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Bentley's budget would maintain static funding for many state agencies

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MONTGOMERY — Funding for many state agencies, including the Alabama Department of Mental Health, Medicaid and district attorney offices would not change from this year to next under Gov. Robert Bentley's proposed \$1.74 billion 2014 general fund budget.

For education funding, Bentley is recommending in 2014 some slight spending increases, including a 2.5 percent raise for teachers and support staff, and about 1 percent more for higher education. His total education budget is \$5.82 billion.

Marquita Davis, Bentley's finance director, said Wednesday that one of the few increases Bentley is suggesting in the general fund is about \$27 million more for the Department of Corrections. The money would be used to hire about 100 additional corrections officers and pay for employees' health insurance cost increases.

"Corrections has such a large number of employees, we had to provide more money," Davis said.

And increase in inmate health care costs will also eat up some of that \$27 million.

Other non-education agencies will have increased employee insurance costs, so level funding will likely mean they'll have to trim other things from their budgets.

At Medicaid, costs are expected to increase by about \$35 million largely because of changes at the federal level. Level funding of \$615 million could mean cuts to provider reimbursements, said Don Williamson, the state's acting Medicaid director.

"We are actively working on some strategies that should make it possible to get to \$615 million," said Williamson, who will present his proposed budget to lawmakers on Feb. 20.

"But the message is, it is going to be difficult, it will be painful."

More than 900,000 low-income Alabamians receive Medicaid assistance.

Meanwhile, Williamson, who is also the state public health director, said level funding to that department will mean some programs will be "difficult to continue."

Bentley is suggesting level-funding, \$104.7 million, for the Department of Mental Health, which includes the North Alabama Regional Hospital.

Davis said that during the budget creation process this year, Bentley's office worked more closely with lawmakers.

"We realize that when (the budget) goes across the street, there are some changes, but we didn't want any surprises," Davis said.

State Sen. Arthur Orr, R-Decatur, said Wednesday evening there will be changes between Bentley's budget and what the Legislature suggests. Orr is chairman of the Senate committee that oversee the general fund.

One change may involve the \$48 million from a recently announced tobacco company settlement. Bentley has that money allocated in his general fund budget, Orr said.

"Legislators I've had conversations with would like to dedicate a portion of that money to the repayment provision of the (Alabama Trust Fund)," Orr said. If lawmakers wanted to take part of that \$48 million to pay back the \$437 million the state is borrowing for the general fund over the next three years, it wouldn't be available for them to spend in 2014.

"That would be a substantial change to the general fund," Orr said.

In an education budget hearing Wednesday afternoon, state school Superintendent Tommy Bice said he's asking for \$4.14 billion for K-12 education next year. He said that is an approximate \$400 million increase over this year and all but about \$40 million would go directly to schools.

"This is probably the least we've ever asked for, for all the programs we administer," he said.

Davis described the education fund as being "far more robust" than the general fund, hence the money available for teachers' raises, but not for state employees. Alabama is one of two states with separate revenue streams for education and non-education agencies.

The general fund allocations by lawmakers represent a fraction of total money agencies receive. Alabama earmarks more than 80 percent of its revenue. While Bentley's proposal would allocate to them about \$1.74 billion, earmarks total an additional \$12.2 billion.

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