

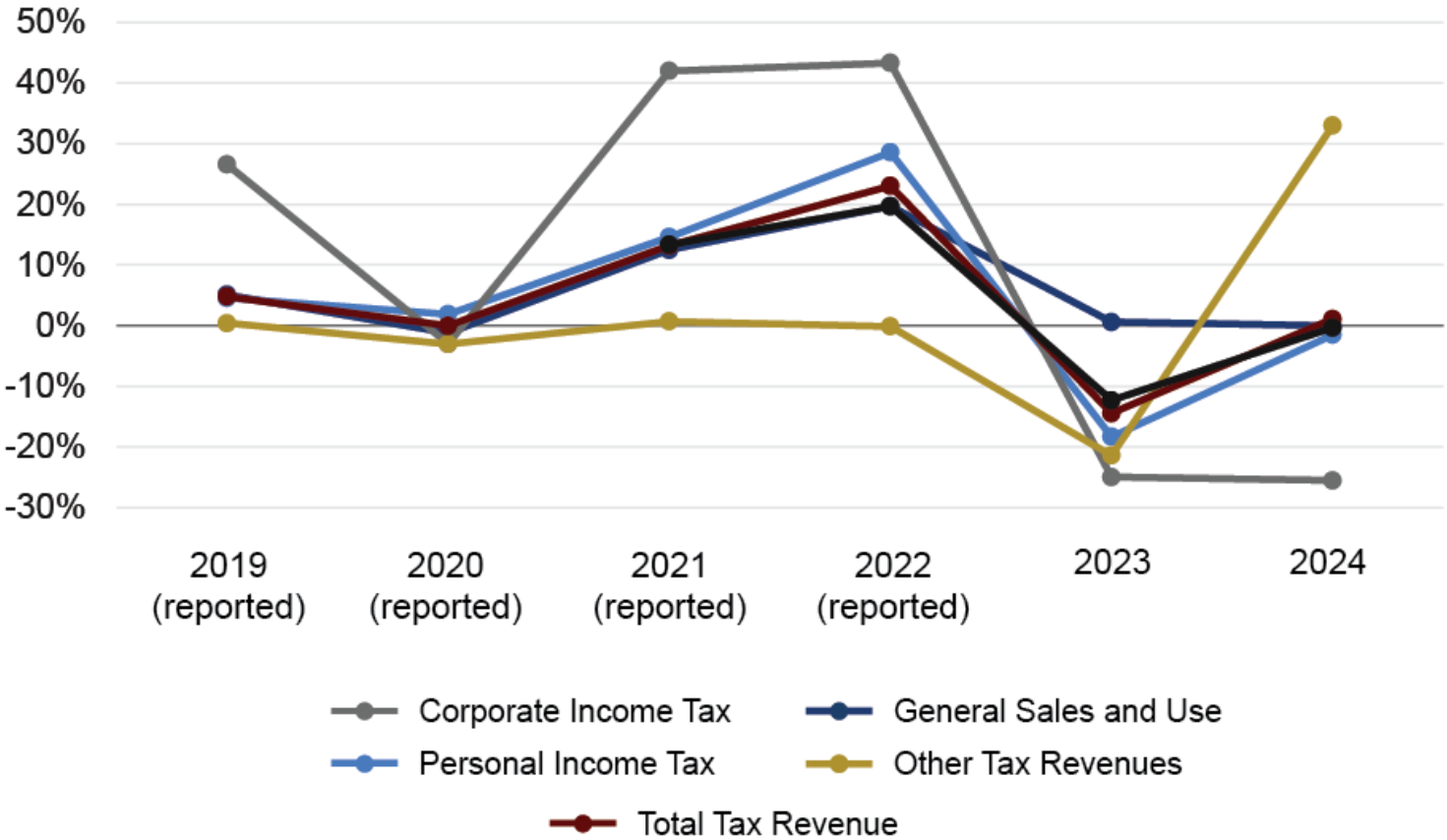


Overview of FY 2024 Executive Budget & Revenue Outlook

Danny Kansa
January 19, 2023



State Forecasts Sharp Drop in Tax Collections, Governor Issues Flat Revenue Estimate for FY 2024



AFTER PANDEMIC REBOUND, REVENUE ESTIMATES KEEP SPENDING FLAT

Source: Governor's Budget Report Amended FY 2023 and FY 2024; Governor's Budget Report Amended FY 2023 and FY 2023

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FY 2024 REVENUE ESTIMATE AND SPENDING TRAJECTORY

Revenue Estimate, 2024 Fiscal Year		
Income Taxes	16,108,606,500	49.64%
Personal Income Tax	14,706,897,000	45.32%
Corporate Income Tax	1,401,709,500	4.32%
Sales Tax	8,365,657,604	25.78%
Other Taxes and Fees	4,277,273,467	13.18%
Motor Vehicle Tax (TAVT)	672,500,000	2.07%
Motor Vehicle License Fee	368,550,000	1.14%
Other Transportation Fees (Motel excise tax, highway impact fees, for-hire ground transportation tax)	197,500,000	0.61%
Insurance Premium Tax	560,000,000	1.73%
Tobacco Tax	234,630,000	0.72%
Alcohol Beverage Tax	234,600,000	0.72%
Fireworks excise tax	1,700,000	0.01%
Hospital Provider Payments	385,573,177	1.19%
Nursing Home Provider Fees	152,685,494	0.47%
Interest on Motor Fuel Deposits	95,080,472	0.29%
Interest on All Other State Deposits	389,414,781	1.20%
All Other Interest, Fees and Sales	985,039,543	3.04%
Designated Funds	3,698,255,437	11.40%
Motor Fuel Tax & Interest	2,032,931,199	6.26%
Lottery Funds	1,514,645,315	4.67%
Tobacco Settlement Funds	148,564,951	0.46%
Brain & Spinal Injury Trust Fund	1,913,773	0.01%
Safe Harbor for Sexually Exploited Children Fund	200,199	0.00%
Total	32,449,793,008	100%

Georgia's State Spending in FY 2024 Still on Track to Remain Below Pre-Great Recession Levels

Year	Population	Total State Budget	Spending per person	Total State Budget Gap
AFY 2008*	9,697,838	28,968,726,569	2,987.13	-
FY 2023	10,922,820	\$32,564,130,069	2,981.29	\$63,779,980.89
FY 2024	11,029,363	32,449,793,008	2,942.13	\$431,972,992.92

*Adjusted for inflation, January 2008 - December 2022

Source: Governor's Budget Report Amended FY 2024 and AFY 2023; Governor's Budget Report Amended FY 2009 and AFY 2008; Governor's Office of Planning and Budget, Population Projections Visualization; U.S. Bureau of Labor Statistics, CPI Inflation Calculator).

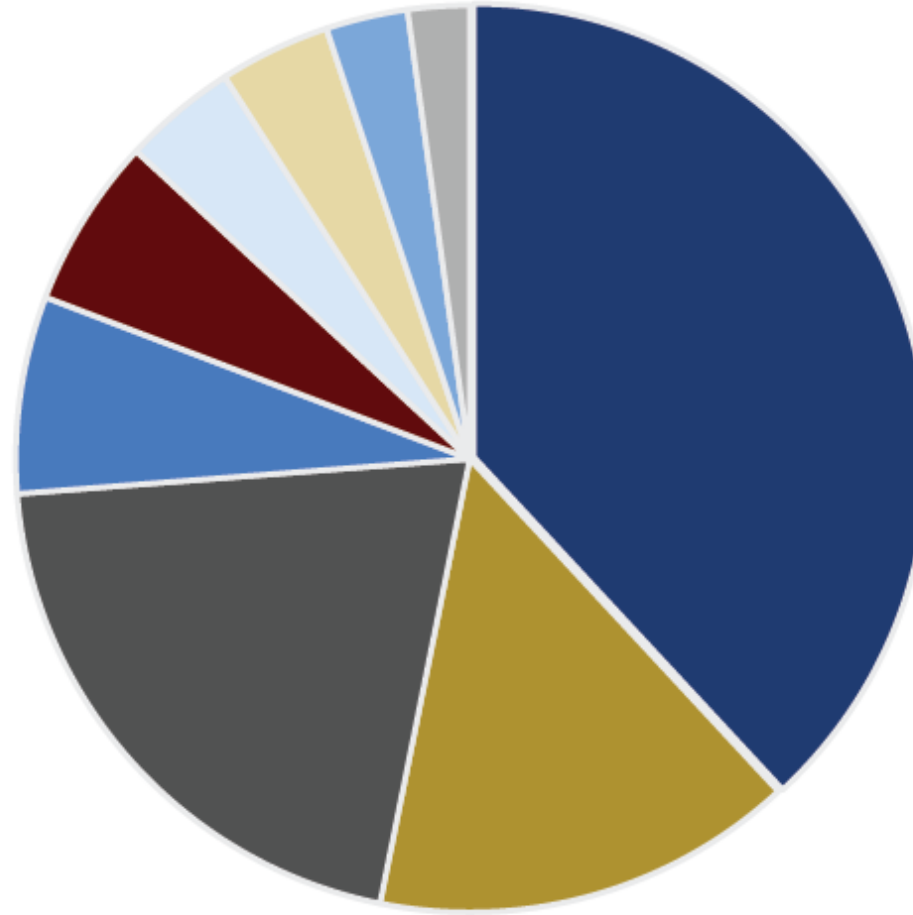
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Education and Health Care Equal 74 Percent of \$32.4 Billion Budget for Fiscal Year 2024

#Insights23

- PreK-12 Education, 38.1%
- Higher Education, 15.1%
- Health Care, 20.6%
- Transportation, 7.0%
- Corrections, 6.1%
- General Government, 4.1%
- Debt Service, 4.0%
- Human Services, 2.9%
- Other Public Safety and State Courts, 2.2%



Source: Governor's Budget Report Amended FY 2023 and FY 2024

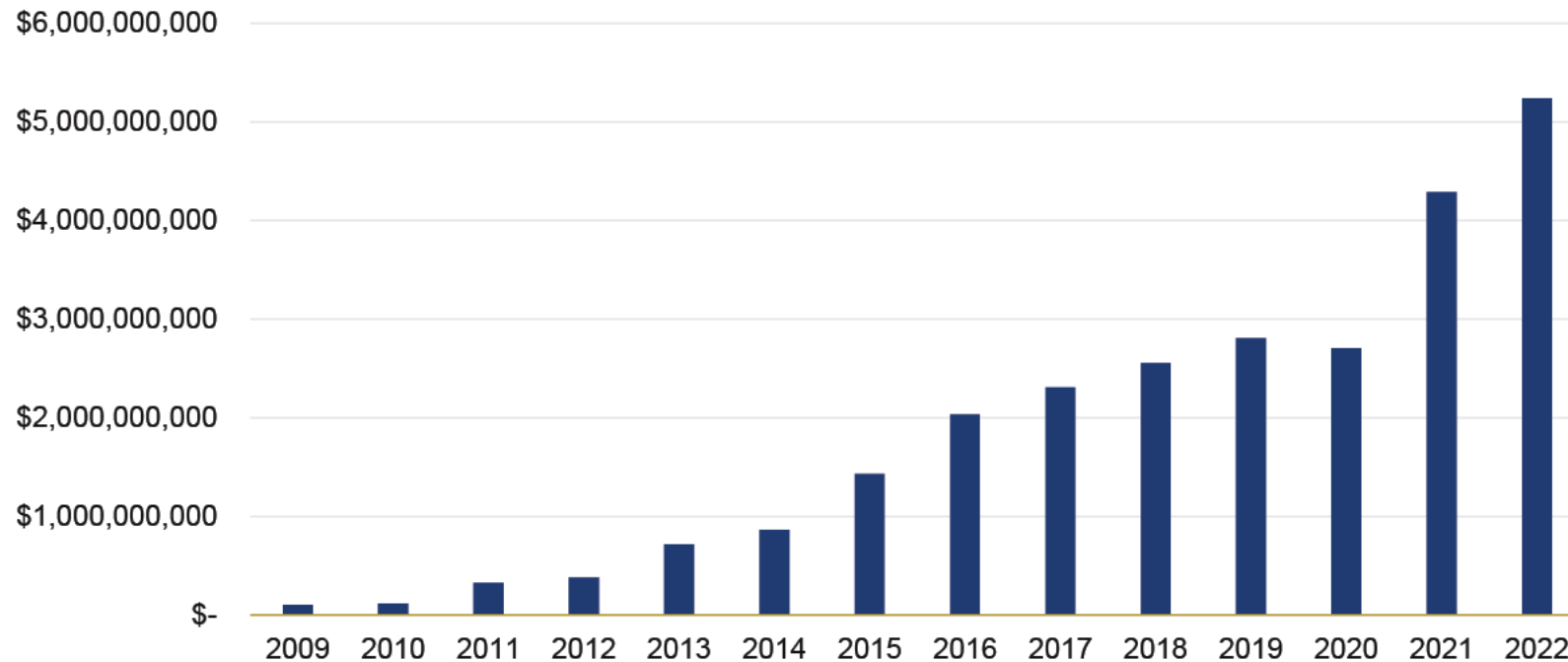
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GEORGIA 2023 ECONOMIC OUTLOOK

- University of Georgia Selig Center for Economic Growth, 2023 Georgia Economic Outlook:
 - Inflation-adjusted personal consumption expenditures to decrease at just 1 percent in 2023
 - Inflation-adjusted personal income to rise slightly (nominal growth about 4 percent)
 - Spending for services to increase faster than spending for goods
 - Total nonfarm employment forecasted to decrease by just 0.2 percent, unemployment rate to rise modestly from 3.8% in 2022 to 4.4% in 2023
 - Georgia's inflation adjusted GDP expected to increase by 0.2%, above the .02% decline forecasted nationally

STATE RESERVES CONTINUE TO CLIMB

Georgia's Revenue Shortfall Remains at Record Maximum of 15 Percent



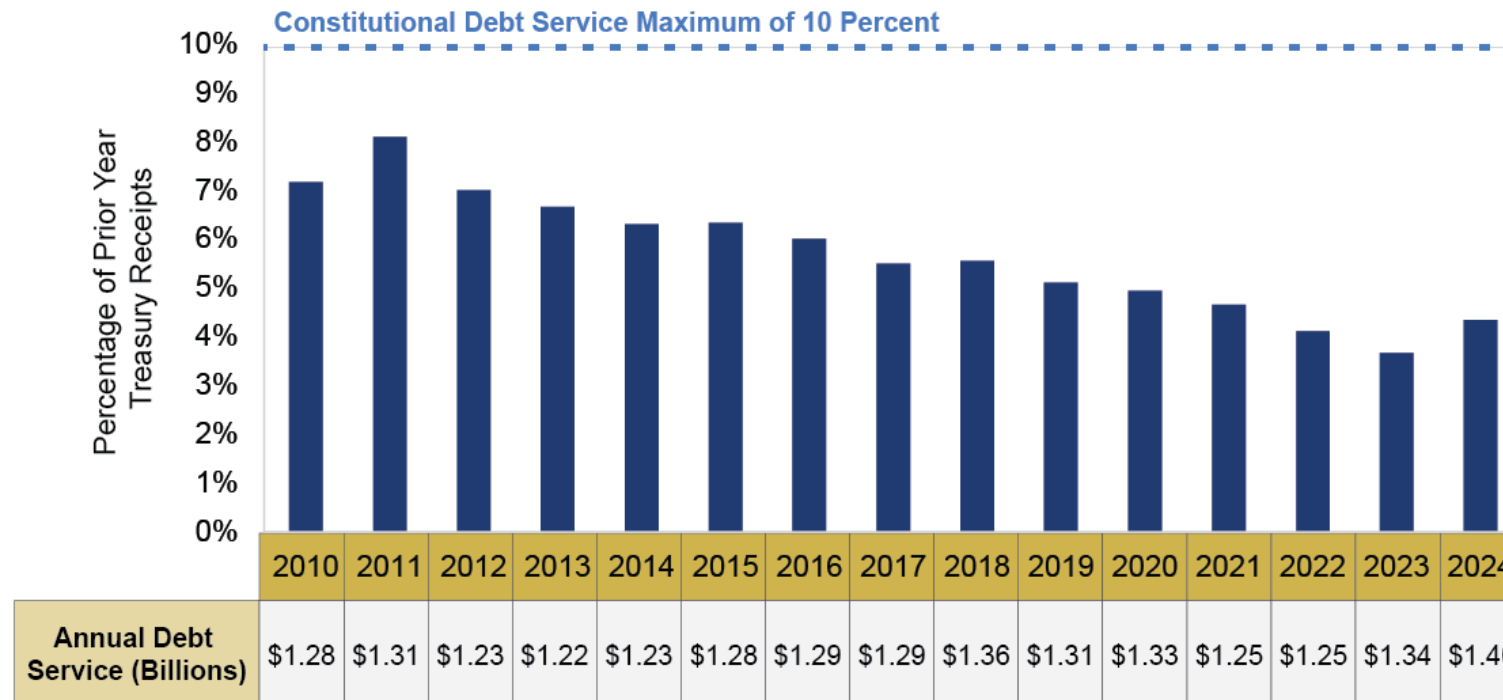
- Georgia RSR: \$5.2 Billion
- Georgia Unobligated Reserves: \$6.6 Billion
- Lottery/HOPE Reserves: \$1.9 Billion
- Guaranteed Revenue Debt Common Reserve Fund: \$50 million

Source: Governor's Budget Report Amended FY 2024 and AFY 2023.

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STATE KEEPS BOND DEBT FAR BELOW CAPACITY

Annual State Use of Debt Remains Below Half-Capacity



Source: Governor's Budget Report Amended FY 2024 and AFY 2023.

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Executive Budget Proposes Shifting Billion-Dollar Spike in Health Insurance Costs to Local Districts

School Staff Category	Number of Employees	Increase in SHBP Costs
Certified personnel paid with state dollars	111,040	\$846,122,505
Certified personnel paid with local, federal, and other dollars	35,000	\$266,700,000
Classified employees (recognized in FY 2024 executive budget)	30,042	\$228,922,430
Classified employees	32,677	\$248,996,350
Burden shifted to local districts	97,719	\$744,618,780

- Massive increase in Per Member Per Month rate from \$945 to \$1580
- 67% increase in Employer Contribution Rate
- First change since 2014
- Current state budget fails to include funding for nearly 98k school employees

Source: Governor's Budget Report Amended FY 2024 and AFY 2023.

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FY 2024 BUDGET RENEWS COMPARISON OVER PATHWAYS WAIVER AND FULL EXPANSION

Total People Covered is Highest and Cost Per-Enrollee Lowest Under Full Medicaid Expansion

	Partial Medicaid Expansion (Georgia Pathways) Scenario 1*	Partial Medicaid Expansion (Georgia Pathways) Scenario 2	Partial Medicaid Expansion (Georgia Pathways) Scenario 3	Full Medicaid Expansion
Estimated Maximum First Year Enrollment	47,265	100,000	345,000	482,000
Estimated First Year Cost	\$117,672,990	\$248,964,000	\$858,925,800	\$239 Million**
Cost Per Enrollee	\$2,490	\$2,490	\$2,490	\$496

*Estimate based on executive budget recommendations for FY 2024

**Under the American Rescue Plan, Georgia can qualify for an estimated \$700 million+ FMAP increase as an incentive to fully expand Medicaid by offsetting the costs for at least two years

Source: Governor's Budget Report Amended FY 2024 and AFY 2023.

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GEORGIA STATEWIDE TURNOVER RATE REACHES RECORD HIGH

- Across all executive branch agencies turnover rate exceeded 25% in FY 2022, follows 6-year trend over 20%
- Among full-time employees, rate of turnover is 29.2%
- Number of applicants fell to an all-time low in FY 2022
- After last year's salary increase, median executive branch starting salary is \$34,185, and median overall is \$44,637
- Agency surplus returned in FY 2022: \$256.8 million

MAJOR BUDGET CHANGES: AFY 2023 AND FY 2024

- \$1.1 billion for homeowner tax relief grants to counties and local school district, create one-time homestead exemption of \$20,000 (AFY 2023)
- \$1 billion for tax refunds of \$250 for single/MFS filers and \$500 for MFJ filers (AFY 2023)
- \$156 million in one-time K-12 grants (AFY 2023)
- \$2,000 cost-of-living adjustment for state and Regents employees, pre-k teachers and assistant teachers, and certified K-12 personnel (effective September 1 for teachers/school employees)
- \$27 million to fund school counselor ratio adjustment to 1-to-450, as prescribed by HB 283 (2013)
- \$61 million for HOPE Grants and scholarships to fund 100% of tuition, up from 90 percent (when 2012-era changes initiated)

MAJOR BUDGET CHANGES: FY 2024

- DBHDD: \$14.4 million for 768 NOW/COMP waiver slots and \$13 million for 3 behavioral health and substance abuse crisis capacity centers and \$6.3 million for additional mobile crisis teams
- \$3.8 million to DCH for 380 additional Medicaid eligibility caseworkers for redetermination
- \$52.2 million for Pathways Medicaid waiver (+\$65.5 million from 2021)
- \$312 million for Medicaid and PeachCare
- \$23 million in FY 2024 bonds to purchase school buses statewide