

**FY 2021
BUDGET PROPOSAL
IN RESPONSE TO COVID-19**

Minority Caucus Chair
Rep. James Beverly

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OVERVIEW

The budget is a statement of values, and as such, this budget does not cut early childhood education, K-12, higher education, healthcare, transportation, or the department of behavioral health and developmental disabilities.

While this budget does not address every agency, it does contemplate funding the top 10 state departments by leveraging revenue, repurposing tax credits, closing 'corporate welfare' loopholes and utilizing CARES Act funding. As this proposal addresses the majority of Georgia's financial concerns, we believe that the remaining aspects of departmental budgets can be adjusted to reduce the detrimental effects of an indiscriminate 11% cut across all departments.

OVER 90% OF ALL STATE FUNDING IS IN 11 DEPARTMENTS			
Agency	FY 20 State Funds	% of Budget	11% Reduction
Education	\$ 10,644,827,624	38.72%	(\$1,170,931,039)
Community Health	\$ 3,572,602,642	13.00%	(\$392,986,291)
Board of Regents	\$ 2,578,608,885	9.38%	(\$283,646,977)
Transportation	\$ 2,003,209,045	7.29%	(\$220,352,995)
DBHDD	\$ 1,230,810,591	4.48%	(\$135,389,165)
*GO Debt	\$ 1,223,649,123	4.45%	
Corrections	\$ 1,210,480,569	4.40%	(\$133,152,863)
Student Finance	\$ 1,009,423,419	3.67%	(\$111,036,576)
Human Services	\$ 829,564,834	3.02%	(\$91,252,132)
Early Care Learning	\$ 440,545,169	1.60%	(\$48,459,969)
TCSG	\$ 373,978,376	1.36%	(\$41,137,621)
12-49 Remaining 38 Agencies	\$ 2,371,634,227	8.63%	(\$260,879,765)
	\$ 27,489,334,504	100.00%	(\$2,889,225,392)
*Represents outstanding debt obligation that the state must pay			

Georgia has \$8.5 billion in federal emergency funding available for state and local governments as well as hospitals, healthcare providers, non-profit organizations, and private companies in Georgia, while at the same time Governor Kemp is asking agencies to make **11% cuts to their budget, resulting \$2.9 billion** in fiscal year 2021.

Georgia cannot cut its way to prosperity; that much has been made clear in the aftermath of the Great Recession and in the midst of this global pandemic. There are reasons Georgia, particularly southwest Georgia and rural communities, are being hit hard by this pandemic: disinvestment and a failure to fully recover from the last economic recession.

Georgia has refused to expand Medicaid, even though expansion would cover more than 470,000 Georgians, allowing them to see a health care provider and receive treatment without facing medical debt; a small investment from Georgia would result in billions of dollars in federal funding. The aftermath of the COVID-19 pandemic in Georgia cannot be addressed unless a full Medicaid Expansion happens now.

Confidential: Please discard appropriately or return to Chairman Beverly to discard

Our state's refusal to adequately fund key safety net programs is already exacerbating the effects of COVID-19. For example, the Georgia Department of Labor has endured steep budget cuts already this year and implemented a hiring freeze as a result. The state employees tasked with processing applications for unemployment were already overburdened when this current economic downturn occurred. This resulted in many Georgians having delays in receiving their hard-earned unemployment benefits.

Data shows that it is people of color and women, who were left out of economic recovery during the Great Recession. The same people are now facing the negative consequences of our state's failure to invest. Prior to the pandemic, Georgia already spent less per resident than the national average. Lawmakers cannot make \$3.6 billion in cuts with no effort to raise revenue without accelerating a massive economic downturn, severely underfunding schools and negatively affecting the lives of millions of Georgians in every community across the state.

With the call for cuts, Georgia is set to spend 16 percent less per resident for the next fiscal year (adjusted for inflation) than it did in 2008 before the Great Recession. State leaders should do everything in their power to avoid devastating cuts which would likely disproportionately hurt public schools and higher education. Instead of further disinvesting in programs that improve health and economic outcomes for Georgians, lawmakers should approve commonsense options to raise revenues such as lifting the tobacco tax to the national average and closing special interest loopholes that cause the state to forego billions of dollars every year. Those are just two of the many options available to raise state revenue that will be discussed.

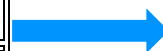
SOURCES OF FUNDS

CARES Act

Department of Education	
Governor's Emergency Education Relief Fund	\$ 105,720,728
K-12	\$ 457,169,852
Subtotal	\$ 562,890,580
Board of Regents	
General Relief	\$ 406,119,208
HBCUs/MSIs	\$ 57,514,687
Fund for Improvement of Postsecondary Education (FIPSE)	\$ 2,993,932
Subtotal	\$ 466,627,827
DECAL	
Child Care and Development Block Grant	\$ 144,539,371
Head Start	\$ 20,831,200
Subtotal	\$ 165,370,571
Human Services	
Emergency Food Assistance Program (TEFAP)	\$ 27,596,178
Transportation	
Federal Transit Administration Grants	\$ 522,237,467
Grants-in-Aid for Airports	\$ 410,817,650
Subtotal	\$ 933,055,117
DBHDD	
Emergency Grants to Address Mental and Substance Use Disorder	\$ 2,000,000
Community Health	
Small Rural Hospital Improvement Program	\$ 4,890,386
TCSG	
Dislocated Worker Grants	\$ 12,000,000
Total	\$ 2,174,430,659

State Source

Leverage Rural Tax Credit	
Federal Match Affordable Care Act	\$ 540,000,000
*60MM tax credit leveraged 9 to 1	
Corporate Loophole	
Life Ins Company Tax Break	\$ 202,000,000
Insurance Abatements	\$ 196,000,000
Car Trade-In Tax Exemption	\$ 120,000,000
Jet Fuel	\$ 50,000,000
Normalize National Tax	
Tobacco & Related Products	\$ 600,000,000
*National Average \$1.81/pack	
Tax Credit	
Film	\$ 245,000,000
*Currently 545MM Cap 300MM	
Tax Reform	
Double Deduction	\$ 175,000,000
Public Education	
Private School Vouchers	\$ 133,000,000
Entertainment	
Casinos/ Dest. Resorts	\$ 250,000,000
Revenue Reserve	
Lottery Reserve	\$ 250,000,000
Revenue Shortfall	\$ 500,000,000
Total	\$ 3,261,000,000



Totals (all sources)	\$5,435,430,659
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USES OF FUNDS

SOURCES	Budget (all sources)
CARES ACT FUNDING	\$ 2,174,430,659
STATE SOURCES	\$ 3,261,000,000
	\$5,435,430,659
USES OF FUNDS	11% Reduction
Education	(\$1,170,931,039)
Community Health	(\$392,986,291)
Board of Regents	(\$283,646,977)
Transportation	(\$220,352,995)
DBHDD	(\$135,389,165)
Corrections	(\$133,152,863)
Student Finance	(\$111,036,576)
Human Services	(\$91,252,132)
Early Care Learning	(\$48,459,969)
TCSG	(\$41,137,621)
12-49 Remaining 38 Agencies	(\$260,879,765)
Totals	(\$2,889,225,392)

Sources Remaining	\$2,546,205,267
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The Use of Funds grid below represents an actual 11% reduction in the top 10 departments. The remaining budget proposal presentation of departmental cuts reflects information available to the Georgia House Democratic Caucus as of June 15, 2020.

*Differences are noted

DEPARTMENT OF EDUCATION

Key Takeaways:

- ⇒ Georgia students who began kindergarten in FY 2010 when billion-dollar austerity began will be in 11th grade in the FY 2021 school year. Any future budget cuts will mean that this cohort of children **only experienced two school years without deep financial loss.**
- ⇒ If Georgia is forced to make these cuts to K-12 education, they must be **temporary, equitable and contextual.**
- ⇒ For example, the majority-Black, rural school districts in Georgia currently experience fewer educational opportunities than the rest of the state. These same districts are often in regions most affected by COVID-19. School districts such as these should be held harmless from any budget cuts in order to avoid further damaging the already-hurting communities.

Program	FY 21 Budget	14% Reduction	11% Reduction
Agricultural Education	\$11,519,883	(\$1,612,784)	(\$1,267,187)
Business and Finance Admin	\$7,917,955	(\$1,108,514)	(\$870,975)
Central Office	\$4,569,116	(\$639,676)	(\$502,603)
Charter Schools	\$4,176,727	(\$2,094,667)	(\$1,645,810)
Chief Turnaround Officer	\$2,200,912	(\$2,200,912)	(\$1,729,288)
Communities in Schools	\$1,428,100	(\$199,934)	(\$157,091)
Curriculum Development	\$4,743,787	(\$664,130)	(\$521,816)
GA Network for Ed and Therapeutic Supp.	63,746,765	(\$8,924,547)	(\$7,012,144)
Georgia Virtual School	\$3,022,260	(\$423,116)	(\$332,448)
Grants for Ag Education &Tech	\$2,000,000	(\$2,000,000)	(\$1,571,429)
IT Services	\$21,934,935	(\$3,070,891)	(\$2,412,843)
Non QBE Formula Grants	\$14,480,758	(\$2,027,306)	(\$1,592,883)
Nutrition	\$24,534,332	(\$3,434,807)	(\$2,698,777)
Preschool Disabilities Services	\$43,310,003	(\$6,063,400)	(\$4,764,100)
Pupil Transportation	\$135,434,948	(\$18,960,893)	(\$14,897,845)
Quality Basic Education Equalization	\$693,961,400	(\$97,107,343)	(\$76,298,627)
Quality Basic Education Program	\$11,490,079,390	(\$1,330,340,288)	(\$1,045,267,369)
Regional Education Service Agencies	\$14,568,010	(\$2,039,521)	(\$1,602,481)
School Improvement	\$10,053,830	(\$707,537)	(\$555,922)
State Schools	\$30,646,390	(\$4,297,325)	(\$3,376,470)
Technology/Career Education	\$19,832,012	(\$2,776,481)	(\$2,181,521)
Testing	\$26,762,927	(\$3,746,810)	(\$2,943,922)
Tuition for Multiple Disability Students	\$1,551,946	(\$217,272)	(\$170,714)
TOTAL	\$10,676,129,671	(\$1,494,658,155)	(\$1,174,374,264)

11% Proposed Reduction	(\$1,174,374,264)
CARES Act Funding**	\$562,890,580
Remainder covered by revenue sources	(\$611,483,684)

**The funds have restrictions to their use.



This can be covered with the revenue from increasing the tobacco tax, estimated at \$600,000,000.

Federal Stimulus Funds

The Governor's Emergency Education Relief Fund (\$105,720,728)

- These funds are allocated using a formula based on Georgia's student-aged population and poverty levels.
- This grant can be used by Gov. Kemp to continue providing Georgians educational services while schools and campuses are closed and support the on-going functionality of those schools and campuses.
- These funds go to students, schools (including charter and private schools), postsecondary institutions, and other education-related organizations.

K-12 Funding (\$457,169,852)

- These funds are to provide emergency relief to address the COVID-19 impact on elementary and secondary schools and go to **local educational agencies (LEAs), including charter schools that are LEAs.**
- **A breakdown of the funds received by each school district is provided on the following page.**
- Georgia is encouraged to use these funds for **remote learning**; to make strategic investments that promote student achievement through long-term improvements in infrastructure and operations so that our students can receive educational services regardless of school campuses being open or closed.
- Local systems are required by the state to offer equitable services to private schools. Unlike Title I equitable services amounts, the CARES Act equitable services amounts cover all students and teachers in private schools. If these funds are requested by all private schools within a school district, this will result in reduced funding going towards our public schools. The deadline for private schools to request a consultation for the funds ends on June 30th. *This guidance was not followed in all states. The information regarding private schools who have requested the funding will be available the first week of July.

BOARD OF REGENTS

Key Takeaways:

- ⇒ The CARES Act will help support many college students; however, students whose parents list them as dependents on tax forms are not eligible for payments, nor are students classified as “independent” but who did not file taxes in 2019 or 2018 or immigrant students who file taxes without a Social Security number.
- ⇒ **Total allocations average less than \$1,000 per student.** The minimum in emergency student grants is approximately \$374 per student, or \$1,152 per Pell recipient, who were weighted differently to serve as a proxy for students from families with low incomes. Because of this, colleges of similar sizes may get different amounts of relief if their students come from different economic backgrounds.
- ⇒ Total Allocations by sector are:
 - University System of Georgia - \$256 million, or \$749 per student
 - Technical Colleges - \$68 million, or \$497 per student
 - Private Non-Profit Colleges - \$55 million, or \$691 per student

**Board of Regents includes Georgia Military College. Averages presented are for fall snapshot enrollment, not Full-Time Equivalent (FTE). Private for-profit colleges in Georgia are allocated \$28 million.*

Institution/Program	FY20 Base	14% Reduction	11% Reduction
Augusta University	235,154,533	(\$32,921,635)	(\$25,866,999)
Georgia Institute of Technology	334,515,381	(\$46,832,153)	(\$36,796,692)
Georgia State University	285,690,620	(\$39,996,688)	(\$31,425,968)
University of Georgia	421,057,379	(\$58,948,031)	(\$46,316,312)
Georgia Southern University	142,204,339	(\$19,908,602)	(\$15,642,477)
Kennesaw State University	162,996,571	(\$22,819,520)	(\$17,929,623)
University of West Georgia	67,426,850	(\$9,512,525)	(\$7,416,954)
Valdosta State University	51,882,027	(\$7,265,895)	(\$5,707,023)
Albany State University (Public HBCU)	29,024,462	(\$4,069,445)	(\$3,192,691)
Clayton State University	28,227,903	(\$3,951,906)	(\$3,105,069)
Columbus State University	45,669,541	(\$6,374,536)	(\$5,023,650)
Fort Valley State University (Public HBCU)	24,277,021	(\$3,400,000)	(\$2,670,472)
Georgia College & State University	40,835,049	(\$5,706,097)	(\$4,491,855)
Georgia Southwestern State University	16,213,892	(\$2,287,500)	(\$1,783,528)
Middle Georgia State University	36,939,972	(\$5,165,712)	(\$4,063,397)
Savannah State University (Public HBCU)	24,632,278	(\$3,448,519)	(\$2,709,551)
University of North Georgia	86,745,551	(\$12,144,378)	(\$9,542,011)
Abraham Baldwin Agricultural College	24,405,509	(\$3,405,013)	(\$2,684,606)
Atlanta Metropolitan State College	9,980,284	(\$1,408,540)	(\$1,097,831)
College of Coastal Georgia	17,719,393	(\$2,480,715)	(\$1,949,133)
Dalton State College	18,765,243	(\$2,627,221)	(\$2,064,177)
East Georgia State College	10,125,579	(\$1,417,582)	(\$1,113,814)
Georgia Gwinnett College	60,151,913	(\$8,400,000)	(\$6,616,710)
Georgia Highlands College	20,384,602	(\$2,856,870)	(\$2,242,306)
Gordon State College	13,833,738	(\$1,917,378)	(\$1,521,711)
South Georgia State College	12,027,471	(\$1,680,891)	(\$1,323,022)
System Office (RCO-A, ITS and Shared Services Center)	75,374,452	(\$10,722,471)	(\$8,291,190)
Total Formula Funds (Teaching Program)	2,296,261,553	(\$321,669,823)	(\$252,588,771)

Institution/Program	FY20 Base	14% Reduction	11% Reduction
Agricultural Experiment Station	47,454,193	(\$6,643,587)	(\$5,219,961)
Cooperative Extension Service	44,205,415	(\$6,188,758)	(\$4,862,596)
Enterprise Innovation Institute	19,991,671	(\$2,798,834)	(\$2,199,084)
Forestry Cooperative Extension	1,014,238	(\$141,993)	(\$111,566)
Forestry Research	3,015,025	(\$422,104)	(\$331,653)
Georgia Archives	4,782,377	(\$499,487)	(\$526,061)
Georgia Cyber Innovation and Training Center	5,942,767	(\$831,987)	(\$653,704)
Georgia Research Alliance	5,134,350	(\$718,809)	(\$564,779)
Georgia Tech Research Institute	6,099,156	(\$853,882)	(\$670,907)
Marine Institute	1,029,410	(\$144,117)	(\$113,235)
Marine Resources Extension Center	1,579,867	(\$221,181)	(\$173,785)
MCG Hospitals and Clinics	32,555,858	(\$4,557,820)	(\$3,581,144)
Public Libraries	40,044,380	(\$5,606,213)	(\$4,404,882)
Regents Central Office - B	12,466,667	(\$1,745,333)	(\$1,371,333)
Skidaway Institute of Oceanography	1,547,118	(\$216,597)	(\$170,183)
Special Funding Initiatives	\$27,253,512	(\$1,493,922)	(\$2,997,886)
Veterinary Medicine Experiment Station	4,671,769	(\$654,048)	(\$513,895)
Veterinary Medicine Teaching Hospital	489,381	(\$68,513)	(\$53,832)
Georgia Military College - Junior College	4,014,412	(\$562,018)	(\$441,585)
Georgia Military College - Prep School	3,747,460	(\$524,644)	(\$412,221)
Georgia Public Telecommunication Commission	15,308,306	(\$2,143,163)	(\$1,683,914)
Total Line Items and Pass Through Organizations	282,347,332	(\$39,502,049)	(\$31,058,207)

The Board of Regents included the three HBCU public 4-year colleges in their budget (Albany State, Fort Valley, and Savannah State); however, the following private HBCU's were not included in the information provided above yet are recipients of federal stimulus funding:

- ⇒ Clark Atlanta University
- ⇒ Interdenominational Theological Center
- ⇒ Morehouse College
- ⇒ Morehouse School of Medicine
- ⇒ Morris Brown College
- ⇒ Paine College
- ⇒ Spelman College

Proposed Reduction	(\$283,646,978)
CARES Act Funding**	\$466,627,827
Remainder covered by revenue sources	\$182,980,849

**The funds have restrictions to their use.

Federal Stimulus Funds

Higher Education Emergency Relief Fund (\$406,119,208)

- Funds must be used to cover expenses related to the disruption to the campus due to COVID-19. This includes eligible expenses under a student's cost of attendance such as food, housing, course materials, technology, healthcare and childcare. Each institution may develop their own system for determining how to allocate their total funds.
- At least **50%** of the funds allocated to each institution must be reserved to provide students with emergency financial aid grants to help cover expenses.

Fund for the Improvement of Postsecondary Education (FIPSE) (\$2,993,932)

- These funds are for institutions that received less than \$500,000 in the prior two grants combined.
- There are **12 eligible institutions** in this funding category; there is not a requirement that a certain percentage of the grants be used on students, although it's strongly encouraged.

HBCUs and MSIs Emergency Relief Funding (\$57,514,687)

- These funds may be used for grants to students for the cost of attendance, including tuition, course materials, and technology; however, ***students can only receive these grants if they are eligible to receive federal financial student aid.***
- **There is not a required percentage of the grants that must be used on students.**
- Institutions may use the funds to defray institutional expenses, such as lost revenue, reimbursement or expenses already incurred, technology costs associated with distance learning, faculty and staff training, and payroll.

DEPARTMENT OF EARLY CARE AND LEARNING

Key Takeaways:

- ⇒ Georgia created a new priority group via Childcare and Parent Services (CAPS), the Essential Services Workforce Priority Group, to help first responders, childcare personnel and health care professionals with low incomes access care.
 - We should include other essential workers who are low-wage earners, such as those in general sanitation, food services, grocery retail and other sectors that may not have caregivers available.
- ⇒ Childcare assistance is an investment that will pay off. By supporting parents to fully participate in the economy, it will help our state recover more quickly when the economy begins to restart.

Child Care Services Program

Fund Source	FY20	FY21	Reduction Amount	% Change
State Funds	\$61,841,364	\$53,183,573	(\$8,657,791)	14%
Total Funds	\$268,762,348	\$260,104,557	(\$8,657,791)	3.20%

Specific Reductions:

- Eliminate one vacant position (\$72,839)
- Redistribute funding for Salaries and Benefits (\$408,810)
- Shift all 3,000 Quality Rated Subsidy Grant slots to traditional CAPS slots (\$8,176,142)

Pre-K Program

The Pre-K Program should not be impacted by the 14% (or now 11%) budget reduction, because it is funded by the lottery and the lottery has not been impacted.

Category	FY20	FY21	Reduction Amount	% Change
Admin	\$11,922,990	\$10,016,046	(\$1,906,994)	16%
Formula	\$366,780,815	\$315,669,226	(\$51,111,589)	13.90%
Total	\$378,703,805	\$325,685,272	(\$53,018,533)	14%

Specific Reductions:

- Reduce Classroom Instructional Days from 180 to 167
- Reduce Teacher Planning Days from 10 to 4
- Reduce Slots Funded from 84,000 to 80,000
- Reduce Extended Day Funding
- Eliminate Summer Transition Program Lottery Funding
- Reduce two vacant positions
- Reduce Computer Charges

Proposed Reduction*	(\$8,657,791)
CARES Act Funding**	\$165,370,571
Remainder covered by revenue sources	\$156,712,780

*only includes 14% reduction for Child Care Services Program (Pre-K is lottery funded)

**The funds have restrictions to their use.

Federal Stimulus Funds

Child Care and Development Block Grant (\$144,539,371)

- These funds may be used for continuing payments and assistance to childcare providers to ensure they can remain open or reopen, cleaning and sanitation, and providing child care assistance to health care sector employees and other services deemed essential.

Head Start (\$20,831,200)

- *These supplemental grants are to operate supplemental summer programs for a portion of DECAL's Head Start children who would otherwise not be served over the summer.*
- *Requirements: Ability to demonstrate the capacity to deliver high-quality summer learning experiences to promote school readiness and successful transitions to kindergarten.*

TECHNICAL COLLEGE SYSTEM OF GEORGIA

Key Takeaways:

- ⇒ If technical colleges make these 14% cut today, a total of \$47 million, funding will be set back ten years to the recession’s lowest funding levels, after adjusting for inflation.
- ⇒ If technical college enrollment increases by 25%, as it did during the last economic downturn, per-student funding would drop, and without additional revenue, resources for technical education will be near its lowest levels in recent history.
- ⇒ On order to be eligible for the Dislocated Workers grant, a person must fall into one of the following scenarios:
 - Someone who has been **laid off as a result of the COVID-19 crisis**
 - Someone who was **self-employed and lost your income (or a large portion of it) as a result of the COVID-19 crisis**
 - Someone who meets the definition of a “**dislocated worker**”
 - Someone who has been **unemployed for 27 or more consecutive weeks**

Program	FY 21 Budget	14% Reduction
Departmental Administration	\$8,612,658	(\$1,232,215)
Adult Education	\$16,818,489	(\$2,364,224)
Quick Start	\$11,294,091	(\$1,588,847)
Economic Development	\$3,384,262	(\$476,593)
Technical Education	\$331,531,743	(\$46,695,094)
TOTAL	\$371,641,243	(\$103,906,081)

Specific Reductions to Departmental Administration, Adult Education, Quick Start, and Economic Development:

- Reductions in personnel, travel, software, and operating expenses
- Implementation of a tiered furlough plan

Specific Reductions to Technical Education:

- Reductions in personnel, travel, software, and operating expenses
- Implementation of furlough plans
- Downsize/elimination of programs

Proposed Reduction*	(\$103,906,081)
CARES Act Funding**	\$12,000,000
Remainder covered by revenue sources	(\$91,906,081)

* Based on 14% cut because program cuts were varied depending on the program.

**The funds have restrictions to their uses.

Federal Stimulus Funds

Dislocated Worker Grants (\$12,000,000)

- Grants are awarded to temporarily expand capacity to serve dislocated workers and meet the increased demand for employment and training services.

Key Takeaways:

- ⇒ The GSFC Board approves several policy changes to Dual Enrollment, HOPE and Zell Miller Scholarships that take affect July 1, 2020. Some of the changes are as follows:
 - All new Dual Enrollment students will be subject to a 30-semester-hour funding cap.
 - Students pursuing “Option B” as an alternative graduation path are exempt.
 - Only core academic and career, technical and agricultural education (CTAE) courses are eligible for Dual Enrollment.
 - Dual Enrollment funding does not cover course retakes, and after **two course withdrawals, students can no longer participate in Dual Enrollment.**
- ⇒ HOPE Scholarships should not be affected by budget cuts. Lottery revenues are expected to be more stable than state general revenue; however, if ticket sales fall more than expected, Georgia’s large shortfall reserve can fill in the gaps.

Program	FY2020 State Funds	FY2021 Budget Reduction Options	Percent Reduction
Dual Enrollment	\$100,836,976	(\$13,924,460)	13.81%
Engineer Scholarship	\$1,060,500	(\$148,470)	14.00%
Georgia Military Scholarships	\$1,203,240	(\$168,454)	14.00%
GA National Guard Service Cancelable Loan	\$950,000	(\$133,000)	14.00%
HERO Scholarship	\$700,000	(\$200,000)	28.57%
North Georgia Military Scholarship Grants	\$3,037,740	\$0	0.00%
North Georgia ROTC Grants	\$1,237,500	(\$173,250)	14.00%
Public Safety Memorial Grant	\$600,000	(\$600,000)	100.00%
REACH Georgia Scholarship	\$5,370,000	(\$751,800)	14.00%
Tuition Equalization Grant	\$22,841,185	(\$3,197,766)	14.00%
Veterinary Loan Repurchase Program	\$100,000	(\$14,000)	14.00%
Total State General Funds	\$137,937,141	(\$19,311,200)	14.00%
Commission Administration (Lottery Funds)	\$10,217,717	(\$1,430,480)	14.00%
Total State and Lottery Funds	\$148,154,858	(\$20,741,680)	14.00%

*The 11% budget cut is not included above because the department did not evenly cut each program.

DEPARTMENT OF HUMAN SERVICES

Key Takeaways:

⇒ The DHS oversees child welfare, elder abuse prevention and food stamp programs. By making these cuts, numerous jobs and services are eliminated that are vital to low-income families and foster children, with child support services being one of the hardest hit.

Program	14% Red in State Funds	11% Red in State Funds	Fed Funds Not Itemized
Child Support Services	(\$4,510,867)	(\$3,544,253)	(\$8,756,389)
Departmental Administration (DHS)	(\$8,234,239)	(\$6,469,759)	\$0
Elder Abuse Investigations & Prev.	(\$802,617)	(\$630,628)	\$0
Elder Community Living Services	(\$4,652,762)	(\$3,655,742)	\$0
Elder Support Services	(\$745,512)	(\$585,759)	\$0
Residential Child Care Licensing	(\$264,208)	(\$207,592)	(\$66,052)
DHS Total State General Funds	(\$19,210,205)	(\$15,093,733)	(\$8,822,441)

Proposed Reduction	(\$15,093,733)
CARES Act Funding*	\$27,596,178
Remainder covered by revenue sources	\$12,502,445

*The funds have restrictions to their use.

Federal Stimulus Funds

Emergency Food Assistance Program (TEFAP) (\$27,596,178)

- Funds are to be distributed to the following to provide food assistance to low-income individuals at no cost
 - food banks
 - soup kitchens
 - food pantries

DEPARTMENT OF BEHAVIOR HEALTH AND DEVELOPMENTAL DISABILITIES

Key Takeaways:

⇒ These budget cuts to dozens of community service boards would limit the ability of DBHDD to meet a growing demand for mental health services and increase the risk for “impacting increased suicidality, substance use disorders and demands on crisis services,” according to their budget documents.

Program	FY 20 Base	14% Reduction
Adult Addictive Diseases	\$99,467,692	(\$12,068,772)
Adult Developmental Disabilities	\$431,947,340	(\$61,033,871)
Adult Forensic Services	\$101,687,969	(\$3,756,287)
Adult Mental Health	\$455,584,326	(\$26,384,204)
C&A Addictive Diseases	\$11,237,325	(\$6,194)
C&A Developmental Disabilities	\$18,793,936	(\$4,059,931)
C&A Forensic Services	\$6,571,099	(\$177,303)
C&A Mental Health	\$81,947,245	(\$30,718,077)
Dept Administration	\$48,126,315	(\$13,847,792)
Direct Care Support Services	\$138,692,675	(\$19,304,218)
Substance Abuse Prevention	\$11,023,695	(\$751,042)
TOTAL FOR ALL PROGRAMS	\$1,230,810,591	(\$172,107,691)

Additional Funding Requests for FY21	New Submission
ADD - Annualize 125 Waivers Appropriated in FY20	\$2,749,798
AFS - Provide Funds for the 40 Bed Forensic Unit at WCGRH	\$6,637,388
AMH - Crisis Infrastructure Funding	\$2,553,087
TOTAL	\$11,940,273

Proposed Reduction	(\$172,107,691)
CARES Act Funding**	\$2,000,000
Remainder covered by revenue sources	(\$170,107,691)

**The funds have restrictions to their use.

Federal Stimulus Funds

Emergency Grants to Address Mental and Substance Disorder (\$2,000,000)

- These funds are allocated to providers across the state to provide crisis intervention services, mental and substance use disorder treatment, and other related recovery supports for children and adults impacted by the pandemic.
- DBHDD plans to serve 4 subpopulations with this grant:
 - Youth survivors of human trafficking
 - Deaf individuals with substance use disorder
 - Homeless individuals
 - Medical, behavioral, and public health care professionals
- These funds will also be used to **expand the Georgia Mental Health Consumer Network** and **Georgia Council on Substance Abuse peer warm lines** and the **COVID-19 Emotional Support Line**.

DEPARTMENT OF COMMUNITY HEALTH

Key Takeaways:

- ⇒ The Department of Community Health accounts for 70% of total state spending on health care, operating Georgia’s Medicaid and PeachCare programs among others. Those two programs alone serve approximately 2 million Georgians (1 in 5 residents) with the majority of spending for children, seniors, and people with disabilities.

- ⇒ Georgia’s Medicaid investment is one of the lowest in the country – we need to add to the budget to cover the state’s share of 1115 Waiver associated costs in order to meet the threshold for the federal government to cover the remaining 90%. Currently it is estimated that we reach the 67% matching rate.
 - If the state covers everyone up to the poverty line, or \$12,100 a year per individual, more than 267,000 additional uninsured Georgians would qualify for Medicaid coverage.

	HB 31 (FY 2020)	14% Reduction	FY 2021 Total	FY 2021 Required Funding Needs**	Difference
State General Funds	2,952,924,073	(\$413,409,370)	2,539,514,703	2,735,997,636	196,482,933
Tobacco Settlement Funds	125,753,197		125,753,197	136,152,280	
Nursing Home Provider Fees	157,326,418		157,326,418	157,165,756	
Hospital Provider Fees	336,598,954		336,598,954	356,635,695	
Total	3,572,602,642	(\$413,409,370)	3,159,193,272	3,385,951,367	196,482,933

****Note:** Although there is a 14% reduction, there is still a need for the additional funding as originally submitted for Medicaid growth (Admin, ABD, LIM, PCK) and federal mandates: IPPS, Part B Premiums, Part D Clawback, and FMAP/eFMAP (Admin, ABD, LIM, PCK).

Budget Reduction Strategies	14% Reduction	11% Reduction
Administration reduction previously submitted	(\$5,431,768)	(\$4,267,818)
Budget Reduction Proposal for SORH	(\$854,875)	(\$671,688)
Board of Pharmacy and Dentistry Reduction	(\$97,338)	(\$76,480)
Savings from 6.2% temporary FMAP increase through Sept 2020	(\$165,425,810)	(\$129,977,422)
Retro Rate Amendment and Risk Corridors for CMO Rates	(\$102,194,683)	(\$80,295,822)
Reserve Surplus FY2020 for IBNR	(\$139,404,897)	(\$109,532,419)
Total	(\$413,409,371)	(\$324,821,649)

Proposed Reduction	(\$324,821,649)
CARES Act Funding**	\$4,890,386
Remainder covered by revenue sources	(\$139,931,263)

**The funds have restrictions to their use.

Federal Stimulus Funds

Small Rural Hospital Improvement Program (\$4,890,386)

- These funds are to assist rural hospitals in increasing their capacity to respond to COVID-19 in their communities, including through ***expansions of telehealth, purchases of personal protective equipment, and increases in testing capacity.***

DEPARTMENT OF TRANSPORTATION

Key Takeaways:

- ⇒ GDOT cuts include delaying construction and right-of-way acquisition for 6 road projects (pushing them to 2022 and further) and letting current contracts for construction be pushed back.
- ⇒ Projects that are already underway will not be affected
- ⇒ The 11% cut instead of 14% will allow for an extra \$63.6 million into its budget – much of it for construction projects.

Program (Motor Fuel)	FY 20 Base	14% Reduction	11% Reduction
Capital Construction	\$834,997,692	(\$97,274,415)	(\$76,429,897.50)
Capital Maintenance	\$177,547,536	(\$95,600,000)	(\$75,114,285.71)
Construction Admin	\$101,192,556	(\$1,689,836)	(\$1,327,728.29)
Data Collections	\$2,951,687	(\$120,000)	(\$94,285.71)
Departmental Admin	\$69,999,177	(\$1,206,052)	(\$947,612.29)
LMIG	\$192,586,631	(\$26,962,129)	(\$21,184,529.93)
Planning	\$2,487,098	(\$130,000)	(\$102,142.86)
Routine Maintenance	\$443,892,701	(\$48,150,000)	(\$37,832,142.86)
Traffic Management	\$50,062,611	(\$40,000)	(\$31,428.57)
Payments to SRTA	\$45,802,157	\$1,551,149	\$1,218,759.93
TOTAL	\$1,921,519,846	(\$269,621,283)	(\$211,845,293.79)

Program (Fees/SGF)	FY 20 Base	14% Reduction
General Obligation Bond	\$177,413,994	(\$6,895,581)
Payments to SRTA	\$57,480,229	(\$20,370,361)
TOTAL	\$234,894,223	(\$27,265,942)

Proposed Reduction	(\$211,845,294)
CARES Act Funding**	\$933,055,117
Remainder covered by revenue sources	\$721,209,823*

**The funds have restrictions to their use.

*Program fees not taken into consideration.

Federal Stimulus Funds

Federal Transit Administration Grants (\$522,237,467)

- Funds for transit capital, planning, and operating assistance in urbanized and rural areas.
- Operating expenses incurred beginning on January 20, 2020 for all rural and urban recipients are eligible, including operating expenses to maintain transit services as well as paying for administrative leave for transit personnel due to reduced operations during the emergency.
- Currently in Georgia, \$447.2 million in supplemental funds has been allocated through the urbanized area formula and \$75 million through the rural area formula.

Grants-In-Aid for Airports (\$410,817,650)

- Economic relief to U.S. airports affected by the prevention, preparation, and response to the pandemic.
- Funds will be allocated to increase the federal share to 100% for the 2020 Airport Improvement Program grants as well as for commercial, primary, and general aviation airports.

DEPARTMENT OF CORRECTIONS

Key Takeaways:

- ⇒ A 14% cut would cause the closure of six facilities, including 1,700-bed Autry State Prison in Pelham, which would save \$21.6 million alone. These closures would mean inmates and staff would be consolidated elsewhere.
 - Other changes include **increase in commissary pricing, cut to inmate transportation** due to implementation of virtual courts, **cut to GED testing and vocational certification in transitional centers and county correctional institutions.**
- ⇒ There are cuts that can be made that will not have a negative impact – such as to the salaries of DOC instructional personnel who are being paid \$110,000 or more. While these employees are helping inmates prepare to get a GED, there is no reason for their six-figure salary that is twice the average pay of Georgia public school teachers.

Program	FY 20 Budget	14% Reduction	8% Reduction	6% Reduction
Departmental Administration	\$37,627,621	(\$4,676,396)	(\$2,293,906)	(\$2,382,490)
Food and Farm	\$27,625,589	(\$1,954,568)	(\$1,954,568)	\$0
Health	\$250,892,901	(\$16,841,588)	(\$10,843,468)	(\$5,998,120)
Offender Management	\$45,493,567	(\$1,775,438)	(\$450,438)	(\$1,325,000)
Private Prisons	139,784,108	(\$19,569,775)	(\$19,569,775)	\$0
Detention Centers	\$50,901,952	(\$6,997,359)	(\$6,446,685)	(\$550,674)
State Prisons	639,049,272	(\$80,957,404)	(\$22,177,712)	(\$8,779,692)
Transition Centers	\$32,835,717	(\$13,577,385)	(\$9,984,527)	(\$3,592,858)
Personnel adjustments not yet broken down by program	-	(\$23,117,367)	(\$23,117,367.00)	\$0
Total	\$1,210,480,569	(\$169,467,280)	(\$96,838,446)	(\$72,628,834)

ADDITIONAL TALKING POINTS

Education

- ⇒ Georgia's public schools are funded through a law passed in 1985 called the Quality Basic Education Act, or QBE. Public education is basically funded with a combination of federal, state, and local funds.
- ⇒ Georgia education was underfunded by over 9 billion dollars in Austerity Cuts until 2018. Governor Perdue and Governor Deal underfunded QBE until 2018 through the **QBE formula, Austerity Cuts, Equalization Grants, and 5 Mill Fair Tax.**
- ⇒ Governor Kemp promised teachers a \$5,000 pay increase. The initial increase was approximately \$3,000. During the remaining 2020 legislative session, legislators will attempt to fulfill the campaign promise made to Georgia's teachers.

Casino Gambling

- ⇒ There are a multitude of factors that need to be taken into consideration, including:
 - Tax rate on casino gambling (some conversations have ranged from 20-30%);
 - How gambling revenues are affected by the necessity of a constitutional amendment and the issue of navigating current dedicated obligations from the lottery, which include HOPE and Pre-K;
 - The issue of when will funds begin to be collected as a result of the required ballot initiate and process of developing infrastructure; and
 - Questions around the number of casinos that would be allowed and further restrictions on their operations

Film Tax Credit:

- ⇒ Capping the annual value to \$100 million, restricting transferability, and preventing credits being deferred for more than 1 year.
- ⇒ State estimates show that taxpayers will send \$545 million in film tax subsidies to companies in FY 2021.
- ⇒ Only 12% of the credits administered went to companies with permanent GA locations, while 88% of credits went to companies based in other states.

Limit School Vouchers (Qualified Education Expenses Tax Credit (QEETC))

- ⇒ In the last 12 years, two voucher programs have sent \$881 million to private schools, even while public schools endured austerity cuts of \$7.8 billion over that same time.
- ⇒ In FY 2021, Georgia is projected to spend \$133 million on these programs with zero evidence of success.
- ⇒ Lowering the funding provided to these vouchers would shore up the state coffers while recognizing the need to invest in the state's public school system.

Corporate Welfare and Loopholes

(Life Insurance Company tax breaks, Insurance Abatements, and Car Trade-In Exemption...Special Note-Manufacturing Company Tax Break)

- ⇒ Most states do not offer life insurance company's tax breaks.

- ⇒ These are easy ways to raise revenue, and with the possible exception of Insurance Abatements, are not controversial.
- ⇒ The corporate welfare and loopholes amount to over \$568,000,000.
- ⇒ The Manufacturing Company Tax Break needs to be audited for waste since this tax has never been reviewed and/or audited. The Manufacturing Company Tax Break could provide additional funding – **amount in tax breaks = \$3.5 billion.**

Rural Tax Credit

- ⇒ This \$60 million should be reallocated in favor of direct investment in the state's healthcare and go towards the expansion of Medicaid. By expanding Medicaid, the \$60 million turns into \$540 million with a 9 to 1 match.

Tobacco Tax

- ⇒ Lifting the tobacco tax from 37 cents per pack to the national average of \$1.81, and taxing vaping products at an equal level will produce over \$6000,000,000 in additional funding.
- ⇒ Georgia's tobacco tax ranks 48th out of 50 states, at only 37 cents per pack.
- ⇒ Georgia will raise only \$230 million in FY20 but will spend over \$650 million in Medicaid costs caused by smoking.

Double Deduction

- ⇒ Georgia is 1 of only 4 states that allows taxpayers to claim a tax break for state income taxes paid.
- ⇒ Only taxpayers who itemize can take advantage of the double deduction; it is only available to about 14% of Georgia filers who earn an average of \$240,000 per year.

Options to use the Lottery Reserve for Education:

- ⇒ Spend down excess unrestricted reserves for education over time
- ⇒ Dedicate interest income from reserves to education instead of putting it back into the state treasury.

