



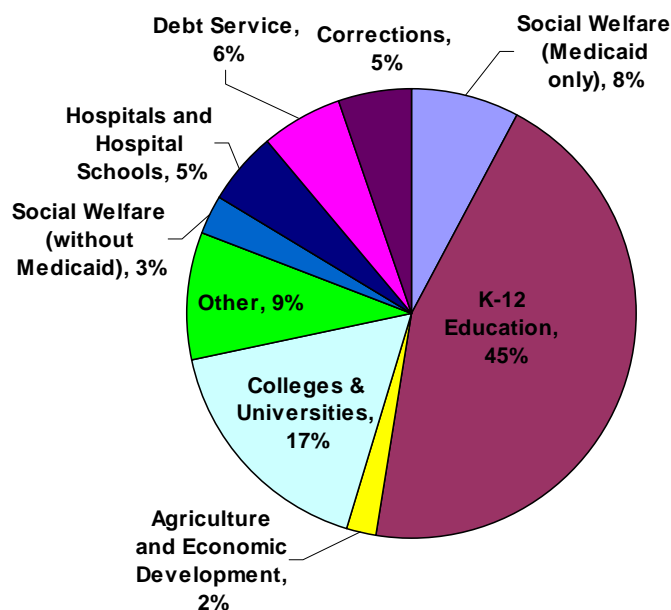
## BUDGET UPDATE: MISSISSIPPI GENERAL FUND APPROPRIATIONS AND RECENTLY ANNOUNCED CUTS FOR FISCAL YEAR 2009

**Key Takeaway:** During the regular legislative session of 2008, the Mississippi legislature appropriated approximately \$45 million less in general funds for FY 2009 than for FY 2008. Among major general fund budget categories, only higher education received an increase for FY 2009. Since appropriations were made in April, economic conditions have worsened and state revenue collections have not come in as expected. Consequently, the Governor has announced budget cuts that will reduce FY 2009 spending by approximately \$42 million.

### Original Appropriations for FY 2009

In the legislative session of 2008, the legislature enacted appropriations for fiscal year 2009. The legislature appropriated almost \$5 billion in general funds for state services, with \$45 million less in general fund appropriations than those for FY 2008. Figure 1 shows how general funds were allocated by budget category. As is usually the case, K-12 education received the largest general fund appropriation of \$2.23 billion, or 45% of the state's general funds.

Figure 1: FY 2009 General Fund Appropriations by Budget Category



Total = \$5 billion

Source: State of Mississippi Enacted Budget FY2009

Figure 2 shows the changes in appropriations for the largest budget categories. All of the categories but one saw a decrease from FY 2008 to FY 2009. The largest decreases were for debt service (-10.51%) and corrections (-6.99%). The only category that received an increase in funds was higher education with a \$12.7 million increase (1.52%) and non-Medicaid Social Welfare programs with a \$2.3 million increase (1.82%).

**Figure 2: Change in General Fund Appropriations from FY 2008-2009 for Selected Budget Categories and Total Budget**

Selected Budget Category	FY2008	FY2009	Increase	%Change
K-12 Education	\$2,234,427,600	\$2,230,445,881	-\$3,981,719	-0.18%
Colleges & Universities	\$836,281,263	\$849,013,054	\$12,731,791	1.52%
Social Welfare (without Medicaid)	\$129,042,497	\$131,385,041	\$2,342,544	1.82%
Social Welfare (Medicaid only)	\$392,369,468	\$389,516,582	-\$2,852,886	-0.73%
Debt Service	\$323,547,871	\$289,547,871	-\$34,000,000	-10.51%
Corrections	\$285,939,960	\$265,954,055	-\$19,985,905	-6.99%
Total General Fund Budget	\$5,040,366,516	\$4,995,442,011	-\$44,924,505	-0.89%

Source: State of Mississippi Enacted Budget FY 2009

### Revenue Declines since Appropriations were Enacted

The total amount of general fund appropriations are guided by revenue estimates released near the end of the legislative session. Since appropriations were made, economic conditions have worsened in Mississippi causing a revenue shortfall as revenue collections have come in below the estimate used to guide the FY 2009 appropriations. The current shortfall, as of October 2008, is approximately \$42 million. The Revenue Estimating Committee projects that the shortfall will grow to \$78.6 million by the end of the FY 2009 (June 30, 2009).

### Governor Announces Budget Cuts

When revenues come in under projections, the Governor is required by law to balance the budget. This can be done by using reserve funds, commonly called rainy day funds, by cutting state agency budgets, or both. On November 12, 2009 the Governor announced budget cuts that will reduce FY 2009 spending by the amount of the current shortfall (\$42 million). The budget cuts include 2% of most state agency budgets. However, many vital state services were excluded from the cuts including the Mississippi Adequate Education Program, Vocational and Technical education programs, Medicaid and others. Figure 3 provides a snapshot on the budget status of many state funded programs relative the announcement for budget cuts.

**Figure 3: Budget Status for State Funded Programs Relative to FY 2009 Budget Cut Announcement**

Budget Category/Agency	Program	Included in Announced FY 2009 Budget Cuts (Yes/No)
Agriculture and Economic Development		Yes
Conservation		Yes

Corrections		Yes
Debt Service		No
Executive and Administrative		Yes
Fiscal Affairs		Yes
Higher Education	Ayers Settlement	No
	Student Financial Aid	No
	50% of University of Mississippi Medical Center Budget	No
	General Support and Subsidiary Programs for Universities	Yes
	Administration and Support for Community and Junior Colleges	Yes
Hospitals and Hospital Schools		Yes
Judiciary / Justice		Yes
Local Assistance	Homestead Exemption	No
Military Police and Veterans Affairs		Yes
Mississippi Arts Commission		Yes
Public Education	Mississippi Adequate Education Program (MAEP)	No
	National Board Certification	No
	Vocational and Technical	No
	Court Ordered Chickasaw Cession interest	No
	Mississippi Schools fro Deaf and Blind	No
	General Education Programs and Administration	Yes
	Educational Television Authority	Yes
	Library Commission	Yes
Public Health	MS State Department of Health	No
Social Services	Medicaid	No
Department of Human Services	Department of Human Services Family and Children Services and Youth Services	No
	Child Support Enforcement	Yes
	Economic Assistance	Yes
	Aging and Adult and Community Services	Yes
Department of Rehabilitation Services	Rehabilitation Services programs related to "Billy A" Lawsuit	No
	Rehabilitation Services not related to "Billy A" Lawsuit	Yes

Source: Governor's office news release, November 12, 2008; MEPC analysis of FY 2009 Enacted Budget

While not a comprehensive list of state budget categories and the programs they include, Figure 3 provides a starting point for evaluating the budget cuts. For more information about the full FY 2009 appropriations visit the Mississippi Department of Finance and Administration website at [www.dfa.state.ms.us/Content/FY2009ApprInfo.htm](http://www.dfa.state.ms.us/Content/FY2009ApprInfo.htm).

For other updated information and overviews about the Mississippi state budget, visit the Mississippi Economic Policy Center website at [www.mepconline.org](http://www.mepconline.org).