

Bill would unearmark \$400M for General Fund

By Mary Sell Montgomery Bureau | Posted: Wednesday, December 30, 2015 12:15 am

MONTGOMERY — A bill that would move hundreds of millions of dollars to the state's General Fund by diverting it from multiple state agencies has been pre-filed in the Statehouse.

Sen. Cam Ward, R-Alabaster, said Tuesday the bill would unearmark about \$400 million in revenue.

“The fact of the matter is that you can't earmark like we do and expect to have a good budgeting process,” said Ward, who is on the Senate's General Fund budget committee.

He also said Alabama earmarks more of its revenue than any other state.

Ward said the bill is the same one proposed by Gov. Robert Bentley's office and filed in a special session earlier this year. It unearmarks some funds for the departments of Mental Health, Public Health, Human Resources, Veterans Affairs and Forestry.

In the special session, House members expanded the original \$400 million figure to more than \$500 million, but that legislation died in the Senate. Some were concerned it would hurt agencies' ability to get federal match dollars.

“This does not mess with any match dollars,” Ward said about his bill. “It's a step in the right direction, but it's not an ultimate fix.”

The impacted earmarks are legislative, not constitutional, meaning final approval won't require a vote of the people.

In 2015, 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 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.

Noble goal

Outgoing Senate General Fund budget committee chairman Arthur Orr, R-Decatur, said Tuesday unearmarking is a noble goal that may not make a difference in the state's overall funding issue, and doesn't create any new money.

He said lawmakers now have the ability to reduce an agency's appropriation, or transfer funds elsewhere. But if funds are unearmarked, it takes away the reliable funding for agencies “and makes them fight for the discretionary dollars” in the General Fund.

For example, the Department of Veterans Affairs in 2015 received about \$98 million in state funds, but

only about 1 percent of that came from the General Fund, allocated by lawmakers, while \$52.5 million came from the education budget and \$44.4 million came from the Veterans Assistance Fund, according to the Legislative Fiscal Office.

If earmarks are taken away, Orr said Veterans Affairs will have to fight tooth and nail against other General Fund agencies to get the same amount of money it receives now.

Orr said one way to get more money into the General Fund would be to un earmark education budget dollars. But he said he sees no sentiment to do that unless new tax revenue is created to replace what is transferred. He doesn't see that happening.

House General Fund budget committee chairman Steve Clouse, R-Ozark, said Tuesday he thinks the un earmarking legislation has a good shot at passing again in his chamber, and is glad to see it in the Senate.

Zero-based budgeting

Meanwhile, Clouse said lawmakers are moving closer to a zero-based budgeting process, in which agencies each year have to justify their fiscal requests and explain their spending.

There also will be more questions and information about personnel and administrative costs and other expenditures.

“Everyone will have a better idea of where the tax dollars are going,” Clouse said.

In two weeks, lawmakers will return to Montgomery for three days of budget talks where they'll hear about the fiscal needs of General Fund agencies.

Ward and others are predicting a difficult budgeting process in the months ahead.

“I don't think you'll have a special (session), but it's going to be tough,” Ward said.

The 2016 legislative session officially begins Feb. 2.