

**STATE OF MISSISSIPPI  
DEPARTMENT OF FINANCE AND ADMINISTRATION**

TOPIC	BUDGETS	SUB-SECTION 05.20.10
SECTION	BUDGET PROCESS	ISSUANCE DATE MARCH 31, 2000
SUB-SECTION	BUDGET REQUESTS	REVISED - 2018

**BUDGET REQUESTS**

As part of the budget request process, state agencies prepare and submit the following:

- 1) The Budget Request Forms and Addendums to the DFA OBFM and LBO
- 2) The Five-Year Strategic Plan to the DFA OBFM and LBO
- 3) Proposed Personnel Actions and information regarding allocations of salaries and positions among agency programs to SPB

At the beginning of the budget process, DFA OBFM and LBO jointly develop budget materials including the forms and format to be sent to agencies for submission of their budget requests. This joint budget package provides a consolidated approach to the state's appropriation and budgeting process.

State budget statute also requires that an addendum, a five-year strategic plan be submitted with for each state agency. LBO develops and maintains the five-year strategic plan forms and instructions. The first year of the five-year strategic plan must agree with the annual budget request. LBO distributes the budget and strategic plan instructions and forms package to state agencies usually in May or early June. The agency budget request is usually due on August 1 or the next business day if August 1 falls on a weekend. The strategic plan is usually due on August 15 or the next business day if August 15 falls on a weekend. The budget package distributed to agencies for budget and strategic plan preparation includes specific due dates.

Agency budget requests are submitted both electronically and in paper format. The instructions detail how many copies of the budget in paper format are to be submitted to the DFA OBFM and to LBO. The Online Budget Request System (OBRS), was initially developed and is maintained by LBO for use by state agencies in preparing and submitting their budget requests electronically. LBO provides training to agency budget officers on using OBRS. Agencies can begin entering their next fiscal year budget request in June. All of the budget request and strategic plan information and a link to the OBRS web site is available at the Legislative Budget Office web site: <http://www.lbo.ms.gov>. Both DFA OBFM and LBO budget analysts are available to assist agencies in completing their budget requests.

For state agencies that are under the purview of the State Personnel Board (SPB), SPB sends out separate forms and instructions for submission of personnel action requests (new positions, reallocations, reclassifications) included in the budget request and for the allocation of positions and salary information among approved programs. Instructions and forms are usually sent to agencies in May. Agencies update SPB information for any changes in funding sources for all positions to ensure accuracy in SPB projections that will be provided during the budget preparation and appropriation process. Agency human resources staff calculate the amounts and funding sources needed for the proposed personnel actions to be included in the total agency budget request. For agencies that use SPAHRS, the SPB budget request with justifications for the proposed personnel changes is submitted in the State Payroll and Human Resource System - SPAHRS. Each year at the September meeting, SPB reviews and votes on the state agencies' personnel budget requests and sends the recommendations to OBFM and LBO. State agencies can go into SPAHRS to determine what recommendations were made regarding proposed personnel actions for their agency.

As stated above, agency budgets are generally due to DFA OBFM and LBO on August 1 of each year. Budget analysts at DFA OBFM and LBO are assigned to review specific state agencies budget requests and to become knowledgeable regarding their assigned agencies' operations, revenue sources, expenditure and revenue histories, statutes and any other variables that might impact the agencies' budget. The budget analysts in both offices receive SPB projections and recommendations. The primary focus of the budget analysts is typically to review state agencies' budget requests and to identify and evaluate justifications and explanations for any requested increases and

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decreases in expenditure authority; number of positions, and any funding changes (including funding swaps in the budget requests). Budget analysts may also be assigned to special projects, to research services provided, funding sources, etc. and to provide information regarding possible changes in programs, services, funding, agency reorganizations, etc. Agencies are required to comply with requests for additional information from budget oversight offices as well as the Governor's Office and members of the Legislature. The Joint Legislative Budget Committee hosts budget hearings for state agencies in September or October. Agency heads may request budget hearings. Agencies may also be called upon during the budget and appropriation process to provide additional information.

**BUDGET RECOMMENDATIONS**

Because state law requires that Mississippi operate under a balanced budget, recommended expenditure levels cannot be in excess of estimated available funds. There is also statute (Section 27-103-139, MS Code Ann. 1972) that limits expenditures from the General Fund to 98% of the amount of the General Fund revenue estimate (jointly determined by the Governor's Office and the Joint Legislative Budget Committee) plus an unencumbered balances in General Funds available and on hand at the end of the fiscal year. This section of the statute has been amended occasionally over the years to exclude specific years from the limitation. In November, based on revenue projections from the MS Department of Revenue, the State Economist, and LBO revenue projection staff, the Governor's Office and the Joint Legislative Budget Committee will reach an agreement regarding the amount of estimated revenue to be used in the budget process but the two budget offices will continue to monitor revenue collections and updated revenue estimates later in the process to determine if this amount should be revised.

Budget analysts in the DFA OBFM receive guidelines from the Governor's Office to use in developing the Executive Budget Recommendations (EBRs). These recommendations are reviewed and approved for inclusion in the Executive Budget Summary (the Governor's proposed balanced state budget) which is published on or before November 15. The process of reviewing the budget requests and developing the EBRs occurs during August – November of each year. As noted before, in the first year following a gubernatorial election, an incoming governor may be unfamiliar with state agencies and the state budget process and is allowed additional time to develop his proposed state budget; therefore, timelines will change.

LBO budget analysts receive guidelines from the Joint Legislative Budget Committee to use in developing the Legislative Budget Recommendations - LBRs. In November, the Joint Legislative Budget Committee meets to consider the LBRs and to consider the latest revenue estimates. In December, once the LBRs have been adopted, and the final determination has been made regarding the amount of funding to be used, LBO publishes the Legislative Budget Book. This document includes information from each agency's budget request and the Legislative Budget Recommendations.

**THE APPROPRIATION PROCESS**

The Legislative Session begins in January and members of the Legislature have the Governor's proposed budget as well as the Legislative Budget Recommendations to use in considering state agencies' budget requests.

Appropriation bills are filed for each agency. Some agencies may have more than one appropriation bill. Approximately half of the appropriation bills originate in the House and the other half originate in the Senate. The bills are referred to committee. Individual committees review the assigned appropriation bills and the budget recommendations. The committees may hold budget hearings or request additional information from state agencies. If the bills are passed by the committees, they go to the full House or Senate Appropriation Committee. After passage there, the bill goes to the full House or Senate for action. The House or Senate will pass the bills as presented or as amended or let them die. About halfway during the legislative session, all of the bills passed by the

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originating chamber revert to the other chamber and the process is repeated. If the second chamber amends an appropriation bill, the bill is sent back to the other chamber for concurrence. If the originating chamber rejects the changes, the bill will be sent to a conference committee composed of members of both chambers, to work out a compromise. When a compromise is reached, the bill is sent back to both chambers for passage. When both chambers of the Legislature pass the same version of the appropriation bills, they are sent to the Governor for approval. Appropriation bills are usually passed toward the end of the session.

When the Governor receives a bill, he has three options: 1) approve the bills as presented and they become law immediately upon his signature; 2) take no action for five days (excluding Sundays) and the bill becomes law or 3) veto the bill and it will be sent back to the Legislature with his comments and reconsidered. The Legislature may override the veto, which requires a 2/3 vote of both legislative chambers, and the bill will become law. The Governor may also veto parts of any appropriation bill and approve parts of the bill and the parts that are approved will become law. The effective date for most appropriation bills is July 1 of the new fiscal year.

The Governor’s Office, DFA OBFM staff, LBO staff and state agencies monitor legislative action on budgets and on other bills impacting agency operations throughout the legislative session. It is important that state agencies closely monitor all actions taken on their budget requests throughout the appropriation process and communicate any concerns they have.

During April and May after the close of the session, LBO publishes the LBO Bulletin, which presents a comparison of the appropriation bills passed in the legislative session that just ended for the next consecutive fiscal year to the appropriations passed in the prior year legislative session and to any appropriations passed during any extraordinary session(s) for the new fiscal year starting July 1.

**AFTER THE APPROPRIATION PROCESS**

After an appropriation bill completes the legislative process and becomes law, the bill is filed with the Secretary of State’s Office where it is enrolled and a chapter number is assigned to it. Generally in late May, the Secretary of State’s Office sends state agencies a listing of appropriation bills. This listing can be used to identify legislation passed that affects each agency. The Secretary of State’s Office develops a website that includes a copy of each bill including the chapter number and also sends a link to the website that can be used to access and print a copy of their appropriation bill with the chapter number.

Each agency reviews the appropriation bill(s) passed for their agency and decides how the budget expenditure authority and positions is to be allocated internally by program, by major object, by funds and by cost centers and fund centers. If new treasury funds have to be established, the agency requests a new fund by submitting [Form 04.50.10 – Application to Establish a Fund](#), along with a copy of the applicable legislative authority to establish the fund and a copy of the appropriation bill with the chapter number, and related fund application, program number and cost center information to the DFA/Office of Fiscal Management, Bureau of Financial Management at [OFM.BFM@dfa.ms.gov](mailto:OFM.BFM@dfa.ms.gov). Agencies also submit any other changes needed to master data for cost centers, the E398 Table, funds and customers to this same e-mail address.

DFA OFM staff make any other changes to master data requested by the agencies (Cost Centers, Fund Centers, etc.) necessary to establish budget authority in the Mississippi Accountability System for Government Information and Collaboration (MAGIC) and to use in processing and posting transactions for the new fiscal year. They review the supporting documentation and approve the Form 04.50.10. Staff responsible for maintaining master data in MAGIC, enter the information needed to establish the fund in MAGIC, and return the approved Form 04.50.10 to the agency. They also send copies of the approved form to the DFA OFR, DFA OBFM, State Bond Director, and the Department of Audit.

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The agencies are now ready to establish their state level and agency level budgets in MAGIC. All state level budgets **must be established by Fund** in MAGIC. The agencies create electronic budget documents in MAGIC to establish their state level budgets by Fund with Z2 budget entries. Additional lines are added to the electronic budget document for Z1 budget entries to establish agency state level budgets by Commitment Items. Establishing the state level budget by Commitment Items is required if the appropriation bill included line item appropriation amounts. It is optional if the appropriation bill was a "lump sum appropriation". State level budget entries created in MAGIC by state agencies are approved through workflow by DFA OBFM. MAGIC provides the functionality for state agencies who want to establish their budget at agency level in MAGIC to do so by creating electronic budget documents with budget type Z3 entries. This is optional -- agency level budget documents with Z3 budget entries are not routed to DFA OBFM.

**CHECKLIST – STATE AGENCIES' RESPONSIBILITIES:**

State agency heads and budget personnel should be knowledgeable regarding the state budget process and the roles played by oversight agencies.

State agency heads and budget personnel should be knowledgeable with laws and regulations related to the budgeting process in Mississippi and/or the expenditure of funds.

State agency heads and budget personnel should be knowledgeable regarding specific statutes related to their agency, their agency programs and operations, and the agency budget request and be able to answer any questions that might arise during the budget process. Agency heads may request a budget hearing or they may be asked to attend a budget hearing to provide additional information regarding the agency budget request.

Agency heads should analyze the effect of the EBRs and LBRs, to determine impact on their agency and communicate any concerns to both budget offices..

All during the Legislative session, agency heads should monitor legislative action including appropriation bills and any general bills that might impact agency operations or the budget and analyze the impact on their agency and communicate any concerns they have to both budget offices, the Governor's Office and the Legislature.

After the Legislative Session ends, agency staff should analyze appropriation bills (including any special language included in their appropriation bills) and any other legislation that affects their agency budget or operations.

Agency staff should exercise care in allocating their budget, creating budget documents and submitting the documents to establish their state and agency level budget in MAGIC. It is important to pay attention to any special language included in the appropriation bills that may require changes in master data or new treasury funds to be created, etc. to ensure accountability.

Agencies should monitor their expenditures and budget allotment balances throughout the fiscal year and make modifications when needed.

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**RECAP – BUDGET TIMELINES**

***April – June***

After the legislative session ends, the Secretary of State's Office sends an e-mail with a link to state agencies to allow them to download copies of their final enrolled appropriation bills to use in establishing budgets for the new fiscal year beginning July 1. These are the official version of the bills which contain the Chapter Number assigned by the Secretary of State's Office.

Agencies analyze their appropriation bills, allocate their budget authority internally and establish their state level and agency level budget authority in MAGIC for the next fiscal year effective July 1. DFA OBFM approves electronic budget documents in MAGIC to establish the state level budgets.

Agencies submit changes in funds and master data to DFA. OFM staff make the changes in funds and in master data for the new fiscal year beginning July 1.

Agencies submit proposed changes in designated programs and/ or performance indicators and measures to DFA and LBO and the DFA OBFM for approval. This has to occur before the next budget cycle begins.

***May – June***

LBO mails agencies a package of forms and instructions, jointly approved by DFA OBFM, to use for submitting the agency budget request for the next subsequent fiscal year. LBO provides OBRS training for agencies.

LBO provides agencies with instructions and forms to be used by agencies to report their Five - Year Strategic Plans.

***May – July***

Agencies submit Personnel Actions to the State Personnel Board and computer acquisition information to the Department of Information Technology Services (ITS) for approval.

The State Personnel Board provides projections of personnel costs to agencies to use in preparing their budget requests.

Agencies prepare and submit budget requests and Five - Year Strategic Plans to DFA OBFM, and LBO. The information in the Five – Year Strategic Plan for the first year of the plan should agree with costs, etc. included in the agency budget request.

***August***

OBFM and LBO budget analysts independently begin reviewing state agency budget requests and Five – Year Strategic Plans.

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***September - October***

The State Personnel Board reviews and votes on state agencies' personnel budget requests. SPB recommendations are sent to DFA, OBFM, and LBO and are also posted in SPAHRS.

The Joint Legislative Budget Committee hosts budget hearings to gather additional information about budget requests.

DFA monitors monthly revenue collections and in the event of a significant shortfall, implements budget reductions as required by statute.

Budget analysts in both budget offices continue review of the state agency budget requests and Five – Year Strategic Plans.

***November***

DFA, OBFM, and LBO staff complete their analysis of agency budget requests. Using guide lines from the Governor's Office and Joint Legislative Budget Committee respectively, the budget analysts develop budget recommendations.

The Joint Legislative Budget Committee and Governor's Office agree on the estimated revenue to be used in the budget process for the next state budget year.

The Executive Budget Recommendation Summary is completed and published on or before November 15.

***December***

The Joint Legislative Budget Committee adopts the Legislative Budget Recommendations. The Legislative Budget Book is published.

***January – March / April***

The Legislative Session occurs – state agencies and DFA OBFM and LBO staff monitor legislative action, analyze impact of proposed legislation, respond to questions from legislators and the Governor's Office as needed regarding budget issues. Legislative action is reported daily at the Legislative website:  
[www.legislature.ms.gov/pages/default.aspx](http://www.legislature.ms.gov/pages/default.aspx).

***May – June***

The Legislative Budget Office publishes the Legislative Appropriations Bulletin with information summarizing appropriations passed during the session just ended.

***July – June***

DFA OBFM assists state agencies in making budget modifications as needed.

DFA monitors monthly revenue collections and in the event of a significant shortfall, implements budget reductions as required by statute.