

**Governor's Column      06/16/02**

To meet the needs and priorities of our state, we must have a plan – and a major factor in that plan is the budget. Part of the foundation for our state budget is the development of the estimate of revenue collections for the fiscal year.

In our development of an estimate, several sources of information are used – state and national economists, the business community, the National Governors Association, the National Association of State Budget Officers, and other state officials.

A report released last month by the National Governors Association illustrates the impact of the national recession on the states. In addressing budget problems, 26 states – including Mississippi – made reductions, and 22 states dipped into rainy day funds. Eleven states laid off people, 3 offered early retirement packages, at least 11 called special sessions and 10 have proposed raising taxes.

The challenges presented by the national recession have called us to examine more carefully the foundation of our budget and the management measures we will use throughout the year.

I have called for conservative fiscal management for Mississippi.

First and foremost, the people of Mississippi deserve more than a budget crafted without taking into consideration the condition of the national economy, which has a great impact on our state budget.

As a result of the national recession and its impact on our state budget, state agencies were asked to hold back five percent of their appropriations for the first half of the 2002 fiscal year, in anticipation of budget cuts. This action helped many agencies prepare for the cuts made in November 2001 and February of this year.

The National Association of State Budget Officers issued a report this past March indicating that the fiscal recovery of the states would most likely be gradual, and lag behind the national recovery by 12 to 18 months.

Given the national recession and the reports from organizations such as the NGA and NASBO, we're taking action now to put a safety net in place. This is the right thing to do and the right time to do it.

I have recommended that state agencies once again transfer 5 percent of their fiscal year 2003 budget authority to the second allotment period to act as a safeguard against potential budget reductions.

We are going to exercise the fiscal responsibility and conservative management of our resources demanded by the times. Make no mistake, we are all hopeful the national economy will turn the corner and begin a strong recovery; but we must be prepared for every scenario. Anything less is a disservice to the people we are called to serve.