

ROBERT BENTLEY
GOVERNOR

STATE OF ALABAMA

TO: Members of the Alabama State Legislature
 FROM: Governor Robert Bentley 
 RE: Projected Impacts of the Clouse/Orr General Fund Proposal
 DATE: April 21, 2015

I have asked these agencies to provide me with an accurate and unvarnished emergency operations plan in response to the proposed Clouse/Orr General Fund cuts. This information is designed to inform the Legislature of the impacts related to the statutorily mandated services if the cuts currently proposed are enacted.

EXECUTIVE SUMMARY:**Business Regulation:**

It is highly likely that the Obama Administration's Environmental Protection Agency (EPA) will take control over and shut down ADEM.

- If the EPA is involved, it will cost businesses money, take longer to receive permits and ultimately cost jobs.

Military and Veterans:

Funding for the National Guard and services for our veterans will be cut.

- Closure of as many as 25 Army National Guard armories and the diminished operational capabilities of our 2 Air National Guard Wings.
- The loss of 1,625 Army National Guard soldiers and 170 Air National Guard airmen.
- The closure of 3 county veteran service offices in addition to 17 that closed in 2012.

Public Safety:

Major public safety functions will be cut resulting in the state's decreased ability to ensure the safety of its citizens.

- Layoff of 132 law enforcement officers and closure of 13 Trooper Posts resulting in limited highway coverage, operational security for major events and criminal investigations.
- ALEA will be forced to shut down 33 of 78 stand-alone state Driver License Offices.
- Closure of the Huntsville Regional Laboratory and Morgue requiring 22 of the most northern counties in Alabama to transport bodies to the Montgomery lab.

Corrections:

Serious safety concerns for correctional officers as inmate to officer ratio climbs to over twice the national standard and a heightened rate of recidivism for offenders.

- Closure of 2 facilities will shift 2,000 prisoners back into the overcrowded system.
- General Fund cuts will work against the progress of the Prison Reform Task Force.

Services to Children and Individuals in Need:

General Fund cuts will jeopardize hundreds of millions in Federal funds (DHR, Senior Services, Mental Health, and Medicaid).

- Likely resulting in \$320 million of total cuts to the Medicaid program.
- 17,000 children will lose day care benefits.
- Over 30,000 children will lose Temporary Assistance for Needy Families.
- Over 25,000 people will lose mental health services.

Court System:

Court operations will cease to exist in its current form.

- The Alabama court system will be unable to meet its constitutional requirements.
- The State Supreme Court and its appellate courts, along with 67 county courthouses will be required to cut staff and citizens will experience longer wait times.

State Parks:

Recreational opportunities at parks funded by state government will be drastically cut.

- Closure of 15 of the 22 state parks, with an increase of fees to sustain the remaining seven parks.

IMPACTS OF LEGISLATURE'S GENERAL FUND CUTS BY AGENCY:

Department of Environmental Management (ADEM):

- It is reasonable to expect that the Obama Administration's Environmental Protection Agency (EPA) will take over all water-related functions of ADEM.
 - It happened in Mississippi in the 1990's when the state legislature did not fund their state's Department of Environmental Quality (DEQ). EPA immediately began auditing and fining industry and wastewater treatment plants. The MS Legislature reconvened and funded Mississippi's DEQ.
 - If this happens, the layoff of 148 employees based primarily in the Montgomery office is likely. (25% loss in total ADEM staff)
 - The result will severely and negatively impact efforts to attract and retain new industry to Alabama.
 - EPA oversight, resulting in delays and overregulation, would be expected to substantially curtail economic development resulting in loss of new and existing jobs.
 - Enforcement of existing permits for industries and farms would rest in the hands of the Federal Government. EPA's ever changing interpretations and guidance (due to its ideological agenda) would make compliance expensive and difficult, if not impossible, for our regulated community.
 - Alabama cities and counties would have their waste water and storm water systems under the direct regulation of EPA. This would potentially add significant new financial burdens on our already strapped local governments.
 - Wastewater treatment plants, manufacturing plants, and construction companies would all be affected (some of the largest employers in many counties).
 - There are approximately 10,000 water permits in the state which must be renewed every 5 years that will experience a delay in renewals.
 - EPA will take on new permits and existing permits that require renewal.

Department of Veterans Affairs:

- The Department will be prevented from hiring additional employees which will increase the workload on already overloaded county veteran service officers.
 - The lack of personnel limits access of veterans in many counties which will cause a decrease in claims filed and federal dollars for Aid and Attendance, Compensation, and Pension payments in the State of Alabama
- Veteran service offices located in Green, Lamar and Pickens Counties will close – this in addition to 17 offices that closed in FY12.
- ADVA will be left with a \$299,000 shortfall that will impact its ability to serve veterans.

Administrative Office of the Courts (AOC):

- The Alabama Court System will be unable to meet its constitutional requirements.
- The State Supreme Court and its appellate courts along with the 67 Alabama county courthouses will be required to cut staff and citizens will experience longer wait times for cases (restitution, child support, divorce, death penalty cases, etc.) to be resolved.
 - Likely to force courts to close at least two days each week
- Court operations will cease to exist in its current form due to the layoff of over 600 employees.
 - 227 remaining employees will be a combination of juvenile probation officers, AOC staff, and court specialists.

Alabama Law Enforcement Agency (ALEA):

- Layoff 99 of 431 Highway Patrol Troopers
 - May result in the State having to pay back COPS grants of approximately \$12 million.
 - The agency is staffed at 42% of the recommended level to adequately patrol Alabama's roadways.
- Close 13 Trooper Posts:
 - Grove Hill (Clarke)
 - Evergreen (Conecuh)
 - Dothan (Houston)
 - Selma (Dallas)
 - Opelika (Lee)
 - Alexander City (Tallapoosa)
 - Jacksonville (Calhoun)
 - Gadsden (Etowah)
 - Huntsville (Madison)
 - Quad Cities (Lauderdale/ Colbert)
 - Hamilton (Marion)
 - Tuscaloosa (Tuscaloosa)
 - Troy (Pike)
- ALEA will be forced to shut down 33 of 78 stand-alone state Driver License Offices.
- Layoff 25 of 147 Special Agents in SBI
- Layoff 8 of 31 Capitol Police
- Layoff Aviation Staff and Fleet Management Staff
- Layoff 2/3 of all non-sworn personnel within ALEA
- Shut down Agriculture and Rural Crime Unit, no assistance to locals for such investigations
- Removal of ALEA resources assisting rural cities/counties
- Limited operational security for events such as Talladega Races, football security and traffic direction details, Mardi Gras, Footwash, Bike Rally, and Selma to Montgomery March.
- Due to reduced personnel, ALEA's ability to respond to natural disasters throughout the state would be crippled.
 - In a situation similar to the February 2015 Ice Storms, 69% of ALEA Troopers would be required for response resulting in over half of the state without Troopers available to handle accidents and calls for service.
 - Reduced personnel would limit ALEA's ability to assist ALDOT and ALNG with Hurricane Evacuation resulting in slower evacuation times.
 - ALEA would have limited manpower to assist AEMA during activations for disasters. Per the Alabama Emergency Operation Plan.
- Reduced personnel will limit coordination of the 8 state-wide ALEA Homeland Security Law Enforcement Teams and the Critical Response Teams would be eliminated.

Department of Agriculture and Industries:

- Closure of the Hanceville diagnostic laboratory.
 - A closure is vital to the region and will significantly impact the poultry industry in north Alabama.
 - Potential of 41 jobs lost

Department of Conservation and Natural Resources:

- Potential closure of 15 of the 22 state parks, with an increase of fees to the remaining seven.
 - Bladon Springs (Coffeeville)
 - Chickasaw (Linden/Demopolis)
 - Buck's Pocket (Guntersville)
 - Paul Grist (Selma)
 - Roland Cooper (Camden)
 - Lakepoint (Eufaula)
 - Florala (Florala)
 - Blue Springs (Abbeville/Clio/Brundidge)
 - Rickwood Caverns (Hayden/Arkadelphia)
 - Cheaha Park (Anniston/Oxford)
 - Lake Lurleen (Northport & Tuscaloosa)
 - DeSoto (Ft. Payne & Mentone)
 - Guntersville (Guntersville)
 - Joe Wheeler (Rogersville & Florence)
 - Frank Jackson (Opp)

Alabama National Guard:

- Closure of as many as 25 Army National guard armories and the diminished operational capabilities of our 2 Air National Guard Wings located in Birmingham and Montgomery.
 - I. Judson Snead RC (Centreville)
 - Ivan F. Smith RC (Clanton)
 - Haleyville Readiness Center
 - Ervin A. Byrd RC (Citronelle)
 - William A. Hornsby RC (Daleville)
 - M.W. Speaks RC (Alexander City)
 - Frank F. Horton RC (Andalusia)
 - Wilbur B. Fowler RC (Arab)
 - Eugene Nall RC (Atmore)
 - Charles A. Rollo RC (Auburn)
 - Calera Readiness Center (Calera)
 - Ft. Malcom A. Turner RC (Clayton)
 - Ft. H.W. Johnson RC (Demopolis)
 - Buntin Parsons RC (Dothan)
 - Florala Readiness Center (Florala)
 - Cromwell Pickens RC (Florence)
 - W.C. Mulkey RC (Homewood)
 - Raymond W. Jones RC (Huntsville)
 - Marion Readiness Center (Marion)
 - Aubrey G. Hicks RC (Oxford)
 - Jabe Brassell RC (Phenix City)
 - Selma Readiness Center/FMS18
 - Benjamin O. Davis RC (Tuskegee)
 - Fort Oscar L. Adams RC (Winfield)
 - Pete Phillips RC (Ashland)
- A required payback of \$17.7m in federal funds associated with the closure of these 25 armories.
 - This is a result of remaining amortization of the 25 year contractual agreement between the State of Alabama and the federal government. There are no known exceptions to this payback.
- The loss of as many as 1,625 Army National Guard soldiers and 170 Air National Guard airmen.
 - Each soldier and airman brings approximately \$38,000 in federal funding to our state annually. This includes associated salaries, facility operations and maintenance, and equipment funds.
 - These would be permanent losses of authorized slots and would never return.
 - Based on this, our state will potentially lose as much as \$68M in federal funding for personnel annually.

Department of Corrections:

- General Fund cuts will work against the progress of the Prison Reform Task Force.
- Serious safety concerns for correctional officers as inmate to officer ratio climbs to over twice the national standard.
 - Increased violence in facilities due to reduction in security staffing ratio as number of inmates increase.
 - Reduced ability to properly monitor inmate activity.
 - As workplace conditions deteriorate, staff attrition increases with limited ability to recruit new officers.
 - Significant staff fatigue due to required overtime commitment to meet minimum staffing levels.
- Impacts Department of Justice (DOJ) Settlement concerning crowding at Tutwiler Prison for Women
- Increased potential for Federal intervention: Inmate occupancy rate would rise to 222% of designed capacity.
 - Potential for relocating inmates to existing, overcrowded facilities
 - Requires closing Ventress Correctional Facility housing 1,600 inmates in Barbour County and Red Eagle Honor Farm housing 400 inmates in Montgomery County.
 - Red Eagle will result in the layoff of 33 state jobs.
 - Ventress Correctional Facility in Barbour County will result in the layoff of 126 state jobs.

- Termination of contracts with 9 county jails currently housing 400 inmates (\$1.8M annual cost)
 - Pickens (\$420K)
 - Talladega (\$335K)
 - Lowndes (\$240K)
 - Clarke (\$230K)
 - Butler (\$175K)
 - Clay (\$160K)
 - Autauga (\$110K)
 - Crenshaw (\$95K)
 - Wilcox (\$50K)
 - Termination of contracts with Community Education Centers currently housing 600 inmates at in the Alabama Therapeutic Education Facility in Shelby County
 - Heightened rate of recidivism due to limited access to drug treatment, religious and community programs
 - Elimination of drug treatment staff and programs at all correctional facilities seriously impacts inmates ability to successfully transition back into our communities
 - Loss of state funding will make most community corrections programs non-viable
 - Layoffs associated with eliminating drug treatment and religious programs at each facility:
 - Baldwin – 2
 - Barbour – 12
 - Bibb – 4
 - Bullock – 4
 - Coosa – 1
 - Elmore – 16
 - Escambia – 5
 - Jefferson – 5
 - Limestone – 5
 - Marion – 1
 - Montgomery – 3
 - Morgan – 3
 - Mobile – 2
 - St. Clair – 2
 - Tallapoosa – 1

Emergency Management Agency:

- Elimination of the Hazard Mitigation Grant Program will result in the inability to build community and individual safe rooms and other projects to mitigate effects of future disasters.
- Reduction of post-disaster public assistance will result in longer reimbursement processing for local governments after disasters.
- Potential for between 8 and 20 layoffs at the State Emergency Operations Center in Clanton.
 - With cuts to federal funds and no additional state funding, 15 additional staff will need to be reduced by the end of FY16.

Department of Forensic Sciences:

- Closure of the Huntsville Regional Laboratory and Morgue
 - This action would immediately affect 22 of the most northern counties in Alabama requiring them to transport their decedents to Montgomery.
 - Local and county governments will see an increase in transportation costs.
- Elimination of toxicology services in non-criminal traffic related death cases.
 - This will affect all Alabama counties and those who require an ADFS death certificate to claim death benefits.
 - Will no longer perform toxicological analyses on suicides, natural and accidental deaths, and traffic fatalities of a non-criminal nature.
- Elimination of testing on fire debris and arson cases.
 - This will affect all Alabama counties and will require law enforcement and the State Fire Marshall to submit fire debris evidence to private laboratories or the Federal Bureau of Alcohol Tobacco and Firearms (ATF) for analyses and shoulder the financial burden of analysis and testimony costs.
- Loss of highly skilled personnel, resulting in even longer wait times and increasing backlog.
- Implementation of state layoff procedures to department personnel as needed.

Department of Human Resources:

- Will lose \$190 million dollars in federal matching funds.
- Over 15,000 children from poor, hardworking families will lose day care benefits.
- Over 232,000 families will lose child support services with \$342m child support payments may go uncollected
- Over 30,000 children will lose Temporary Assistance for Needy Families
- Over 300 adults will lose adult day care benefits.
- Other programs at stake:
 - Dept. of Public Health - Pregnancy Prevention (\$902,738)
 - Children's Trust Fund - Fatherhood/Healthy Marriage (\$282,420)
 - Postsecondary Education - Job Readiness (\$706,102)
 - Heritage Training & Career Center (Montgomery) (\$60,169)
 - Tuscaloosa Family Resources Center (\$93,000)
 - Careers Inc. (\$241,000)
 - Chambers County Council for Neglect & Dept. of Child & Youth (\$65,000)
 - MOCA Motherly Care (Montgomery) (\$201,000)
 - Ala. Coalition Against Domestic Violence (\$804,420)
 - Ala. Campaign to Prevent Teen Pregnancy (\$70,604)

Department of Labor:

- ADOL's general fund allocation dollars are strictly for the mine inspections division, which inspects all underground coal mines within the State of Alabama.
 - This will impact the estimated 3,700 mine workers subject to dangerous conditions without routine inspection by ADOL employees.
 - This will greatly impact the economy of the state if mining operations were shut down due to missed inspections. The absence of coal could devastate the businesses that rely on producing, transporting, or using Alabama coal.
 - The Department would be susceptible to lawsuits due to an inadequate number of mine inspectors
 - 59 Coal Mines
 - 57 Quarries - limestone, marble, granite, quartzite
 - 450 non Coal Mines
 - Total: 566 Mines

Alabama Medicaid Agency:

- Likely resulting in \$320 million of total cuts to the Medicaid program based on the proposed General Fund cuts currently contemplated by the Legislature.
- Loss of access to healthcare services
 - Rate cuts. Cuts of physician and other provider rates to a level that will likely result in loss of pediatricians, family physicians, dentists and other medical providers.
 - Termination of several critical programs to include:
 - Outpatient dialysis
 - Adult eyeglasses
 - Adult prosthetics and orthotics
 - Hospice
 - Program of all inclusive care for the elderly in Mobile
- Loss of access to healthcare facilities
 - Loss of physicians may result in closure of some rural hospitals.
 - Dialysis patients will not have access to outpatient dialysis units, forcing them to travel to inpatient facilities.
 - Loss of capacity of hospitals to provide comprehensive care to Medicaid patients.
 - Loss of rural independent pharmacies. This assumes implementation of a statewide PBM or preferred provider network which would impact pharmacies, particularly in the rural areas with high Medicaid patient loads.

- Termination of efforts for Medicaid Reform
- Elimination of Heath Home and Patient 1st programs. This is the first step in RCO implementation that actually provides services to patients and is integral to providing effective case management and long term cost control and health improvement.
- Suspension of RCO organization efforts.
 - Suspension of 1115 waiver efforts.

Department of Mental Health:

- Community Mental Illness Services impacted:
 - Over 24,000 people with mental illness will lose or experience reductions in services.
 - 589 consumers will lose residential services (group homes, supported housing, MOM apartments, etc.).
 - 4,840 consumers will lose intensive outpatient services (case management, in-home intervention, assertive community treatment, day treatment, partial hospitalization programs, peer services, etc.).
 - 16,274 consumers will lose routine outpatient services (individual and group therapy, family counseling, psychiatric services, medications, etc.).
 - 2,598 consumers will be unable to access psychiatric stabilization services (crisis residential units, psychiatric inpatient units, etc.).
 - 1,080 community mental health center employees in various counties will lose their jobs.
 - Closure of county satellite treatment programs will result in no community mental health services for those counties.
 - \$6 million in federal funding tied to the SAMHSA Mental Health Block Grant will be lost.
- Community Intellectual Disability Services impacted
 - Approximately 1,127 people in the current waiver programs will lose their life-sustaining services, and/or
 - Approximately 2,000 people will lose supported employment and day program supports, and
 - As a result, many of the family members (approximately 2,000+) of these individuals could lose their jobs because they will have to stay home to care for these individuals, further adversely affecting the economy in loss of revenue and productivity, and/or
 - All 5,829 individuals who are currently receiving waiver services could lose approximately 21% of the services they currently receive.
 - A majority of small providers who provide residential and day habilitation programs around the state will go out of business.
 - Over 3,000 individuals currently on the waiting list for waiver services will not receive them.
- Total Budget Impact
 - \$35.2 million cut in state funds; \$64 million in federal matching funds lost; \$99 million total budget reduction.

Office of Prosecution Services / District Attorneys:

- Increase annual caseload per DA by up to 1000 more cases.
- Forced to close Drug Courts, Veterans and Mental Health Courts, Pre-trial Diversion, Worthless Check units, and Restitution Recovery program.
- Increase of case backlog
 - Currently 2-3 years for an average trial.
 - Likely to become 3-5 years or longer with potential cuts implemented.
- Defenders stay out of jail on bond longer.

- Community Corrections programs and Child Advocacy Centers will be severely impacted.

Board of Pardons and Paroles:

- Close LIFE Tech Thomasville (*Alabama's only transition facility that helps inmates with the resources and support to readjust to life outside prison and avoid a continued life of crime.*)
 - Layoff of 17 employees
 - Layoff of 75 Postsecondary, Vocational Rehab, West Alabama Mental Health, and other contract employees
 - LIFE Tech serves 700 male offenders annually who would otherwise remain in the custody of, or be revoked to, the ADOC to eventually reenter communities without receiving services.
- Terminate the Alabama Certain Enforcement Supervision program and stop progress to open a day reporting center in Birmingham.
 - Will result in the forfeiture of nearly \$1.1m of Federal grant funds
 - A minimum of 1,500 offenders will possibly remain in the custody of, or be revoked to, the ADOC.
- Lay off 74 employees
 - This will result in minimal supervision of offenders, posing a significant threat to public safety.
 - Will result in increased delays in the court systems.
 - Increases in revocation rates of supervised offenders will negatively impact the Department of Corrections and local jails.
- The current ratio of parole officers to parolee is 198:1 and Alabama needs more revenue to make that system more manageable.
- General Fund cuts will work against the progress of the Prison Reform Task Force.

Department of Public Health (due to 15% cut):

- Close Coosa County Health Department
- Reduce services at the Mobile County lab
- Restaurant inspections would decrease from 3 to 2 times a year.
- Elimination of funds from ADPH to outside agencies:
 - Hudson Alpha
 - UAB and USA – Cancer Research
 - Kidney Foundation – dialysis patients transportation
- Reduce assisted living facility inspections.
- Increased possibility for undiagnosed or untreated communicable diseases with fewer offices for treatment.

Senior Services:

- Cut waiver program 50%
 - The result to the Elderly and Disabled Medicaid Waiver Program (E&D Waiver) would be a loss of federal funding, a reduction of clients served per month, and the inability to serve over 7,100 on current referral list.
 - This program serves individuals who are eligible for institutional placement and are at risk of being placed in an institutional setting without these services. Cuts could place the individual client's health and safety at risk.
 - Additional cost to the State of \$62.8 million as a result of not serving 3,334 clients in E&D Waiver
- SenioRx program cut 50%
- Department operations cut 15%

Department of Youth Services:

- Cuts to Diversion Grants would result in a loss of services which would create approximately 329 new DYS commitments.
 - DYS does not have the capacity for this increase which would cause the waiting list to grow and make the Department susceptible to potential lawsuits.
- 12 detention facilities would face cuts resulting in counties picking up the loss of funding.
 - These facilities have already faced up to 60% cuts and cannot layoff any additional personnel and still be operational. Therefore high risk juveniles would remain free in the community until admitted into DYS.

Department of Economic & Community Affairs (ADECA):

- The Community Development Block (CDBG) program would be in jeopardy and lead to a loss of federal funding.
 - This program serves some of the most rural communities in the State
 - HUD/CDBG funds are one of the first to be received during a disasters for rebuilding a community
- Loss of funding to the Appalachian Regional Commission (ARC) program would jeopardize approximately \$4.5 million in federal funding.
 - The ARC serves 37 counties from Montgomery to North Alabama
 - The funds are used for infrastructure and economic development
- Loss of funding for the Community Services Block Grant (CSBG) which ADECA passes through to Alabama's Community Action Agencies (CAAs) could jeopardize ADECA's ability to administer the program resulting in a loss of federal funding.
 - CAA's provide services to the lowest income citizens of the state.

Department of Insurance:

- Reduce staff by 12 employees
 - 5 from law enforcement personnel in the State Fire Marshal's Office
 - 3 from the Licensing and Consumer Services divisions
- Cuts will impact the State Fire Marshal's ability to respond
 - Fire investigation requests will be restricted to those where there is definite evidence of a crime having been committed or those involving serious injuries and/or fatalities, those involving churches, schools, or large commercial loss
 - Code Enforcement requests will be restricted to those in which there is an immediate life safety hazard, schools, jails, and community shelters.
 - Insurance Fraud investigations will be restricted to the most severe incidents.
- Places a strain on existing staff and slow down the licensing of producers and adjusters.
- The Department's ability to respond to consumer complaints, often involving negotiation of reimbursements from insurers to consumers, would be significantly impacted.

Finance Department:

- Close the First White House of the Confederacy
- Reductions in telephone services