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## Bentley cuts General Fund budget 10.6 percent

Gov. Robert Bentley has ordered cuts of nearly 11 percent in the state's General Fund, citing slowing revenue growth in the budget.

Officials disagreed over how much an \$85 million miscalculation concerning savings in Medicaid played a role in the proration.

Still legislators were not shy about saying that an estimated \$111 million in Medicaid savings that Bentley had built into this year's budget proposal had been overestimated by \$85 million was a blow to the budget.

Sen. Arthur Orr, R-Decatur, chairman of the Senate's Finance and Taxation General Fund committee, and Rep. Jim Barton, R-Mobile, chairman of the House Ways and Means General Fund committee, said they were informed about the over-estimated savings early this week.

Barton called it a "debacle."

"There is a legislative body demanding somebody's head for this," he said.

Bentley announced the proration in a statement late Friday afternoon. He said the state, constitutionally obligated to have balanced budgets, "must live within

our means."

"We will make financial decisions that honor our commitment to taxpayers to keep a balanced budget," Bentley said in the statement.

The General Fund budget funds most non-education programs in the state, including Alabama Medicaid and the Department of Corrections. The cuts could lead to loss of state services and possible layoffs of state employees.

The Legislative Fiscal Office in January forecast a shortfall of approximately \$170 million in the current year's budget, which ends on Sept. 30. The proration call will cut approximately \$187.5 million out of the \$1.76 billion General Fund. Next year's budget is projected to have an even-larger shortfall of approximately \$366 million.

Jeremy King, deputy communications director for Bentley, said they plan to protect funding for certain functions of the court system, saying the governor be

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believes he has a constitutional requirement to do so.

The office will also request legislation to protect Corrections funding, King said.

"We do feel it is crucial for public safety that we work to protect Corrections, and we are working with the Legislature on that," he said.

When asked about the effects of the cuts on agencies and their services, King said "right now, we are working with department heads and agency directors to try to identify where the most financially responsible places are to make those cuts."

Officials with those offices would have to speak about their respective departments, he said.

Chief Justice Chuck Malone said he was still reviewing the governor's announcement Friday and had no immediate comment. Alabama Medicaid Commissioner Bob Mullins said in a statement that "any program not mandated by law" is open to being cut.

"This is the first step in a very painful process for reconciling the state's revenues with our expenditures," said Orr. "This is a significant step, and I know it was difficult for the governor to do."

Senate Minority Leader Roger Bedford, D-Russellville, who was General Fund budget chairman when Democrats were in the majority, said protecting Corrections and

not Medicaid indicated misplaced priorities.

"I think that's the wrong approach to budgeting," he said, adding that "we should protect our seniors at Medicaid as well as those at mental health, those that deal with mental health and disabilities in Alabama."

"It's not fair to protect free health care for prisoners while cutting it for seniors."

The proration could be made much worse by the \$85 million in overestimated savings in the Medicaid budget.

Medicaid received \$643 million in funding for the current year's budget.

When Bentley unveiled his 2013 budget in January, Medicaid's 2012 appropriation had been reduced to \$532 million. Medicaid officials said they had found savings by eliminating programs that were no longer necessary, though they did not specify how they achieved that.

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After discovering the miscalculation, Barton said, there was going to be no way to avoid proration despite efforts by Bentley and his staff to find savings or cuts elsewhere.

"I am hoping that (\$85 million) is it. I have no confidence in that whatsoever," Barton said.

Orr said the miscalculation "certainly affected" the scope of proration.

"At one point, there were significant, \$100 million of savings in fiscal year '12," he said. "And that evaporated."

King said he did not know about a miscalculation, but attributed the need for proration to expenses attributed to the devastating tornadoes in the state and to the performance of the stock market.

"The reason for proration is that our expenses exceed our revenues," King said. "... The Medicaid budget is not responsible for proration."

Barton did not attribute the problem to Mullins, but to bureaucrats who have been at the department for years who he said are stonewalling.

"Dr. Mullins is a good man who has his hands full with bureaucracy that doesn't like to answer to people," he said.

Barton suggested, instead of looking to cut services, that the department should look at staff in Montgomery.

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