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The State Budgeting Process
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Over the past few years, there has been more and more focus and inquiry into the budgeting process for state government. While our state government has always been fairly lean, the recent economic downturn has made our budgets, and the way in which they are formulated even more newsworthy than in years past.

I start any discussion about our budgets to an audience of lawyers by first noting the tremendous leadership in this arena by a few members of our bar. Senator Arthur Orr of Decatur and Representative Bill Poole of Tuscaloosa chair the Senate Finance and Taxation General Fund and House Ways and Means Education Committees respectively. These two legislators bring tremendous dedication and skill to what are often very thankless jobs and we as citizens are fortunate that they are willing to serve. Additionally, Norris Green serves as Director of the Legislative Fiscal Office. The Legislative Fiscal Office is comprised of non-partisan professionals who assist the legislature with all aspects of budgetary, revenue and fiscal inquires and staffs the budget committees. Mr. Green has graciously agreed share insight and analysis of the process in this column.

Total Budget for the Operation of the State

Norris- I thought it might be useful to talk about the total budget of the state and how it is broken down. For instance, I think I understand the total budget of the state to be \$20 billion obviously that exceeds the ETF and GF budgets and I thought it might be interesting to talk a little about how that works.

Legal Backdrop

Section 213, as amended, of the Constitution of Alabama of 1901, requires that the state budget be balanced. Specifically, this section prohibits the state, or any agency or department thereof, from making a state debt. The

way in which this requirement is enforced as a practical matter is through the imposition of proration. If the appropriations made by law in the budget legislation each year is exceeding the revenue stream collected by the state, the governor declares proration. Proration is an equal across the board cut of the appropriation to all agencies and departments that will ensure that the state does not spend more money than is collected.

Rolling Reserve

Establishment of the ETF and why it is budgeted in a separate piece of legislation each year

Budget Process

I do not think this has to be very technical, but maybe a little about how you project revenues and how that lines up with the timeline of agencies submitting budget requests first to the EBO, then the Governor's submission, then the legislative process.

Conclusion

As you can see, the budgetary process is more complicated than is often pick up in the press coverage each year. There are a number of excellent resources available to provide you further information on both state revenue and budgets on the website for the Legislative Fiscal Office at www.lfo.state.al.us

Anyone wishing any other or further information concerning the Institute or any of its projects may obtain this information by contacting Othni Lathram, Director, Alabama Law Institute: P.O. Box 861425, Tuscaloosa, Alabama 35486, Phone (205) 348-7411 or (334) 242-7411 or by visiting our website at www.ali.state.al.us.