

PLAN 2010

Our Vision for Alabama

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The following pages outline my comprehensive plan for the next four years. The plan builds upon the successes of my first term and introduces a number of new proposals that will allow us to continue our progress. As I previously stated, my vision is bold, but it can be accomplished without any new taxes. In fact, **this plan allows us to invest in our future, provide tax relief to Alabama's working families, and put a significant amount of money into a savings account** to protect against a downturn in the economy.

However, to be successful, we must **continue the conservative budgeting principles** that our administration has employed over the last four years. In times of economic boom, the state budget swells because people have good jobs and are reinvesting their hard-earned money back into the economy. Consequently, the state's revenues increase, and we end the fiscal year with an unexpended balance or surplus, which is available to spend in the next year's budget. Unfortunately, some politically-driven elected officials want to spend all of this extra money – which is one-time money – on recurring expenses. Regrettably, the surplus disappears in leaner times, and the state must cut the funding of the very programs that are transforming our state. This process of funding cuts is called proration.

During the past 30 years, proration has been declared 10 times. Most of these massive cutbacks could have been avoided if the elected officials had not overextended our state budget. Make no mistake about it, when proration happens, our children lose.

This plan is based on conservative budget estimates that are fiscally responsible and will not require additional revenue sources. While – on average – our revenues have grown at an unprecedented rate of nearly 10% a year over the last three years, we recognize that this extraordinary growth will not last forever. This plan assumes revenue growth of 4% a year for the next four years, which is well below the average growth of the last several years and below the average growth of the last fifteen years.

Using these conservative estimates, we are able to fully fund all of the programs outlined in this plan, cut taxes, grow our savings account – which is estimated to be almost \$700 million in Fiscal Year 2007 – cover other anticipated cost increases, and still have money left over.