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MISSISSIPPI ENDS FY 2002 WITH BALANCED BUDGET

Gary Anderson, State Fiscal Officer has issued the following statement regarding Fiscal Year 2002:

“From day one, we began Fiscal Year 2002 firmly in control of the State budget. With the cooperation of state agencies, input from national, state and regional economists, insight from Mississippi businessmen and data from various fiscal associations, I am pleased to report that once again Mississippi ends the budget year in balance, as is required by statute.

Statistically, Fiscal Year 02 revenue collections came in below the sine die estimate by \$264.8 Million, an actual growth rate over the prior fiscal year of -2.1% . This is virtually a repeat of the prior year. Once again, our system of checks and balances worked ---- whereas the legislative branch appropriated on the basis of its 5.6% estimated growth rate, the executive branch disagreed, called for a lower growth rate estimate, and Governor Musgrove and I made budget adjustments based upon our projected annual growth rate of -2.2% . The combination of these budget reductions, \$50 million of rainy day funds, and beginning cash will allow us to end the year with a modest surplus.

Other States have been forced to rely upon drastic measures such as raising taxes, service reductions, or employee layoffs to balance their budgets. We have successfully navigated these difficult fiscal times without resorting to these drastic measures. In fact, neighboring states report they currently look to Mississippi as the standard for sound fiscal management.

Other good news includes the status of our sales tax base. Sales taxes for FY 02 came in about 2% over the prior year. This was a good recovery from earlier in the year after the tragedy of 9/11 and serves to demonstrate a lack of erosion of our sales tax base. Gaming revenues also exceeded the prior year by about 2% , which is a positive reflection of stability in Mississippi's tourism market and the maturing gaming industry. Income tax shows about a 4% decline from the prior year, reflective of higher unemployment rates and shortened work weeks in some industry sectors during the fiscal year. Recent reports indicate workweeks have now broadened.

Our fiscal management practices have served us well for two successive years. Although the National Association of State Budget Officers (NASBO) issued a caution earlier this year that the fiscal recovery in states might lag the nation as much as twelve to eighteen months, Mississippi is once again poised to address revenue shortfalls by reemploying its successful fiscal management practices for Fiscal Year 2003. These practices include, but are not limited to, calling on state agencies to hold back 5% of their appropriations, trend analyses, and working cash transfers.”