



Executive Budget Recommendation



Governor Phil Bryant
State of Mississippi

FY2018

EXECUTIVE SUMMARY

Beginning with my first Executive Budget Recommendation, I have stressed three guiding principles for budgeting: saving for the future, spending prudently and prioritizing the core functions of government. This budget reflects those principles.

It is important to view this budget with the understanding that between fiscal year 2012 and FY2016, the amount of general fund dollars used to fund state government rose by \$1.1 billion, or almost 26 percent. That is higher than the growth in revenue collections and five times higher than the rate of inflation. That kind of growth in spending over such a short period is simply unsustainable, and must be addressed.

Although this budget anticipates additional revenue of \$104.9 million when compared to FY2017, it puts 2 percent into reserves, unlike previous budget years.

Saving for the Future. This budget maintains my commitment to spending only 98 percent of available revenues in accordance with Mississippi Code Section 27-103-139. It proposes to place the remaining \$109.6 million in economic damages from the BP settlement in a new Gulf Coast Restoration Reserve Fund, which would be an additional reserve fund in FY2018 and could be utilized for Gulf Coast-focused public projects in future years. It bolsters combined reserves to approximately \$417 million, nearly reaching the Rainy Day Fund's 7.5 percent legal limit.

Spending Prudently. This budget recommends \$5.7 billion in general fund appropriations, uses no one-time money for recurring expenses and recommends 1.8 percent in reductions in state support appropriations for most agencies. Like many states, Mississippi's annual revenue growth is less than 2 percent. Analysts with the Rockefeller Institute of Government are labeling the outlook for state budgets as "gloomier and more uncertain," making it critical we get the most out of every taxpayer dollar spent.

Prioritizing the Core Functions of Government. This budget maintains level funding for public safety, military, veterans, emergency management, prosecutors and community colleges. It invests an additional \$16.4 million in the Mississippi Adequate Education Program, bringing total state support to \$2.257 billion. It also provides over \$112 million in state funds to Department of Child Protection Services, a combined two-year investment of more than \$220 million.

TABLE OF CONTENTS

INTRODUCTION	1
PREPARING A STRONG FINANCIAL FOUNDATION FOR THE FUTURE	2
ENSURING STRONG FISCAL MANAGEMENT AND BUDGETARY PERFORMANCE.....	3
A STATE GOVERNMENT THAT WORKS	5
CULTIVATING MISSISSIPPI’S GREATEST RESOURCE – ITS PEOPLE	13
OTHER ITEMS.....	18
SUPPLEMENT: POTENTIAL NEW SOURCES OF REVENUE	19
CONCLUSION	20
ADDITIONAL RESOURCES	20

INTRODUCTION

Mississippi has more than 50,000 jobs than it did in December 2011. Unemployment has dropped from 9.4 percent to 6.0 percent. High school graduation rates are at 80 percent, a record high. In 2013, 48 percent of students were scoring proficient in third grade reading. In 2016, 92 percent of third-graders passed the state reading exam. This year, we have announced more than 5,500 new jobs and more than \$1.8 billion in private investment. Mississippi is poised to see two consecutive years of growth in overall economic output for the first time since the Great Recession. From developments in North Mississippi to a resurgent Mississippi Gulf Coast, our state has much to be proud of. We also have more to accomplish. Mississippi continues to lag the nation in per capita personal income and workforce participation rates. Too many young people are trapped in underperforming schools.

Our path forward will not be easy. The current Federal Administration has stifled economic growth and job creation through burdensome regulations on businesses. As our state economist acknowledged in his annual fiscal briefing to the Joint Legislative Budget Committee, “without a robust national economy, it is very difficult to show significant gains.” General fund collections have slipped below estimates for most months in 2016.

But with adversity comes opportunity. Overcoming the obstacles in front of us requires state leaders to work harder and think smarter about the services government provides and how those services are provided. Now, more than ever, we must reduce waste whenever and wherever possible. We must make tough decisions and avoid the temptation of kicking the can down the road. And we must have a sensible budget that reflects a commitment to prudent spending, to healthy savings and to strategic investments in core government functions, such as education and public safety.

By law, I am required to issue an executive budget recommendation each year. But the FY2018 Executive Budget Recommendation is more than fulfilling a statutory duty: It is a plan to operate government more effectively, not involve government more frequently. It is another step in the continued pursuit of a vision set forth at the beginning of my term – gainful employment for all, educational opportunity, stronger families and responsible governance. It is a call for limited government and limitless opportunity, now and in the years to come.

Sincerely,

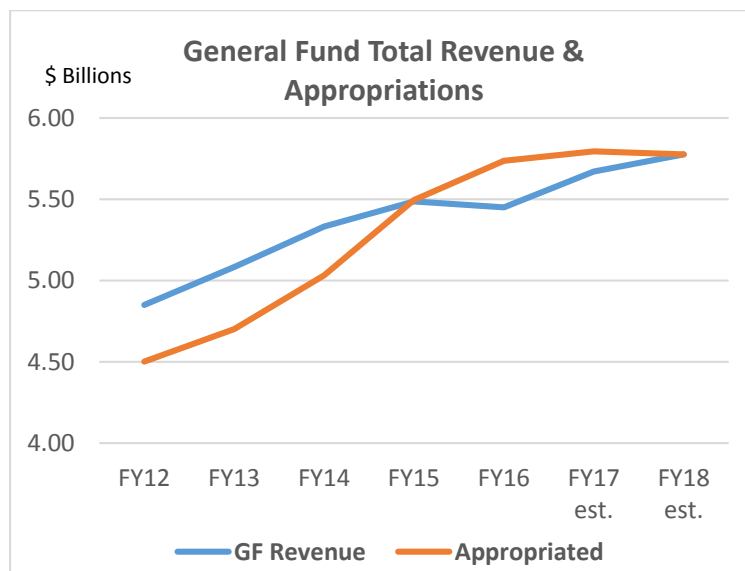
A handwritten signature in black ink, reading "Phil Bryant". The signature is fluid and cursive, with a large, stylized "P" and "B".

Phil Bryant
GOVERNOR

PREPARING A STRONG FINANCIAL FOUNDATION FOR THE FUTURE

Tax revenues have increased since 2012. Individual income tax revenue rose from \$1.48 billion to \$1.76 billion from 2012 to 2016. Corporate tax revenues – often wrongly cited as a cause of declining revenue – have actually risen overall since 2012.

But along with increasing tax revenues has been a sharp rise in state government spending. Between fiscal years 2012 and 2016, the amount of general fund dollars used to fund state government rose by \$1.1 billion, or almost 26 percent. That is higher than the growth in revenue collections and five times higher than the rate of inflation. That kind of growth in spending over such a short period is simply unsustainable, and must be addressed.



The Legislature took a first step to address this issue in the 2016 legislative session, when it appropriated less total money for FY2017 than it did in FY2016.

I am confident that the working groups Speaker Philip Gunn and Lieutenant Governor Tate Reeves are leading will produce meaningful reforms that will modernize and streamline Mississippi's budget and ensure that taxpayer dollars are used to fund only those core functions of government that provide clear benefits to our citizens.

Economic Outlook

On Oct. 7, State Economist Dr. Darrin Webb presented to the Joint Legislative Budget Committee his annual fiscal briefing. Much of what Dr. Webb said confirmed my belief in the need for conservative fiscal policy.

Though Mississippi's economy has improved from 2015 to 2016, overall growth this year will be significantly lower. While Dr. Webb expects growth to strengthen in 2017 and 2018, it will remain modest by historical standards. Improvement will be gradual.

FY2018 Revenue Estimate

This budget utilizes the general fund revenue estimate of \$5.7761 billion.

The Revenue Estimating Committee forecasts 1.8 percent growth over the FY2017 estimate. Under this budget, the balance of that increase will be set aside to comply with the 98 percent rule, which I will ask the Legislature to maintain as required by state law.

ENSURING STRONG FISCAL MANAGEMENT AND BUDGETARY PERFORMANCE

As Moody's said in its U.S. States Rating Methodology, "Unlike economic factors, which are largely beyond the states' control, financial results are the product of many decisions and practices determined by state policymakers. While tax collections and expenditures reflect fiscal capacity, and they ebb and flow with economic cycles, the financial choices states make given the economic situations they face — at any point in the economic cycle — are critical."

Challenging times offer a particularly strong temptation to make bad financial choices: making unrealistic assumptions about future revenue, deliberately underfunding major line items and spending one-time money on recurring expenses. While these practices are politically convenient, they are harmful to taxpayers and the state. This budget is balanced and reflects my commitment to honest budgeting based on real numbers and financial best practices.

Adhering to the 98 Percent Rule as set forth by Mississippi law

Mississippi Code Section 27-103-139 requires that the Legislature budgets to spend no more than 98 percent of the revenue the state expects to collect. In the last two fiscal years, the Legislature elected to suspend the 98 percent rule and appropriated 100 percent of available general funds. Obeying the statutory savings mandate in FY2018 reduces the likelihood of mid-year spending cuts in the event that revenues come in below expectations. In short, we should adhere to the 98 percent rule.

Replenishing Savings

Saving for the future must be a high priority within the budget process. The Working Cash Stabilization Reserve Fund, or Rainy Day Fund, is vital to lessening the impact of revenue shortfalls if and when they occur. Under Mississippi law, an amount up to 7.5 percent of the general fund revenue estimate can be placed in the Rainy Day Fund.

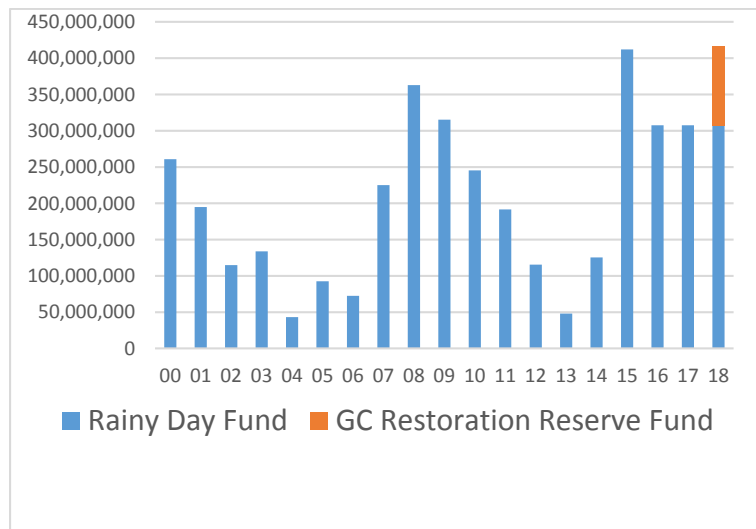
When I took office in 2012, Mississippi had \$115 million in the Rainy Day Fund, which represented approximately 2.5 percent of general fund revenue. After reaching a peak of \$411 million in 2016, the Rainy Day Fund has a balance of \$307.6 million. This budget would direct approximately \$57 million to the Rainy Day Fund at the end of FY2018.

In the meantime, our reserves would be bolstered by moving the remaining \$109.6 million from the initial payment of the BP economic damages settlement from the Budget

Contingency Fund to a new Gulf Coast Restoration Reserve Fund, which would be created by a majority vote of the Legislature. For FY2019, money from the Restoration Fund could be appropriated by a majority of elected members, though I would recommend that most of the money be spent on public projects related to the prosperity and sustainability of the Coast, where the oil spill did the most damage.

The choice to save is not an easy one. Setting aside revenue means foregoing spending on government programs. Over the long run, however, the tough choices we make now can prevent us from having to make even tougher choices during economic downturns when citizens can least afford the impact of program cuts. A healthy savings account also helps ensure the state's credit rating remains high and keeps costs to taxpayers to a minimum when we engage the capital markets.

Budget Support Reserve Funds By Fiscal Year



Avoiding the Use of One-Time Money for Recurring Expenses

As I have said before, using one-time money for recurring expenses is a practice that is politically convenient but harmful to taxpayers and the state as a whole. Consistent with my previous executive budget recommendations, this one minimizes the spending of one-time money on recurring expenses. Services and programs the state must pay for every fiscal year should be funded by revenue streams that are available every fiscal year.

This is another metric credit ratings agencies take into account when they formulate the state's credit score.

"Nonrecurring revenues....are a common feature of state budgets in difficult times and can play a reasonable role if used in moderation as a bridge to better times. However, depending on their scale, they can undermine structural budget balance and set the stage for future fiscal stress." – *Moody's*

Reducing Reliance on Borrowing and Debt

Mississippi's total debt burden is more than \$4 billion. That puts our net tax-supported debt per capita and debt as a percentage of personal income higher than the national average.

Measure	Mississippi	National Median	Mississippi's National Rank
NTSD per capita	\$1,707	\$1,025	15 th
% of personal income	5.0%	2.5%	10 th
% of state GDP	4.88%	2.21%	5 th
Debt Service Ratio	6.0%	4.3%	15 th

The bond bill passed during the 2016 legislative session, House Bill 1729, contained a host of local projects that have raised the question as to whether a state-issued general obligation bond is the proper vehicle to fund local projects. While we understand the power of the purse is a function of the legislative branch, the State Bond Commission has the responsibility of approving the issuance of debt on behalf of the state. The Commission has and will continue to guide our decisions based on best practices and model rules used in other states, as well as federal laws and regulations, with the ultimate goal of ensuring debt is only issued for viable projects with clear and convincing evidence of economic use and benefit, job creation or improvement to public welfare.

If the current borrowing pace continues, we could jeopardize our long-term fiscal future. As chairman of the Bond Commission, I would recommend the state not issue more debt than we retire in a fiscal year. Borrowing should not fund salaries, recurring budget expenses or expenses that do not last for the life of the asset for which it is paying. Investors and businesses understand that today's large debt levels likely equal tomorrow's tax hikes. This budget strictly adheres to those guidelines.

Adhering to the 98 percent rule, avoiding the use of one-time money for recurring expenses, replenishing our Rainy Day Fund and borrowing responsibly are not only good fiscal policies – they are actions that are vitally important to our credit rating. A downgrade in Mississippi's credit rating could significantly increase the cost of capital, forcing Mississippi to spend more money on debt service that could be better spent on education, public safety and other core functions of government.

A STATE GOVERNMENT THAT WORKS

When I was inaugurated in 2012, I shared a vision of a Mississippi whose government puts the public's tax dollars to proper use. We've made good progress on this front, but we need to do more. As Governor, I am working to create not just a smaller government, but

a better one, a government that best provides services and benefits to its customers — the citizens of Mississippi.

Maximizing Efficiencies through Staffing Flexibility

Agency leaders deserve the freedom to manage their workforces. This budget recommends all agencies receive exemptions from the Mississippi State Personnel Board for the next 12 months. Safeguards should be put into place to ensure that personnel board flexibility is properly focused on rightsizing, not raises.

In fact, this last session, I vetoed House Bill 199 because Personnel Board exemptions granted to MDE had been used to inflate administrative salaries, not maximize efficiency, as the exemptions intended. As I wrote in my veto message, “While I support additional flexibility for agencies to streamline services, I do not believe an additional year of these types of personnel decisions by the Mississippi Department of Education will yield cost savings and improved services for taxpayers.”

Saving through Self-Sufficiency

I have asked executive heads who report to me to find savings separate and apart from those identified in this budget. Building on that effort, this budget includes some agency-specific, targeted cuts to agency expenses. State agencies are already achieving savings by revamping the way they serve taxpayers.

For example:

- Recognizing that those in positions in trust must lead by example, the Governor’s Office has reduced the total size of its staff nearly 30 percent since 2012. Travel expenses have been cut 92 percent, or \$150,000 annually, since 2010. State support to the Governor’s Office and Mansion has decreased more than 16 percent between FY2012 and FY2017. The total state support for the Governor’s Office and Mansion is less this year than it was in FY1989, the first full year of the Mabus Administration. I have been – and continue to be – committed to doing more with less.
- The Mississippi Department of Employment Security has slashed spending by 13 percent since January 2012, saving some \$30 million annually.
- The Mississippi Department of Corrections has reduced expenditures by over \$23 million dollars by eliminating reimbursements to counties for housing inmates in joint state-county work programs, renegotiating contracts for a lower per diem per inmate at regional facilities, reducing the state inmate population at regional facilities, rebidding food and medical contracts, closing Walnut Grove Correctional Facility and refinancing debt associated with privately operated prisons.

- The Department of Finance & Administration's Mississippi Management and Reporting System and the Mississippi Department of Corrections are moving from private leased space into the Robert Clark Building in spring 2017.
- The Mississippi Emergency Management Agency is reducing operating expenses and developing a robust disaster reservist corps to augment staff in the event of emergencies, providing additional assets without expense to MEMA or county EMAs.
- To focus on their critical mission, the Mississippi Development Authority is operating with less while providing more. MDA initiated a comprehensive look at all workflow processes across the agency to streamline operations, eliminate duplication, improve controls, standardize data sets and improve reporting capabilities to optimize results. Regional offices and regional project manager positions were eliminated. The \$700,000 in efficiencies through this consolidation were repurposed for higher and better use.

These efforts were not responses to legislative mandates, but reflect the willingness of executive agency leaders to accomplish more with less. Efforts to reduce administrative overhead, cut duplicative programs, curb contractual spending, limit non-essential travel, and leverage government purchasing power will continue.

Reorganizing Government

We must look differently at how to manage government, recognizing that we can achieve greater efficiencies in administrative areas by breaking down certain boundaries among various departments of government and thinking about them in terms of the needs of the state as a whole. And agencies must think about their service potential not only in terms of the agency's own programs, but also in terms of the relevant programs of other agencies or even programs outside of government.

Unfortunately, Mississippi's government is woefully fragmented. Most agencies operate in silos, often with their own support staff for information technology, human resources and procurement. Additionally, small boards and commissions mostly lack strategic shared resources, spaces, staff and budgetary oversight.

This fragmentation is not limited to the state level. On the local level, Mississippi has 144 school districts across 82 counties. This is a model of inefficiency.

With all its fiefdoms, Mississippi government is better designed for feudal society than an effective 21st century government. While some state agencies are making strides in cross-agency collaboration, we still have work to do to break this silo approach to governing.

My legislative policy agenda will seek to merge state agencies, boards and commissions, as well as begin consolidating certain functions across state government. Mergers and consolidations may not generate enormous, immediate cost-savings in FY2018, and this

budget does not rely on their savings during the transition period. But streamlining will result in long-term cost savings and improve the quality of state government service.

Providing a Sustainable Mechanism for Capital Expense Projects

Borrowing less is not enough by itself. We must proactively manage our building and infrastructure assets to reduce the ongoing costs of housing government. Targeting and addressing needs early, reducing space per government employee and increasing energy efficiency all serve to alleviate future costs and avoid premature displacement.

Stewardship by agencies and institutions responsible for building assets, including monitoring and reporting, regular service and maintenance and timely repair should be a prerequisite for future capital funding by the state.

The Capital Expense Fund was established during my time as lieutenant governor to provide a recurring funding source for short- and medium-term capital needs on a pay-as-you-go basis. Since its establishment in 2008, it has often been swept and used as a general fund equivalent. That practice should stop.

Toward that end, this budget sets aside \$42.14 million in capital expense funds for critical renovation and repair projects to be administered by DFA. The funds should be divided as follows:

- \$24,144,943 for projects across state government
- \$11,000,000 for projects at the Institutions of Higher Learning
- \$7,000,000 for projects at Community Colleges

Of the \$24,144,943 above, \$2.6 million is set aside for such purposes at buildings under the care of the Office of Capitol Facilities.

Encouraging the Ingenuity of the Public and Public Employees

The best ideas for changing an organization often come from outside that organization. This budget seeks to harness that innovation and reward it.

Public Portal. First, we must identify new ways to utilize the knowledge and experience of the people. I am calling on DFA to work with PEER to establish an online portal where citizens can provide input on government's most challenging issues.

The Performance Budget and Strategic Planning Act's Innovation Incentive Program.

The Mississippi Performance Budget and Strategic Planning Act of 1994 included a provision authorizing DFA to establish an innovation incentive program whereby agencies that develop and implement innovative cost-saving measures can receive both public commendation and monetary reward in recognition of their efforts. DFA historically has not received funding to carry out the program.

Pay for Success Financing. Under the pay-for-success model, businesses provide upfront money for programs to address difficult social problems. If the business achieves a set of

measureable outcomes within an agreed upon time period, the funders get their investment back, plus interest. If not, government does not pay. Pay for success financing shifts the risk of achieving the outcome from the government to the private sector, as taxpayer funds are spent only if desired outcomes are achieved. These efforts should be approached carefully and slowly, and likely will require some changes to existing laws governing purchasing. I do believe pay for success financing can become an important tool in solving difficult problems.

Competitive Challenges. Finally, I am recommending that PEER consider the feasibility of a pilot program where selected agencies can use competitive challenges to solve government problems.

Utilizing Real Property Assets and Reducing Private Leases

A core function of state government is to house the various branches, agencies and institutions of government charged with implementing laws and policies for the use and benefit of our citizens. To do so in the most economical manner is critical and can have a significant impact on the budget.

Currently, in the Capitol Complex, the cost of providing space for the branches, agencies and institutions is less when using state-owned property as opposed to leasing from private entities. It is anticipated that this will be true for the foreseeable future. To most effectively implement this plan, the following is recommended:

First, resources should be focused on renovating existing buildings (currently state-owned and as-yet-to-be obtained buildings) as opposed to constructing new buildings. For example, renovating the Robert Clark Building and moving two agencies there will save over \$1 million annually. If feasible, DFA should consider obtaining additional, unoccupied space in the currently depressed real estate market.

Next, we need to optimize space in currently occupied buildings. The Robert E. Lee Building would be better suited for smaller agencies, boards and commissions.

Finally, current space optimization studies by DFA need to be completed.

Investing in Efficiency

The Department of Finance & Administration has determined that energy savings projects funded in the \$2 million to \$3 million range will yield annual savings of from \$400,000 to \$600,000 per year, for a simple payback period of seven years or less. Some projects – garage lighting, for instance – have a payback period of five years or less. The primary focus would be replacement of lighting, replacement of antiquated equipment and expanded computerized control of operations. Specific projects valued at \$750,000 have been identified, and could be started immediately. Additional projects in the \$1 million to \$2 million range have been identified and can be ready to start in less than a year.

If this concept is proven viable, and expanded to all state agencies, universities, community and junior colleges on an annual basis, such projects could yield cost savings of more than \$20 million per year at full implementation. Such savings, if reallocated to the repair and renovation of our buildings and infrastructure, could further reduce the need to finance such expenses long term.

Reining in Medicaid Spending

The state of Mississippi cannot afford a Medicaid program that costs state taxpayers over \$1 billion a year.

Medicaid's annual needs are notoriously difficult to estimate, because the primary drivers of Medicaid's needs are the number of eligible beneficiaries and the extent to which those eligible beneficiaries obtain medical services.

In 2011, the Division of Medicaid implemented Mississippi's managed care program, the Mississippi Coordinated Access Network, or MississippiCAN. The goal of managed care is to improve quality of care and reduce state Medicaid expenditures. Private companies called coordinated care organizations are responsible for providing services to Medicaid beneficiaries who participate in MississippiCAN. With the contracts for the two current providers set to expire, the Division of Medicaid will be having a competitive process to select CCOs. Managed care will be expanded to include as many as three CCOs.

Adding a CCO will expand options for Medicaid beneficiaries and create a more competitive environment, which should ultimately lower Mississippi's overall healthcare costs. And, it will provide a safeguard should a CCO fail while providing services to Mississippi beneficiaries.

The Division of Medicaid continues to seek ways to find greater efficiencies, including working with national experts on identifying additional cost savings. Finally, I encourage the Legislature to resist the urge to add more built-in costs to the Medicaid program. This budget does not include add-ons for increased provider payments.

Prioritizing Governmental Accountability

This budget targets waste, fraud and abuse throughout state government in order to eliminate spending that fails to advance the cause for which it was allocated, fails to advance a core function of government or fails to achieve any measureable benefit beyond what another program or agency is already achieving. No agency, department, board or commission ought to be spared scrutiny.

Limiting Antitrust Liability of Boards and Commissions

In *North Carolina State Board of Dental Examiners v. FTC*, the United States Supreme Court held that state licensing boards do not enjoy automatic immunity from antitrust claims if a controlling number of the decision makers are "active market participants in the occupation the board regulates."

In such circumstances, the regulators will only be immune from antitrust claims if the “challenged restraint” is clearly and affirmatively expressed as state policy and the board is actively supervised by the state. In order to comply with the mandate of the Supreme Court’s decision, there is a need to put into place active state supervision of boards and commissions’ rulemaking and certain licensing actions to ensure that the rulemaking or board actions do not result in anti-competitive conduct without a significant and corresponding state interest.

In order to reduce liability, I would support utilizing a state agency to help actively supervise all boards and commissions whose members are active market participants.

Financial Transparency in Local School Districts

Transparency Mississippi was established to promote transparency in government and in spending. The public is able to view expenditures and contracts for state agencies. While billions of dollars are sent to the local school districts, there is not a central website for the public to view how these dollars are being spent. I recommend the establishment of a searchable database detailing all monies received or expended by a school district.

Cutting Programs That Are Not Core Functions of Government

Allocating budgetary resources often involves a trade-off between what one wants to do and what one can afford to do. As I have said before, money taken from taxpayers to fund state government should only go toward those core functions that provide clear benefits to Mississippians. All too often, revenue derived via taxation supports non-core areas. Many of these programs are noble, but government cannot be everything for everyone. Difficult decisions will have to be made as to what constitutes a core function and what does not. Three examples that I believe do not are Mississippi Public Broadcasting, Innovate Mississippi and the Motion Picture Incentive Rebate Program.

Mississippi Public Broadcasting. Mississippi Public Broadcasting’s stated long-term goal is to become less dependent on support from the state. This budget helps MPB become more self-sustainable. Public broadcasting was hatched at a time when television and radio offerings were drastically fewer than they are today. Granting MPB more authority to market its airtime and recruit more financial support would be a good step toward it becoming financially independent of the state.

Innovate Mississippi. Innovate Mississippi, formerly the Mississippi Technology Alliance, is a public-private partnership with the state, though funding for the partnership is one-sided. According to the funding source request Innovate Mississippi submitted to the Legislative Budget Office, over 90 percent of its expenditures in FY2016 came from federal sources or general funds the Legislature earmarked for them through the Mississippi Development Authority budget.

I support elevating the quality of technology and innovation in Mississippi and recognize the need to support entrepreneurship. That said, I have serious reservations about the

return on investment the state is receiving for its continued investment in this organization.

Motion Picture Rebate Incentive Program. According to a 2015 report from the Joint Legislative Committee on Performance Evaluation and Expenditure Review, the Motion Picture Incentive Rebate Program returned approximately 49 cents for every dollar invested, a loss of 51 cents on the dollar. Under current law, the Department of Revenue will stop approving applications for rebates by July 1, 2017. While I support the jobs and attention that films bring to Mississippi, taxpayers should no longer subsidize the motion picture industry at a loss. The motion picture incentive rebate has cost approximately \$25 million since 2011. Allowing the motion picture incentive rebate to expire could save a similar amount over the next five years.

Expanding Performance-Based Budgeting

As I have said repeatedly, crafting a budget in Mississippi has for far too long been based on two factors: how much your budget was last year and who you know at the Capitol. This is changing, albeit gradually. As a partner in the Pew-MacArthur Results First Initiative, Mississippi is in the process of implementing an innovative benefit-cost analysis approach that outlines investment in policies and programs shown to be effective through rigorous research. Following the release of my Opportunity Mississippi strategic plan in January 2014, the legislative leadership released “Building a Better Mississippi: The Statewide Strategic Plan for Performance and Budgetary Success.” The document contains 327 key performance indicators in eight major public policy areas. The first benchmark performance update report was issued in December 2015. The findings showed Mississippi’s historical performance in comparison to the national average on 61 indicators for which data were readily available from a public source.

In furtherance of House Bill 1677, which I signed into law in 2014, PEER continues to develop a comprehensive inventory of state agency programs and activities, with a benefit-cost ratio calculated for each program. To date, over 1,000 programs have been identified in the four pilot agencies – Corrections, Education, Health and Transportation. Legislative staff continues to work to collect expenditure and performance data for each of these programs, as well as to identify which of each agency’s intervention programs are evidence- or research-based, as defined by state law.

Pursuing Privatization

Privatization is a strategy to shift the production of goods and services from the government to the private sector in order to reduce government expenditures and to take advantage of the efficiencies that normally result when services are provided through the competitive marketplace.

During the next year, we will encourage a series of comprehensive studies on functions for which privatization offers the potential for improving the quality of the activity or reducing costs. This includes certain functions within Mississippi Public Broadcasting, the

Driver Services Division of the Mississippi Department of Public Safety, and Child Protection Services. In each case, policy experts will be sought to analyze the current status of the function and estimate the benefits of improvements that result from public/private partnerships.

One agency has already employed this model. The Mississippi Department of Human Services outsourced child support case management and legal services in all 82 counties, effective Oct. 1. The transition has been smooth, due in large part to community support. This has led to a reduced burden on counties through consolidation of offices, better opportunities for staff and a more efficient operation. The agency believes this will drive its program to the forefront as one that demonstrates the benefits of a public/private partnership.

CULTIVATING MISSISSIPPI'S GREATEST RESOURCE – ITS PEOPLE

At my second inaugural speech last January, I pledged to work as hard as humanly possible to make Mississippi the most job-friendly state in America.

Fortunately, I've had a lot of help from the Legislature. In 2016, we created a path for additional workforce investment, with the establishment of the Mississippi Works Fund. We began to eliminate Mississippi's investment penalty, the franchise tax. And we paved the way for Continental Tire to bring 2,500 new jobs to Central Mississippi.

Employers need low taxes, less regulation and strong right-to-work laws. And they are increasingly citing a talented workforce as the leading factor in moves and expansions.

This budget builds on that progress by supporting investments in Mississippi's workforce of today and the future.

Building on our progress in education

As other leaders before me have recognized, Mississippi's path to economic prosperity must pass through the schoolhouse door.

Recognizing the importance of education, state leaders have focused on transforming education. There is tangible proof that our efforts are paying off. In the 2015–16 school year, 92 percent of Mississippi's third-graders passed their reading exam. Our fourth-graders lead the nation in gains in reading and math. The Education Commission of the States just awarded Mississippi its Frank Newman Award, the Heisman Trophy of education awards.

But Mississippi can do better, and we will, provided we continue to pursue policies that make our system of public education the most innovative in America.

Student-Centered School Finance

We must ensure that every child has a quality educational opportunity. We must also demand that the dollars we invest in education be spent wisely. For too long, the

education establishment has prioritized inputs over outputs. Indiscriminately throwing more than \$2 billion dollars at K-12 on the basis of an arbitrary, antiquated formula year after year is unfair to taxpayers. On Oct. 11, Lieutenant Governor Reeves and Speaker Philip Gunn announced the retention of a company to assist in assessing options for a better school funding formula. My budget recommends an increase of \$16.4 million for the hopefully newly designed, evidence-based school funding formula in FY2017. It's also important to note that the Mississippi Adequate Education Program was spared from the last budget adjustment.

Reducing the Dropout Rate

Graduation rates are higher than they've ever been, helped by programs like Jobs for Mississippi Graduates, a part of Jobs for America's Graduates. A public-private partnership, JAG's national success rate – a high school graduate who either continues their education, finds a job or both – is 94 percent.

Because of that proven success, I plan to ask the Legislature to approve money for JAG originally earmarked for other dropout-prevention programs. These funds would be matched by private donations, automatically doubling available resources for a program with a long track record of reaching our most disadvantaged high school students.

Educational Savings Accounts

In 2015, I signed into the law the Educational Opportunity for Students with Special Needs Act. The new law allows state-funded accounts for special needs students that can be used to pay for educational therapies, tutoring, online curriculum and other schooling options. During the 2016 regular session, eligibility was expanded to students who had received an individualized education plan in the past five years.

Currently, 425 students are enrolled in the program. It was level-funded in FY2017 at \$3 million. Under the law, up to 1,500 spots are available for the 2017-18 school year. Demand for the program has been strong. Approximately 130 students are on the waiting list.

This budget supports funding the ESA program in the 2017-18 school year.

Supporting Our Teachers

As we make serious efforts at improving our children's opportunities and futures, we must start in our classroom on the front line of our educational system – our teachers. It is teachers who guide our schoolchildren, and it is teachers who can help make the biggest strides toward success.

Retaining and attracting high-quality teachers is vital to good educational outcomes.

Funding the School Recognition Program

In 2014, the Legislature passed, and I signed, a bill to increase teacher pay. The legislation also includes a provision to implement a merit pay program for teachers following the

2016-17 school year. The School Recognition Program provides money for stipends for teachers in A-rated schools, B-rated schools and schools that improve a letter grade under the school accountability model. This budget provides initial funding for the School Recognition Program.

Maintaining Funding for Mississippi Teacher Corps and Teach for America

In FY2017, funding for Teach for America was decreased. This budget proposes \$2.2 million in funding for Teach for America and Mississippi Teacher Corps.

Bolstering the Mississippi Alternate Path to Quality Teachers Program

The Mississippi Alternative Path to Quality Teacher program provides an opportunity for individuals with a degree in an area other than education to become licensed classroom teachers through a one-year intensive program offered through MAPQT. This allows a reduction in tuition for participants and will offer program enhancements that are not currently affordable. I support funding for MAPQT.

Teaching the Teachers Well

Mississippi leads the nation in its multi-faceted approach to improving literacy. The Governor's Task Force on Teacher Preparation for Early Literacy Instruction recommended amending the Literacy Based Promotion Act to require minimum professional development for faculty who prepare teacher candidates in early literacy instruction. This new requirement will help ensure the gains our students are making in reading in our state.

Funding the Chickasaw Interest

The Chickasaw Interest requested less money in FY2018, and my budget fully funds the request. Funding our districts in the Chickasaw cession is a legal requirement, and I will support funding it as required by law.

Committing to the Success of our Community Colleges

In Mississippi, we know that to be competitive, we must continue to have a well-trained workforce. Mississippi's community and junior colleges provide valuable academic and career training to residents across the state, and my budget, like previous budgets, reflects a commitment to these valuable workforce programs. We have committed \$250,000 from the Mississippi Works Fund to create a furniture academy, in conjunction with Itawamba and Northeast Mississippi community colleges and the Franklin Furniture Institute at Mississippi State University. The academy will serve as a workforce training center to meet the ever-growing demands of Northeast Mississippi's furniture industry.

Supporting and Streamlining Student Financial Aid

Financial aid plays a vital role in helping students reach their educational goals. But resources are not unlimited. We must continue to consider ways to craft a student-centered, data-driven, flexible, outcome-focused policy for postsecondary financial aid.

This budget provides level funding for student financial aid for FY2018.

Reducing Administrative Expenses in the Mississippi Department of Education

This budget directs money away from the Central Office at the Mississippi Department of Education and focuses it in the classroom. Reducing administrative costs in the short term will push more money into the classroom, where it can have the biggest and most positive impact.

Other Education Issues

This budget recommends:

- Level funding for the Early Childhood Education Collaborative Pilot Program
- Level funding for the Blind and Deaf Schools
- Level funding for Vocational and Technical Education
- Level funding for the DuBard School
- Level funding for the National Board Certified Teachers program

Some of the choices we will have to make are going to be unpopular to some. We must keep the end goal in sight: building a better, sustainable educational system that is the most innovative in America that will serve this generation and future generations of Mississippians.

Ensuring Child and Public Safety

The first and foremost responsibility of government is to protect and defend the public. As Governor, I take seriously the duty to protect the people of this state, and my budget reflects that commitment.

Supporting the new Mississippi Department of Child Protection Services

For years, Mississippi has struggled to meet its obligations to vulnerable children. Last year, I supported the transition of the Department of Child Protection Services to a standalone agency. I requested – and the Legislature provided – additional funding for the agency to ensure compliance with a court order related to the Olivia Y litigation. I ask that this additional Child Protection Services funding be continued in FY2018.

Combating Opioid Abuse

Prescription drug abuse is a serious problem across the nation and here in Mississippi. This budget level-funds the Mississippi Bureau of Narcotics, so the agency can continue to combat prescription drug abuse. This is a national epidemic. In November 2015, the federal Drug Enforcement Administration announced that drug overdoses – including those from heroin and prescription drugs that included opioids – accounted for more deaths than car accidents.

We will seek solutions to address that epidemic here in Mississippi.

Continuing to Prioritize Courts and District Attorneys

Our court system and district attorneys have been a priority of mine and a priority of the legislative leadership over the last five years.

In FY2012, total state support for the courts – Supreme Court Services, Court of Appeals, Administrative Office of Courts and Trial Judges – was \$35.8 million. Today, that appropriation is \$48.5 million. This reflects a 35.38 percent increase over five years.

State support for district attorneys has risen 33 percent since FY2012. Prosecuting those who have been charged with violating our criminal laws is an integral part of public safety, and we must continue to ensure that our prosecutors have the resources needed to fulfill this critical duty.

Supporting Our Military and Veterans

I am also level-funding the Mississippi National Guard and the Department of Veterans Affairs. It is important to maintain a strong National Guard and services to our veterans. To maximize efficiency, the National Guard closed four armories earlier this year. If it is the intent of the Legislature to reopen these armories, a special funding designation would be required to do so.

Department of Public Safety

This budget level-funds the Mississippi Department of Public Safety. Although I do not set aside any funds for it, I would support the Legislature allocating a small amount of money to help DPS retool its recruiting strategy and modernize its training methods and criteria related to its trooper school. Recruiting and retaining over-the-road troopers is paramount going forward.

Continuing to Focus on Economic Development

Ensuring Our Tax Structure is Conducive to Job Creation and Capital Investment

Private sector investment is essential to Mississippi's growth. In today's competitive economic environment, Mississippi must continue to improve its business climate.

In 2016, I signed the Taxpayer Pay Raise Act. This bill eliminates the 3 percent tax brackets levied on personal income by 2018, phases out the franchise tax over a 10-year period and allows additional deductions for self-employed Mississippians.

As Lieutenant Governor Reeves correctly observes, a flatter, fairer tax policy can grow the economy and make Mississippi businesses more competitive in the global marketplace. I commend Lieutenant Governor Reeves, Speaker Gunn and the Legislature for passing this legislation and for continuing to take an ongoing, comprehensive look at our state's tax structure.

Mississippi Development Authority

The Mississippi Development Authority is the state agency primarily tasked with attracting private sector investment. To date in 2016, MDA's efforts have garnered the announcement of more than 5,500 new jobs for Mississippians.

OTHER ITEMS

Strengthening Our Capital City

For Mississippi to reach its full potential, we must have economically vibrant urban centers. Jackson is Mississippi's largest, and it remains an important asset. It is well-documented that most new job growth nationally is happening in bigger cities, because they often have infrastructure and human capital attractive to businesses and entrepreneurs. Jackson's struggles are not a competitive advantage for neighboring jurisdictions; they are a cause for concern for the entire Metro Area. But nor are Jackson's problems merely the byproduct of misperceptions. The challenges Jackson has with infrastructure and cost containment are real. Tax-exempt properties owned by state government, hospitals, colleges and churches keep increasing their footprint in Jackson. Even a well-managed city would struggle under infrastructure and service demands. City leaders and state leaders must work on a nonpartisan solution.

Last year, the Legislature proposed a Capitol Complex Commission, but the legislation died in conference. If revenue collections are such that it would be feasible, I would recommend funding the Commission.

Flow-Through Money

Last year, the Legislature took a step in the right direction when it reduced "flow-through" dollars to nonprofits that were appropriated in the Department of Education's budget. I recognize the utility of using private organizations to advance the public good, but unaccountable earmark spending is unfair to taxpayers. This budget is careful to limit flow-through dollars to programs.

Budget Transparency and Accountability Act

During the 2016 regular session, the Legislature adopted Senate Bill 2362, the "Mississippi Budget Transparency and Simplification Act of 2016." The legislation was designed and intended to change 16 state agencies from special fund agencies to general fund agencies and to remove the authority for some state agencies to charge others fees, assessments, rents or other charges for services rendered or resources received. Transparency and simplification of the state budget are admirable goals.

As with any new major overhaul, however, there are hurdles to clear and problems to address. Over the past several months, a working group of lawmakers, accountants and budget experts has been meeting at my request to review perceived issues with SB2362. The issues identified by the working group can be addressed at the start of the 2017 regular session.

SUPPLEMENT: POTENTIAL NEW SOURCES OF REVENUE

Lottery

The Department of Revenue estimates that a state lottery would generate \$88 million to \$100 million annually for the state. Because of that, I am open to a general discussion about the implementation of a lottery in Mississippi.

The legal pathway was cleared in 1992, when voters chose to remove the state's constitutional prohibition of a lottery. Arkansas – the state whose population numbers and demographics are most similar to ours – received \$80 million from its lottery last fiscal year.

While I am open to a lottery discussion, I would be adamantly opposed to dedicating the revenue derived from it to a particular agency or line item, particularly one as important as education. The future of our schoolchildren should not be left to a game of chance.

Low Taxes and High Compliance: Supporting Staffing at the Department of Revenue

Hiring more auditors in the Department of Revenue will lead to increased collections of approximately \$15 million. The FY2018 budget includes an increase of \$3.4 million to hire these auditors.

Tax Amnesty

Tax amnesty is a limited-time opportunity for individuals and businesses to pay past-due base tax liabilities free of penalty, interest and collection fees. Indiana conducted a tax amnesty program in 2015 and collected more than \$120 million.

Mississippi's last tax amnesty program was conducted in 2004, during which the state collected \$9.2 million. A tax amnesty program could generate an additional \$9.2 million in revenue for FY2018.

The program should not last longer than one year, in order to encourage on-time tax payments and not give the perception that delinquent payments will be forgiven by regular amnesty periods.

Collecting Taxes Due on Remote Sales

While brick-and-mortar retailers collect sales tax at the point of purchase, online retailers without a physical presence in the state do not. Legally, a use tax is still owed to the state but compliance is low. Three years ago, Secretary of State Delbert Hosemann convened a working group of Mississippi business owners, local government leaders, accountants, attorneys, professors, state revenues officials and trade association representatives to discuss these revenue fairness issues. The working group estimated that Mississippi was losing \$67.2 million annually in uncollected taxes on remote sales. The National Conference of State Legislatures estimates Mississippi's loss at over \$134 million.

Congress could step in and pass legislation requiring online sellers to collect state taxes and remit them to the state of destination. Alternatively, the U.S. Supreme Court could reverse its 1992 ruling in *Quill v. North Dakota*, opening the door for Mississippi and other states to enforce their sales and use tax laws against businesses that currently lack a physical presence. Until there is action at the federal level, policymakers should consider establishing a voluntary remittance program for out-of-state online sellers. Alabama adopted one of these programs in 2015. The Mississippi Development Authority will also continue to recruit major out-of-state merchants to Mississippi.

These approaches do not create a new tax. They would simply allow Mississippi to enforce the collection of a tax that has been in place for decades.

Increasing Funding for Private Debt Collectors

The Mississippi Department of Revenue currently uses private debt collectors in a limited capacity to collect unpaid bills. Authorizing additional funding for debt collection to seek unpaid taxes could provide \$10 million in revenue.

CONCLUSION

This Executive Budget Recommendation is ambitious yet attainable.

Ultimately, a budget reflects priorities, and this budget represents how I believe government can use taxpayer resources to help move Mississippi forward. It is built on sound financial principles. It provides funding for economic drivers. It continues to protect those who protect us, by ensuring our law enforcement and military are funded sufficiently.

I recognize that not everything in this proposal will ultimately be adopted. Our budget challenges are too important to rely on one person or one branch of government. I look forward to working with legislative leaders, DFA, the Revenue Estimating Committee and other experts on a final budget that will help Mississippi prosper today and in the future.

ADDITIONAL RESOURCES

[Budget Snapshot](#)

[Budget Performance Measures](#)

FY 2018 Executive Budget Recommendation

State Support Funds Only - excluding Reappropriations

Page 1 of 5

November 15, 2016

Agencies / Budgets	FY 2016 Total State Support Net of Budget Reductions	FY 2017 Total State Support Net of Budget Adjustments	FY 2018 EBR Total State Support	FY 2018 EBR Total State Support +(-) FY2017	EBR Total State Support +/-%
Legislative					
Legislative Regular Consolidated	29,354,924	27,121,199	26,625,119	(496,080)	-1.8%
Total Legislative	29,354,924	27,121,199	26,625,119	(496,080)	-1.8%
Judiciary & Justice					
Attorney General's Office	8,787,654	27,694,346	27,187,782	(506,564)	-1.8%
Attorney General - Chemfax	0	0	0	0	n/a
Attorney General - Judgments & Settlements	2,801,269	0	0	0	n/a
Capital Post Conviction Counsel, Office of	676,985	1,832,745	1,799,222	(33,523)	-1.8%
District Attorneys & Staff	19,754,784	23,355,452	23,355,452	0	0.0%
Judicial Performance Commission	333,104	391,209	384,053	(7,156)	-1.8%
State Public Defender	0	3,175,191	3,117,113	(58,078)	-1.8%
Supreme Court Services	8,361,463	6,783,610	6,783,610	0	0.0%
Administrative Office of Courts	7,436,912	12,937,855	12,701,206	(236,649)	-1.8%
Court of Appeals	5,629,477	4,633,290	4,548,541	(84,749)	-1.8%
Trial Judges	24,564,045	24,197,697	23,755,091	(442,606)	-1.8%
Total Judiciary & Justice	78,345,693	105,001,395	103,632,070	(1,369,325)	-1.3%
Executive & Administrative					
Ethics Commission	655,880	529,760	520,070	(9,690)	-1.8%
Governor's Office - Mansion	536,880	0	0	0	n/a
Governor's Office - Support	1,870,906	0	0	0	n/a
Governor's Office - Support & Mansion	0	2,238,926	2,197,973	(40,953)	-1.8%
Secretary of State	0	15,827,087	15,537,590	(289,497)	-1.8%
Total Executive & Administrative	3,063,666	18,595,773	18,255,633	(340,140)	-1.8%
Fiscal Affairs					
Audit, Department of	6,514,349	9,170,489	9,002,749	(167,740)	-1.8%
Finance & Administration, Dept. of (DFA) - Support & Tort Claims	11,117,008	43,246,368	43,246,368	0	0.0%
DFA - Mississippi Home Corp.	1,776,396	1,667,004	1,636,512	(30,492)	-1.8%
DFA - Property Insurance	6,775,184	0	6,775,184	6,775,184	n/a
DFA - Repair & Renovation (Capital Expense Fund)	0	0	42,144,943	42,144,943	n/a
DFA - Status of Women, Commission on the	40,276	37,212	36,531	(681)	-1.8%
DFA - Subtotal	19,708,864	44,950,584	93,839,538	48,888,954	108.8%
Information Technology Services (ITS), Dept. of - Support	0	39,220,176	38,502,791	(717,385)	-1.8%
ITS - Wireless Communications Commission	9,969,990	8,925,507	8,762,249	(163,258)	-1.8%
Personnel, State Board	0	4,886,950	4,797,562	(89,388)	-1.8%
Revenue, Dept. of - Support	54,803,808	40,553,564	43,953,564	3,400,000	8.4%
Revenue, Dept. of - License Tag Commission	0	4,251,066	4,173,309	(77,757)	-1.8%
Tax Appeals, Board of	512,962	466,152	457,626	(8,526)	-1.8%
Total Fiscal Affairs	91,509,973	152,424,488	203,489,388	51,064,900	33.5%

FY 2018 Executive Budget Recommendation

State Support Funds Only - excluding Reappropriations

November 15, 2016

Agencies / Budgets	FY 2016 Total State Support Net of Budget Reductions	FY 2017 Total State Support Net of Budget Adjustments	FY 2018 EBR Total State Support	FY 2018 EBR Total State Support +(-) FY2017	EBR Total State Support +/-%
Public Education					
General Education	174,229,087	157,010,354	142,094,370	(14,915,984)	-9.5%
Chickasaw Interest	16,288,454	21,024,015	19,573,344	(1,450,671)	-6.9%
Adequate Education Program (MAEP)	2,231,762,248	2,241,438,129	2,257,838,135	16,400,006	0.7%
Schools for the Blind & Deaf	10,990,123	10,825,221	10,825,221	0	0.0%
Vocational and Technical Education	81,247,516	81,014,516	81,014,516	0	0.0%
MDE - Subtotal	2,514,517,428	2,511,312,235	2,511,345,586	33,351	0.0%
Educational Television Authority	7,773,677	6,561,436	5,938,100	(623,336)	-9.5%
Library Commission	11,816,576	10,817,898	10,620,025	(197,873)	-1.8%
Total Public Education	2,534,107,681	2,528,691,569	2,527,903,711	(787,858)	0.0%
Higher Education					
IHL General Support	426,590,445	387,851,261	380,756,985	(7,094,276)	-1.8%
IHL General Support - Charter School Authorizer Board	244,218	245,617	241,124	(4,493)	-1.8%
IHL General Support - Subtotal	426,834,663	388,096,878	380,998,109	(7,098,769)	-1.8%
IHL Subsidiary Programs	36,640,249	33,887,665	33,267,818	(619,847)	-1.8%
IHL Student Financial Aid	41,855,077	38,752,077	38,752,077	0	0.0%
IHL University Medical Center - Consolidated	185,108,348	177,838,794	174,585,904	(3,252,890)	-1.8%
IHL - Subtotal	690,438,337	638,575,414	627,603,908	(10,971,506)	-1.7%
Community Colleges Board - Admin	7,080,989	6,743,064	6,743,064	0	0.0%
Community Colleges Board - Support	263,004,423	250,333,552	250,333,552	0	0.0%
CCB - Subtotal	270,085,412	257,076,616	257,076,616	0	0.0%
Total Higher Education	960,523,749	895,652,030	884,680,524	(10,971,506)	-1.2%
Public Health					
Health, Dept. of - Support	65,152,562	62,137,369	61,000,800	(1,136,569)	-1.8%
Health, Dept. of - Health Information Network	686,478	629,245	617,735	(11,510)	-1.8%
Health, Dept. of - Local Gov't Rural Water Systems	1,176,820	0	0	0	n/a
Mental Health, Dept. of - Consolidated	240,855,629	241,052,676	241,052,676	0	0.0%
Total Public Health & Hospitals	307,871,489	303,819,290	302,671,211	(1,148,079)	-0.4%
Agriculture & Commerce					
Agriculture & Commerce, Dept. of	9,393,612	7,586,525	7,447,758	(138,767)	-1.8%
Board of Animal Health	1,430,659	1,180,952	1,159,351	(21,601)	-1.8%
Fair Commission - Livestock Shows	263,571	243,223	238,774	(4,449)	-1.8%
Total Agriculture	11,087,842	9,010,700	8,845,883	(164,817)	-1.8%

FY 2018 Executive Budget Recommendation

State Support Funds Only - excluding Reappropriations

Page 3 of 5

November 15, 2016

Agencies / Budgets	FY 2016 Total State Support Net of Budget Reductions	FY 2017 Total State Support Net of Budget Adjustments	FY 2018 EBR Total State Support	FY 2018 EBR Total State Support +(-) FY2017	EBR Total State Support +/-%
IHL Agricultural Units					
Alcorn Agricultural Programs	6,654,000	6,574,345	6,454,092	(120,253)	-1.8%
MSU- Agriculture & Forestry Experiment Station (MAFES)	24,489,637	24,048,366	23,608,492	(439,874)	-1.8%
MSU - Cooperative Extension Service	31,505,602	31,054,313	30,486,291	(568,022)	-1.8%
MSU- Forest & Wildlife Research Center	6,457,887	6,380,866	6,130,866	(250,000)	-3.9%
MSU - College of Veterinary Medicine	18,695,375	18,471,515	18,133,648	(337,867)	-1.8%
Total IHL Agriculture	87,802,501	86,529,405	84,813,389	(1,716,016)	-2.0%
Economic Development					
Mississippi Development Authority (MDA)	41,197,419	19,801,708	19,439,510	(362,198)	-1.8%
MDA - Innovate Mississippi	0	0	0	0	n/a
Total Economic Development	41,197,419	19,801,708	19,439,510	(362,198)	-1.8%
Conservation					
Archives & History, Dept. of	13,808,295	7,019,178	6,890,789	(128,389)	-1.8%
Archives & History - Statewide Oral History	50,000	46,000	45,159	(841)	-1.8%
Environmental Quality, Dept. of	12,778,699	10,575,937	10,382,490	(193,447)	-1.8%
Forestry Commission	19,161,291	16,030,170	15,736,959	(293,211)	-1.8%
Grand Gulf Military Monument	206,034	190,128	186,650	(3,478)	-1.8%
Marine Resources, Dept. of	1,126,786	985,656	967,627	(18,029)	-1.8%
MS River Parkway Commission	26,336	0	0	0	n/a
Oil & Gas Board	0	2,272,382	2,230,817	(41,565)	-1.8%
Pearl River Basin Development District	196,137	180,852	177,544	(3,308)	-1.8%
Pearl River Valley Water Supply District	1,176,820	0	0	0	n/a
Soil & Water Conservation	813,329	739,817	726,285	(13,532)	-1.8%
Tennessee-Tombigbee Waterway	196,137	180,995	177,684	(3,311)	-1.8%
Wildlife, Fisheries & Parks (WFP)	8,733,479	7,850,306	7,706,714	(143,592)	-1.8%
Total Conservation	58,273,343	46,071,421	45,228,718	(842,703)	-1.8%
Insurance & Banking					
Insurance, Dept. of - Support	0	12,814,898	12,580,498	(234,400)	-1.8%
Insurance, Dept. of - Rural Fire Truck Acquisition	0	0	0	0	n/a
State Fire Academy	0	5,318,434	5,221,153	(97,281)	-1.8%
Total Insurance & Banking	0	18,133,332	17,801,651	(331,681)	-1.8%
Corrections					
Corrections, Dept. of - Consolidated	326,629,606	320,778,597	314,911,163	(5,867,434)	-1.8%
Total Corrections	326,629,606	320,778,597	314,911,163	(5,867,434)	-1.8%
Social Welfare					
Governor's Office - Div. of Medicaid	1,012,904,961	932,556,491	915,498,888	(17,057,603)	-1.8%
Human Services, Dept. of	71,634,739	59,291,140	58,206,632	(1,084,508)	-1.8%
Child Protection Services, Dept. of	79,418,151	98,859,400	112,295,499	13,436,099	13.6%
Rehabilitation Services - Consolidated	28,080,026	26,770,730	26,281,060	(489,670)	-1.8%
Total Social Welfare	1,192,037,877	1,117,477,761	1,112,282,079	(5,195,682)	-0.5%

FY 2018 Executive Budget Recommendation

State Support Funds Only - excluding Reappropriations

Page 4 of 5

November 15, 2016

Agencies / Budgets	FY 2016 Total State Support Net of Budget Reductions	FY 2017 Total State Support Net of Budget Adjustments	FY 2018 EBR Total State Support	FY 2018 EBR Total State Support +(-) FY2017	EBR Total State Support +/-%
Military, Police & Veterans' Affairs					
Emergency Management Agency (MEMA)	3,798,555	3,164,882	3,164,882	0	0.0%
MEMA Disaster Relief	650,958	593,836	593,836	0	0.0%
Military Department - Consolidated	8,207,987	7,982,607	7,982,607	0	0.0%
DPS - Council on Aging	0	210,472	210,472	0	0.0%
DPS - County Jail Officer Training	0	0	0	0	n/a
DPS - Crime Lab	6,975,287	7,159,150	7,159,150	0	0.0%
DPS - Crime Lab - State Medical Examiner	761,967	696,704	696,704	0	0.0%
DPS - Highway Safety Patrol	59,771,506	57,471,391	57,471,391	0	0.0%
DPS - Homeland Security	97,484	89,201	89,201	0	0.0%
DPS - Juvenile Facility Monitoring Unit	70,212	58,308	58,308	0	0.0%
DPS - Law Enforcement Officers Standards & Training Board	0	2,374,510	2,374,510	0	0.0%
DPS - Law Enforcement Officers Training Academy	331,582	297,633	297,633	0	0.0%
DPS - Narcotics, Bureau of	12,807,768	12,300,308	12,300,308	0	0.0%
DPS - Public Safety Planning	222,303	338,645	338,645	0	0.0%
DPS - Support Services	2,700,998	4,357,479	4,357,479	0	0.0%
DPS - Subtotal	83,739,107	85,353,801	85,353,801	0	0.0%
Veterans Affairs Board	6,760,639	5,059,601	5,059,601	0	0.0%
Total Military, Police & Veterans' Affairs	103,157,246	102,154,727	102,154,727	0	0.0%
Local Assistance					
Homestead Exemption	83,187,821	83,081,660	81,561,994	(1,519,666)	-1.8%
Total Local Assistance	83,187,821	83,081,660	81,561,994	(1,519,666)	-1.8%
Miscellaneous					
Arts Commission	1,990,423	1,742,932	1,711,052	(31,880)	-1.8%
Gaming Commission	0	9,125,651	8,958,732	(166,919)	-1.8%
Public Service Commission (PSC) - Support	0	5,172,368	4,913,750	(258,618)	-5.0%
Public Service Commission - No Call	0	80,572	79,098	(1,474)	-1.8%
Public Service Commission - Public Utilities Staff	0	2,074,593	2,036,646	(37,947)	-1.8%
Public Employees' Retirement System PERS - Settlements	316,003	0	0	0	n/a
Workers Compensation Commission	0	5,945,945	5,837,186	(108,759)	-1.8%
State Aid Road Construction, Office of	0	0	0	0	n/a
Total Miscellaneous	2,306,426	24,142,061	23,536,464	(605,597)	-2.5%
Debt Service					
Bank Service Charges	750,000	750,000	500,000	(250,000)	-33.3%
Bonds & Interest	391,991,392	391,991,392	391,991,392	0	0.0%
Total Debt Service	392,741,392	392,741,392	392,491,392	(250,000)	-0.1%
Non-Recurring State Support Funding (BCF + CEF)	0	48,494,333	0	(48,494,333)	-100.0%
Non-Recurring State Support Funding	0	48,494,333	0	(48,494,333)	n/a
Total General Fund Agencies	6,303,198,648	6,299,722,841	6,270,324,626	(29,398,215)	-0.5%

FY 2018 Executive Budget Recommendation

State Support Funds Only - excluding Reappropriations

Page 5 of 5

November 15, 2016

Agencies / Budgets	FY 2016 Total State Support Net of Budget Reductions	FY 2017 Total State Support Net of Budget Adjustments	FY 2018 EBR Total State Support	FY 2018 EBR Total State Support +(-) FY2017	EBR Total State Support +/-%
--------------------	--	---	---	--	--

Funding Sources	FY 2016 <i>Sine Die</i> Adjusted	FY 2017 <i>Sine Die</i> Adjusted	FY 2018 Projected	FY18-FY17 Change +(-)	+/-%
Beginning Cash	89,371,343	6,660,000	0	(6,660,000)	-100.0%
General Fund Revenue Estimates / Actual	5,660,100,000	5,601,500,000	5,776,100,000	174,600,000	3.1%
Adjustments to Revenue Estimate	(5,412,136)	0	0		n/a
DOR Additional Revenue	0	0	34,235,000	34,235,000	n/a
Attorney General Settlements (collected in FY2017)	0	0	33,951,305	33,951,305	n/a
FY 2017 SB 2362 Additional Revenue	0	130,010,225	0	(130,010,225)	-100.0%
FY 2017 Transfer to General Fund	0	56,801,694	0	(56,801,694)	-100.0%
Estimated General Funds Available	5,744,059,207	5,794,971,919	5,844,286,305	49,314,386	0.9%
<u>Additional Approps</u> FY16 General Fund	25,000,000	0	0		n/a
FY 2016 Budget Reductions	(54,346,554)	0	0	0	n/a
FY 2017 Budget Reductions	0	(47,294,999)	0	47,294,999	n/a
Unappropriated	(885)	0	0	0	n/a
General Fund Reappropriations	(34,415,000)	(6,660,000)	0	6,660,000	n/a
September Adjustments Not Processed	0	0	0	0	n/a
2.0% General Fund Revenue Set Aside		0	(116,885,726)	(116,885,726)	
Subtotal General Funds	5,680,296,768	5,741,016,920	5,727,400,579	(13,616,341)	-0.2%
				0	
Budget Contingency Fund (BCF)	0	2,932,526	0	(2,932,526)	-100.0%
Budget Contingency Fund (BCF)	38,450,000	0	109,579,617	109,579,617	n/a
Transfer from BCF to GC Restoration Reserve (GCRRF)	0	0	(109,579,617)	(109,579,617)	n/a
Education Enhancement Fund (EEF)	381,971,656	365,605,675	376,706,328	11,100,653	3.0%
Healthcare Expendable Fund (HEF)	95,081,566	119,605,913	97,035,719	(22,570,194)	-18.9%
Tobacco Control Fund (TCF)	20,000,000	20,000,000	22,020,446	2,020,446	10.1%
Capital Expense Fund (CEF)	39,982,082	45,561,807	42,144,943	(3,416,864)	-7.5%
Capital Expense Fund (CEF)	47,416,576	0	0	0	n/a
Hurricane Disaster Reserve Fund (HDRF)	0	0	16,611	16,611	n/a
Working Cash Stabilization Reserve Fund (WCSRF)	0	5,000,000	5,000,000	0	0.0%
Subtotal State Support Special Funds (SSSF)	622,901,880	558,705,921	542,924,047	(15,781,874)	-2.8%
Total State Support Funds	6,303,198,648	6,299,722,841	6,270,324,626	(29,398,215)	-0.5%