

STATE OF MISSISSIPPI

LEGISLATIVE BUDGET REPORT

FOR FISCAL YEAR

July 1, 2019 – June 30, 2020



SUBMITTED BY

JOINT LEGISLATIVE BUDGET COMMITTEE

To The

MISSISSIPPI LEGISLATURE

2019 SESSION

STATE OF MISSISSIPPI

JOINT LEGISLATIVE BUDGET COMMITTEE

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STAFF

Tony Greer, Director
Randy Sanders, Deputy Director
Howard Brown, Jr., Deputy Director

TO MEMBERS OF THE MISSISSIPPI LEGISLATURE:

In compliance with the provisions of Section 27-103-113, Mississippi Code of 1972, the Joint Legislative Budget Committee submits for your consideration the Proposed Budget for the State of Mississippi for FY 2020.

Section 27-103-113, Mississippi Code of 1972, states that "It shall be the duty of the Legislative Budget Office to prepare an overall balanced budget of the entire expenses and income of the state for each fiscal year, which budget shall encompass the operations of all general-fund agencies and all special-fund agencies and the Mississippi Department of Transportation (including Office of State Aid Road Construction). Beginning with the 1996 fiscal year, such budget shall be prepared in a format which will include performance measurement data associated with various programs operated by each agency. Said overall budget shall be completed prior to December 15 before the convening of the Legislature at the regular session."

In compliance with Section 27-103-113, the Joint Legislative Budget Committee prepares its budget recommendation in a format which includes performance measurement data. The Joint Legislative Budget Committee requires all state agencies to identify programs, the costs associated with each program, and the present and anticipated activities and objectives of each program. In addition to agency budget recommendations being made by major object of expenditure, recommendations are also made by the various programs of each agency as required by statute.

JOINT LEGISLATIVE BUDGET COMMITTEE RECOMMENDATIONS FOR FY 2020

Prior to the preparation of this budget, detailed budget request documents were received from all state agencies in support of their requests for FY 2020. Governing boards and executive heads of agencies appeared before the members of the Joint Legislative Budget Committee to further explain their needs and problems. Following the conclusion of this process, the members of the Committee agreed to submit this budget report for the consideration of the Legislature. Copies of the budget requests as received from all state agencies are contained in files which are maintained in the offices of the Senate and House of Representatives Appropriations Committees as well as the Legislative Budget Office. Budget requests are also available online.

Joint Legislative Budget Committee recommendations for FY 2020 will require, if adopted, total appropriations of \$5,526,316,571 from the General Fund. FY 2020 revenues are projected to increase by 2.6% above the sine die revenue estimate for FY 2019 under current law.

The Joint Legislative Budget Committee is recommending that \$790.5 million of reserve funds be retained for: 1) allocation by the Legislature to address additional needs in the FY 2019 and/or 2020 budgets, 2) allocation during future budget years, or 3) maintaining as reserves.

Total State Support Funding is set forth on page 21. This schedule identifies those funds that are considered state source special funds. State support funding is the combination of state General Funds and state source special funds. The state source special funds include: Education Enhancement Funds, Health Care Expendable Funds, Tobacco Control Funds, Capital Expense Funds and Budget Contingency Funds.

At a meeting on November 8, 2018, a revenue estimate for FY 2020 was adopted by the Governor and the Joint Legislative Budget Committee in the amount of \$5,802,200,000 which is 2.6% above the FY 2019 sine die revenue estimate under current law.

In reviewing these recommendations, attention must be focused on total funds and not just General Funds. General Funds alone are not an adequate measure of financial support. The Committee has properly considered the Special Fund revenues available to state agencies and utilized them wherever possible to offset the demand on the General Fund. The preparation of a state budget under the law required the Committee to face the difficult task of attempting to satisfy virtually unlimited needs with very limited resources. This report is the Joint Legislative Budget Committee's best effort to lay out a financial blueprint for the 2019 Legislature to consider.

ESTIMATE OF BUDGET REVENUES - FY 2020

At a meeting on November 8, 2018, the Governor and the Joint Legislative Budget Committee adopted an estimate of \$5,802,200,000 in General Fund receipts for FY 2020 under current law.

The State Economist presented the FY 2020 revenue estimate as recommended by the Revenue Estimating Group. The five members of the Revenue Estimating Group are the State Economist, the State Fiscal Officer, State Treasurer, Commissioner of Revenue, and Director of the Legislative Budget Office. The FY 2020 estimate took into account a review of collections for the first three months of FY 2019. Through September 2018, FY 2019 collections were approximately \$45.4 million above the sine die estimate for FY 2019.

The FY 2020 revenue estimate is an increase of 2.6% above the sine die estimate for FY 2019 under current law. Sales tax collections are expected to increase by \$74.0 million and individual income taxes are expected to increase by \$46.6 million in FY 2020. There are other increases and decreases in other revenue categories, but the key to the FY 2020 revenue estimate will be the projections for sales and individual income tax.

The economic assumptions underlying the FY 2020 revenue estimate are shown below. The Revenue Estimating Group's estimate reflects the group's outlook for FY 2020. The economic indicators for Mississippi project a 3.9% increase in the gross domestic product for FY 2020. The assumptions upon which the revenue estimate is based are shown in comparison to the United States as reflected below.

PROJECTED ECONOMIC TRENDS IN MISSISSIPPI, FY 2019 AND FY 2020

	<u>FY 2019</u>	<u>FY 2020</u>
Gross Domestic Product (Percentage Change)	3.8	3.9
Real Gross Domestic Product (Percentage Change)	1.9	1.6
Price Level (Percentage Change)	1.9	2.3
Total Employment (Percentage Change) (Payroll)	0.7	0.8
Unemployment Rate (Percent)	4.7	4.5
Total Personal Income (Percentage Change)	2.7	4.0

COMPARISON OF PROJECTED ECONOMIC INDICATORS, FY 2020, MISSISSIPPI AND U.S.

	<u>MISSISSIPPI</u>	<u>U.S.</u>
Gross Domestic Product (Percentage Change)	3.9	4.8
Real Domestic Product (Percentage Change)	1.6	2.4
Price Level (Percentage Change)	2.3	2.4
Total Employment (Percentage Change) (Payroll)	0.8	1.4
Unemployment Rate (Percent)	4.5	3.4
Total Personal Income (Percentage Change)	4.0	4.9

FUNDING THE BUDGET FOR FY 2020

Statement II of this report reflects the net revenue estimated to be received from each General Fund revenue source during FY 2019 and FY 2020.

The General Fund Sine Die revenue estimate for FY 2019 anticipates the collection of \$5,656.1 million, which represents a decrease of \$35.7 million or 0.6% below actual collections for FY 2018. Actual collections for FY 2018 compared to actual collections for FY 2017 reflected an increase of \$40.4 million or 0.7%.

The estimated General Fund collections for FY 2020 are \$5,802,200,000, which represents an increase of \$146.1 million, or 2.6% above the Sine Die FY 2019 estimate under current law.

SUMMARY OF ANTICIPATED GENERAL FUNDS AVAILABLE FOR FY 2020

Projected Beginning Cash Balance July 1, 2019	\$	0
Anticipated Receipts for FY 2020 under current law		5,802,200,000
Less: Two Percent (2%) of Projected FY 2020 Revenue & Beginning Cash		<u>(116,044,000)</u>
Total General Funds Available for FY 2020 Appropriations		5,686,156,000
Less: FY 2020 General Fund Legislative Budget Committee's Recommendation		<u>(5,526,316,571)</u>
Estimated General Fund Balance June 30, 2020	\$	<u>159,839,429</u>

FY 2020 RESERVES

The Joint Legislative Budget Committee's FY 2020 Budget Recommendation leaves unallocated at the end of FY 2020 the following sources of funds:

Working Cash Stabilization Reserve Funds	\$402,601,761
General Funds Available/Not Allocated	159,839,429
Two Percent (2%) General Fund Set-Aside	116,044,000
Capital Expense Funds	86,287,088
Idle Special Fund Cash Balances	13,329,327
Budget Contingency Funds	9,099,822
Tobacco Control Funds	1,716,392
Education Enhancement Funds	<u>1,650,698</u>
Total Reserves	<u>\$790,568,517</u>

GUIDELINES FOR BUDGET DEVELOPMENT

The Joint Legislative Budget Committee instructed the staff to develop recommendations on individual agency budgets. These staff recommendations were developed utilizing budget guidelines adopted by the Committee.

Following completion of the staff recommendation, the Committee was furnished information on each agency summarizing the staff's recommendation. In addition to the summary, the Committee received a verbal briefing or recommendation from the staff prior to final approval by the full Committee. Any deviations from the guidelines were made by the Committee and not by the staff.

In preparation of the budget recommendation, attention has been focused on minimizing the funding of vacant positions, reducing unnecessary travel, and deferring equipment purchases. The dominant concern in the development of the recommendations was to maintain adequate funding for continuation of current operations within the confines of the adopted estimate of General Fund revenue plus other state source funds estimated to be available during FY 2020.

The guidelines as adopted by the Committee on September 17, 2018 are as follows:

1. In addition to agency budget recommendations being made by major object of expenditure, recommendations will also be made by the various approved programs of each agency. Performance targets should be recommended for agencies that have targets set out in their FY 2019 appropriation bills.
2. The aggregate total of FY 2020 General Fund recommendations for continuation purposes shall not exceed the FY 2019 General Fund Appropriation (except increases approved by the Joint Legislative Budget Committee). Individual agency recommendations shall be less than FY 2019 when feasible.
3. No recommendation of new positions or new or expanded programs and activities shall be included except for operations mandated by state or federal statutes, regulations, court orders or commitments. However, staff is granted flexibility to recommend new positions identified and considered highly vulnerable or deemed to be in a high-risk area.
4. Reductions in authorized staffing levels will be made in conjunction with information being furnished by the State Personnel Board relative to non-mandatory, long-term vacancies exceeding 180 days. Staff is directed to recommend no funding of remaining vacancies. Staff shall have discretion in recommending the funding and retaining of seasonal or essential vacant positions. Staff is directed to recommend attrition adjustments on filled positions in budgets where historical employee turnover rates and other criteria would support such adjustments. Staff recommendations for salaries, wages, and fringe benefits shall not exceed the FY 2019 estimated level except in the case of fully funding filled positions.

Exempt from this guideline are any agencies that have been taken out of the purview of the State Personnel Board.
5. No funding for reallocation or reclassification of positions not previously approved by legislative action will be allowed.
6. No recommendation shall exceed the agency request for funding.
7. No increases above the FY 2019 level for overtime pay or liability insurance shall be included, except where the purchase of liability insurance has been authorized by the Legislature.
8. Attention shall be directed at the relationship of General vs. Special Funds and any impact of the agency's request on this relationship in an effort to ensure that General Funds are not being provided to replace lost federal funds.
9. Agency requests for budget authorization in special and/or federal funds which exceed FY 2019 continuation levels and funded solely from non-general fund sources may be considered for inclusion.
10. Staff will identify critical needs above the FY 2019 level that are not included in the staff recommendation.
11. Recommendations for vehicles will be considered in conjunction with information being furnished by the Office of Fleet Management (if Fleet Management recommendations are available).
12. Grant staff discretion to recommend the utilization of a spend-down of special fund cash balances where deemed feasible.
13. The staff is directed to identify any non-recurring revenue sources utilized to fund the FY 2020 budget recommendation.
14. The staff is directed to recommend minimum levels of funding in the areas of salaries, travel, contract workers, vehicles, and other equipment.
15. The staff is directed to recommend the replacement of non-recurring sources of funds utilized to fund recurring expenditures in the FY 2019 budget and to recommend a plan to provide the source of these replacement funds.

EXPLANATION OF FY 2020 DELETED POSITIONS

The Joint Legislative Budget Committee reduced authorized (vacant) positions and funding for vacant positions across all state agencies and institutions. This deletion will permanently reduce the state's potential salaries requirement. All state agencies and institutions should be aware of the continuation of this policy in the FY 2020 Budget Recommendation and should be extremely careful about filling any currently vacant positions in FY 2019.

The Joint Legislative Budget Committee recommended that a total of 3,011 vacant positions be abolished, along with the Elimination of funding for these positions.

SUMMARY GENERAL FUND RECOMMENDATIONS BY MAJOR FUNCTION OF GOVERNMENT

The following schedule reflects the differences between the Joint Legislative Budget Committee General Fund recommendations for FY 2020 and the FY 2019 appropriation level by major functions of state government:

	<u>INCREASE OR DECREASE AMOUNT</u>
Legislative	\$ 548,130
Judiciary & Justice	3,850,643
Executive & Administrative	(187,210)
Fiscal Affairs	(1,411,646)
Public Education	(24,389,067)
Higher Education	(10,760,570)
Public Health	(256,083)
Hospitals & Hospital Schools	(2,128,820)
Agriculture & Economic Development	(1,507,842)
Conservation	(1,496,729)
Insurance and Banking	(818,350)
Corrections	(3,066,838)
Social Welfare	19,032,732
Military, Police & Veterans Affairs	2,731,510
Local Assistance	(800,000)
Miscellaneous	(795,363)
Debt Service	0
Capital Expenditures - R & R	<u>0</u>
 TOTAL DECREASE	 <u>\$(21,455,503)</u>

Section 27-103-127, Mississippi Code of 1972, provides that "no special fund agency shall make expenditures from special funds available to such agency unless such expenditures are set forth in a budget approved by the Legislature." Part II and Part III of this Budget Report contain this Committee's Special Fund and Mississippi Department of Transportation (including Office of State Aid Road Construction) recommendations. "Expenditures approved or authorized by the Legislature for any special fund agency shall constitute a maximum to be expended or encumbered by such agency and shall not constitute authority to expend or encumber more than the amount of revenue actually collected or otherwise received." In making this recommendation, due care was exercised on the premise that Special Fund agencies also operate with public funds, regardless of source, and are accountable as General Fund agencies.

Respectfully submitted,


Philip Gunn, Chairman


Tate Reeves, Vice Chairman


Terry C. Burton


Eugene S. Clarke


Joey Fillingane


Dean Kirby

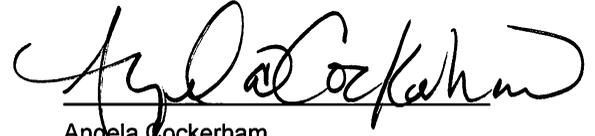

Willie Simmons


Sally Doty


Greg Snowden


John Read


Jeffery C. Smith


Angela Cockerham

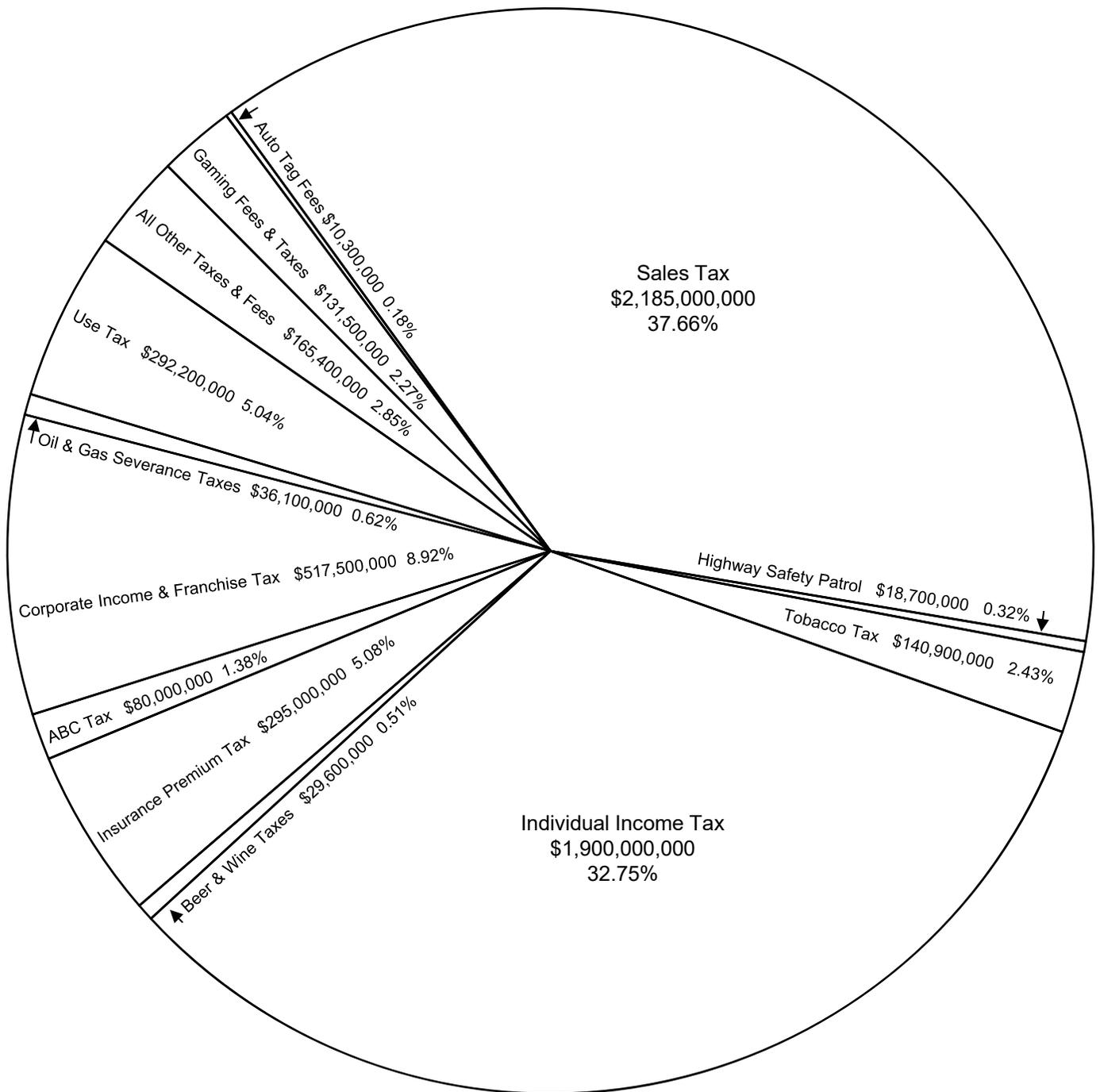

Credell Calhoun


C. Scott Bounds


Tony Green, Director

General Fund Revenues Estimated For Fiscal Year 2020 Budget

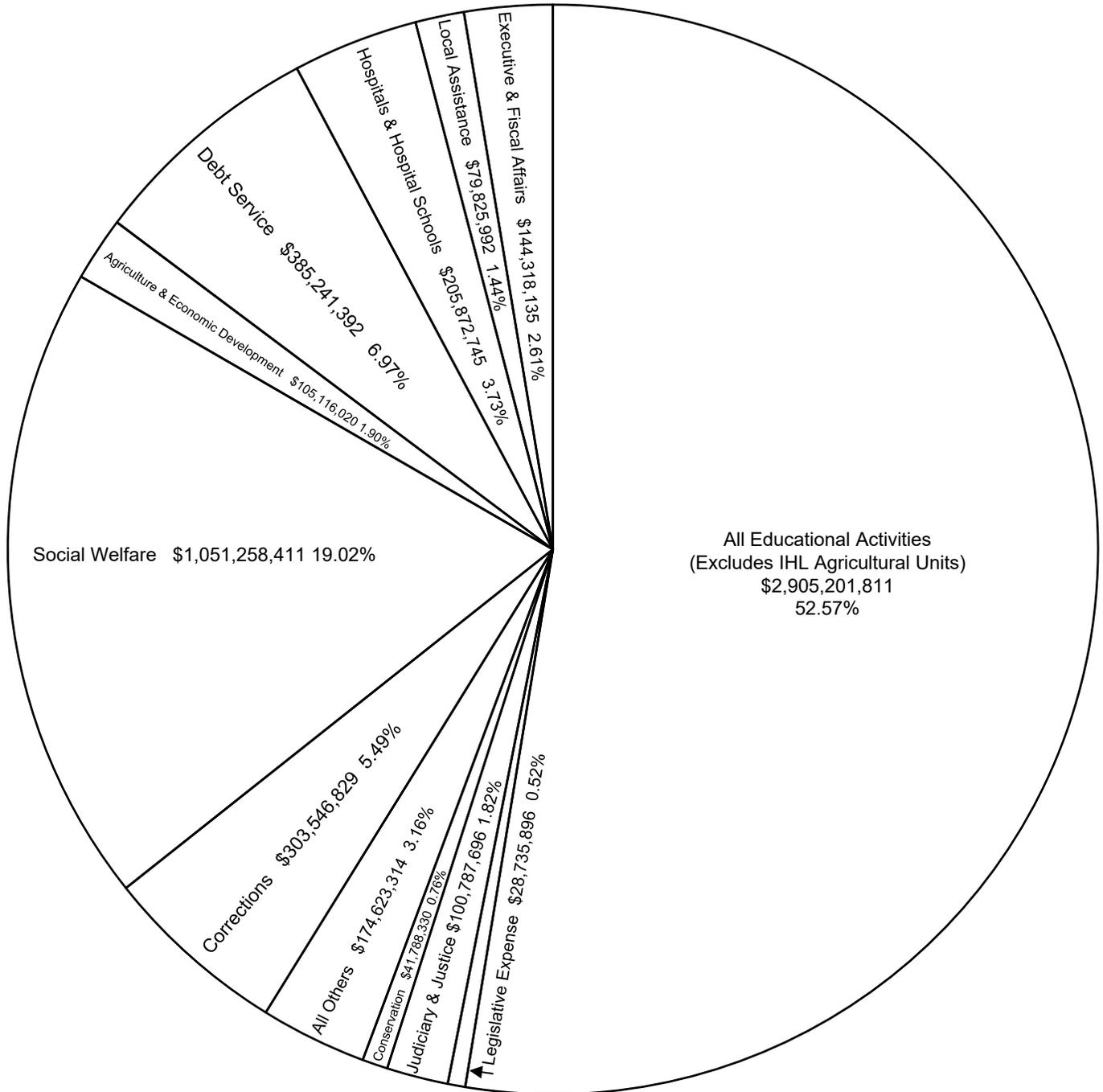
(For Detail See Statement II)



General Fund Revenue Estimate FY 2020 (Chart Total)	\$5,802,200,000
Less: Two Percent Set-Aside	(116,044,000)
Less: Projected Ending Balance	<u>(159,839,429)</u>
Total General Fund Allocated for FY 2020 Budget	<u>\$5,526,316,571</u>

Regular General Fund Appropriations For Fiscal Year 2020 Budget

(For Detail See Statement III)



Total Regular General Fund Appropriations (Chart Total)	\$ 5,526,316,571
Other Transfers In/Out	<u>0</u>
Total Regular General Fund Appropriations for Fiscal Year 2020	<u>\$ 5,526,316,571</u>

**ESTIMATED GENERAL FUND COLLECTIONS FOR FY 2019
 COMPARED WITH ESTIMATED GENERAL FUND COLLECTIONS FOR FY 2020**
 (FY 2020 Data used in Pie Chart on page 13)

	Estimate FY 2019 Sine Die		Estimate FY 2020		Increase or Decrease FY 2019 vs. FY 2020	
	<u>Amount</u>	Percent of <u>Total</u>	<u>Amount</u>	Percent of <u>Total</u>	<u>Amount</u>	<u>Percent</u>
Sales Tax	\$2,111,000,000	37.32%	\$2,185,000,000	37.66%	\$74,000,000	3.51%
Individual Income Tax	1,853,400,000	32.77%	1,900,000,000	32.75%	46,600,000	2.51%
Corp. Inc. & Franchise Tax	531,000,000	9.39%	517,500,000	8.92%	-13,500,000	-2.54%
Use Tax	264,000,000	4.67%	292,200,000	5.04%	28,200,000	10.68%
Insurance Premium Tax	286,500,000	5.07%	295,000,000	5.08%	8,500,000	2.97%
Tobacco Tax	145,500,000	2.57%	140,900,000	2.43%	-4,600,000	-3.16%
ABC Tax	77,000,000	1.36%	80,000,000	1.38%	3,000,000	3.90%
Beer & Wine Taxes	30,000,000	0.53%	29,600,000	0.51%	-400,000	-1.33%
Oil & Gas Severance Taxes	30,900,000	0.55%	36,100,000	0.62%	5,200,000	16.83%
Gaming Fees & Taxes	131,500,000	2.32%	131,500,000	2.27%	0	0.00%
Highway Safety Patrol	21,500,000	0.38%	18,700,000	0.32%	-2,800,000	-13.02%
Auto Tag Fees	14,200,000	0.25%	10,300,000	0.18%	-3,900,000	-27.46%
All Other Taxes & Fees	<u>159,600,000</u>	<u>2.82%</u>	<u>165,400,000</u>	<u>2.85%</u>	<u>5,800,000</u>	<u>3.63%</u>
Total General Fund	<u>\$5,656,100,000</u>	<u>100.00%</u>	<u>\$5,802,200,000</u>	<u>100.00%</u>	<u>\$146,100,000</u>	<u>2.58%</u>

**ESTIMATED GENERAL FUND BUDGET FOR FY 2019
 COMPARED WITH RECOMMENDED GENERAL FUND BUDGET FOR FY 2020**
 (FY 2020 Data used in Pie Chart on page 14)

	Estimated Expenditures FY 2019		Recommended Expenditures FY 2020	
	<u>Amount</u>	Percent of <u>Total</u>	<u>Amount</u>	Percent of <u>Total</u>
All Educational Activities*	\$2,940,351,448	53.00%	\$2,905,201,811	52.57%
Legislative Expense	28,187,766	0.51%	28,735,896	0.52%
Judiciary & Justice	96,937,053	1.75%	100,787,696	1.82%
Conservation	43,285,059	0.78%	41,788,330	0.76%
Social Welfare	1,032,225,679	18.61%	1,051,258,411	19.02%
Corrections	306,613,667	5.53%	303,546,829	5.49%
Hospitals & Hospital Schools	208,001,565	3.75%	205,872,745	3.73%
Debt Service	385,241,392	6.94%	385,241,392	6.97%
Agriculture & Economic Development	106,623,862	1.92%	105,116,020	1.90%
Local Assistance	80,625,992	1.45%	79,825,992	1.44%
Executive & Fiscal Affairs	145,916,991	2.63%	144,318,135	2.61%
All Others	<u>173,761,600</u>	<u>3.13%</u>	<u>174,623,314</u>	<u>3.16%</u>
Total	<u>\$5,547,772,074</u>	<u>100.00%</u>	<u>\$5,526,316,571</u>	<u>100.00%</u>

* Excludes IHL Agricultural Units

Note: Figures may not add due to rounding.

**STATEMENT I
GENERAL FUND
Preliminary Funds Available for FY 2019 and FY 2020
NOVEMBER 2018 - JLBC LBR**

FY 2019

1. Estimated General Fund Beginning Cash July 1, 2018		\$ 0
2. General Fund Reappropriations for FY 2019 from FY 2018		4,794,074
3. Estimated FY 2019 General Fund Revenue (Sine Die \$5,656.1M)		5,656,100,000
4. Less: 2% of Projected FY 2019 Revenue		<u>(113,122,000)</u>
5. Total General Funds Available for FY 2019 Appropriations		5,547,772,074
6. Less: General Fund Budget for FY 2019:		
General Fund FY 2019 Final Action	(5,542,978,000)	
General Fund Reappropriations for FY 2019 from FY 2018	<u>(4,794,074)</u>	
7. Total FY 2019 General Fund Budget		(5,547,772,074)
8. Plus: 2% of Projected FY 2019 Revenue		<u>113,122,000</u>
9. Total Estimated FY 2019 General Fund Ending Cash Available for Distribution		113,122,000
10. Estimated Distribution of Ending Cash Balance:		
Transfer to Municipal Aid Fund		(750,000)
Transfer to Working Cash Stabilization Reserve Fund		(56,186,000)
Transfer to Capital Expense Fund		<u>(56,186,000)</u>
11. Estimated General Fund Balance, June 30, 2019		<u>\$ 0</u>

FY 2020

12. Estimated General Fund Beginning Cash July 1, 2019		\$ 0
13. Estimated FY 2020 General Fund Revenue		5,802,200,000
14. Less: 2% of Projected FY 2020 Revenue		<u>(116,044,000)</u>
15. Total General Funds Available for FY 2020 Appropriations		5,686,156,000
16. Less: General Fund Budget for FY 2020:		
General Fund FY 2020 LBR	(5,526,316,571)	
General Fund Reappropriations for FY 2020 from FY 2019	<u>0</u>	
17. Total FY 2020 General Fund Budget		<u>(5,526,316,571)</u>
18. Estimated General Fund Balance, June 30, 2020		<u>\$ 159,839,429 *</u>

* If the FY 2020 Revenue Estimate of \$5,802,200,000 is collected, the General Fund balance at June 30, 2020 would include the statutory 2% set-aside of \$116,044,000 plus the unencumbered ending cash, totaling an estimated \$275,883,429.

Note: Figures may not add due to rounding.

STATEMENT II
GENERAL FUND REVENUE ESTIMATE FOR FISCAL YEAR 2020 COMPARED
TO FISCAL YEAR 2019 SINE DIE ESTIMATE

	FY 2018 <u>Collections*</u>	FY 2019 <u>Sine Die Estimate**</u>	FY 2020 <u>Estimate***</u>	FY 2020 Estimate <u>Over FY 2019</u>	% Increase <u>Over FY 2019</u>
<u>Department of Revenue Collections</u>					
Sales Tax	\$2,082,929,711	\$2,111,000,000	\$2,185,000,000	\$74,000,000	3.51%
Individual Income Tax	1,826,570,133	1,853,400,000	1,900,000,000	46,600,000	2.51%
Corp. Inc. & Franchise Tax	572,298,842	531,000,000	517,500,000	-13,500,000	-2.54%
Use Tax	257,512,275	264,000,000	292,200,000	28,200,000	10.68%
Insurance Premium Tax	312,887,457	286,500,000	295,000,000	8,500,000	2.97%
Tobacco Tax	139,835,165	145,500,000	140,900,000	-4,600,000	-3.16%
ABC Tax	78,447,580	77,000,000	80,000,000	3,000,000	3.90%
Beer & Wine Taxes	27,919,547	30,000,000	29,600,000	-400,000	-1.33%
Oil Severance Taxes	28,604,854	27,400,000	32,300,000	4,900,000	17.88%
Gas Severance Taxes	3,201,060	3,500,000	3,800,000	300,000	8.57%
Auto Tag Fees	7,796,747	14,200,000	10,300,000	-3,900,000	-27.46%
Installment Loan Tax	10,526,189	11,000,000	11,000,000	0	0.00%
Nuclear-In Lieu Payment	1,200,000	1,200,000	1,200,000	0	0.00%
Miscellaneous Taxes	10,673,967	11,400,000	11,400,000	0	0.00%
Gaming Fees & Taxes	<u>129,880,182</u>	<u>131,500,000</u>	<u>131,500,000</u>	<u>0</u>	<u>0.00%</u>
TOTAL DEPARTMENT OF REVENUE	\$5,490,283,709	\$5,498,600,000	\$5,641,700,000	\$143,100,000	2.60%
<u>Other Than Department of Revenue Collections</u>					
Interest on Investments	\$13,335,038	\$11,400,000	\$16,000,000	\$4,600,000	40.35%
Highway Safety Patrol	19,021,673	21,500,000	18,700,000	-2,800,000	-13.02%
Insurance Department	26,858,238	26,000,000	28,900,000	2,900,000	11.15%
Licenses, Fees & Permits	56,854,537	42,000,000	42,000,000	0	0.00%
Crime Tax/Criminal Law Assessment [^]	43,610,314	43,500,000	43,500,000	0	0.00%
Miscellaneous Collections ^{^^}	3,245,926	4,800,000	3,100,000	-1,700,000	-35.42%
Gaming Fees	<u>6,422,922</u>	<u>8,300,000</u>	<u>8,300,000</u>	<u>0</u>	<u>0.00%</u>
TOTAL OTHER THAN DEPARTMENT OF REVENUE COLLECTIONS	\$169,348,648	\$157,500,000	\$160,500,000	\$3,000,000	1.90%
Settlements/Other Collections	32,190,378	0	0	0	0.00%
WCSRF Transfers In	0	0	0	0	0.00%
Other Non-Budget Transfers In	2,477,540	0	0	0	0.00%
Budget Reduction Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
TOTAL GENERAL FUND	<u>\$5,694,300,275</u>	<u>\$5,656,100,000</u>	<u>\$5,802,200,000</u>	<u>\$146,100,000</u>	<u>\$0</u>

* Source: Department of Finance & Administration October Revenue Report.

** FY 2019 Sine Die estimate adopted by the Joint Legislative Budget Committee on March 23, 2018.

*** FY 2020 estimate adopted by the Governor and the Joint Legislative Budget Committee on November 8, 2018.

[^] Combined Crime Tax and Criminal Law Assessment categories in FY 2019.

^{^^} Combined From Special Funds and Miscellaneous Collections categories in FY 2019.

OUT-YEAR BUDGET PROJECTIONS
(Historical Experience/Budget Projections)

In response to the Financial and Operational Responses That Invigorate Future Years Act of 2017, a historical experience schedule and an out-year revenue and expenditure projection is prepared each fall as the budget recommendation for the upcoming fiscal year is under consideration.

The out-year budget projection shown below includes official estimates of General Fund revenues for FY 2019 and FY 2020. Revenue estimates for FY 2021, FY 2022 and FY 2023 are projections recommended by the University Research Center. The out-year budget projection shows that, beginning with FY 2021, revenues are expected to grow 1.8%, 1.6%, and 1.6%, respectively, through the year FY 2023.

The FY 2020 column on the out-year budget projection reflects the FY 2020 Joint Legislative Budget Committee's Recommendation. The outlined multi-year agency plan includes all available funding sources and is based upon the statutory provision that proposed expenditures shall not exceed estimated general and special fund revenues, Section 27-103-125, Mississippi Code of 1972.

The schedule includes projected and available state cash reserves provided from the General Fund Two Percent (2%) Set-Aside and the Working Cash Stabilization Reserve Fund (WCSRF).

OUT-YEAR PROJECTIONS FOR REVENUES AND EXPENDITURES

<u>Funds Available for Expenditure</u>	<u>FY 2016</u> (Actual)	<u>FY 2017</u> (Actual)	<u>FY 2018</u> (Actual)	<u>FY 2019</u> (Appropriated)
General Funds	\$ 5,671,966,803	\$ 5,641,418,335	\$ 5,575,902,422	\$ 5,547,772,074
Other State Support Funds*	<u>594,985,515</u>	<u>646,941,245</u>	<u>525,235,118</u>	<u>568,606,803</u>
Total State Support Funds	6,266,952,318	6,288,359,580	6,101,137,540	6,116,378,877
Other Special Funds	5,173,125,206	5,163,079,874	5,097,778,929	5,762,458,189
Federal Funds	<u>7,886,692,309</u>	<u>7,823,632,497</u>	<u>7,787,803,109</u>	<u>9,410,444,490</u>
Total Funds Available for Expenditure	<u>\$ 19,326,769,833</u>	<u>\$ 19,275,071,951</u>	<u>\$ 18,986,719,578</u>	<u>\$ 21,289,281,556</u>
<u>Actual/Projected State Cash Reserve</u>				
2% General Fund Set-Aside**	\$ 0	\$ 0	\$ 56,015,000	\$ 113,122,000
WCSRF Actual/Projected Funds Available***	\$ 350,776,417	\$ 281,041,031	\$ 290,265,370	\$ 349,557,004

<u>Funds Available for Expenditure</u>	<u>FY 2020</u> (LBR)	<u>FY 2021</u> (1.8% GF Growth)	<u>FY 2022</u> (1.6% GF Growth)	<u>FY 2023</u> (1.6% GF Growth)
General Funds	\$ 5,526,316,571	\$ 5,788,506,808	\$ 5,881,122,917	\$ 5,975,220,884
Other State Support Funds*	<u>527,121,567</u>	<u>585,143,567</u>	<u>644,209,963</u>	<u>704,221,421</u>
Total State Support Funds	6,053,438,138	6,373,650,375	6,525,332,880	6,679,442,305
Other Special Funds	5,362,910,357	5,362,910,357	5,362,910,357	5,362,910,357
Federal Funds	<u>9,086,554,814</u>	<u>9,086,554,814</u>	<u>9,086,554,814</u>	<u>9,086,554,814</u>
Total Funds Available for Expenditure	<u>\$ 20,502,903,309</u>	<u>\$ 20,823,115,546</u>	<u>\$ 20,974,798,051</u>	<u>\$ 21,128,907,476</u>
<u>Projected State Cash Reserve</u>				
2% General Fund Set-Aside**	\$ 116,044,000	\$ 118,132,792	\$ 120,022,917	\$ 121,943,283
WCSRF Actual/Projected Funds Available***	\$ 404,601,761	\$ 462,623,761	\$ 521,690,157	\$ 581,701,615

* Includes Education Enhancement Funds, Health Care Expendable Funds, Tobacco Control Funds, Capital Expense Funds, Budget Contingency Funds and Working Cash Stabilization Reserve Funds.

** HB 434 of the 2015 RS suspends the 2% set-aside for FY16. HB 878 of the 2016 RS suspends the 2% set-aside for FY17. SB 2649 of the 2017 RS modifies the 2% set-aside for FY18 to a 1% set-aside. These funds are included in the fiscal year-end distribution of unencumbered cash. Fifty percent of the set-aside is reflected in the WCSRF projected balance and the other fifty percent is reflected in Other State Support Funds.

*** Beginning in FY19, the projected fund balance is calculated assuming a 2% set-aside of the estimated general fund revenue collections and the distribution of unencumbered cash in accordance with Miss. Code §27-103-213.

HEALTH CARE EXPENDABLE FUND

<u>Program</u>	<u>FY 2019</u> <u>Appropriations</u>	<u>FY 2020</u> <u>Recommendation</u>
<u>Governor's Office - Medicaid, Division of</u> Medical Program Matching Funds	\$ 76,196,128	\$ 67,296,091
<u>Health, State Department of</u> Maternal and Child Health Care Program	1,242,943	1,242,943
Early Intervention Program and/or Child Therapeutic Services	188,661	188,661
Health Department Programs	7,747,179	7,747,179
Subtotal	9,178,783	9,178,783
<u>Mental Health, Department of</u> Expenses of the Department of Mental Health	9,259,790	9,259,790
Alzheimer's Disease Services Development and Implementation of Senate Bill 2100, 1997 Regular Session	379,417	379,417
Medicaid Matching Funds	3,896,641	3,896,641
Psychotropic Drugs or Medicaid Match	252,944	252,944
Alzheimer's Disease Program, Prepayment to Medicaid, etc. Holding Centers, Group Homes, Substance Abuse Programs, Children's Programs, Prepayment of Medicaid, etc.	505,890	505,890
	2,727,792	2,727,792
Crisis Centers	636,374	636,374
Physician Services at Community Mental Health Centers	1,138,252	1,138,252
Specialized Treatment Facility	104,196	104,196
Grant for Epilepsy Foundation of Mississippi or Medicaid Match	50,590	50,590
Subtotal	18,951,886	18,951,886
<u>Rehabilitation Services, Department of</u> Fully Match all Available Federal Funds	2,782,590	2,782,590
Independent Living Prg. which includes the St. Attendant Care Prg.	854,903	854,903
Deaf and Hard of Hearing	44,309	44,309
Subtotal	3,681,802	3,681,802
<u>Education, Department of</u> Mississippi Eye Screening Program	126,472	126,472
<u>Institutions of Higher Learning</u> University of Mississippi Medical Center - Consolidated	2,380,431	2,380,431
Total	\$ 110,515,502	\$ 101,615,465

TOBACCO CONTROL FUND

<u>Program</u>	<u>FY 2019</u> <u>Appropriations</u>	<u>FY 2020</u> <u>Recommendation</u>
<u>IHL - University of Mississippi Medical Center</u> Cancer Institute	\$ 4,250,000	\$ 4,250,000
A Comprehensive Tobacco Center (ACT)	595,000	595,000
<u>Education, Department of</u> School Nurse Program	3,060,000	3,060,000
<u>Attorney General's Office</u> Alcohol and Tobacco Enforcement Unit	680,000	680,000
<u>Health, State Department of</u> Health Department Programs	7,165,000	7,165,000
Skool ADS - School Poster Program	255,000	255,000
<u>Mississippi Health Care Alliance</u> ST Elevated Myocardial Infarction Program (STEMI)	382,500	382,500
Stroke System of Care Plan	212,500	212,500
<u>Mississippi Qualified Health Center</u> Grant Program	3,400,000	3,400,000
Total	\$ 20,000,000	\$ 20,000,000

EDUCATION ENHANCEMENT FUND

<u>Program</u>	<u>FY 2019</u> <u>Appropriations</u>	<u>FY 2020</u> <u>Recommendation</u>
<u>General Education Programs</u>		
General Education	\$ 19,984,413	\$ 19,984,413
Buildings and Buses	16,000,000	16,000,000
Supplies and Instructional Materials	12,000,000	12,000,000
Subtotal	<u>47,984,413</u>	<u>47,984,413</u>
Mississippi Adequate Education Program	214,104,762	231,431,187
Mississippi Schools for the Blind and Deaf	1,207,037	1,207,037
Vocational and Technical Education	4,937,258	4,937,258
Educational Television Authority	2,118,966	2,118,966
Equal Opportunity for All Students with Special Needs	1,800,000	1,800,000
Mississippi Library Commission	493,847	493,847
<u>Community and Junior Colleges</u>		
Board	256,000	256,000
Support	43,685,363	45,481,356
Subtotal	<u>43,941,363</u>	<u>45,737,356</u>
<u>Institutions of Higher Learning</u>		
Universities - General Support - Consolidated	55,782,670	58,535,862
Universities - Subsidiary Programs - Consolidated	830,742	830,742
University of Mississippi Medical Center - Consolidated	6,888,029	6,888,029
ASU - Agricultural Programs	19,322	19,322
MSU - Agric and Forestry Experiment Station	1,165,578	1,165,578
MSU - Cooperative Extension Service	975,245	975,245
MSU - Forest and Wildlife Research Center	253,005	253,005
MSU - Veterinary Medicine, College of	552,920	552,920
Subtotal	<u>66,467,511</u>	<u>69,220,703</u>
Arts Commission	450,000	450,000
Wildlife - Project WILD	125,335	125,335
Total	<u>\$ 383,630,492</u>	<u>\$ 405,506,102</u>

Note: A \$10 million diversion to the Public School Building Fund is not reflected in the numbers above.

CAPITAL EXPENSE FUND

<u>Program</u>	<u>FY 2019</u> <u>Appropriations</u>	<u>FY 2020</u> <u>Recommendation</u>
Animal Health, Board of	\$ 20,000	\$ 0
<u>Corrections, Department of</u>		
Medical Services/Private Prisons	3,676,566	0
Wilkinson Correctional Facility	5,500,000	0
<u>Finance and Administration, Department of</u>		
State Property Insurance	1,250,756 *	0
Human Services, Department of - Dept. of Child Protection Services	12,000,000	0
<u>Institutions of Higher Learning</u>		
General Support - Alcorn State University - STEM	750,000	0
General Support - JSU - School of Public Health	1,800,000 *	0
General Support - Mississippi Valley State University - STEM	750,000	0
Mississippi State University - College of Veterinary Medicine	140,000	0
<u>Mississippi Development Authority</u>		
Various Projects	865,000	0
<u>Revenue, Department of</u>		
General Support	1,800,000	0
MARVIN	2,300,000	0
Motor Vehicle License Tags	5,100,000	0
<u>Wildlife, Fisheries and Parks, Department of</u>		
Neshoba Lake	25,000	0
Scenic River Development Alliance	50,000	0
Total Appropriations	<u>36,027,322</u>	<u>0</u>
<u>Reappropriations from FY 2018 to FY 2019</u>		
Archives and History, Department of - Old Smith County Jailhouse	130,000	0
Finance and Administration, Dept. of - Bureau of Building - Alcorn State University	3,291,673	0
Mississippi Development Authority - Air Services Development Act/Greenville Airport	2,541,062	0
Total Reappropriations	<u>5,962,735</u>	<u>0</u>
Total Appropriations and Reappropriations	<u>\$ 41,990,057</u>	<u>\$ 0</u>

* From, after and through appropriations from the 2018 Regular Session.

BUDGET CONTINGENCY FUND

<u>Program</u>	<u>FY 2019</u> <u>Appropriations</u>	<u>FY 2020</u> <u>Recommendation</u>
<u>Finance and Administration, Department of</u>		
2018 Transportation and Infrastructure Improvements Fund	\$ 52,893,000 *	\$ 0
<u>Mississippi Development Authority</u>		
Gulf Coast Restoration Fund	27,117,751 *	0
MS Railroad Improvements Fund	7,500,000 *	0
National Diabetes and Obesity Research Center	1,500,000 **	0
Subtotal	<u>36,117,751</u>	<u>0</u>
<u>Transportation, Mississippi Department of</u>		
MS Highway-Railroad Grade Crossing Safety Fund	1,000,000 *	0
Total Appropriations	<u>90,010,751</u>	<u>0</u>
<u>Reappropriations from FY 2018 to FY 2019</u>		
<u>Finance and Administration, Department of</u>		
Bureau of Building - USM Greene Hall R&R	5,970,753	0
Total Reappropriations	<u>5,970,753</u>	<u>0</u>
Total Appropriations and Reappropriations	<u>\$ 95,981,504</u>	<u>\$ 0</u>

* SB 2002 2018 1st Extraordinary Session.

** SB 2773 2018 Regular Session.

**FISCAL YEAR 2020 JOINT LEGISLATIVE BUDGET COMMITTEE RECOMMENDATIONS
TOTAL STATE SUPPORT**

<u>AGENCY</u>	<u>FY 2019</u> <u>Estimated w/Reappr</u>	<u>FY 2020</u> <u>JLBC LBR</u>	<u>FY20 LBR +/-)</u> <u>FY19 Estimated</u> <u>AMOUNT</u> <u>PERCENT</u>
Legislative Operations	\$28,187,766	\$28,735,896	\$548,130 1.94%
Attorney General's Office	22,976,084	22,746,323	(229,761) -1.00%
Capital Post-Conviction Counsel, Office of	1,758,441	1,641,500	(116,941) -6.65%
District Attorneys & Staff	24,872,365	24,872,365	0 0.00%
Judicial Performance Commission	568,100	491,860	(76,240) -13.42%
State Public Defender, Office of	3,096,489	3,065,524	(30,965) -1.00%
Supreme Court Services, Office of	6,605,116	6,527,500	(77,616) -1.18%
Administrative Office of Courts	11,343,903	11,226,069	(117,834) -1.04%
Court of Appeals	4,314,088	4,314,088	0 0.00%
Trial Judges	21,402,467	25,902,467	4,500,000 21.03%
Ethics Commission	605,993	605,993	0 0.00%
Governor's Office - Support & Mansion	2,369,391	2,619,391	250,000 10.55%
Secretary of State	13,398,769	12,961,559	(437,210) -3.26%
Audit, Department of	8,544,257	8,444,257	(100,000) -1.17%
Finance & Administration, Department of - Support	37,761,385	36,643,636	(1,117,749) -2.96%
Mississippi Home Corporation	1,484,450	1,469,450	(15,000) -1.01%
State Property Insurance	1,250,756	0	(1,250,756) -100.00%
Status of Women	42,100	42,100	0 0.00%
Information Technology Services, Department of	27,508,514	26,057,352	(1,451,162) -5.28%
Wireless Communication Commission	8,001,721	7,658,784	(342,937) -4.29%
Personnel Board	4,141,221	3,989,423	(151,798) -3.67%
Revenue, Mississippi Department of	42,422,599	40,122,599	(2,300,000) -5.42%
License Tag Commission	8,347,190	3,214,190	(5,133,000) -61.49%
Tax Appeals, Board of	489,401	489,401	0 0.00%
Education, Department of (K-12)			
General Education Programs	172,057,784	163,768,442	(8,289,342) -4.82%
Chickasaw Interest	20,535,504	18,866,383	(1,669,121) -8.13%
Mississippi Adequate Education Program	2,204,163,336	2,207,288,543	3,125,207 0.14%
Schools for the Blind & Deaf	10,834,432	10,834,432	0 0.00%
Vocational & Technical Education	81,132,930	81,132,930	0 0.00%
K-12 Subtotal:	2,488,723,986	2,481,890,730	(6,833,256) -0.27%

**FISCAL YEAR 2020 JOINT LEGISLATIVE BUDGET COMMITTEE RECOMMENDATIONS
TOTAL STATE SUPPORT**

<u>AGENCY</u>	<u>FY 2019 Estimated w/Reappr</u>	<u>FY 2020 JLBC LBR</u>	<u>FY20 LBR +/-) AMOUNT</u>	<u>FY19 Estimated PERCENT</u>
Educational Television Authority	6,104,921	5,875,535	(229,386)	-3.76%
Library Commission	9,822,440	9,822,440	0	0.00%
Public Education Subtotal:	2,504,651,347	2,497,588,705	(7,062,642)	-0.28%
Institutions of Higher Learning				
Univ - General Support - Cons (includes Ayers)	357,024,264	350,907,606	(6,116,658)	-1.71%
Univ - Subsidiary Programs - Cons	33,885,298	32,870,312	(1,014,986)	-3.00%
Student Financial Aid	39,661,874	39,512,402	(149,472)	-0.38%
University of Mississippi Medical Center - Cons	158,489,701	157,090,760	(1,398,941)	-0.88%
ASU - Agricultural Programs	6,317,732	6,253,821	(63,911)	-1.01%
MSU - Agric & Forestry Experiment Station	23,036,610	22,813,378	(223,232)	-0.97%
MSU - Cooperative Extension Service	29,812,427	29,333,177	(479,250)	-1.61%
MSU - Forest & Wildlife Research Center	5,724,218	5,669,387	(54,831)	-0.96%
MSU - Veterinary Medicine, College of	17,722,083	17,403,030	(319,053)	-1.80%
IHL Subtotal:	671,674,207	661,853,873	(9,820,334)	-1.46%
Community & Junior Colleges				
Board	6,452,043	6,265,545	(186,498)	-2.89%
Support	231,082,911	225,438,081	(5,644,830)	-2.44%
Community & Junior College Subtotal:	237,534,954	231,703,626	(5,831,328)	-2.45%
Health, State Department of	59,334,345	59,018,713	(315,632)	-0.53%
Health Information Network, Mississippi	499,114	558,663	59,549	11.93%
Mental Health, Department of - Cons	226,953,451	224,824,631	(2,128,820)	-0.94%
Agriculture & Commerce, Department of - Support	6,751,504	6,686,504	(65,000)	-0.96%
Animal Health, Board of	1,140,391	1,078,832	(61,559)	-5.40%
Fair Commission - County Livestock Shows	212,147	212,147	0	0.00%
Mississippi Development Authority (w/ Innovate MS)	23,938,882	18,631,814	(5,307,068)	-22.17%
Archives & History, Department of (w/ Oral History)	9,837,322	9,476,248	(361,074)	-3.67%
Environmental Quality, Department of	10,011,182	9,927,182	(84,000)	-0.84%
Forestry Commission	13,645,976	12,653,989	(991,987)	-7.27%
Grand Gulf Military Monument Commission	272,996	241,996	(31,000)	-11.36%
Marine Resources, Department of	1,065,130	1,065,130	0	0.00%
Oil & Gas Board	1,947,508	1,874,619	(72,889)	-3.74%
Soil & Water Conservation Commission	604,687	570,908	(33,779)	-5.59%
Tennessee-Tombigbee Waterway Dev Authority	150,644	150,644	0	0.00%
Wildlife, Fisheries & Parks, Department of - Cons	6,079,949	5,952,949	(127,000)	-2.09%
Insurance, Department of - Support	11,893,720	11,191,917	(701,803)	-5.90%
State Fire Academy	5,085,305	4,968,758	(116,547)	-2.29%
Corrections, Department of - Cons	315,790,233	303,546,829	(12,243,404)	-3.88%
Governor's Office - Medicaid, Division of	917,023,637	915,851,332	(1,172,305)	-0.13%
Human Services, Department of - Cons	69,578,708	68,883,708	(695,000)	-1.00%
Child Protection Services, Department of	109,994,298	109,994,298	0	0.00%
Rehabilitation Services, Department of - Cons	27,506,966	27,506,966	0	0.00%
Emergency Management Agency, Mississippi	3,706,053	3,674,207	(31,846)	-0.86%
Disaster Relief - Cons	585,056	585,056	0	0.00%
Military Department - Cons	7,945,384	7,945,384	0	0.00%
Public Safety, Department of				
Council on Aging	202,090	0	(202,090)	-100.00%
County Jail Officer Standards & Training, Bd on	352,846	0	(352,846)	-100.00%
Crime Lab	6,863,885	6,631,083	(232,802)	-3.39%
Highway Safety Patrol Division	59,944,688	64,058,396	4,113,708	6.86%
Homeland Security, Office of	86,962	86,962	0	0.00%
Juvenile Facility Monitoring Unit	56,634	0	(56,634)	-100.00%
Law Enforcement Standards & Training, Bd on	2,306,293	0	(2,306,293)	-100.00%
Law Enforcement Officers' Training Academy	288,473	288,473	0	0.00%
Narcotics, Bureau of	11,152,517	11,081,540	(70,977)	-0.64%
Public Safety Planning, Office of	232,843	3,146,218	2,913,375	1251.22%
State Medical Examiner	1,201,272	1,129,221	(72,051)	-6.00%
Support Services, Division of	4,194,649	3,810,997	(383,652)	-9.15%
Public Safety Subtotal:	86,883,152	90,232,890	3,349,738	3.86%
Veterans' Affairs Board	5,751,340	5,164,958	(586,382)	-10.20%
Revenue Dept - Homestead Exemption Reimburse	80,625,992	79,825,992	(800,000)	-0.99%
Arts Commission	1,595,294	1,595,294	0	0.00%

**FISCAL YEAR 2020 JOINT LEGISLATIVE BUDGET COMMITTEE RECOMMENDATIONS
TOTAL STATE SUPPORT**

<u>AGENCY</u>	FY 2019 <u>Estimated w/Reappr</u>	FY 2020 <u>JLBC LBR</u>	FY20 LBR +/- <u>AMOUNT</u>	FY19 Estimated <u>PERCENT</u>
Gaming Commission	8,149,734	7,850,297	(299,437)	-3.67%
Public Service Commission	4,389,907	4,166,608	(223,299)	-5.09%
No Call Telephone Solicitation	69,865	69,865	0	0.00%
Public Utilities Staff	2,201,650	2,003,812	(197,838)	-8.99%
Workers' Compensation Commission	5,300,464	5,225,675	(74,789)	-1.41%
Treasurer's Office , State - Debt Service				
Bank Service Charge	500,000	500,000	0	0.00%
Bonds & Interest Payment	384,741,392	384,741,392	0	0.00%
Debt Service Subtotal	385,241,392	385,241,392	0	0.00%
Finance & Administration - BoB - Capital Projects	<u>9,262,425</u>	<u>0</u>	<u>(9,262,425)</u>	<u>-100.00%</u>
TOTAL	<u>\$6,116,378,877</u>	<u>\$6,053,438,138</u>	<u>(\$62,940,739)</u>	<u>-1.03%</u>
<u>FY 2020 State Support Funds</u>				
General Funds	\$5,547,772,074	\$5,526,316,571	(\$21,455,503)	-0.39%
Budget Contingency Funds	7,470,752	0	(7,470,752)	-100.00%
Education Enhancement Funds	383,630,492	405,506,102	21,875,610	5.70%
Health Care Expendable Funds	110,515,502	101,615,465	(8,900,037)	-8.05%
Tobacco Control Funds	20,000,000	20,000,000	0	0.00%
Capital Expense Funds	41,990,057	0	(41,990,057)	-100.00%
Working Cash Stabilization Reserve Funds	<u>5,000,000</u>	<u>0</u>	<u>(5,000,000)</u>	<u>-100.00%</u>
Total State Support	<u>\$6,116,378,877</u>	<u>\$6,053,438,138</u>	<u>(\$62,940,739)</u>	<u>-1.03%</u>

THE MISSISSIPPI FISCAL SYSTEM

The state's fiscal operations, for the purpose of this discussion, are classified into three groups, namely General Fund agencies, Special Fund agencies and earmarked or diverted funds. The term "General Fund agency" means any department, institution, board or commission of the State of Mississippi which is supported in whole or in part by appropriations from the General Fund. "Special Fund agency" means any agency, department, institution, board, or commission of the State of Mississippi which receives no appropriation from the General Fund, but which is supported entirely from Special Fund sources or otherwise. The Mississippi Department of Transportation and Office of State Aid Road Construction operate as Special Fund agencies. Earmarked or diverted funds are those funds designated by statute for specific purposes or diverted to other entities. Some earmarked or diverted funds such as education enhancement funds are appropriated. Other earmarked or diverted funds such as a part of the sales tax designated for the construction of public school buildings can be expended without additional legislative appropriations. Still other earmarked and diverted funds go to entities like municipalities and counties.

Special Fund agencies in most instances operate entirely from funds which have been designated by statute to be used in funding the operation of such agencies. The largest of the special fund type agencies is the Mississippi Department of Transportation. Operating funds for the Department of Transportation are derived from a portion of the state tax on gasoline, diesel fuel, and kerosene, as provided by Section 27-5-101, Mississippi Code of 1972, plus federal funds which are made available under a matching formula.

The state General Fund represents about 27.0% of the total state budget as recommended by the JLBC for FY 2020. The General Fund budget is unlike Special Fund budgets in that the General Fund budget is much more variable and flexible. Increased costs, new programs, and expanded operations are generally funded through the General Fund. All money expended from this source must be appropriated by the Legislature before it becomes available for expenditure by General Fund agencies. The Legislature must appropriate funds for all state agencies, both General Fund and Special Fund, and the Mississippi Department of Transportation.

Over 400 General Fund and Special Fund accounts are maintained by the Financial Control Division of the Department of Finance and Administration under a centralized accounting and control system. All state agencies are required to report all receipts, expenditures, fund balances and commitments outstanding. Historically, all appropriations (with some exceptions such as the Institutions of Higher Learning, the Community and Junior Colleges and others) are appropriated by major object of expenditure category. This method of appropriation requires thought and study by department heads preparing budgets, provides the Legislature a uniform system for comparing figures for arriving at each agency's needs for the succeeding fiscal year, and has the final effect of requiring that state agencies more closely adhere to legislative intent after the final appropriations have been made. However, in recent years, appropriations have been made in a lump sum form due to fiscal constraints.

In December of 1992, the Joint Legislative Budget Committee issued a budget reform report that called for the implementation of the "M-PAC" budgeting concept which is intended to integrate three key elements of the budget process: program analysis, performance measurement and priority setting. Implementation of this concept was begun on a pilot basis for the FY 1995 budget cycle.

In an attempt to reinforce the Joint Legislative Budget Committee's budget reform efforts, the Legislature enacted Senate Bill 2995 which is cited as the Mississippi Performance Budget and Strategic Planning Act of 1994. This act required the implementation of performance budgeting and strategic planning for all agencies beginning with the FY 1996 budget cycle.

In July 2014, the Joint Legislative Budget Committee released "Improving Mississippi's Budget Process" a summary of steps to reinvigorate and move forward performance budgeting in state government. A new element in Mississippi's accountability process is the adoption of a statewide strategic plan entitled "Building a Better Mississippi". Recommended by the Subcommittee on State Performance Goals, the full Committee approved the statewide strategic plan in addition to directing all state agencies to adopt and align their goals and outcomes to this new plan. The Committee also approved the continued implementation of the Pew-MacArthur Results First Initiative cost-benefit model. In the 2014 Regular Legislative Session, the Legislature passed House Bill 677 that required four pilot state agencies (Department of Corrections, Department of Health, Department of Education and the Department of Transportation) to work with legislative staff in collecting, defining and categorizing agency program inventories. The comprehensive goal of this model is to establish a cost-benefit ratio for agency programs and provide a reliable tool for evidence-based policymaking.

The FY 2020 Budget Recommendation includes historical program performance measurement data for each state agency and institution. While continuing to provide object of expenditure data, the enhanced format emphasizes program efforts and accomplishments.