



STATE OF MISSISSIPPI

OFFICE OF THE GOVERNOR

March 28, 2011

To the Members of the Mississippi Legislature:

I am submitting a revised Executive Budget Recommendation for Fiscal Year 2012 that responsibly funds the state's critical needs, including education, health care and public safety.

I propose spending \$5.447 billion in FY 2012, which is \$30 million more than legislators agreed upon in their own budget recommendation in December and \$45 million above my original budget. I do not believe revenue will rebound significantly in the coming year. My offer to spend \$45 million more than I recommended in the EBR, albeit reluctant, is a significant compromise.

The House has added almost \$100 million more revenue since the Legislative Budget Recommendation was adopted in December, including \$68 million in non-recurring revenue. The House would spend \$475 million in non-recurring revenue in FY 2012 and would leave only about \$180 million in reserves. The House also would spend \$15 million more in FY 2012 than this year. The House plan is predicated on hopes, not economic reality.

My plan would reduce non-recurring revenue spending from the \$507 million originally proposed by the House to \$407 million – a \$100 million reduction. By spending less now, my plan would leave \$231 million in the state's reserves for my successor and the next Legislature. Saving now allows us to avoid tax increases and drastic cuts later.

Education is our top priority, and my budget funds the Mississippi Adequate Education Program with state source funds at the same level as we did this year. While I am proposing level funding for MAEP, I am asking that K-12 find \$30 million in savings in other areas. After all, school districts have access to more than \$940 million in other funds (Ed jobs, district maintenance, 16th section interest and 16th section principal). School districts themselves reported to the State Department of Education there will be \$86 million in federal education jobs funding available next fiscal year. Level funding MAEP and asking for \$30 million in savings in other areas still leaves the schools \$56 million more than they had this year.

I fully fund the Ayers settlement and find \$5 million in savings at the agricultural units under the Institutions of Higher Learning. My budget funds IHL General

Support at 3.1 percent below FY 2011 funding. I provide level funding for our community and junior colleges and encourage the Legislature to allocate \$7 million of that funding to additional workforce training.

My budget provides adequate funding to the Department of Mental Health, Medicaid and the Department of Human Services. I propose an increase of \$3 million for DMH over the LBR and a slight decrease of 3.24 percent from this year. We cannot afford to keep institutionalizing such a huge percentage of our mentally ill. Additionally, my budget also includes increased funding required by the Olivia Y settlement for DHS.

My budget fully funds our debt service as constitutionally required.

My plan corrects some of the wrongheaded priorities of the House plan. I propose level funding for our state's job creation agency, the Mississippi Development Authority. The House plan underfunds MDA while level funding Archives and History. Toward what purpose? The House plan underfunds the Department of Environmental Quality. Doing so ignores the fact that what the Mississippi DEQ does not have the money to regulate the federal Environmental Protection Agency will. Anybody who believes that it is better for Mississippi businesses to be regulated by Washington than DEQ has never operated a business.

My budget protects public safety by maintaining level funding for district attorneys and judges, with a small increase in funding for new trial judges. My budget also adequately funds the Departments of Corrections and Public Safety at slightly lower than FY 2011 levels.

My full modified executive budget recommendation is attached.

Sincerely,

A handwritten signature in black ink, appearing to read 'Haley Barbour', is written over the typed name. The signature is fluid and cursive.

Haley Barbour