



FY 2009 JOINT LEGISLATIVE BUDGET RECOMMENDATION RELEASED

Key Takeaway: Due to an expected slowing in state revenue growth, the Joint Legislative Budget Committee's recommends budget cuts in FY 2009 for most budget categories. The only budget category with a recommended increase (though slight) is public education. A few other budget categories are receiving level funding which, because of increases in the costs of providing services, will likely still amount to a cut. The widespread cuts will likely mean reductions in services that Mississippi families count on every day.

In early December, the Joint Legislative Budget Committee released their recommendations for FY 2009 appropriations. FY 2009 appropriations will be made in the 2008 legislative session which will begin in January. With the increase in state revenue from Hurricane Katrina estimated to slow in FY 2009, revenue to pay for state services is not as robust as in previous years.

In November, the Revenue Estimating Committee released its projection of how much revenue will be collected in FY 2009. It estimated that the state will collect \$5,076,000,000, an increase of 2.9% over general fund revenues projected for FY 2008. The budget committee used this estimate to project how much will be available to appropriate. In total, the recommended appropriations for FY 2009 are \$61 million less than was appropriated for FY 2008. The committee left about \$142 million unallocated in its budget, expecting that those funds will be used to meet needs that were not provided for in their budget recommendation. State agency budget requests for FY 2009 totaled over \$1 billion more than the recommended general fund budget provides. During the legislative session, agencies and other advocates will be working hard to make their case for the limited pool of funds available.

Figure 1 shows the recommended appropriation for FY 2009 compared with the appropriation for FY 2008. Total recommended appropriations for FY 2009 are 1.2% less than appropriations for FY 2008. The only budget category that is recommended to have increased funding in FY 2009 is public education. However, that increase is relatively slight at only \$1.2 million. Within the public education category, the Mississippi Adequate Education Program, or MAEP, is proposed to receive an increase of \$11.4 million, while all other public education spending is proposed to decrease by \$10.2 million dollars.

On the other hand, the Department of Human Services and the Department of Rehabilitation Services are proposed to see the greatest cuts at 13%, or \$16.2 million. Similarly, the recommended public health budget reflects a decrease of 11.8%, or \$4.9 million.

Figure 1
General Fund Appropriations FY 2008 and FY 2009 Recommended

Budget Category	FY 2008	FY 2009 Recommended	% Change
Public Education	\$ 2,234,427,600	\$ 2,235,593,087	0.1%
Higher Education	\$ 836,281,263	\$ 826,975,981	-1.1%
Medicaid	\$ 395,282,948	\$ 389,491,260	-1.5%
Debt Service	\$ 289,547,871	\$ 289,547,871	0.0%
Corrections	\$ 266,006,868	\$ 265,779,734	-0.1%
Hospitals and Hospital Schools	\$ 258,790,068	\$ 255,515,045	-1.3%
Agriculture and Economic Development	\$ 114,069,508	\$ 111,544,661	-2.2%
Department of Human Services and Department of Rehabilitation Services	\$ 123,876,257	\$ 107,801,787	-13.0%
Legislative, Judiciary and Executive Administration and Fiscal Affairs	\$ 165,829,076	\$ 155,187,102	-6.4%
Military, Police, and Veteran's Affairs	\$ 100,603,856	\$ 91,961,948	-8.6%
Local Assistance	\$ 84,000,000	\$ 84,000,000	0.0%
Conservation	\$ 56,064,081	\$ 55,067,200	-1.8%
Public Health	\$ 41,833,515	\$ 36,903,314	-11.8%
Other	\$ 1,617,059	\$ 1,406,259	-13.0%
Total	\$ 4,968,229,970	\$ 4,906,775,249	-1.2%

Source: Joint Legislative Budget Committee

General funds for Medicaid are proposed to decrease only 1.5%; however, with a decrease in special funds expected, total appropriations for Medicaid are expected to decline by a total of 13.9%, or over \$500 million. The Director of Medicaid requested an increase over last year's general fund appropriation of \$168 million. Additionally, Medicaid has requested a deficit appropriation of \$86 million in order to continue providing services for FY 2008.

Many other budget categories are recommended to remain relatively stable with smaller decreases in general funds. While cuts in appropriations regularly require cuts in services provided, keeping funding level also often requires service cuts. Each year, the costs of providing services increase as population increases and the prices of goods and services in the economy increase. This means that a state agency may not be able to provide the same level of services with the same amount of funding as the previous year.

Not only do economic conditions affect the cost of providing state services, they also influence demand for those services. Downturns in the economy often increase the need for state services. With economists projecting a slowing economy in Mississippi, cuts in services would likely multiply the affect of an economic slump on vulnerable Mississippians. This highlights the need for strong fiscal systems that ensure stable and adequate revenue collection in both good and challenging economic times.