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Education Trust Fund budget approved

The Alabama Legislature approved a \$5.4 billion Education Trust Fund budget Wednesday evening that maintains class sizes without eliminating teacher positions.

The approved budget, passed unanimously by the Senate and on a 96-to-4 vote by the House, also anticipates movement of use-tax revenues from the Education Trust Fund to help the beleaguered General Fund budget.

The budget goes to Gov. Robert Bentley for his signature.

Cuts in the budget amount to about \$208 million, a reduction of about 3.69 percent, over the 2012 budget. It reflects a loss of about 200 teacher and support positions, expected to come from a smaller number of K-12 students in the coming school year. Positions would be eliminated through attrition.

"I'm satisfied we did the best we could under tough conditions, and supported key components of education funding," said Sen. Trip Pittman, R-Montrose, the chairman of the Senate Finance and Taxation Education committee, which oversees the Education Trust Fund budget.

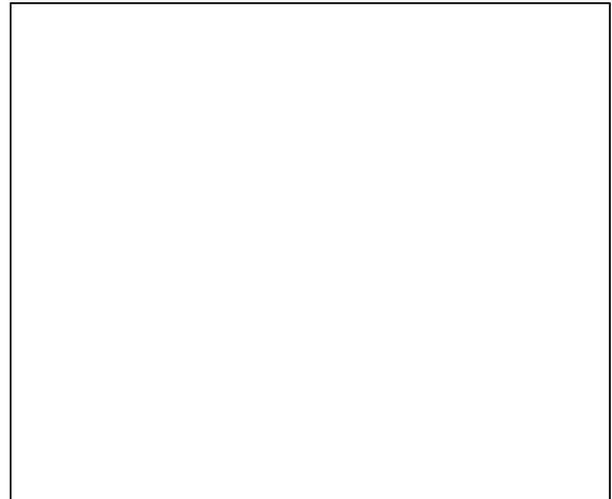
The 2013 education trust fund budget,

which goes into effect Oct. 1, allocates about \$31 per textbook, a rate that education officials have said falls below the prices of many current textbooks.

The budget provides an additional \$1 million to the Department of Mental Health and the Department of Human Resources. The budget also moves funding of the Children's Health Insurance Program and Children's Youth Services to the General Fund. Pittman and Rep. Jay Love, R-Montgomery, the chairman of the House Ways and Means Education committee, had agreed to help fund the programs to assist the General Fund.

In return for those agencies going back to the General Fund, the chairmen agreed to move about 25 percent of the state's use tax into the General Fund instead. The chairmen said the move, after the expenses of CHIP and Youth Services were factored in, would be worth a net of about \$30 million to the cash-strapped fund, which has very few growth revenues.

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“We’re trying to figure out a way to get a growth-tax component into the General Fund from where we are,” Love said during a meeting of the conference committee that reconciled House and Senate versions of the budget.

The use-tax adjustment would have to be approved in a special session; Gov. Robert Bentley was expected to issue a special session call at some point late Wednesday night but had not done so by 10:30 p.m.

The move is part of a broader scheme to shore up the General Fund, which faces cuts of more than \$340 million in the 2013 fiscal year. Besides the use-tax transfer, lawmakers have proposed a constitutional amendment intended to transfer money over three years from the Alabama Trust Fund to the General Fund. The constitutional amendment would have to be approved by voters in the fall. Pittman said during a brief debate over the budget that the General Fund could not count on one-time revenues.

“If you don’t have some growth revenues in the General Fund to go along with the borrowed money, the corpus (main body of the funds) would be spent and there would be nothing to deal with the overall rising costs,” Pittman told the Senate.

The use-tax move had the support of the Alabama Education Association. The AEA traditionally opposes reductions of revenue into the Education Trust Fund, but Henry Mabry, the executive secretary of the AEA, said the trade-off was worth it.

“This is not diversion,” he said. “This is swapping revenue for expenditure items that are consistently going to be in the budget, and that will be a growing concern.”

The Education Trust Fund budget is about \$190 million smaller this year because of the Rolling Reserve Act, passed by the Legislature last year, which requires excess revenue above a 15-year average to be used to pay off loans or go into a rolling reserve account.

The budget puts approximately 69.54 percent of its spending into K-12 schools, and 26.61 percent into higher education.

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