

SB59 ENROLLED



1 SB59
2 JPE26FF-3
3 By Senator Orr
4 RFD: Finance and Taxation Education
5 First Read: 13-Jan-26



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1 Enrolled, An Act,

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

14 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

17 "§41-4-97

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

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

27 (2) SINGLE AUDIT. An audit, as described under 31
28 U.S.C. § 7502(d), of a ~~non-federal~~nonfederal entity that



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29 includes the entity's financial statements and federal awards.

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

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

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

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

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

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

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

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

52 (c) The state agency shall provide the report required
53 under subsection (b) to the Executive Budget Office by October
54 31.

55 (d) ~~(1)~~ The Department of Education shall include
56 information for each public school district in the report



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57 required under subsection (a).

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

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

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

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

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

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

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

79 a. Recommend that the Legislature revise appropriations
80 for a state agency.

81 b. Take no action.

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

84 Section 2. A new Section 41-4-98 is added to the Code



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85 of Alabama 1975, as follows:

86 §41-4-98

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

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

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

102 (3) STATE RECEIPTS. State financial assistance received
103 from direct appropriations, or other assistance, from the
104 Education Trust Fund, the Education Trust Fund Advancement and
105 Technology Fund, Educational Opportunities Reserve Fund, or
106 from other state sources. The term does not include tuition
107 revenues or other self-generated funds.

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

111 (1) The amount of state and federal funds received and
112 expended by the public institution of higher education for the



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113 preceding fiscal year separately listed by source and
114 certified by the institution as being accurate based on the
115 most recently available information.

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

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

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

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

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

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

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

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

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



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141 federal receipts each public institution of higher education
142 received for the previous fiscal year to the aggregate amount
143 of state and federal funds appropriated by the Legislature to
144 that public institution of higher education for that fiscal
145 year.

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

148 (2) The Executive Budget Office shall submit the report
149 required under subdivision (1) to the Legislature by January
150 1.

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

158 Section 3. This act shall become effective on October
159 1, 2026.



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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB59

Senate 05-Feb-26

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris,
Secretary.

House of Representatives

Passed: 09-Apr-26

By: Senator Orr