

State agency funding: From worse to bad

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E. J. Mac McArthur, executive director of the Alabama State Employees Association, said budget cuts are leading to state agencies working on 'bubble gum and chicken wire.' / Lloyd Gallman/Advertiser

Last year's budget, filled with cuts despite a voter-approved infusion of \$437 million over three years, was almost uniformly bad for Alabama's state agencies.

This year, despite level-funding for most state agencies, the picture is mixed, with some agencies carrying on with business as usual and others already voicing concerns about layoffs. State employees will also go another year without pay raises — a wage freeze has been in effect since the end of 2008 — and will likely see their out-of-pocket costs for health insurance increase.

The General Fund budget signed by Gov. Robert Bentley on Monday includes language encouraging the governor to unfreeze merit raises, but does not specifically allocate money for that purpose.

“We understand the budget is broke, but you've got to put your employees first,” said Mac McArthur, executive director of the Alabama State Employees' Association. “We are hopeful about the merit language in the budget. I'm optimistic we're not going to see the horror stories about insurance that we thought.”

Most agencies funded out of the General Fund budget say they do not expect layoffs in the coming year. However, the Administrative Office of Courts, which oversees the state's court system, says that if it does not receive a conditional appropriation of \$8.5 million, it will be forced to layoff 150 of its 1,800 employees, a cut of more than 8 percent.

The system will get about \$108 million in next year's budget, more than the \$100.3 million courts are set to receive this year, but well below the \$125 million the system received in FY 2012. Circuit clerks offices are now closed to the public on Wednesdays. Rich Hobson, administrative director of courts, said the system has lost more than 400 employees since 2008.

“I can't imagine how clerks' offices or juvenile probation offices will continue to function,” Hobson said last week. “Right now, clerks' offices are already understaffed by half. From layoffs that have taken place over the past five years, it will be chaos statewide.”

Other agencies saw relatively little pain in the budget.

The Department of Mental Health faced a \$40 million budget deficit last year, and closed three hospitals — including Greil Memorial Psychiatric Hospital in Montgomery — in part to meet the deficit, in part to shift to a community-based standard of care. The closings of the hospitals led to the elimination of 800 to 850 employee positions. Some retired or transferred to other facilities, other positions were eliminated, said Commissioner Jim Reddoch.

The department now employs 1,308 people, down from 2,929 in 2008.

“When I came to this department in 1988, it was close to 7,000, he said. “We operated a lot more facilities. This is not new stuff. We’ve been doing this for 30 years.”

The Alabama Department of Human Resources, which last year said their budget number could force them to eliminate Temporary Aid to Needy Families (TANF), will be able to maintain services under its current budget, said DHR spokesman Barry Spear.

“We’re still down 500 employees from where we were in 2008,” he said. “We’ve been cutting for years, and we’ve gotten to a place where there isn’t any more to cut.”

McArthur said the cuts are leading to state agencies working on “bubble gum and chicken wire,” and said state employees were hurting.

“You had two and a half percent more for retirement, which is a pay cut, and the Social Security (wage tax holiday) went away ... It’s mighty tough times for state employees.”