

## *The Budget Appropriation Process:*

Members of the Mississippi legislature come together each year to make decisions about how state funds will be spent in the upcoming fiscal year. This practice is known as the Budget Appropriation Process. Six key stages of the process are described below:

### **Budget Hearings:**

Agencies must make decisions about their budget needs and priorities and submit their budget requests for approval by the Legislative Budget Office and the Governor by August 1st. Then the Joint Legislative Budget Committee (JLBC) holds hearings to gain information about agency budgets. Budget hearings give committee members a chance to ask specific questions of agency directors. Sessions are open to the public and usually take place 2 to 3 weeks after Labor Day.

### **Revenue Estimate:**

In November, the Revenue Estimating Committee meets to examine economic trends and to develop an estimate of the amount of revenue the state will collect from existing sources in the next fiscal year. Once complete, the committee submits the revenue estimate for approval by the Governor and the JLBC. If adopted, the revenue estimate serves as the baseline for all appropriations in the upcoming fiscal year. The final budget must be balanced.

### **Governor's Budget Recommendation:**

The Governor submits a balanced budget recommendation for the upcoming year to the Legislature and agency heads by November 15th. This budget must not exceed 98% of the jointly adopted general fund revenue estimate plus any balance that will remain from the current year's budget.

### **Joint Legislative Budget Committee Budget Recommendation:**

The JLBC must submit its balanced budget recommendation to the Legislature and to agency heads by December 15th.<sup>1</sup> Like the Governor, the Committee can consider only 98% of revenue forecast plus surplus balances. The JLBC's recommendation is used as the starting point for debate on appropriation bills.

### **Legislative Session/Appropriations:**

The Legislative Session convenes during the first week of January and closes around April 1st. Draft bills are divided between the House and Senate Appropriations Committees and further divided by subcommittee, usually by agency function. During the legislative session, the legislature may decide to suspend the law requiring the 2% be set aside. Then both houses must adopt the conference reports on the appropriations bills (generally 5-6 days before the end of the session).<sup>2</sup> If approved, the bills are sent to the Governor for his signature.

### **Budget Actions after Budget Adoption:**

If after the legislative session is over and appropriations laws have been passed, it becomes apparent that expenditures will exceed revenues and that a deficit exists, the Governor has the authority to cut state spending to bring the current year back into balance. Cuts may be made up to a level equal to 5% of general funds and state source special funds in any manner, but any cuts above 5% of the enacted budget must be executed as a uniform percentage of all general funds.

Sources: Mississippi Legislature Joint Committee on Performance Evaluation and Expenditure Review *The Mississippi budgeting process: a comparative study* mandated by the Budget Reform Act of 1992 and Department of Finance and Administration *Appropriations and Budgets Legislative Budget Office Budget Instructions/Forms Memorandum, June 1, 2006, and Mississippi Code Ann. §27-103-211, § 27-103-139, and §27-104-13*

<sup>1</sup>In 2006, the Joint Legislative Budget Committee did not agree on a budget proposal for FY 2008. Subsequently, legislators made appropriations during the legislative session without the Committee's recommendations.

<sup>2</sup>Every fourth year, coinciding with the inauguration of an elected Governor, the regular 90-day legislative session is extended to 125 days, and the session does not end until around May 11. This is the case for the 2008 legislative session.

### **KEY PLAYERS IN THE PROCESS**

#### *Joint Legislative Budget Committee*

The JLBC is composed of 14 legislators, half from the Senate and half from the House of Representatives. The Committee is chaired either by the Lieutenant Governor or by the Speaker of the House of Representatives.

#### *Revenue Estimating Committee*

This committee includes the State Economist, the State Fiscal Officer, the State Treasurer, the Commissioner of the Department of Revenue, and the Director of the Legislative Budget Office.