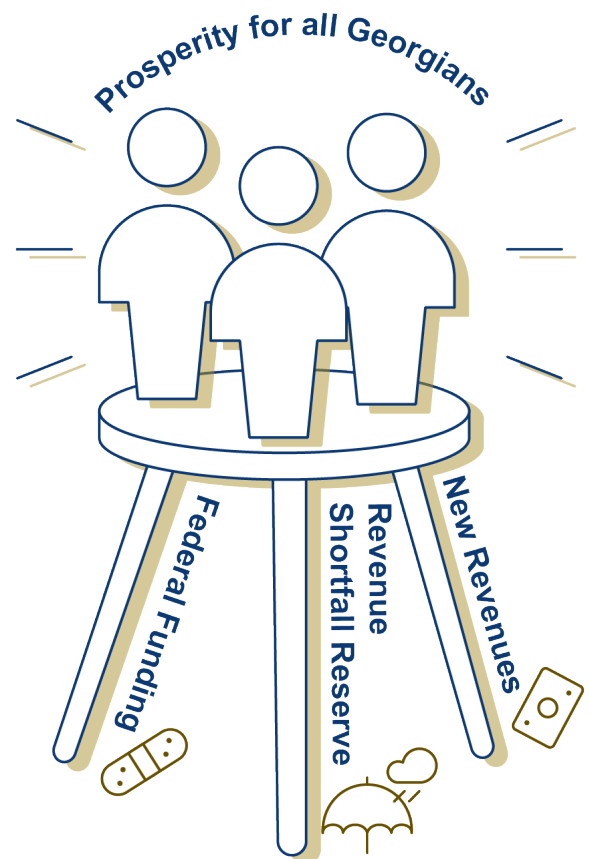





Georgia Needs a Three-Pronged Approach to Funding Long-Term COVID Relief



Compared to the Fiscal Year (FY) 2020 budget, which was approved before the COVID-19 pandemic, Georgia's FY 2022 budget, which takes effect July 1, 2021, includes \$1.2 billion in continued budget cuts due to a state revenue shortfall caused by the pandemic. At a time when millions of families are experiencing heightened needs due to the pandemic, these cuts underfund Georgia's schools, services for Georgians with disabilities, anti-poverty programs, public health and more.

There are options to help Georgia restore funding to these critical services and programs, address COVID-19 and foster prosperity in every community. Georgia leaders must appropriately deploy funds from the state's Revenue Shortfall Reserve, raise new revenues and call for federal relief so that every family can recover and thrive.



Funding Option	Why We Need It	Why We Need the Other Options Too
 <p>The governor deploys up to \$1.7 billion of Georgia's \$2.7 billion Revenue Shortfall Reserve (RSR), or rainy day fund, to help restore budget cuts to core areas of government, such as health care and education (74 percent of state spending).</p>	<p>The RSR was created to help the state avoid steep recession-triggered budget cuts. COVID-19 has devastated Georgia's economy and hurt Georgia families, but the state has deviated from prior responses by choosing harmful cuts over using the RSR for its intended purpose. These cuts have exacerbated the pandemic's effects.</p>	<p>This option is temporary and will not address the long-term effects of COVID-19.</p>
 <p>Federal lawmakers provide funds for relief to state and local governments.</p>	<ul style="list-style-type: none"> • Local governments and the state are facing steep budget cuts. • Georgians need more support for COVID relief. • The state should use funds granted by the federal government to restore \$1.2 billion in cuts in the FY 2022 budget and invest in bolstering the state's health infrastructure and COVID-19 response. 	<ul style="list-style-type: none"> • This option is temporary and will not address the long-term effects of COVID-19. • Federal relief may come with specific restrictions. • Federal funds will serve as a stop-gap, but should not be used to supplant current state revenue sources to avoid a continued revenue shortfall.
 <p>Georgia lawmakers enact bipartisan options to raise hundreds of millions in new revenue. Potential solutions include lifting the tobacco tax to the national average (\$700 million), evaluating and trimming back special-interest tax subsidies (\$1 billion+) and eliminating the double-deduction loophole that only benefits Georgia's wealthiest earners (\$175 million).</p>	<ul style="list-style-type: none"> • Georgia's state government has been underfunded since the Great Recession; programs and services currently receive \$100 less per person than they did in 2008. • New revenues would provide long-term support that would allow our state to better address future economic crises and help every family prosper. 	<ul style="list-style-type: none"> • New revenues are unlikely to affect the budget before FY 2022. • These revenues would allow the state to adequately fund annual programs and services, such as public schools and the state's Medicaid program. Additional funding is still necessary to specifically address immediate needs and the state's response to the COVID-19 pandemic.