



Overview of Georgia's FY 2021 & FY 2022 State Budget

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Overview: State of Georgia Facing \$1.2 Billion in Continued Cuts

- Beginning on July 1 of this year (FY 2021), Georgia began implementing \$2.2 billion in cuts (10% to most areas of govt)
- Gov. Kemp's FY 2021 amended budget raises tax forecast by \$682 million, but removes \$250 million previously allocated from the Revenue Shortfall Reserve
- \$1.2 Billion in cuts recommended for FY 2022, spending per resident is \$100 below FY 2008 levels (about 4% less than 14 years ago, prior to impact of the Great Recession, adjusted for inflation)
- Cuts-alone strategy to balance budget

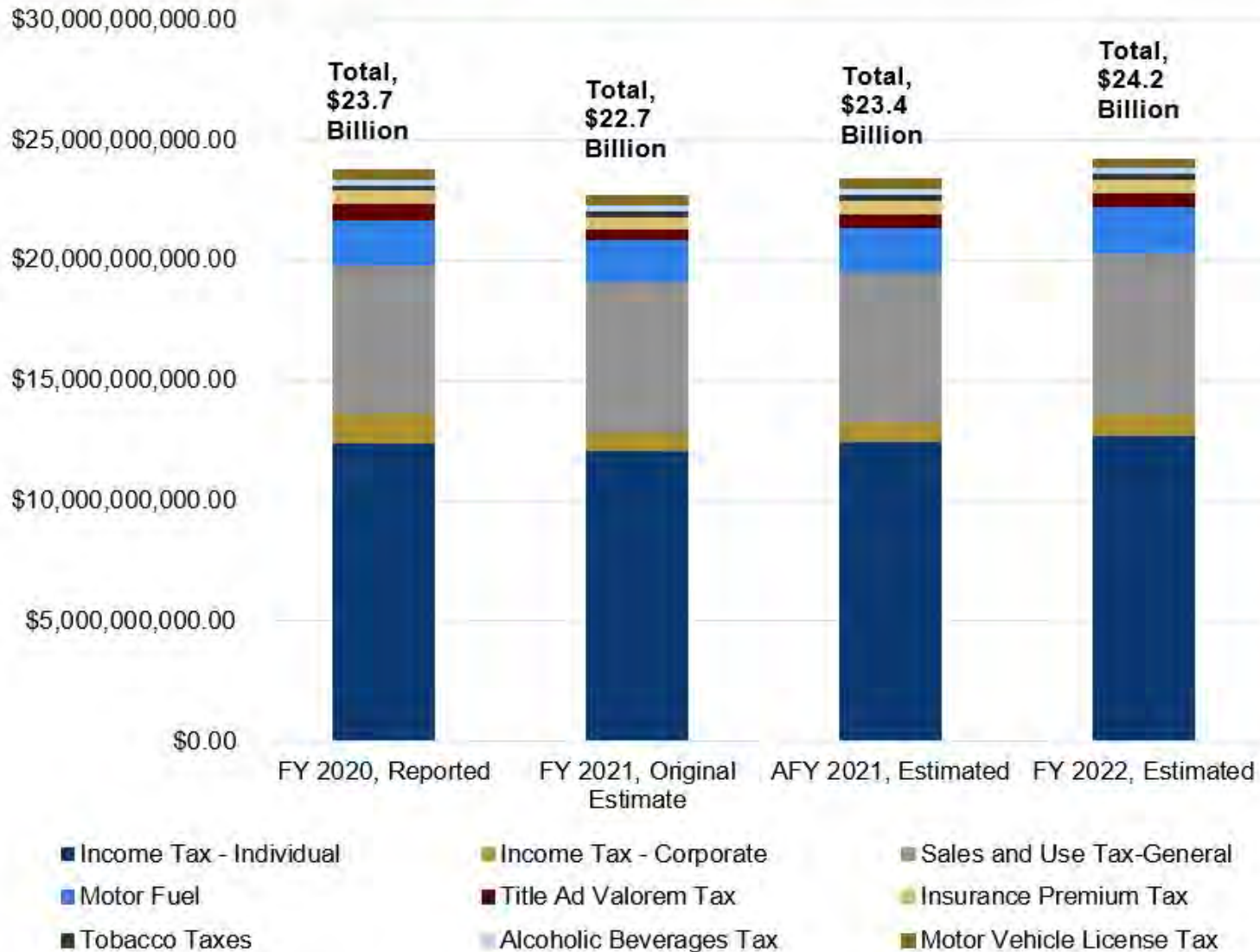


Where Does Georgia's Money Come From?

FY 2022 General Fund Revenue Estimate: \$25.8 billion

- Personal Income Tax: \$12.7 billion (49.4%)
- Corporate Income Tax: \$880 million (3.4%)
- Sales Tax: \$6.6 million (26%)
- Motor fuel: \$2 million (7.5%)
- Other taxes/fees: \$3.5 billion (14%)

Georgia Tax Revenues, Fiscal Years 2020 – 2022



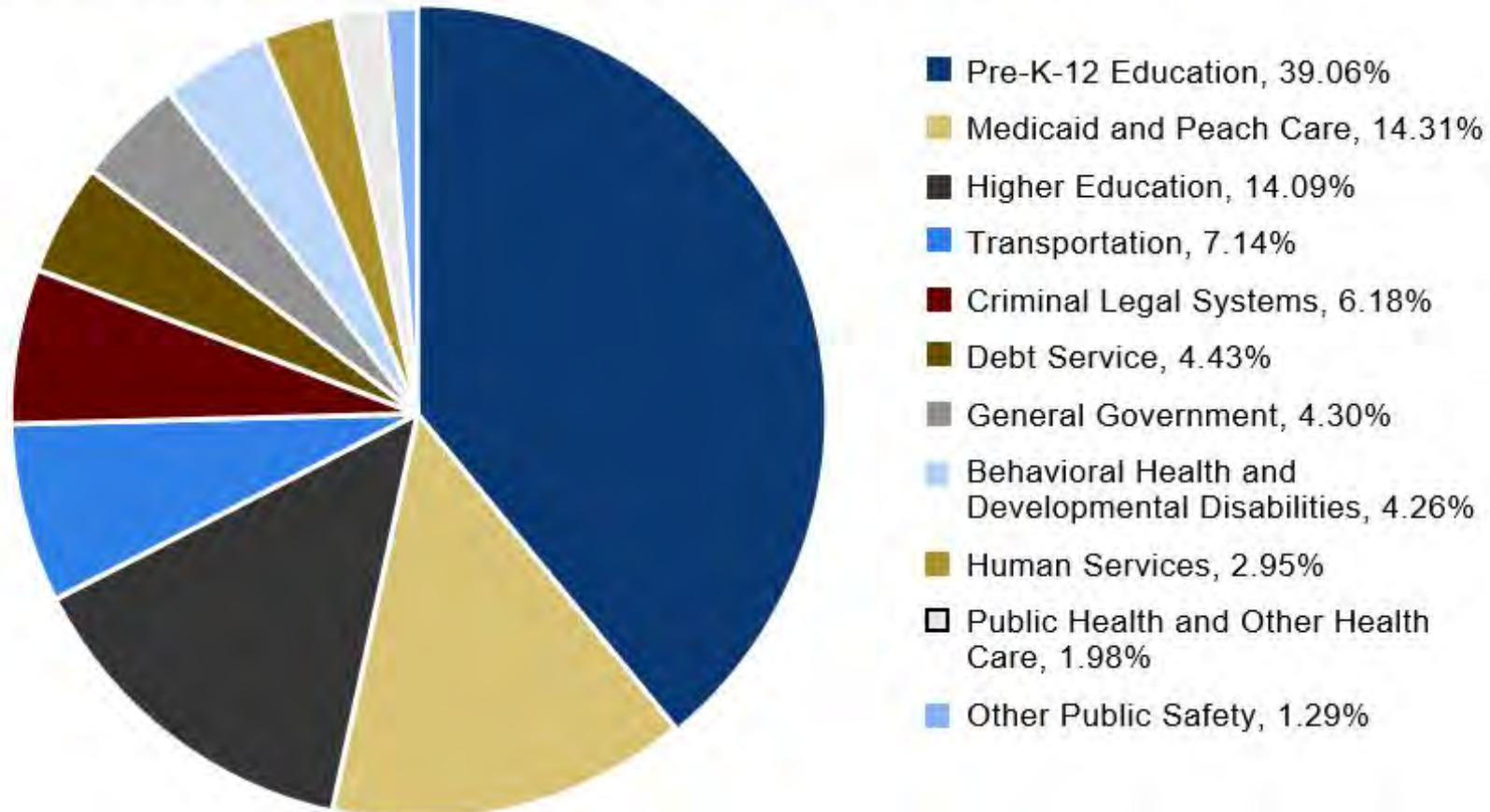
Source: The Governor's Budget Report, Amended Fiscal Year 2021 and Fiscal Year 2022; Office of Planning and Budget, FY 2021 Revenue Estimate.

Where Does Georgia's Money Come From?

- At the start of FY 2021, tax collections expected to fall by \$1 billion from prior year
- AFY 2021 tax revenue estimate revised upward, state now expects drop of \$366 million
- Tax collections expected to grow by relatively slow rate of 3.6 percent from FY 2021 to FY 2022
- Sharp reduction expected in corporate income tax collections (30%), sales tax expected to drive lion's share of revenue growth next year

State Spending Overview

Education and Health Care Equal 74 Percent of State Budget, Deep Cuts Remain from Pre-Pandemic Levels in FY 2022 Budget

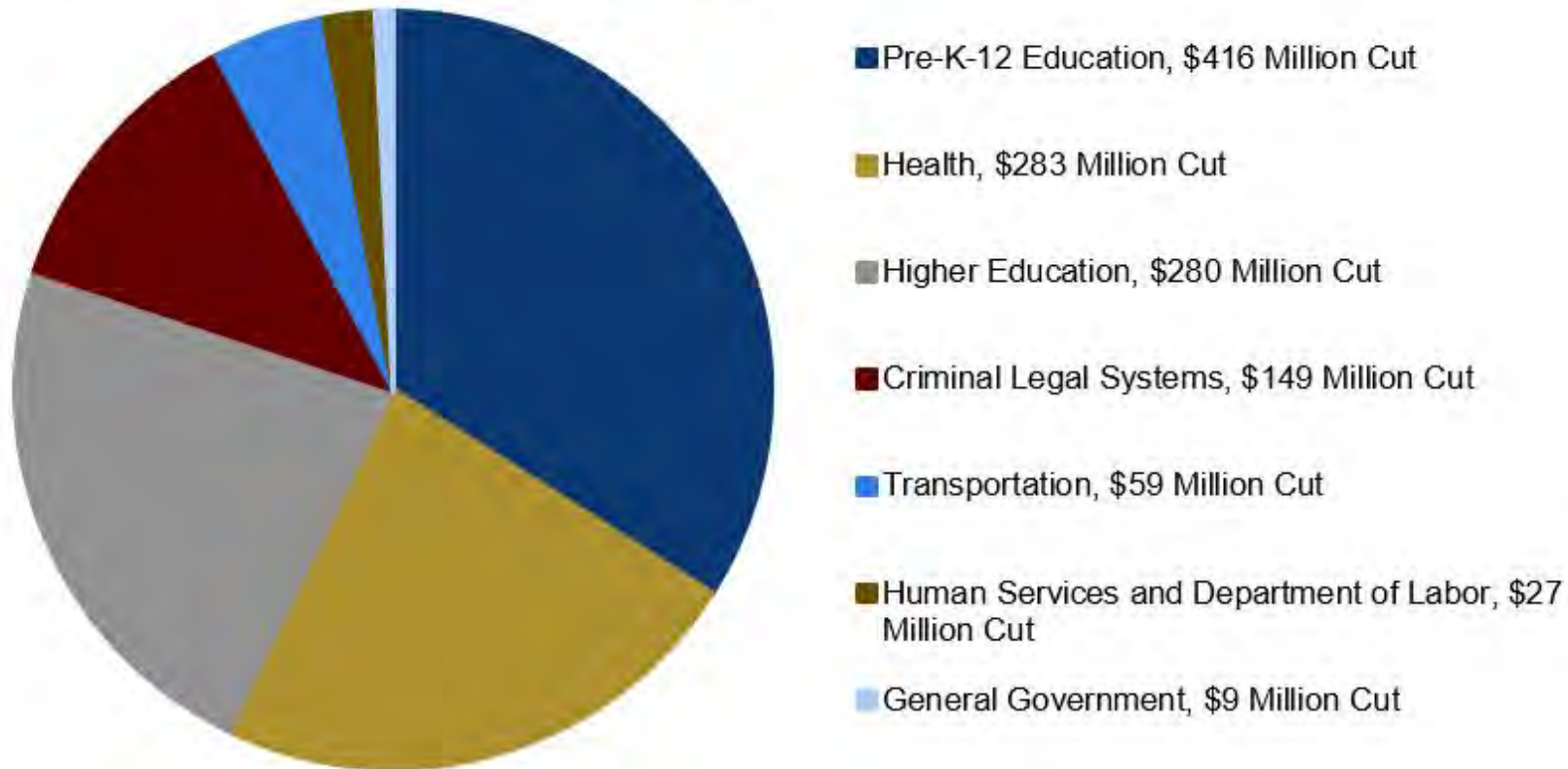


Source: The Governor's Budget Report, Amended Fiscal Year 2021 and Fiscal Year 2022.

Summary of FY 2022 Budget Cuts

Budget Proposes \$1.2 Billion Less than Pre-Pandemic Spending, Maintains Deep Cuts for Education and Health Care

Share of Cuts to Pre-Pandemic Funding Levels (FY 2020 to FY 2022)



Source: *The Governor's Budget Report, Amended Fiscal Year 2022; House Bill 31 (2020).*



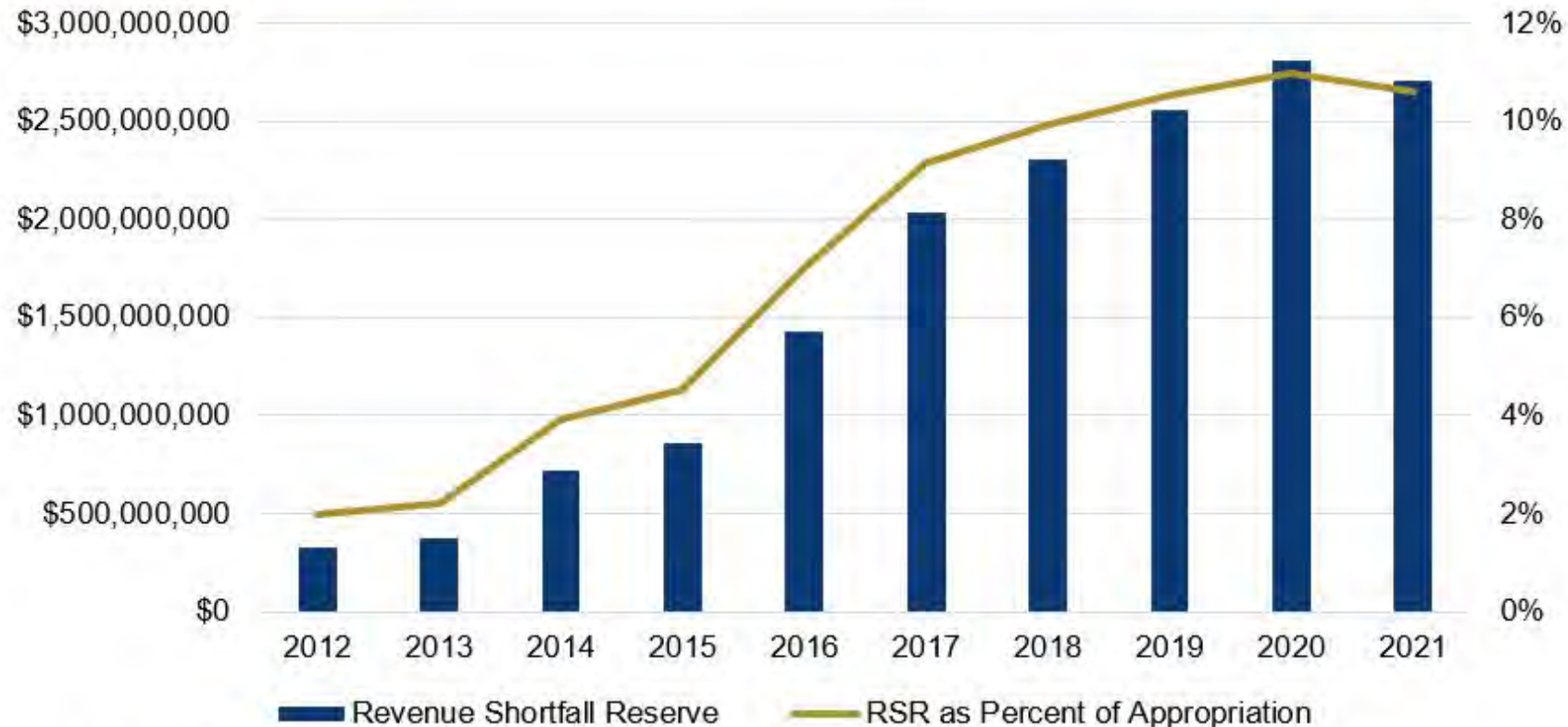
Examples of Budget Cuts

FY 2020 to FY 2022

- \$393 million cut from QBE funding formula for public schools
- \$14 million early childhood education
- \$219 million reduction in University System funding for teaching
- \$33 million cut from addictive disease services (DBHDD)
- \$7 million cut from general funds for public health
- \$26 million cut to Department of Human Services

Georgia's Savings Account Goes Untouched, Billions In cuts instead

As Georgia Implements Deep Budget Cuts, State Savings Account Goes Largely Untouched



Source: *The Governor's Budget Report, Amended Fiscal Year 2021 and Fiscal Year 2022.*

Risky Medicaid Waiver Creates New Fiscal Uncertainty

- State plans to cover 31,000 people in FY 2022 under Medicaid waiver at cost of \$76 million
- Full Medicaid expansion could cover approx. 482,000 people for \$144 million in FY 2022
- Cost of up to 7x per enrollee under current plan
- Georgia's uninsured rate (pre-pandemic) 3rd highest in America; 1 of 12 states to reject Medicaid Expansion + 90% funding match

State Cost Per Enrollee FY 2022



Total cost of full expansion:
\$497

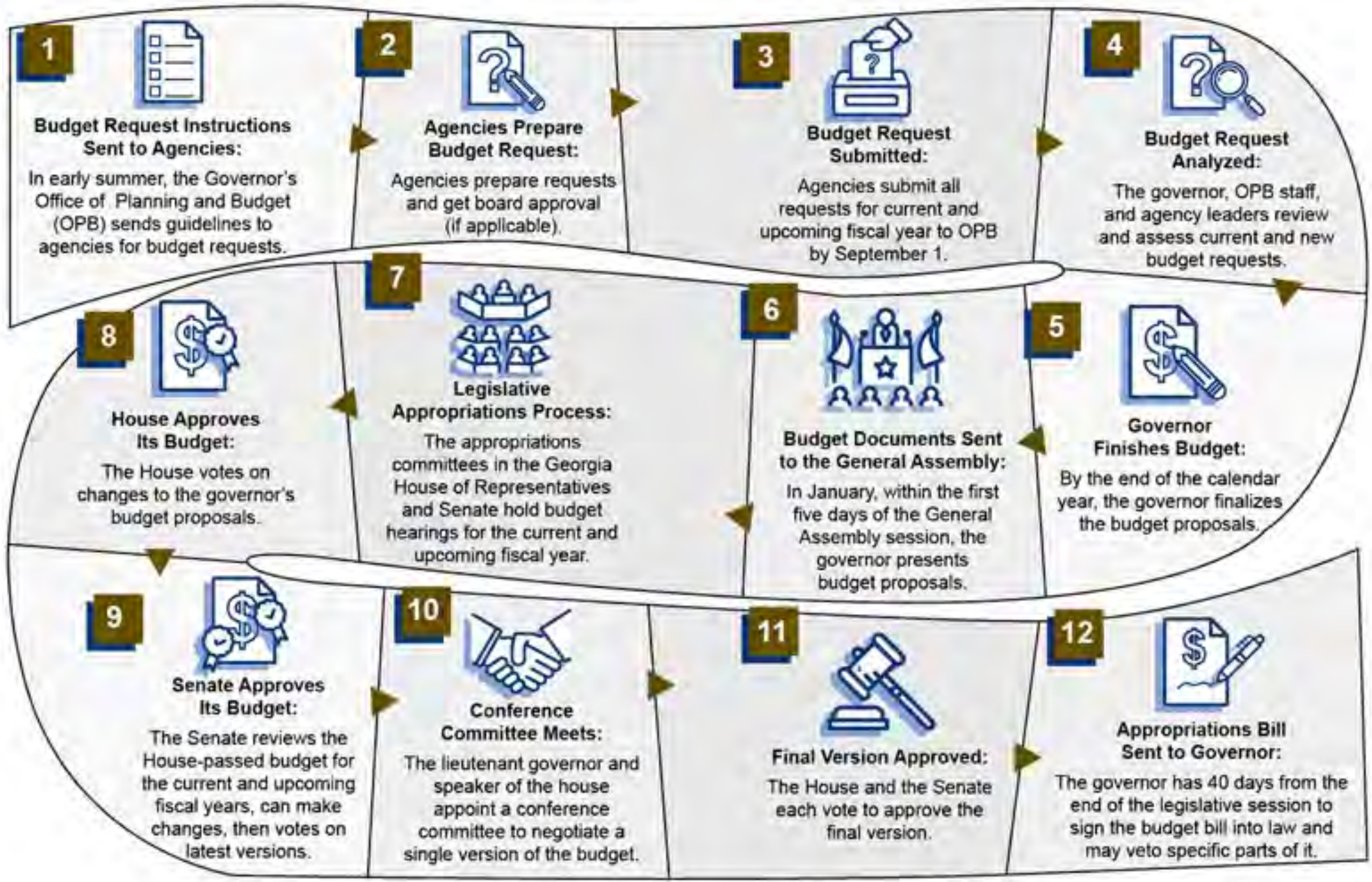


Net cost of full expansion with
agency savings + additional
revenue: **\$298**



Estimated cost of current
Medicaid waiver in FY 2022
budget: **\$2,054**

Source: State Auditor Greg S. Griffin, 2018 Fiscal Note on House Bill (LC 46 0015); Georgia Pathways to Coverage Medicaid 1115 Waiver, Approval Document from the Centers for Medicare and Medicaid Services, October 15, 2020; The Governor's Budget Report, Amended Fiscal Year 2021 and Fiscal Year 2022.





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