

March 30, 2001

TO THE HOUSE OF REPRESENTATIVES:

GOVERNOR'S VETO MESSAGE FOR HOUSE BILL 776

I am returning House Bill Number 776: "AN ACT TO AMEND SECTION 37-61-33, MISSISSIPPI CODE OF 1972, TO DIVERT, UNTIL JULY 1, 2002, EDUCATION ENHANCEMENT FUNDS THAT ARE ALLOCATED FOR THE PURCHASE OF TEXTBOOKS AND A PORTION OF SUCH FUNDS ALLOCATED FOR CLASSROOM SUPPLIES TO THE SUPPORT OF EDUCATIONAL PROGRAMS AUTHORIZED BY LAW; TO AMEND SECTION 37-47-33, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT STATE GENERAL OBLIGATION BONDS MAY BE ISSUED FOR THE PURPOSE OF PROVIDING FUNDS FOR THE PAYMENT OF ALLOCATIONS OF ADEQUATE EDUCATION PROGRAM FUNDS TO SCHOOL DISTRICTS FOR CAPITAL EXPENDITURES WHICH HAVE NOT BEEN PLEDGED FOR DEBT; TO AMEND SECTIONS 27-103-203, 27-103-125, 27-103-211 AND 31-7-14.1, MISSISSIPPI CODE OF 1972, TO DELETE THE "HOUSE BILL 400" PROVISION WHICH REQUIRES THAT 50% OF THE UNENCUMBERED YEAR-END CASH BALANCE BE TRANSFERRED INTO THE EDUCATION ENHANCEMENT FUND, AND TO PROVIDE THAT ANY SUCH UNENCUMBERED YEAR-END CASH SHALL REMAIN IN THE STATE GENERAL FUND; AND FOR RELATED PURPOSES" without my approval and assign the following reason for my veto.

Education is the priority of this administration. The state must ensure that K-12 education is adequately funded to provide an effective education to our students. Rather than providing secure and responsible funding sources for K-12 education, House Bill No. 776 simply shuffles existing revenue sources to address Fiscal Year 2001 deficits and Fiscal Year 2002 expenses. The Legislature's diversion of existing resources for our teachers, our classrooms and our students does not ensure adequate funding.

House Bill No. 776 compromises education funding by diverting \$16.4 million in Education Enhancement Funds designated for textbooks and \$14.1 million in Education Enhancement funds allocated for classroom supplies to the support of educational programs through July 1, 2002. It also allows state general obligation bonds to be issued to provide funds for the payment of allocations of Adequate Education Program funds to school districts for capital expenditures which have not been pledged for debt. Additionally, it deletes the "House Bill 400" provision that requires 50% of the unencumbered year-end cash balance to be transferred into the Education Enhancement Fund, leaving the unencumbered year-end cash in the State General Fund.

While most Mississippians do not spend every day worrying about the budget bills considered by the Mississippi legislature, they do spend every day concerned about educating their children, getting health care when they need it, paying their bills and building a future or planning for retirement. Within a budget totaling more than \$3 billion, we can assist Mississippi families in doing those very things.

Within a \$3 billion budget, there are untold points of compromise and untold areas of debate, but only a very limited number of priorities and a short list of requirements. On behalf of Mississippi taxpayers, I have asked members of the legislature to take into consideration a number of unusual issues facing us in the upcoming fiscal year.

Mississippi's state budget is a blueprint for the success of our people, not a battle plan for the politics of personality. That blueprint can not be drawn accurately if we fail to take into consideration the slowing of our national and state economy, if we fail to take into account the profound shortfall of revenue coming into the state coffers during the present fiscal year, if we

fail to properly assess how much we are going to grow and where we will choose to direct that growth.

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Yesterday the U.S. Department of Commerce reported that the U.S. economy grew at an annual rate of just 1% in the fourth quarter of 2000, the weakest performance in five years. Estimates for the first quarter of 2001 suggest 0% growth. Business investments have been sharply reduced. State revenues for March are projected to be \$15-\$18 million below estimates, a 7% fall off. Forecasts for the coming year call for sluggish growth. These clear signals demand fiscal prudence by our state leadership.

We are fortunate to have in place a number of safeguards to protect Mississippi taxpayers from a state government operating in the red. The Mississippi legislature is specifically prohibited from appropriating any more than 98% of projected revenues so that 2% can be set aside in our working cash stabilization fund for cash flow and emergency use.

In addition, the Governor must by law put scissors to agency budgets in any month when revenues fall below 98% of what has been projected by the legislature. With these safeguards in place, Mississippi state government will never spend more than we take in.

However, this years' legislature seems to want to ignore the downturn in our economy and asks that we swallow a budget pill that is too big. We simply will not take in the dollars necessary to fund these bills. Considered together, the budget bills total \$3.541 billion in general fund dollars.

When all the fancy words and all the big numbers are set aside, one simple truth remains. We will not have the resources necessary to pay for all that the legislature has funded. We can not erase the shortfall from this year, anticipate a shortfall for next year, and expect to provide our people with education, health care, safety and other necessary functions of government. It just can't be done.

Respectfully submitted,

RONNIE MUSGROVE
GOVERNOR