



FY 2010 Revenue Numbers Prompt Fifth Round of Budget Cuts

KEY TAKEAWAY:

Updated revenue estimates for FY 2010 ending June 30, 2010 now project a total deficit of \$499.1 million in state funds for the year.

Most agencies are now facing almost 9.5% in cuts to their current year budget. Due to these cuts a number of state agencies are planning furloughs.

In response to the updated revenue projections, Governor Barbour announced a fifth round of budget cuts totaling \$40.6 million.

Figure 1 shows the budget actions that have occurred since funds were initially appropriated last year and the effects on agency budgets.

Figure 1: Cummulative Effect of Budget Cuts on FY2010 State Support Budget

Total State Support Appropriations Plus AARA for FY2010	Budget Cuts as of 12/31/2009	January Budget Cuts	February Budget Cuts	March Budget Cuts	Total	Budget Cuts Restored by Legislature	Total Effective FY2010 Budget Cuts
\$5,870,521,734	\$221,882,082	\$215,617,918	\$21,000,635	\$40,600,018	\$499,100,636	\$82,000,000	\$417,100,636

Note: The FY 2010 total state support appropriations includes General Funds, the Education Enhancement Fund, Budget Contingency Fund, and the Healthcare Expendable Fund. Source: Governor's Office

The Net Effect of Budget Cuts and Restorations

Before the latest cuts were announced, the legislature enacted and the Governor signed a measure which restored \$82 million of the previous budget cuts with special reserve funds.

Those restored funds will still take effect. So, while a total of \$499.1 in cuts have been made, \$82 million have been restored, making the total effective cuts approximately \$417 million.

Conclusion:

As the current fiscal year winds down, and lawmakers turn their sights towards the development of next year's budget, a cuts only strategy will only exacerbate the harm caused by five rounds of cuts in 2010. A balanced approach that includes raising revenue, especially through measures that take into account one's ability to pay, has been shown to be less harmful to a state's economy than state budget cuts. The approach also preserves critical investments in education, health care and public safety to move the state forward when prosperity returns.



FACT SHEET: *April 8, 2010*

Budget Category	Total FY 2010 State Support Appropriation	FY 2010 Budget Cuts through Feb 2010	March 17 Budget Cuts	Total FY2010 Budget Cuts	% cut	Budget Cuts Restored by Legislature	Remaining FY2010 Budget
Public Education	\$2,383,611,967	\$206,521,750	\$19,339,838	\$225,861,588	9.48%	\$ 37,071,036	\$2,194,821,415
<i>MAEP</i>	\$2,070,596,761	\$179,401,376	\$16,800,137	\$196,201,513	9.48%	\$33,908,173	\$1,908,303,421
Higher Education-IHL	\$658,469,787	\$57,051,373	\$5,342,606	\$62,393,979	9.48%	\$2,998,369	\$599,074,177
Social Welfare Total	\$587,770,969	\$36,451,659	\$1,166,042	\$37,617,701	6.40%	\$2,700,000	\$552,853,268
<i>Medicaid</i>	\$444,057,664	\$24,000,000		\$24,000,000	5.40%		\$420,057,664
Debt Service	\$347,187,030				0.00%		\$347,187,030
Corrections	\$324,556,678	\$28,120,355	\$2,633,345	\$30,753,700	9.48%	\$16,000,000	\$309,802,978
Higher Education-Community and Junior Colleges	\$250,768,624	\$21,727,184	\$2,034,654	\$23,761,838	9.48%		\$227,006,786
Hospitals and Hospital Schools	\$220,418,554	\$19,097,583	\$1,788,403	\$20,885,986	9.48%	\$4,000,000	\$203,532,568
Fiscal Affairs	\$98,180,378	\$8,506,580	\$796,603	\$9,303,183	9.48%	\$1,000,000	\$89,877,195
Military Police and Veterans' Affairs	\$96,525,710	\$8,363,217	\$783,178	\$9,146,395	9.48%	\$3,116,149	\$90,495,464
Local Assistance	\$84,150,000	\$7,290,954	\$682,765	\$7,973,719	9.48%		\$76,176,281
IHL Agricultural Units	\$80,455,716	\$6,970,873	\$652,791	\$7,623,664	9.48%	\$1,060,723	\$73,892,775
Judiciary and Justice	\$61,485,725	\$3,259,226	\$216,182	\$3,475,408	5.65%	\$2,778,723	\$60,789,040
Conservation	\$55,652,628	\$4,821,876	\$451,547	\$5,273,423	9.48%		\$50,379,205
Public Health	\$31,790,911	\$2,754,440	\$257,941	\$3,012,381	9.48%	\$875,000	\$29,653,530
Legislative	\$26,004,726				0.00%		\$26,004,726
Economic Development	\$25,198,524	\$2,183,258	\$204,452	\$2,387,710	9.48%		\$22,810,814
MS Department of Insurance Windpool	\$20,000,000	\$1,732,847	\$162,282	\$1,895,129	9.48%		\$18,104,871
Agriculture	\$11,169,605	\$967,760	\$90,626	\$1,058,386	9.48%		\$10,111,219
Executive and Administrative	\$3,566,637	\$309,023	\$28,939	\$337,962	9.48%	\$10,400,000	\$13,628,675
Arts Commission	\$1,907,411	\$165,263	\$15,476	\$180,739	9.48%		\$1,726,672
Total General Fund Agencies--General Funds, Education Enhancement Fund, Budget Contingency Fund, and the Healthcare Expendable Fund	\$5,368,871,580	\$416,295,221	\$36,647,670	\$452,942,891	8.44%	\$82,000,000	\$4,997,928,689
General Fund Agencies--other state source special funds				\$29,872,568			
Special Fund Agencies				\$16,285,193			
Total State Support Funds				\$499,100,652			

Totals in the summary and detail tables do not match due to rounding.