



**GOVERNOR PHIL BRYANT
EXECUTIVE BUDGET RECOMMENDATION
FISCAL YEAR 2016**

November 17, 2014



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Overview

In accordance with Miss. Code Ann. Section 27-103-139, I am submitting my Executive Budget Recommendation for Fiscal Year 2016. Mississippi should start the FY 2016 budget year in better financial health than ever before. The reasons for this achievement are basic yet necessary to achieve fiscal stability in our General Fund.

First, the state has over \$400 million in the Working Cash-Stabilization Reserve Fund, also known as the state's "Rainy Day Fund." During my 2014 State of the State Address, I called on the Legislature to fill the fund, and the leadership responded by filling the fund to its statutory limit for the first time since 2008. Building a financial cushion that can weather unexpected downturns in the economy or natural disasters is a foundation for fiscal success for a family, business and state government.

Second, the Legislature has nearly eliminated spending one-time revenue on recurring expenses. This practice may have been justifiable during times of drastic reductions in revenue but is unacceptable when revenues are growing each year.

Finally, although not at the rate of pre-recession levels, revenue continues to grow, as does demand. A projected 3-percent growth, for example, will produce \$166 million in revenue when requests for increases from state agencies total nearly \$1 billion. These requests demand the prioritization of expenditures.

For over a decade, I have recommended that the Legislature follow the Mississippi Performance Budget and Strategic Planning Act of 1994 and require some level of outcome-based spending. I commend the Legislature on their recent proposal for balanced-budget performance measures. During my time as Lieutenant Governor, *The Commission for a New Mississippi* was organized to study the idea of performance-based



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budgeting. Just as they did then, the people of Mississippi expect and deserve transparency and accountability in state spending. As their fiscal agents, we must be responsible with their tax dollars. I continue to be committed to performance based budgeting and hope the Legislature will expand its “Building a Better Mississippi” plan in the upcoming session. This is a worthy start in developing a statewide comprehensive plan for a decade of success in Mississippi.

State government all too often has determined the amount of spending it wants and then sets out to determine where the money will come from to meet these desires. Fortunately, during the last three years, we have determined to a remarkably accurate degree the amount of revenue available and have avoided setting unrealistic spending levels.

Due to smart budget decisions, we are now at a juncture where it is time to give money back to the taxpayers of Mississippi. While an increase in revenues to some justifies more spending on government programs, to me it is an opportunity to return money to taxpayers of our state. With continued smart budgeting and spending, I believe we can accomplish this goal.

Revenue

This budget uses the General Fund revenue estimate jointly adopted on November 10th of \$5.6 billion, which reflects approximately 3-percent growth over FY 2015. In addition to the projected revenue, this budget recommends utilizing a variety of state support funds making the total amount recommended for appropriations nearly \$6.2 billion. Included in revenues are approximately \$379 million in Education Enhancement Funds for education needs, \$71 million in Capital Expense Funds for capital projects, and roughly \$95 million in Health Care Expendable Funds for healthcare needs. Furthermore, \$20



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million is used from the Tobacco Control Fund for the continued support of tobacco cessation programs.

Similar to my budgets in the past, this budget continues to support providing additional funding to the Department of Revenue (DOR) to increase collections of delinquent tax accounts. Since the initial two-year investment, DOR has increased collections by more than \$100 million. My FY 2016 budget includes an increase of nearly \$8 million to DOR to further boost collections of tax dollars owed to Mississippi. This budget reflects conservative growth of \$60 million in revenue as a result of the investment.

While the state has seen revenues grow, this budget does not include an across-the-board spending increase for agencies. Much of the increase in revenue already has been spoken for in education spending increases and additional items that are prioritized based on needs.

Savings and Reserve

Because the “Rainy Day Fund” is full, at the statutory limit of 7.5 percent of appropriated funds, the 2-percent set aside rule will be suspended. However, this budget reserves 1.4-percent of the revenue estimate to be set aside for tax cuts for hard working Mississippians, which will be detailed in the following section. This budget sets aside \$2 million in Capital Expense Funds for emergency repairs. It also saves the remaining balances in the Budget Contingency and Hurricane Disaster Reserve funds, leaving those to be used in the event of a disaster.

I commend the Legislature for making the decision to put money away, since revenue exceeded expectations last year. It is always a wise choice to put money back while times are good to shield effects of the unexpected, like an economic downturn or natural



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disaster. These savings will ensure our recent successes aren't diminished if we are faced with unexpected expenses. This was evident when I worked to fill the "Rainy Day Fund" to its statutory limit as Lieutenant Governor, as it helped alleviate the effect of the Great Recession. The save first, spend second method has resulted in Mississippi taxpayers being protected from the unforeseen, while also attaining the reward of more revenue due to a growing economy.

Tax Relief

With additional revenue available, come new opportunities for us to give money back to the taxpayers. In the upcoming session, I will be proposing the **Mississippi Working Families Tax Credit**. This credit will allow low to moderate income families and individuals the opportunity to take advantage of a nonrefundable tax credit for working families. The tax credit will have income restrictions similar to the earned income tax credit on the federal level. In today's economy, many working families are struggling to make ends meet, and it is time for us to provide relief to those individuals.

The Mississippi Working Families Tax Credit will allow for full or partial relief of an individual's state income tax liability depending on their income and filing status. Additional money saved on taxes will be reinvested by taxpayers in the state's economy. While tax credits are not new to the state, it will take some time for our Department of Revenue and tax preparers to adjust to the new credit. This budget sets aside \$78.7 million to be returned to the taxpayers of Mississippi for 2015 tax liability.

In proposing the Mississippi Working Families Tax Credit, we must remember that there is volatility in our economy. To protect our state budget in rough economic times, the Mississippi Working Families Tax Credit will only be available in years when the "Rainy



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Day Fund” is filled to statutory capacity, and revenue estimates meet or exceed 3-percent growth.

In addition to personal income tax reductions, we must continue to find ways to make our corporations competitive. I look forward to working with legislative leadership to reduce the tax burden on small businesses and corporations. Recently, Mississippi was ranked No. 18 by the Tax Foundation for our state business tax climate. While that is a strong number reflecting a competitive corporate tax rate, we must work to streamline our tax code for businesses in our state so that they can compete on a global scale.

Education Reform

The 2013 and 2014 legislative sessions were transformational for public education in Mississippi. Through my Education Works agenda and other reforms, the state embarked on the path to better outcomes and better futures for Mississippi children. Although public education is moving forward, our statistics still tell us we have more work ahead:

- Based on the Early Childhood Kindergarten Assessment, sixty-five percent of kindergarteners are not ready to learn.
- Using Mississippi’s standardized assessment, forty-nine percent of third graders are not proficient in reading and thirty-eight percent are not proficient in math.
- Because of status quo social promotion policies, students whose literacy skills are inadequate in third grade are still being passed to fourth grade and by eighth grade have slipped even further behind.
- Those that are not proficient in reading are four times more likely to drop out of school than their counterparts.
- The child who is not reading proficiently in eighth grade will become 2.7 times more likely to need food stamps than his or her peers reading on grade level.



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- The same child is 3.7 times more likely to be incarcerated by the time they are adults.
- What's more, our high school graduates are not prepared for college. Approximately sixty percent of high school students continuing to higher education are not college ready, scoring less than 20 on the ACT. In addition, forty-nine percent receive remedial courses in math, and thirty-two percent receive remedial courses in reading.

It is critical that we continue to support and target key areas that help lead to education success for our enrolled students. This does not mean fully funding a formula that directs more taxpayer's dollars to school administration. We must fund those programs that show results and hold failing school districts accountable before raising their funding levels.

Literacy

Perhaps one of the most fundamentally important reforms enacted in the 2013 Regular Legislative Session was the "Third Grade Gate" literacy measure. We know that reading adequately by third grade is imperative to a child's ability to succeed, and we know that for too long many Mississippi children have not achieved that benchmark.

My budget continues \$15 million in funding to help schools and teachers prepare to fully implement the "Third Grade Gate" in 2016. We must dedicate ourselves to fully realizing the potential of this literacy intervention effort. It is critical for MDE to hire qualified reading coaches to work in our schools to help teachers and students. I caution lawmakers against abdicating this responsibility. To do so would exact a high price from Mississippi children.

Early Childhood Education

Lessons learned from new research indicate that quality early childhood education plays an integral role in helping prepare students to enter kindergarten ready to learn and



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prepare them for literacy success. A recent analysis of census data shows that 52 percent of our 3 and 4 year old children are in preschools across Mississippi, ranking us one of the highest in enrollment at ninth in the nation. This budget will continue allocating \$3 million for the Early Learning Collaborative program helping approximately 1,500 four year olds in providing Pre-K. Mississippi Building Blocks is also included at \$3 million to help child care centers utilize reading curriculum to teach early literacy. The State Early Childhood Advisory Council (SECAC) continues to develop a systematic approach to addressing all areas of early education. While Mississippi has had a fragmented system for early childhood education in the past, SECAC is working to correct that history through six key areas: Improving and Expanding Standards, Revising and Expanding Quality Rating Systems, Promoting Quality Professional Development and Workforce, Increasing Use of Kindergarten Readiness Assessment, Improving Stakeholder and Community Partnerships and Building an Early Childhood Data System. The SECAC is committed to improving Mississippi's Early Childhood system in partnership with parents, communities, childcare providers and the public at large.

Teacher Quality

Data proves that teacher quality has a direct impact on student achievement, and improving and rewarding teaching excellence are driving components of my *Education Works* agenda. Teacher pay raises were a critical part of the 2014 Legislative Session. Teachers received a \$1,500 increase in salary last year and will receive an additional \$1,000 increase on July 1, 2015. One goal in raising salaries is to improve the likelihood that top college students will consider a career in education. To further this goal, my budget continues funding for the scholarship program established to assist high-achieving students who wish to become teachers, and it maintains Mississippi's investment in Teach for America at \$6 million and also funds the Mississippi Teacher Corps at the current funding level. Funding the full request of \$22.6 million for the National Board Certified Teacher Program is an important appropriation that we must continue. Teachers who



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achieve National Board Certification can receive as much as a \$6,000 raise on top of their annual salary. More than 3,400 Mississippi teachers have received this designation. In turn, more Mississippi students will have the opportunity to learn from a highly qualified teacher.

Additionally, my budget maintains \$1.5 million in funding for the performance based pay pilot program established through my *Education Works* agenda. This funding continuation will allow participating teachers to retain the increased compensation they have earned while administrators continue to gather and analyze data, which will in turn guide statewide policy recommendations in the 2016 Legislative Session.

I have included teacher pay raises for the Mississippi School for Blind and Deaf, Mississippi School for Math and Science, and Mississippi School for the Arts. These teachers should receive the same \$2,500 raise that was awarded statewide to teachers during last year's legislative session.

Dropout Prevention and Career Readiness

This Fiscal Year 2016 budget also continues \$2.3 million for dropout intervention efforts conducted by Jobs for Mississippi Graduates. As a result of last year's appropriation, Jobs for Mississippi Graduates added 20 new programs throughout the state and helped more than 5,000 students on the path toward graduation. These additional funds will allow Jobs for Mississippi's Graduates to reach 100 school sites helping more students achieve graduation success. This organization has 90 percent graduation rates and more than an 80 percent success rate 12 months after graduation in securing jobs, college enrollment or a combination. Jobs for Mississippi Graduates has had more success at decreasing the rate of high school drop outs than any other program of its kind in our state.



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MAEP

Included in this budget is a \$52.7 million increase in the MAEP formula for teacher pay raises and other expenses. Total funding for MAEP will reach \$2.187 billion, or a 2.5-percent increase, from last year's appropriation.

Other Education Spending

- \$1.8 Million for the State Longitudinal Data System. nSPARC continues to provide longitudinal data which helps define policy decisions in education and workforce development.
- \$250,000 for the Charter School Authorizer Board which has approved one charter school for the upcoming year. Additional applications are in the process for consideration and are expected to be approved soon. The expansion of this program in failing school districts throughout the state is critical.
- \$2.8 million increase for student financial aid programs is included to continue providing students with financial assistance to assist in attending Institutions of Higher Learning in the state.

Overall spending for public education is \$2.5 billion for this 2016 budget period.

Career Tech Opportunities

Currently, over 7,500 9th through 12th graders are enrolled in career tech programs at their local high schools. This budget includes \$3 million for a program to help students attain additional education and certifications at local community colleges. In the upcoming session, I will ask the legislature to establish this program to help improve our trained workforce. The **Mississippi Works Scholarship Program** will allow high school students in Tech Prep programs to receive the additional training at the community



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college of their choice in a workforce program that compliments their high school curriculum.

Not every student wants or needs to attend a four-year college, but every student should leave high school with some type of skill that can be carried on to the next level. This program will work hand in hand with our dual enrollment program that has seen some success in parts of the state. Our goal should be that any student who wants to train for a skill should be given that opportunity no matter his or her financial ability to afford the cost for additional training at one of our state's community college workforce training programs.

Workforce

Many Mississippians are not prepared for the demands of advanced manufacturing, which is a targeted industry for the Mississippi Development Authority (MDA). Alleviation of these problems must include a more robust workforce training program and an added emphasis on finding jobs which can provide a reasonable salary and medical insurance coverage. The State Workforce Investment Board (SWIB) and Mississippi Employment Security Commission are coordinating their efforts to train and place workers in these jobs. It is my understanding the SWIB will have a plan to substantially increase funding for our community college workforce training programs with no additional demand on the General Fund. I fully support this effort. **If Mississippi expects to compete in the global marketplace, we must have the workforce to meet the demands of our success.**

Economic Development

When a Mississippian has a job, it changes everything. Building a pro-growth economic climate and attracting new businesses to our state require teamwork. I am proud to



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report that, working with the MDA, we have achieved great success. **Since January 2012, Mississippi has added nearly 16,000 jobs, totaling more than \$2 billion in private sector investment.** Our hard work is not only paying dividends in new jobs, it is garnering national attention that in turn helps promote Mississippi as a prime location for job growth:

- The Kauffman Index of Entrepreneurial Activity named Mississippi No. 5 in the nation for business startup activity in 2012.
- *Area Development* magazine has rated Mississippi as number nine among its 2013 list of best states for business, saying “Mississippi is on an economic roll.” Our State tied for second in categories evaluating competitive utility costs and permitting speed and was among the top five states for overall cost of doing business and competitive labor costs.
- The American Legislative Exchange Council placed Mississippi among the top 10 states for overall economic outlook for 2013.
- Bankrate.com named Mississippi the No. 5 state for retirement in 2013, citing our low taxes and lower-than-average cost of living.
- Mississippi received a second consecutive Silver Shovel Award this year from *Area Development* for strong economic development performance.
- The Frasier Institute ranked Mississippi No. 2 in the world for oil and gas investment.

In FY 2014 alone, the Mississippi Development Authority continued to chalk up impressive achievements, as it assisted with projects and programs in 125 cities and all 82 counties in the state, including new business locations, expansion projects, grants and loans. Mississippi has recorded more than \$1.1 billion in corporate investment, and MDA has provided workforce training and services for 2,690 individuals this fiscal year. In all, more than 7,000 new jobs have been created this year, including:



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- 900 new jobs as Williams-Sonoma expands operations at its 2 million square foot distribution center in Olive Branch. This is in addition to the 650 existing jobs at the facility when the expansion was announced in September. In addition, the facility employs between 2,000 and 3,000 seasonal workers each year during peak periods.
- 650 new positions at GRAMMER Inc. in Shannon, as the vehicle supplier locates its newest manufacturing operation and U.S. headquarters in Lee County.
- 500 additional jobs at Nissan in Canton to support the production of the Murano.

Mississippi's incentives are producing positive returns on investment for the state and are helping to create thousands of high-quality jobs and attract billions of dollars in new capital investment. The Mississippi Development Authority has a strong track record of properly managing these incentives. From FY 2008 to FY 2013, the state experienced an 11-to-1 return on taxpayer investment.

The successes of our economic plan are the result of hard work and tireless commitment to all phases of economic development. In the past three years, I have asked the Legislature to support the vital role of the Mississippi Development Authority. In the upcoming session, I will be supporting increases for the following categories:

Tourism

In January, I declared 2014 to be the "Year of the Creative Economy: A Mississippi Homecoming," and people all over the world have responded. Tourism in Mississippi is achieving substantial numbers with \$406.8 million in tax revenue from tourism and more than 83,300 direct jobs attributed to the industry. For every taxpayer dollar spent on tourism advertising in Mississippi, the state sees a \$6.46 return. In FY 2013, Mississippi had 21.6 million visitors who spent \$6.25 billion as they shopped, dined and lodged here. This compares to the previous year when 21 million people visited and spent \$6.12 billion.



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Unfortunately, competing states aggressively outspend Mississippi in tourism promotion. For that reason, I have included an additional \$5,123,702 in the tourism budget which will allow Mississippi to compete more effectively for visitors and allow the reestablishment of the local marketing match grant program for local agencies.

Local Economic Development Support Grants

Last year, the Legislature allowed MDA to start a match grant program to help communities make their sites viable for economic development. The program has been successful, but it needs to expand. With an additional \$600,000, I believe the program can have a broader impact across the state.

Site Certification

Having more certified project-ready sites is essential to attract new industries. Working with utility partners, MDA will develop a standard across the state to identify and certify the sites. I am requesting \$400,000 to meet this goal. These sites will be readily available to companies and site selectors through a new statewide online mapping tool.

Marketing Outreach

Additional funding for marketing will give MDA more ability to recruit and market the state for new business investment. An increase in the marketing budget of \$100,000 will continue to allow our recruitment agency to be competitive globally.

I am very proud of the economic development achievements we have seen during our first three years. With additional funding, we can lay the groundwork for new industry investment, business expansion and tourism successes for years to come.



Infrastructure

Among the main responsibilities of government lies infrastructure. We have a good network of roads, rails, rivers and ports to transport goods and people through our state. By investing in such a network, we, as a state, have attracted new businesses and retained our existing ones. Yet, many of our bridges and roads are outdated or inadequate.

While the overall budget for the construction and maintenance of our state's infrastructure reaches into nine figures, only a portion of the money is appropriated by the state. In SB 2001 of the First Extraordinary Session of 2014, I signed a bill granting up to an additional \$32 million be appropriated to the Office of State Aid Road Construction should revenues exceed expectations. I recommend that this year the Legislature again appropriate a total of \$52 million of state support funds to this agency, as it did in FY 2015. With such an appropriation, our local roads and bridges will be better maintained and slowly restored.

Improvement of our infrastructure is a long-term issue that we must address. With each year that we invest in our roads, we take a step closer to our goal of a seamless system of transportation. Although we certainly need maintenance and repair, it is important to remember our transportation system was recently rated No. 8 in the Reason Foundation's annual nationwide highway report. This is a true testament to the *Ahead Program* which helped establish the four-lane highway program Mississippi enjoys today.

Public Safety

Public safety always will remain a core function of government. To that end, we must continue to provide our law enforcement agencies every tool necessary in order for them to do their jobs and protect the well-being of citizens across our state. Last year, the Legislature heeded my call and provided funding for a trooper school. I am proud to say



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that school has begun, and we will have new troopers on the road in 2015. However, at the current time, 158 sworn officers are eligible for retirement. Without adequate compensation, many will choose to accept opportunities in the private sector or with other state agencies or jurisdictions. This would leave us dramatically understaffed and put lives at risk on Mississippi highways. Obviously, the highway patrol will soon need another patrol school to help bring them to necessary levels, but we must first maintain the vast years of experience within the current patrol offices. To that end this budget includes a \$713,704 increase for the Mississippi Highway Patrol in order to provide a 3-percent pay increase for “on the road” troopers. These men and women risk their lives every day to protect us, and we must compensate them for their actions. An additional \$174,771 is included for pay raises in the Driver Services Division at the Department of Public Safety.

In addition to a trooper school last year, the Mississippi Department of Wildlife Fisheries and Parks (MDWFP) was able to fund a cadet academy for law enforcement which will lead to the hiring of approximately 20 conservation officers. With the additional officers, the MDWFP will still be approximately 40 officers short of a full law enforcement staff. Should additional funds become available, I again will support a cadet academy in the upcoming year, as the MDWFP enforcement bureau is an integral part of our overall public safety force.

Corrections

With the enactment of House Bill 585 last year, drastic reforms have been put in place within our state’s correctional system. I am pleased to report, that unlike years past, this budget does not contain a deficit request for the Mississippi Department of Corrections (MDOC). HB 585 is a large reason for not having to request a deficit appropriation.



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We will continue to monitor HB 585 to make sure its provisions are implemented without having a large financial impact on local governments or sacrificing public safety. I have always stated that it was essential to find savings within the MDOC, but we will not risk the lives of Mississippians to achieve those savings. For FY 2016, I am recommending level funding MDOC at \$346 million.

If revenues continue to rise, we must review our salary scale for corrections officers. These men and women work daily in tough conditions at little pay. If we can find a way to increase their compensation, we will reduce turnover and have higher quality corrections officers. I am committed to working with the Legislature to find a solution to this growing problem.

Judicial System

Drug courts have been a huge success throughout various parts of our state. Last year, I was pleased to work with the judicial system to restore funding for drug courts. The drug court system is a forgiving one that allows some nonviolent offenders a second chance in life to correct mistakes they have made. This budget continues the funding that was restored last year, and I remain committed to seeing that drug courts are funded at their needs.

Last year, I was honored to call a Special Session in order to address the needs of the district attorneys across our state. These DA's have high caseloads and work extremely hard prosecuting criminals and seeking justice. As a result of the Special Session, the Legislature increased their budget which allowed the hiring of an additional 16 assistant district attorneys.



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This budget will continue that funding as well as provide a \$328,812 increase to address additional needs of the district attorneys. We cannot have an effective judicial and corrections system without the proper prosecutorial resources.

Emergency Management

This budget maintains level funding for the Mississippi Emergency Management Agency (MEMA) to meet the operational needs of the agency. On April 28, 2014, MEMA responded to a statewide disaster that saw us sustain the wrath of 23 tornadoes, believed to be a record number of tornadoes in one day in our state's history. Without the continued financial support of MEMA, countless lives would have been lost, and rebuilding efforts would have been slowed. We must continue to review funding for the disaster needs of the agency and give MEMA the flexibility it needs in times of emergency.

While it is difficult to determine the exact needs during a disaster, proper escalation authority should be given to MEMA for its response. The April 28th disaster put such demands on the system that a Special Session was necessary to fund the matching state and local funds. The expense and demand for future Special Sessions could easily be prevented by simply authorizing the Governor to approve escalation authority of MEMA under a presidentially declared disaster at a level not to exceed \$10 million from reserve funds.

Communication is an integral part of the response to any disaster. The MSWIN system, managed by the Wireless Communication Commission (WCC), continues to be the gold standard across the country for first responder communications. I was pleased to see the Legislature fund the agency with General Fund dollars last year to the tune of \$8 million. The overwhelming majority of that budget is used to maintain and operate the MSWIN



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radio system. I am recommending an increase of \$2 million for the agency to provide total funding at \$10 million for the WCC.

Healthcare

Many of the healthcare issues our state faces are due to lack of awareness and education of our citizens. As a state, we must do a better job of outreach to those who are less informed on healthcare issues. I am including funding in the amount of \$2 million for Jackson State University (JSU) to establish a School of Public Health. While JSU has been offering health related degrees over the past fifteen years, this School of Public Health would further the programs offered. The goal will be to offer a full range of courses and training in the field of healthcare to educate a workforce to help Mississippians live better and healthier lives.

One of our most pressing needs in healthcare is educating pregnant mothers across our state. The Mississippi State Department of Health (MSDH) plays an integral role in helping improve birth outcomes in Mississippi. The infant mortality rate for 2012 was at a historic low of 8.8 deaths per 1,000 births, however the 2013 number is expected to rise once it is published. Included in this budget is \$1.5 million for the Maternal and Infant Mortality Reduction Initiative to be administered by MSDH. The purpose of this initiative will be to reduce infant and pregnancy-associated deaths through outreach and intervention. While we have made progress in reducing the infant mortality rate over the years, it is imperative that more be done to help this effort.

In addition to educating pregnant mothers, we must continue to work to reduce teenage pregnancy in our state. Last year, I signed into law SB 2563, which created a working group to develop a plan of action to address unintended and unmarried pregnancies among older teens on our community college and university campuses. The highest



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number of teen pregnancies occur among 18 and 19 year olds. This budget recommends \$1.2 million for universities and community colleges to implement programs to prevent unplanned pregnancies. I commend the Institutions of Higher Learning and the Community College system for their willingness to take on this initiative.

Medicaid

Medicaid must be funded according to federal law at a state support level of 26.5 percent. As a result of the Affordable Care Act, the income eligibility requirements have broadened, resulting in more people eligible for the Medicaid program. With this increase, along with other factors, the request for state support has exceeded one billion dollars for the first time in Mississippi's history. This is a 14.7 percent increase over FY 2015. My office is working with the Division of Medicaid to lower these costs wherever possible through steps such as increasing the managed care population and finding good-paying jobs for as many recipients as possible. However, between the changes in eligibility requirements and the "woodwork effect", historic numbers of Mississippians have applied for and are receiving Medicaid coverage. The federal government's prohibition on face to face qualifications and the above mentioned expansion will result in continued growth in the program, placing a greater financial demand on the General Fund. This budget will maintain the legislative position of funding the Division of Medicaid at the prior year's level. The Medicaid budget is a moving target, and I will work with the Legislature and Medicaid to support proper funding in the upcoming session.

Additional Needs

- This budget includes \$11.75 million of a premium increase to the state health insurance plan. Just like many businesses and corporations have seen their health insurance costs skyrocket due to Obamacare, the state's premium has increased as well.



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- Continued funding for the Mississippi Department of Human Services as part of the *Olivia Y* settlement remains necessary, and the budget reflects expenses for that cause.
- With the implementation of a new statewide accounting system, the State Auditor and his staff will be adjusting for new accounting procedures. This budget recommends an additional \$500,000 to assist with changes related to the new system.
- Mississippi currently has six contaminated sites on the Superfund National Priority List requiring cleanup. \$750,000 is set aside at the Mississippi Department of Environmental Quality for the state share in assisting with cleanup efforts, as required by federal law.

Capital Expense Spending

Once again, my budget calls for the proper uses of the Capital Expense Fund which was established during my time as Lieutenant Governor. Each year a portion of ending cash should be set aside to address the capital needs which results in a decreased need for bonding. **Capital Expense Funds should be used for true capital expense needs such as renovation and repair.** I will continue to advocate for proper fiscal management of this account. To that end, this budget sets aside \$50 million for capital expense projects to be administered by DFA. In accordance with the overall plan at DFA, the funds should be divided as follows:

- \$25 million for projects across state government.
- \$15 million for projects at the Institutions of Higher Learning.
- \$10 million for projects at Community Colleges.

If fully implemented, the plan to use the Capital Expense Fund will save the State approximately \$26 million in debt service cost due to the reduction in bonds. Proper management of the Capital Expense Fund is imperative to improve our fiscal affairs.



Debt and Bonding

Once again, I am pleased to report that this budget uses zero one-time money. In conjunction with legislative leadership, we have set forth a path to rid this unnecessary spending tactic from our books. We must continue down this path in order to maintain and improve our bond rating which will save us on expenses in the long run.

With smart spending and reduction of one-time money, we are making the correct moves in righting the budget process in Mississippi. However, we must continue to make wise decisions with borrowing. As I have stated in previous budgets, as Chairman of the State Bond Commission, I will not allow the state to issue more debt than we retire, except for bonds related to economic development purposes. Bonds used for economic development have a high return on investment and put Mississippians to work. I am proud to say the bond commission has stood by this goal.

In my recommended budget, \$385 million is set aside for debt service. While this is a fluid number due to bond issuance, I remain committed to fully funding debt service to meet all of our debt requirements and trust the Legislature agrees with my assessment.

Conclusion

It is an honor to present my Fiscal Year 2016 Executive Budget Recommendation. I continue to maintain conservative principles of spending wisely on needs, and not on wants, and on maintaining savings for unexpected downturns in the economy. I am proud this budget takes the following initiatives:

- This budget maintains a full “Rainy Day Fund” and will not spend any money set aside for that effort.
- This budget spends zero one-time money for recurring expenses.



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- This budget gives money back to working taxpayers in the form of a tax credit to low and moderate income individuals.
- This budget increases education spending by 2 percent, including an additional \$52.7 million dedicated to MAEP.
- This budget continues a capital plan to prevent excessive bonding in the future and protects our state assets.

Our success in economic development has led to success in our state economy. As our revenues continue to grow, I look forward to providing more relief to the taxpayers of Mississippi. Working together we can continue to educate our children and train our workforce, which will lead to a better quality of life for Mississippians for many years to come.

STATEMENT I
GENERAL FUND CALCULATED FUNDS AVAILABLE FOR FY 2016 APPROPRIATIONS

FY 2015

General Fund Beginning Cash - July 1, 2014 (Unencumbered)	\$	32,000,000	
Actual Reappropriation Lapse from FY2014 (Encumbered)	\$	9,325,268	
Total Estimated General Funds Balance July 1, 2014			\$ 41,325,268
Projected Revenue FY 2015			
Total Estimated General Fund Revenue (Adopted November 2014)			\$ 5,464,100,000
Less: Two Percent (2%) of Est. FY 2015 Revenue and Beginning Cash			\$ 0

Estimated General Funds Available for FY 2015 Appropriation **\$ 5,505,425,268**

Less: General Fund Appropriations, 2014 Regular Session	\$	5,459,766,294	
FY 2015 Actual Reappropriations from FY 2014	\$	9,325,268	
General Fund Appropriations - 1st Extraordinary Session 2014	\$	32,000,000	

Total Appropriations, Deficits and Additional Appropriations for 2015 **\$ 5,501,091,562**

Estimated June 30, 2015 General Fund Balance (Unencumbered) **\$ 4,333,706**

Add: Two Percent (2%) of Est. FY 2015 Revenue and Beginning Cash **\$ 0**

Total Estimated FY 2015 General Fund Ending Cash Balance **\$ 4,333,706**

Distribution of FY 2015 General Fund Ending Cash:

Transfer Municipal Aid Fund	\$	750,000	
Transfer to WCSRF until it reaches \$40m	\$	0	
Retain 1% of appropriations in General Fund	\$	3,583,706	
Transfer to Working Cash Stabilization Reserve Fund	\$	0	
Transfer to Capital Expense Fund	\$	0	
Total Distribution of FY 2015 General Fund Ending Cash			\$ (4,333,706)

FY 2016

General Fund Beginning Cash - July 1, 2015 (Unencumbered) \$ 3,583,706

Projected Revenue FY 2016

Total Estimated General Fund Revenue	\$	5,630,100,000	
Less: Two Percent (2%) of Est. FY 2016 Revenue and Beginning Cash	\$	0	
Less: Personal & Corporate Tax Revenue Reductions	\$	(78,700,000)	
Add: Revenue from Additional Department of Revenue Auditors	\$	60,000,000	

FY2016 Total Funds Available **\$ 5,614,983,706**

Less: General Fund Executive Budget Recommendation, 2015 Regular Session **\$ (5,614,983,706)**

June 30, 2016 Estimated General Fund Balance (Unencumbered) **\$ 0**

FY 2016 Executive Budget Recommendation
State Support Funds Only
November 17, 2014

Agencies / Budgets	FY 2014 Appropriated Total State Support	FY 2015 Appropriated Total State Support	FY 2016 EBR Total State Support	FY 2016 EBR Total State Support Inc (Dec)	EBR Total State Support +/-%
Legislative					
Legislative Regular Consolidated	28,485,920	28,554,410	28,554,410	0	0.0%
Total Legislative	28,485,920	28,554,410	28,554,410	0	0.0%
Judiciary & Justice					
Attorney General's Office	13,511,336	8,787,799	8,787,799	0	0.0%
Attorney General - Judgments & Settlements	2,676,942	0	0	0	n/a
District Attorneys & Staff	17,474,098	19,514,414	19,843,226	328,812	1.7%
Judicial Performance Commission	312,754	339,665	339,665	0	0.0%
Supreme Court Services	6,588,118	6,618,483	6,618,483	0	0.0%
Administrative Office of Courts	5,865,402	6,101,738	6,101,738	0	0.0%
Court of Appeals	5,646,227	5,646,227	5,646,227	0	0.0%
Trial Judges	22,803,293	24,394,773	23,635,339	(759,434)	-3.1%
Total Judiciary & Justice	74,878,170	71,403,099	70,972,477	(430,622)	-0.6%
Executive & Administrative					
Ethics Commission	660,948	669,136	669,136	0	0.0%
Governor's Office - Mansion	547,455	547,455	547,455	0	0.0%
Governor's Office - Support	1,766,257	1,907,757	1,907,757	0	0.0%
Total Executive & Administrative	2,974,660	3,124,348	3,124,348	0	0.0%
Fiscal Affairs					
Audit, Department of	5,570,421	5,650,484	6,150,484	500,000	8.8%
Finance & Administration, Dept. of (DFA) - Support	48,292,636	22,117,008	15,152,521	(6,964,487)	-31.5%
DFA - Capital Projects (CEF)	7,900,000	10,500,000	25,000,000	14,500,000	138.1%
DFA - R & R March Hailstorm	2,000,000	0	0	0	n/a
DFA - State Building Insurance	7,673,277	0	7,200,000	7,200,000	n/a
Revenue, Dept. of - Support	39,708,362	46,228,961	53,983,926	7,754,965	16.8%
Board of Tax Appeals	518,316	523,066	523,066	0	0.0%
Status of Women, Commission on the	40,451	40,451	40,451	0	0.0%
Total Fiscal Affairs	111,703,463	85,059,970	108,050,448	22,990,478	27.0%
Public Education					
General Education	151,741,141	167,446,648	168,826,648	1,380,000	0.8%
Chickasaw Interest	16,608,052	20,776,890	16,288,454	(4,488,436)	-21.6%
Adequate Education Program (MAEP)	2,062,543,065	2,134,674,610	2,187,403,170	52,728,560	2.5%
Schools for the Blind & Deaf	10,846,344	11,157,485	11,338,185	180,700	1.6%
Vocational and Technical Education	77,962,750	77,966,481	79,299,856	1,333,375	1.7%
MDE - Subtotal	2,319,701,352	2,412,022,114	2,463,156,313	51,134,199	2.1%
Educational Television Authority	7,801,576	7,926,798	6,341,438	(1,585,360)	-20.0%
Library Commission	12,039,800	12,049,331	12,049,331	0	0.0%
Total Public Education	2,339,542,728	2,431,998,243	2,481,547,082	49,548,839	2.0%

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Agencies / Budgets	FY 2014 Appropriated Total State Support	FY 2015 Appropriated Total State Support	FY 2016 EBR Total State Support	FY 2016 EBR Total State Support Inc (Dec)	EBR Total State Support +/-%
Higher Education					
IHL General Support	374,435,499	391,735,499	391,735,499	0	0.0%
IHL General Support (CEF)	10,200,000	17,000,000	15,000,000	(2,000,000)	-11.8%
IHL General Support (Charter School Authorizer Board)	250,000	0	250,000	250,000	n/a
IHL General Support - Teen Pregnancy Prevention	0	0	450,000	450,000	n/a
IHL Subsidiary Programs	26,442,218	27,416,020	27,416,020	0	0.0%
IHL Student Financial Aid	36,285,077	37,855,077	40,630,604	2,775,527	7.3%
IHL University Medical Center - Consolidated	185,718,612	184,918,612	184,918,612	0	0.0%
IHL University Medical Center - Mind Center	0	3,000,000	3,000,000	0	0.0%
IHL JSU School of Public Health	0	0	2,000,000	2,000,000	n/a
IHL - Subtotal	633,331,406	661,925,208	665,400,735	3,475,527	0.5%
Community Colleges Board - Admin	7,116,325	7,220,465	7,220,465	0	0.0%
Community Colleges Board - Support	234,883,120	247,881,718	250,881,718	3,000,000	1.2%
Community Colleges - Support (CEF)	5,000,000	3,000,000	10,000,000	7,000,000	233.3%
Community Colleges - Support - Teen Pregnancy Prevention	0	0	750,000	750,000	n/a
CCB - Subtotal	246,999,445	258,102,183	268,852,183	10,750,000	4.2%
Total Higher Education	880,330,851	920,027,391	934,252,918	14,225,527	1.5%
Public Health					
Dept. of Health - Support	62,497,531	62,523,461	64,035,846	1,512,385	2.4%
Dept. of Health - Local Gov't Rural Water Systems	0	1,000,000	1,000,000	0	0.0%
Dept. of Health - Health Information Network	700,000	700,000	700,000	0	0.0%
Total Public Health	63,197,531	64,223,461	65,735,846	1,512,385	2.4%
Hospitals & Hospital Schools					
Mental Health Department - Consolidated	235,086,197	238,430,476	241,430,476	3,000,000	1.3%
Total Hospital & Hospital Schools	235,086,197	238,430,476	241,430,476	3,000,000	1.3%
Agriculture & Commerce					
Agriculture & Commerce, Dept. of	9,486,299	9,578,641	9,578,641	0	0.0%
Board of Animal Health	1,216,351	1,314,603	1,314,603	0	0.0%
Fair Commission - Livestock Shows	246,762	268,762	268,762	0	0.0%
Total Agriculture	10,949,412	11,162,006	11,162,006	0	0.0%
IHL Agricultural Units					
Alcorn Agricultural Programs	5,819,110	6,110,066	6,110,066	0	0.0%
MSU- Agriculture & Forestry Experiment Station (MAFES)	22,650,355	23,782,873	23,782,873	0	0.0%
MSU - Cooperative Extension Service	29,139,390	30,596,360	30,596,360	0	0.0%
MSU- Forest & Wildlife Research Center	5,972,870	6,271,514	6,271,514	0	0.0%
MSU - College of Veterinary Medicine	17,291,269	18,155,832	18,155,832	0	0.0%
Total IHL Agriculture	80,872,994	84,916,645	84,916,645	0	0.0%

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Agencies / Budgets	FY 2014 Appropriated Total State Support	FY 2015 Appropriated Total State Support	FY 2016 EBR Total State Support	FY 2016 EBR Total State Support Inc (Dec)	EBR Total State Support +/-%
Economic Development					
Mississippi Development Authority (MDA)	21,537,660	22,042,081	28,265,783	6,223,702	28.2%
MDA - MSU Engineer R&D Center	0	1,000,000	1,000,000	0	0.0%
Innovate Mississippi	1,300,000	1,000,000	1,000,000	0	0.0%
Total Economic Development	22,837,660	24,042,081	30,265,783	6,223,702	25.9%
Conservation					
Archives & History, Dept. of	9,242,679	9,906,190	9,906,190	0	0.0%
Archives & History - Statewide Oral History	50,000	50,000	50,000	0	0.0%
Environmental Quality, Dept. of	10,228,415	12,780,405	13,530,405	750,000	5.9%
Forestry Commission	18,229,780	19,071,100	19,071,100	0	0.0%
Grand Gulf Military Monument	241,750	210,092	210,092	0	0.0%
Marine Resources, Dept. of	1,125,351	1,126,856	1,126,856	0	0.0%
MS River Parkway Commission	21,855	21,855	21,855	0	0.0%
Pat Harrison Waterway District	377,500	0	0	0	n/a
Pearl River Basin Development District	0	200,000	200,000	0	0.0%
Soil & Water Conservation	779,349	779,349	779,349	0	0.0%
Tennessee-Tombigbee Waterway	200,000	200,000	200,000	0	0.0%
Wildlife, Fisheries & Parks (WFP)	8,955,386	9,015,840	9,015,840	0	0.0%
Total Conservation	49,452,065	53,361,687	54,111,687	750,000	1.4%
Corrections					
Corrections, Dept. of - Consolidated	367,932,519	346,063,329	346,063,329	0	0.0%
Total Corrections	367,932,519	346,063,329	346,063,329	0	0.0%
Social Welfare					
Governor's Office - Div. of Medicaid	890,094,358	885,438,214	885,438,214	0	0.0%
Human Services, Dept. of - Consolidated	144,771,847	149,145,151	161,103,646	11,958,495	8.0%
Rehabilitation Services - Consolidated	25,240,507	25,719,255	25,719,255	0	0.0%
Total Social Welfare	1,060,106,712	1,060,302,620	1,072,261,115	11,958,495	1.1%

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Agencies / Budgets	FY 2014 Appropriated Total State Support	FY 2015 Appropriated Total State Support	FY 2016 EBR Total State Support	FY 2016 EBR Total State Support Inc (Dec)	EBR Total State Support +/-%
Military, Police & Veterans' Affairs					
Emergency Management Agency (MEMA)	3,869,477	3,873,377	3,873,377	0	0.0%
MEMA Disaster Relief	1,557,661	663,780	663,780	0	0.0%
Military Department - Consolidated	7,456,137	8,254,470	8,254,470	0	0.0%
DPS - Crime Lab	6,445,703	7,025,788	7,025,788	0	0.0%
DPS - Crime Lab - State Medical Examiner	547,514	785,198	785,198	0	0.0%
DPS - Highway Safety Patrol	50,008,581	54,849,687	55,738,162	888,475	1.6%
DPS - Homeland Security	97,907	97,907	97,907	0	0.0%
DPS - Juvenile Facility Monitoring Unit	75,427	75,427	75,427	0	0.0%
DPS - Law Enforcement Officers Training Academy	338,892	340,159	340,159	0	0.0%
DPS - Narcotics, Bureau of	10,777,688	12,488,110	12,488,110	0	0.0%
DPS - Public Safety Planning	223,267	223,267	223,267	0	0.0%
DPS - Public Safety, Dept. of - Support Services	2,412,688	2,521,743	2,521,743	0	0.0%
DPS - Driver License Modernization (CEF)	2,166,667	2,914,150	500,000	(2,414,150)	-82.8%
DPS - Subtotal	73,094,334	81,321,436	79,795,761	(1,525,675)	-1.9%
Veterans Affairs Board	6,588,209	6,592,141	6,592,141	0	0.0%
Total Military, Police & Veterans' Affairs	92,565,818	100,705,204	99,179,529	(1,525,675)	-1.5%
Local Assistance					
Homestead Exemption	81,109,281	84,454,641	87,150,000	2,695,359	3.2%
Total Local Assistance	81,109,281	84,454,641	87,150,000	2,695,359	3.2%
Miscellaneous					
Arts Commission	1,786,629	1,829,629	1,829,629	0	0.0%
ITS - Wireless Communications Commission	11,118,000	8,000,000	10,000,000	2,000,000	25.0%
Secretary of State - Voter ID	226,000	0	0	0	n/a
State Aid Road Construction, Office of	20,000,000	52,000,000	52,000,000	0	0.0%
Total Miscellaneous	33,130,629	61,829,629	63,829,629	2,000,000	3.2%
Debt Service					
Bank Service Charges	500,000	1,000,000	1,000,000	0	0.0%
Bonds & Interest	374,860,167	384,628,277	384,628,277	0	0.0%
Total Debt Service	375,360,167	385,628,277	385,628,277	0	0.0%
Health Insurance Plan Premium Increase effective 7-1-15	0	0	11,750,000	11,750,000	n/a
Other CEF / BCF - Non-recurring expenses	7,100,000	23,036,846	0	(23,036,846)	-100.0%
Total General Fund Agencies	5,917,616,777	6,078,324,363	6,179,986,005	101,661,642	1.7%

FY 2016 Executive Budget Recommendation
State Support Funds Only
November 17, 2014

Agencies / Budgets	FY 2014 Appropriated Total State Support	FY 2015 Appropriated Total State Support	FY 2016 EBR Total State Support	FY 2016 EBR Total State Support Inc (Dec)	EBR Total State Support +/-%
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Funding Sources	FY 2014 Appropriated	FY 2015 Appropriated	FY 2016 Projected	FY16-FY15 Change +(-)	+/-%
Beginning Cash	0	32,000,000	3,583,706	(28,416,294)	-88.8%
General Fund Revenue	5,025,363,825	5,459,800,000	5,630,100,000	170,300,000	3.1%
Reserve for Personal Income Tax Revenue Reductions	0	0	(78,700,000)	(78,700,000)	n/a
Unbudgeted FY 2015 General Funds	0	(33,706)	0	33,706	n/a
Estimated Additional Revenue - New Auditors	0	0	60,000,000	60,000,000	n/a
Subtotal General Fund	5,025,363,825	5,491,766,294	5,614,983,706	123,217,412	2.2%
Budget Contingency Fund (BCF)	253,389,868	4,955,592	0	(4,955,592)	-100.0%
Education Enhancement Fund (EEF)	356,323,453	375,485,785	379,177,845	3,692,060	1.0%
Capital Expense Fund (CEF)	147,793,633	88,495,404	70,742,888	(17,752,516)	-20.1%
Health Care Expendable Fund (HCEF)	114,745,998	97,621,288	95,081,566	(2,539,722)	-2.6%
Tobacco Control Fund (TCF)	20,000,000	20,000,000	20,000,000	0	0.0%
Subtotal State Support Special Funds (SSSF)	892,252,952	586,558,069	565,002,299	(21,555,770)	-3.7%
Total State Support Funds	5,917,616,777	6,078,324,363	6,179,986,005	101,661,642	1.7%

Notes: FY 2014 includes Additional Appropriations
FY 2014 & FY 2015 exclude Reappropriations

Funds in Reserve	
Budget Contingency Fund	474,198
Capital Expense Fund - DFA Emergency Repairs	2,000,000
Health Care Trust Fund	3,049,157
Hurricane Disaster Reserve Fund	1,763,896
Working Cash Stabilization Reserve Fund	411,985,000*
Total Funds in Reserve	419,272,251

* Includes \$2M reserve for transfer to Disaster Assistance Trust Fund plus \$15M reserve for Ayers Settlement



Phil Bryant
Governor

State of Mississippi

Performance Measurement Information

Fiscal Year 2016

This supplemental information, required by the Mississippi Performance and Strategic Planning Act of 1994, is provided in electronic format at www.governorbryant.com