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Budgets poised for final passage

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MONTGOMERY | The state's General Fund and Education Trust Fund budgets for next fiscal year are poised to receive final passage Wednesday on the last day of the 2012 legislative session.

The proposed budgets have passed both houses and lawmakers plan to almost immediately convene a special session to redraw legislative district lines after the regular session ends.

The House-sponsored, \$1.4 billion General Fund budget, which funds non-education state agencies and some other operations, passed the Senate with an amendment on May 10, so it has to return to the House for acceptance or be assigned to a conference committee.

The proposed budget for the 2012-13 year, which begins Oct. 1, is nearly \$325 million less than this year's prorated General Fund appropriation, an overall cut of 18.7 percent.

There are \$488 million in conditional appropriations that would kick in if the economy improves, increasing General Fund tax receipts. The General Fund also could benefit if voters approve a constitutional amendment that would add \$184 million to the budget, some of it coming from education dollars.

The proposed \$5.49 billion Education Trust Fund budget was assigned to a conference committee and will also be considered on Wednesday. Because of a new budget cap restriction, the proposed Education Trust Fund, which funds public schools and colleges, is \$141 million less than this year's education budget.

Higher education took a \$38 million hit, about 3.6 percent, in order to preserve as much K-12 funding as possible.

The smaller Education Trust Fund appropriation could mean fewer classroom teachers next school year.

But the vice chairman of the Senate Finance and Taxation Education Committee, Sen. Gerald Dial, R-Lineville, hopes a school-start date bill will produce up to \$22 million that could preserve teacher jobs.

The school-start date bill's veto by Gov. Robert Bentley was overridden by the House and Senate. It requires school systems to start the school year later in the summer.

Gulf Coast legislators hope a later start date will result in more Alabamians ending the summer at the beaches of Mobile and Baldwin counties, which would produce a significant amount of state tax revenues.

"That's new funding that can be rolled into the conditional that we can use to reduce the classroom divisor so we won't have to lay off teachers," Dial said.

Next year's budget is also limited by a new law that caps appropriations at the average of the previous 15 years' budget growth. The step was taken to smooth out wild budget swings during boom and bust years.

"Without that we probably could have \$50 million more," Dial said. "In the long run, we'll be better off."

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Alabama's constitution restricts appropriations to estimated available revenues.

On the General Fund side, there will be less next year because one-time money is gone and because the economy is still performing poorly, said state Rep. Bobby Singleton, D-Greensboro, a member of the Senate Finance and Taxation General Fund Committee.

"We have actually had no growth in the budget, no new dollars, no stimulus money, no tobacco settlement money that were propping up the General Fund," Singleton said.

He said he's hoping that settlement money from the 2010 Deepwater Horizon oil spill that fouled Alabama's beaches will come in.

Singleton said constitutional restrictions on taxes and spending should be seriously reconsidered.

"We're going to have to raise taxes or change the constitution and our tax structure and property taxes," Singleton said.

The Department of Mental Health, with a proposed cut of \$9 million, or 8.8 percent, fared better in next year's budget than the average state agency.

Mental Health Commissioner Zelia Baugh said funds being used to cover this year's prorated budget are one-time dollars.

"Any additional cuts could be potentially devastating," she said. "We are currently exploring our options now to minimize the impact to our most vulnerable people we serve."

Singleton said services Alabamians want will have to decline to the point where fundamental changes are demanded.

"The only thing we're doing is kicking the can down the road, propping up the system to keep it going, taking away from Medicaid," Singleton said. "If the governor were to veto the General Fund budget and we have to come back in special session we'll have to find some new solutions."