

Alabama budget cuts target state workers, tourism

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Recently elected Alabama Governor Robert Bentley rolled out plans last week to balance the state's budget on the backs of working people, including public schools teachers and other state employees.

The plan calls for laying off up to 1,000 state workers, forcing teachers and others to pay an additional 2.5 percent toward their retirement, and cutting funding for parks, museums and historical sites in an effort to patch a \$275 million shortfall in the current two-year budget.

The governor proposed scrapping some entire state agencies along with cuts as deep as 45 percent for others. Bentley, a Republican who ran for governor with the backing of the Alabama Education Association, also voiced his intention to eliminate benefits for state workers who defer retirement and ask them to contribute more toward their health insurance costs.

"Historical sites, tourist attractions and halls of fame are wonderful for tourism and travel, and I want you all to visit them. But they are not as important as providing health care to low-income children and elderly or keeping state troopers on the road," he told state legislators in his first State of the State address.

Alabama's budget cuts are compounded by the drying up of federal stimulus funds, state laws against running budget deficits and a limited tax base. University of Alabama finance professor Andreas Rauterkus told Reuters that the state has one of the nation's weakest tax bases, depending heavily on sales and excise taxes, which tend to decline heavily in an economic downturn.

With neither big business party inclined to stop lowering taxes on businesses and the wealthy, much less increase them, there is a broad consensus that workers should do all of the necessary belt-tightening. Or as Democratic State Representative John Knight of Montgomery described the governor's predicament, "I don't think he has a choice but to present a conservative budget. The money just isn't there."

Most of the budget cuts will target education and tourism. Alabama's public schools are funded by a trust fund that is separate from the state's general fund. The education trust fund faces a \$163 million shortfall out of a total budget of \$5.3 billion, or about 3 percent. While the governor has made assurances that teachers will be kept in the classroom and will not be laid off, it is clear that many schools will have to eliminate the arts and other important programs entirely. State-sponsored scholarships for private colleges and dental schools stand to be eliminated as well.

The proposed budget slashes spending on tourism from \$12 million to \$6.9 million with predictable consequences. Now facing insolvency are the Alabama Music Hall of Fame, Men's Hall of Fame, the Sports Hall of Fame, the State Agricultural Museum, Brierfield Ironworks and Old St. Stephens state park, site of the first state assembly. Tourism is an important economic sector for the state and has already been hit hard by the BP oil disaster.

While Governor Bentley's budget proposal may not appear drastic compared to states like Wisconsin or Ohio, the impact of the budget cuts will have drastic consequences, as Alabama consistently ranks among

the lowest of US states in a number of social indicators.

One in six Alabamians live in poverty, including one in four children. The state has a high school dropout rate of 41.4 percent. Alabama ranks 42nd out of 50 US states in per capita income, and has the second highest income gap. The state ranks seventh for food insecurity. The state's residents are the second most obese and the fourth most diabetic, as both diseases bear a strong correlation with low income.

Social services already operate at a bare-bones level in Alabama, as the state makes it very difficult to qualify for need-based assistance. To qualify for Medicaid, the federal-state partnership that provides some medical coverage to the indigent, out-of-work parents must live on less than 11 percent of the federal poverty income, or about \$2,425 for a family of four in 2010. In other words, a family has to be teetering on starvation before being able to receive any medical benefits.



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