

WINDOM GALLIHER

MONTGOMERY UPDATE

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It is the best of times, the worst of times

ETF budget to give raises, increase funding as woes still hover around General Fund

It was what happened in committee – and not on the floor – that dominated the activity of the Alabama Legislature this week.

The first iteration of what the Legislature will fashion into the FY2017 Education Trust Fund budget made its debut and emerged from the House Ways & Means-Education Committee. The House plans a floor debate Tuesday on the proposed \$6.3 billion budget and six accompanying bills – which includes legislation to provide most K-14 education personnel a 4 percent raise. The outlier group is employees of K-12 that make in excess of \$75,000,

who would receive a 2 percent raise. Committee Democrats tried but failed to gain a 5 percent across the board raise.



REP. BILL POOLE

“You have to strike a reasonable balance,” Committee chairman Rep. Bill Poole (R-Tuscaloosa) said. “We have a finite amount of resources. It’s important to the taxpayers of Alabama that we put those resources in areas where they have the most impact, and impact as many of those areas as we can.”

Rep. Poole’s committee version of the budget will create 475 new teaching positions and increase spending on pre-kindergarten, transportation, technology and textbooks. More importantly, the proposed budget fully funds the requests for the state contribution for health care



NEW MEDICAID COMMISSIONER STEPHANIE AZAR FACES UPHILL BATTLE TO GAIN MORE FUNDING FROM THE LEGISLATURE FOR HER AGENCY

and retirement.

More than likely, the House will make tweaks to the budget Tuesday but will ultimately send it upstairs where new Finance & Taxation-Education chairman Sen. Arthur Orr (R-Decatur) awaits to kick off his work on the budget.

On the budget equation, the Senate passed a \$1.82 billion General Fund by a 24-10 vote on Feb. 25, and Ways & Means-General Fund chairman Rep. Steve Clouse (R-Ozark) conducted hearings on it this week – wrapping it up with a presentation by Medicaid Commissioner Stephanie Azar. Rep. Clouse indicated he might hold one more hearing, but he intends to move the budget forward.

Some have surmised that the House will pass the Senate version unchanged in order to get the bill to Gov. Robert Bent-

ley to close the books on the budget prior to the legislative spring break at the end of the month. Rep. Clouse, though, did use the word “substitute” once at the end of his hearing Wednesday. Either way, there’s no move at this point to increase funding.

Azar, who assumed full control of Medicaid upon the retirement of State Health Officer (and part-time health czar) Dr. Don Williamson, says the proposed “level funding” of Medicaid at \$685 million state dollars will devastate the agency. She requested \$157 million additional dollars to maintain the current level of services and to help kick off the Regional Care Organizations (RCOs) that are the centerpiece of reform efforts enacted by the Legislature. Azar reiterated that the

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the \$157 million is not entirely for the RCOs, but without additional money for the RCO's the potential of \$750 million new federal dollars would be lost. Furthermore, optional Medicaid services would be cut – among them: hospice, adult eyeglasses, outpatient dialysis and dental services. Also, reimbursements to doctors, dentists and optometrists would be reduced.

Legislators noted that Medicaid would have many responsibilities removed and should therefore need fewer employees if the RCOs launch. Rep. Clouse asked Azar for plans on how the agency would shrink if that occurs.

With no appetite whatsoever from the GOP supermajority to increase revenue through taxes, the only potential solutions left to raise money are to “steal” money from the Education Trust Fund budget or a lottery. The most likely vehicle would be lottery. Several bills are floating around to do that – and more.

Rep. Alan Harper (R-Northport) and Sen. Jim McClendon (R-Springville) introduced “clean” lottery bills to provide for an up and down vote on whether the state would have a lottery. The bills didn't outline a destination for the proceeds, and that brought many questions. Rep. Harper had a novel approach. He prepared a survey for all House members to provide their input on potential distribution. He didn't reveal how many responses he received, but said he would use the results to guide his proposed amendment regarding distributing the funds. The average split was 61 percent for the General Fund and 39 percent for the Education Trust Fund.

Sen. Trip Pittman (R-Montrose), chair of the Senate Finance & Taxation-General Fund committee, has a lottery constitutional amendment that would allow Alabama to participate in multi-state games only, but prevent state-only games and “scratch-offs.” It was scheduled for a vote this week in the Senate Tourism Committee, but it was postponed until further notice.

Other important bills that moved out of



BY VIRTUALLY ALL ACCOUNTS, TUTWILER WOMEN'S PRISON IN WETUMPKA IS OBSOLETE, AND WOULD BE REPLACED IF A BOND ISSUE IS APPROVED

committees this week were: 1) Rep. Terri Collins' (R-Decatur) legislation to create a K-16 longitudinal database to measure aggregate student performance and to assess general workforce readiness, which moved out of the Senate Education Committee; 2) a bill by Rep. Mac McCutcheon (R-Madison) to establish a pair of economic incentive programs; and 3) a bill to clarify the role for virtual schools as the state moves toward unveiling charter schools.

Committees in the House and Senate held public hearings on the plan proposed by Gov. Bentley to float a bond issue to rebuild several state prisons.

Proponents touted the need for the new facilities – especially to replace Tutwiler Women's Prison at Wetumpka – to help relieve overcrowding and to provide safer environs for both inmates and corrections officers alike.

The bill as drafted provides for a “design-build” protocol in order to help save the state money, but many in the various sectors of the building industry (architects, contractors and subcontractors) are opposed to the plan, as opportunities to participate in the project are limited.

Senate Pro Tem Del Marsh (R-Anniston) introduced his bill to provide a new evaluation system for the state's teachers. Sen. Marsh, a longtime champion for education reform, “measured more than twice” by seeking considerable input

from stakeholders before introducing the bill. Rest assured, it will have its day on the floor of the Senate soon.

As far as floor action goes, it was slow motion in both chambers all week. A bill to restrict cities' and counties' ability from removing historic monuments and another bill to provide a regulatory structure for fantasy sports contests consumed nearly two days of legislative work.

The Senate bogged down on Sen. Gerald Allen's (R-Tuscaloosa) monument bill that finally passed Thursday when the Republicans voted to cut off debate. Ultimately, the Senate passed the bill 22-9. In the House, Rep. Connie Rowe (R-Jasper) found herself tethered to the microphone for the better part of two days on her bill to create regulations for online fantasy sports contests.

As noted here before, Rep. Rowe, the former police chief of Jasper, is an experienced negotiator from her law enforcement career, and once again those skills were tested as she took shots from various angles. Some opposed the bill because they considered such games to be gambling. Some opposed the bill because they support gambling, and wanted to know why some games were allowed and some weren't. Others didn't like the regulatory structure. In the middle of it all, Rep. Rowe offered reasons why she didn't consider the games to be

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“gambling” and defended the structure that had been negotiated between state agencies and representatives of the fantasy game sites. When many similarly situated would have gotten flustered, Rep. Rowe kept her poise and kept making her points. But some rather odd alliances – and some peculiar disagreements among usual allies – conspired to keep the matter tied up. By the end of Thursday, the House begged for mercy and carried over the bill for the second straight legislative day and adjourned.

One of the more newsworthy items of the week broke Tuesday when state



DR. TOMMY BICE

Dr. Bice has been superintendent for four-plus years, and had worked as Deputy Superintendent after spending most of his career as a teacher, principal and superintendent in Alexander City.

“There comes a time when the time is right, and that time is now,” Dr. Bice said of retiring from public education after 39 years.

Schools Superintendent Tommy Bice announced his retirement, effective March 31.

The State Board of Education meets next week to determine next steps. It could name an interim superintendent or launch into an immediate search for Dr. Bice’s successor.

The names we’re hearing most are: Deputy Superintendent Phillip Cleveland, who heads up the state’s K-12 workforce development efforts; and former Deputy Superintendent Craig Pouncey, who currently serves as superintendent of the Jefferson County School System. Both are well thought of in Montgomery, and clearly the front-runners. There are a number of other local superintendents that could get into the mix if no consensus is reached by the State Board of Education and its *ex officio* president, Gov. Bentley.

Note: The Windom Galliher Montgomery Update publishes weekly during the legislative session, monthly in the off-season, and as events warrant otherwise.