

FISCAL STUFF

Through October, 2002, general fund revenue collections were below the sine die revenue estimate by -2.87%. However, collections were an improvement over the prior fiscal year, with an actual growth rate of +2.42%. In order to balance the budget at the end of October as is required by law, State Fiscal Officer Gary Anderson asked all agency categories, with the exception of education, to cut their general fund budgets by .8%, or approximately \$11,000,000 in total. **Mr. Anderson anticipates month-by-month adjustments to the budget, in accordance with the statutory requirement for a balanced budget. (Possibly re-phrase to say something along the lines “if the estimate is not met each month, adjustments will have to be made in accordance with the statutory requirement for a balanced budget”)**

On a positive note, most recent leading economic indicators provided tangible evidence of improvement in the economy. Employment, personal spending, manufacturing activity and durable goods orders showed improvement. The apparent upswing in consumer confidence will hopefully be reflected in the retail market during this Christmas shopping season, which could help State coffers by enhancing sales tax collections. Another factor influencing the economy includes Iraqi compliance with U.N. demands, indicating to consumers that war may not be imminent. Consumers immediately responded by beginning to infuse equity markets with cash and providing a rally in the stock market.

Governor Musgrove's Fiscal Year 04 budget recommendation reflects his commitment to investing in people. His goal is to take the challenges ahead of us in the coming year and turn them into opportunities for our people. The executive budget recommendation reflects his priorities: **(reorder) education, jobs, public safety/homeland security, and health care.** Governor Musgrove believes that the people of Mississippi want bold and decisive action, and his **budget recommendation proposes** 62% of general and supplemental funds to education, which restores education to its 1992 share of the budget. The legislative budget recommendation sharply contrasts with the Governor's, with approximately \$310 Million less in general funds recommended by the Joint Legislative Budget Committee for Mississippi schools. Another area of great contrast is the health and human services category, with the legislative budget recommending approximately \$164 Million less for critical health and human service needs. In order to reflect funding for his priorities, Governor Musgrove made the tough choice of **reducing** nearly 13 percent in administrative costs from his budget. With both budget recommendations “on the table”,

Governor Musgrove is calling for the Legislature to join him in seeking innovative and proactive solutions for these fiscal times.

