



THE CLAY FIRM

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BUDGET TALKS CONTINUE

The Mississippi Supreme Court ruled last Friday that Governor Haley Barbour can't cut funding to the state's courts because doing so would violate the separation of government powers. The judiciary is a "separate, coequal branch of government," not an agency, and the cuts on the courts would be "inconsistent" with the state constitution, Chief Justice Bill Waller Jr. wrote in the three-page ruling.

Governor Barbour said Thursday that he disagrees with the Supreme Court order declaring his cuts to the judiciary unconstitutional but will abide by it anyway. "That's not the way I read the statute, but there's no use in appealing it to the Supreme Court, would



be my view," Barbour said. In response, the Governor said that state agencies will have to absorb the \$1.9 Million he cut from the judiciary last month.

Governor Barbour announced today at 2 P.M. a fourth round of cuts. Today's cuts amount to another \$21 Million, bringing the total cuts to \$458.5 Million or 8.664%. These cuts affect nearly all agencies, except those exempted by state statute.

The Legislature has exempted itself from budget cuts. The Supreme Court also has ruled its budget cannot be reduced by the Governor.

Revenues in January were 11.2%, or \$40.5 Million, lower than anticipated. Governor Barbour says that budget analysts now estimate the total budget shortfall for FY 2010 to hit \$458.5 Million. The Governor must reduce spending as mandated by Mississippi Code § 27-104-13, which requires the State Fiscal Officer to balance the budget when state revenue falls below estimates for the fiscal year. Governor Barbour warned that more cuts may be needed in the future.

C A M P A I G N F I N A N C E R E P O R T S

Treasurer Tate Reeves closed 2009 with about \$1.2 Million in campaign funds on hand, the most of any statewide elected official. Lt. Governor, Phil Bryant, had the second-largest war chest of the statewide officials and raised more money during the year than his statewide peers. Bryant raised

\$546,285 and closed the year with \$619,092. Comparatively, Reeves raised \$331,424 in 2009.

Reeves says he hasn't decided what position to run for in 2011. "I've received a lot of encouragement to run for governor and to run for other offices, but we'll have to make that decision later."

Other notables include: - Sen. Billy Hewes, who plans to run for Lt. Governor in 2011, raised \$641,652; - Attorney General Jim Hood has \$90,539 cash on hand; - Dave Dennis, Republican businessman running for Governor raised \$363,011; - Secretary of State, Delbert Hosemann, raised \$320,669.



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Delivering direct access to Mississippi's decision makers for more than 25 years. Located in the heart of the Capitol complex and recognized by Mississippi policy-makers for superior government relations and advocacy, the Clay Firm provides top-tier lobbying and public affairs services.

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Q U I C K H I T T E R S

- House and Senate have adjourned until Monday at 3 P.M.
- Senator Alan Nunnelee received some competition this week in the Republican primary for the 1st Congressional District House of Representatives race. Former Eupora Mayor Henry Ross announced his candidacy Tuesday. In addition, Fox News Analyst and Lafayette County native Angela McGlowan is expected to announce her candidacy on Tuesday, February 9th.
- Congressional candidate Alan Nunnelee raised twice as much as U.S. Rep. Travis Childers in the fourth quarter of 2009, but the incumbent still

has twice the amount of cash on hand. Childers, a Democrat from Booneville, raised \$109,624 from October through December, and he has \$550,303 cash on hand. Senator Nunnelee, a Republican from Tupelo, raised \$201,483 during the same time period, and he has \$292,391 cash on hand.

- Attorney General Jim Hood said Thursday he hopes the Legislature will use settlement money from a lawsuit against a drug company to restore funding cut from courts, prosecutors and law enforcement. Hood formally announced an \$18.5 Million settlement with Eli Lilly. The lawsuit was filed to recoup state money spent on

the drug Zyprexa. "We received every penny we spent on the drug by Medicaid and the state insurance plan, plus penalties," Hood said.