



Alabama GOP split over September 18 borrowing referendum

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Republican Tim James, shown when he bowed out of the 2010 governor's race, is not a fan of the plan that calls for massive borrowing to meet state's financial needs. (The Birmingham News/David White)

BIRMINGHAM, Alabama -- The battle over whether Alabamians should approve the borrowing of hundreds of millions of dollars to meet pressing state needs has Republicans violating their 11th Commandment: Thou shalt not speak ill of any fellow Republican.

Ronald Reagan made famous that rule 46 years ago. But some Alabama Republicans, who have ascended the political ladder to assume control of all three branches of state government, are finding out that following that commandment is harder to do when they have actual responsibility for fixing what is wrong. In this case, what is wrong is a gaping hole in the state's General Fund budget.

It all adds up to a funding crisis, and the way Republican Gov. Robert Bentley and GOP legislative leaders want to deal with it is by doing something Republicans have traditionally argued against -- borrowing

money instead of reducing spending enough to mop up the red ink.

"We are borrowing money, that's true," said Bentley. "And, if you are asking me if that has given me pause as the right thing to do, the Republican thing to do, the answer is yes.

"But, I've come to the conclusion that, if it's not exactly the Republican way of doing things, it's what is best for Alabama right now."

Fellow Republican Tim James, who in 2010 fought Bentley for the GOP nomination for governor, could not disagree more.

"I think as a party we have promised to make the hard financial decisions, not to kick the can down the road and borrow and borrow more and more in some hope that things will get better." said James. "It's not Republican. And, it's not what is best for Alabama taxpayers."

The General Fund provides tax dollars to non-education agencies such as the state's court and prison systems, the Department of Public Safety, the Department of Mental Health, the Department of Public Health and the state's Medicaid program.

Medicaid provides health and long-term care to low-income Alabamians. While most of the dollars for Medicaid come from the federal government, Alabama must provide a portion of the money. But without approval of voters on Sept. 18 to borrow dollars, the state may not be able to meet that requirement and could face the loss of millions of dollars from the federal government, state officials have said.

Faced with two deeply unpopular choices -- raising taxes or slashing the General Fund to the bone -- Bentley and lawmakers settled on a third way. They approved a budget of almost \$1.7 billion for fiscal year 2013, which begins Oct. 1. But to make the budget balance, as required by state law, they also approved a proposed constitutional amendment to allow the state to transfer, or borrow, \$145.8 million each year for the next three years from the Alabama Trust Fund. The proposed amendment is the issue on the ballot Sept. 18.

The Alabama Trust Fund was established years ago to collect royalties from oil and gas exploration in the Gulf of Mexico. It has about \$2.3 billion in invested assets.

In all, over three years, the state would transfer \$437 million from the trust fund into the General Fund, which would avoid draconian cuts.

"This is simply a bridge to get us through some of the worst economic times in living memory," Bentley said.

The governor has vowed that the money will be repaid to the trust fund, although the legislation authorizing the proposed amendment does not require repayment, a point that sticks in James' throat and that he said should be a red flag for all true fiscal conservatives.

"This is a little like, 'Trust me today. I'll pay you back tomorrow,'" said James. "This is how the Democrat Party behaved when it was in power. Well, Republicans were elected to change that way of doing business and I'm very, very disappointed in the Republican leadership that they have opted to behave in this way."

James said he knows that, without the money from the trust fund, critical services for some residents will be cut. But James said that is part of the price for restoring fiscal responsibility to government.

"We just can't, we just can't continue to spend more money than we have," said James. "The trust fund was established by my father (former Gov. Fob James) and Gov. (George) Wallace as a sacred trust where dollars would be put and used only for the most critical needs, the most pressing emergencies. This is not such an emergency. I don't understand how Republicans can champion borrowing money to balance the budget. They should make the hard choices now and cut spending and then live within our means."

James is far from alone in his opposition. Also opposed is another 2010 GOP candidate for governor, Bradley Byrne, who Bentley beat in the primary runoff.

Byrne is actively opposing the Sept. 18 vote and has called on the Legislature to make the hard decisions to solve the state's financial problems for the long haul.

Recently, one of the most conservative groups in the state GOP, the Alabama Eagle Forum, announced that it also is opposed to a yes vote on the amendment.

On the other side, in addition to the state's top Republican, the amendment is supported by state Senate leader Sen. Del Marsh and in the House of Representatives by Speaker Mike Hubbard. Both men are considered powerful voices in the party.

In addition, the influential Business Council of Alabama, which over the years has raised millions of dollars to help elect GOP judges, governors and legislators, has come out in support of the amendment.

Bentley expressed irritation with those who oppose a yes vote on Sept. 18.

"Everybody can vote as they choose but those who have expressed the most opposition to this, those who keep saying we are kicking the can down the road and not dealing with the hard choices, really don't know the situation and really don't know what they are talking about," Bentley said. "These dollars will be repaid. These dollars are available to be used in an emergency, and we are in an emergency."

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