

Alabama agency leaders predict stark outcome if austerity budget passes

By Tim Lockette, Star Staff Writer, tlochette@annistonstar.com | Posted: Wednesday, April 8, 2015 7:03 pm

MONTGOMERY — Alabama would pack more inmates into fewer prisons and make it harder for diabetics on Medicaid to get dialysis if Alabama passes a budget with no new revenue, state officials said Wednesday.

Directors of Alabama's Medicaid agency, prison system and mental health department spoke in hearings on the Legislature's proposed \$1.86 billion General Fund budget. All three predicted deep cuts in services and possible federal intervention if their agencies were cut in the coming year.



Alabama Statehouse

"You are just challenging lawyers, federal funders to take your system apart," said Jim Reddoch, director of the state Department of Mental Health.

Reddoch's department, which has closed mental hospitals in recent years due to cuts, would take another 24 percent cut in 2016 if lawmakers pass the no-new-taxes budget now on the table in House of Representatives.

That budget proposal is less a final spending plan than it is a cautionary tale from House budget planners.

The General Fund, which pays for all state agencies except schools, faces a shortfall of at least \$265 million, and possibly much more, next year. Gov. Robert Bentley has proposed \$541 million in tax increases to fix the budget hole.

Lawmakers, in turn, laid out a budget that shows what state government would look like with no tax increases at all — trimming state agencies by an average of 11 percent.

'Optional' cuts

Few lawmakers — even those who are adamantly opposed to tax increases — expect that austerity budget to pass unchanged. Even the budget's author, Rep. Steve Clouse, R-Ozark, is carrying one of Bentley's tax-increase bills, a boost to the sales tax on automobiles, though with only half the increase Bentley had asked for.

The mildest cuts in the austerity proposal are to Medicaid and the prison system. State health officer Don Williamson told lawmakers the proposed 3 percent cut would force the state to cut everything the federal

government would allow from Medicaid, a joint state-and-federal health insurance program for the poor.

"We'd eliminate all optional programs," Williamson said. "Of course, what's optional for Medicaid isn't optional for clients."

Williamson said that with the cut, the agency would no longer provide eyeglasses, hospice care or outpatient dialysis for Medicaid patients. Diabetics on Medicaid wouldn't be completely cut off from dialysis — something Williamson compared to murder — but would have to go to a hospital to get it. He said "perverse incentives" in the Medicaid funding system made in-hospital dialysis cheaper for the state even though it isn't the most efficient option.

Jefferson Dunn, the newly installed prisons commissioner, said the proposed cuts to his budget deepen the state's prison overcrowding problem.

Alabama now has 25,000 inmates in prisons built for 13,000. Dunn said the cuts to his agency — 3 percent or nearly 5 percent, depending on whether carryover funds are counted — would force the closure of two prisons and move 1,997 inmates to other facilities.

The occupancy rate would rise from 185 percent of capacity to 222 percent, Dunn said.

Takeover fears

"We're also going to incur an unacceptable risk to our security staff," Dun said, noting that the number of prison guards would be cut by 7 percent.

State Sen. Cam Ward, R-Alabaster, said the cuts were "essentially inviting ourselves to a federal takeover" of the prison system. State officials have long fretted about the possibility of a federal lawsuit that would place the state's prisons under court-mandated federal control.

Reddoch, the mental health commissioner, said the state had already closed mental hospitals in past years of budget cutting. He said the state replaced those beds with more effective community-based treatment — a system that would fall apart, he said, with deep budget cuts.

"I am prepared to say with confidence that if this budget or anything close to this budget passes, it will dismantle the system of community care," he said.

On paper, the House budget proposal totes up to slightly more spending than lawmakers approved in 2015. But that \$1.86 billion figure is dependent on moving more than \$200 million in both revenue and budget items over from the state's other budget — the Education Trust Fund, which pays for the state's schools. Bentley proposed a similar transfer in his budget.

Alabama has run its government on two separate budgets for decades, but General Fund budget-writers may have to go back to the drawing board if the education budget doesn't include Bentley's proposed transfer.

In committee Wednesday, Senate budget leaders quickly approved a \$5.99 billion Education Trust Fund Budget — too quickly, for some senators.

"Are you saying that this budget as written is pretty much done?" asked Sen. Paul Bussman, R-Cullman. "If so, I struggle with passing this out of committee today."

University debate

The proposed education budget includes a \$13.5 million increase for the state's growing pre-kindergarten program, additional funding to hire 70 new middle school teachers and an increase to spending on textbooks.

Universities would see an increase of only about \$3 million to their \$1-billion-plus spending.

Much of the debate in the committee centered on higher education spending. Bussman said 31 percent of four-year college students are out-of-state students who "never paid a lick of taxes" in the state. Bussman proposed shifting more money to the two-year college system, where in-state students are more common.

Sen. Gerald Dial, R-Lineville, asked for an amendment to approve \$8 million more for Troy University. Dial claimed the university didn't get the same per-student funding seen by other institutions.

Pittman opposed the amendment, saying it wasn't the right time in the process to begin adding items to the budget. Dial said Pittman created the budget "in a vacuum" and didn't accept input even when Dial contacted him.

"You could have texted me while you were looking for Easter eggs and said 'I can't help Troy,'" he said.

Two Democrats, Vivian Figures of Mobile and Quentin Ross of Montgomery, also said they hadn't been given proper time to review the budget.

Dial later withdrew his amendment, and the committee voted to send the budget to the full Senate.

Pittman said the committee needs to get the budget to the Senate floor soon. With a potential crisis in the General Fund, he said, the Legislature couldn't put off a decision on its budgets.

"This year, we don't want to go to the last day of the session," he said.

Pittman said the education budget could hit the full Senate as early as next week. In remarks directed to Dial, he said he'd work on the bill over the weekend to make sure that happens.

"I've found all my eggs and eaten most of them," he said.