



Proposed state General Fund budget includes \$48 million in uncertain tobacco money



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MONTGOMERY, Alabama --- Borrow and hope.

Those are two elements in the spending plan for state agencies approved by a state Senate committee today.

[The Senate Finance and Taxation General Fund committee today approved a budget bill](#) appropriating slightly less from the General Fund for fiscal 2014 than is expected to be spent this year. The new fiscal year starts Oct. 1.

Sen. Arthur Orr, R-Decatur, chairman of the General Fund committee and sponsor of the budget bill, said the vast majority of agencies would be level-funded for 2014 under the plan. But not every dollar is a sure thing.

The budget incorporates \$48 million from a tobacco company arbitration settlement that would be divided proportionally among agencies.

Orr said some states have not signed off on the settlement, and the state won't know whether it will receive the money until April.

"This is not certain money today," Orr said.

The Alabama Medicaid Agency would get the largest share of the tobacco money, \$17.4 million. Medicaid would be level-funded from fiscal 2013 if that money comes through.

The Department of Corrections would get the next largest share, \$11.1 million.

The budget is also dependent on about \$146 million that will be transferred from the Alabama Trust Fund under a constitutional amendment approved by voters in September. Fiscal 2014 will be the second of three years for the transfers, which will total \$437 million.

"If we had not had the \$140 million ATF transfer, some agencies would have become dysfunctional," Orr said. "Level-funding does not mean that agencies did not see their expenses increase."

Orr said state agencies face about \$71 million in increased costs for employee health insurance and about \$27 million in increased costs for the employee retirement system.

"In other words, if you're level funded, these increased employee costs really mean you've got to find more resources within your budget to pay for these increased employee costs, like retirement and health care," Orr said.

The budget bill includes \$5 million as the first installment on repaying the trust fund under a plan approved by lawmakers last month. The plan calls for the money to be repaid by 2026.

Orr's budget bill is a substitute from the budget plan proposed by Gov. Robert Bentley last month. It now moves to the Senate floor, where it could be approved or changed. It will also have to pass the House of Representatives.

The bill would spend \$1.74 billion from the General Fund, a main source of state dollars for many non-education state services such as Medicaid, courts and the prison system. That's just a tad -- roughly \$4 million -- less than is expected to be spent from the General Fund during fiscal 2013, which ends Sept. 30, a difference of less than 1 percent.

Here are some of the General Fund appropriations in the bill, along with the appropriations for this fiscal year:

- Medicaid Agency: \$615.1 million, same as fiscal 2013
- Department of Corrections: \$392.1 million, up from \$372.8 million
- Department of Mental Health: \$104.7 million, same as fiscal 2013
- Judicial system: \$102.3 million, down from \$102.8 million
- Department of Public Safety: \$53.8 million, down from \$54 million
- Legislative agencies: \$33.2 million in fiscal 2014, down from \$37.1 million