

Governor's Column – 11/18/01

### **Realistic Revenue Projections Make the Difference**

When you apply for and receive a credit card, you know you're going to be able to purchase many things you might not have purchased before. You also know a bill is going to come due from the credit card company, and you're going to have to pay that bill.

With that in mind, you plan your personal budget based on what you expect to earn and you don't live beyond your means. That's the way our parents taught us to handle our money, and they were right.

It works for families, and it can work for states.

In a meeting with the Joint Legislative Budget Committee this past week, I called on them to use realistic revenue projections in planning the budget for Fiscal Year 2003. The current year's budget was built on projections of 3.7 percent, projections revised by the Committee last week to less than one percent because of the shortfall in revenue collections.

With the current collections at \$66 million below estimates, we have been forced by law to make the first round of cuts in agency budgets. State agencies will be shaving 3.35 percent from their budgets by December 1. We can avoid making cuts in the future if we plan carefully now.

In my meeting with the Committee, we discussed revenue projections for the next year. From the start, we were of different opinions; I called for one percent growth, while the Committee used a revenue growth estimate of 4.3 percent. The difference between these two projections works out to approximately \$114.7 million.

In accordance with state law, which says the Governor and the Committee “shall agree” on the revenue projections, I offered a compromise of 2.65 percent revenue growth. The Committee adjourned with no further discussion on the compromise. I believe we should make every effort to comply with the law, not just because it is law, but because using different numbers and different budgets sets a dangerous precedent for the state and its people.

We should be able to agree on the projections, and state law says we shall agree. This must be done for the good of this state. Agreement now means we lessen the chance of making cuts next year.

Let’s be prudent and practical. Let’s work together and develop realistic revenue projections for the Fiscal Year 2003 budget. I want Mississippi to live up to its potential, and we can do it if we look carefully at where the economy is going. The experts are saying the economy may not reverse direction until at least the third quarter of next year; we should heed that advice.

I want Mississippi and its people to grow and prosper, and we’re working hard to make that happen. Despite the economic situation, we’ve announced another round of suppliers for the Nissan project that will bring in an investment of more than \$110 million and 1,000 new jobs. We are helping existing industries stay in Mississippi by offering incentives and programs through the Advantage Mississippi Initiative.

Mississippi is becoming a leader in economic development and it is important for that work to continue. However, we cannot build a budget based on numbers that are not secure. To do so is an injustice to the people of the state.

We’ve been through this process before, and I hope we can still learn from our experience. This state cannot afford to continue setting high hurdles and then stumbling over them. It’s simply not a good way to do business.