



## *House Budget and Research Office*

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### **FISCAL YEAR 2015 STATE BUDGET HOUSE BILL 744 HIGHLIGHTS**

House Bill 744, the Fiscal Year 2015 budget effective for state spending beginning July 1, 2014, is set by a revenue estimate of \$20.8 billion. This reflects an increase of \$916 million, or 4.6%, over the original Fiscal Year 2014 budget.

Of all new revenue for FY 2015, 72% is budgeted to cover needs in K-12 and higher education, which net \$660.7 million in new funds. Health and Human Services agencies received the next largest increase in new revenue - \$203 million or 22% - largely to meet Medicaid and Peachcare needs and Department of Justice settlement requirements. The House was able to fund a number of its priorities in the FY 2015 budget including enhanced funding for K-12 education; salary adjustments for critical positions in state agencies; and provider rate adjustments in various agencies.

#### K-12 Education

- K-12 education receives an infusion of \$535.1 million, or 58.4% of all new revenue in FY 2015. In combination with new funding for K-12 education activities appropriated during the Amended Fiscal Year 2014 (HB 743), new K-12 education spending exceeds \$988 million for this legislative session.
- HB 744 includes \$314.2 million to offset the austerity reduction. This additional funding may be used at the discretion of local school systems to eliminate teacher furlough days, increase instructional days and increase teacher salaries;
- HB 744 provides \$166.2 million to fully fund Quality Basic Education (QBE) enrollment growth of 1.25% for 21,074 students, as well as training and experience for teachers;
- The budget includes an adjustment in Local Five Mill Share of \$28,852,920 to recognize the decline in local property tax digests;
- Equalization Grants, the additional funds for school districts to narrow the gap between systems in terms of property tax wealth per pupil, are increased by \$4.9 million to reflect the required full formula funding;
- The budget includes \$3.2 million for 22 new systems eligible for Sparsity Grant funding, as well as a one-time hold harmless funding for the 21 existing systems. This grant provides vital funding to systems that do not generate enough earnings by FTE to provide standard, required educational programs and services; and,
- The budget also includes \$1.1 million in increased funding for Agricultural and Career/Technical Education; \$1,515,464 for RESAs to provide school systems with technology support and blended learning trainers; and \$878,039 in additional funding for Residential Treatment Center grants.
- Two items funded in other agencies directly associated with K-12 education provide for \$5 million in Innovation Grants to replicate best classroom practices statewide, and \$1.1 million in additional funds for the Governor's Honors Program.

#### Higher Education

- HB 744 includes \$122 million, or 13% of all new revenue, for higher education needs.
- This funding includes \$44.7 million for formula earnings based on enrollment and increased square footage at both the University System of Georgia and the Technical College System of Georgia – this includes an enhanced appropriation of \$2.1 million for the Technical College System for instruction;
- The budget provides \$12.2 million for the HOPE Grant to provide full tuition assistance for technical college students who maintain at least a 3.5 GPA and for strategic industries workforce development grants;

- The General Assembly agrees with the Governor’s proposal to provide \$22.5 million for additional students receiving the HOPE Scholarship, to increase the award amount by 3% for public and private students and to increase the Zell Miller Scholarship for private school students by 5.5%;
- The budget also provides \$2 million in new funds for the REACH Georgia Scholarship and nearly \$2 million for dual-enrollment through ACCEL;
- HB 744 initiates \$10 million for a new low interest loan program for technical college students;
- The budget includes \$845,000 in additional funding for the Agricultural Experiment Station for research positions and \$460,000 for the Georgia Archives to be open to the public five days a week; and,
- The budget also includes \$14.4 million for both the University System of Georgia and the Technical College System of Georgia for merit-based pay adjustments and employee recruitment and retention initiatives.

#### Public Safety

- HB 744 provides \$537,808 for two new judgeships and associated expenses in the Coweta and Waycross Judicial Circuits starting January 1, 2015 and annualizes at \$525,203 for judgeships in the Chattahoochee and Oconee Judicial Circuits;
- Appropriations include \$867,160 for promotional increases for experienced district attorneys, \$1.1 million for 15 additional assistant district attorneys to work in concert with the state’s specialized accountability courts, and \$150,000 for travel and training;
- Accountability courts appropriations, specifically for increasing funds for existing adult felony drug courts and mental health courts, as well as provide for nine new family dependent drug courts, is increased by \$3.8 million;
- The budget expands incentive funding for community-based juvenile programs by \$2.85 million and annualizes \$544,200 in the Department of Juvenile Justice to provide a 3% rate adjustment for Out-of-Home Care providers;
- In addition to merit-based increases provided to each department, \$5.4 million is added in GBI and Natural Resources for the final year of the three-year, \$13.3 million House initiative to retain experienced, certified law enforcement personnel in state service by providing competitive salaries;
- The budget also includes \$8 million for the Department of Corrections and \$1.7 million for the Department of Juvenile Justice for salary adjustments needed to retain correctional officers; and,
- The bill authorizes an increase in the County Jail Subsidy reimbursement rate to counties from \$22 to \$30 per day.

#### Economic Development

- The House version of the budget includes \$1 million for the Department of Agriculture to fill and maintain critical consumer protection inspector positions and \$1.8 million for the Georgia Forestry Commission for Year One of an employee retention plan for front-line forest protection employees including rangers, chief rangers, foresters, and forester inventory analysis personnel. This funding is in addition to merit-based adjustments received by both departments;
- The budget provides \$100,000 in marketing funds for Georgia Grown in the Department of Agriculture. To date, the program has been self-sustaining but needs additional funds for continued expansion to promote the state’s number one industry;
- The conference report maintains the \$2.6 million Soil and Water Conservation Commission as a separate agency, and funds over \$3 million for regional water planning and \$50,000 for the Georgia Rural Water Association;
- The Department of Economic Development receives \$50,000 in additional funds for the Historic Chattahoochee Commission, the Georgia Historical Society, the Georgia Humanities Council, and the Georgia Civil War Heritage Trails; and,
- HB 744 provides \$8 million in additional funds for regional airport projects. Each \$5 the state invests draws down \$90 of federal aid and \$5 in local match for over \$152 million in total new funding.

#### Health

- The budget includes \$3.6 million for the extension of the Planning for Healthy Babies (P4HB) waiver, including prenatal care for Medicaid eligible members at risk of delivering low birth weight babies;
- \$1.34 million is added to HB 744 for the fourth year of a seven-year hold-harmless to the new Grant-in-Aid formula through the Department of Public Health;

- The budget provides \$321,000 to initiate the Adult Day Center facility licensure program; \$1 million for Federally Qualified Health Center start-up grants for one integrated behavioral health center (Gilmer County) and three community health centers (Clay County, Decatur County, and Brooks County); and \$250,000 to increase contract funds for services for medically fragile children who do not qualify for the "Katie Beckett" TEFRA/Deeming waiver;
- The House budget includes, and the Senate agreed, to an additional \$1,000,000 for the Georgia Trauma Care Network Commission to enhance trauma services available statewide; and,
- HB 744 enhances funding by \$225,000 for the Georgia Center for Oncology Research and Education (CORE); provides \$110,000 to establish an Alzheimer's Registry; and \$85,000 for Hepatitis C program.
- The budget provides the Department of Public Health with \$250,000 for early detection and diagnosis of autism in children and \$240,000 for training of early autism intervention providers to support families receiving early intervention services. The budget also provides for coverage of the treatment of autism spectrum disorders (ASDs) effective January 1, 2015 for members of the State Health Benefit Plan.
- The budget adds intent language to direct the Department of Community Health to contract with multiple statewide and regional vendors for any State Health Benefit Plan (SHBP) offered in Calendar Year 2015.
- To continue to address physician shortage issues, an increase of \$640,921 is included in the budget for eight additional family medicine residency slots and \$498,168 to increase all Georgia Board for Physician Workforce capitation residency grants by \$333 in state funds, as well as \$300,000 for Area Health Education Centers (AHEC) to increase housing resources for medical students in 6-week rural, primary care rotations; and,
- There is an increase in funding of \$6.8 million for Mercer and Morehouse Schools of Medicine operating grants, as well as \$31,818 to begin a state contract for five medical students through Georgia's newest medical school, the Philadelphia College of Osteopathic Medicine.
- In the Board of Regents, there is an additional \$2 million for the Health Care Initiative for developing residencies.

#### Human Services

- There is an increase of \$8.5 million to annualize and provide additional New Options and Comprehensive Supports (NOW/COMP) waivers; and \$25.9 million for additional services in community settings required by the DOJ settlement;
- The governor included, and the House agreed to, \$7.3 million for 175 additional child protective service workers and \$911,872 for 16 new positions in the Child Protective Services Intake Communication Center (CCIC);
- House priorities funded in the budget include \$190,000 for fetal alcohol syndrome screenings and treatment; \$390,625 for 50 additional supported employment slots for people with developmental disabilities; and \$1,958,526 for a 1.5% rate increase for developmental disability providers; and,
- Additional House priorities funded include an increase of \$750,000 for Meals on Wheels and senior center nutrition programs (Total Funds \$1.5 million); \$300,000 to expand the capacity of the Court Appointed Special Advocates (CASA) program; and \$460,816 to increase the clothing allowance for foster care children by \$100 per child.

#### General Government

- State pension obligations for both the Employees' Retirement System and the Teacher's Retirement System are fully funded with an additional \$128.4 million across all agencies;
- The budget provides the Department of Driver Services with \$704,900 to maintain positions and reduced wait times at high volume customer service centers and \$675,378 for new customer service centers in Fulton, Fort Benning and Bainbridge;
- The budget provides \$72,000 for one investigator position in the Office of the State Inspector General;
- An additional \$855,000 is provided for Solid Waste Trust Fund and \$630,000 for Hazardous Waste Trust Fund activities; and,
- The budget includes \$2 million for the Department of Audits and Accounts, \$184,501 for the Department of Banking and Finance, and \$1.2 million for the Department of Law to maintain critical positions. This funding is in addition to merit-based adjustments received by the departments.

#### Bonds

- The bond package for the Fiscal Year 2015 budget totals \$878.1 million.

- Of the total bond package \$546 million, or 62%, is appropriated for K-12 education, higher education and public libraries. This includes \$273 million to fully fund K-12 capital outlay programs, technology infrastructure upgrades, vocational equipment, and new school buses statewide;
- The bond package also includes a sizeable investment, \$272.8 million, for both the University System of Georgia and the Technical College System of Georgia to maintain and repair existing facilities, as well as to build and equip new classrooms and lab space to meet the needs of a growing student population. This includes a major construction project of \$44.7 million for the design and construction of new Science Learning Center at the University of Georgia. The House was also able to fund a number of small capital projects, mainly renovations, which include Baldwin Hall at the University of Georgia, Arnold Hall at Columbus State University, and the Hazardous Material Storage Facility at Georgia Institute of Technology. The House was also able to add additional funding for Major Repairs and Renovations (MRR) at the Technical College System of Georgia – bringing the total funding to \$7 million. The renovation projects funded in the budget, combined with \$47 million budgeted for MRR at both the Regents institutions and technical colleges, will help both systems be good stewards of the 55 institutions and more than 63 million in square footage statewide they must maintain;
- HB 744 also includes \$193.5 million, 22% of the bond package, for economic development projects to meet the needs of our growing state. This includes \$39 million for continued reservoir and water supply funding, as well as \$35 million to complete the state's \$234 million commitment to deepening the Savannah Harbor, which is vital to both Georgia's and the nation's economy; \$14.5 million for facilities, equipment and vehicles for the Department of Transportation and \$5.8 million for Tybee beach restoration. The previously funded bond for the design of a parking structure for the World Congress Center campus (FY 12, HB 78), which was redirected in FY 13, is provided for in Fiscal Year 2015 at \$17 million for design and construction; the projected revenue from the 2,000 space deck is \$130 million through the lifespan of the structure.
- The remaining \$138.4 million, 16% of the bond package, is spent on public safety, health and general government agencies. Of this funding, \$103 million is provided for renovations and improvements at state prisons, armories and juvenile facilities statewide. It also includes funding for the construction of two new juvenile facilities, two helicopters for the Georgia State Patrol, as well as the replacement of law enforcement vehicles throughout the state.

The complete Fiscal Year 2015 Appropriations Act, as well as the tracking sheets, is posted on the House Budget and Research Office website: <http://www.house.ga.gov/budget/en-US/budgetdocuments.aspx>