the previous fiscal year, including plans for  
17    operating the institution if state or federal funding  
18    is reduced.

19                This bill would also make nonsubstantive,  
20    technical revisions to update existing code language to  
21    current style.

22  
23

24                A BILL

25                TO BE ENTITLED  
26                AN ACT

27  
28                Regarding higher education; to amend Section 41-4-97,

## HB165 INTRODUCED



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

38 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

41             "§41-4-97

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

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

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

54                 (3) STATE AGENCY. An agency, department, authority,  
55 bureau, commission, or other administrative office of the  
56 state, including the legislative and judicial branches of



57 state government. This term does not include a professional  
58 licensing board of the state.

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

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

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

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

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

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

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

76 (c) The state agency shall provide the report required  
77 under subsection (b) to the Executive Budget Office by October  
78 31.

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

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



## **HB165 INTRODUCED**

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

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

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

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

103                   a. Recommend that the Legislature revise appropriations  
104                   for a state agency.

105 b. Take no action.

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

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

110 § 41-4-98

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



## **HB165 INTRODUCED**

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

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

126 (3) SINGLE AUDIT. An audit, as described under 2 C.F.R.  
127 Part 200, Subpart F, of a nonfederal entity that includes the  
128 entity's financial statements and federal awards.

129 (4) STATE RECEIPTS. State financial assistance received  
130 from direct appropriations, or other assistance, from the  
131 Education Trust Fund, the Education Trust Fund Advancement and  
132 Technology Fund, Educational Opportunities Reserve Fund, or  
133 from other state sources. The term does not include tuition  
134 revenues or other self-generated funds.

135 (b) Each public institution of higher education shall  
136 prepare an annual report on or before October 31, that  
137 includes all of the following:

138 (1) The amount of state and federal funds received and  
139 expended by the public institution of higher education for the  
140 preceding fiscal year separately listed by source.



## **HB165 INTRODUCED**

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

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

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

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

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

158 (c) (1) The public institution of higher education shall  
159 provide the report required under subsection (b) to the  
160 Executive Budget Office by October 31.

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

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

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

168 b. A comparison of the aggregate value of state and

**HB165 INTRODUCED**



169      federal receipts each public institution of higher education  
170      received for the previous fiscal year to the aggregate amount  
171      of state and federal funds appropriated by the Legislature to  
172      that public institution of higher education for that fiscal  
173      year.

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

176            (2) The Executive Budget Office shall submit the report  
177      required under subdivision (1) to the Legislature by January  
178      1.

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

186            Section 3. This act shall become effective on October  
187      1, 2026.