

Alabama legislators hope to avert budget 'train wreck'



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Key state agencies told Alabama legislators this week they need increases from the General Fund totaling more than \$225 million to maintain services next year.

It's not clear yet how closely the supply of General Fund dollars will match the demand.

Official revenue estimates will be announced when the legislative session starts Feb. 2.

What is clear is that there won't be the push for tax increases like last year. And no one is expecting a surge in revenues that would meet all the needs.

Sen. Arthur Orr, R-Decatur, predicted a budget "train wreck." Orr has chaired the Senate General Fund committee for five years.

"It's a complete divorce from reality, because the money, unless we want to start the printing presses down in the basement of the Capitol, it ain't there," Orr said about the agency requests for funding.

Orr is moving to the education budget committee when the session begins, swapping seats with Sen. Trip Pittman, R-Montrose, who is taking over as General Fund chairman.

"Right now I think the best scenario is level funding," Pittman said.

The Alabama Medicaid Agency [\[http://www.al.com/news/index.ssf/2016/01/alabama_medicaid_asks_for_157.html\]](http://www.al.com/news/index.ssf/2016/01/alabama_medicaid_asks_for_157.html) told lawmakers it needed a \$157 million increase to maintain services and to continue a transition to managed care that's been in the

works for several years.

Lawmakers asked state agencies for a "continuation" budget, the amount needed from the General Fund to avoid cuts in services.

Besides Medicaid, by far the largest General Fund spender, **the Alabama Law Enforcement Agency** [http://www.al.com/news/index.ssf/2016/01/alabama_law_enforcement_agency_2.html] said it would need \$23 million more this year. The Department of Human Resources said it would need \$20 million more than this year, and the Department of Corrections said it needed \$18 million more.

The Department of Mental Health said it would need \$7 million more, and the state court system said it would need \$2 million more.

For years, the state has relied on money from other sources, like the state's oil and gas trust fund, to keep the General Fund afloat.

Then last year, Gov. Robert Bentley called for an end to that practice, asking initially for \$541 million in tax increases.

In the end, after two special sessions, legislators raised the cigarette tax and moved a share of use tax revenue from education to the General Fund.

They passed a budget that cut General Fund spending by 4.5 percent.

Rep. Steve Clouse, R-Ozark, who chairs the House Ways and Means General Fund Committee, said he does not expect any serious tax increase proposals or any more transfers of education money to the General Fund.

"Just speaking from a House standpoint, there's going to be zero appetite to raise any additional money," Clouse said.

Clouse said the changes made last year, including the cigarette tax and use tax transfer, should produce about \$165 million in recurring revenue for the General Fund, a little less than a 10 percent increase in the \$1.8 billion fund.

Clouse said those changes, while far short of what Bentley sought as a long-term solution, should be enough to delay a "train wreck."

"I think you're going to see the train just start slowing down gradually over the next couple of years to the point where we may be at that point again of a train wreck in the next few years," Clouse said.

Last year, the Senate was more resistant to the tax increase proposals than the House. Pittman said there is no support among Republicans for tax increases this year. He said he was "adamantly opposed" to moving any more education dollars to the General Fund.

Pittman said government will have to be more efficient if it is going to provide the same level of services.

"People expect government to lean itself out," Pittman said.

Pittman said he plans to move the General Fund budget early in the session. He said he hopes to move it out of committee in about three weeks and out of the Senate in about four weeks.

The session can last up to 15 weeks.

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