



Amended Fiscal Year 2020 and Fiscal Year 2021

House Appropriations Committee
General Government Subcommittee



Governor's Office of
PLANNING AND BUDGET
THE STATE OF GEORGIA

Governor's Budget Proposal Overview



OPB “Fall” Budget Development Process

- **August 6**
 - Governor issues public budget instructions requesting 4% and 6% reduction scenarios from state agencies
- **September 11**
 - OPB posts agency budget requests to the website for public review
- **September 23**
 - OPB issues public memo to agency heads regarding 4% allotment withholds beginning October 1
- **September 24 - 26**
 - OPB and State Economist Address Joint Appropriations Hearing
- **November 12**
 - Council of Economic Advisors Meeting with Governor, House, and Senate Leadership
- **November – December**
 - Governor meets with agency heads to discuss budget impacts
- **January 16**
 - Governor releases budget to General Assembly during State of the State
- **January – February**
 - OPB meets with House and Senate budget analysts to discuss Governor budget



AFY 2020 and FY 2021 Revenue Estimates

Total General Funds

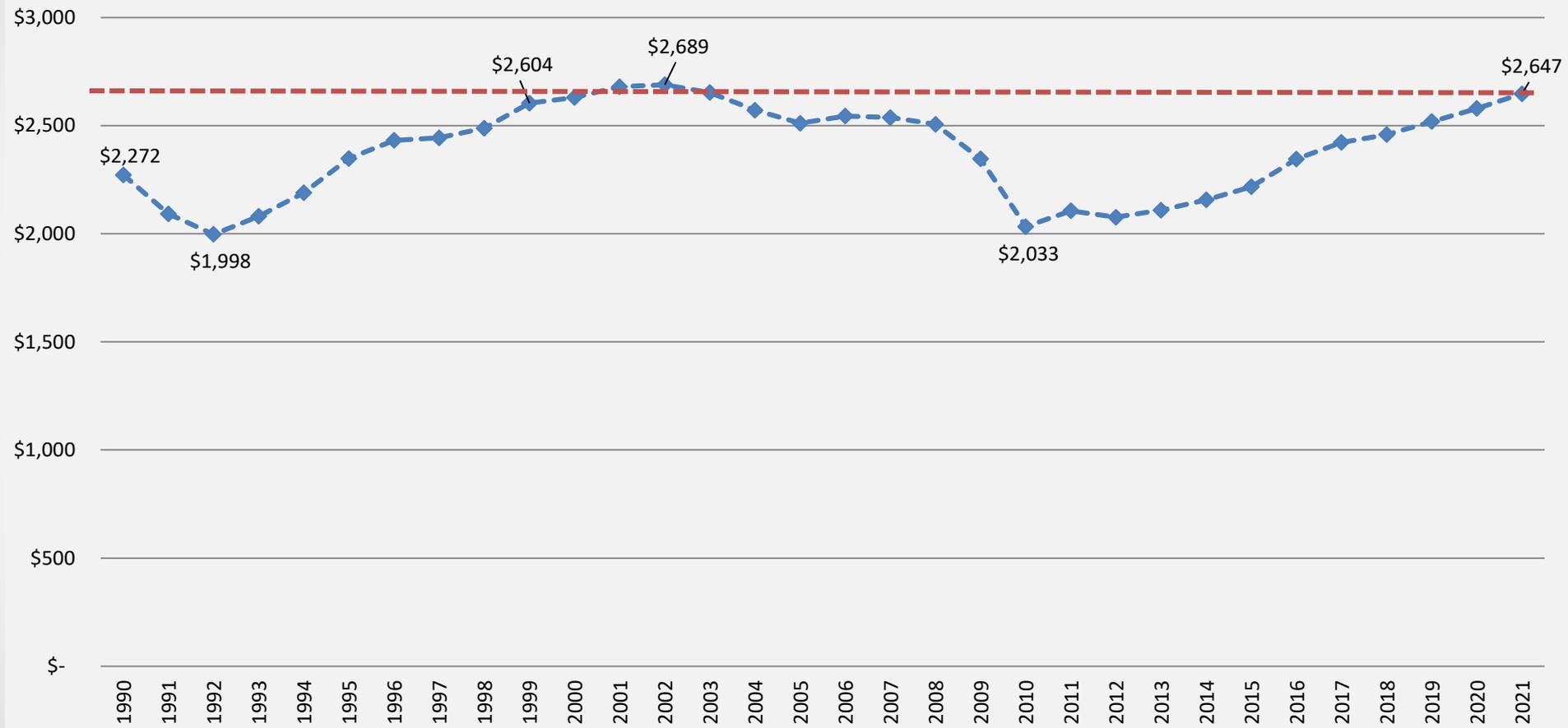
	<u>Final FY 2019 Budget</u>	<u>Original Budget FY 2020</u>	<u>Amended Budget FY 2020</u>	<u>Budget FY 2021</u>
Net Taxes				
Net Income Tax - Individual	\$12,304,247,834	\$12,753,502,264	\$12,299,242,300	\$12,653,106,826
Net Income Tax - Corporate	1,078,070,000	1,259,624,024	1,408,489,534	1,536,118,103
Net Sales and Use Tax - General	6,209,297,000	6,525,181,000	6,450,147,613	6,722,141,290
Net Motor Fuel	1,835,443,645	1,865,866,307	1,851,699,955	1,926,488,176
Net Tobacco Taxes	227,384,400	229,658,200	230,000,000	235,000,000
Net Alcoholic Beverages Tax	198,044,400	200,222,900	206,000,000	211,000,000
Net Motor Vehicle License Tax	403,042,000	409,088,000	390,000,000	380,000,000
Title ad valorem Tax	799,136,900	616,896,500	640,000,000	700,000,000
Insurance Premium Tax	512,629,900	523,907,800	532,000,000	540,000,000
Total Net Taxes	\$23,567,296,079	\$24,383,946,995	\$24,007,717,872	\$24,903,854,395
Total Interest Fees and Sales - DoR	596,431,200	\$606,541,600	\$579,000,000	\$571,000,000
Total Interest Fees and Sales - Other Departments	1,158,925,322	1,152,611,058	1,152,472,538	1,156,911,901
Total Interest Fees and Sales	\$1,755,356,522	\$1,759,152,658	\$1,731,472,538	\$1,727,911,901
Total State General Fund Receipts	\$25,322,652,601	\$26,143,099,653	\$25,739,190,410	\$26,631,766,296

Note: AFY 2020 general fund growth is estimated to be .66% over FY 2019 actuals and FY 2021 general fund growth is estimated at 3.5% above AFY 2020 estimates



State Funds Expenditures Per Capita

State Funds Expenditures Per Capita



*All amounts shown are adjusted for inflation to current fiscal year dollars



Amended FY 2020 Budget Synopsis

Revenues

- \$404 million reduction in general fund revenues over original FY 2020 revenue estimate
- Does not account for HB 918 “Phase III” income tax reduction
- \$255.7 million from RSR for mid-term K-12 adjustment
- \$5.7 million in additional tobacco settlement revenues based on PRAG estimates
- Structurally balanced, no reliance on one-time sources of funding

Growth

- \$145 million for K-12 enrollment growth
 - \$123 million QBE and \$18 million State Charter Schools
- \$33 million DSH and Medicare Part B and D requirements offset by \$38 million in savings in Medicaid expense growth
- \$25 million for Forestland Protection grants to meet projected need
- \$10 million for Governor’s Emergency Fund

Reductions

- \$216 million for 4% operational reduction to agencies
- \$38 million Medicaid growth savings from utilizing prior year carryforward
- \$79 million debt service savings from June sale
- \$18 million other identified savings



Revenues

- \$488 million general fund growth, including \$53 million dedicated transportation funding
- Does not account for HB 918 “Phase III” income tax reduction
- Structurally balanced, no reliance on one-time sources of funding

Growth Increases and Dedicated Funds

- \$168 million in education funding formulas (K-12 and Higher Education)
- \$369 million for a \$2,000 pay increase for certified personnel and Pre-K teachers
- \$45 million for a \$1,000 pay increase for K-12, Regents, and state employees earning less than \$40,000 annually
- \$240 million for Medicaid expense growth, FMAP adjustment, and other federal Medicaid requirements
- \$104 million in debt service for \$950 million capital outlay package
- \$24 million for Georgia Outdoor Stewardship Act and Trust Funds

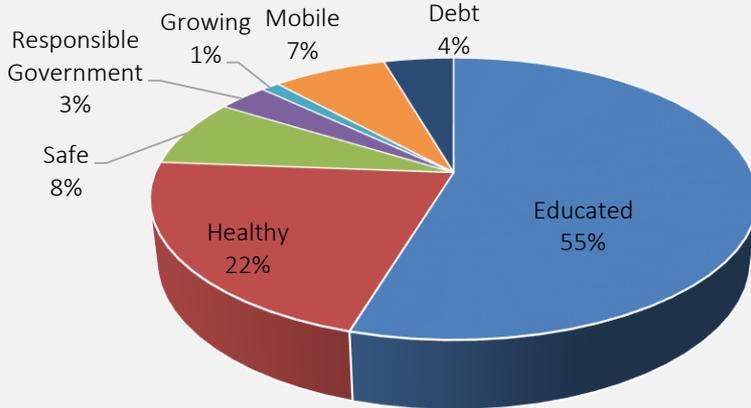
Reductions

- \$341 million for 6% operational reduction to agencies
- \$190 million in employer contributions for Teachers Retirement System
- \$22 million in other identified savings

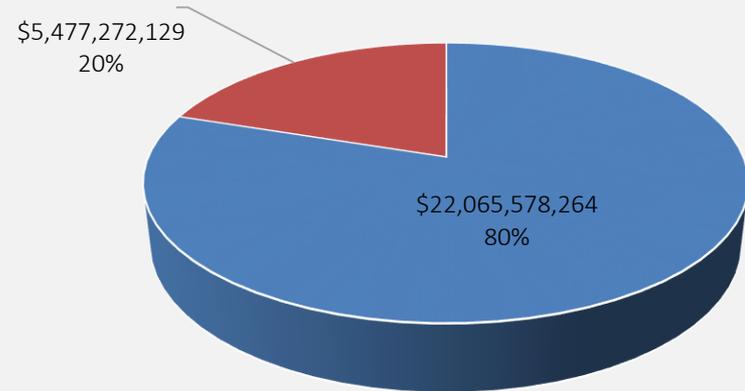


Mandatory Spending Exemptions

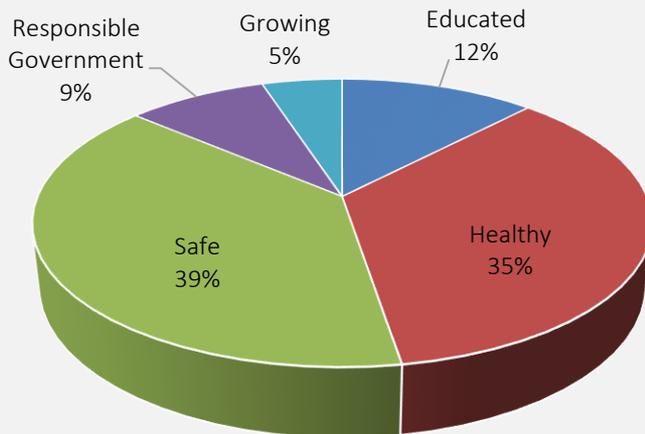
FY 2020 Original Budget



Mandatory Spending Exemptions



Base Budget After Exemptions



- Mandatory spending exempt from budget cuts includes:
 - Dedicated revenues sources: Lottery, Tobacco Settlement, Motor Fuel Funds, Brain and Spinal Injury, Hospital Provider Fees, Nursing Home Provider Fees
 - Constitutionally guaranteed debt service
 - Education funding formulas and scholarships
 - Medicaid spending
 - Legislative and Judicial Agencies



Non-intrusive Budget Reductions

- **Travel Savings:** \$7.5M in AFY 2020 and \$10.5M in FY 2021 from reducing conference attendance or purchasing vehicles to reduce mileage reimbursement costs
- **Rental Savings:** \$2.2M in FY 2021 from reducing unused real estate space
- **Technology Savings:** \$7.6M in AFY 2020 and \$14.3M in FY 2021 from reducing unused phone lines, reducing laptop refresh, leveraging efficiencies in new IT systems, reducing administrative costs of statewide GETS contract management
- **Consolidating Duplicative State Activities:** Industrial Loan transfer to Banking and Finance, Historic Preservation program transfer to Community Affairs, Industrialized building inspections transfer to Insurance
- **Eliminating Vacant Positions:** \$70M in each fiscal year by maintaining current filled employment levels or capturing projected lapse from regular turnover
- **Administrative Reorganization:** Restructuring back office operations to centralize administrative functions, reduce duplicative positions, participating in payroll and accounting shared services, reducing the number of employees with access to p-cards
- **Reduced Utilization Savings:** \$1.3M in savings to reflect current bed utilization at War Veterans Nursing Homes and \$6.7M in savings for Out-of-Home care to reflect declining monthly placements



Agency Proposed Budget Reductions Not Recommended by the Governor

- **Office of the Child Advocate:** no proposed reductions taken in budget recommendation
- **Community Health:** (\$847,962) to build autism capacity with focus in rural areas
- **Human Services:** (\$2,811,501) for Aging Services that would have reduced adult protective services caseworkers, funding for regional ombudsman offices, Non-Medicaid home and community based services, and home and congregate meals
- **Family and Children Services:** (\$940,000) for pilot program for closed foster care cases and (\$134,000) for reduced CASA contracts
- **Public Health:** (\$500,000) for feminine hygiene products and (\$600,000) for perinatal sites in Jenkins, Wilcox, and Randolph counties.
- **Criminal Justice Coordinating Councils:** (\$794,155) for grants for domestic violence and sexual assault centers.
- **Natural Resources:** (\$824,095) for law enforcement personnel to maintain current ranger levels across the state



Budget Reduction Analysis for Governor's Proposal



Behavioral Health and Developmental Disabilities

- \$295M (24% of budget) was exempt from the Governor's budget instructions to mitigate impact on Medicaid funded services
- The original FY 2020 budget added almost \$75 million in new funding over the FY 2019 budget.
 - AFY 2020 reduces that amount by \$33M, leaving a net budget increase of **\$41M**. FY 2021 will be \$9M higher than AFY 2020 and **\$50M more** than FY 2019.
- The Adult Mental Health Services program will see net adds of \$40.2M in AFY 2020 and \$36.3M in FY 2021 over the FY 2019 budget even with the proposed reductions.
- Budget reductions focused on administrative efficiencies or reducing funding for new or expanded services added that had not yet been implemented. Half of reductions in AFY 2020 and 2/3 of reductions in FY 2021 are from undeployed services.
- This budget still adds new funding to the Department. FY 2021 provides for \$2.7M in additional funding to annualize 125 NOW and COMP waiver slots and \$6.6M for operations of the 40-bed forensic unit at West Central Regional Hospital in Columbus
- With the Governor's FY 2021 budget recommendation, the state will have increased its investment in Georgia's behavioral health services by more than half a billion dollars annually since FY 2010.



General Grant-In-Aid

- Each county board of health provides public health services for county residents
- DPH provides funds to support county boards of health through:
 - programmatic grant-in-aid, which provides for specific population-based or client-based services such as Children's first, Cervical Cancer, TB, and Oral Health Screenings
 - general grant-in-aid (GGIA), which are flexible state funds used for operational costs of administering the county's public health system or for miscellaneous services and projects
- \$14M in state funds, \$64M in total funds year to date have been leveraged by counties from DPH excluding GGIA
- In FY 2019 counties spent over \$129M in total funds excluding GGIA
- County boards of health are also able to leverage revenues generated through several other sources; GGIA is not the only source of operational revenue

Georgia Poison Center

- \$1,222,719 in state funds for total contract amount. Budget proposal will reduce contract by 4%, or \$49,000
- The other \$40,000 is for a reduction for a contract consultant which, per DPH, will have no measurable impact on the program
- Center also receives federal matching funds



Crime Laboratory/Forensic Scientific Services

- AFY 2020 budget will hold one scientist position each in Toxicology, Firearms and Impressions vacant, but does not reduce funds for positions in the Chemistry (Drug) and Forensic Biology (DNA) disciplines, which have the largest backlogs
- In FY 2021, the Bureau expects that it may be able to outsource processing for some cases in Chemistry and Forensic Biology to help address the backlog and free up scientists time to focus on in-house analysis such as sexual assault kits
- The Bureau also receives a federal DNA backlog reduction grant which helps processing and analysis of sexual assault kits
- Since FY 2017, GBI has added 16 scientist positions as appropriated in the budget

Accountability Courts

- The original FY 2020 budget included \$30.7 million for state grants to accountability courts
- \$28 million is granted to local courts with \$1.2 million reserved for supplemental grants
- Courts returned approximately \$1.4 million of those funds in FY 2019
- The FY 2021 budget assumes similar surplus levels from FY 2019 along with some reduction of supplemental funds
- The Funding Committee for the Council of Accountability Court Judges' ultimately decides allocations to local courts



Georgia Public Defender Council

- The Governor's budget recommends holding open approximately 15 vacant state-funded in FY 2020 and 27 state-funded positions vacant since January 1st, 2019 in FY 2021
- The state is statutorily required to provide one state funded assistant public defender per superior court judge in each judicial circuit and continues to meet that mandate.
- Counties have the option to pay for additional public defenders to work cases in their circuit and the recent TAVT changes have provided counties with \$170 million in additional revenue
- OPB also worked with the agency to identify opportunities for savings to minimize impacts on public defenders, such as relocating the Council from the State Bar Building to Capitol Hill, which would save the agency \$110,000 annually in rent



Inspections

- Inspections should not be impacted by budget reductions. The department currently has almost the same number of inspectors on staff as they did in each of the last two fiscal years.
- The FY 2021 recommendation provides an average 3% pay increase to 136 of the 254 employees, the positions the Department states are the most difficult for them to recruit and retain due to low pay.
- An FY 2021 3% increase to these positions would be the largest pay raise they have received since FY17.
- In all prior recent years in which a merit pay increase was appropriated to the Department, the Department provided across the board raises to employees and not a merit-based increase plan. The FY 2021 proposed salary increase will provide a larger and more targeted salary enhancement to directly address pay issues in some of the agency's highest turnover positions.



Georgia Department of Agriculture

Job Title	# of Positions Filled				Current Average Salary
	FY 2017	FY 2018	FY 2019	Jan. 2020	
Safety & Compliance Spec 1			3	4	\$32,000
Environmental Compliance Spec 1		1	1		
Environmental Compliance Spec 2		4	3	1	\$32,971
Environmental Compliance Spec 3		1	1	2	\$36,268
Agriculture Compliance Spec 1	19	23	15	17	\$31,292
Agriculture Compliance Spec 2	23	21	27	24	\$33,932
Agriculture Compliance Spec 3	4	5	6	5	\$39,188
Agriculture Compliance Spec Spv	15	11	11	9	\$45,246
Compliance Specialist 1	2	2	3	5	\$47,474
Compliance Specialist 2			1	1	\$46,103
Compliance Specialist 3				1	\$49,370
Agriculture Inspector 1	52	57	52	51	\$29,564
Agriculture Inspector 2	31	25	34	35	\$33,356
Agriculture Inspector 3	31	29	26	24	\$36,980
Agriculture Inspector Spv	22	19	17	16	\$40,922
Compliance Monitor 2	1	1	1	1	\$49,501
Meat Inspector 1	23	24	23	28	\$31,356
Meat Inspector 2	18	17	19	16	\$35,021
Meat Inspector 3	7	10	10	9	\$37,044
Meat Inspector Spv	6	5	5	5	\$43,766
Total Inspectors and Regulators	254	255	258	254	\$34,541



Board of Regents

College of Agricultural and Environmental Sciences

- \$92.5 million in state funds allocated to the College of Agricultural and Environmental Sciences in FY 2020.
 - \$1.4 million from the Teaching program
 - \$44 million from the Cooperative Extension Service (CES) program
 - \$47 million from the Agricultural Experiment Station (AES) program
- In FY 2019, AES and CES collected more than \$83.8 million in other funds.
 - AES: \$50.5 million
 - CES: \$33.3 million
- At the end of FY 2019, AES and CES had a combined fund balance of approximately \$37.3 million remaining to carry forward for future year expenses.
 - \$23.9 million is restricted/sponsored research funds.
 - \$13.4 million unrestricted
 - Estimated \$9.5-11.5 million will be used to support ongoing operations.
 - \$2-4 million remaining to address budget reductions.
- Between FY 2015 and FY 2019, AES/CES combined fund balance has grown 45% from \$25.7 million to \$37.3 million.
 - Unrestricted fund balance has grown 45% from \$9.2 million to \$13.4 million.



Board of Regents of the University System of Georgia Agricultural Experiment Station

Position	AFY 2020				FY 2021			
	Agency Request		Governor's Rec.		Agency Request		Governor's Rec.	
	Count*	Amount	Count*	Amount	Count*	Amount	Count*	Amount
Academic Professional	(1)	(\$32,468)		(\$32,468)	(1)	(\$32,468)		(\$32,468)
Accountant	(1)	(38,097)	(1)	(38,096)	(1)	(38,097)	(1)	(38,096)
Administrative Support	(3)	(49,739)	(1)	(94,807)	(3)	(87,835)	(3)	(192,569)
Communications/Marketing					(3)	(214,090)	(3)	(214,090)
Faculty	(4)	(221,672)	(4)	(510,233)	(7)	(768,060)	(8)	(1,109,980)
Information Technology	(3)	(165,726)	(2)	(264,383)	(3)	(165,726)	(2)	(264,383)
Maintenance Staff						(19,683)		(19,683)
Management	(1)	(156,747)	(1)	(143,685)	(1)	(236,613)	(1)	(236,613)
Public Service	(1)	(22,100)		(22,100)	(1)	(22,100)		(22,100)
Research Professional	(2)	(107,376)	(2)	(107,376)	(3)	(162,864)	(3)	(162,864)
Research Technician			(10)	(486,326)	(7)	(362,426)	(8)	(406,950)
Total	(16)	(\$793,925)	(21)	(\$1,699,474)	(30)	(\$2,109,962)	(29)	(\$2,699,796)
Utilize Other Funds	4	145,473	13	755,886	11	545,995	20	1,576,425
Net Impact	(12)	(\$648,452)	(8)	(\$943,588)	(19)	(\$1,563,967)	(9)	(\$1,123,371)

*Positions that are split funded are counted in the program with the largest personal services burden.



Board of Regents of the University System of Georgia Cooperative Extension Service

Position	AFY 2020				FY 2021			
	Agency Request		Governor's Rec.		Agency Request		Governor's Rec.	
	Count*	Amount	Count*	Amount	Count*	Amount	Count*	Amount
4-H Staff	(1)	(\$67,500)	(1)	(\$61,875)	(1)	(\$67,500)	(1)	(\$67,500)
Academic Professional			(1)	(48,083)			(1)	(48,083)
Accountant				(24,187)				(24,187)
Administrative Support	(1)	(21,503)	(5)	(188,826)	(5)	(142,881)	(5)	(251,055)
Communications/Marketing					(8)	(385,918)	(8)	(385,917)
Extension Agent	(5)	(243,600)	(5)	(243,600)	(9)	(435,600)	(9)	(435,600)
Faculty	(7)	(621,965)	(7)	(784,533)	(10)	(845,920)	(9)	(1,262,045)
Information Technology	(1)	(55,900)	(3)	(208,887)	(2)	(89,180)	(3)	(208,887)
Maintenance Staff					(1)	(36,342)	(1)	(37,485)
Management					(2)	(147,418)	(2)	(147,418)
Public Service			(1)	(96,090)			(1)	(96,090)
Research Professional				(6,108)				(6,669)
Research Technician	(1)	(6,252)	(1)	(75,706)	(1)	(6,252)		(6,252)
Total	(16)	(\$1,016,720)	(24)	(\$1,737,895)	(39)	(\$2,157,011)	(40)	(\$2,977,188)
Utilize Other Funds			6	314,553			11	991,238
Net Impact	(15)	(\$1,016,720)	(18)	(\$1,423,342)	(39)	(\$2,157,011)	(29)	(\$1,985,950)



Department of Education

Salary Increases

- \$2,000 pay increase for more than 147,000 eligible certified employees at local school districts
 - This will be an approximately 5% increase to the state funded base salary for teachers.
 - Non-certified employees funded through the Quality Basic Education program at less than \$40,000 will also receive a \$1,000 salary increase
- \$356 million total increase to provide a teacher and staff pay increase
 - More than 50%, approximately \$194 million, is for rural school districts outside of Metro Atlanta.
 - This provides a direct economic impact of approximately \$320 million to those rural communities as the school system is often one of the largest employer in these communities.
- \$5.4 million to provide a 5% increase to the base state salary for school bus drivers and state supplemental pay for nutrition workers.



Department of Education

Non-Quality Basic Education Grants

	FY 2020		FY 2021	
	Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
Agricultural Education Grants	(\$444,915)	\$0	(\$667,373)	\$0
Charter Facilities Grants	(136,000)	(136,000)	(204,000)	(204,000)
Communities in School	(57,124)	(57,124)	(85,686)	(85,686)
Georgia Network for Educational and Therapeutic Support (GNETS)	(2,549,871)	0	(3,824,806)	0
Grants for Career, Technical and Agricultural Education, and Technology	(80,000)	(80,000)	(120,000)	(2,000,000)
Non Quality Basic Education Formula Grants	(579,230)	0	(868,845)	0
Nutrition	(981,373)	0	(1,472,060)	0
Preschool Disabilities Services	(1,732,400)	0	(2,598,600)	0
Regional Education Service Agencies (RESAs)-Core Grant	(518,720)	(282,720)	(778,081)	(274,081)
Technology/Career Ed. Grants	(627,865)	0	(941,798)	0
Tuition for Multiple Disability Students	(62,078)	(62,078)	(93,117)	(117,667)
Total	(\$7,769,576)	(\$617,922)	(\$11,678,916)	(\$2,681,434)



Governor's Office of
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Office of the Governor

AFY 2020 and FY 2021 Budget Adjustments



Office of the Governor

- AFY 2020: \$273,165 and FY 2021: \$409,748 operational reductions
 - Reductions to be met through efficient use of personal services

Office of Planning and Budget

- AFY 2020: \$491,647 and FY 2021: \$647,470 operational reductions
 - Reductions to be met through maintaining vacancies, reducing IT footprint, and IT staffing
- FY 2021: \$1,500,000 reduction in one-time funds for the state Complete Count Committee for the Census for a targeted marketing, educational, and messaging campaign

Governor's Emergency Fund

- AFY 2020: \$10 million in one-time funds to provide additional resources in responding to emergencies such as natural disasters, public health crises, and litigation



Governor's Emergency Fund

AFY 2020: \$10 million in one-time funds to provide additional resources in responding to emergencies such as natural disasters, public health crises, and litigation

Fiscal Year	Litigation	Weather	Other	Total
2019	\$13,250,000	\$66,384,036	\$760,060	\$80,394,096
2018	5,400,000	13,712,041	1,950,000	21,062,041
2017	19,562,041	5,500,000	1,000,000	26,062,041
Avg	12,737,347	28,532,026	1,236,687	42,506,059