



## OUR VIEW: The sky is falling, but lawmakers have their heads in the sand when it comes to finding a better way to write state budgets

By Birmingham News editorial board

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What do you get when you cross a chicken and an ostrich?

An Alabama lawmaker.



The sky is falling with state budgets. Yet when it comes to finding a better way to write them, lawmakers have stuck their heads in the sand. Here's the story, which we'll call "Ostrich Little":

Gov. Bob Riley in January proposed state General Fund and education budgets that balanced with federal stimulus dollars. Riley's General Fund budget included \$197 million from Uncle Sam, while his education budget kicked in an extra \$345 million from our rich uncle.

Problem is, Congress in January hadn't approved further stimulus spending, and it still hasn't. Right now, it doesn't look like a very safe bet that more federal stimulus dollars are headed our way.

While the U.S. House in December OK'd a \$154 billion Jobs for Main Street Act that included the money Riley put into his proposed budgets, the Senate has yet to give its approval. In fact, senators last month passed a jobs bill of their own, but it is for only \$15 billion and bears little resemblance to the House-passed version.

Riley, in a Monday story in The News, said he is "relatively comfortable" about the \$197 million for the General Fund that would bolster Medicaid spending, but less so about the \$345 million for schools.

"I would not venture a guess at this point," he said.

For the ever-optimistic Riley, that translates as something like "Fat chance."

Who can blame state lawmakers for saying they are going to put off for at least a few more weeks starting work on the budgets, even though the legislative session is halfway over. That's because they are waiting to see if Congress comes through.

Because if Congress doesn't come through, well, the sky looks like it will fall, particularly with the education budget.

If the General Fund goes without \$197 million, spending for the next fiscal year would be \$1.757 billion, a drop of \$231 million, or 11.6 percent, from this year's spending. Even with the \$197 million, there would be \$34 million less to spend, which is "going to be difficult," said Rep. John Knight, D-Montgomery, who chairs the House Government Appropriations Committee.

Difficult doesn't begin to describe what not getting \$345 million does to an education budget bludgeoned by mandated spending cuts the past two fiscal years. State Sen. Hank Sanders, D-Selma, who chairs the Senate Finance and Taxation-Education Committee, said a budget without new federal stimulus dollars would be "devastating."

Here's why: In the 2008 fiscal year, budgeted spending for K-12 schools, colleges and universities was \$6.7 billion. In January, Riley predicted education spending of almost \$6.1 billion for the 2011 fiscal year, based on 2 percent growth in the Education Trust Fund and the supplemental stimulus money. That would be \$469 million, or 8.3 percent, more than this year's spending.

But a whole lot of lawmakers and education officials don't believe there will be any growth in tax collections for the trust fund next fiscal year.

Complicating things, school systems last May hired teachers and support workers based on what they thought would be full funding this year. Last fall, though, Riley ordered the 7.5 percent cut for this year, and now, many systems are borrowing money or spending reserves to keep those teachers through the school year.

Right now, the signs aren't exactly pointing toward things turning around anytime quickly. From November through February, tax collections for the trust fund fell \$107.7 million, or 5.6 percent, compared with the same period in the previous year. Acting state Finance Director Bill Newton has warned against using data on tax collections from the month of October, when the fiscal year began. That month's numbers improved dramatically compared to the year before, but October 2008 tax collections were artificially low, Newton said.

Even buoyed by October 2009 numbers, this year's \$54.6 million drop is hardly the leveling off state officials had hoped for. If there is any positive news, it is that the decline is less than the 11.8 percent drop in tax collections for the trust fund in fiscal 2009.

Regardless, state officials say that without another \$345 million in stimulus for next year's education budget, the prospect of layoffs looms. Riley guessed as many as 2,300 teachers could lose their jobs, while Sanders said the number is more like 3,000.

Yet, with the sky falling, the Legislature continues to ignore any real attempt at doing a better job of writing budgets. For the second straight year, lawmakers have rejected a bill that would force lawmakers to write the education budget based on the previous 15 years' tax collections instead of predictions that often don't come true.

Last year, the bill sponsored by Rep. Greg Canfield, R-Vestavia Hills, never got a hearing in a House committee. Last month, the same House committee at least went through the motions of holding a public hearing, then delayed a vote on the bill. (Translation: The committee likely sent Canfield's bill to its grave.)

So much for a budget-writing system that offers stability and predictability, instead of mandated cuts about one-third of the time. So much for a budget-writing system that, according to the Legislative Fiscal Office, would have withstood the tax collection roller-coaster ride if it had been put in place 15 years ago. So much for a budget-writing system that allows schools to know how many teachers to hire, what programs they can begin or expand, how many buses and books they can buy, without fear of cuts.

Who needs all that when the Ostrich Littles in the Legislature would rather stick their heads in the sand, even when the sky is falling?

**TOUGH BUDGETS:** The Legislature's budgeted Education Trust Fund spending for K-12 schools, colleges and universities reflects the recession's punishing impact on state tax collections:

**2008:** \$6.7 billion.

**2009:** \$6.36 billion. Actual spending during the year was cut 11 percent to about \$5.7 billion because tax collections failed to match predictions.

**Current:** \$5.69 billion. Actual spending during the year was cut 7.5 percent to \$5.32 billion. With \$298 million in federal stimulus added, education spending for the year is expected to be \$5.62 billion.

**2011:** \$5.44 billion (recommended by Gov. Bob Riley). Riley predicted total spending of almost \$6.1 billion, adding in existing stimulus dollars and \$345 million in stimulus dollars yet to be approved by Congress.

*Source: Alabama Legislative Fiscal Office, Birmingham News reports*

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