

Bentley suggests unearmarking \$400 million from five state agencies

By Mary Sell Montgomery Bureau | Posted: Wednesday, July 29, 2015 12:10 am

Alabama earmarks the majority of its state revenues, designating money to a specific purpose or agency.

Gov. Robert Bentley now is proposing what could be the first step in loosening the strings attached to some of those funds. He's suggesting to lawmakers \$400 million in state funds be unearmarked for five state agencies in the next fiscal year and put in the state's General Fund budget.

State Finance Director Bill Newton on Tuesday told a group of lawmakers who are studying state budgeting and earmarks that the governor heard this year legislators' concerns about the high percentage of earmarks. He wants state earmarks removed for the departments of Mental Health, Public Health, Human Resources, Veterans' Affairs and Forestry.

"This would be major budget reform," Newton said. "I have not seen other proposals to unearmark hundreds of millions of dollars."

And it could be done through legislation that doesn't require a constitutional amendment or vote of the people.

It wouldn't create additional money for the state, and Bentley's office said Tuesday the governor doesn't want to see those five agencies lose money.

"The governor is simply trying to provide the same amount of funds to the agencies, but from one funding source rather than two," spokeswoman Yasamie August said in an email.

This fiscal year, lawmakers allocated \$1.8 billion from the General Fund to state agencies. But the agencies also received about \$12.4 billion in earmarks, including other state dollars and federal funds. That's money lawmakers currently don't touch.

Several state agencies don't receive any General Fund appropriations, but rely on earmarks and money they earn through services they provide or taxes specific to their missions. The five agencies Bentley has highlighted receive state earmarks and General Fund money.

"We would hope that any unearmarking in funds would not result in a reduction in funding for the department," Alabama Department of Human Resources spokesman Barry Spear said.

Lawmakers return to Montgomery on Monday to try to plug a more than \$200 million shortfall in the General Fund budget for the fiscal year that starts Oct. 1. Among Bentley's other proposals are about \$300 million in tax increases and new revenue. Newton said lawmakers would see Bentley's proposed legislation today.

On Tuesday, the newly formed Earmarking and Budget Reform Task Force met for the first time to begin

what members said will be a long-term study of the state's budgeting process.

Rep. Mac McCutcheon, R-Huntsville, is leading the commission. He said it would look at zero-based budgeting.

“(Every agency requesting funding) would be evaluated, and the agency themselves must justify the funds they are requesting, and every year that they come in to justify those funds, they would start from ground zero and move forward,” McCutcheon said. “No more carrying forward monies that might be off to the side somewhere.

“I think it would create an atmosphere of more accountability and give the Legislature a chance to see if the programs they are trying to initiate are working or are they dysfunctional. How are they serving the people of Alabama?”

If agencies' funding is cut, McCutcheon said, the task force wants to know how the cuts will affect the public.

The task force's findings won't be ready for the special session. Instead, it will make recommendations for the 2016 legislative session, which starts in February.

The group includes Reps. Terri Collins, R-Decatur, General Fund budget committee Chairman Steve Clouse, R-Ozark, and education budget committee Chairman Bill Poole, R-Tuscaloosa.

Collins said she wants to see the budget process streamlined and for lawmakers to know exactly how much each agency receives in total.

“Let's put everything together so we know how much is actually going toward that agency,” Collins said. “It doesn't solve the actual revenue issues; it at least makes it more simple to understand where we are.”

One thing the task force learned Tuesday: State revenues worth \$5.8 billion went to education in 2014. Medicaid, which provides health care for the low-income and disabled, received \$4.8 billion in state revenues.

“We're spending almost as much on Medicaid as we are on education,” Collins said. “Have we heard that before? No.”