

Senate committee approves General Fund with flat funding

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Brian Lyman (<http://www.montgomeryadvertiser.com/staff/12375/brian-lyman/>), Montgomery Advertiser 4:49 p.m. CST February 24, 2016

The 2017 General Fund budget will take its first steps in the Legislature with no money for Medicaid transformation and roughly level funding for other state agencies cut many times in the last decade.

The Senate's Finance and Taxation General Fund committee Wednesday approved a budget about \$104 million less than Gov. Robert Bentley's \$1.9 billion proposal from earlier this month.

State agencies would generally receive about the same amount of money in the budget.

The proposed budget also removes a proposed pay raise for state employees, while reversing many cuts made in the governor's initial proposal.

Level-funding could be a problem for the state's Medicaid Agency, a backbone for Alabama's health care system. The agency would get \$685 million in the budget – less than the \$785 million officials say they need to maintain services and continue moving the program into a managed care model. Senate Finance and Taxation General Fund chairman Trip Pittman, R-Montrose, said he did not want to “cannibalize” other agencies to develop the funding.

“We could cut every other agency by ten percent across the board and come up with \$785 million,” he said. “But I don't think other agencies in government can be funded at 10 percent less than what they are now.”

The budget could be on the Senate floor Thursday.

The General Fund gets its revenues from about three dozen revenue sources, most of which post flat growth year-to-year. Costs in the budget, particularly Medicaid and Corrections, continue to rise and consume a larger proportion of state revenues.

Legislators last year approved an increase in the cigarette tax and a transfer of about \$80 million in use tax revenues from the education budget to the General Fund. But the Republican majority in both chambers appears unwilling to approve new revenues or transfer existing ones to help out the General Fund, which leads to cuts.

Medicaid sought the extra \$100 million to keep services and continue implementation of regional care organizations (RCOs). The state [received a waiver from the federal government \(//story/news/politics/southunionstreet/2016/02/09/feds-give-alabama-go-ahead-medicare-changes/80028350/\)](http://story/news/politics/southunionstreet/2016/02/09/feds-give-alabama-go-ahead-medicare-changes/80028350/) to make the moves earlier this month. Stephanie Azar, commissioner of the Alabama Medicaid Agency, said Wednesday the vote would not only bring a halt to that transition, but force a rollback of services the agency offers, including outpatient dialysis and hospice care.

“If we're not funded at \$785 million, with or without the waiver, we will be crippled,” she said.

The budget maintains current General Fund levels for other state agencies. The state's National Guard received a \$200,000 increase, and the state's trial courts got an additional \$3.4 million. The budget also includes money to continue prison reform efforts in the state.

The budget likely will not be the final form that becomes law. House leaders last week said they hoped it would be [the start of a conversation \(//story/news/politics/southunionstreet/2016/02/19/lean-troubled-general-fund-make-senate-](http://story/news/politics/southunionstreet/2016/02/19/lean-troubled-general-fund-make-senate-)



Sen. Trip Pittman during the Special Legislative Session at the Alabama Statehouse in Montgomery, Ala. on Wednesday September 16, 2015. (Photo: Mickey Welsh / Advertiser)

[debut/80617906/](#)) about the needs in the budget. Pittman said after the committee vote he wanted to “isolate” the Medicaid issue from the rest of the budget to spur discussion on how to address the costs and the need for new revenue.

“You have to show you have a serious condition,” he said. “People that are ill will defer taking medicine or going to the doctor until it gets bad. We have to get the bill out of committee and out of Senate so that forces that will be impacted will be engaged to find a solution.”

The chairman said the state of the budget could spur new discussion about solutions, such as a lottery ([/story/news/politics/southunionstreet/2016/02/13/no-sure-bet-lottery-bill-divides-alabama-legislature/80301980/](http://story/news/politics/southunionstreet/2016/02/13/no-sure-bet-lottery-bill-divides-alabama-legislature/80301980/)) or transfers from the Education Trust Fund budget, ideas that to this point have generated little enthusiasm from legislators. Pittman also suggested entities like the University of Alabama system and the University of South Alabama, which receive money for education from the ETF and Medicaid money for their hospitals from the General Fund, could be part of the discussion.

“Some entities are impacted on both budgets,” he said. “I would expect them to have a role in the budget going forward.”

The Department of Mental Health and the Department of Human Resources, which administers many child care and anti-poverty programs, would each see an increase of \$2.5 million in General Fund money. Like other state agencies, both departments face increasing needs with budgets below their 2008 funding peaks. Jim Perdue, commissioner of the Alabama Department of Mental Health, said the waiting list for services in his department had reached 3,500 people.

Nancy Buckner, the commissioner of DHR, said the number of foster children in DHR’s care had grown amid increased heroin use around the state, while the department worked to maintain staff to address the issue.

“It costs much less money to raise a healthy child than to repair a dysfunctional adult,” she said.

Bentley included a [two percent pay raise \(/story/news/politics/southunionstreet/2016/02/03/bentleys-budgets-raises-school-money---and-cuts/79772512/\)](http://story/news/politics/southunionstreet/2016/02/03/bentleys-budgets-raises-school-money---and-cuts/79772512/) for state employees in his General Fund proposal. State workers have not received a cost-of-living adjustment since 2008. Senators removed the proposal, which would have cost \$9 million of the \$1.8 billion budget, from their version. Pittman said he “appreciates and understands we need a pay raise” but said the issues in Medicaid precluded one.

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