

STATE OF MISSISSIPPI
**Executive Budget
Recommendation**

Fiscal Year 2012

Governor Haley Barbour



STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR

November 15, 2010

To the Members of the Mississippi Legislature:

For the eighth time since becoming Governor, I transmit to you my balanced Executive Budget Recommendation in accordance with Mississippi Code §27-103-139. This Fiscal Year 2012 budget – my final executive budget – outlines difficult, yet necessary, decisions that must be made to guide Mississippi out of the recession and back on the path of strong economic growth.

During my time as Governor, we have successfully balanced the state's budget. When I took office, we had a \$720 million budget hole. It took some difficult decisions about how to spend taxpayer dollars more efficiently, but we erased that deficit and balanced the state's budget. We did this even when faced with the worst natural disaster in American history. Hurricane Katrina devastated the Gulf Coast and caused damage throughout Mississippi. The storm could have devastated our economy, but we didn't let that happen. Our people, resilient and determined, immediately went about rebuilding their homes and reopening their businesses.

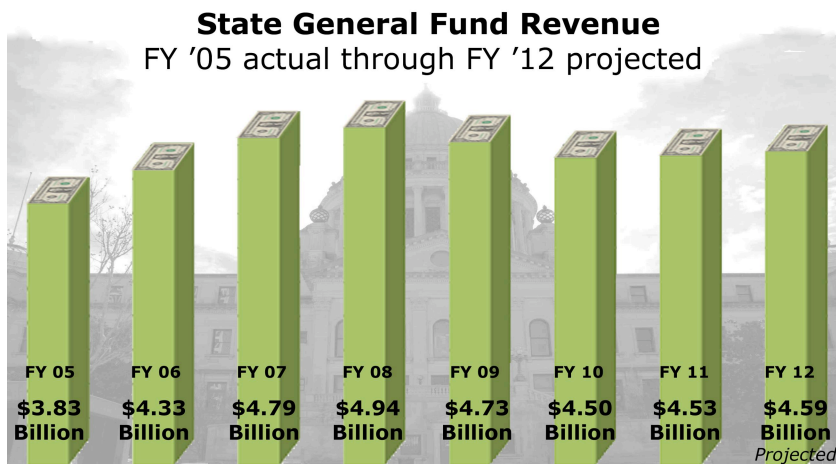
In recent years, the global recession has caused another huge financial challenge. This next budget year will be the most difficult Mississippi has faced since the Great Depression. This is the third consecutive year I will recommend an austere budget with continued reductions in spending. Unfortunately, the global economic climate has not significantly improved, and our projected FY 2012 tax revenues are 7 percent below pre-recession levels.

State law requires a balanced budget, and that is why my \$5.47 billion budget recommendation will call for restrained spending. I recommend a restructuring of government agencies to save precious taxpayer dollars while ensuring efficiency in operations. I asked you to consider these tough decisions in this year's legislative session. At that time, some of you could see the edge of the massive budgetary cliff on which we stood. Others wanted to continue with business as usual and ignore the fiscal emergency facing Mississippi.

Mississippi is not alone in its effort to provide quality public services during a period of unsteady revenue collections. Many other states face the same enormous financial issues as we face. In FY 2012, Mississippi stands to lose \$383 million in State Fiscal Stabilization Funds and federal Medicaid matching funds from the American Recovery and Reinvestment Act (this does not include the \$122.6 million in state funds from the FMAP Extension the Legislative leadership agreed to use in FY 2012). This loss in federal funds plus generally flat state tax collections, combined with an increased demand on the state's Medicaid program and agency requested increases for next year, means

Mississippi faces a \$634 million structural deficit for FY 2012. That structural deficit would be \$705 million if the request of the Public Employees Retirement System Board and the State and School Employees' Health Insurance Management Board, totaling \$71.4 million, were included. I oppose appropriating state funds to meet these two requests in FY 2012.

Another reduction in spending will be difficult for many state agencies, which are currently operating on an average 15 to 30 percent less than they received three years ago. We can only spend the money we have, and agency budgets will need to be reduced on average an additional 8 percent, with the exception of those items we are legally prohibited from cutting as well as specific priority services.



Major reforms in how Mississippi's government operates are needed to protect the quality of services to the public. I have asked state agencies for innovative solutions to operate with less money, and I thank those who have responded with ideas.

Again, I ask the Legislature to consider granting agencies lump-sum budget authority and removing the bureaucracy of the Personnel Board for FY 2012 to allow for more efficient use of taxpayers dollars. Combining back-office operations among smaller agencies and merging departments with similar functions are essential to transforming the government structure and saving money while protecting services.

This legislative session will take a tremendous amount of discipline. I will oppose any tax increases. Raising taxes in a troubled economic time is irresponsible and hampers recovery. It is also the enemy of controlling spending.

Our Problem: An Enormous Structural Shortfall

In my FY 2011 Executive Budget Recommendation, I cautioned you against delaying the inevitable process of making difficult, long-term budgetary decisions. After all, state revenues historically lag behind any national economic recovery. According to recent reports, the sheer magnitude of the Great Recession – the worst economic downturn since the Great Depression – will compound the slow recovery of state revenues across the nation. As state economist Dr. Darrin Webb stressed to you during the Joint Legislative Budget Committee meeting earlier this month, we must be mindful that “while the economy is expanding, the rate of expansion is slow and has moderated” in recent

months. Dr. Webb further emphasized a point with which I could not agree more: “It will be several years before we recover fully” from the most recent economic recession.

In fact, in its 2010 Fiscal Survey of the States, the National Association of State Budget Officers found state general fund spending had been so negatively impacted by the downturn that both fiscal years 2009 and 2010 saw declines in state spending. This two-year reduction was unprecedented and only the second time that General Fund spending had actually declined in the history of the Fiscal Survey. Further, the recovery period for states is projected to be even slower than normal, with numerous studies projecting that state revenues will not likely recover to the 2008 level until 2013 or 2014, according to the National Governors Association’s “The State Fiscal Situation: The Lost Decade.” The bottom line, according to the study, is that states will continue to struggle over the rest of this decade because of the combination of the “length and depth of this economic downturn, the projected slow recovery, the huge list of unmet needs, and the additional Medicaid responsibilities,” which historically occurs very late in an economic downturn.

Mississippi, like other states, falls in line with these analyses. Even though revenue is not projected to go down in FY 2012, structural costs are compounding the state’s projected deficit for the coming fiscal year. As the NGA study indicated, increasing Medicaid costs are a major factor when considering the state’s shortfall for FY 2012. When a state experiences elevated unemployment levels and reduced wages for citizens, more people qualify for Medicaid. This is compounded by the fact Mississippi’s state share of expenditures for Medicaid will increase to 25.82 percent in federal FY 2012, increasing state costs by \$18 million.

In addition to Medicaid costs, the Public Employees’ Retirement System board has proposed increasing the taxpayers’ contribution to the system by \$53.6 million, and the State Health Insurance Board projects increasing premiums by 6.5 percent, which will result in a cost to the state of \$17.8 million in FY 2012. I will not support increasing taxpayer funding for PERS or the State and School Employees Health Insurance Plan.

These built-in costs must be coupled with the harsh reality that Mississippi also will lose \$383 million in State Fiscal Stabilization Funds and federal Medicaid matching funds from the American Recovery and Reinvestment Act in the coming fiscal year. In FY 2012, there will be no more federal ARRA funding, bringing our fiscal situation to a head.

Like a three-legged stool, the FY 2012 budget hinges on these key factors: loss of federal stimulus funds; built-in cost increases; and low revenue growth projected for the coming fiscal year. These factors alone mean Mississippi faces a very real \$634 million shortfall that must be dealt with in a prudent, responsible manner.

We must continue to save for a rainy day

Several years of filling the Rainy Day Fund – technically known as the Working Cash Stabilization Fund – as required by state law, has provided a precious resource during this recession. This fund, along with reserves in the Capital Expense Fund, the Healthcare

Trust Fund and the Education Enhancement Fund, will continue to help offset revenue shortfalls in the years to come. Because we know revenue is unlikely to return to pre-recessionary levels for many fiscal years, we must protect our reserve funds for use over the next several years. Although we will spend part of the Rainy Day Fund in FY 2012, as we did the past two fiscal years, I intend to preserve approximately \$185 million of our reserves for use during my successor’s term.

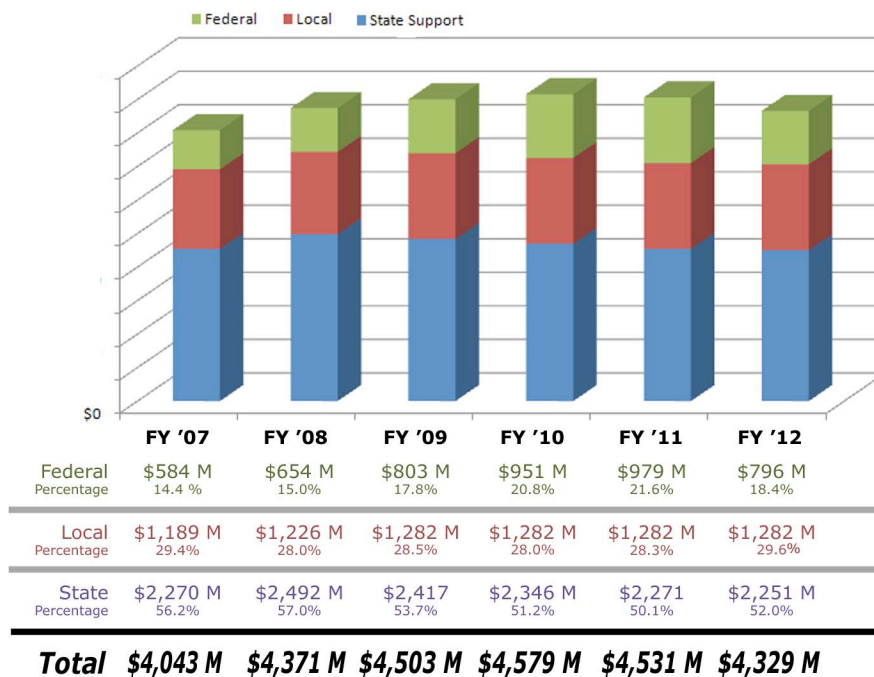
My 2012 budget recommendation proposes spending more than half of what remains in each of these funds during FY 2012. Doing so will provide an additional \$257 million for use in next year’s budget while preserving \$185 million for use in FY 2013 and the following years, which are likely to continue to be fiscally difficult. The resources used in this EBR include Working Cash Stabilization Fund (\$88 million); Health Care Trust Fund (\$56.3 million); Hurricane Disaster Reserve Fund (\$27.8 million); Capital Expense Fund (\$26.5 million); and FY 2011 General Fund and Education Enhancement Fund carryover (\$58.8 million).

Preparing young Mississippians for school and careers

Ensuring all of state government is successful and can serve our citizens means we must make tough decisions – even regarding our high-priority programs. However, my budget does not reduce National Board Certification and Chickasaw Interest.

The Mississippi Adequate Education Program will see level funding of just more than \$2.041 billion, while most other areas of state government will see reduced funding. Overall, K-12 education in Mississippi will receive essentially the same amount as this year, at \$2.25 billion. Including federal, state and local funds, K-12 schools in Mississippi

K-12 Funding by Source, FY '07 through FY '12 Projected



will receive about \$4.3 billion in total funding for FY 2012.

My budget includes \$16 million for the Emergency Bridge Loan Program that helps struggling school districts to avoid insolvency. I also include \$65 million of unspent education dollars that will be

available to school districts in FY 2012. It does not show any use of school district fund balances; however many school districts have significant fund balances, or rainy day funds, that can be used if these districts have shortfalls.

In recent years, our public schools, community colleges and universities have worked on creating a system that guides our young people from kindergarten to the workforce with a goal of graduating productive citizens who are ready for college or to embark on their career paths while reducing the number of dropouts.

My budget also includes a 3.06 percent reduction for the Institutions of Higher Learning General Support and a 3.13 percent cut in spending for Community and Junior Colleges Support; however, I do not reduce funding for Ayers or student financial aid. Total higher education funding will be cut by less than 2 percent.

To improve the effectiveness of Mississippi's career training programs, I will push for a more focused career-technical mission for community colleges. We need far greater numbers of students enrolled in the valuable programs that train a workforce with a solid reputation worldwide. Currently, we allocate about \$27 million to the Department of Education (MDE), which then transfers the money to the community colleges. MDE does not use these funds but simply acts as an intermediary. This is at best a confusing practice, and our community colleges would be better served with a direct appropriation. My budget also increases the amount of this direct appropriation by approximately \$7 million above FY 2011 levels.

I propose developing a new funding mechanism for community colleges and universities based upon productivity goals and accomplishments rather than enrollment. Currently, we pay based upon enrollment but do not hold them accountable for the results accomplished by those exiting the system. Data show we have a completion problem not an enrollment problem. We can track community college and university students after they leave the school at which they begin their post-secondary education and follow their results at another university and in the workplace. With this information, our institutions should develop models for promoting program completion that will enable young Mississippians to secure gainful employment and enhance their quality of life opportunities, and distribution of appropriated state funds should be at least partially based on these results rather than just enrollment.

I again recommend eliminating \$3 million in state funds spent on community college athletics. Mississippi community colleges spend more than \$23 million in state, local and student fees combined to fund athletics. Private foundations and campus boosters can support these activities if an institution desires. Local governments may choose to support community college athletics, and student fees to support athletics should be at the students' option. There are more than 1,100 community and junior colleges in America, but there are only 70 football members of the National Junior College Athletic Association. Of those, 15 are in Mississippi. In a time when resources are scarce, it is difficult to justify spending tax dollars on the field of play when the classroom is in need.

The priority of our community college system is preparing young Mississippians for successful careers and lives through education.

Along with structural changes to education, we must look at other savings in schools. Mississippi can save up to \$18 million by suspending for one year the “STEP” salary increase teachers automatically receive based on years of service. There are Mississippians – both in state government and in the private sector – who have not seen pay increases in this down economy. Unemployment in the state is 9.8 percent. I believe our teachers can forgo this automatic raise for one year to help protect our state’s fiscal integrity. We need to reexamine how we compensate good teachers. I propose implementing a pay-for-performance plan for our public school teachers based upon improvement in student test scores. Teachers who achieve better results for students should be paid more.

Government should always examine what it does, and ask whether certain expenditures are appropriate uses of public money. During this current period of budgetary slowdown, I am proposing sharp reductions in funding for agencies whose missions are outside the core function of government. The Mississippi Library Commission’s budget, which subsidizes local libraries through grants, would be reduced by 20 percent. I also propose a one-year reduction in funding for the Mississippi Arts Commission.

Mississippi taxpayers should not continue subsidizing a television and radio network, so I also recommend a sharp reduction in the appropriation for Mississippi Public Broadcasting. MPB must rely more on private sponsorship than tax dollars to operate. This decrease should begin a drawdown in funding for MPB that will ultimately result in its operating entirely on private donations or advertising revenues, except for educational programming used by and prepared for MDE.

Streamlining agency functions

Our education entities have been involved in finding efficiencies in daily operations, and I thank State Superintendent Tom Burnham, IHL Commissioner Hank Bounds and Community and Junior Colleges Executive Director Eric Clark for their efforts. Our priority must be finding ways to continue offering quality education opportunities while reducing costs.

I again ask them to focus on ways to combine “back office” operations, such as payroll, insurance and purchasing. “Shared services” saves money. I support utilizing the existing Regional Education Service Agencies (RESA) as vehicles to consolidate purchasing and other back-office operations for school districts on a regional basis and include \$6.5 million for capital costs from the state Capital Expense Fund for that purpose. I also support consolidating back office operations in our university system beginning with our four smaller university campuses, and I have included \$20 million from the Capital Expense Fund to build the information technology system needed to achieve this consolidation.

Last year, I proposed creating an Office of Shared Services, which would provide back office services for state agencies. This efficiency strategy has been employed by countless major corporations, as well as NASA to operate at a lower cost without decreasing the quality of services provided. I again ask the Legislature to establish a shared services operation for state agencies.

Mississippi needs to utilize new technologies to improve service to the taxpayers while saving money. We can do this by consolidating duplicative IT hardware, software and personnel across all state agencies. Streamlined technology purchasing would improve state government operations. I propose we give the Department of Information Technology Services Board broader authority to regulate technology expenditures to ensure they are consistent with the state's IT plan.

I also will propose the creation of an Office of Small Agencies that would provide a central location and consolidated back-office operations for small agencies. Combining these functions of smaller agencies would greatly improve efficiencies and save our citizens money. I propose combining the administrative functions of smaller agencies, such as the Office of Indigent Appeals, Office of Capital Post-Conviction Counsel and the Office of Capital Defense Counsel, into one office to get the most service for our money.

We also must examine specific agency functions to determine whether the optimum service is being provided. For example, the Department of Health monitors water systems and on-site wastewater systems while the Department of Environmental Quality oversees larger wastewater systems. There is no reason the Department of Environmental Quality should not regulate both the water and sewer systems. Additionally, each of these agencies administers nearly identical federally-funded revolving loan programs for water and wastewater infrastructure improvements. Combining water and wastewater regulation and revolving loan fund management into one agency will result in decreased administrative resource requirements. I will ask the Legislature to act to seek federal permission to make this change.

There are other similar situations that should be considered. Both the Department of Agriculture and Commerce and the Department of Health perform inspections in grocery stores. Efficiency would be gained by having the Department of Agriculture and Commerce conduct all inspections in grocery stores and other food-service businesses.

Manage health care costs

A down economy pushes more citizens to rely on the state's Medicaid program to pay for their health care costs. Without meaningful reform, this increase in demand coupled with rising medical costs would bring the state's share of this program for FY 2012 to an all-time high – more than \$1.05 billion, including appropriations to other state agencies for their Medicaid match. The Medicaid program will consume almost 20 percent of our general fund equivalent budget in FY 2012 and even greater percentage of our budget in the years to come. For example, if the cost of the Medicaid program continues to increase

and if Obamacare is implemented, Medicaid will likely consume 25 percent of our budget in 2014. We must start reining in Medicaid costs now.

My budget recommendation reduces Medicaid's budget request by about \$100 million through resetting some provider payments and anticipation of slower-than-projected growth in the program. Even with this significant cost savings, Medicaid's state funding for the Division of Medicaid will increase by 18.6 percent, or \$115 million, due to program growth and loss of ARRA. In the first three months of the current fiscal year, Medicaid's growth has been less than projected, and we can reduce Medicaid's budget request accordingly. However, we will be cautious about potential increases in Medicaid spending and program growth, especially with nine months remaining in the year.

To achieve savings next year and in the future, I propose rolling back provider payments to last year's (FY 2010) levels for all Medicaid providers other than physicians. Effectively, this roll back would reduce provider rate for hospitals and most other providers by 8 percent and trim the rate for nursing homes by 4 percent from today's rates. These reductions are clearly reasonable, considering that Mississippi's Medicaid providers are some of the highest paid in the country, and these cuts pale in comparison to the cuts we have been forced to make to other essential services.

On average, Mississippi providers recover 92.45 percent of the costs of medical care for Medicaid patients. Compare that to more wealthy states like Texas, which has a 59.04 percent payments-to-cost ratio, or Florida, which has a 71.51 percent payments-to-cost ratio.

Hospitals and nursing homes in Mississippi fare among the best in the country. According to the American Hospital Association, Mississippi hospitals had nearly three times the profit margin, at 7.36 percent, than the average American hospital, at 2.64 percent. Importantly if the hospitals so choose, the federal government will make up three-fourths of the cost to the hospitals through its UPL program, although the hospitals themselves would have to pay the state's share through its current provider fee or hospital tax.

Mississippi's nursing homes have one of the highest average per diems in the region, paying \$182 per day compared to an average \$150 in nine Southern states. Returning to last year's rate is a 4 percent reduction compared to this year. It would still place their average per diem rate well above the average in other Southern states.

Physicians are the front-line providers of healthcare services in Mississippi. Physicians provide primary and preventative care which is vital in keeping Medicaid beneficiaries healthy. They are also able to choose not to serve Medicaid patients if reimbursement rates fall too low. I want to encourage Mississippi doctors to continue seeing every Medicaid patient. In addition, beginning Jan. 1, CMS is scheduled to reduce physician Medicare rates by 24.9 percent. That rate reduction is another reason not to reduce Mississippi Medicaid physician rates, and I do not do so in this budget.

I propose implementing a State Specific Maximum Allowable Cost (State MAC or SMAC) Pharmacy Reimbursement Program with the objectives to maximize program savings realized from multi-source prescription drugs, allowing pharmacies to maintain a reasonable profit, and not impeding beneficiaries' access to pharmacy benefits. The State Maximum Allowable Cost (SMAC) pricing reimburses pharmacists at a rate that is closer to the actual cost of the drug and encourages pharmacy providers to purchase and use the most cost-effective generic products. Mississippi is one of only two states that have not implemented this program. Implementing a SMAC will generate \$8 million in state savings.

I propose limiting Medicaid's obligation of reimbursement to the same rate for dually eligible beneficiaries as for Medicaid-only beneficiaries. Currently, the State pays these "lower of logic claims" differently for different Medicaid providers. Medicaid is proposing implementing policy and system changes to ensure that covered services for Medicare crossover claims will be reimbursed only when the Medicaid allowed amount exceeds the amount paid by Medicare. Lower of logic will garner \$14.5 million in savings.

Combined, these proposals would reduce Medicaid's budget request by \$82.4 million. In my EBR, \$82.4 million is proposed to be spent on education, public safety and other critical functions. If these cuts are not implemented, the cost of funding Medicaid will increase by \$82.4 million. (The other approximately \$20 million in savings comes from lower utilization rates than expected.)

Over the years, the State has relied heavily on institutional care for individuals needing mental health services. Going forward, the state needs to commit fewer fiscal resources to institutional care and more fiscal resources to home- and community-based care. My budget proposes cutting the Department of Mental Health by 7.24 percent in the next fiscal year.

I recommend level funding for the Department of Human Services budget, which includes the *Olivia Y* lawsuit. DHS is working diligently to comply with the terms of this settlement, and any reduction in funding would make compliance difficult.

Helping Small Businesses Provide Health Care for Workers

Mississippi needs a market-based, consumer-driven health insurance exchange to empower small business owners to provide health insurance for their employees. Employers and employees need the flexibility an exchange can offer to tailor health insurance coverage to their needs.

In the most recent estimate, Mississippi had more than 134,000 individuals who work in small businesses with fewer than 25 employees that do not offer employer-sponsored health insurance. The Mississippi Health Insurance Exchange would function as a single market where multiple health insurance plans can be purchased by individuals or small-group employers. Employees can choose from a broad range of health plans, and there

are no standard benefit packages but rather various packages with different combinations of coverage.

For the past three Legislative sessions, I have tried to implement a market-based, consumer-driven exchange. Each year, it has passed the Senate but not been considered by the House. The health care reform bill passed by Congress this spring requires each state to have a health insurance exchange. Whether Obamacare ever goes into effect, the exchange will help Mississippi increase health insurance coverage for our citizens.

Efficient management of law enforcement

Mississippi can improve public safety and efficiently manage law enforcement needs if all officers are placed underneath one agency. One agency, the Department of Public Safety, should be responsible for all motor carrier safety enforcement. Currently, motor carrier safety functions carried out by the state are fragmented into two agencies – DPS and the Department of Transportation. Therefore, today, DPS carries out some functions under Motor Carrier Safety and receives federal assistance in the amount of \$2.4 million to do so, and MDOT carries out other Motor Carrier Safety functions, such as Unified Carrier Registration (UCR). While UCR generates some revenue for MDOT, revenue generated is not enough to cover all operating costs, thus motor carrier functions at MDOT must be subsidized with dollars that could otherwise be used for highway construction and maintenance. With highway construction and maintenance needs ever increasing, the state needs to find ways to allocate every possible MDOT dollar to construction activities.

I propose to transfer 52 law enforcement officers along with equipment from MDOT to DPS to create a new Motor Carrier Safety Division at DPS that will administer all Motor Carrier Safety programs, including Motor Carrier Safety and UCR. DPS – Motor Carrier Safety Division will be a separate, but compatible, law enforcement unit from the Highway Patrol, much like the Bureau of Narcotics. The 40 trained Highway Patrol troopers currently enforcing Motor Carrier Safety requirements will be returned to Highway Patrol duty, effectively increasing the size of the trooper force.

In addition to carrying out UCR, MDOT law enforcement is responsible for enforcing weight limits on interstates and state highways in Mississippi. Under my proposal, MDOT will continue to be the sole agency enforcing weight limit laws on state highways and interstates but will be able to shed the burden of motor carrier safety enforcement.

Therefore, the result will be more highway patrol troopers carrying out the duties they were trained to perform and reduced law enforcement expense at MDOT which will free up additional dollars for highway construction and maintenance.

Funding Department of Corrections

I am recommending level funding for the Mississippi Department of Corrections. Across the United States, corrections budgets have consistently been one of the largest areas of budget growth. The Legislature granted MDOC the flexibility to reorganize in 2004 and 2005. This flexibility, along with a host of innovative cost-avoidance strategies, has

allowed MDOC to save more than \$100 million over nearly seven years. Because MDOC has already made deep reductions in its operating cost, I am not recommending further cuts to MDOC's budget.

Maximizing Revenue Collection

During a period of declining state revenues, it is imperative that we prioritize revenue collection. We cannot let tax cheats deprive the state of revenue it is owed already, which is why last year I asked for and the Legislature granted additional funding to the Department of Revenue to hire new auditors to collect money the state is already owed. To date, the Department has hired 25 tax auditors and revenue officers, and they plan to hire an additional 13 tax auditors at the beginning of 2012. I remain convinced that we should maintain adequate funding for these revenue-generating positions that will ultimately help the state's bottom line, which is reflected in my budget recommendation for this line item.

Protecting the financial viability of state retirement and health insurance

Earlier this year, I signed legislation which increased the contribution level paid by state, city, county and school district employees into the Public Employees Retirement System from 7.25 percent to 9 percent – the first increase in employee contributions since 1991. In fact, while employee contributions had not increased in almost 20 years, the state contribution into the system had risen steadily to 12 percent. While nobody particularly liked this legislation, I am pleased the Legislature made this difficult, yet prudent choice, which will protect our state employees' future pensions. Had this bill not been approved, we would have been forced to shift \$70 million from state agency budgets to shore up the retirement system, which would have undoubtedly resulted in significant layoffs of other employees.

Unfortunately, Mississippi is not in the clear when it comes to our state's retirement system. Once again the state is being asked to shoulder increased pension costs by increasing the taxpayers' share 8 percent, from 12 percent to 12.93 percent. This means that Mississippi state and local governments must find more than \$53.6 million just to cover retirement costs on top of the cuts already shown in this budget recommendation.

As I stated last year, increased costs associated with the state retirement system are inevitable due to unsustainable benefit enhancements passed during the late 1990s and early 2000s. These decisions have saddled taxpayers with an impossible financial burden.

I appreciate the PERS Board of Trustees for their work in looking at ways to help manage pension costs. Their recommendations include redefining retirement eligibility based on years of service; delaying a higher retirement multiplier until an employee has reached a higher number of service years; and delaying the compounding of the cost-of-living adjustment until age 60.

I oppose any increase in the state (taxpayer) contribution to PERS until there has been a thorough, public review of the financial condition of the system, both now and in the out

years, and a presentation of the options available to rein in costs to a sustainable level of employer and employee contribution. Large annual increases are not sustainable.

Another related, critically needed area is the state health insurance plan. The rising costs of health care have resulted in the State Health Insurance Board projecting an increase in premiums by 6.5 percent, resulting in a cost to the state of \$17.8 million for FY 2012. These increased costs come on the heels of major benefit changes to the plan necessitated both by the current funding status as well as our mandate to comply with federal health care reform, which drives up the cost of providing health care to state employees. I believe we should act aggressively to find ways to cover these increases without a net cost to the state. I oppose spending more taxpayer money for the state health insurance plan.

At this point, the State Health Insurance Board is evaluating potential legislative proposals that will help mitigate rising costs to the state. For example, last year the Board proposed – and I supported – legislation that would realign the premium structure for non-Medicare eligible retirees, who cost the state some 55 to 60 percent more than the premium they pay. We should increase the premiums for this class to reflect the actual cost of providing insurance, as they are with other beneficiaries. We know instinctively there are some areas where true costs savings can be achieved, such as implementing programs to encourage the use of generic drugs and implement a surcharge for tobacco users. I look forward to receiving the Board’s final proposals and will work with them to enact legislative changes, where appropriate.

Implement real, meaningful change

In last year’s EBR, I made several reform proposals that were considered controversial. The Legislature acted on only a few of them. For the record, I continue to favor:

- Consolidation of school districts from today’s number of 152 to approximately 100 (or less, preferably); clearly, the Blue Ribbon Commission recommendation to eliminate 18 districts should be the minimum reduction;
- Merging of some of our eight universities including Mississippi University for Women into Mississippi State University, and both Alcorn State and Mississippi Valley State with Jackson State University, with all campuses to remain open but under two rather than five separate administrations;
- Close several institutional care mental health facilities in favor of home- and community-based care; I thank the Department of Mental Health for working toward this goal by allowing the community mental health centers to operate six crisis centers;
- Roll up the ag unit appropriations at MSU into its main appropriation line and allow the MSU administration to allocate these funds within the university structure as it sees fit; the same with Alcorn State’s ag unit;
- Implement shared services across state government, IHL, Community Colleges and K-12. There is no excuse for all this administrative cost: No successful business would tolerate it.

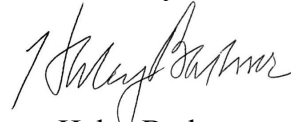
Conclusion

This Executive Budget Recommendation contains tough decisions that must be made to ensure Mississippi leads as the country slowly emerges from this recession. Real structural change is needed, and Mississippians deserve leaders willing to make bold decisions to protect the financial integrity of our state.

I do see a bright future ahead for Mississippi despite the difficult economic situation in which we find ourselves. In the first three quarters of 2010, we have announced or welcomed more than 5,000 new jobs to our state. By the end of 2011, we will welcome the production of our second auto manufacturer, Toyota. We will see construction on numerous energy projects that will bring good-paying, highly skilled jobs to Mississippians. Cutting-edge technologies by companies like KiOR, Twin Creeks Technologies and Soladigm will help spread the word about the dedicated, skilled workforce here in Mississippi. Other projects are in the works as our deal flow has returned to near pre-recession levels.

There's no doubt about it: the FY 2012 budget is an enormous challenge, and how we rise to meet that challenge will define our state's future, not only for succeeding legislators and governors but also for generations of Mississippians. In times of natural disasters, Mississippians repeatedly have shown an inherent courage, determination and selflessness. I thoroughly believe we can approach this budget with the same character our citizenry has displayed, and in doing so, we will remodel state government, preparing Mississippi for a dynamic future.

Sincerely,



Haley Barbour

**STATEMENT I
GENERAL FUND
CALCULATED FUNDS AVAILABLE FOR FY 2012 APPROPRIATIONS**

General Fund Cash Balance as of July 1, 2010	\$4,877,609
Projected Revenue for FY 2011	<u>\$4,530,100,000</u>
Total Projected General Funds Available for FY 2011	<u>\$4,534,977,609</u>
Less: Total General Fund Budget for FY 2011	
Total General Fund Appropriations	(\$4,379,967,122)
Reappropriations & From and Afters	(\$4,871,609)
Transfer to Budget Contingency Fund	(\$103,904,000)
Transfer to Budget Contingency Fund (see Supplemental Recommendation)	<u>(\$46,200,000)</u>
Total Projected General Fund Budget for FY 2011	<u>(\$4,534,942,731)</u>
Total Estimated FY 2011 Ending Cash Balance	\$34,878
Less: Transfer to Working Cash Stabilization Fund	(\$14,439)
Less: Transfer to Capital Expense Fund	<u>(\$14,439)</u>
Estimated FY 2012 Beginning Balance	\$6,000
Projected Revenue for FY 2012*	<u>\$4,587,200,000</u>
Total General Funds Available for FY 2012*	\$4,587,206,000
Less: Executive Budget Recommendation	<u>(\$4,587,199,614)</u>
Projected General Fund Balance as of June 30, 2012	\$6,386

*Includes \$14.8M delayed accelerated tax reduction; 2% Holdback not applicable

FY 12 COMBINED FUNDS RECOMMENDATION

November 15, 2010

	FY 08 ACTUAL STATE SUPPORT GF/EQ,BCF,HCF, TCF, & EEF	FY 09 ACTUAL STATE SUPPORT GF/EQ,BCF,HCF, TCF,EEF & ARRA (net of budget cuts)	FY 10 ACTUAL STATE SUPPORT GF/EQ,BCF,HCF, TCF,EEF & ARRA (net of budget cuts and restorations, incl Govt Svcs)	FY 11 TOTAL STATE SUPPORT & ARRA	FY 12 EXECUTIVE BUDGET RECOMMENDATION	FY 12 SUPPLEMENTAL FUNDS RECOMMENDATION	FY 12 COMBINED FUNDS RECOMMENDATION	FY 12 vs FY 11	FY 12 vs FY 10	FY 12 vs FY 09	FY 12 vs FY 08
Legislative	25,502,444	26,075,417	26,004,726	25,031,535	23,005,444	0	23,005,444	-8.09%	-11.53%	-11.77%	-9.79%
Judiciary & Justice											
Attorney General's Office	9,695,245	9,215,749	8,657,690	8,657,689	7,606,922	0	7,606,922	-12.14%	-12.14%	-17.46%	-21.54%
Attorney General - Commission on Status of Women	50,000	47,500	43,723	43,723	40,184	0	40,184	-8.09%	-8.09%	-15.40%	-19.63%
Attorney General - Judgments & Settlements	8,719,225	1,465,846	1,286,906	0	0	0	0				
District Attorneys & Staff	17,424,847	17,239,785	16,583,459	16,785,326	15,426,696	0	15,426,696	-8.09%	-6.98%	-10.52%	-11.47%
Judicial Performance Commission	379,941	361,229	326,400	307,777	282,865	0	282,865	-8.09%	-13.34%	-21.69%	-25.55%
Supreme Court Services	6,208,195	5,986,015	6,533,824	5,837,516	5,365,019	0	5,365,019	-8.09%	-17.89%	-10.37%	-13.58%
Administrative Office of Courts	1,358,821	3,746,497	3,560,156	2,961,962	2,722,216	0	2,722,216	-8.09%	-23.54%	-27.34%	100.34%
Court of Appeals	5,127,570	4,874,042	4,916,844	5,031,716	4,624,441	0	4,624,441	-8.09%	-5.95%	-5.12%	-9.81%
Trial Judges	18,318,830	20,126,912	20,780,041	21,851,492	20,387,729	0	20,387,729	-6.70%	-1.89%	1.30%	11.29%
Total Judiciary & Justice	67,282,674	63,063,575	62,689,043	61,477,201	56,456,073	0	56,456,073	-8.17%	-9.94%	-10.48%	-16.09%
Executive & Administrative											
Ethics Commission	604,160	574,408	594,416	603,586	554,731	0	554,731	-8.09%	-6.68%	-3.43%	-8.18%
Governor's Mansion	722,731	686,879	615,453	598,290	549,863	0	549,863	-8.09%	-10.66%	-19.95%	-23.92%
Governor Elect (DFA)	0	0	0	0	75,000	0	75,000				
Ex-Governor Expense (DFA)	0	0	0	0	35,000	0	35,000				
Governor's Office	2,473,074	2,237,700	2,316,452	1,967,530	1,808,275	0	1,808,275	-8.09%	-21.94%	-19.19%	-26.88%
Total Executive & Administrative	3,799,965	3,498,987	3,526,321	3,169,406	3,022,869	0	3,022,869	-4.62%	-14.28%	-13.61%	-20.45%
Fiscal Affairs											
Audit, Department of	7,174,185	6,715,842	6,438,230	6,068,097	5,576,936	0	5,576,936	-8.09%	-13.38%	-16.96%	-22.26%
Finance & Administration	12,216,179	11,509,512	16,180,057	15,500,000	11,850,000	0	11,850,000	-23.55%	-26.76%	2.96%	-3.00%
DFA - State Building Insurance	7,868,257	8,500,000	7,100,000	1,400,000	13,886,682	0	13,886,682	891.91%	95.59%	63.37%	76.49%
DFA - Cost Allocation - Amount due Federal Govt	1,638,104	1,480,843	3,300,000	0	0	0	0				
Gaming Commission	3,780,711	3,596,053	1,208,932	0	0	0	0				
Tax Commission (Dept of Revenue)	47,322,029	69,861,459	66,857,417	45,139,058	50,855,688	0	50,855,688	12.66%	-23.93%	-27.20%	7.47%
Board of Tax Appeals	0	0	0	500,000	459,529	0	459,529				
License Tag Commission (Dept of Revenue)	5,714,500	2,272,800	2,782,706	0	0	0	0				
Treasurer's Office, State	637,515	606,867	563,156	2,836,458	2,606,871	0	2,606,871	-8.09%	362.90%	329.56%	308.91%
Treasurer's Office - Health Care Trust Fund	102,699	100,232	90,271	0	0	0	0				
Total Fiscal Affairs	86,454,179	104,643,608	104,520,769	71,443,613	85,235,706	0	85,235,706	19.30%	-18.45%	-18.55%	-1.41%
Public Education											
Education, State Department of	63,443,837	70,458,143	67,830,647	55,276,472	50,802,310	0	50,802,310	-8.09%	-25.10%	-27.90%	-19.93%
SDE Shared Services	0	0	0	0	0	6,500,000	6,500,000				
National Board Certification	23,397,048	19,518,875	23,309,329	25,450,000	25,450,000	0	25,450,000	0.00%	9.18%	30.39%	8.77%
Educable Child	14,065,000	12,789,591	10,740,719	10,000,000	9,190,585	0	9,190,585	-8.09%	-14.43%	-28.14%	-34.66%
SDE - General Education	720,432	698,819	652,167	888,032	816,153	0	816,153	-8.09%	25.14%	16.79%	13.29%
SDE - Buildings & Buses, Utilities, Debt Service	16,000,000	15,520,000	14,483,903	16,000,000	14,704,936	0	14,704,936	-8.09%	1.53%	-5.25%	-8.09%
SDE - Supplies & Instr Materials	6,194,875	6,790,000	6,601,582	6,000,000	5,514,351	0	5,514,351	-8.09%	-16.47%	-18.79%	-10.99%
SDE - School Millage Reduction	46,000,000	43,700,000	41,641,223	8,026,438	8,026,438	0	8,026,438	0.00%	-80.72%	-81.63%	-82.55%
SDE - Tech Prep Bond Debt Service	3,200,662	0	0	0	0	0	0				
Emergency Bridge Loan Fund & Conservatorship	0	0	0	4,300,000	0	16,000,000	16,000,000	272.09%			
Total MAEP & Ed Jobs (includes \$20M PSBF EEF & OSF)	2,207,152,735	2,130,605,537	2,078,844,544	2,041,451,088	1,976,151,660	65,300,000	2,041,451,660	0.00%	-1.80%	-4.18%	-7.51%
Vocational and Technical (excluding CJC Workforce)	53,178,419	54,869,746	52,398,331	50,656,527	46,224,081	0	46,224,081	-8.75%	-11.78%	-15.76%	-13.08%
Vocational and Technical (CJC Workforce only)	27,283,473	26,628,648	23,860,854	26,943,473	0	0	0				
High School Redesign - 21st Century Workforce	5,000,000	12,350,000	0	0	0	0	0				
Chickasaw Interest	13,880,990	12,088,983	14,131,586	14,515,760	16,049,728	0	16,049,728	10.57%	13.57%	32.76%	15.62%
Schools for the Blind & Deaf	12,296,159	11,462,896	11,010,491	10,991,709	10,102,023	0	10,102,023	-8.09%	-8.25%	-11.87%	-17.84%
Subtotal K-12 Public Education (percentages exclude VoTech CJC Workforce)	2,491,813,630	2,417,481,238	2,345,505,376	2,270,499,499	2,163,032,264	87,800,000	2,250,832,264	0.32%	-3.05%	-5.86%	-8.67%
Educational Television Authority	8,293,862	7,885,440	7,655,869	7,557,720	6,046,176	0	6,046,176	-20.00%	-21.03%	-23.32%	-27.10%
Library Commission	13,566,135	12,935,432	12,327,766	12,091,103	9,672,882	0	9,672,882	-20.00%	-21.54%	-25.22%	-28.70%
Total Public Education (percentages exclude VoTech CJC Workforce)	2,513,673,627	2,438,302,110	2,365,489,011	2,290,148,322	2,178,751,323	87,800,000	2,266,551,323	0.15%	-3.21%	-6.02%	-8.84%

FY 12 COMBINED FUNDS RECOMMENDATION

November 15, 2010

	FY 08 ACTUAL STATE SUPPORT GF/EQ,BCF,HCF, TCF, & EEF	FY 09 ACTUAL STATE SUPPORT GF/EQ,BCF,HCF, TCF,EEF & ARRA (net of budget cuts)	FY 10 ACTUAL STATE SUPPORT GF/EQ,BCF,HCF, TCF,EEF & ARRA (net of budget cuts and restorations, incl Govt Svcs)	FY 11 TOTAL STATE SUPPORT & ARRA	FY 12 EXECUTIVE BUDGET RECOMMENDATION	FY 12 SUPPLEMENTAL FUNDS RECOMMENDATION	FY 12 COMBINED FUNDS RECOMMENDATION	FY 12 vs FY 11	FY 12 vs FY 10	FY 12 vs FY 09	FY 12 vs FY 08
Higher Education											
IHL General Support	391,469,141	375,743,864	357,620,596	342,781,837	332,293,824	0	332,293,824	-3.06%	-7.08%	-11.56%	-15.12%
IHL Shared Services	0	0	0	0	0	20,000,000	20,000,000				
Ayers Settlement (excludes \$1 Mil OSF)	25,700,000	25,700,000	28,198,369	25,950,000	25,950,000	0	25,950,000	0.00%	-7.97%	0.97%	0.97%
Subsidiary Programs - Cons excl. Exec. Office	18,156,900	17,769,240	18,032,704	18,246,560	16,769,656	0	16,769,656	-8.09%	-7.00%	-5.63%	-7.64%
Student Financial Aid	29,876,773	28,841,598	27,338,775	26,915,820	26,915,820	0	26,915,820	0.00%	-1.55%	-6.68%	-9.91%
Executive Office	7,819,573	6,934,547	7,316,819	7,264,198	6,676,223	0	6,676,223	-8.09%	-8.76%	-3.73%	-14.62%
University Medical Center - Consolidated	226,417,610	219,109,509	216,309,073	211,732,977	195,483,957	0	195,483,957	-7.67%	-9.63%	-10.78%	-13.66%
Subtotal IHL	699,439,997	674,098,758	654,816,336	632,891,392	604,089,479	20,000,000	624,089,479	-1.39%	-4.69%	-7.42%	-10.77%
Community & Junior Colleges - Board	7,169,142	7,380,609	7,534,856	7,015,783	6,447,915	0	6,447,915	-8.09%	-14.43%	-12.64%	-10.06%
Community & Junior Colleges - Support	231,156,523	233,494,843	219,971,930	216,529,946	209,746,410	0	209,746,410	-3.13%	-4.65%	-10.17%	-9.28%
Community & Junior Colleges - Workforce from VoTech	0	0	0	0	33,943,473	0	33,943,473				
Community & Junior Colleges - ARRA Discretionary	0	0	13,731,362	0	0	0	0				
Subtotal Community & Junior Colleges (percentages exclude VoTech CJC Workforce)	238,325,665	240,875,452	241,238,148	223,545,729	250,137,797	0	250,137,797	-3.29%	-10.38%	-10.25%	-9.29%
Total Higher Education (Excludes \$1 Mil Ayers OSF; percentages exclude VoTech CJC WF)	937,765,662	914,974,210	896,054,484	856,437,121	854,227,277	20,000,000	874,227,277	-1.89%	-6.22%	-8.16%	-10.40%
Public Health											
Health Department	56,991,852	49,809,630	48,872,739	44,250,435	31,338,881	9,465,760	40,804,640	-7.79%	-16.51%	-18.08%	-28.40%
Health Department - SDE School Nurses	2,550,000	3,300,000	3,550,000	3,600,000	3,308,611	0	3,308,611	-8.09%	-8.00%	0.26%	29.75%
Health Dept - UMC Cancer Institute	5,000,000	5,000,000	5,000,000	5,000,000	4,595,292	0	4,595,292	-8.09%	-8.09%	-8.09%	-8.09%
Health Dept - AG Alcohol & Tobacco Enf Unit	800,000	800,000	800,000	800,000	735,247	0	735,247	-8.09%	-8.09%	-8.09%	-8.09%
Health Dept - UMC Comprehensive Tobacco Center	650,000	650,000	700,000	700,000	643,341	0	643,341	-8.09%	-8.09%	-1.02%	-1.02%
Health Dept - Medicaid Safe Heart Health Initiative	3,000,000	0	50,000	0	0	0	0				
Total Public Health	68,991,852	59,559,630	58,972,739	54,350,435	40,621,371	9,465,760	50,087,131	-7.84%	-15.07%	-15.90%	-27.40%
Hospitals & Hospital Schools											
Mental Health Department - Consolidated	282,741,954	272,254,417	255,206,110	242,865,909	173,021,400	52,260,291	225,281,691	-7.24%	-11.73%	-17.25%	-20.32%
Total Hospital & Hospital Schools	282,741,954	272,254,417	255,206,110	242,865,909	173,021,400	52,260,291	225,281,691	-7.24%	-11.73%	-17.25%	-20.32%
Agriculture & Commerce											
Agriculture & Commerce, Dept. of	8,883,248	8,584,797	8,632,627	9,200,000	8,096,000	0	8,096,000	-12.00%	-6.22%	-5.69%	-8.86%
Board of Animal Health	1,394,868	1,614,353	1,275,131	1,208,102	1,099,373	0	1,099,373	-9.00%	-13.78%	-31.90%	-21.18%
Fair Commission - Livestock Shows	202,757	214,359	208,364	236,762	0	0	0	-100.00%	-100.00%	-100.00%	-100.00%
Total Agriculture	10,480,873	10,413,509	10,116,122	10,644,864	9,195,373	0	9,195,373	-13.62%	-9.10%	-11.70%	-12.27%
IHL Agricultural Units											
Alcorn Agricultural Programs	4,775,687	4,540,627	5,215,194	5,213,674	4,588,033	0	4,588,033	-12.00%	-12.03%	1.04%	-3.93%
MSU- Agriculture & Forestry	23,699,108	22,531,126	21,758,370	21,365,833	18,801,933	0	18,801,933	-12.00%	-13.59%	-16.55%	-20.66%
MSU - Cooperative Extension	29,374,724	27,940,340	26,930,949	27,269,914	23,997,524	0	23,997,524	-12.00%	-10.89%	-14.11%	-18.31%
MSU- Forest & Wildlife	6,125,405	5,822,316	5,553,777	5,392,854	4,745,712	0	4,745,712	-12.00%	-14.55%	-18.49%	-22.52%
MSU - College of Veterinary Med	17,154,751	16,314,599	16,114,791	16,203,711	14,259,266	0	14,259,266	-12.00%	-11.51%	-12.60%	-16.88%
Total IHL Agriculture	81,129,675	77,149,008	75,573,081	75,445,986	66,392,468	0	66,392,468	-12.00%	-12.15%	-13.94%	-18.17%
Economic Development											
Mississippi Development Authority	23,597,449	22,665,882	21,533,029	21,646,565	21,646,565	0	21,646,565	0.00%	0.53%	-4.50%	-8.27%
MS Technology Alliance	2,103,374	1,001,389	679,939	0	0	0	0				
Enterprise for Innovative Geospatial Solutions	946,744	794,042	597,846	0	0	0	0				
Total Economic Development	26,647,567	24,461,313	22,810,814	21,646,565	21,646,565	0	21,646,565	0.00%	-5.10%	-11.51%	-18.77%
Conservation											
Archives & History, Department of	9,639,544	9,605,847	8,916,525	8,904,269	8,183,544	0	8,183,544	-8.09%	-8.22%	-14.81%	-15.10%
Environmental Quality, Dept. of	15,446,436	13,544,902	12,950,272	11,150,838	10,248,272	0	10,248,272	-8.09%	-20.86%	-24.34%	-33.65%
MS Institute for Forestry Inventory	150,000	142,500	0	0	0	0	0				
Forestry Commission	19,600,216	18,648,649	17,790,063	17,237,887	15,842,626	0	15,842,626	-8.09%	-10.95%	-15.05%	-19.17%
Grand Gulf Military Monument	267,021	254,043	258,586	256,435	128,218	0	128,218	-50.00%	-50.42%	-49.53%	-51.98%
Marine Resources, Dept. of	1,977,173	1,880,657	1,675,411	1,362,132	1,251,879	0	1,251,879	-8.09%	-25.28%	-33.43%	-36.68%
MS River Parkway Commission	25,800	24,510	21,954	24,764	12,382	0	12,382	-50.00%	-43.60%	-49.48%	-52.01%
Soil & Water Conservation	831,233	790,491	799,360	772,371	709,854	0	709,854	-8.09%	-11.20%	-10.20%	-14.60%
Tennessee-Tombigbee Waterway	134,189	141,898	135,302	128,796	118,371	0	118,371	-8.09%	-12.51%	-16.58%	-11.79%
Wildlife, Fisheries & Parks	9,817,804	8,589,763	7,833,656	6,743,603	6,197,765	0	6,197,765	-8.09%	-20.88%	-27.85%	-36.87%
Total Conservation	57,889,416	53,623,260	50,381,129	46,581,095	42,692,911	0	42,692,911	-8.35%	-15.26%	-20.38%	-26.25%

FY 12 COMBINED FUNDS RECOMMENDATION

November 15, 2010

	FY 08 ACTUAL STATE SUPPORT GF/EQ,BCF,HCF, TCF, & EEF	FY 09 ACTUAL STATE SUPPORT GF/EQ,BCF,HCF, TCF,EEF & ARRA (net of budget cuts)	FY 10 ACTUAL STATE SUPPORT GF/EQ,BCF,HCF, TCF,EEF & ARRA (net of budget cuts and restorations, incl Govt Svcs)	FY 11 TOTAL STATE SUPPORT & ARRA	FY 12 EXECUTIVE BUDGET RECOMMENDATION	FY 12 SUPPLEMENTAL FUNDS RECOMMENDATION	FY 12 COMBINED FUNDS RECOMMENDATION	FY 12 vs FY 11	FY 12 vs FY 10	FY 12 vs FY 09	FY 12 vs FY 08
Insurance & Banking											
Bea Barnard Memorial Fund	10,800	0	0	0	0	0	0				
Total Insurance & Banking	10,800	0	0	0	0	0	0				
Corrections											
Corrections - Consolidated	330,244,182	326,942,180	313,802,978	312,939,804	312,943,561	0	312,943,561	0.00%	-0.27%	-4.28%	-5.24%
Total Corrections	330,244,182	326,942,180	313,802,978	312,939,804	312,943,561	0	312,943,561	0.00%	-0.27%	-4.28%	-5.24%
Social Welfare											
Governor's Office - Div. Of Medicaid	587,628,928	585,793,712	683,337,710	771,292,261	655,612,649	78,569,842	734,182,491	-4.81%	7.44%	25.33%	24.94%
Human Services, Department of	105,994,907	115,999,453	118,885,632	119,569,982	119,569,982	0	119,569,982	0.00%	0.58%	3.08%	12.81%
Rehabilitation Services - Consolidated	21,563,152	20,925,692	20,975,762	20,757,179	19,374,746	0	19,374,746	-6.66%	-7.63%	-7.41%	-10.15%
Total Social Welfare	715,186,987	722,718,857	823,199,104	911,619,422	794,557,377	78,569,842	873,127,219	-4.22%	6.07%	20.81%	22.08%
Military, Police & Veterans' Affairs											
Emergency Management Agency	6,139,368	5,836,969	5,232,762	4,902,347	4,505,544	0	4,505,544	-8.09%	-13.90%	-22.81%	-26.61%
Disaster Relief	1,622,953	1,541,805	1,381,019	1,470,246	1,351,242	0	1,351,242	-8.09%	-2.16%	-12.36%	-16.74%
Military Department	8,403,302	8,127,974	7,759,687	7,759,669	7,131,590	0	7,131,590	-8.09%	-8.09%	-12.26%	-15.13%
Narcotics, Bureau of	12,331,980	11,724,936	10,795,563	10,782,361	10,271,335	0	10,271,335	-4.74%	-4.86%	-12.40%	-16.71%
Public Safety, Department of	4,600,303	4,089,107	3,627,585	3,451,423	3,287,844	0	3,287,844	-4.74%	-9.37%	-19.60%	-28.53%
Highway Safety Patrol	54,287,297	46,018,628	46,471,457	45,384,307	43,233,333	0	43,233,333	-4.74%	-6.97%	-6.05%	-20.36%
Crime Lab	6,823,658	6,487,754	7,139,276	6,974,749	7,110,202	0	7,110,202	1.94%	-0.41%	9.59%	4.20%
Law Enforcement Officers Training Academy	593,289	564,137	500,349	470,560	432,472	0	432,472	-8.09%	-13.57%	-23.34%	-27.11%
State Medical Examiner	163,916	123,154	483,989	446,885	710,713	0	710,713	59.04%	46.84%	477.09%	333.58%
Public Safety Planning	458,975	436,056	386,550	363,536	334,111	0	334,111	-8.09%	-13.57%	-23.38%	-27.21%
Homeland Security	206,747	196,573	174,554	164,162	150,874	0	150,874	-8.09%	-13.57%	-23.25%	-27.02%
DPS Juvenile Facility Monitoring Unit	113,318	107,709	95,534	102,098	93,834	0	93,834	-8.09%	-1.78%	-12.88%	-17.19%
Veterans Affairs Board	6,212,873	5,922,258	6,808,134	6,588,839	6,055,528	0	6,055,528	-8.09%	-11.05%	2.25%	-2.53%
Total Military, Police & Vets' Affairs	101,957,979	91,177,060	90,856,459	88,861,182	84,668,622	0	84,668,622	-4.72%	-6.81%	-7.14%	-16.96%
Local Assistance											
Homestead Exemption	84,000,000	84,150,000	76,859,046	75,109,281	69,029,821	0	69,029,821	-8.09%	-10.19%	-17.97%	-17.82%
Total Local Assistance	84,000,000	84,150,000	76,859,046	75,109,281	69,029,821	0	69,029,821	-8.09%	-10.19%	-17.97%	-17.82%
Miscellaneous											
Arts Commission	1,856,259	1,812,766	1,726,671	1,681,564	1,345,251	0	1,345,251	-20.00%	-22.09%	-25.79%	-27.53%
Total Miscellaneous	1,856,259	1,812,766	1,726,671	1,681,564	1,345,251	0	1,345,251	-20.00%	-22.09%	-25.79%	-27.53%
Debt Service											
Bank Service Charges	950,000	950,000	1,118,253	1,118,253	1,200,000	0	1,200,000	7.31%	7.31%	26.32%	26.32%
Bonds & Interest	322,597,871	320,597,871	346,068,777	360,234,668	339,592,131	60,516,126	400,108,257	11.07%	15.62%	24.80%	24.03%
Total Debt Service	323,547,871	321,547,871	347,187,030	361,352,921	340,792,131	60,516,126	401,308,257	11.06%	15.59%	24.81%	24.03%
Total General Fund Agencies	5,719,163,966	5,596,367,778	5,584,975,637	5,510,806,226	5,157,605,543	308,612,019	5,466,217,562	-0.81%	-2.13%	-2.33%	-4.42%
Windpool Appropriation (from HDRF)	0	0	18,104,871	0	0	0	0				
Health Insurance Exchange	0	0	0	0	0	1,500,000	1,500,000				
Veterans Home Purchase Board	0	0	0	0	0	0	0				
Department of Transportation	200,000	0	0	0	0	0	0				
Total State Support	5,719,363,966	5,596,367,778	5,603,080,508	5,510,806,226	5,157,605,543	310,112,019	5,467,717,562	-0.78%	-2.42%	-2.30%	-4.40%

FY 12 COMBINED FUNDS RECOMMENDATION

November 15, 2010

	FY 08 ACTUAL	FY 09 ACTUAL STATE SUPPORT GF/EQ,BCF,HCF, TCF,EEF & ARRA (net of budget cuts)	FY 10 ACTUAL STATE SUPPORT GF/EQ,BCF,HCF, TCF,EEF & ARRA (net of budget cuts and restorations, incl Govt Svcs)	FY 11 TOTAL STATE SUPPORT & ARRA	FY 12 EXECUTIVE BUDGET RECOMMENDATION	FY 12 SUPPLEMENTAL FUNDS RECOMMENDATION	FY 12 COMBINED FUNDS RECOMMENDATION	FY 12 vs FY 11	FY 12 vs FY 10	FY 12 vs FY 09	FY 12 vs FY 08
GF Reappropriations & GF Equivs			7,582,000		6,000		6,000				
General Funds			4,439,498,000		4,480,656,000		4,480,656,000				
General Fund Revision			(111,402,000)		332,842,564		332,842,564				
EEF (incl \$10M PSBF EEF)			314,765,618		10,000,000		10,000,000				
EEF Reduction			(7,223,260)		105,000,000		105,000,000				
PBSF OSF			10,000,000			56,263,438	56,263,438				
Health Care Expendable Funds			154,900,000		91,744,000		91,744,000				
HCEF spent FY 10 for restorations			(58,000,000)		14,800,000		14,800,000				
HCF shortage due to Dec 09 payment			(11,300,000)			87,987,386	87,987,386				
HCEF Adjustment 3/23/10			4,145,998			27,861,195	27,861,195				
Tobacco Control Funds			20,000,000			26,500,000	26,500,000				
Hurricane Disaster Reserve Funds			0			46,200,000	46,200,000				
Health Care Trust Fund			112,000,000								
Title Fees			8,462,464								
General Fund Reduction (HB 1151 & SB 2941)			(6,028,878)								
2% Holdback Delayed			89,104,000								
Delay Accelerated Tax Amendment			14,800,000								
Repeal HCTF Repayment			38,000,000		122,563,365		122,563,365				
Working Cash Stabilization Funds			80,000,000								
Attorney General Judgment - Lilly			17,500,000			65,300,000	65,300,000				
AG Judgment - Microsoft			2,400,000								
Additional BCF			8,410,952								
Subtotal State Support			5,127,614,894		5,157,611,929	310,112,019	5,467,723,948				
ARRA Education			196,055,608		6,386		6,386				
ARRA FMAP			174,392,820								
ARRA FMAP 3rd Tier			12,742,904		5,157,605,543						
ARRA FMAP Extension			0								
ARRA Govt Svcs			0								
Subtotal ARRA			383,191,332								
TOTAL COMBINED FUNDS			5,510,806,226								
											6,386 Projected Ending Cash

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