



FY 2013  
Budget Overview

# Georgia Budget & Policy Institute

**Alan Essig, Executive Director**

September 18, 2012

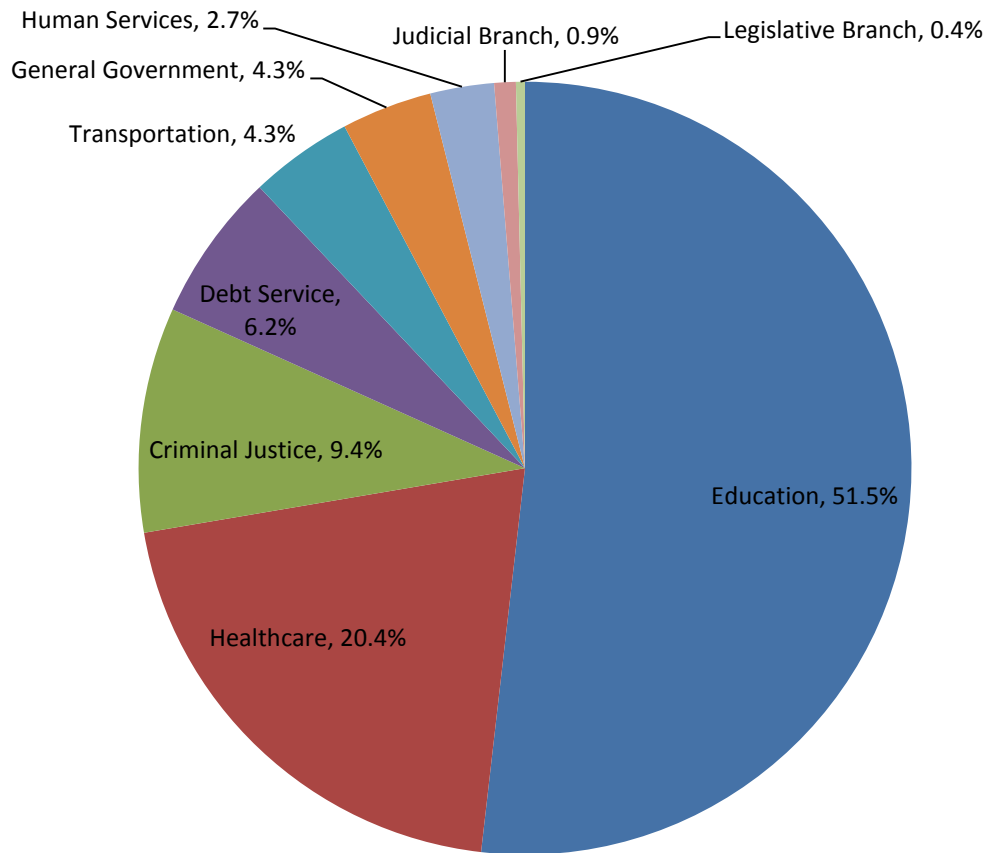


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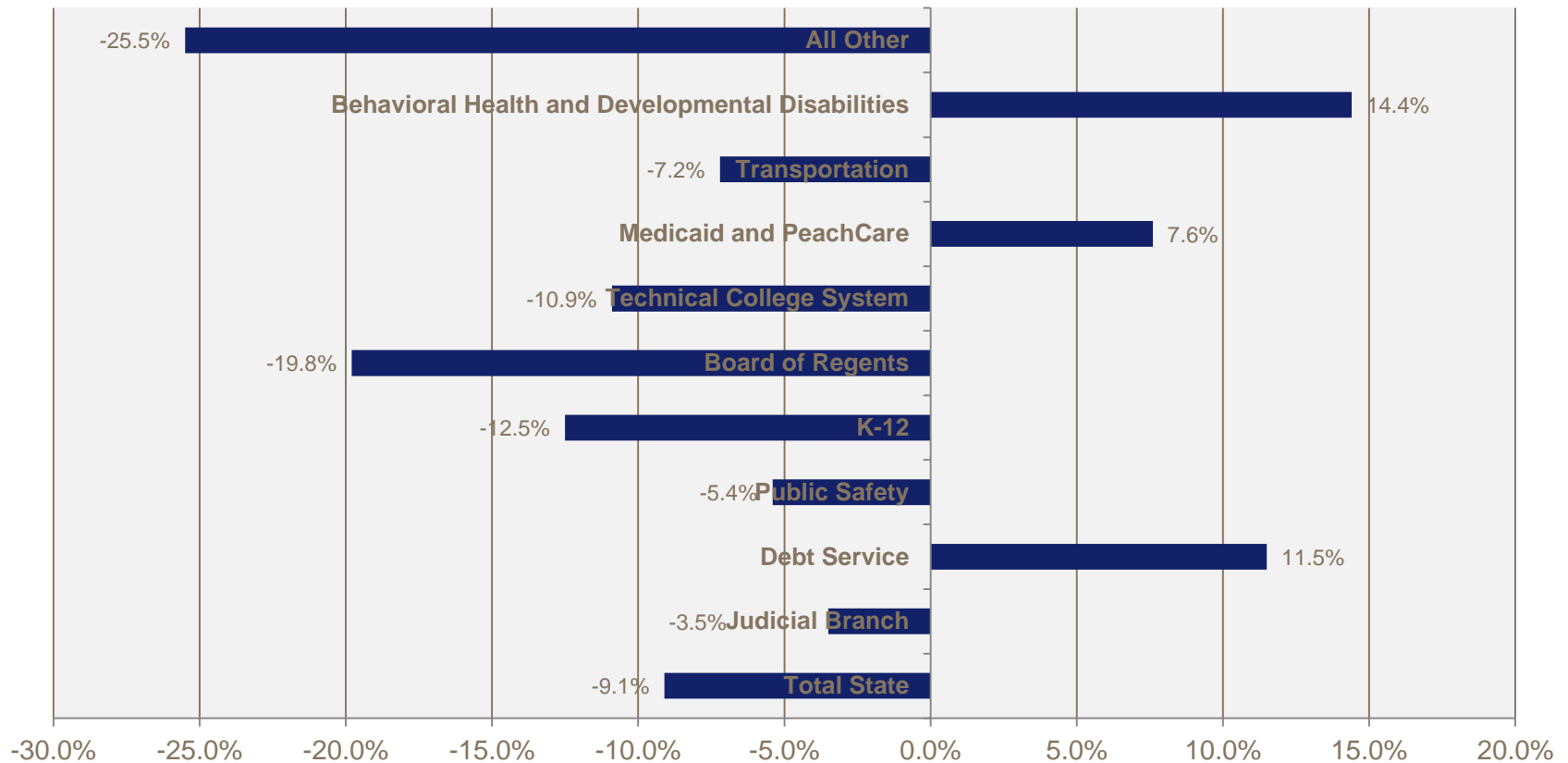
***“Wasn’t that Alan Essig?”***

# FY 2013 State General and Motor Fuel Funds Budget (\$18.3 Billion)



# \$1.8 Billion Cuts to State Budgets (FY 2009 – FY 2013)

\$1.8 Billion Less Revenue



THOUGHTFUL ANALYSIS, RESPONSIBLE POLICY

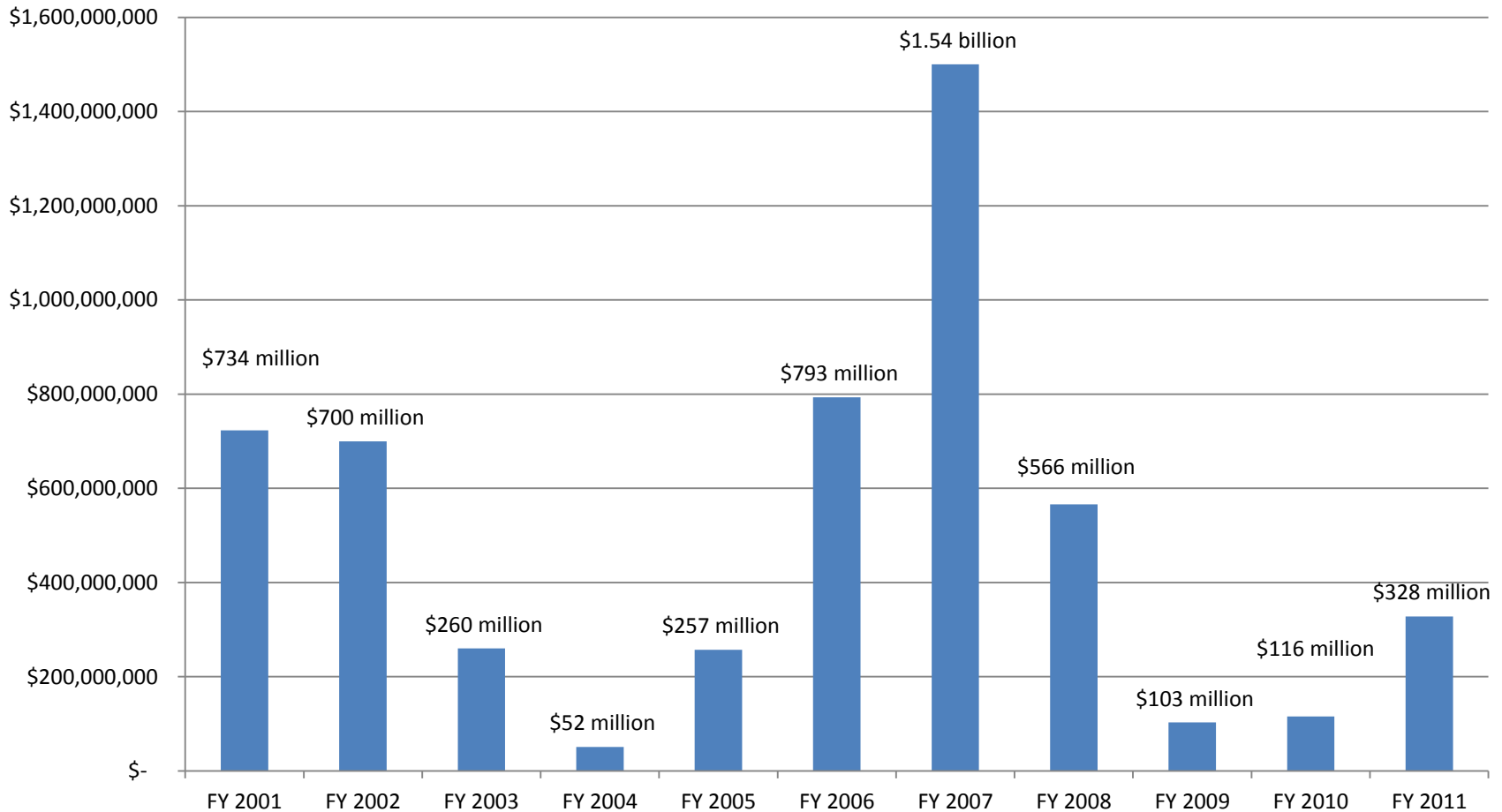
FY 2012 Budget Overview | [www.gbpi.org](http://www.gbpi.org)

# FY 2013 Budget Drivers

## (\$1 billion new revenue)

- \$575 million to cover population growth and shortfalls in Medicaid, K-12 Education, Board of Regents, and Technical College System.
- \$231 million to cover increases in state employee and teacher health benefits, retirement obligations, unemployment insurance, liability insurance, and other administrative items.
- \$99 million from Mortgage Settlement Agreement for economic development projects

# Rainy Day Fund Needs to be Rebuilt



THOUGHTFUL ANALYSIS, RESPONSIBLE POLICY

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# Revenue Estimate – FY 2013

- FY 2013 Revenue Estimate based on 5.2% growth
  - Revenues grew 4.2% in FY 2012
  - Revenues grew 4.6% first two months of FY 2013
  - Over last 4 months revenues have only grown 3.4%
  - Every point below revenue estimate equals \$172 million

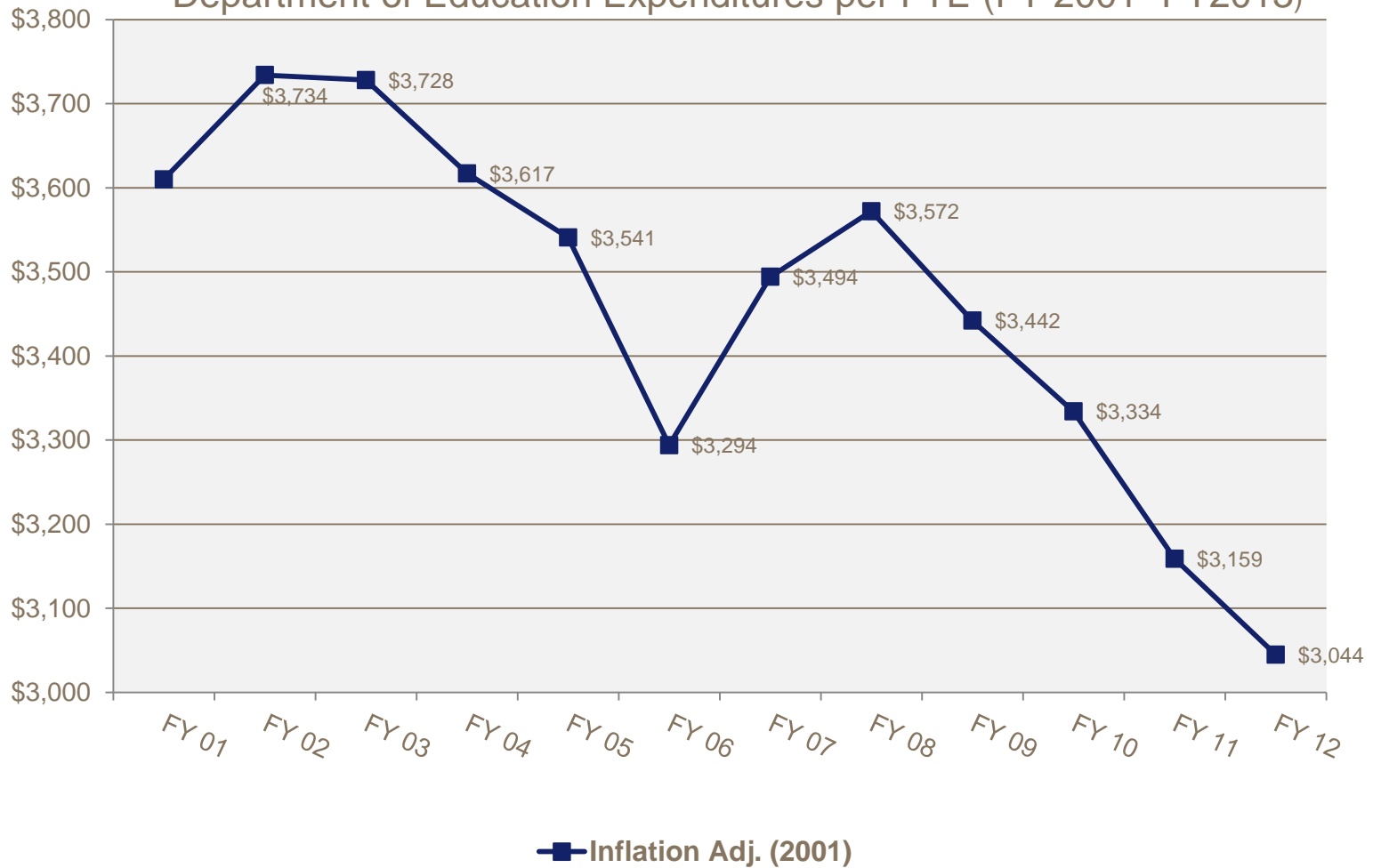


# Structural Deficits

- FY 2013 projected Budget Deficit of over \$300 million
- FY 2014 New Revenue Needs (\$700 million to \$1 billion)
  - student growth, retirement contributions, health care, state prisoner growth/aging, pay raises, mental health settlement
- Revenues sun setting and more tax cuts phasing in (\$300 million)
- Rebuild the reserves (\$300-\$500 million annually)

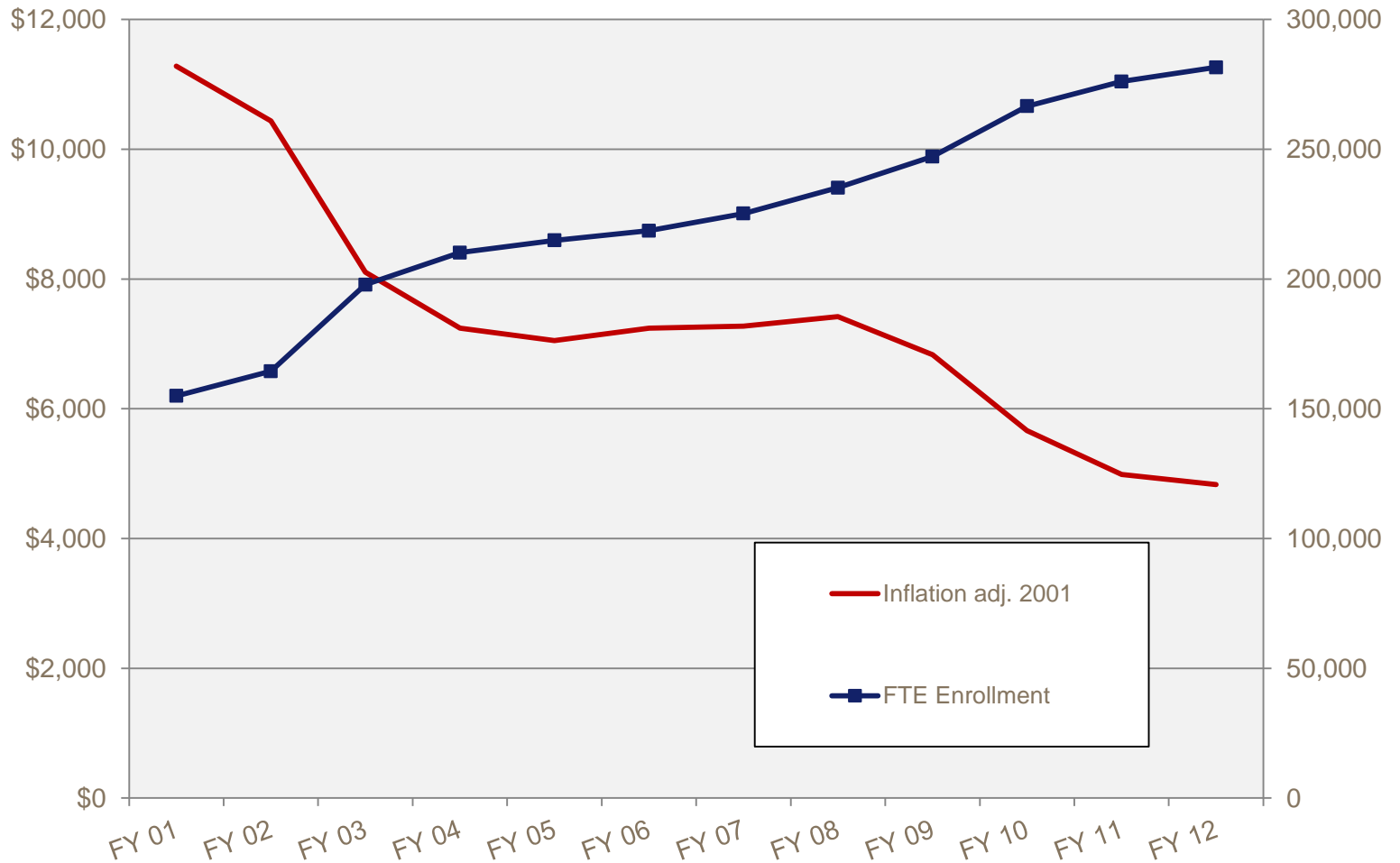
# K-12 Funding Has Not Kept Up with Student Growth and Inflation This Past Decade

Department of Education Expenditures per FTE (FY 2001- FY2013)

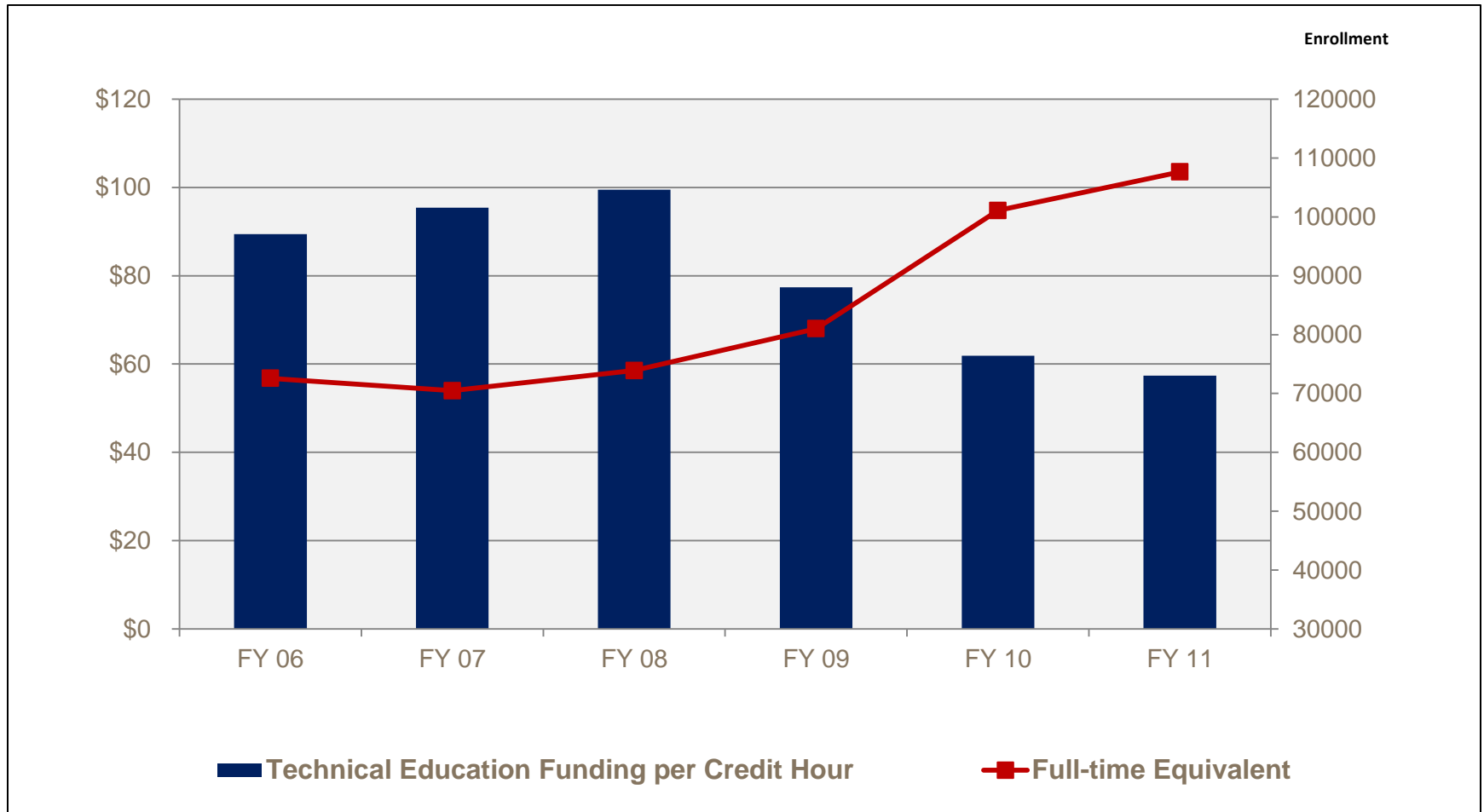


# Regents Funding Lags Behind Student Growth and Inflation

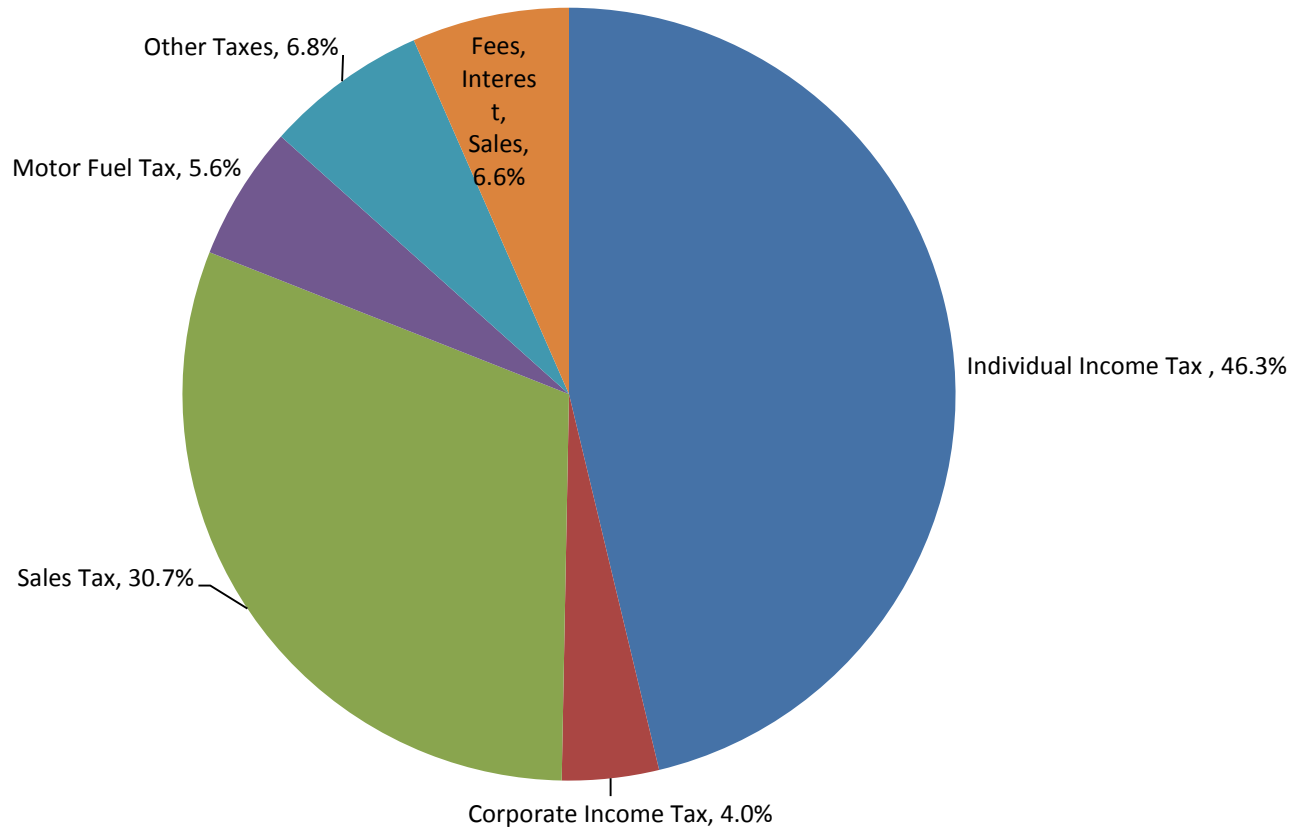
## Board of Regents Funding per FTE FY 2001- FY 2012



# Declining Support for Technical College System



# Georgia Revenues



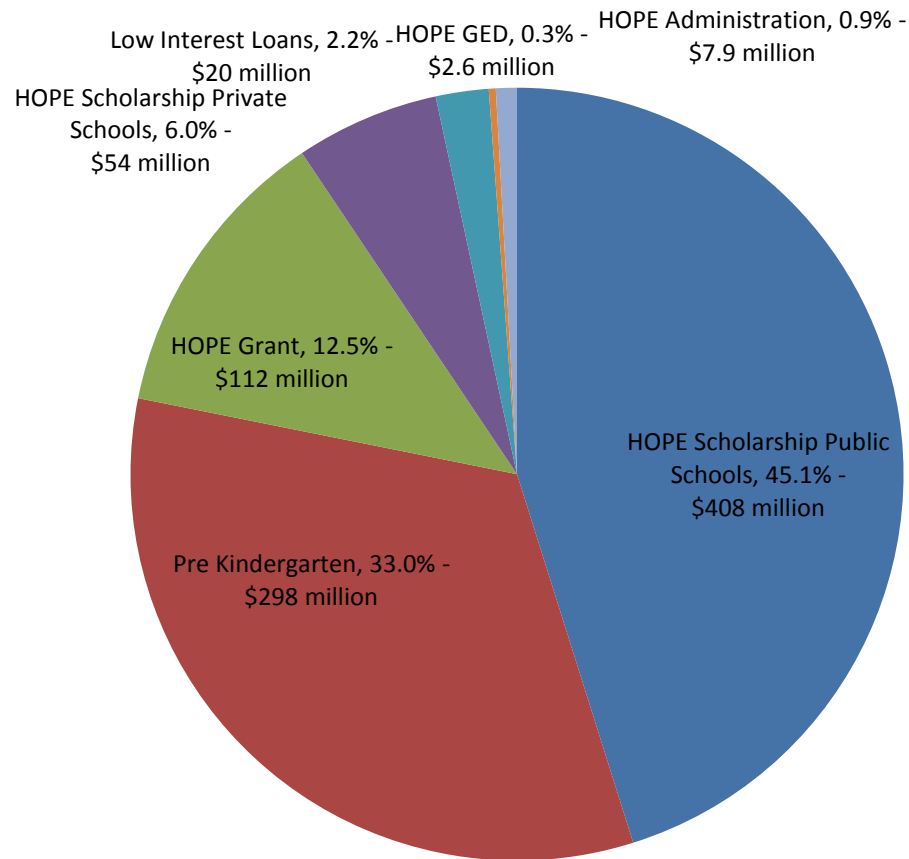
# Georgia Tax Rankings

	Ranking
State and local own source revenue as a percentage of income	40 <sup>th</sup>
State and local business taxes as a percentage of GSP	42 <sup>nd</sup>
State tax revenue as a percentage of income	45 <sup>th</sup>
State and local own source revenue per capita	47 <sup>th</sup>
State tax revenue per capita	49 <sup>th</sup>

# Tax Reform Going Forward – We Need Revenues!!!

- Sales and Income Tax outdated (1950's economy and government).
- Sales and Income Tax need to be modernized for 21<sup>st</sup> century economy and government.
- Strong state economy and robust job growth depends on strategic investments in education, transportation, healthcare, and quality of life.

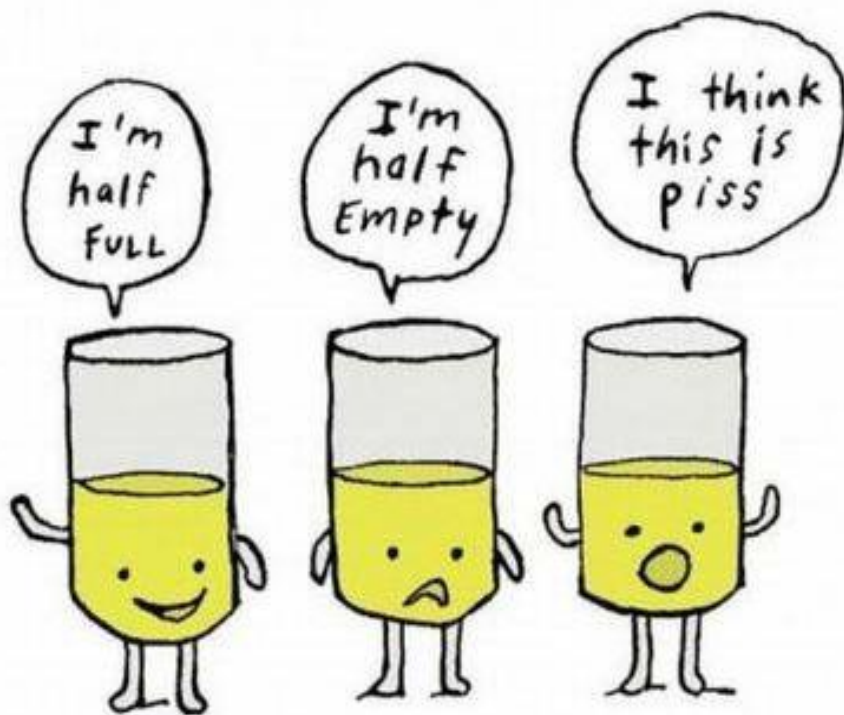
# FY 2013 Lottery Funds Budget (\$904 Million)





# Medicaid Expansion Under Affordable Care Act

- Georgia has almost 2 million uninsured. 7<sup>th</sup> highest rate of uninsured in nation.
- An estimated 650,000 Georgians would obtain insurance.
- DCH projects cost to state of \$4.5 billion over 10 years.
- Over \$30 billion in federal funds would flow into state.
- Cost to state of \$600 to \$700 per member per



# LET'S KEEP IN TOUCH.

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## **About the Georgia Budget & Policy Institute**

GBPI seeks to build a more prosperous Georgia. We rigorously analyze budget and tax policies and provide education to inspire informed debate and responsible decision-making, advancing our vision of a state in which economic opportunity and well-being are shared among all. GBPI is an independent, nonpartisan nonprofit founded in 2004.