

FY 2012  
LEGISLATIVE BUDGET  
RECOMMENDATION



LEGISLATIVE BUDGET OFFICE  
PRESENTATION TO  
HOUSE APPROPRIATIONS  
JANUARY 13, 2011

## FY 2011 BUDGET

YTD REVENUE COLLECTIONS vs YTD SINE DIE ESTIMATE (YTD THROUGH DECEMBER 2010)
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YTD Sine Die Estimate	\$2,048.6M		
YTD Collections	<u>2,074.7M</u>		
YTD Collections Over Estimate	\$ 26.1 M	+1.3%	

YTD REVENUE COLLECTIONS vs YTD PRIOR YEAR COLLECTIONS (YTD THROUGH DECEMBER 2010)
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YTD Prior Year FY 2010	\$2,065.4M		
YTD Current Year FY 2011	<u>2,074.7M</u>		
YTD Collections Over Prior Year	\$ 9.3M	+0.5%	

FY 2011 REVISED REVENUE ESTIMATE
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FY11 Sine Die Estimate (March 17, 2010)	\$4,483.9M	(0.3%)	
FY11 Revised Estimate (November 9, 2010)	<u>4,530.1M</u>	+0.7%	
Increase in FY 2011 Estimate	\$ 46.2M		

## FY 2012 BUDGET

FY 2012 GENERAL FUND REVENUE ESTIMATE
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FY 2012 GF Revenue Growth over FY 2011 Revised (%)	1.3%
FY 2012 GF Revenue Growth over FY 2011 Revised (\$)	\$57.1M

JLBC BUDGET RECOMMENDATION FOR FY 2012
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General Funds	\$ 4,480,649,413
State Support Special Funds	<u>936,378,431</u>
Total State Support	5,417,027,844
Federal Funds	8,706,984,175
Other Special Funds	<u>4,491,166,695</u>
Total Budget Recommendation	\$18,615,178,714

JLBC STATE SUPPORT RECOMMENDATION FY 2012 vs FY 2011
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<u>Fund Source</u>	<u>FY 2011 Appropriations</u>	<u>FY 2012 Recommendations</u>	<u>FY 2012 + / (-) FY11</u>
General Funds	\$4,384,838,731	\$4,480,649,413	\$ 95,810,682
HCEF	201,745,998	136,009,436	(65,736,562)
EEF	297,542,358	335,654,437	38,112,079
TCF	20,000,000	20,000,000	0
HDRF	0	35,860,000	35,860,000
ARRA	387,296,413	0	(387,296,413)
WCSRF	80,000,000	87,987,385	7,987,385
Other BCF	<u>110,332,881</u>	<u>320,867,173</u>	<u>210,534,292</u>
Total State Support	\$5,481,756,381	\$5,417,027,844	\$ (64,728,537)

OVERVIEW OF JLBC BUDGET RECOMMENDATION
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In developing a budget recommendation for FY 2012, the Joint Legislative Budget Committee faced the challenges of the need to replace \$700.8 million of FY 2011 non-recurring funding sources and a General Fund Revenue Estimate for FY 2012 that does not provide sufficient funds to replace all of the FY 2011 non-recurring funds.

The following chart reflects the agencies in which the non-recurring funds needed to be replaced:

	<u>ARRA</u>	<u>BCF</u>	<u>HCEF</u>	<u>Total NR</u>
MS Adequate Education Prg	128,365,837	0	0	128,365,837
JUCO - Support	9,578,739	0	0	9,578,739
IHL - General Support	44,570,375	0	0	44,570,375
IHL - Univ Medical Center	26,426,287	0	0	26,426,287
IHL - Veterinary Medicine	1,132,631	0	0	1,132,631
Health Department	2,313,387	0	0	2,313,387
Mental Health	25,212,811	0	0	25,212,811
Medicaid	257,154,414	79,700,000	122,000,000	458,854,414
Rehabilitation Services	4,034,566	0	0	4,034,566
Finance and Administration	<u>0</u>	<u>350,000</u>	<u>0</u>	<u>350,000</u>
Totals	498,789,047	80,050,000	122,000,000	700,839,047

The Committee's recommendation for FY 2012 was developed by recommending both reductions in expenditures and increases in revenues available through the utilization of cash balances.

## STATE SUPPORT BUDGET ACTIONS WITHIN FY 2012 LBR

The Committee's recommended state support spending levels do not reflect across-the-board reductions. Reductions range from 0% to 79% below the FY 2011 appropriated levels. Most agency budgets reflect reductions between 1% and 7%. Statewide the reductions average 1.1% below the FY 2011 state support appropriations.

The Joint Legislative Budget Committee reduced FY 2011 operating budgets by:

- 1) Deleting funding for all vacant positions (3,796 vacant positions deleted)
- 2) Reducing funding of travel and contractual services
- 3) Funding only critical equipment purchases and lease purchase obligations

Through the combined utilization of available cash balances, modest revenue growth and savings due to targeted budget reductions, the Committee was able to replace \$700.8 million of FY 2011 non-recurring funds.

## BUDGET ACTIONS ON SELECT AGENCIES

The Committee recommends that the funding for the MS Adequate Education Program remain at the FY 2011 appropriated level. Also remaining at the FY 2011 level are the budgets for Debt Service, Highway Safety Patrol and Homestead Exemption. Funding for the Medical Services Program of the Division of Medicaid remains at the FY 2011 state support level.

The recommended funding level for the Institutions of Higher Learning is 2.1% less than the FY 2011 level and for the Community Colleges is 1.2% less than the FY 2011 level.

The Committee recommended funding above the FY 2011 level for the Chickasaw Interest Fund in the amount of \$1.5 million to meet the court-ordered formula.

FY 2012 STATE SUPPORT SPECIAL FUNDS WITHIN THE LBR
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In order to support the spending levels recommended in this budget, the Committee is utilizing the following sources of State Support Special Funds totaling \$936.4 million to supplement General Fund allocations:

- 1) \$335.7M of Education Enhancement Funds
- 2) \$20.0M of Tobacco Control Program Funds
- 3) \$79.7M of Health Care Expendable Funds available from the 2012 Tobacco Settlement Payment
- 4) \$91.7M by utilizing the 2% Set Aside
- 5) \$14.8M by delaying the implementation of the Accelerated Tax Amendment
- 6) \$122.6M of Budget Contingency Funds available from the FY 2011 enhanced FMAP extension savings for January 2011 to July 2011 (HB 1059)
- 7) \$46.2M of funds available from the FY 2011 Revised Revenue Estimate
- 8) \$88.0M of Working Cash Stabilization Reserve Funds (1/2 of balance remains)
- 9) \$26.5M of Capital Expense Funds
- 10) \$56.3M of Health Care Trust Funds (1/2 of balance remains)
- 11) \$17.8M of idle cash balances in the Treasury
- 12) \$1.2M of Budget Contingency Funds available from the Gaming Commission Loan repayment
- 13) \$35.9M of Hurricane Disaster Reserve Funds

JLBC FOOTNOTE TO THE FY 2012 RECOMMENDATION

The Joint Legislative Budget Committee adopted a single footnote recommending that the 2011 Legislature consider additional funding for certain critical areas of the budget if funding becomes available during the Legislative Session. These critical areas identified by the Committee include: K-12 through Higher Education, Public Health, Public Safety, Debt Service and other budgets.

The footnote is set forth on page 11 of the FY 2012 Legislative Budget Report as follows:

“The Joint Legislative Budget Committee recognizes that the FY 2012 Budget Recommendation does not provide optimal funding levels for many critical areas of the state budget. The Committee recommends that the Legislature consider additional funding in the following critical areas if additional funds become available during the 2011 Legislative Session:

Archives and History, Department of  
Community and Junior Colleges  
District Attorneys and Staff  
Education Department – Early Intervention Program  
Education – Vocational/Technical Education (Maintenance of Effort)  
Health, State Department of (Maintenance of Effort)  
Human Services, Department of – Olivia Y  
IHL – University Medical Center (Medicaid Match)  
Institutions of Higher Learning  
Medicaid, Division of  
Mental Health, Department of  
Public Safety, Department of – Cadet Class  
Public Safety, Department of – Medical Examiner  
Revenue, Mississippi Department of – Homestead Exemption Reimbursement  
Tax Appeals Board  
Treasurer’s Office – Debt Service  
Veterans’ Affairs Board”

JLBC'S FY 2012 LBR VS GOVERNOR'S EBR

The JLBC recommends spending \$30.7M less in State Support than the Governor's budget recommendation.

Statewide, the JLBC reduction to the FY 2011 budgets is 1.2% and the Governor's budget reflects a reduction of only 0.3% statewide. A portion of the funds derived from the Governor's reductions to agencies' FY 2011 level is redistributed within his budget for FY 2012.

The JLBC budget reflects targeted reductions from the FY 2011 level that delete funding for vacancies and non-recurring expenditures and provides minimum levels of operating funds for agencies while the Governor's budget reflects an across-the-board 8.09% reduction from the FY 2011 level for most budgets with increased funding for select functions.

Both budgets maintain the FY 2011 level of funding for the MS Adequate Education Program (MAEP). The JLBC recommends all state support funding to maintain this level while the Governor's budget includes the use of \$65.3M of federal Jobs Funds toward maintaining the FY 2011 level for MAEP.

The Governor's budget reflects funding above the JLBC recommended funding levels in the following budgets:

Revenue Department	\$16.0M
DFA – State Building Insurance	13.9M
General Education (includes funding for Shared Services)	19.0M
IHL – General Support (includes funding for Shared Services)	21.9M
JUCO – Admin (reflects shift of Voc-Tech Ed from K-12)	33.7M
Debt Service	39.9M

The JLBC budget reflects funding above the Governor's recommended funding levels in the following budgets:

Homestead Exemption Reimbursement	\$ 6.1M
Vocational and Technical Education	30.6M
IHL- University Medical Center	16.2M
Mental Health	6.9M
Medicaid	35.1M