



FY 2010 JOINT LEGISLATIVE BUDGET RECOMMENDATION OVERVIEW

Key Takeaway: The Joint Legislative Budget Committee recommended a number of budget reductions, some level funding and a few increases for specific budget categories like the Mississippi Adequate Education Program (MAEP). In total, the recommended budget allocated about \$18.8 million less in general funds than the FY 2009 budget.

Revenue Estimate and Fiscal Climate

With economic conditions worsening, General Fund revenue is projected to increase 1.3% in FY10 over the current fiscal year. The estimated growth rate for general fund revenue is expected to be the lowest rate of growth since fiscal year 2004. Despite the increase, rising demand for state services will likely increase costs for state government. Increased costs combined with reduced state revenues associated with the recession will likely prompt budget cuts, tax increases and / or the use of reserve funds from the Working Cash Stabilization Reserve Fund (Rainy Day Fund) to balance the budget.

Joint Legislative Budget Committee Recommendation

The state's budget, adopted through a set of appropriations bills, is created by the legislature each year for the next fiscal year. The legislature that convenes in January will adopt appropriations for FY2010 which begins on July 1, 2009. Each year, the Joint Legislative Budget Committee releases a budget recommendation in advance of the legislative session. The total amount available for the recommended budget is the amount projected by the Revenue Estimating Committee for 2010 plus any additional statutory adjustments and a 2% set aside to account for differences between revenue projections and revenue collections. Unlike the budget recommendation made by the governor, the JLBC may not include revenue increases in its recommendation.

Table 1 shows the Joint Legislative Budget Committee's FY 2010 general fund budget recommendation by budget category. Many of the budget categories are recommended for reductions. Two categories that were not recommended for reductions included public education (1.25% increase) and debt service which is recommended to remain constant. The recommended budget also includes new funds for the state employee retirement system.

Table 1: FY 2010 JLBC Budget Recommendation by Budget Category

Budget Category	FY 2009 Estimated	FY2010 Recommended	% Change
Public Education	\$ 2,258,445,881	\$ 2,286,713,537	1.25%
Higher Education	\$ 849,013,054	\$ 835,301,542	-1.61%
Social Welfare	\$ 523,154,383	\$ 511,414,484	-2.24%
Debt Service	\$ 289,547,871	\$ 289,547,871	0.00%
Corrections	\$ 265,954,055	\$ 262,945,872	-1.13%
Hospitals and Hospital Schools	\$ 264,528,980	\$ 255,875,326	-3.27%
Agriculture and Economic Development	\$ 112,619,372	\$ 110,517,731	-1.87%
Military, Police and Veteran's Affairs	\$ 95,453,092	\$ 93,419,551	-2.13%
Local Assistance	\$ 84,600,000	\$ 83,900,000	-0.83%
Fiscal Affairs	\$ 73,100,908	\$ 69,253,406	-5.26%
Judiciary and Justice	\$ 61,781,166	\$ 60,621,901	-1.88%
Conservation	\$ 55,301,770	\$ 53,574,777	-3.12%
Public Health	\$ 34,106,624	\$ 33,221,417	-2.60%
Legislative	\$ 25,975,417	\$ 25,967,499	-0.03%
Executive and Administrative	\$ 3,683,145	\$ 3,497,075	-5.05%
State Employee Retirement Increase	\$ -	\$ 2,758,478	100.00%
Arts Commission	\$ 1,406,859	\$ 1,261,892	-10.30%
Total General Fund Agencies	\$ 4,998,672,577	\$ 4,979,792,359	-0.38%

Source: Joint Legislative Budget Committee

The Joint Legislative Budget Committee's reductions are recommended to be administered by defunding vacant positions and reducing expenditures for conference travel, contractual services, and equipment purchases. The JLBC also recommended that non-recurring revenue provided in previous fiscal years not be carried forward for the FY 2010 budget. The JLBC left \$14.6 million in general funds unallocated for FY 2010 for the legislature to decide upon during the legislative session. Also, the recommendation does not include any new revenue for FY 2010 which may also be decided upon in the upcoming legislative session.

Below is more information about the JLBC budget recommendations for general funds within each budget category. For more information on other state budget issues, visit the Mississippi Economic Policy Center's website at www.mepconline.org.

Public Education

- General fund increases recommended for the Mississippi Adequate Education Program (1.9%) and Chickasaw Interest (7.5%).
- Decreases recommended for General Education Programs and Administration (9.2%), Schools for the Blind and Deaf (8.3%), Vocational and Technical Education (1.3%), Educational Television Authority (2.6%) and the Library Commission (2.6%).

Higher Education

- Level funding recommended for Student Financial Aid, and Community and Junior College support.
- General fund decrease recommended for IHL General Support for Universities (2.8%), Subsidiary Programs (4.2%), University Medical Center (0.8%), Junior College Administration (2.8%).

Social Welfare

- Recommends reductions in general funds for the Division of Medicaid (0.9%), Department of Human Services (4.6%), and Department of Rehabilitation Services (3%).
- Recommends elimination of general funds for the Medicaid temporary dialysis transportation systems.

Debt Service

- Recommends level funding for debt service.

Corrections

- Recommends reduction in general funds for Department of Corrections Support (2%).
- Recommends level funding Medical Services, Parole Board, Private Prisons, Regional Facilities, and Local Confinement Reimbursement.

Hospitals and Hospital Schools

- General fund decrease recommended for the Department of Mental Health (3.2%).

Agriculture and Economic Development

- General fund decrease recommended for Agriculture and Commerce Units (1.7%), IHL Agricultural Units (1.5%), Economic and Commerce Development Units, including the Mississippi Development Authority (1.8%).

Military, Police and Veteran's Affairs

- Reductions in general funds recommended for the MS Emergency Management Agency (6.3%), Emergency Management Disaster Relief (5.6%), Military Department (1.4%), Public Safety Highway Patrol Division (0.8%), Crime Lab (3.9%), Medical Examiner (8.2%), Homeland Security Office (2.9%), Law Enforcement Officers Training Academy (0.9%), Bureau of Narcotics (3.3%), Office of Public Safety Planning (0.6%), Public Safety Support Services (1.6%), and the Veterans' Affairs Board (3.8%).
- Level funding is recommended for the Public Safety Juvenile Facility Monitoring Unit.

Local Assistance

- A reduction in general funds is recommended for the Tax Commission's Homestead Exemption Reimbursement to local governments (0.8%).

Fiscal Affairs

- General fund reductions recommended for Department of Audit (6.7%), Department of Finance and Administration (2.4%), Gaming Commission (3.9%), Tax Commission Support (2.3%) and License Tax Commission (43.7%), State Treasurer's Office (4.6%), and the Health Care Trust Fund board (5.5%).
- Elimination of general funds recommended for DFA Tort Claims/State Building Insurance.

Judiciary and Justice

- Level funding Attorney General's Judgments and Settlement Agreements, District Attorneys and Staff, and the Office of Supreme Court Services.
- General fund decreases for the Attorney General's Office (5.1%), Commission on the Status of Women (3.4%), Judicial Performance Commission (5.3%), and Administrative Office of the Courts (2.5%), Court of Appeals (2.2%), and Trial Judges (2.2%).

Conservation

- Level funding recommended for MS Institute for Forest Inventory, Archives and History Statewide Oral History Project, Department of Marine Resources, and the Mississippi River Parkway Commission.
- General fund decrease recommended for the Department of Archives and History (5.1%), Department of Environmental Quality (1.8%), Forestry Commission (2.0%), Grand Gulf Military Monument (0.5%), Soil and Water Conservation Commission (0.9%), Tenn-Tom Waterway Development Authority (0.9%), and Wildlife, Fisheries and Parks (6.5%).

Public Health

- General fund decrease recommended for the State Department of Health (2.5%).

Legislative

- Level funding recommended for Legislative Expense--Monthly Allowance, Joint Legislative Budget Committee, Energy Council, Southern Growth Policies Board, Southern States Energy Board, and Uniform State Laws Committee.
- General fund decrease recommended for PEER Committee (4.3%).
- General fund increase for Reapportionment Committee (19.1%), Interstate Cooperation (3.9%) and Legislative Expense--Regular (0.3%).

Executive and Administrative

- General fund decrease recommended for Ethics Commission (1.4%), Governor's Mansion (6.7%), and Governor's Office (5.4%).

Miscellaneous

- Recommends a reduction in general funds for the Arts Commission (10.3%).
- Recommends a new allocation of general funds for a State Employee Retirement Increase.