

## MISSISSIPPI Budget Report Card



THOUGH IT IS ONE of the poorest states in the US, Mississippi achieved fairly high marks for its budgetary practices for fiscal 2016 through 2018.

The state earned a B average in budget maneuvers, with an A score in the category for 2018. The improved mark came after Mississippi stopped relying on rainy day fund withdrawals to balance the budget. Mississippi also averaged a B in legacy costs. While it funded its public employee pension plans in line with actuaries' recommendations, the retirement system's funded ratio was just 61.1 percent in 2017—lower than all but ten other states and 7 percentage points lower than the national total.

Mississippi also scored a B average in transparency; its only shortcoming was a lack of disclosure of deferred infrastructure replacement costs. All but four states—Alaska, California, Hawaii, and Tennessee—failed to provide this figure.

Mississippi's lowest average mark was a C in budget forecasting, primarily because it did not disclose multiyear expenditure or revenue forecasts. It did use consensus revenue estimates, however, developed by a committee composed of the state's fiscal officer, economist, treasurer, and tax commission chair, and the director of the Legislative Budget Office.


### EAST SOUTH CENTRAL STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Alabama	D	B	C	B	B
Kentucky	B	C	C	C	B
Mississippi	C	B	B	B	B
Tennessee	C	A	B	A	A
US AVERAGE	C	B	C	B	B


**NOTE** States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at [VolckerAlliance.org](http://VolckerAlliance.org).


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BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	X	X	X
	Multiyear Revenue Forecasts	X	X	X
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE		C	3-YEAR TREND —	

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	A
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	X	X	✓
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✓
3-YEAR AVERAGE		B	3-YEAR TREND ↗	

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Public Employee OPEB Funding	✓	✓	✓
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	60%	61%	61%
3-YEAR AVERAGE		B	3-YEAR TREND —	

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	X	X	X
3-YEAR AVERAGE		B	3-YEAR TREND —	

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE		B	3-YEAR TREND —	

### KEY

✓	Followed best practice
X	Did not follow best practice

**BUDGET FORECASTING** evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

\* SOURCE Bloomberg; 2017 data also used for 2018.