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A Briefing on Georgia's Budget

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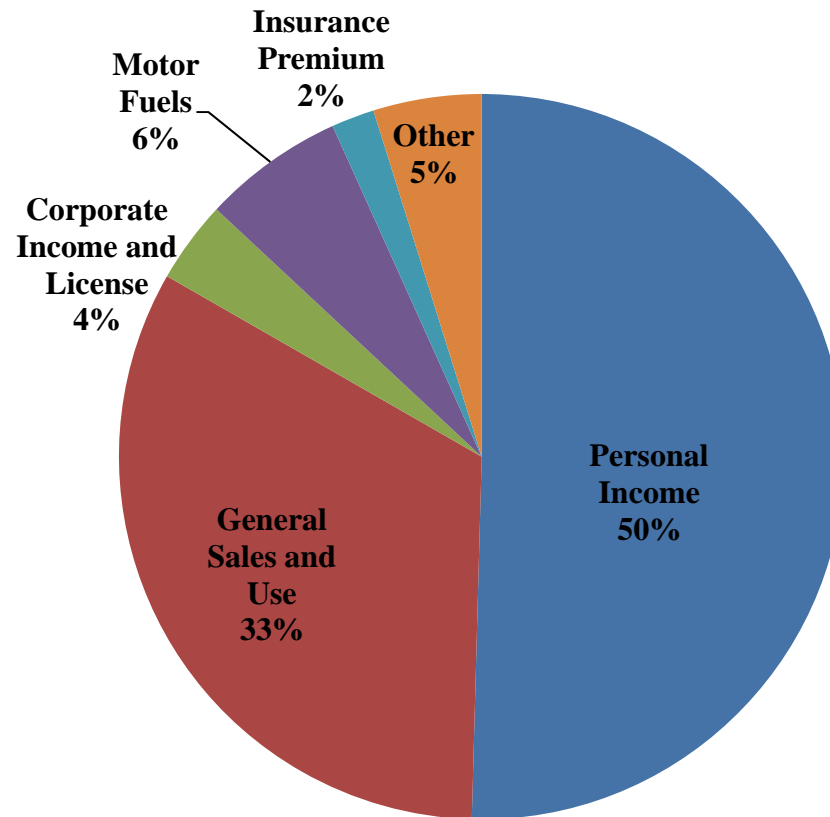
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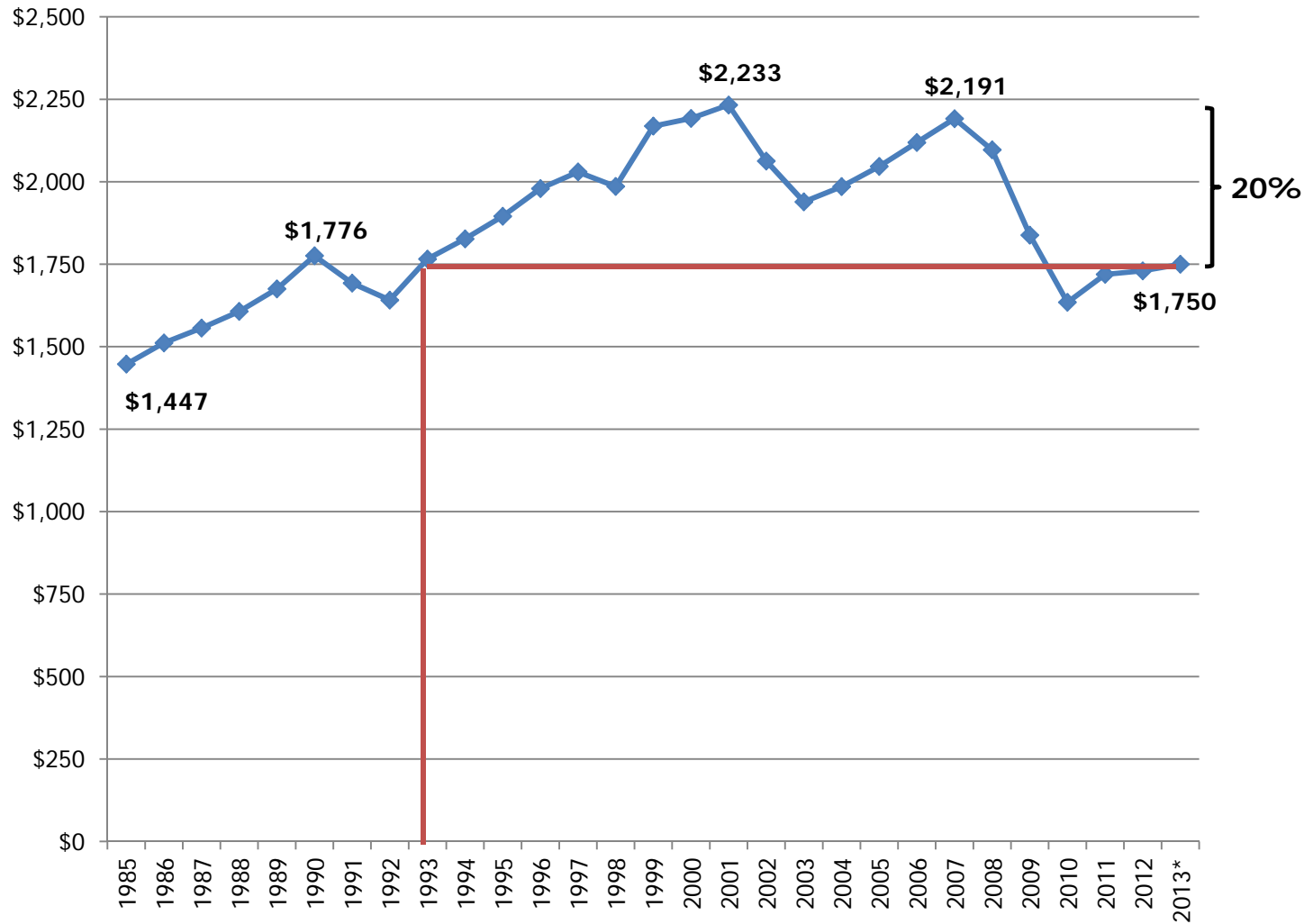
A Briefing on Georgia's Budget

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State Tax Revenues

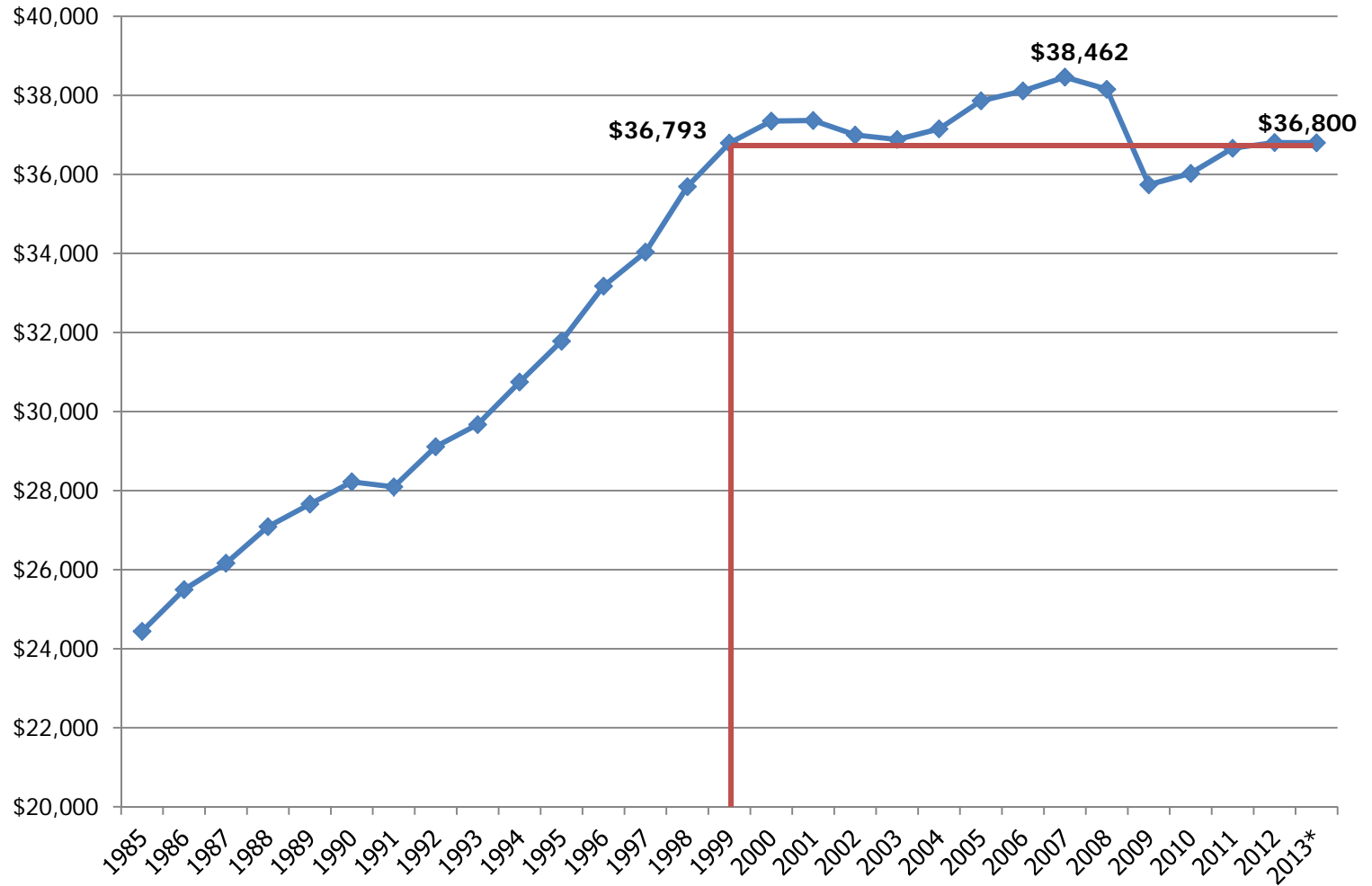


State Tax Revenues Per Capita (2012 Dollars)



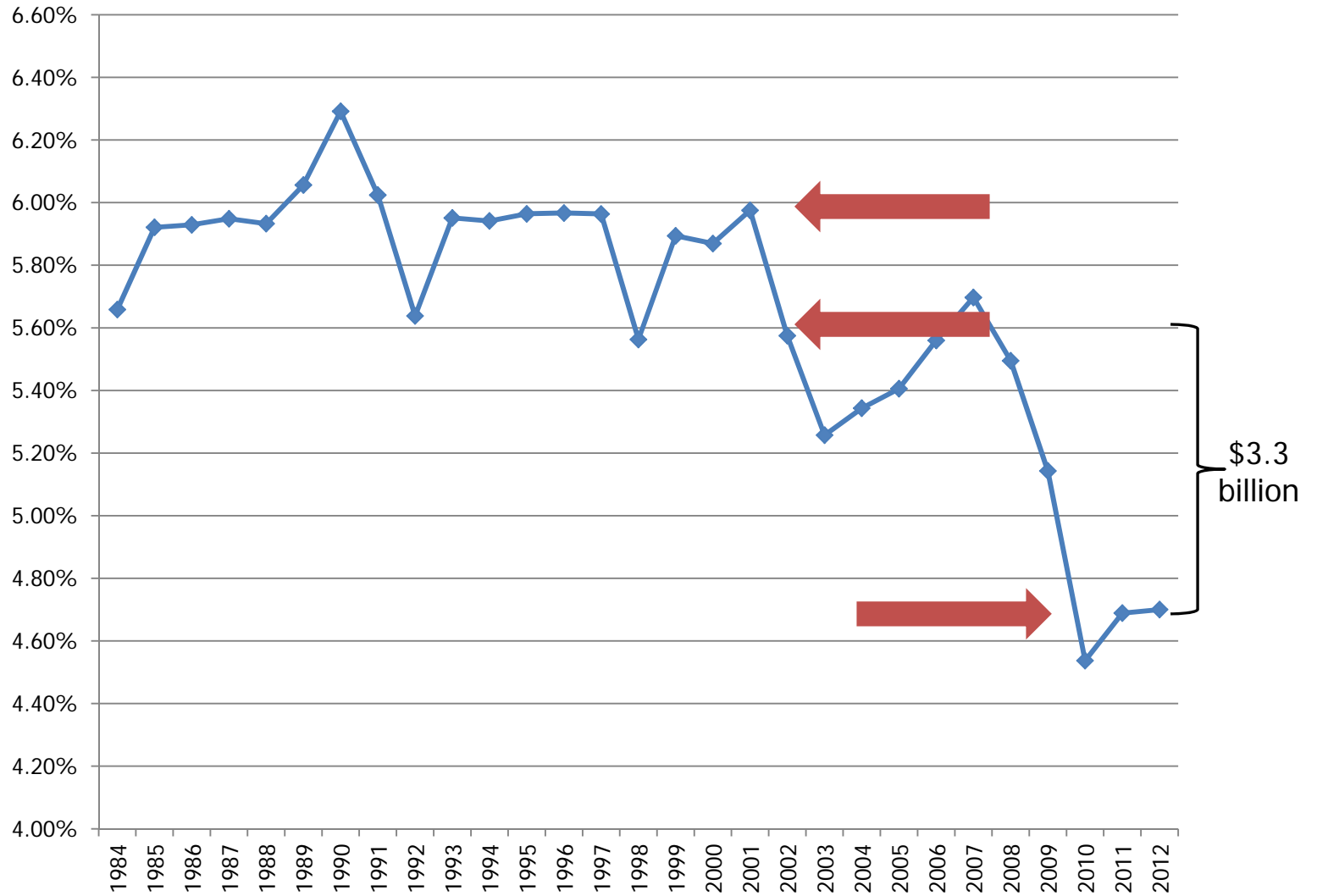
Data Sources: OPB Budget in Brief FY12-FY13, Bureau of Economic Analysis GDP Deflator

State Personal Income Per Capita (2012 Dollars)



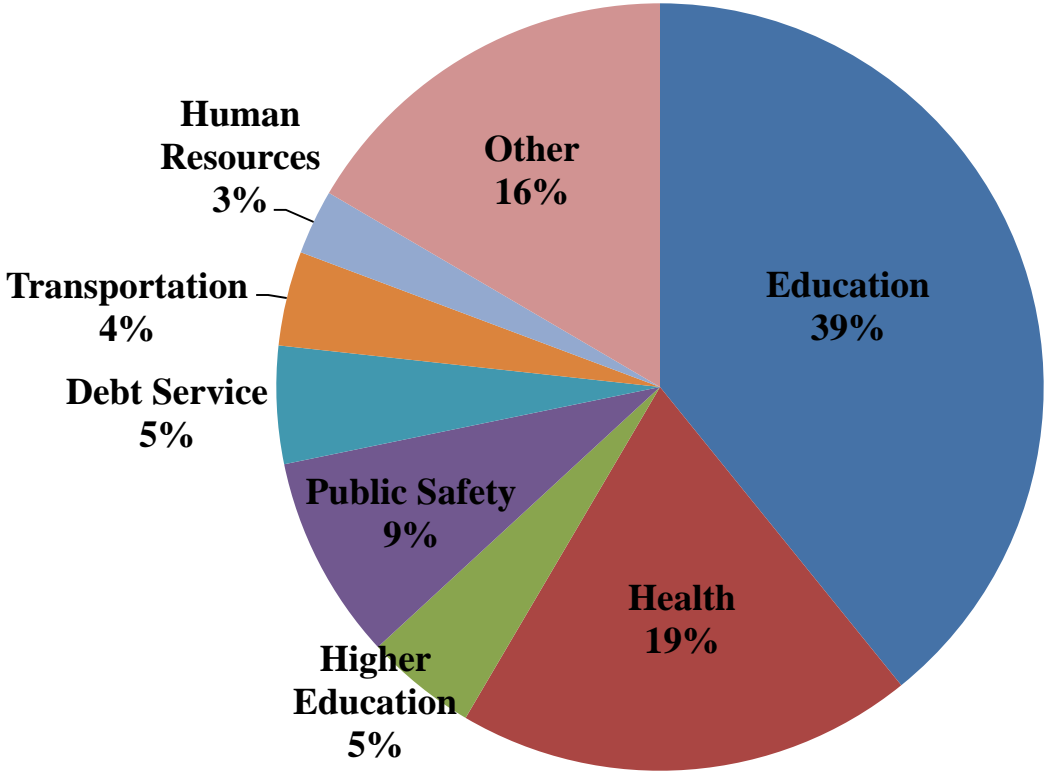
Data Sources: Bureau of Economic Analysis, GDP Deflator

State Tax Revenues as % of Personal Income



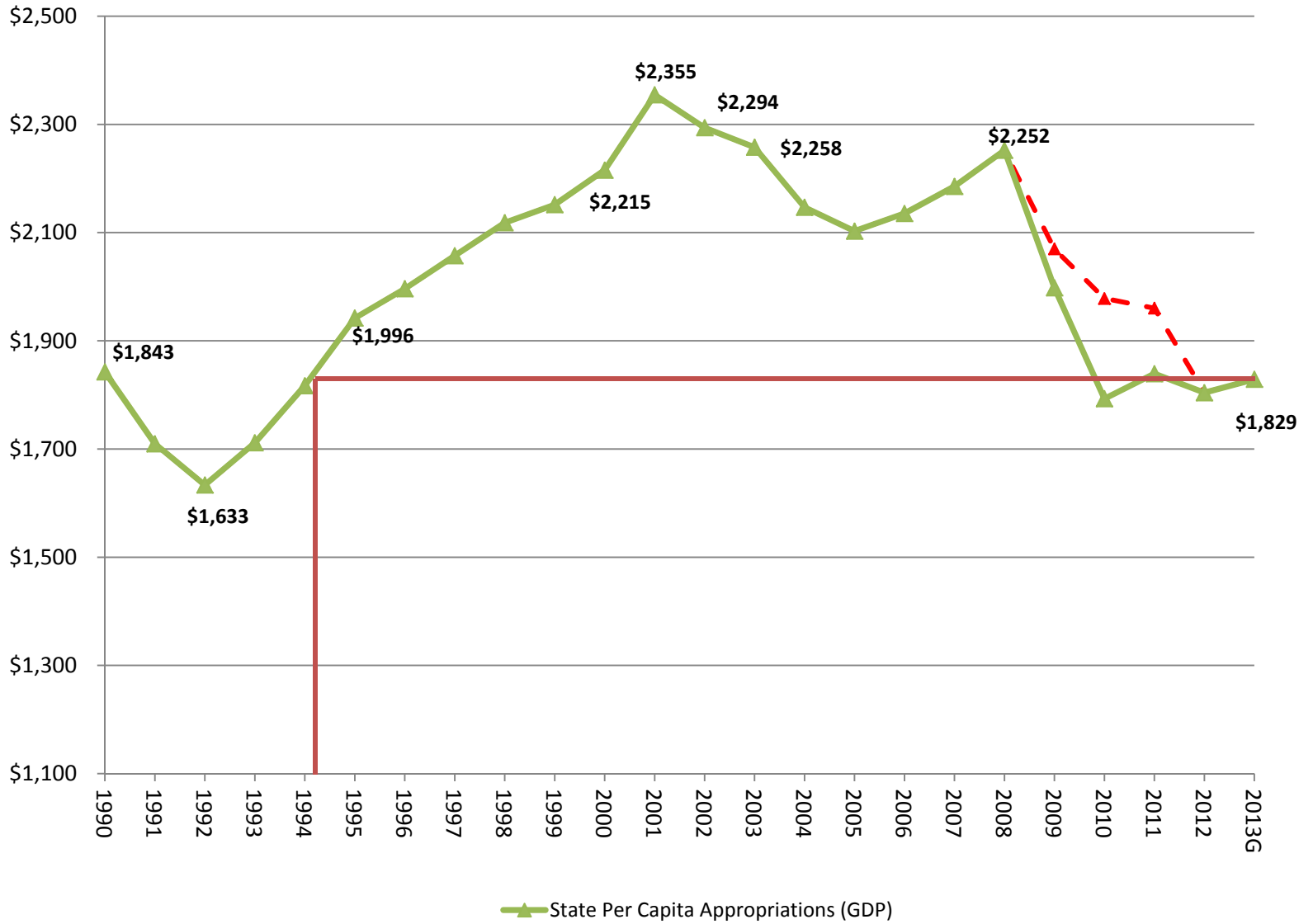
Data Sources: OPB Budget in Brief FY12-FY13, Bureau of Economic Analysis

State General Fund Expenditures



Per Capita State Appropriations

(State Funds, 2011 Dollars)



Source: Selected Summary Financial Information; Inflation Index Used: Gross Domestic Product -NIPA Table 1.1.4

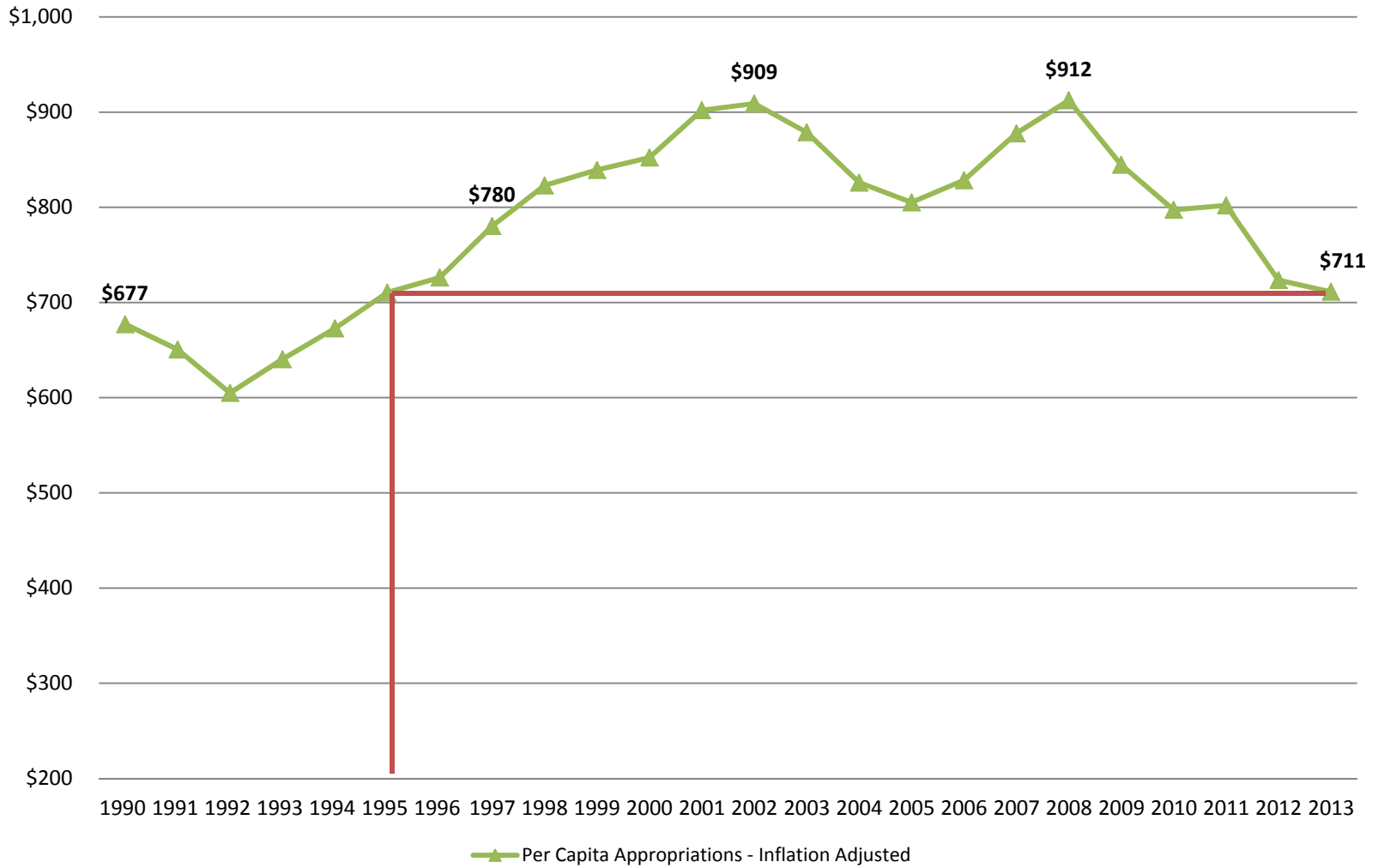
Per Capita Inflation Adjusted Growth by Policy Area

(Amounts in 2011 Dollars, Includes All State Funds and Budget Stabilization/FMAP*)

	2002	2008	2012	2013	Change 2008-2013	% Change 2008-2013	% Change 2002-2013
Agriculture	\$6.60	\$5.08	\$2.99	\$3.85	(\$1.23)	-24%	-42%
Debt Service on Bonds	\$106.93	\$106.54	\$91.58	\$106.37	(\$0.18)	0%	-1%
Health and Human Services	\$437.21	\$450.73	\$413.61	\$415.50	(\$35.23)	-8%	-5%
Corrections	\$178.87	\$162.95	\$139.90	\$139.61	(\$23.33)	-14%	-22%
Economic Development	\$18.61	\$25.02	\$8.02	\$16.98	(\$8.05)	-32%	-9%
Education	\$909.10	\$912.42	\$723.50	\$711.29	(\$201.13)	-22%	-22%
General Government	\$87.84	\$88.82	\$34.87	\$37.16	(\$51.65)	-58%	-58%
Higher Education	\$356.47	\$335.67	\$258.55	\$264.68	(\$70.99)	-21%	-26%
Judicial	\$19.32	\$22.28	\$19.74	\$19.29	(\$2.99)	-13%	0%
Natural Resources	\$28.71	\$19.57	\$11.72	\$11.83	(\$7.74)	-40%	-59%
Public Safety	\$27.71	\$24.87	\$20.32	\$21.53	(\$3.35)	-13%	-22%
Transportation	\$116.49	\$98.24	\$79.29	\$80.73	(\$17.51)	-18%	-31%
TOTAL	\$ 2,294	\$ 2,252	\$ 1,804	\$ 1,829	(\$423.38)	-19%	-20%

*Includes budget stabilization funds, FMAP and other enhanced Medicaid assistance.

Per Capita Inflation Adjusted Education Funding Pre K-12 (All State Funds plus ARRA, 2011 Dollars)



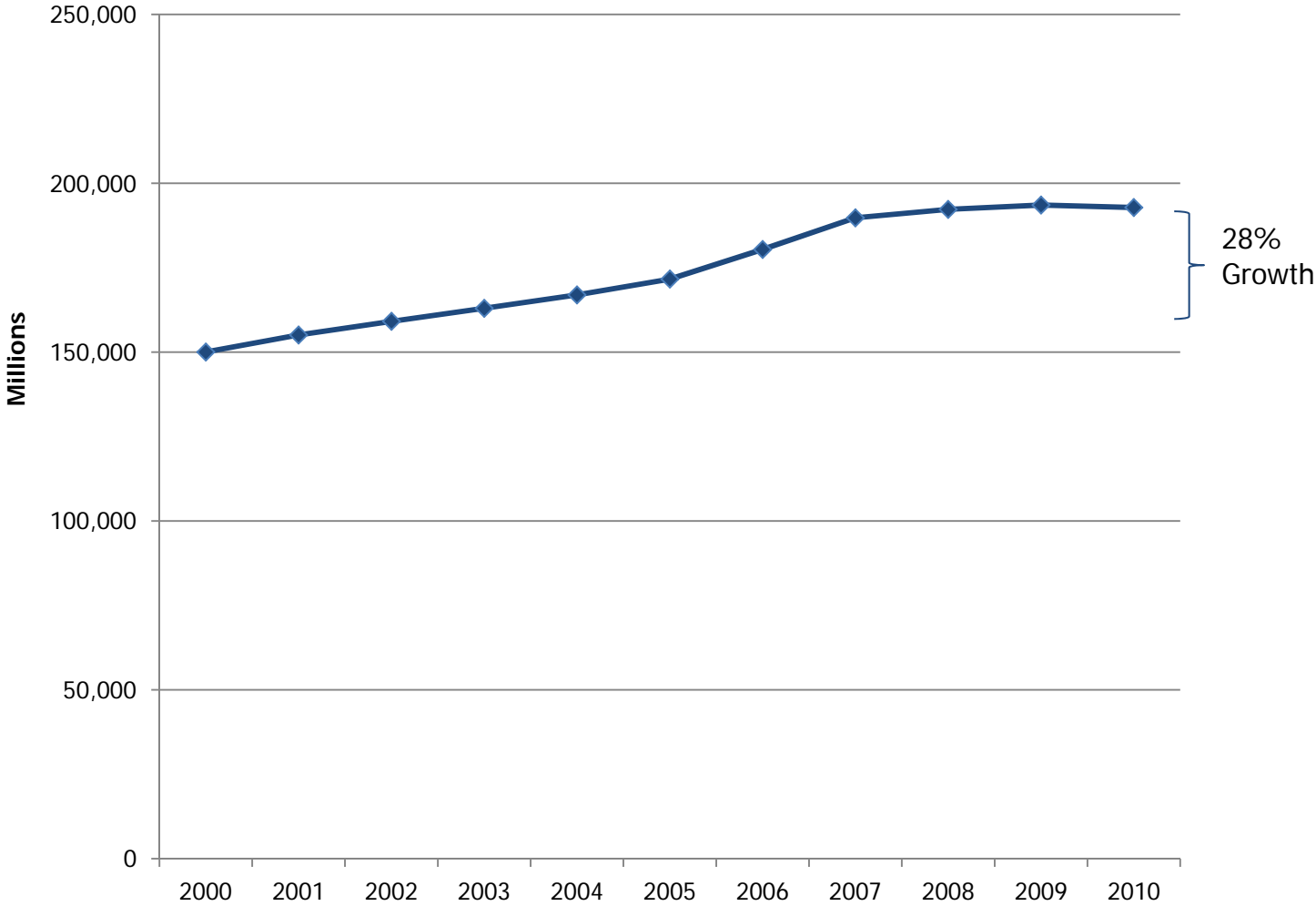
Source: Selected Summary Financial Information; Inflation Index Used: Gross Domestic Product -NIPA Table 1.1.4



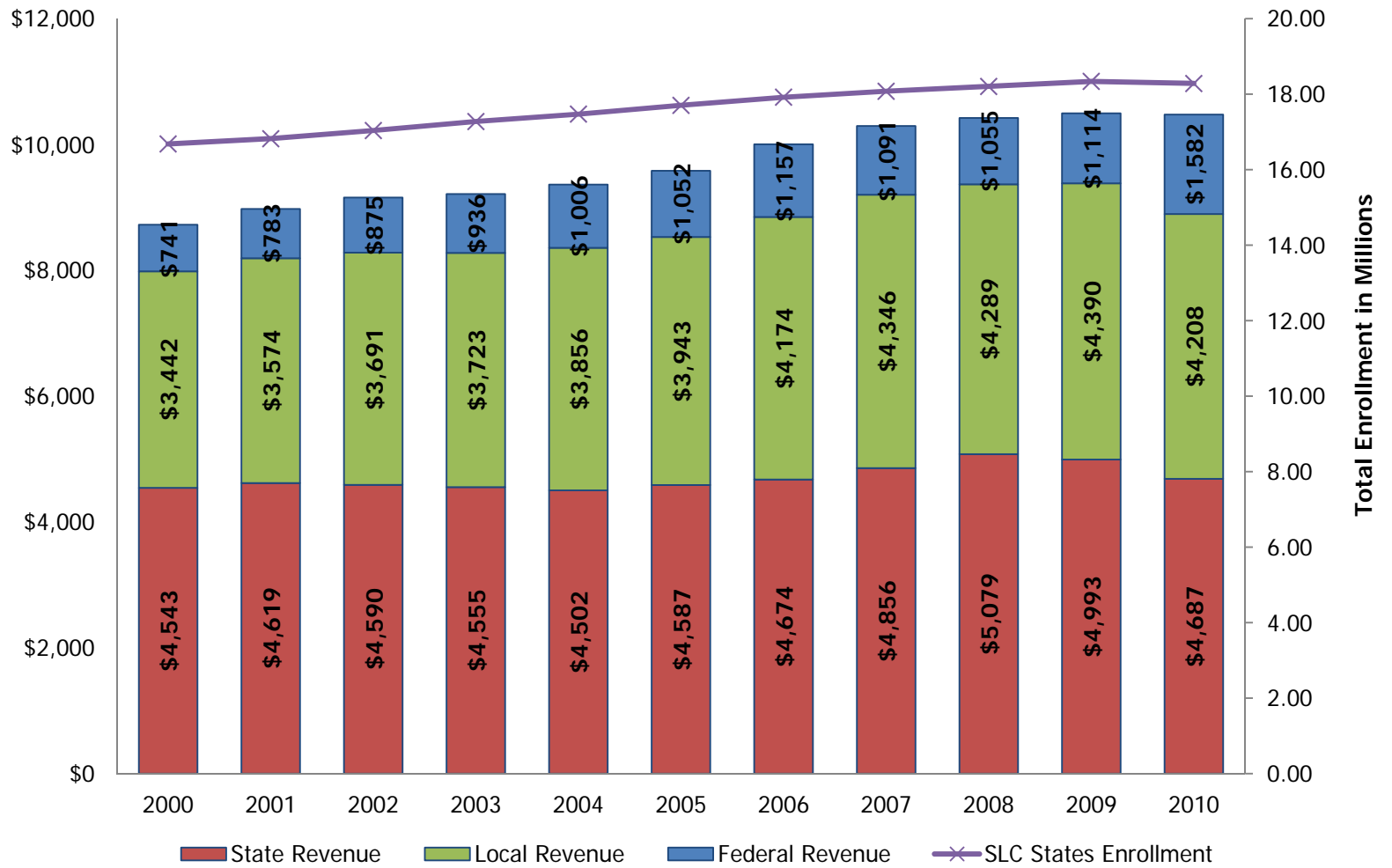
Education Funding Among Southern States

Note: This following analysis draws on Census data and uses 2010 as the basis for inflationary adjustment. Additionally, the analysis looks at per student or per “full time equivalent, FTE” so numbers will not match to previous slides which used population and 2011 for its inflationary adjustment.

Total Real Revenues for K-12 Education Southern States (2010 Dollars)



Real Per FTE Revenues by Type for "Average" Southern State and Total Enrollments (2010 Dollars)



Real Per FTE K12 Education Revenues for the Average Southern State
(in 2010 Dollars)

Trend Between 2000 and 2010 in Per Pupil Revenues

Revenue Level	2000	Share of Total	2010	Share of Total	Percent Change
Local	\$3,442	39.44%	\$4,208	40.16%	22.26%
State	\$4,543	52.06%	\$4,687	44.74%	3.17%
Federal	\$741	8.50%	\$1,582	15.10%	113.38%
Total	\$8,726		\$10,477		20.06%
Total Enrollment for SLC States (millions)	16.68		18.28		10%

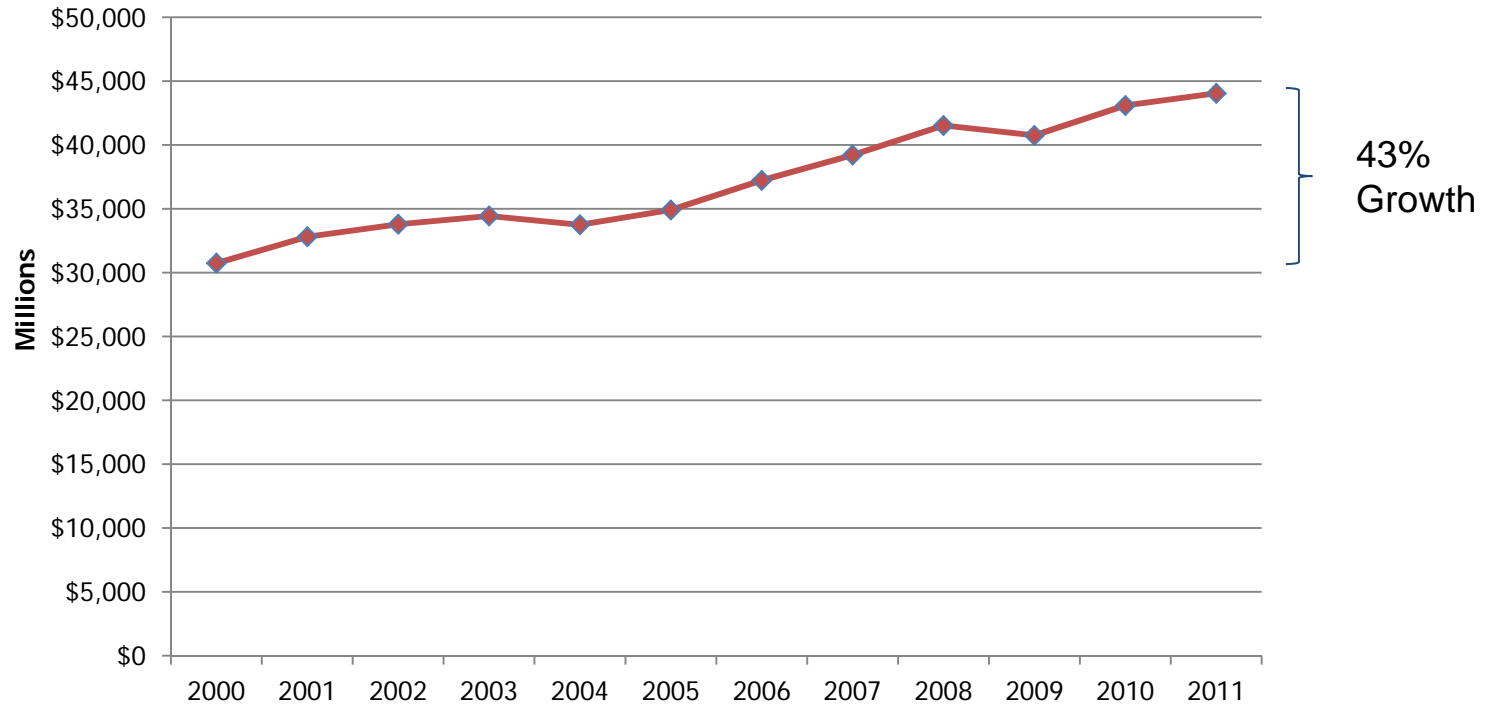
Calculations are from revenue figures provided by the US Census F-33 Financial Survey and represent a per state average amount over 15 SE States (AL, AR, FL, GA, KY, LA, MS, MO, NC, OK, SC, TN, TX, VA, and WV); Table uses national GDP price deflator to adjust for inflation.

State Comparisons 2000-2010
(in 2010 Dollars)

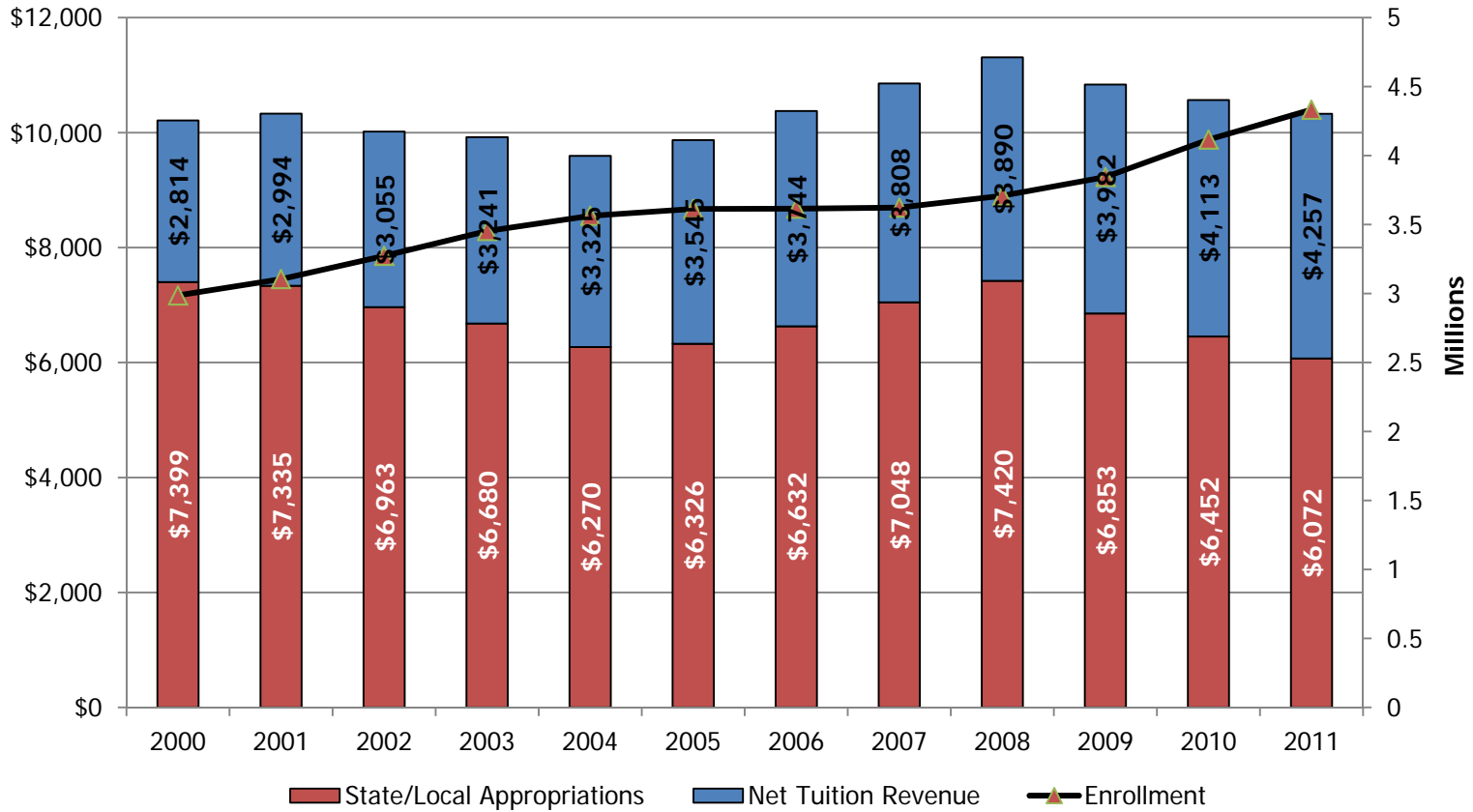
	State Enrollment Growth	State Revenue Per FTE Growth	Local Revenue Per FTE Growth	Federal Revenue Per FTE Growth	Overall Revenue Per FTE Growth	Overall Revenue Per FTE 2000	Rank in 2000	Overall Revenue Per FTE 2010	Rank in 2010	Change in Rank
Alabama	3%	-3%	24%	105%	15%	8,475	10	9,724	12	-2
Arkansas	5%	55%	-30%	132%	34%	7,994	12	10,677	9	3
Florida	11%	-33%	34%	115%	7%	9,355	4	9,986	11	-7
Georgia	17%	-16%	13%	147%	8%	9,967	1	10,745	6	-5
Kentucky	5%	5%	26%	101%	21%	8,483	9	10,242	10	-1
Louisiana	-12%	27%	53%	149%	51%	8,073	11	12,191	1	10
Mississippi	-2%	12%	30%	106%	31%	6,958	15	9,086	13	2
Missouri	-2%	13%	0%	163%	15%	9,255	6	10,687	8	-2
North-Carolina	13%	-13%	97%	115%	27%	9,084	7	11,510	3	4
Oklahoma	4%	-7%	30%	54%	12%	7,891	13	8,843	14	-1
South-Carolina	7%	3%	28%	113%	22%	8,909	8	10,840	5	3
Tennessee	7%	16%	5%	75%	16%	7,453	14	8,654	15	-1
Texas	19%	-1%	12%	116%	15%	9,273	5	10,694	7	-2
Virginia	10%	5%	22%	124%	20%	9,965	2	12,003	2	0
West-Virginia	-3%	0%	20%	99%	15%	9,764	3	11,275	4	-1

Calculations from revenue figures provided by the US Census F-33 Financial Survey. Table uses national GDP price deflator to adjust for inflation.

Total Real Revenues for Higher Education SLC States (2011 Dollars)



Real Per FTE Higher Education Revenues for the Average SLC State and Total Enrollment (2011 Dollars)



Real Per FTE Revenues for the Average SLC State
(in 2011 Dollars)

Trend Between 2000 and 2011					
Fund Source	2000	Share of Total	2011	Share of Total	Percent Change
State/Local Appropriations	\$7,399	72.45%	\$6,072	58.79%	-17.94%
Tuition	\$2,814	27.55%	\$4,257	41.21%	51.27%
Total	\$10,213		\$10,328		1.13%
Total Enrollment in SLC States (millions)	2.99		4.33		45.07%

Revenue figures are from State Higher Education Executive Officers Association, State Higher Education Finance Report. Numbers are adjusted using a GDP Price Deflator to make them comparable to other budgetary numbers in this presentation. The numbers represent a per state average amount over 15 SE States (AL, AR, FL, GA, KY, LA, MS, MO, NC, OK, SC, TN, TX, VA, and WV).

Change in Real Revenues per Student 2000-2011

	State/ Local Appropriations per FTE	Tuition Per FTE	Overall Spending Per FTE	Student Growth	Overall Funding Per FTE 2000	Rank in 2000	Overall Funding Per FTE 2011	Rank in 2011	Change in Rank
Alabama	-15%	64%	16%	28%	\$10,242	8	\$11,906	1	7
Arkansas	-16%	99%	10%	44%	\$8,969	12	\$9,890	10	2
Florida	-24%	14%	-14%	60%	\$9,518	10	\$8,149	15	-5
Georgia	-44%	2%	-37%	123%	\$14,314	1	\$9,077	14	-13
Kentucky	-25%	36%	-6%	41%	\$12,321	2	\$11,527	3	-1
Louisiana	17%	29%	20%	8%	\$7,868	15	\$9,438	13	2
Mississippi	-31%	52%	-10%	36%	\$10,587	5	\$9,502	12	-7
Missouri	-28%	72%	-1%	17%	\$11,309	4	\$11,197	5	-1
North Carolina	-4%	23%	1%	64%	\$11,320	3	\$11,461	4	-1
Oklahoma	-13%	259%	21%	26%	\$8,265	14	\$9,964	9	5
South Carolina	-27%	73%	9%	37%	\$9,232	11	\$10,042	8	3
Tennessee	4%	17%	9%	25%	\$9,691	9	\$10,516	7	2
Texas	-2%	19%	5%	44%	\$10,270	7	\$10,761	6	1
Virginia	-25%	80%	10%	38%	\$10,568	6	\$11,655	2	4
West Virginia	-10%	49%	13%	29%	\$8,722	13	\$9,839	11	2



Outlook for Georgia's FY13 Budget

- Growth projections: revenue estimate based on 4.9% growth over FY12 (for Dept. of Revenue collected funds)
 - Currently YTD coming in at 4.8% over FY12
 - Growth of \$789 million over FY12



FY13 Demands

- FY13 Shortfalls include:
 - \$354 million in Medicaid and Peachcare shortfall from population growth and issues in underfunding
- \$170 million available for K-12 RSR Midyear Adjustment



FY14 Demands

- Assume 5% growth over current:
\$843 million
- Areas of Demand
 - \$336 million in Medicaid growth
 - \$235 million loss from Provider Fee
 - \$43 million for Behavioral Health for DOJ Settlement
 - \$65 million est. ERS increase to meet ARC
 - \$55 million TRS increase to meet ARC
 - \$734 million in required funds**

 - \$100 million est. for K-12 growth
 - \$100 million est. for Higher Ed growth



Future Expectations

The theme of this next decade is going to be governmental retrenchment.

In the near term:

- Federal fiscal cliff will include 8% across the board cut for education programs. Even if resolved, education is part of the domestic discretionary budget that is likely to be disproportionately cut.
- State growth is likely to be consumed disproportionately by health expenses and will only be sufficient to cover basic growth needs and fill holes created during the recession.
- OPB has asked agencies to develop 3% cut scenarios for FY13A and FY14
- Local revenues will see several more years of pressure from declining property values.

Era that is going to require new thinking about more effective/efficient ways to do business and perhaps new ways to raise revenues to support selected government services.