

MISSISSIPPI Budget Report Card



MISSISSIPPI'S MOST PROMINENT budgetary weakness is its lack of multiyear forecasting. Instead, the state estimates revenues and expenditures only for the upcoming budget year. The shortcoming left Mississippi with a C average in budget forecasting for fiscal 2015 through 2019. In contrast, it won a top A average in budget maneuvers because it shunned most one-time measures to achieve balance. It engaged in such measures only in 2016 and 2017, when it withdrew \$69.9 million and \$82.3 million, respectively, from its rainy day fund to support general fund spending.

Known as the Working Cash-Stabilization Reserve Fund, the rainy day account held \$350 million in 2019—up from \$295 million the year before. Mississippi has clear policies for fund withdrawals and replenishments but does not take revenue volatility into account when determining balances. That held Mississippi to a B average in reserve funds.

The state also received B averages in transparency and legacy costs. In the transparency category, Mississippi produces an annual report on tax expenditures, provides comprehensive budget information through a consolidated website, and, like other states, publishes tables that show outstanding debt. It missed an A mark because it does not report deferred infrastructure maintenance costs in its budget documents, a shortcoming shared with forty-four other states. While Mississippi's pension funding ratio was 62 percent in 2019, 9 percentage points below the total for all states, the state has consistently provided actuarial determined contributions to pensions and other postemployment benefits (OPEB), primarily health care.

EAST SOUTH CENTRAL STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Alabama	D-	B	C	B	B
Kentucky	B	C	C	C	B
Mississippi	C	A	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: Preparing for the Storm* at VolckerAlliance.org.


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BUDGET FORECASTING							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	C	C	C	C	C	'15 '16 '17 '18 '19
	Consensus Revenue Forecasts	✓	✓	✓	✓	✓	
	Multiyear Expenditure Forecasts	✗	✗	✗	✗	✗	
	Multiyear Revenue Forecasts	✗	✗	✗	✗	✗	● ● ● ● ●
	Revenue Growth Projections	✓	✓	✓	✓	✓	
		5-YEAR AVERAGE C					

BUDGET MANEUVERS							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	A	B	B	A	A	'15 '16 '17 '18 '19
	Deferring Recurring Expenditures	✓	✓	✓	✓	✓	● ● ● ● ●
	Revenue and Cost Shifting	✓	✗	✗	✓	✓	● ● ● ● ●
	Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓	
	Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓	
		5-YEAR AVERAGE A					

LEGACY COSTS							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	B	B	B	B	B	'15 '16 '17 '18 '19
	Public Employee OPEB Funding	✓	✓	✓	✓	✓	
	Public Employee Pension Funding	✓	✓	✓	✓	✓	● ● ● ● ●
	Public Employee Pension Funded Ratio*	62%	58%	62%	63%	62%	
		5-YEAR AVERAGE B					

RESERVE FUNDS							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	B	B	B	B	B	'15 '16 '17 '18 '19
	Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓	
	Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓	● ● ● ● ●
	Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓	
	Reserves Tied to Revenue Volatility	✗	✗	✗	✗	✗	
		5-YEAR AVERAGE B					

TRANSPARENCY							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	B	B	B	B	B	'15 '16 '17 '18 '19
	Consolidated Budget Website	✓	✓	✓	✓	✓	
	Provides Debt Tables	✓	✓	✓	✓	✓	● ● ● ● ●
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	✗	✗	
	Discloses Tax Expenditures	✓	✓	✓	✓	✓	
		5-YEAR AVERAGE B					

KEY

✓	Followed best practice
✗	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.

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