Mississippi Economic Policy Center

4 Old River Place, Suite A, Jackson, MS 39202-3434
Voice: 601-944-1100 • Fax: 601-944-0808
www.mepconline.org

OFFICE OF GOVERNOR ANNOUNCES SECOND ROUND OF FY2009 BUDGET CUTS

Key Takeaway: The Governor has announced a second round of cuts for the current fiscal year of $158 million. In November, the Governor announced $42 million in cuts for a total of $200 million in cuts to the current fiscal year's budget (from July 1, 2008 to June 30, 2009). A recent report by the Joint Legislative Budget Committee reported that the Fiscal Year 09 revenues through the halfway point of the fiscal year were $65.3 million below the revenue estimate. Additionally, the Governor has reported that state fiscal experts are projecting a deficit of $175 to $310 million by the end of the fiscal year.

The state fiscal officer, appointed by the Governor, is required by law to balance the budget if revenue comes in below the appropriation levels for the current year. This can be done by making budget cuts, by using reserve funds, or both. State law allows the Governor to cut agency budgets by 5% at his discretion, however cuts above 5% must be made as an across the board percentage for all agencies.

The Governor's announced cuts include 5% cuts for most agency budgets. It cuts the Mississippi Adequate Education Program, previously excluded from cuts, by 3.49%. While Medicaid services were not cut, Medicaid administration was cut 5%. Court ordered programs were excluded from cuts as well as the legislative budget, debt service and local government assistance for homestead exemption. Table 1 shows the announced current year budget cuts by major budget category.

Table 1: Announced FY 2009 Budget Cuts by Budget Category as of January 2009

Budget Category	FY 2009 State Funds Appropriated (including General Fund, Education Enhancement Fund, and Budget Contingency Fund)	November Budget Cuts	January Budget Cuts	FY 2009 Total Budget Cuts	Total % Cuts (including General Fund, Education Enhancement Fund, and Budget Contingency Fund)
Legislative (Statutory Exclusion)	$26,075,417	$0	$0	$0	0.00%
Judiciary & Justice	$63,799,714	($1,275,994)	($1,913,991)	($3,189,986)	-5.00%
Executive & Administrative	$3,683,145	($74,343)	($109,814)	($184,157)	-5.00%
Fiscal Affairs	$72,664,554	($1,453,291)	($2,179,937)	($3,633,228)	-5.00%
Public Education	$2,517,197,205	($3,529,494)	($88,492,074)	($92,021,568)	-3.66%
Higher Education	$958,683,323	($15,778,333)	($30,870,833)	($46,649,166)	-4.87%
Public Health	$34,106,624	$0	($1,705,331)	($1,705,331)	-5.00%
Hospital & Hospital Schools	$264,528,980	($5,290,581)	($7,935,868)	($13,226,449)	-5.00%
Agriculture	$10,960,705	($219,214)	($328,821)	($548,035)	-5.00%
IHL Agriculture	$81,209,482	($1,624,190)	($2,436,284)	($4,060,474)	-5.00%
Economic Development	$25,748,751	($514,975)	($772,463)	($1,287,438)	-5.00%
Conservation	$56,427,105	($1,128,542)	($1,692,813)	($2,821,355)	-5.00%
Corrections	$328,180,918	($6,563,618)	($9,845,428)	($16,409,046)	-5.00%
Social Welfare	$624,252,662	($1,454,078)	($5,149,041)	($6,603,119)	-1.06%
Military, Police & Vets' Affairs	$95,603,092	($1,912,062)	($2,868,093)	($4,780,155)	-5.00%
Local Assistance (Homestead Exemption)	$84,600,000	$0	$0	$0	0.00%
Miscellaneous (Arts Commission)	$1,906,859	($38,137)	($57,206)	($95,343)	-5.00%
Debt Service	$314,547,871	$0	$0	$0	0.00%
Total General Fund Agencies	**$5,564,176,407**	**($40,856,852)**	**($156,357,998)**	**($197,214,850)**	**-3.54%**
Department of Transportation - Administration [Other Special Funds]	**$55,702,997**	**($1,114,060)**	**($1,671,090)**	**($2,785,150)**	**-5.00%**
Total General Fund Agencies & MDOT Administration	$5,619,879,404	($41,970,912)	($158,029,088)	($200,000,000)	-3.56%

Source: MEPC analysis of data from the Governor's office

Note: Includes spending cuts from state general funds and some state special funds including, budget contingency funds and education enhancement funds.