

FY 2010 MODIFIED BUDGET RECOMMENDATION

GOVERNOR HALEY BARBOUR

MAY 6, 2009

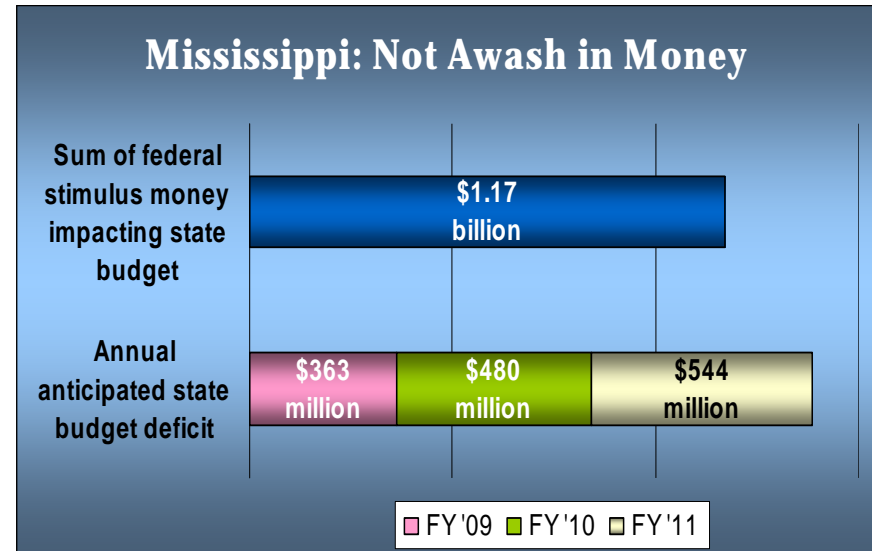
- DOWN ECONOMY FORCES US TO CONSIDER BUDGET NEEDS PAST 2010.
- GLOBAL RECESSION IS NOT OVER.
- STATE REVENUES RECOVER MORE SLOWLY THAN THE OVERALL ECONOMY.

- MISSISSIPPI WILL RECEIVE ABOUT \$2.8 BILLION THROUGH ARRA.
- MOST OF THE MONEY IS EARMARKED FOR TRANSPORTATION, ENERGY EFFICIENCY, INFRASTRUCTURE AND OTHER PROGRAMS.
- LEAVES \$1.17 BILLION FOR REST OF BUDGET; LESS THAN THE \$1.4 BILLION SHORTFALL THROUGH FY 2011.

FY 2010 MODIFIED BUDGET RECOMMENDATION

GOVERNOR HALEY BARBOUR

- REVENUES REMAIN BELOW ESTIMATES; APRIL WAS \$90 MILLION UNDER ORIGINAL ESTIMATE.
- EXPECT DEFICIT TO EXCEED \$400 MILLION IN BOTH FY 2010 AND FY 2011.
- SHORTFALL FOR FY 2012 WILL TOP \$500 MILLION.



- ARRA FUNDS ALLOW RESTORATION OF A PORTION OF AGENCY CUTS IN FY 2009.
- CUTS ON THE AVERAGE OF 6.5% WILL BE NECESSARY FOR FY 2010.
- BASE EDUCATION WILL BE RESTORED TO 99 PERCENT OF ITS FY 2009 BUDGET.
- NON BASE EDUCATION BUDGETS REDUCED WILL BE REDUCED TO -6.35%

- RAINY DAY FUND MUST BE UTILIZED OVER SEVERAL YEARS TO EASE CUTS.
- USE \$95 MILLION IN FY 2010 AND \$85 MILLION IN FY 2011.
- REMEMBER, A MORE THAN \$500 MILLION SHORTFALL LOOMS IN FY 2012.

- MY BUDGET RELIES ON TWO NEW MEASURES:
- AN ASSESSMENT ON HOSPITALS AS A LONG-TERM SOLUTION TO MEDICAID.
- A 50-CENT INCREASE IN THE TOBACCO TAX, GENERATING \$106.175 MILLION.

- INCLUDE THE CIGARETTE COMPANIES NOT PARTICIPATING IN THE STATE SETTLEMENT AND TAX SMOKELESS TOBACCO BY UNIT OR WEIGHT.
- THIS LEVELS THE PLAYING FIELD FOR TOBACCO COMPANIES.
- GENERATES \$25-30 MILLION TO COVER THE CAR TAG INCREASE.

FY 2011 BUDGET

- **ARRA FUNDS STRETCH INTO FY 2011.**
- **MUST CARRY FORWARD MEDICAID FUNDS TO FY 2011.**
- **AGENCIES MAY STILL SEE CUTS.**

FY 2012 BUDGET

- **ARRA FUNDS TOTALING \$406 MILLION GO AWAY, CREATING A GIANT HOLE IN STATE BUDGET.**
- **BE MINDFUL OF THE PROJECTED DEFICIT THAT IS MORE THAN \$500 MILLION.**

EDUCATION

- DIRECT \$392 MILLION OF ARRA FUNDS INTO EDUCATION AT ALL LEVELS AS APPROVED BY US DOE.
- RESTORES FUNDING TO 99 PERCENT OF FY 2009 APPROPRIATION FOR BASE EDUCATION AND ALLOWS STEADY FUNDING THROUGH FY 2011.
- FUNDS \$43 MILLION IN MAEP BASE STUDENT COST GROWTH FOR FY 2010

MEDICAID

- STATE'S SHARE OF MEDICAID MATCH IS REDUCED THROUGH DEC. 2010.
- ARRA WILL NOT FULLY FUND MEDICAID THROUGH FY 2011.
- MUST CARRY FORWARD \$93.1 MILLION FROM FY 2010 TO EASE PAIN SOME OF THE PAIN.

MEDICAID

- WITHOUT REINSTATING THE \$90 MILLION HOSPITAL ASSESSMENT IN FY 2010, THE MEDICAID PROGRAM WILL HAVE TO BE CUT BY THAT AMOUNT OR OTHER STATE AGENCIES WILL BE CUT BY AN ADDITIONAL 5%.
- IN FY 2011, IF \$93 MILLION IS NOT CARRIED FORWARD, MEDICAID'S \$97 MILLION PROJECTED DEFICIT IS REALIZED. NOT REINSTATING THE HOSPITAL ASSESSMENT IN FY 2011 WOULD NECESSITATE A TOTAL PROGRAM REDUCTION OF \$1.7 BILLION.

The Impact of not reinstating the \$90 Million Hospital Assessment

	Medicaid	State Agencies
FY 2010	(\$571 million)	Additional 5 % cut totaling 11.5%
FY 2011	(\$375 million)	Additional 5%cut totaling 12%