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State Budget FACTS

House Bill 78: More Budget Cuts, Fewer Services

Georgia Faces Multi-Billion Dollar Budget Deficits, and a Structural Deficit Going Forward.

House Bill 78, as approved by the House, cuts state agency funding by more than $500 million and underfunds enrollment growth in education agencies and Medicaid by more than $500 million. The budget cuts are on top of the nearly $2.5 billion in budget cuts implemented over the past three years. Compared to the adopted FY 2009 budget, the FY 2012 budget decreases state general fund spending by 14.6 percent ($2.9 billion).

Despite the budget crisis, Georgia's population is still among the fastest growing in the nation, resulting in existing and emerging needs, especially during these recessionary times.

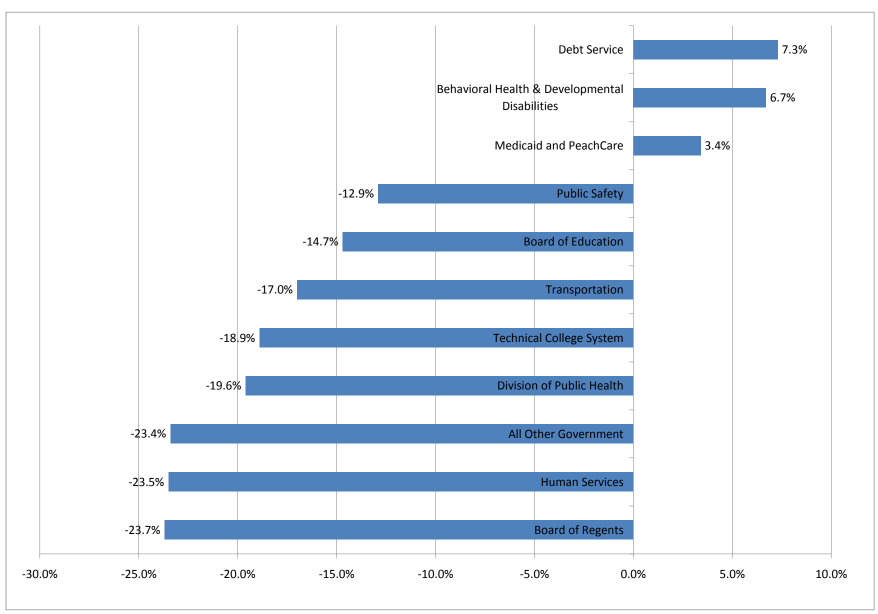
Existing demands include education for our expanding youth population, infrastructure for our community and economic development, health services for those unable to access the insurance market, services for our aging population, and protection for abused and neglected children, to name a few.

As stated in the report of the 2010 Special Council on Tax Reform and Fairness for Georgians:

"Overall, Georgia's taxes are low, have not increased over the past 30 years as measured by taxes as a share of personal income, and are competitive. Research on business firm location finds that while taxes matter, other factors seem to play a larger role. Factors such as functioning transportation systems, availability of water, and the quality of public education are more important components of the decision making process."

Revenue increases as part of a balanced deficit reduction package would be more beneficial to the economy than budget cuts alone. In the long term, fundamental tax reform and modernization, such as many of the recommendations contained in the report of the Special Council on Tax Reform and Fairness for Georgians, would allow Georgia to make the investments in the human and physical infrastructure of the state that is necessary for Georgia to prosper.

Percentage Change in Funds: Original FY 2009 to Proposed FY 2012



100 Edgewood Avenue, Suite 950, Atlanta, GA 30303 | Ph: 404.420.1324 | Fax: 404.420.1329 | www.GBPI.org