



HALEY BARBOUR
GOVERNOR

STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR

November 17, 2008

To the Members of the Mississippi Legislature:

Pursuant to Miss. Code § 27-103-139, I transmit to you herewith my Executive Budget Recommendation for Fiscal Year 2010.

This is my sixth budget recommendation, but it is my first during a period of declining state revenue. Indeed, because of the severe shortfall, earlier this month I was required to make budget cuts of some \$42 million for the current fiscal year, FY09.

It is my belief additional revenue shortfalls will occur before the end of this fiscal year, and, despite the possibility of additional collections of corporate income taxes delayed by federal hurricane disaster assistance efforts, more cuts may be needed during FY09.

This Executive Budget Recommendation is based on the FY10 revenue estimate approved by the Joint Legislative Budget Committee on November 11, 2008. This budget is balanced, according to that revenue estimate; however, I consider it likely the FY10 revenue estimate will be lowered by the time of the adoption of the sine die version in March 2009. Nevertheless, the revenue component of this budget is consistent with the current revenue estimate, as required by state law.

Both the national and the world economies are in recession, whether technically or not. Beginning with the housing collapse that followed the sub-prime crisis and greatly escalated by \$4.00 gasoline this past spring, the healthy job increases and per capita income gains of the preceding three years gave way to an abrupt slowdown in residential construction and layoffs in homebuilding and in our automotive sector. Since late summer the downturn has spread across more of the general economy.

Additionally, some of our counter-cyclical sectors, like energy and defense contracting, appear less healthy than a few months ago. Our gaming industry has seen a decreased handle, with accompanying reductions in our gaming tax revenue. The collapse of commodity prices will not only adversely affect our farmers and their incomes, but will also reduce state oil and gas severance tax collections. Indeed, virtually every indicator points to decreasing state revenue.

Considering the contraction of many other nations' economies, there is every reason to expect this recession will not be as brief or shallow as were those of 1990-91 and 2000-01; rather it is prudent to anticipate and prepare for a longer, deeper economic retrenchment, such as that which began in the late 1970's and ended in late 1982.



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While I am praying for the best, we should prepare for the worst. This budget anticipates two to four years of recession or slow growth, and uses the Rainy Day Fund (technically the Working Cash Stabilization Fund) accordingly.

Prudent, responsible budget policy practiced by the state since 2004 gives us maximum capacity to deal with decreasing revenue, as the Rainy Day Fund was filled to its statutory amount, giving us a balance of \$378 million at the end of FY08.

This is a vast improvement over the balance my first year in office when the Rainy Day Fund had a balance of \$22 million, of which \$15 million was pledged to the Ayers settlement.

As you will recall, in FY04 (the last budget adopted before I became Governor) the state had a budget shortfall in excess of \$700 million; that is, the state spent over \$700 million more on recurring expenses than the state received in recurring revenue. It took half my first term to dig out of that hole, and I never want to see the state in a hole like that again.

We must avoid that fate by a combination of prudent spending reductions; appropriate revenue increases; and responsible use of only a portion of the Rainy Day Fund, keeping a reasonable balance for the needs in future years. Manageable spending cuts in FY10, coupled with conservative use of Rainy Day Funds, mean an ample Rain Day Fund balance to cushion against larger cuts in the following years.

The primary spending reductions in my FY10 budget generally coincide with the FY09 cuts imposed last week. For the most part departments and agencies that are reducing expenditures this year by two percent would be reduced an additional two percent in FY10.

Back to back two percent annual spending reductions are not severe; in the Musgrove Administration a number of departments and agencies were cut five percent in one year. Universities were cut seven percent, and state funding for community colleges was cut sixteen percent!

Still, a four percent cut over two years requires department and agency heads be given maximum flexibility to make the savings in ways that allow them to provide the most effective service to the state and its constituents. I ask the Legislature to join me in granting management the discretion to achieve the needed efficiencies.

Further, most departments and agencies have had healthy budget increases in recent years. All three levels of education - K-12, universities and community colleges – received record funding levels in my first four years, and all received record appropriations for FY09. Most other department and agencies are budgeted at very high spending levels, too.

The total of the combined cuts for FY10 is \$87,141,124 as compared to actual FY09 appropriations.



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As with the FY09 executive spending reductions some programs, like the MAEP program, are exempt or held harmless from the FY10 recommended reductions. A list is attached, and the lines are also noted in the budget spreadsheet.

Some programs, such as MAEP, National Board Certified Teacher funding and High School Redesign are held harmless as a matter of policy. Others, like the Ayers settlement, the Olivia Y foster care settlement, and similar litigation, are exempt because of court decisions. Debt service is exempt as a matter of law and contract.

Every department, including the Governor's office, is asked to make some savings, and there is no part of state government that cannot reduce spending without adversely affecting performance . . . none.

Pursuant to the recommendation of the Tax Study Commission I created earlier this year, this budget recommends increases in tobacco taxes. The twenty-four cents (.24) per pack increase in the current cigarette tax would put Mississippi's cigarette tax at forty-two cents (.42) per pack, essentially the same as the average of the tax now levied by Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

This budget requires non-participating cigarette manufacturers (NPMs) to pay an additional tax of forty-three cents (.43) per pack. The purpose is to require them to pay in the same amount as those cigarette companies that pay Mississippi more than \$100 million annually under the tobacco settlement reached in the nineties.

Further, there is an increase in revenue from smokeless tobacco by converting it to a volume-based tax like cigarettes.

These tobacco tax increases would generate some \$80 million in additional revenue in FY10, and, if passed early in the Regular Session, about \$13 million this fiscal year.

Tobacco tax increases are driven by health care policy, not budget policy, and I would welcome offsetting tax cuts. Indeed, this term I will propose tax cuts in greater amounts than these increases, as I'm committed to a net tax cut as proper budget policy.

The combined savings on expenditures and tax increases on tobacco yield \$167 million to make up part of the differential with revenue. To make up part of the remaining difference, I recommend use of \$84 million from the Rainy Day Fund, leaving a projected balance of over \$292 million to alleviate future revenue shortfalls.

This budget may well have to be adjusted in FY10 by further reducing spending and by limited, appropriate further Rainy Day Fund use. Good policy dictates if revenue drops further below current estimates that conservative use of Rainy Day Funds is even more important, for continuing revenue



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shortfalls indicate the recession will be deeper and the need for sufficient Rainy Day Fund balances in coming years will be even greater.

Among the budgets not cut in this budget is that of the Division of Medicaid. During my first term the number of Mississippians on Medicaid decreased from well more than 700,000 to fewer than 600,000. Part of the reason for the decrease was Medicare Part D, which led to the removal of most PLAD beneficiaries, as Part D gave them pharmaceutical coverage they had previously received from Medicaid. A larger number came off the rolls as net employment in the State increased by more than 60,000. That many more people working means tens of thousands become ineligible for Medicaid, for the right reason.

Conversely, rising unemployment during this international recession will mean more people will rely on Medicaid, and the Division of Medicaid team will have to work hard to manage spending to stay within the proposed budgeted level, which represents an increase in state funds of \$41.3 million for FY10.

Since the summer of 2005 there has been a \$90 million structural deficiency in Medicaid funding. The cause is a 2005 change in federal rules as to the eligibility of \$90 million of payments (taxes) in the form of Intergovernmental Transfers (IGTs) by certain Mississippi hospitals as state match for federal disproportionate share hospital (DSH) payments.

As a result of Katrina, for most of three years federal disaster assistance payments for emergency health care were used to cover the shortfall. This year, after the Legislature failed to pass a bill to replace the \$90 million, (the Senate passed SB 2013 to cover the gap, but the House passed no fair, permanent or sustainable plan) the federal agency that runs Medicaid, CMS, agreed it owed the State some \$92 million, which it paid and which is being used to bridge the shortfall for FY09.

A fair, permanent, sustainable source of the \$90 million is required for FY 10 and beyond, or Medicaid spending must be cut by \$375 million (i.e., \$90 million in state funds and \$285 million in federal funds).

From 1993 to 2005 Mississippi hospitals gladly paid the \$90 million in taxes (IGT) in order to maximize DSH payments to hospitals. Indeed, in 1993 it was the Mississippi Hospital Association that asked the Legislature to impose the tax, as it knew there was no way other than a provider fee to bring in the available federal funds.

And in 2001 the Mississippi Hospital Association asked the Legislature to impose another tax or provider fee on its members, a Gross Revenue Assessment, to maximize the amount of funds hospitals receive from another federal Medicaid program called UPL, or upper payment limit.

Nursing homes, like hospitals, pay into the provider fee system to maximize the federal funds available for Mississippi's Medicaid program. In fact, fully thirty percent (30%) or \$1.2 billion of the state's Medicaid spending is generated by the provider fee system.



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Last year, hospitals, which receive \$6 in Medicaid payments for every \$1 they would pay in if the \$90 million tax is restored, first supported, then opposed restoration of the tax. In the Special Session the Senate passed SB 2013, which restored the \$90 million in hospital taxes according to a formula devised by the Mississippi Hospital Association, by a vote of 41-7.

While Special Funds, such as the provider fees paid by hospitals and nursing homes, are not reflected in this budget, let me reiterate that I will ask the Legislature to reinstate this \$90 million in hospital taxes during the Regular Session. Otherwise, Medicaid spending must be cut \$375 million; or the \$90 million Medicaid deficit created by giving hospitals this enormous tax cut, despite their getting the benefit of the disbursements and reimbursements previously generated by the provider fee, would have to be made up by spending cuts in other departments or agencies. For example, if tobacco taxes were used to fill the \$90 million Medicaid deficit, then there would be an \$80 million hole in the General Fund budget, to be made up by cuts to education, law enforcement, etc. Or Rainy Day Funds in the amount of another \$90 million would have to be spent, with all the damage that would do to needed spending in future years.

There is no doubt the best course by far is to reinstate the \$90 million in taxes hospitals paid gladly for thirteen years in order to get an additional \$285 million in federal Medicaid payments. That will be my course.

A primary recommendation of the Tax Study Commission was to reduce the amount of taxes owed the state but not collected. To that end, we must improve our technology infrastructure. My budget provides a \$15 million investment in FY10 for information technology improvements for the State Tax Commission to enhance its capacity to collect the taxes owed the State. This would be followed by another \$15 million investment the next year. These investments in IT would begin paying off in FY11 and begin generating net revenue in FY12.

Over time the State needs to make additional, large investments to replace antiquated technology platforms that deliver services such as accounting, payroll and data storage, just to name a few.

Another of the very few new spending proposals in this budget is to fund the Mississippi Health Insurance Exchange. Our State has an unacceptably high rate of underinsured citizens, and the largest category is some 135,000 Mississippians who work for small businesses that do not offer employer-sponsored health insurance.

Last year I proposed this program as a way to make health insurance less expensive and easier to administer for small businesses and its employees. The bill passed the Senate 52-0, but the House failed to consider it. I will offer it again this year, and this budget contains \$1.5 million for start-up funding.

This budget is conservative, prudent and realistic: It maximizes funding for our priorities while recognizing every department, even our highest priority – education – can make some savings.



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This budget is balanced not only between revenue and expenditures; it is also balanced in using Rainy Day Funds and tobacco taxes along with initial spending cuts to achieve a truly balanced budget. I recognize and ask others to recognize that any further reductions to predicted revenue will primarily be made up by reductions in spending. Hopefully, we won't have to cross that bridge in March or April when the Legislature enacts the actual FY10 budget and appropriations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Haley Barbour".

Haley Barbour

**STATEMENT I
GENERAL FUND
CALCULATED FUNDS AVAILABLE FOR FY 2010 APPROPRIATIONS**

General Fund Cash Balance as of July 1, 2008	\$36,739,488
Less: Aid to Municipalities	(\$750,000)
Projected Revenue for FY 2009	<u>\$5,031,300,000</u>
Total Funds Available for FY 2009	\$5,067,289,488
Less: Total Budget for FY 2009	
Total General Fund Appropriations	(\$4,965,017,011)
Reappropriations & From and Afters	(\$33,655,566)
Transfer to Budget Contingency Fund	(\$154,127,000)
Projected Agency Additional Appropriations - From & After Passage	
Attorney General - Judgments & Settlements	(\$4,863,558)
DFA - Cost Allocation - Due to Federal Government	(\$1,480,843)
DFA - State Building Insurance	(\$8,000,000)
Medicaid - Dialysis Transportation	(\$1,200,000)
Proposed Transfer to Working Cash Stabilization Fund	(\$10,831,571)
Projected Total Budget Revisions	<u>\$112,081,423</u>
Total Projected Budget	(\$5,067,094,126)
Anticipated Lapse	\$4,250,000
Anticipated Budget Revisions in Lapse Period	<u>(\$3,419,961)</u>
Total Estimated FY 2009 Ending Cash Balance	\$1,025,401
Less: Transfer to Working Cash Stabilization Fund	<u>\$0</u>
Estimated FY 2010 Beginning Balance	\$1,025,401
Aid to Municipalities	(\$750,000)
Projected Revenue for FY 2010*	\$5,096,300,000
Less: 2% Holdback	<u>(\$101,946,508)</u>
Total General Funds Available for FY 2010	\$4,994,628,893
Less: Executive Budget Recommendation	<u>(4,994,160,804)</u>
Projected General Fund Balance as of June 30, 2010	\$468,089

* Net of \$38M transfer to Health Care Trust Fund

EXECUTIVE BUDGET & COMBINED FUNDS RECOMMENDATION
November 17, 2008

	FY 10						
	FY 08 TOTAL STATE FUNDS APPROPRIATED	FY 09 TOTAL STATE FUNDS APPROPRIATED	EXECUTIVE BUDGET RECOMMENDATION	FY 10 SUPPLEMENTAL FUNDS RECOMMENDATION	FY 10 COMBINED FUNDS RECOMMENDATION	\$	%
	GF,BCF,HCF,EEF,TCF	GF,BCF,HCF,EEF,TCF	GF,BCF,HCF,EEF,TCF	GF,BCF,HCF,EEF,TCF	GF,BCF,HCF,EEF,TCF	Inc/(Dec)	Inc/(Dec)
Legislative	\$25,502,444	\$26,075,417	\$24,604,400	\$0	\$24,604,400	(\$1,471,017)	-5.6%
Judiciary & Justice							
Attorney General's Office	9,695,245	9,700,789	9,312,757	0	9,312,757	(388,032)	-4.0%
Attorney General - Commission on Status of Women	50,000	50,000	48,000	0	48,000	(2,000)	-4.0%
Attorney General - Judgments & Settlements	8,719,225	0	0	0	0	0	0.0%
District Attorneys & Staff	17,424,847	17,528,195	16,827,067	0	16,827,067	(701,128)	-4.0%
Judicial Performance Commission	379,941	380,241	365,031	0	365,031	(15,210)	-4.0%
Supreme Court Services	6,208,195	6,301,068	6,049,025	0	6,049,025	(252,043)	-4.0%
Administrative Office of Courts	1,358,821	3,943,681	3,785,934	0	3,785,934	(157,747)	-4.0%
Court of Appeals	5,127,570	5,130,570	4,925,347	0	4,925,347	(205,223)	-4.0%
Trial Judges	18,318,830	20,765,170	19,934,563	0	19,934,563	(830,607)	-4.0%
Total Judiciary & Justice	67,282,674	63,799,714	61,247,725	0	61,247,725	(2,551,989)	-4.0%
Executive & Administrative							
Ethics Commission	604,160	604,640	580,454	0	580,454	(24,186)	-4.0%
Governor's Mansion	722,731	723,031	694,110	0	694,110	(28,921)	-4.0%
Governor's Office	2,473,074	2,355,474	2,261,255	0	2,261,255	(94,219)	-4.0%
Total Executive & Administrative	3,799,965	3,683,145	3,535,819	0	3,535,819	(147,326)	-4.0%
Fiscal Affairs							
Audit, Department of	7,174,185	6,999,867	6,719,872	0	6,719,872	(279,995)	-4.0%
Finance & Administration	12,216,179	12,115,276	11,630,665	0	11,630,665	(484,611)	-4.0%
DFA - State Building Insurance	7,868,257	0	0	0	0	0	0.0%
DFA - Cost Allocation - Amount due Federal Government	1,638,104	0	0	0	0	0	0.0%
Gaming Commission	3,780,711	3,785,319	3,633,906	0	3,633,906	(151,413)	-4.0%
Tax Commission	47,322,029	47,222,589	60,333,685	0	60,333,685	13,111,096	27.8%
License Tag Commission	5,714,500	1,860,000	2,095,399	0	2,095,399	235,399	12.7%
Treasurer's Office, State	637,515	638,807	613,255	0	613,255	(25,552)	-4.0%
Treasurer's Office - Health Care Trust Fund	102,699	102,367	98,272	0	98,272	(4,095)	-4.0%
Total Fiscal Affairs	86,454,179	72,724,225	85,125,055	0	85,125,055	12,400,830	17.1%

EXECUTIVE BUDGET & COMBINED FUNDS RECOMMENDATION
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	FY 10						
	FY 08 TOTAL STATE	FY 09 TOTAL STATE	EXECUTIVE	FY 10	FY 10	\$	%
	FUNDS APPROPRIATED	FUNDS APPROPRIATED	BUDGET	SUPPLEMENTAL	COMBINED		
GF,BCF,HCF,EEF,TCF	GF,BCF,HCF,EEF,TCF	RECOMMENDATION	FUNDS	RECOMMENDATION	RECOMMENDATION	Inc/(Dec)	Inc/(Dec)
Public Education							
Education, State Department of	63,443,837	71,764,020	66,595,318	0	66,595,318	(5,168,702)	-7.2%
National Board Certification	23,397,048	20,546,184	20,546,184	0	20,546,184	0	0.0%
Educable Child	14,065,000	13,200,000	12,672,000	0	12,672,000	(528,000)	-4.0%
SDE - General Education	720,432	720,432	691,615	0	691,615	(28,817)	-4.0%
SDE - Buildings & Buses, Utilities, Debt Service	16,000,000	16,000,000	16,000,000	0	16,000,000	0	0.0%
SDE - Supplies & Instr Materials	6,194,875	7,000,000	7,000,000	0	7,000,000	0	0.0%
SDE - Textbooks	0	0	0	0	0	0	0.0%
SDE - School Millage Reduction	46,000,000	46,000,000	46,000,000	0	46,000,000	0	0.0%
SDE - Tech Prep Bond Debt Service	3,200,662	0	0	0	0	0	0.0%
MS Adequate Education Program (Excludes \$10M PSBF OSF)	2,197,152,735	2,197,233,362	2,175,518,083	82,535,000	2,258,053,083	60,819,721	2.8%
Vocational and Technical (FY 08 includes \$27M for Comm Colleges)	80,461,892	85,787,783	83,061,847	3,431,511	86,493,358	705,575	0.8%
High School Redesign - 21st Century Workforce	5,000,000	13,000,000	13,000,000	0	13,000,000	0	0.0%
Chickasaw Interest	13,880,990	12,088,983	13,004,818	0	13,004,818	915,835	7.6%
Schools for the Blind & Deaf	12,296,159	12,066,206	11,715,331	482,648	12,197,979	131,773	1.1%
Subtotal K-12 Public Education	2,481,813,630	2,495,406,970	2,465,805,196	86,449,159	2,552,254,355	56,847,385	2.3%
Educational Television Authority	8,293,862	8,300,463	7,968,444	0	7,968,444	(332,019)	-4.0%
Library Commission	13,566,135	13,616,244	13,054,794	0	13,054,794	(561,450)	-4.1%
Total Public Education	2,503,673,627	2,517,323,677	2,486,828,435	86,449,159	2,573,277,594	55,953,917	2.2%
Higher Education							
IHL General Support	391,469,141	388,220,334	344,691,521	28,000,000	372,691,521	(15,528,813)	-4.0%
Ayers Settlement (excludes \$1 Mil OSF)	25,700,000	25,700,000	25,700,000	0	25,700,000	0	0.0%
Subsidiary Programs - Consolidated excl. Exec. Office	18,156,900	25,976,845	24,937,771	0	24,937,771	(1,039,074)	-4.0%
Student Financial Aid	29,876,773	30,377,373	30,101,902	0	30,101,902	(275,471)	-0.9%
Executive Office	7,819,573	7,299,523	7,007,542	0	7,007,542	(291,981)	-4.0%
University Medical Center	224,157,110	229,376,072	200,201,029	20,000,000	220,201,029	(9,175,043)	-4.0%
University Medical Center - Rural Physicians Scholarship	260,500	560,500	538,080	0	538,080	(22,420)	-4.0%
University Medical Center - MS Organ Recovery Agency	2,000,000	0	0	0	0	0	0.0%
Subtotal IHL	699,439,997	707,510,647	633,177,845	48,000,000	681,177,845	(26,332,802)	-3.7%
Community & Junior Colleges - Board	7,169,142	7,769,062	7,458,300	0	7,458,300	(310,762)	-4.0%
Community & Junior Colleges - Support	231,156,523	245,784,045	215,477,683	20,475,000	235,952,683	(9,831,362)	-4.0%
Subtotal Community & Junior Colleges	238,325,665	253,553,107	222,935,983	20,475,000	243,410,983	(10,142,124)	-4.0%
Total Higher Education (Excludes \$1 Mil Ayers OSF)	937,765,662	961,063,754	856,113,828	68,475,000	924,588,828	(36,474,926)	-3.8%
Public Health							
Health Department	56,991,852	51,514,961	52,547,477	390,000	52,937,477	1,422,516	2.8%
Health Department - SDE School Nurses	2,550,000	3,300,000	3,300,000	0	3,300,000	0	0.0%
Health Dept - UMC Cancer Institute	5,000,000	5,000,000	5,000,000	0	5,000,000	0	0.0%
Health Dept - AG Alcohol & Tobacco Enforcement Unit	800,000	800,000	800,000	0	800,000	0	0.0%
Health Dept - UMC Comprehensive Tobacco Center	650,000	650,000	650,000	0	650,000	0	0.0%
Health Dept - Regional Medical Center Trauma Care	3,000,000	0	0	0	0	0	0.0%
Total Public Health	68,991,852	61,264,961	62,297,477	390,000	62,687,477	1,422,516	2.3%

EXECUTIVE BUDGET & COMBINED FUNDS RECOMMENDATION
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	FY 10						
	FY 08 TOTAL STATE	FY 09 TOTAL STATE	EXECUTIVE	FY 10	FY 10	\$	%
	FUNDS APPROPRIATED	FUNDS APPROPRIATED	BUDGET	SUPPLEMENTAL	COMBINED		
GF,BCF,HCF,EEF,TCF	GF,BCF,HCF,EEF,TCF	RECOMMENDATION	FUNDS	FUNDS	Inc/(Dec)	Inc/(Dec)	
Hospitals & Hospital Schools							
Mental Health Department - Consolidated	265,356,575	278,480,866	267,341,631	0	267,341,631	(11,139,235)	-4.0%
DMH Crisis Centers	17,385,379	0	0	0	0	0	0.0%
Total Hospital & Hospital Schools	282,741,954	278,480,866	267,341,631	0	267,341,631	(11,139,235)	-4.0%
Agriculture & Commerce							
Agriculture & Commerce, Dept. of	8,883,248	9,036,629	8,563,158	0	8,563,158	(473,471)	-5.2%
Board of Animal Health	1,394,868	1,699,319	1,631,346	0	1,631,346	(67,973)	-4.0%
Fair Commission - Livestock Shows	202,757	224,757	215,767	0	215,767	(8,990)	-4.0%
Total Agriculture & Commerce	10,480,873	10,960,705	10,410,271	0	10,410,271	(550,434)	-5.0%
IHL Agricultural Units							
Alcorn Agricultural Programs	4,775,687	4,779,607	4,588,423	0	4,588,423	(191,184)	-4.0%
MSU - Agriculture & Forestry	23,699,108	23,716,974	22,768,295	0	22,768,295	(948,679)	-4.0%
MSU - Cooperative Extension	29,374,724	29,410,885	28,234,450	0	28,234,450	(1,176,435)	-4.0%
MSU - Forest & Wildlife	6,125,405	6,128,754	5,883,604	0	5,883,604	(245,150)	-4.0%
MSU - College of Veterinary Med	17,154,751	17,173,262	16,486,332	0	16,486,332	(686,930)	-4.0%
Total IHL Agriculture	81,129,675	81,209,482	77,961,103	0	77,961,103	(3,248,379)	-4.0%
Economic Development							
Mississippi Development Authority	15,222,325	23,858,823	22,904,470	954,353	23,858,823	0	0.0%
Mississippi Development Authority - Tourism/Welcome Ctrs	8,375,124	0	0	0	0	0	0.0%
MS Technology Alliance	2,103,374	1,054,094	1,011,930	0	1,011,930	(42,164)	-4.0%
Enterprise for Innovative Geospatial Solutions	946,744	835,834	802,401	0	802,401	(33,433)	-4.0%
Total Economic Development	26,647,567	25,748,751	24,718,801	954,353	25,673,154	(75,597)	-0.3%
Conservation							
Archives & History, Department of	9,639,544	10,096,944	9,418,066	0	9,418,066	(678,878)	-6.7%
Environmental Quality, Dept. of	15,446,436	14,257,792	13,687,480	0	13,687,480	(570,312)	-4.0%
MS Institute for Forestry Inventory	150,000	150,000	144,000	0	144,000	(6,000)	-4.0%
Forestry Commission	19,600,216	19,630,157	18,844,951	0	18,844,951	(785,206)	-4.0%
Grand Gulf Military Monument	267,021	267,413	256,716	0	256,716	(10,697)	-4.0%
Marine Resources, Dept. of	1,977,173	1,979,639	1,900,453	0	1,900,453	(79,186)	-4.0%
MS River Parkway Commission	25,800	25,800	24,768	0	24,768	(1,032)	-4.0%
Pearl River Basin Development District	0	0	0	0	0	0	0.0%
Soil & Water Conservation	831,233	832,096	798,812	0	798,812	(33,284)	-4.0%
Tennessee-Tombigbee Waterway	134,189	149,366	143,391	0	143,391	(5,975)	-4.0%
Wildlife, Fisheries & Parks	9,817,804	9,037,898	8,671,382	0	8,671,382	(366,516)	-4.1%
Total Conservation	57,889,416	56,427,105	53,890,021	0	53,890,021	(2,537,084)	-4.5%

EXECUTIVE BUDGET & COMBINED FUNDS RECOMMENDATION
November 17, 2008

	FY 10						
	FY 08 TOTAL STATE	FY 09 TOTAL STATE	EXECUTIVE	FY 10	FY 10	\$	%
	FUNDS APPROPRIATED	FUNDS APPROPRIATED	BUDGET	SUPPLEMENTAL	COMBINED		
GF,BCF,HCF,EEF,TCF	GF,BCF,HCF,EEF,TCF	RECOMMENDATION	FUNDS	FUNDS	Inc/(Dec)	Inc/(Dec)	
Insurance & Banking							
Bea Barnard Memorial Fund	10,800	0	0	0	0	0	0.0%
Total Insurance & Banking	10,800	0	0	0	0	0	0.0%
Corrections							
Corrections, Department of	152,588,713	154,803,417	108,335,878	47,250,000	155,585,878	782,461	0.5%
Medical Services	50,721,283	49,318,626	53,170,831	0	53,170,831	3,852,205	7.8%
Parole Board	656,962	743,993	828,647	0	828,647	84,654	11.4%
Local Confinement	17,505,045	8,836,714	8,592,465	0	8,592,465	(244,249)	-2.8%
Private Prisons	75,547,043	81,131,302	83,413,052	0	83,413,052	2,281,750	2.8%
Regional Facilities	33,225,136	33,346,866	37,220,801	0	37,220,801	3,873,935	11.6%
Total Corrections	330,244,182	328,180,918	291,561,675	47,250,000	338,811,675	10,630,757	3.2%
Social Welfare							
Governor's Office - Div. Of Medicaid	587,628,928	551,917,343	461,429,504	131,804,895	593,234,399	41,317,056	7.5%
Human Services, Department of	105,994,907	118,990,233	125,523,942	0	125,523,942	6,533,709	5.5%
Rehabilitation Services, Dept. of	8,222,236	8,232,150	7,902,864	0	7,902,864	(329,286)	-4.0%
Vocational Rehabilitation	9,323,267	9,249,120	8,979,155	0	8,979,155	(269,965)	-2.9%
Vocational Rehabilitation for the Blind	1,517,649	1,588,838	1,525,284	0	1,525,284	(63,554)	-4.0%
Spinal Cord and Head Injury	2,500,000	2,500,000	2,500,000	0	2,500,000	0	0.0%
Total Social Welfare	715,186,987	692,477,684	607,860,750	131,804,895	739,665,645	47,187,961	6.8%
Military, Police & Veterans' Affairs							
Emergency Management Agency	6,139,368	6,144,178	5,898,411	0	5,898,411	(245,767)	-4.0%
Disaster Relief	1,622,953	1,622,953	1,558,035	0	1,558,035	(64,918)	-4.0%
Military Department	8,403,302	8,555,762	8,213,532	0	8,213,532	(342,230)	-4.0%
Narcotics, Bureau of	12,331,980	12,342,038	11,848,356	0	11,848,356	(493,682)	-4.0%
Public Safety, Department of	4,600,303	4,304,323	4,132,150	0	4,132,150	(172,173)	-4.0%
Highway Safety Patrol	54,287,297	48,440,661	46,503,035	0	46,503,035	(1,937,626)	-4.0%
Crime Lab	6,823,658	6,829,214	8,661,867	0	8,661,867	1,832,653	26.8%
Law Enforcement Officers Training Academy	593,289	593,829	570,076	0	570,076	(23,753)	-4.0%
State Medical Examiner	163,916	129,636	194,815	0	194,815	65,179	50.3%
Public Safety Planning	458,975	459,006	440,646	0	440,646	(18,360)	-4.0%
Homeland Security	206,747	206,919	198,642	0	198,642	(8,277)	-4.0%
DPS Juvenile Facility Monitoring Unit	113,318	113,378	108,843	0	108,843	(4,535)	-4.0%
Veterans Affairs Board	6,212,873	6,215,318	5,966,705	0	5,966,705	(248,613)	-4.0%
Total Military, Police & Vets' Affairs	101,957,979	95,957,215	94,295,112	0	94,295,112	(1,662,103)	-1.7%

EXECUTIVE BUDGET & COMBINED FUNDS RECOMMENDATION
November 17, 2008

	FY 08 TOTAL STATE FUNDS APPROPRIATED GF,BCF,HCF,EEF,TCF	FY 09 TOTAL STATE FUNDS APPROPRIATED GF,BCF,HCF,EEF,TCF	FY 10 EXECUTIVE BUDGET RECOMMENDATION GF,BCF,HCF,EEF,TCF	FY 10 SUPPLEMENTAL FUNDS RECOMMENDATION	FY 10 COMBINED FUNDS RECOMMENDATION	\$ Inc/(Dec)	% Inc/(Dec)
Local Assistance							
Homestead Exemption	84,000,000	84,600,000	85,000,000	0	85,000,000	400,000	0.5%
Total Local Assistance	84,000,000	84,600,000	85,000,000	0	85,000,000	400,000	0.5%
Miscellaneous							
Arts Commission	1,856,259	1,906,859	1,805,585	0	1,805,585	(101,274)	-5.3%
Total Miscellaneous	1,856,259	1,906,859	1,805,585	0	1,805,585	(101,274)	-5.3%
Debt Service							
Bank Service Charges	950,000	950,000	1,162,000	0	1,162,000	212,000	22.3%
Bonds & Interest	322,597,871	313,597,871	302,869,612	52,607,101	355,476,713	41,878,842	13.4%
Total Debt Service	323,547,871	314,547,871	304,031,612	52,607,101	356,638,713	42,090,842	13.4%
Total General Fund Agencies	\$5,709,163,966	\$5,676,432,349	\$5,398,629,299	\$387,930,508	\$5,786,559,807	110,127,458	1.9%
Department of Transportation	200,000	0	0		0	0	0.0%
MS Insurance Department - Health Insurance Exchange	0	0	0	1,500,000	1,500,000	1,500,000	100.0%
DEQ - Superfund Sites	0	0	0	7,000,000	7,000,000	7,000,000	100.0%
TOTAL	\$5,709,363,966	\$5,676,432,349	\$5,398,629,299	\$396,430,508	\$5,795,059,807	\$118,627,458	2.1%

Some rows and columns may not add due to rounding

	Available Funds	Available Funds
Agencies/Budgets excluded from 4% FY 10 reduction:		
National Board Certification	GF Balance Forward \$1,025,401	\$14,800,000 Delay Accelerated Tax Change
Buildings & Buses	Aid to Municipalities (\$750,000)	\$38,000,000 Delay HCTF Repayment
Supplies & Instructional Materials	GF Revenues \$5,096,300,000	\$36,304,895 Delay HCEF Step Down
School Millage Reduction	Less 2% Hold Back (\$101,946,508)	\$101,946,508 2% Hold Back
MAEP	HCEF Revenues \$26,255,105	\$6,500,000 Med Mal Sale Proceeds
Vocational & Technical	EEF Revenues \$358,213,390	\$9,751,367 Disaster Recovery Fund Unobligated Interest
High School Redesign	TCF Revenues \$20,000,000	\$2,790,231 Gulf Tax Credit Bonds Excess/Balance
Chickasaw Interest	Total \$5,399,097,388	\$6,284,504 LEAP Unobligated Interest
School for Blind & Deaf		\$16,283,000 Ayers Interest from WCSF (FY 07-10)
Ayers		\$58,900,000 Cigarette Tax Increase
Health Dept - SDE School Nurses		\$4,275,000 Smokeless Tobacco Tax Increase
Health Dept - UMC Cancer Institute		\$16,600,000 Equity Assessment - Tobacco Settlement
Health Dept - AG Alcohol & Tobacco Enforcement		Nonparticipating Manufacturers
Health Dept - UMC Comprehensive Tobacco Center		\$84,000,000 Transfer from Working Cash Stabilization Fund
Mississippi Development Authority		\$396,435,505 Total
Corrections		
Medicaid		
Human Services - Family & Children Services (Olivia Y), Youth Services		
Rehabilitation Services - Billy A		

EXECUTIVE BUDGET & COMBINED FUNDS RECOMMENDATION
November 17, 2008

	FY 08 TOTAL STATE FUNDS APPROPRIATED GF,BCF,HCF,EEF,TCF	FY 09 TOTAL STATE FUNDS APPROPRIATED GF,BCF,HCF,EEF,TCF	FY 10 EXECUTIVE BUDGET RECOMMENDATION GF,BCF,HCF,EEF,TCF	FY 10 SUPPLEMENTAL FUNDS RECOMMENDATION	FY 10 COMBINED FUNDS RECOMMENDATION	\$ Inc/(Dec)	% Inc/(Dec)
Homestead Exemption							