



Alabama voters provide 2-1 approval of referendum to shore up General Fund with cash from trust fund

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By



Enlarge

Julie Bennett | al.com

Bridget Stafford of Montgomery casts her vote on Amendment 1 at Vaughn Park Church of Christ in Montgomery, Ala., Sept. 18, 2012. (Julie Bennett | al.com)

Montgomery Voters Turn Out for Amendment 1 Sept. 18, 2012

gallery (12 photos)

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MONTGOMERY -- Alabama voters on Tuesday agreed to transfer more than \$437 million over three years from a state trust fund to the state General Fund, which supports courts, prisons, Medicaid and other non-education areas of government.

The yes vote was a victory for Gov. Robert Bentley, who warned that failure of the referendum could have led to "devastating" cuts in General Fund spending.

"I want to thank the voters for approving the state's plan to temporarily borrow funds from our savings account to help get us through these difficult economic times without raising taxes," Bentley said in a written statement Tuesday night.

The General Fund is budgeted to spend about \$1.7 billion in the 2013 fiscal year, which starts Oct. 1. A no vote could have

deeply cut budgeted spending, given strong opposition by Bentley and many lawmakers to broad-based tax increases.

With 88 percent of the precincts reporting late Tuesday evening, there were 349,029 yes votes, 65 percent, in the referendum and 184,713 no votes, 35 percent, according to the Associated Press.

Tuesday's vote rewrote the state constitution to make special transfers of \$145.8 million a year for the next three fiscal years from the Alabama Trust Fund to the General Fund.

The yes vote also changed the decades-old way that regular annual transfers are made to the General Fund from the trust fund, which now has \$2.3 billion in invested assets and now collects most of the royalties paid the state by companies that pump natural gas offshore.

Sen. Del Marsh, R-Anniston, the top-ranking state senator, said the special transfers will help prop up General Fund spending, which has dropped since the 2008 fiscal year in the wake of the great recession.

"This transfer is a bridge to help us avoid a crash landing while we continue working to implement costcutting measures that will lead to a more fiscally responsible state government," Marsh said.

Bentley said his administration has chopped state spending by hundreds of millions of dollars and helped create thousands of jobs statewide, but state government still needed a yes vote Tuesday.

"Despite these savings and despite these new jobs, the General Fund still needs this temporary funding bridge from the Alabama Trust Fund to maintain essential services as we continue to streamline and right-size government," Bentley said.

He also pledged that the \$437.4 million in special transfers would be repaid to the Alabama Trust Fund.

All together, the Legislative Fiscal Office estimated that Tuesday's yes vote will pump \$259.8 million into the General Fund in fiscal 2013: \$145.8 million from a special transfer and \$114 million from the new way of making regular, annual transfers.

If voters had said no, there would have been no special transfer and the LFO said the trust fund under the old method of determining annual transfers might have given as little as \$62 million to the General Fund. So the yes vote produced a net gain to the trust fund of as much as \$197.8 million next year.

State Sen. Arthur Orr, RDecatur, said the special transfers over three years would give Bentley and legislators time to "make very targeted and sensible cuts" in state spending.

"The work of continuing to streamline government and create more efficiencies that result in significant cost savings is going to continue," said Orr, who chairs the Senate committee that oversees the General Fund.

With the referendum's approval, the General Fund is budgeted to spend \$1.698 billion in fiscal 2013, a cut of \$36.2 million, 2.1 percent, from this year's expected General Fund spending.

Most of the money will go to Medicaid, which provides health care for about 940,000 disabled and lowerincome Alabamians, and the corrections department, which runs state prisons.

With the referendum's approval, General Fund spending for Medicaid in fiscal 2013 is budgeted at \$615.1 million, an increase of \$39.7 million, 6.9 percent, from this year.

General Fund spending for the corrections department in fiscal 2013 is budgeted at \$365.5 million, a decrease of \$15.3 million, 4.0 percent, from this year.

Henry Mabry, executive secretary of the Alabama Education Association teachers' lobby, said the yes vote protected Medicaid patients.

"Hallelujah," Mabry said. "Alabama voters chose to take care of God's children."

He also said the referendum's approval likely would make it less likely that legislators would try to shift money to the General Fund from the Education Trust Fund, the main source of state money for public schools and colleges. "I think it does take pressure off," Mabry said.

State Sen. Scott Beason, R-Gardendale, who urged people to vote no, said "scare tactics" by referendum proponents -- such as threats that cuts in Medicaid funding could have led to massive job losses at nursing homes and hospitals -- helped win the referendum.

He also said scheduling a separate election for one ballot issue, at a cost to the state of \$3 million, let proponents encourage people dependent on state funding to go to the polls while many other voters didn't pay much attention.

"Most folks in Alabama, I think, will wake up tomorrow and say, 'We passed what?' " Beason said Tuesday night.

Becky Gerritson, president of the Wetumpka Tea Party and a referendum opponent, said she thinks "the-sky-is-falling scare tactics" and ballot language played big roles in the big yes vote.

The description of the referendum on the ballot said the proposed amendment would, in part, "prevent the mass release of prisoners from Alabama prisons" and "protect critical health services to Alabama children, elderly and mothers."

"The manipulative ballot language was huge," Gerritson said.

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