Budget Week

While not technically “in session” this week, the General Assembly convened Joint Budget Hearings to receive information from each Agency on the Governor’s proposed Amended FY20 budget (the “little” budget) and FY21 budget (the “big” budget). The only two things the General Assembly must do during session are to pass these two bills. Based on the feedback from legislators, this may be a difficult slog.

The Governor sets the spending limits for the state and drafts proposed Agency budgets for the House Appropriators. Most state agencies were required to reduce their budgets by 4% for AFY20 and 6% for FY21. Those cuts amount to reductions of $200 million for AFY20 and $300 million for FY21.

Kelly Farr, Director of the Office of Planning and Budget, indicated that he would not recommend raising the budget limit despite the passage of the Marketplace Facilitator bill last week. Farr also indicated that the House proposed .25 income tax reduction was not necessary. The rate cut would cost the state about $500 million. The Senate Finance Chair, Sen. Chuck Hufstetler (R-Rome) agreed with Farr this morning at a Georgia Budget & Policy Institute meeting stating “Right now, the revenue is not there for that (cut). I don’t see the math there right now.”

Next week the real work will begin as the House Appropriations Committees meet and make changes to the Governor’s recommendations. Below are some of the highlights of the Governor’s proposed budgets.

**Governor’s Budget Notes AFY20 and FY21**

**AFY20 total Budget $27.3B**

**FY21 total Budget $28.1B**

- Includes $2K teacher raise
- All other state Employees making under $40K will get $1K raise
- Bonds for construction
  - $345.9M for k-12
  - $167.4M for University System
  - $68.7M for TCSG
  - $50M for Bridges
  - $0 for GEFA

**Notable Changes**

**State Soil and Water Conservation Commission** had two positions eliminated and budget reduced. Commissioner Attaway was asking for additional positions to review land disturbance permits. This will further delay development plans being approved. FY20 $2.18M/AFY20 $2.080M/FY21 $2.079M

**Georgia Environmental Finance Authority**: Zeroed out the grant program. FY20 $843/AFY $809/FY21 $0
Professional License Board Division had two positions eliminated and budget reduced.
FY20 $8.5M/AFY $8.3M/FY21 $8.3M

DOT

State Funds: FY20 $77.3M/AFY20 $78.7M/FY21 $66.3M

Motor Fuel Funds: Commissioner McMurry noted a disturbing trend in the decrease of motor fuel revenue. There is a projected decrease in motor fuel revenue of $11M for the AFY20 budget. Yet, the FY21 budget predicts an increase of almost $37M in motor fuel revenue. We will have to watch the numbers closely to see if the FY21 projections come true as this will significantly impact the Capitol Construction Projects budget.
FY20 $1.925B/AFY20 $1.911B/FY21 $1.977B

Total Funding: FY20 $2B/AFY20 $1.99B/FY21 $2.043B

Department Budgets

Agriculture –

Soil and Water Conservation Commission
AFY20 Reduced funds for one vacant position
FY21 Reduced funds by $100K for one vacant position and reduced funds for Districts

DCA

Georgia Environmental Finance Authority
FY21 – Reduced funds by $843K

Eliminated funds for Resource Conservation & Development Districts
Eliminated funds for Metropolitan North Georgia Water Planning District
Eliminated funds for Georgia Rural Water Association

OneGeorgia Authority –

AFY20 Cut $3.675M for special purpose grants
FY21 Cut $3.675M for special purpose grants

Secretary of State

Investigations
AFY20 – Reduced funds for 3 positions

Professional Licensing Board Division FY20 $8.5M/AFY20 $8.34M/FY21 $8.3M
AFY20 – Reduced funds for 1 vacant position and realignment of duties
FY21 - $126K for $1000 pay raise to those making less than $40K/yr
Reduced funds for 1 vacant position

**GDOT**

**Capital Construction Projects**
- AFY20 – Reduction of $11M due to motor fuel funds collected
- FY21 – Increase of $36.9M due to motor fuel funds anticipated

**Capital Maintenance Projects**
- FY21 – Increase of $6.8M due to motor fuel funds anticipated

**LMIG Grants**
- AFY20 – Reduction of $1.4M due to motor fuel funds collected
- FY21 – Increase of $5.1M due to motor fuel anticipated

**Georgia Student Finance Commission**

**Dual Enrollment**

While there are no changes reflected in the Governor’s AFY20 or FY21 budgets for Dual Enrollment costs, HB 444 (Bert Reeves R-Marietta) passed the Senate during the first week of session and should lower the cost of dual enrollment by putting some guard rails on the program.

Six years ago, dual enrollment cost taxpayers $23 million. The estimated price of the program for fiscal year 2021 is $100 million for the 51,000 students enrolled in the program.

Among the restraints imposed on dual enrollment in HB 444:

- Students can only take core courses as defined by the HOPE criteria, which includes math, English, science, social studies and foreign language. Within those areas, there are more than 2,000 core courses at the University System of Georgia level. Students can no longer take electives, fine arts or physical education on the taxpayers’ tab.

- Students in Career, Technical, and Agricultural Education can take 4,000 courses within the career clusters.

- There will be a ceiling of 30 credit hours paid for by taxpayers; parents can pay for additional college credits, if they choose.

- The average Georgia student now in dual enrollment takes 17 credits, so the 30-credit ceiling is well above what many kids will need. The bill grandfathers in some high schools students already in dual enrollment to go beyond the 30.

- The program would be limited to 11th and 12th graders. There are exceptions for students taking career-tech courses and for bright high school underclassmen who meet a high academic threshold.