



# GBPI

Georgia Budget and Policy Institute

Thoughtful Analysis...Responsible Policy

## FY 2008 BUDGET As Signed by the Governor

### Budget Overview

The FY 2008 budget, as adopted by the General Assembly and signed by the Governor, is based on a General Fund revenue estimate of \$18.3 billion (4.6 percent growth over the FY 2007 revenue projection). In addition, the budget contains \$922 million in motor fuel funds, \$841 million in lottery funds and \$148 million in Tobacco Settlement funds. The budget includes \$428 million for the Homeowners Tax Relief Grants (property tax cuts), as well as \$412 million in austerity cuts and sustained budget reductions within the Department of Education (\$140 million) and the Board of Regents (\$272 million).

<b>Table 1 General Funds Breakdown (\$18.31 billion)</b>	
Education Funding	56.5%
Medicaid and PeachCare	12.4%
Criminal Justice	10.2%
Health and Social Services	9.3%
Debt Service	4.2%
Homeowners Tax Relief Grant	2.3%
All Other Government	5.1%

<b>Table 2 Lottery Funds Breakdown (\$841 million)</b>	
HOPE Scholarship Program	\$516.7 million
Pre-K Program	\$324.9 million

<b>Table 3 Tobacco Funds Breakdown (\$148 million)</b>	
Direct Healthcare	\$65.4 million
One Georgia Authority	\$47.1 million
Cancer Treatment and Prevention	\$32.6 million
Smoking Cessation	\$3.2 million

<b>Table 4 Major General Fund Increases in FY 2008 Budget</b>	
Education and State Employee Salary Increase	\$383.2 million
Board of Education and Board of Regents Formula Increase	\$317.7 million
State Employee Health Benefit Plan Shortfall	\$176.0 million
Other Post Employees Benefits	\$100.0 million
New Debt Service	\$90.1 million
Medicaid Growth	\$54.0 million
Increased Workers Compensation Premiums	\$46.0 million
Governor's Land Conservation Program	\$42.3 million

## FY 2008 Revenue Estimate

The FY 2008 Budget is based on 4.6 percent growth of General Fund Revenue over the Amended FY 2007 revenue projection (an increase of \$811 million). Traditionally, the revenue estimate takes into consideration a planned end of year surplus in order to fund the Education Mid-Year Adjustment Reserve and increase the Revenue Shortfall Reserve. To account for a 1 percent Education Mid-Year Adjustment Reserve available for the FY 2009 Amended Budget, we must have an FY 2008 end of year surplus of approximately \$180 million. To increase the Revenue Shortfall Reserve at the end of FY 2008 by 1 percent, we must also have an additional end of year surplus of approximately \$180 million, for a total planned surplus of \$360 million. To meet such a state fiscal plan, FY 2008 General Fund revenues would need to increase 6.6 percent. Table 8 highlights the changes in the FY 2008 revenue estimate compared to the FY 2007 amended budget revenue estimate.

**Table 8**  
**Change in FY 2008 Revenue Estimate**  
**Compared to FY 2007 Amended Budget Revenue Estimate**

Fund Source	FY 2007 Amended Budget	FY 2008 Budget	Change in Revenues	Percent Change
General Revenue Funds	\$17,503,203,362	\$18,314,814,495	\$811,611,130	4.6%
Motor Fuel Taxes	\$801,759,400	\$922,844,400	\$121,085,000	15.1%
Lottery Funds	\$841,554,506	\$841,554,506	\$0	0.0%
Tobacco Funds	\$167,511,505	\$148,344,341	(\$19,167,164)	(-11.4%)
Brain and Spinal Injury	\$3,007,691	\$3,063,194	\$55,503	1.8%
<b>TOTAL</b>	<b>\$19,317,036,464</b>	<b>\$20,230,620,936</b>	<b>\$913,584,472</b>	<b>4.7%</b>

## Governor's Vetoes

The Governor vetoed 8 cash projects totaling \$7.3 million and 25 bond projects totaling \$123 million (\$10.7 million in debt service) from the FY 2008 budget. The Governor also vetoed legislative intent language in 114 line items. In those cases where the legislative intent language was vetoed the corresponding appropriation remained with the state agencies.

## Revenue Shortfall Reserve

The Revenue Shortfall Reserve (RSR) currently totals \$792.5 million. The current RSR would be enough to run state government for approximately 16 days. In FY 2002 the RSR and additional surplus was equivalent to just under 43 days of state expenditures. A 30 day RSR would total \$1.5 billion and a 40 day RSR would total \$2.0 billion. A statutorily minimally-funded RSR (4% of revenues) at the end of FY 2008 would total approximately \$732 million. A statutorily fully-funded RSR (10% of revenues) at the end of FY 2008 would total approximately \$1.83 billion.

## Budget Highlights

<b><u>Education</u></b>	
<b>State Board of Education</b>	
QBE Formula growth	\$242.1 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$232.5 million
State Health Benefit Plan	\$144.8 million
Increase funds for equalization grants	\$ 31.5 million
Replace tobacco settlement funds with state funds for School Nurse Program	\$ 30.0 million
Partially restore austerity reduction	\$ 26.6 million
Graduation coaches to middle schools	\$ 26.1 million
Promote development of Charter Schools	\$ 2.0 million
Provide each school foreign language materials	\$ 1.6 million
<i>Local Five Mill Share</i>	<i>-\$103.2 million</i>
<i>Eliminate State Reading and Math Program</i>	<i>-\$ 24.4 million</i>
<i>Eliminate Pilot Foreign Language Program</i>	<i>-\$ 1.6 million</i>
<b>Board of Regents</b>	
Formula growth	\$ 75.6 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$ 54.6 million
Major Repairs and Renovations	\$ 17.5 million
Georgia Gwinnett College – one time funding	\$ 10.0 million
Life Sciences Vaccine Research	\$ 10.0 million
Increased Workers Compensation premiums	\$ 9.1 million
Charlie Norwood Dental School at MCG in Augusta	\$ 5.0 million
Repair and Renovations of Georgia Public Libraries	\$ 0.9 million
<b>Department of Technical and Adult Education</b>	
State Health Benefit Plan	\$ 16.5 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$ 10.2 million
Customized training for KIA project	\$ 3.1 million
Increased utility costs	\$ 2.8 million
Increased Workers Compensation premiums	\$ 1.5 million
Career Academies	\$ 1.5 million
Fast Track Nursing Initiative	\$ 0.6 million
<b>Early Care and Learning (Lottery Funds)</b>	
3,000 additional slots	\$ 12.6 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$ 7.0 million
State Health Benefit Plan	\$ 3.1 million
<b>Georgia Student Finance Commission (Lottery Funds)</b>	
<i>Transfer excess HOPE Scholarship funds to Early Care and Learning</i>	<i>-\$ 22.9 million</i>

## **Health and Social Services**

### **Department of Community Health**

Medicaid benefits growth	\$ 54.0 million
Quality Assessment Fees	\$ 35.6 million
Increase Nursing Home Provider Fee	\$ 21.5 million
CMO Administrative rate adjustments	\$ 8.2 million
Expand Mercer Medical School Program in Savannah	\$ 5.5 million
Increase reimbursement rates for various services and programs	\$ 5.0 million
Independent Review of Georgia Healthy Families Program	\$ 4.0 million
Community Health Centers – new centers and behavioral services	\$ 2.8 million
Medicaid Buy-In Program	\$ 1.1 million

<i>Savings from CMO contract negotiations</i>	<i>-\$ 16.0 million</i>
<i>Savings from State False Medicaid Claims Act</i>	<i>-\$ 10.0 million</i>
<i>CMO administrative rate adjustments in PeachCare Program</i>	<i>-\$ 8.2 million</i>
<i>Savings from Program Integrity Fraudulent Claims Prevention Initiative</i>	<i>-\$ 1.9 million</i>

### **Department of Human Resources**

State Health Benefit Plan	\$ 50.5 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$ 32.8 million
Increased Workers Compensation Premiums	\$ 13.5 million
1,330 additional MR/DD waiver slots	\$ 11.4 million
Annualize the cost of 1,500 MR/DD waiver slots in FY 2007 budget	\$ 8.5 million
Antiviral medications to treat pandemic flu	\$ 7.2 million
83 forensic secure beds in state hospitals	\$ 7.2 million
1,000 slots for non-Medicaid Home and Community Based Services Program	\$ 2.7 million
500 slots (610 unduplicated individuals) Community Care Services for Elderly	\$ 2.1 million
Increase clothing allowance for foster children	\$ 1.5 million
Vaccines for underinsured children	\$ 1.5 million

## **Criminal Justice**

### **Department of Corrections**

State Health Benefit Plan	\$ 26.1 million
Provide start-up, partial year and full year funding for 1,983 beds	\$ 25.8 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$ 24.7 million
Increase in health care services contract	\$ 11.7 million
Increased utility costs	\$ 7.1 million
Increased Workers Compensation premiums	\$ 6.3 million
Bainbridge Probation Substance Abuse Treatment Center (192 beds)	\$ 3.5 million
Annualize the FY 2007 inflation increase for 3 private prisons	\$ 3.1 million
<i>Various Savings</i>	<i>-\$ 3.5 million</i>

### **Department of Juvenile Justice**

State Health Benefit Plan	\$ 8.5 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$ 7.6 million
67 additional juvenile probation and parole staff	\$ 3.2 million
Increased Workers Compensation premiums	\$ 2.6 million
Increased funding of Savannah River Challenge YDC	\$ 2.1 million
<i>Various Savings</i>	<i>-\$ 3.1 million</i>

### **Georgia Bureau of Investigation**

State Health Benefit Plan	\$ 2.1 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$ 1.6 million
Headquarters electrical and communications system upgrade	\$ 1.3 million
15 special agents for methamphetamine-related crimes	\$ 1.3 million
8 special agents and 5 computer specialists for internet predators and child porn	\$ 1.1 million

### **Department of Public Safety**

State Health Benefit Plan	\$ 3.7 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$ 3.7 million
50 trooper cars	\$ 1.8 million
Increased Workers Compensation premiums	\$ 1.5 million
Improved voice and data communications	\$ 1.5 million

## **General Government**

### **Department of Community Affairs**

Governor's Land Conservation Program	\$ 42.3 million
Local Assistance Grants	\$ 6.5 million

### **Department of Economic Development**

International marketing efforts	\$ 6.1 million
National Infantry Museum	\$ 5.0 million
Resaca Battlefield	\$ 2.5 million

### **Office of the Governor**

Governor's Litigation Fund	\$ 2.1 million
Office of Consumer Affairs Customer Service Initiative	\$ 1.4 million

### **Department of Natural Resources**

"Go Fish Georgia" Initiative	\$ 5.0 million
State Health Benefit Plan	\$ 3.4 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$ 3.0 million
Repairs and renovations of state park cottages and campgrounds	\$ 2.5 million
Increased Workers Compensation Premiums	\$ 1.5 million
Renovation of Aging Coastal Docks	\$ 1.4 million

### **Department of Revenue**

Data Warehouse to identify underreporting and non-reporting taxpayers	\$ 3.6 million
State Health Benefit plan	\$ 2.8 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$ 1.6 million

### **Department of Transportation (Motor Fuel Funds)**

State Match for Federal Highway Administration	\$ 91.7 million
State Health Benefit Plan	\$ 12.2 million
FY 2008 3% salary increase and annualization of FY 2007 salary increase	\$ 8.8 million
Increase funds to support state airports (state general funds)	\$ 5.0 million
Increased Workers Compensation premiums	\$ 4.2 million

*Reduce funding for various road programs* *-\$17.0 million*

## **Bond Projects**

A total of \$920 billion in new General Fund bond projects and \$110 million in new Motor Fuel Funds bond projects are funded in the FY 2008 budget. The new bond projects result in an increase of \$90.1 million in General Funds and \$9.4 million in Motor Fuel Funds to the existing debt service. Highlights include:

Department of Education – school construction	\$454.1 million
Board of Regents – New buildings, repairs and maintenance, new equipment	\$242.5 million
Department of Technical and Adult Education – New buildings and equipment	\$ 78.9 million
Department of Transportation – Fast Forward Program (Motor Fuel Funds)	\$ 70.0 million
Department of Corrections – Bed space expansion and new headquarters	\$ 34.3 million
Environmental Facilities Authority – Local Government water and sewer projects	\$ 28.0 million
"Go Fish Georgia" - Education and Visitors Center, Hatchery	\$ 14.0 million