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New fiscal year to bring problems in Montgomery

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David Bronner is sort of like the representative of the brokerage firm E.F. Hutton (now part of Citigroup) in those memorable television commercials that had everything come to a halt and people craning to hear as he spoke.

'When E.F. Hutton talks, people listen,' was the catch line.

Well, when Bronner, the highly successful chief executive of Alabama's multibillion-dollar pension funds and sometimes only half-jokingly referred to as 'the smartest man in Alabama,' has something to say about finances and economics, as he did Tuesday on the University of Alabama campus, people, well, listen.

And while what Bronner had to say as the James P. Curtis Endowed Distinguished Lecturer at the Capstone Education Society's annual banquet was not pleasant to hear, there is no doubt he knows what he is talking about and his warnings should be heeded.

Specifically, Bronner warned of almost unprecedented financial challenges for the state of Alabama, beginning as soon as next year.

'It will be extremely brutal down in Montgomery this year and the year after that,' Bronner told more than 100 people gathered at the Woodis-McDonald Auditorium. 'State revenues will go down, government expenditures will have to be cut, and programs like Medicaid and state pensions will be seeking more money.'

'So there will be labor [hiring] freezes and layoffs that will be caused by the revenue strain,' he added as he gazed darkly into his crystal ball.

And as if on cue Tuesday, Gov. Bob Riley said he is discussing possible state worker 'furloughs' or job cuts with lawmakers and the state employees association as a way to offset the looming revenue shortages caused by the ongoing recession next year.

The talks come on the heels of the announcement by acting state Finance Director Bill Newton that the General Fund agencies can expect massive cuts in the budget at least for the first three quarters of next year.

The current budget was bailed out to a great degree by some \$3 billion in federal stimulus money, which Bronner said lulled people into thinking

things really aren't all that bad.

But barring another federal bailout to the states, a very unlikely prospect at this time, things look exceedingly dire for the state's finances come Oct. 1 and the beginning of the 2009-2010 fiscal year.

'My experience is that you have to bleed a lot before major problems get resolved,' Bronner said. 'But everyone needs to bleed a lot. What we see too often is a major problem, but we say, 'it doesn't affect me,' so we go our own way.'

Well, if the recession does not relent soon and an actual, tangible recovery does not begin, it will become increasingly difficult for Alabamians and, for that matter, all Americans, to ignore these hard times.

Or so says the 'smartest man in Alabama.'
