

BUDGET PRIMER

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One
Voice



A Guide to Mississippi's Current Budget Process and a Call to Action

This document provides a clear overview of Mississippi's state budget process and identifies opportunities for reform. As it stands, the state budget—a nearly \$7 billion financial plan — is often developed with limited transparency and minimal public input. Budget decisions are made behind closed doors, typically in the final days of the legislative session, leaving little room for community engagement or informed debate.

At One Voice, our vision is clear: we envision a Mississippi where we all thrive. In this future, every resident has access to the tools and resources needed to succeed, regardless of their background or circumstances. We will continue to advocate for a budget process that is transparent, inclusive, and equitable. This primer is intended to both explain how the budget is currently developed and serve as a tool to support policy solutions that ensure public resources are allocated fairly and effectively. Greater accountability in the budget process is essential for advancing economic justice and improving outcomes in education, healthcare, infrastructure, and public safety across all Mississippi communities.

The Budget Process:

What is the state budget?

The state budget is the collection of laws that determine how the state collects and spends resources. It is passed each year by the Mississippi State Legislature and includes spending decisions for each service that the state provides, as well as revenue decisions affecting every state resident.

How is the state budget created?

Each year, the legislature convenes to make decisions about how state funds will be allocated in the upcoming fiscal year. This process is called the Budget Appropriation Process. During the Budget Appropriation Process, the state legislature and executive branch work together to:

- Identify the state's needs for the upcoming year.
- Determine how much money is available.
- Designate projected money available for the funding of state services for the next year.

When is the state budget created?

Budget Process Annual Cycle

June

Agencies begin entering their next fiscal year budget request using LBO's Online Budget Request System (OBRS).

July

Five-year Strategic Plan PDFs and printed copies are due to LBO on July 15.

August

Agency budget requests must be submitted to LBO using OBRS by August 1. When submitted budget requests are reviewed and approved by the LBO budget analyst, "Final" (non-draft) printed copies of MBR forms must be sent to LBO and the Department of Finance and Administration (DFA).

September

The Joint Legislative Budget Committee (JLBC) meets to hear agency budget requests and State revenue estimates.

November

The JLBC meets to consider the Legislative Budget Recommendation (LBR) and to adopt the latest State revenue projections.

December

The JLBC meets to adopt the Legislative Budget Recommendation (LBR). The Budget Recommendation Memorandum and Legislative Budget Book are published.

January March-April

Legislative Session. Appropriations bills are passed near the end of the Session.

April-May

LBO Session Summary and JLBC Appropriations Bulletin are published.

Who is involved in the state budget process?

Joint Legislative Budget Committee Members

Chair

Jason White

Speaker, House of Representatives

Vice Chair

Delbert Hosemann

Lieutenant Governor

Other Members

Dean Kirby

President Pro Tempore, Senate

W. Briggs Hopson, III

Chair, Senate Appropriations Committee

Josh Harkins

Chair, Senate Finance Committee

Nicole Boyd

Chair, Senate Universities and Colleges Committee

David Parker

Chair, Senate Accountability, Efficiency, Transparency Committee

Rod Hickman

Vice Chair, Senate Municipalities Committee

Manly Barton

Speaker Pro Tempore, House

John Read

Chair, House Appropriations A Committee

John Thomas "Trey" Lamar III

Chair, House Ways and Means Committee

Karl Oliver

Chair, House Appropriations E Committee

Clay Deweese

Chair, House Appropriations C Committee

Bryant W. Clark

Vice Chair, House Rules Committee



Appropriations A

John Read, Chairman; Angela Cockerham, Vice-Chairman

Members: Brent Anderson; William Tracy Arnold; Manly Barton; Richard Bennett; C. Scott Bounds; Randy P. Boyd; Bryant W. Clark; Sam Creekmore IV; Becky Currie; Clay Deweese; Casey Eure; John G. Faulkner; Jeff Hale; John W. Hines, Sr.; Joey Hood; Lataisha Jackson; Vince Mangold; Steve Massengill; Missy McGee; Jay McKnight; Carl Mickens; Sam C. Mims, V; Karl Oliver; Orlando Paden; Bill Pigott; Rob Roberson; Randy Rushing; Donnie Scoggin; Omeria Scott; Jerry R. Turner; Percy W. Watson

Appropriations B

C. Scott Bounds, Chairman

Members: Brent Anderson; Bryant W. Clark; Casey Eure; Jeff Hale; Lataisha Jackson; Orlando Paden; Bill Pigott; John Read

Appropriations C

Clay Deweese, Chairman

Members: Richard Bennett; Sam Creekmore IV; Becky Currie; Missy McGee; Carl Mickens; John Read; Omeria Scott; Jerry R. Turner

Appropriations D

Sam C. Mims, V, Chairman

Members: Manly Barton; Angela Cockerham; John G. Faulkner; Joey Hood; Jay McKnight; John Read; Randy Rushing; Percy W. Watson

Appropriations E

Karl Oliver, Chairman

Members: William Tracy Arnold; Randy P. Boyd; John W. Hines, Sr.; Vince Mangold; Steve Massengill; John Read; Rob Roberson; Donnie Scoggin

Appropriations

W. Briggs Hopson III, Chairman; John A. Polk, Vice-Chairman

Members: Juan Barnett; Andy Berry; Kevin Blackwell; Albert Butler; Dennis DeBar, Jr.; Scott DeLano; Hillman Terome Frazier; Rod Hickman; Angela Burks Hill; Reginald Jackson; Tyler McCaughn; Michael McLendon; J.Walter Michel; Sollie B. Norwood; David Parker; Rita Potts Parks; Robin Robinson; Joseph M. Seymour; Sarita Simmons; Jeff Tate; Mike Thompson; Angela Turner-Ford; Brice Wiggins; Bart Williams

State Revenue

Funding Sources

The state budget is generally comprised of money from three main funds—General Funds, Special Funds, and Federal Funds. These funding sources, as well as others, are outlined below.

General Funds

General Funds come from general state tax collections and pay for key services provided by the state, including K-12 education, colleges and universities, and corrections. The Mississippi State Legislature has significant discretion about how these funds are spent. During periods of strong economic growth, the legislature may utilize General Funds to cover the costs associated with new or expanded programs. During weak economic times, General Fund appropriations could be cut or held steady to achieve a balanced budget.

Special Funds

Special Funds are established through state statutes or constitutional provisions that earmark funds for a specific purpose. Like General Funds, they must be appropriated annually, but they are not generally subjected to the same level of debate. Some Special Funds are supported by fees, fines, or assessments. Others can be funded through special taxes. For instance, regulatory and licensing agencies charge licensing fees and allocate them to support their operations. The Medical Licensure Board and the Board of Dental Examiners are two agencies that receive funding through licensing fees. The Department of Transportation is an example of a Special Fund agency that derives some of its funding through a fuel tax. Many Special Fund agencies, such as the Medical Licensure Board, receive all their funding from Special Funds. Other agencies, like the Department of Human Services, receive funding from a combination of Special Funds, General Funds, and Federal Funds.

Federal Funds

Federal Funds are earmarked by the U.S. government for specific state programs. They are appropriated annually by the Mississippi State Legislature, but must be spent in keeping with federal rules. Depending on the rules associated with each program, the legislature may have more or less flexibility in how the funds are spent.

State Support Funds

Another way to classify funds is by the level of state support. State Support Funds include both State General Funds and State Special Funds. However, Federal Funds and agency-generated Special Funds are not included in this category. Significant State Support Special Funds include:

Budget Contingency Fund:

Budget Contingency Fund: The Budget Contingency Fund was established to receive transfers from other fund sources, such as Special Funds and General Funds. FY 2002 marked the first time the Budget Contingency Fund was used to supplement the State General Fund. Any funds spent from the Budget Contingency Fund are considered non-recurring. A non-recurring fund transfer is a transfer of funds for a one-time expense that is unlikely to happen again.

Health Care Expendable Fund:

The Health Care Expendable Fund was established to receive transfers from the Health Care Trust Fund, as authorized by state statute. As a result of the lawsuit won against tobacco manufacturers, the Health Care Trust Fund receives the court-ordered payments due to our state. These funds can only be appropriated for health-related purposes.

Education Enhancement Fund:

The Education Enhancement Fund was established to provide supplemental support for K-12 schools, two-year colleges, and four-year Institutions of higher learning. State statute requires that a percentage of state sales tax collections be deposited into the Education Enhancement Fund. These funds are then allocated based on a statutory formula to K-12 education, two-year colleges, and four-year Institutions of Higher Learning. Money collected from the Mississippi Lottery is also transferred to the Education Enhancement Fund.

Tobacco Control Fund:

The Tobacco Control Fund was established to support our state's tobacco cessation programs. It began as a result of the lawsuit won against tobacco manufacturers and receives a portion of the court-ordered payments due to our state.

Capital Expense Fund:

The Capital Expense Fund was established to cover capital expenses, repairs, and renovations of state-owned properties, as well as specific projects authorized by the legislature. By statute, the fiscal year unencumbered ending General Fund cash balance produces these funds.

Working Cash Stabilization Fund:

The Working Cash Stabilization Fund is commonly referred to as the state's "rainy day fund." The fund was established to support the state treasury's cash flow needs throughout the fiscal year, cover any projected General Fund revenue shortfalls that may arise during the fiscal year, and provide funds for the Disaster Assistance Trust Fund upon request. By statute, the fiscal year unencumbered ending General Fund cash balance produces these funds.



State Budget

MISSISSIPPI STATE BUDGET

AT-A-GLANCE

\$31.6 billion **\$13.1 billion** **\$ 15.7 billion**

Total Budget

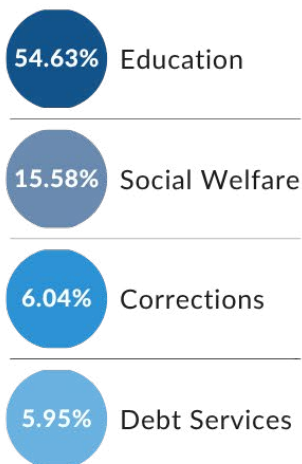
Federal Sources

State Sources

General Fund Revenue Estimate FY 2025 Revenue Totals for the Year Ended June 30, 2025	
Sales Tax	\$2,911,900,000
Individual Income Tax	\$2,110,200,000
Corporate Income and Franchise Taxes	\$970,000,000
Use Tax	\$422,800,000
Gaming Fees & Taxes	\$315,200,000
All Other Taxes & Fees	\$300,200,000
Insurance Premium Tax	\$405,000,000
ABC Tax	\$110,000,000
Tobacco Tax	\$126,800,000
Auto Tag Fees	\$80,000,000
Beer & Wine Taxes	\$28,000,000
Oil & Gas Severance Taxes	\$32,600,000
Highway Safety Patrol	\$18,700,000
Total	\$ 7,453,128,000

Source: Mississippi Department of Finance and Administration

2025 Spending Categories



Source: Mississippi Legislative Budget Office

A Community-Centered Guide to the State Budget

At One Voice, we believe that budgets are moral documents — they show what and who our state values. When a small group of legislators fails to agree on how to fund our public schools, health systems, and critical infrastructure, the consequences fall hardest on working families, rural communities, and Black and Brown families who are often left out of the process entirely.

That's why we're calling for a participatory budget process—one that centers the voices of everyday Mississippians, not just lobbyists or lawmakers behind closed doors. When the public is left out, the budget reflects politics, not the people it's meant to serve.

We need your voice at the table

As we enter a special session to finalize the state budget, take action and stand alongside your community with the following steps:

01

Stay Informed: Sign up for One Voice updates and follow us on social media to stay up to date on key budget decisions, special session developments, and opportunities to take action.

02

Contact Lawmakers: Your voice matters! Reach out to your lawmakers to share your priorities and concerns. Use Engaging in Advocacy with Lawmakers: [A Community Member's Guide](#) to prepare for your conversations with facts, priorities, and practical tips.

03

Visit the Mississippi State Legislature website: Learn about your legislators, track bills, and watch live sessions at www.legislature.ms.gov. For budget-specific updates and reports, visit the Legislative Budget Office website.



Appendix: Budget Terminology

Fiscal Year – The State of Mississippi fiscal year (FY) begins July 1st and ends June 30th. The fiscal year of cities, counties, and the federal government begins October 1st and ends September 30th. The year refers to the last year of the fiscal year (FY). (Ex. The fiscal year beginning July 1, 2024, and ending June 30, 2025 is “FY 2025.”)

Major Objects of Expenditure – The nine expense categories used within the statewide accounting system. They are: 1) Salaries; 2) Travel; 3) Contractual Services; 4) Commodities; 5) Capital Outlay – Other than Equipment; 6) Capital Outlay – Equipment; 7) Capital Outlay – Vehicles; 8) Capital Outlay – Wireless Communication Devices; and 9) Subsidies, Loans and Grants.

Performance Measures – Statistics that quantify the results achieved by government programs. Three types of performance measures are utilized with the State budget system: 1) Program Outputs (volume); 2) Program Efficiencies (cost per unit); and 3) Program Outcomes (results or quality). The use of performance measures is required by statute as a result of the passage of SB 2995 of the 1994 Legislative Session. Performance measures are included in agency budget requests and in appropriation bills for the majority of the State General Funds.

Strategic Plan – A five-year plan prepared by an agency that establishes long-range goals for the agency and a course of action to achieve those goals. The preparation of strategic plans was required by SB 2995 of the 1994 Legislative Session. Strategic plans are submitted by each state agency along with their annual budget request.

Lapse – The unexpended portion of any General Fund or State Support Special Fund (SSSF) appropriation which is returned (“lapsed”) back to the General Fund or respective SSSF at the close of the fiscal year.

Built-ins – New costs arising from new or expanded programs that are deemed as mandatory due to state or federal law, court order, or previous legislative commitment. The calculation of built-in costs is often challenging, as while a new program may be mandated, the level at which it is to be funded is not.

Attrition – A reduction in personnel that occurs through the normal processes of resignations and retirements. The word “attrition” is often misused to refer to a decrease in salary costs achieved by eliminating a portion of the funding associated with vacant positions.

Continuation – A level of funding that would allow all currently authorized programs within an agency to continue at the current level of services. New or expanded programs typically require funding above the level of continuation. Continuation funding may be more or less than the prior year’s funding level.

Appendix: Budget Terminology

Deficit/Additional Appropriation – An additional appropriation is an appropriation made to supplement an original (or “regular”) appropriation. Additional appropriations are generally made during the legislative session that follows the session in which the original appropriation was made. A “Deficit” appropriation originally referred to an appropriation required to alleviate a severe or unanticipated shortage of funds, but is now used interchangeably with “additional” or “supplemental.”

Statement I – The primary financial statement reflecting the annual budget recommendation of the Joint Legislative Budget Committee. The format of Statement I presents a financial flow chart of all General Fund cash balances, revenue, and appropriations for both the current fiscal year and the upcoming fiscal year, which are covered by the recommendations.

Out-Year Projection – A budget document that illustrates a multi-year budget plan based upon a series of revenue and expenditure assumptions. The out-year projection is particularly useful in analyzing the budget impact of programs whose costs are phased in over several years. The use of out-year projections began as a recommendation contained within the budget study required by the Budget Reform Act of 1992.

Transfer – A shift of funds among the significant expenditure objects amounts outlined in an agency’s appropriation bill (when funding is not appropriated in a lump sum). Certain statutory restrictions apply: 1) No funds can be transferred into or out of salaries; 2) No funds can be transferred into equipment; and 3) No major object of expenditure can be increased by more than 10% above the original appropriation amount. The transfer transaction must be approved by the DFA.

Escalation – An increase in an agency’s special fund expenditure authority and/or position count above the level specified in the appropriation bill. The source of the escalated funds is usually federal funds; however, the language in some appropriation bills allows for the escalation of special funds. The escalation transaction must be approved by the DFA.

Recurring/Non-recurring – This designation applies to both sources of revenue and expenditures. A revenue source or expenditure is designated as recurring if, under existing law, it is expected to continue into the next fiscal year. If the revenue source or spending is not likely to continue into the next fiscal year, it is designated as nonrecurring. A non-recurring revenue source of expenditure is considered to be a “one-time” type of funding source.

Allocated/Unallocated – A designation that refers to sources of funds. Available funds that have not yet been recommended, appropriated, or sometimes, simply not yet expended, may be referred to as being unallocated.

Appendix: Budget Terminology

Lump Sum Appropriation – An appropriation without budget controls at the object of expenditure level. Funds are appropriated in a single figure for General Funds and /or Special Funds. The agency may expend these funds without spending caps on categories of expenditures, such as salaries and equipment.

Line-Item Appropriation – An appropriation with budget controls at the object of expenditure level. Funds are appropriated in multiple figures for General Funds and/or Special Funds. The agency may expend these funds within the spending cap allocated to categories of expenditures, such as salaries and equipment.

In-Range Adjustments – Salary adjustments made under this mechanism are capped at a cumulative total of 7% per fiscal year. There are three mechanisms:

- **Salary Progressions** – Additional duties, higher responsibility, performance, longevity, and licensure/degree/certification.
- **Equity** – Relationship of an employee's salary to the salary of other similarly situated employees within the agency.
- **Immediate Labor Market Change** – To address retention, the work performed is critical, and replacing employees would be difficult.

Title Change – Positions for which salary adjustments are being made due to a change in the title and duties of the position. (Ex: Secretary to Nurse). May be upward, downward, or lateral.

Additional Compensation – An Additional form of compensation to employees in the delivery of essential services within or outside of the standard work schedule or workplace. Includes travel, standby pay, call back pay, shift pay, special duty pay, or type/duty/location pay.

OBRS – The Online Budget Request System (OBRS) is the Legislative Budget Office's web application used by state agencies to enter and submit their annual budget request. Agency budget requests that LBO Analysts have approved are published to the LBO website and Budget Request System page.

State Support Funds – Includes State General Funds and State Support Special Funds. It does not include Federal Funds or agency-generated Special Funds.



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