

HB165 INTRODUCED



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



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.

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23
24 A BILL
25 TO BE ENTITLED
26 AN ACT

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



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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, 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



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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.

(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.~~



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(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 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:



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

(4) 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 revenues or other self-generated funds.

(b) Each public institution of higher education shall prepare an annual report 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.



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(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.

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

(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 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



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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.