

*Remarks for the
5% Hold Back Press Conference
June 13, 2002*

Good afternoon. When I gave my State of the State address in January, I outlined four priorities for Mississippi – jobs, education, public safety and health care. To meet those priorities, we must have a plan – and a major factor in that plan is the state 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 from the executive branch, we use several sources of information – 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 have laid off people, 3 offered early retirement packages, and at least 11 called special sessions. Ten states have proposed raising taxes.

I have called for conservative fiscal management for Mississippi.

First and foremost, the people of this state deserve more than a budget crafted without taking into consideration the condition of the national economy.

As a result of the national recession and its impact on our budget, last year I asked state agencies 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 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.

So, today – as I did last year – I am recommending 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 cuts.

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.

I'll be glad to answer any questions you may have.