



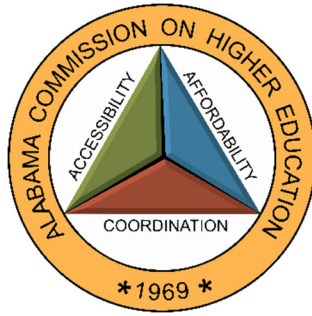
Consolidated Budget Recommendation FY 2026-2027

**Alabama Commission
on Higher Education**

December 2025



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Executive Director



Alabama Commission on Higher Education

December 18, 2025

The Honorable Kay Ivey
Governor of Alabama
State Capitol
600 Dexter Avenue
Montgomery, Alabama 36130-2751

Dear Governor Ivey:

On behalf of the Alabama Commission on Higher Education, I respectfully submit the Commission's Consolidated Budget Recommendation for FY 2026-27 in accordance with the agency's statutory responsibility outlined in Section 16-5-9 of Alabama Code. The consolidated recommendation, approved by the Commission on December 12, seeks to sustain and strengthen Alabama's public higher education system by improving student access and success, ensuring institutional stability, and supporting strategic investments that advance workforce development and economic growth.

The Commission appreciates the Governor's continued commitment to higher education and stands ready to provide any additional information or analysis that may assist the Governor's Office during the budget deliberation process.

Thank you again for your ongoing support of Alabama's colleges and universities.

Sincerely,

Dr. Jim Purcell
Executive Director

Senator Arthur Orr, Chair, Senate Finance and Taxation-Education Committee
Representative Danny Garrett, Chair, House Ways and Means-Education Committee
Bill Poole, Director, Alabama Department of Finance
Othni Lathram, Director, Legislative Services Agency

DECISION ITEM B:

Consolidated Budget Recommendation for FY 2026-2027

Background:

Section 16-5-9(b) of the Code of Alabama states “...The Commission ... shall present to each institution and the Governor and legislature, a single unified budget report containing budget recommendations for the separate appropriations to each of the institutions.”

Alabama’s colleges and universities operate in very competitive and challenging environments with varying needs and unique circumstances. In recognition of these differing needs, the ACHE Finance Committee, along with ACHE staff, conducted annual budget hearings to give institutions an opportunity to highlight accomplishments and discuss pressing financial challenges for the upcoming FY 2026-2027 budget cycle.

These budget hearings provided invaluable insight into the most pressing needs of the institutions and were instrumental in developing this year’s Consolidated Budget Recommendation. Common themes in past hearings have included salary compression, deferred maintenance, and rising inflationary costs. Common themes from this year’s hearings focused on growing mandatory costs from increased contributions to PEEHIP, state retirement, health insurance, and other rising mandatory costs.

As this year’s recommendation moves forward, the ACHE Finance Committee and ACHE staff continue to balance the advocacy role of the Commission while recognizing the current economic challenges facing the State. This recommendation seeks to achieve that balance by allocating the state’s Education Trust Fund (ETF) resources in an equitable and responsible manner for each public college and university.

Additional information, including supporting tables and other documentation, have been provided to outline the rationale for this recommendation. The FY 2026-2027 Consolidated Budget Recommendation from ACHE has the following considerations:

- (1) Historically, higher education’s share of the ETF has been around 25-27%. This year’s recommendation assumes those historical percentages will continue, and establishes higher education’s portion of the ETF at 25.8%. Secondly, this year’s recommendation is based on language from Act #2023-390 (SB101) which amends the Rolling Reserve Act and establishes a spending limit increase of 5.75% over the prior year’s base appropriation.
- (2) One of the common themes throughout the budget hearings was the need for increased funds to address rising personnel costs. This includes funds to address rising mandated employer contributions, maintain competitive salaries to help retain and attract faculty and staff, and address issues with salary compression.

- (3) Provides funds that will give institutions flexibility in addressing rising mandatory costs. These mandatory costs include rising retirement and insurance employer contribution costs, increased property insurance, additional costs for software subscriptions, and other mandatory needs of the campuses.
- (4) Provides an allocation based on an across-the-board adjustment based on a 1.24% increase over the prior year's appropriation. These funds can be used as necessary to address pressing needs specific to each institution.
- (5) Provides an allocation based on weighted credit hours using weighting methodology from the ACHE Standard Formula. These funds recognize increases in enrollment, credit hour productivity, and the need to fund STEM and other programs requiring more resources.

It should be noted that while ACHE is recommending funding of the institutions based on personnel and operational needs, enrollment growth, and mandatory costs, the governing boards and institutional leadership are responsible for the execution of the institutional budgets.

If the staff recommendation is approved by the Commission, this would mean a recommended increase of \$105.6 million (5.96%) for the four-year universities, an increase of \$30.3 million (6.24%) for the two-year community colleges, and when all of the other statewide lines are included, a total increase of \$148.1 million, or an overall recommended increase of 5.75% for higher education.

Supporting Documentation:

1. Consolidated Budget Recommendation, FY 2026-2027 (supporting tables are attached).

Fiscal Year 2026-2027 Consolidated Budget Recommendation

Institution	FY 2026-2027			FY 2026-2027		FY 2026-2027	
	FY 2025-2026 Appropriation*	Institutional EBO Request	% Increase EBO Request	Consolidated Budget Recommendation	Amount CBR Increase	% Increase CBR	
Alabama A&M University	\$ 61,115,089	\$ 81,414,715	33.22%	\$ 65,231,774	\$ 4,116,685	6.74%	
Alabama State University	\$ 66,556,368	\$ 76,524,823	14.98%	\$ 69,975,935	\$ 3,419,567	5.14%	
Athens State University	\$ 23,502,462	\$ 27,600,500	17.44%	\$ 25,132,825	\$ 1,630,363	6.94%	
Auburn University	\$ 379,246,504	\$ 416,864,642	9.92%	\$ 398,736,374	\$ 19,489,870	5.14%	
Auburn University at Montgomery	\$ 34,989,116	\$ 38,476,536	9.97%	\$ 36,795,809	\$ 1,806,693	5.16%	
Jacksonville State University	\$ 61,933,407	\$ 68,746,082	11.00%	\$ 67,428,825	\$ 5,495,418	8.87%	
Troy University	\$ 87,931,064	\$ 94,075,000	6.99%	\$ 92,957,256	\$ 5,026,192	5.72%	
University of Alabama	\$ 266,214,571	\$ 291,843,868	9.63%	\$ 282,463,337	\$ 16,248,766	6.10%	
University of Alabama at Birmingham	\$ 416,907,358	\$ 457,372,019	9.71%	\$ 443,838,582	\$ 26,931,224	6.46%	
University of Alabama in Huntsville	\$ 77,280,307	\$ 128,278,338	65.99%	\$ 81,371,896	\$ 4,091,589	5.29%	
University of Montevallo	\$ 33,018,738	\$ 39,622,486	20.00%	\$ 34,725,623	\$ 1,706,885	5.17%	
University of North Alabama	\$ 57,665,778	\$ 65,825,000	14.15%	\$ 60,778,675	\$ 3,112,897	5.40%	
University of South Alabama	\$ 171,209,511	\$ 188,560,463	10.13%	\$ 181,413,176	\$ 10,203,665	5.96%	
University of West Alabama	\$ 34,218,443	\$ 38,104,000	11.36%	\$ 36,493,796	\$ 2,275,353	6.65%	
Total Universities	\$ 1,771,788,716	\$ 2,013,308,472	13.63%	\$ 1,877,343,883	\$ 105,555,167	5.96%	
Total Community Colleges**	\$ 485,311,163	\$ 573,932,006	18.26%	\$ 515,584,724	\$ 30,273,561	6.24%	
Total All Public Institutions	\$ 2,257,099,879	\$ 2,587,240,478	14.63%	\$ 2,392,928,607	\$ 135,828,728	6.02%	
All State-Level Programs	\$ 318,519,301	\$ 397,209,536	24.71%	\$ 330,788,676	\$ 12,269,375	3.85%	
Total	\$ 2,575,619,180	\$ 2,984,450,014	15.87%	\$ 2,723,717,283	\$ 148,098,103	5.75%	

*The appropriated amounts from Act 2025-270, the requested amounts, and the recommended amounts for FY 2026-2027 include O&M as well as all other line items.

**The appropriated amounts from Act 2025-270, the requested amounts, and the recommended amounts for FY 2026-2027 include O&M for the Alabama Community Colleges, O&M for Prison Education, and O&M for Marion Institute.

FY 2026-2027 ETF Consolidated Budget Recommendation

Institution	FY 2025-2026 Appropriation	Personnel & Salary Costs Adjustment	Mandated Insurance & Retirement	Inflationary Costs Adjustment	Weighted Credit Hour Distribution by Level & Discipline	Total Recommended Increase	Percentage of Total Increase
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Alabama A&M University	\$ 61,115,089	\$ 947,284	\$ 1,784,135	\$ 754,771	\$ 630,494	\$ 4,116,685	6.74%
Alabama State University	\$ 66,556,368	\$ 1,031,624	\$ 1,096,823	\$ 821,971	\$ 469,149	\$ 3,419,567	5.14%
Athens State University	\$ 23,502,462	\$ 364,288	\$ 696,672	\$ 290,255	\$ 279,148	\$ 1,630,363	6.94%
Auburn University	\$ 379,246,504	\$ 5,878,321	\$ 3,797,507	\$ 4,683,694	\$ 5,130,348	\$ 19,489,870	5.14%
Auburn University at Montgomery	\$ 34,989,116	\$ 542,331	\$ 331,294	\$ 432,116	\$ 500,952	\$ 1,806,693	5.16%
Jacksonville State University	\$ 61,933,407	\$ 959,968	\$ 2,935,779	\$ 764,878	\$ 834,794	\$ 5,495,418	8.87%
Troy University	\$ 87,931,064	\$ 1,362,931	\$ 1,418,673	\$ 1,085,949	\$ 1,158,639	\$ 5,026,192	5.72%
University of Alabama	\$ 266,214,571	\$ 4,126,326	\$ 4,544,616	\$ 3,287,750	\$ 4,290,074	\$ 16,248,766	6.10%
University of Alabama at Birmingham	\$ 416,907,358	\$ 6,462,064	\$ 8,633,773	\$ 5,148,806	\$ 6,686,581	\$ 26,931,224	6.46%
University of Alabama in Huntsville	\$ 77,280,307	\$ 1,197,845	\$ 943,040	\$ 954,412	\$ 996,292	\$ 4,091,589	5.29%
University of Montevallo	\$ 33,018,738	\$ 511,790	\$ 547,197	\$ 407,781	\$ 240,116	\$ 1,706,885	5.17%
University of North Alabama	\$ 57,665,778	\$ 893,820	\$ 610,454	\$ 712,172	\$ 896,451	\$ 3,112,897	5.40%
University of South Alabama	\$ 171,209,511	\$ 2,653,747	\$ 1,838,451	\$ 2,114,437	\$ 3,597,030	\$ 10,203,665	5.96%
University of West Alabama	\$ 34,218,443	\$ 530,386	\$ 517,780	\$ 422,598	\$ 804,589	\$ 2,275,353	6.65%
Total Universities	\$ 1,771,788,716	\$ 27,462,725	\$ 29,696,193	\$ 21,881,591	\$ 26,514,658	\$ 105,555,167	5.96%
Total Community Colleges	\$ 485,311,163	\$ 7,522,323	\$ 12,801,455	\$ 5,993,593	\$ 3,956,190	\$ 30,273,561	6.24%
Total All Public Institutions	\$ 2,257,099,879	\$ 34,985,048	\$ 42,497,648	\$ 27,875,184	\$ 30,470,848	\$ 135,828,728	6.02%
All State-Level Programs	\$ 318,519,301					\$ 12,269,375	3.85%
TOTAL ACHE RECOMMENDATION	\$2,575,619,180					\$ 148,098,103	5.75%

Notes:

(1) Figures taken from Act 2025-270 establishing the Education Trust Fund FY 2026 Budget.

(2) Reflects an "Across the Board" increase of 1.55% above the institutions' FY 2026 ETF appropriations for personnel, salary compression, etc.

(3) Mandatory costs related to private health insurance, rate increases for PEEHIP (\$904 to \$1,209), and rate increases for TRS Tier 1 (14.57% to 14.66%) and Tier 2 (13.61% to 13.70%).

(4) Inflationary costs reflect an "Across the Board" increase of 1.24% above the institutions' FY 2026 ETF appropriations to address institution-specific needs.

(5) An increase of 1.35% above the institutions' FY 2026 ETF appropriations, distributed using weighted credit hours from the ACHE Standard Calculation.

Fiscal Year 2026-2027 Consolidated Budget Recommendation

<u>STATE-LEVEL HIGHER EDUCATION PROGRAMS</u>	FY 2025-2026 Appropriation (1)	FY 2026-2027 EBO Request (2)	% Increase Requested (3)	FY 2026-2027 Recommendation (4)	Recommended Increase (5)	FY 2026-2027 Recommendation (6)
<u>Other Two-Year</u>						
AL Community College System-System Office	14,828,866	15,570,309	5.00%	15,570,309	741,443	5.00%
Adult Basic Education	14,964,656	17,597,423	17.59%	15,712,889	748,233	5.00%
Alabama Fire College	6,927,863	7,268,858	4.92%	7,268,858	340,995	4.92%
STEAM Pilot Program	900,000	900,000	0.00%	900,000	0	0.00%
Special Population Training	4,725,281	5,725,281	21.16%	4,961,545	236,264	5.00%
Mine Safety Training Program	350,000	400,000	14.29%	367,500	17,500	5.00%
Alabama Technology Network	6,167,736	8,667,736	40.53%	6,476,123	308,387	5.00%
Dual Enrollment	44,432,385	79,432,385	78.77%	46,654,004	2,221,619	5.00%
Central Alabama CC-Truck Driver Training	240,790	300,000	24.59%	252,830	12,040	5.00%
Automotive Workforce Training Scholarship Program	400,000	400,000	0.00%	400,000	0	0.00%
Automotive Manufacturing Development Program	312,500	312,500	0.00%	312,500	0	0.00%
Distance Learning Program	3,375,000	3,375,000	0.00%	3,375,000	0	0.00%
Volunteer EMSP Certifications	125,000	125,000	0.00%	125,000	0	0.00%
Women's Fund of Greater Birmingham Ed Support	750,000	750,000	0.00%	750,000	0	0.00%
Smart Workforce Training Pilot Project	200,000	200,000	0.00%	200,000	0	0.00%
WF Dev. Short Term Certification Credential (Innovation Ctr)	17,500,000	27,500,000	57.14%	18,375,000	875,000	5.00%
Industry Certification Initiatives	9,640,408	10,640,408	10.37%	10,122,428	482,020	5.00%
LPN Programs	4,000,000	4,000,000	0.00%	4,000,000	0	0.00%
Career Tech Equipment	10,000,000	10,000,000	0.00%	10,000,000	0	0.00%
Hospitality Training	1,000,000	1,000,000	0.00%	1,000,000	0	0.00%
Short Term Credential Scholarship Program	1,000,000	1,000,000	0.00%	1,000,000	0	0.00%
Alabama Career Roadmap	2,000,000	2,000,000	0.00%	2,000,000	0	0.00%
Total: <u>Other Two-Year</u>	143,840,485	197,164,900	37.07%	149,823,986	5,983,501	4.16%
<u>Other Higher Education</u>						
MESC/Dauphin Island Sea Lab	6,490,000	24,431,000	276.44%	6,814,500	324,500	5.00%
Private Colleges & Schools						
Talladega College*	1,326,157	1,326,157	0.00%	1,392,465	66,308	5.00%
UWA/Stillman College	100,000	100,000		105,000	5,000	5.00%
A&M/Miles Consortium	493,486	532,964	8.00%	518,160	24,674	5.00%
State-Related Institution						
Tuskegee University	15,816,579	18,583,098	17.49%	16,607,408	790,829	5.00%
Total: <u>Private & State-Related Institutions</u>	17,736,222	20,542,219	15.82%	18,623,033	886,811	5.00%
Subtotal: <u>Other Higher Education</u>	24,226,222	44,973,219	85.64%	25,437,533	1,211,311	5.00%

Fiscal Year 2026-2027 Consolidated Budget Recommendation

STATE-LEVEL HIGHER EDUCATION PROGRAMS	FY 2025-2026 Appropriation (1)	FY 2026-2027 EBO Request (2)	% Increase Requested (3)	FY 2026-2027 Recommendation (4)	Recommended Increase (5)	FY 2026-2027 Recommendation (6)
<u>Alabama Commission on Higher Education</u>						
Alabama Agricultural Land Grant Alliance	6,491,283	6,491,283	0.00%	6,491,283	0	0.00%
Computer-Based Articulation /STARS	799,589	999,589	25.01%	999,589	200,000	25.01%
SREB	831,214	831,214	0.00%	831,214	0	0.00%
EPSCOR (Research)	1,260,184	1,460,184	15.87%	1,460,184	200,000	15.87%
Network of AL Academic Libraries	384,076	584,076	52.07%	584,076	200,000	52.07%
The Best and Brightest STEM Pilot Program	250,000	250,000	0.00%	250,000		0.00%
STEM Major Teacher Recruitment	4,500,000	4,500,000	0.00%	4,500,000	0	0.00%
AL Student Assistance Program	10,000,000	10,500,000	5.00%	10,500,000	500,000	5.00%
AL Educational Grant Program (ASGP)	10,000,000	10,500,000	5.00%	10,500,000	500,000	5.00%
AL National Guard Scholarship. Program	9,331,114	9,831,114	5.36%	9,831,114	500,000	5.36%
Police & Fire Fighters' Survivors Tuition	466,935	466,935	0.00%	466,935	0	0.00%
Birmingham Promise Scholarship Program	892,500	892,500	0.00%	892,500	0	0.00%
(Re)Engage Alabama Scholarship Program	1,935,000	1,935,000	0.00%	1,935,000	0	0.00%
Indian Affairs	100,000	100,000	0.00%	100,000	0	0.00%
Alabama Law Enforcement Officers' Family Scholarship	8,000,000	8,000,000	0.00%	8,000,000		0.00%
Planning & Coordination Services	4,470,148	4,639,198	3.78%	4,639,198	169,050	3.78%
Industry Credential Directory	100,000	105,000	5.00%	105,000	5,000	5.00%
Retain Alabama	650,000	650,000	0.00%	650,000	0	0.00%
FAFSA Completion	580,000	580,000	0.00%	580,000	0	0.00%
STUDY Alabama	50,000	50,000	0.00%	50,000	0	0.00%
Pathways to Progress	600,000	700,000	16.67%	700,000	100,000	16.67%
Resource Conservation & Develop Program	8,962,744	8,962,744	0.00%	8,962,744	0	0.00%
Soil and Water Conservation	3,023,376	3,023,376	0.00%	3,023,376	0	0.00%
AL Forestry Foundation Blackbelt Initiative	532,000	532,000	0.00%	532,000	0	0.00%
Black Belt Adventures	475,000	475,000	0.00%	475,000	0	0.00%
Black Belt Treasures	350,000	350,000	0.00%	350,000	0	0.00%
Civil Air Patrol	155,000	155,000	0.00%	155,000	0	0.00%
National Computer Forensic Institute	650,000	650,000	0.00%	650,000	0	0.00%
Adaptive & Disability Sports Education	60,000	120,000	100.00%	120,000	60,000	100.00%
AL Motorsports Hall of Fame	200,000	200,000	0.00%	200,000	0	0.00%
Alabama Humanities Foundation	300,000	300,000	0.00%	300,000	0	0.00%
Forestry Commission Ed Program	200,000	200,000	0.00%	200,000	0	0.00%
AL Recruit & Retain Minority Teachers Pilot	700,000	700,000	0.00%	700,000	0	0.00%
AKEEP - Education & Teacher Recruitment Partnership	400,000	400,000	0.00%	400,000	0	0.00%
USS Alabama Battleship	1,550,000	1,550,000	0.00%	1,550,000	0	0.00%
HBCU Cares	650,000	650,000	0.00%	650,000	0	0.00%
Alabama Trails Foundation	340,000	340,000	0.00%	340,000	0	0.00%
ETF Source of Funds	80,240,163	82,674,213	3.03%	82,674,213		3.03%
Deferred Maintenance ETF Transfe	5,000,000	5,000,000	0.00%	5,000,000		0.00%
Total ACHE**	85,240,163	87,674,213	2.86%	87,674,213	2,434,050	2.86%

Fiscal Year 2026-2027 Consolidated Budget Recommendation

<u>STATE-LEVEL HIGHER EDUCATION PROGRAMS</u>	FY 2025-2026 Appropriation (1)	FY 2026-2027 EBO Request (2)	% Increase Requested (3)	FY 2026-2027 Recommendation (4)	Recommended Increase (5)	FY 2026-2027 Recommendation (6)
<u>Other Statewide Programs.</u>						
Dept. of Veterans' Affairs	47,815,227	50,000,000	4.57%	50,000,000	2,184,773	4.57%
American Legion Scholarships *	112,500	112,500	0.00%	118,125	5,625	5.00%
Dependents Blind Parents*	10,399	10,399	0.00%	10,919	520	5.00%
Medical Scholarships*	2,440,014	2,440,014	0.00%	2,562,015	122,001	5.00%
Optometric Scholarships*	200,000	200,000	0.00%	210,000	10,000	5.00%
Dental Scholarships*	871,166	871,166	0.00%	914,724	43,558	5.00%
Nursing Scholarships*	766,027	766,027	0.00%	804,328	38,301	5.00%
Fostering Hope Scholarship Program*	1,205,608	1,205,608	0.00%	1,265,888	60,280	5.00%
Teacher In-Service Centers*	3,509,080	3,509,080	0.00%	3,684,534	175,454	5.00%
Public Health Dept. - Continuing Ed EMT*	1,635,782	1,635,782	0.00%	1,635,782	0	0.00%
Public Health Dept. - Office of Emergency Medical Services						
Trauma Communications Center - UAB*	1,000,000	1,000,000	0.00%	1,000,000	0	0.00%
Arts Council - Center for the Arts Foundation*	1,410,000	1,410,000	0.00%	1,410,000	0	0.00%
UAB-Chauncey Sparks/Special Mental Health*	4,236,628	4,236,628	0.00%	4,236,628	0	0.00%
Total: Other <u>Statewide Programs.</u>	65,212,431	67,397,204	3.35%	67,852,944	2,640,513	4.05%
TOTAL: <u>ALL STATE LEVEL PROGRAMS</u>	318,519,301	397,209,536	24.71%	330,788,676	12,269,375	3.85%
TOTAL <u>PUBLIC INSTITUTIONS</u>	2,257,099,879	2,446,829,774	8.41%	2,579,967,150	133,137,376	14.30%
TOTAL <u>HIGHER EDUCATION</u> **	2,575,619,180	2,844,039,310	10.42%	2,910,755,825	145,406,750	13.01%

* ACHE did not receive the FY 2025-2026 Budgeted Requests from these entities so the FY 2025-2026 appropriation was included as the requested amount.

**Total includes amounts not counted as Higher Education.

Note: The FY26 appropriation reflects the base amounts appropriated in ACT 2025-270.