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Weekly Legislative Report # 16

Week Ending May 1, 2020

Budget Writers Plan for Huge Cuts

While it was certainly big news that Gov. Brian Kemp allowed the Coronavirus shelter-in-place executive order to expire April 30th, with exceptions for the elderly and most susceptible, that action was anticipated by most observers. The real get-your-attention news from last week came in the form of a memo to state departments and agencies instructing them to draw up plans as to how they would accommodate a 14% cut in the FY 2021 budget, which begins July 1. The memo, signed by the chairs of both the House and Senate Appropriations Committees and the Director of the Governor's Office of Planning and Budget, kicks off an attempt by state government to balance state spending with an expected economic slow-down as a result of COVID-19 restrictions. The 14% is to be calculated on the "original base" of the [FY 20 budget](#); that is, the program's total funding in the appropriations bill that passed during the 2019 session and took effect July 1, 2019.

Budget writers will return to the Capitol in May to begin in-person discussions about the FY 21 budget, and while it's still unofficial, June 11 seems the likely date the entire General Assembly will reassemble to complete the 2020 session. The challenge will be to rework the partially completed FY 21 budget and find a way to remove several billion dollars from it. How many billion? That's one of the unknowns at this point. One reason Speaker David Ralston wants to delay reconvening until June 11 is to have access to the very latest data regarding tax collections.

Will Cuts be Mitigated by New Income?

Another critical issue still up in the air is how much the federal government might appropriate for state and local governments as part of its next stimulus package. Both President Donald Trump and Senate Majority Leader Mitch McConnell have made disparaging remarks about "bailing out" state governments.

Officials can also make use of \$2.5 billion in Georgia's rainy day fund, but they may be cautious about losing the state's AAA bond rating by extracting too much of the reserve. Plus, new income will result from the passage of [HB 276](#) that went into effect April 1 and will vastly improve Georgia's collection of taxes owed on internet sales. And, finally, while not considered likely, state

revenues could be increased by raising taxes. The most frequently mentioned is the excise tax on a package of cigarettes. Georgia, ranking 49th nationally, charges 37 cents per pack in excise tax (in addition to sales tax). The national average is \$1.81 per pack. Special interest tax breaks may also be in the cross hairs, the most discussed being the generosity and lack of oversight surrounding tax incentives for the movie and entertainment industry.

“No Exceptions” Doesn’t Mean Across the Board

Actual program cuts will not likely equal 14% across the board even though the budget memo included all departments and agencies, “no exceptions.” The 14% is the amount agencies were told to plan for; the General Assembly will certainly alter some agency budgets more or less than others, and many believe/hope that 14% is a worst case scenario.

School System Woes

The “no exceptions” clause was driven home by the fact that district school superintendents across the state were recipients of the budget memo as well. K-12 schools are in a particularly difficult situation. A recent poll found that 80% of the state’s systems had already extended contracts for teachers for the coming school year. If the eventual cuts are deep enough, teachers could be subject to furlough or layoff schemes almost as soon as they start work. Wealthier districts may be able to supplement teachers to compensate for losses in state funding, but poorer districts may be forced to again curtail the number of meeting days immediately after an epidemic-shortened school year.

Likewise, University System of Georgia Chancellor Steve Wrigley sent a message to faculty and staff Friday that furloughs and layoffs may be necessary to meet the eventual cuts required of Georgia’s public colleges and universities.

Voters Will Have to Pay the Postage

U.S. Federal District Judge Amy Totenberg ruled last week that it is not an unconstitutional poll tax to require voters to put a stamp on their mailed-in ballots . . . at least in the next election. She left room to consider such a requirement for future elections. The judge wrote that Georgia is too close to the June 9 primary date to compel the state to change its approach, and that it could also be confusing for those who have already received their absentee ballot with instructions to mail it back with a stamp. The Secretary of State’s office has mailed 6.9 million ballot request forms to active voters.

Dual Enrollment Restructuring Signed

Gov. Kemp signed [HB 444](#) on Tuesday, a bill that passed the House 99-72 and the Senate 34-18 earlier this year. The legislation restricts the number of hours a student can accumulate through the dual enrollment program that allows them to earn college credit at no cost while still in high school. Under the new law that takes effect July 1, a student can earn no more than 30 college credits under the program, and with a few exceptions, they must be either juniors or seniors in high school to participate. A 2018 state audit found the spending for the dual enrollment program

increased by more than 325% over the previous five years. The current budget is about \$100 million.

What Are the Rules Now?

As Georgia navigates its way through the Coronavirus crisis, it seems numerous executive orders, rules and regs have been announced. Here's where we are today: The general shelter-in-place order has expired, but Gov. Kemp issued a [new order, 04.30.20.1](#), Thursday requiring medically fragile and elderly Georgians to continue to shelter in place through June 12. Kemp also extended the Public Health State of Emergency through June 12. Businesses must continue to follow strict social distancing and sanitation guidance through May 13. (The link to this guidance was not working at Sunday noon; [click here](#) for the relevant press release which also contains the link.)

DPH Published a New COVID-19 Page

The Georgia Department of Public Health rolled out a [new web page](#) presentation of COVID-19 data last week, complete with more viewer-friendly charts and graphs. As of noon Sunday, the site reported 28,602 cumulative COVID-19 cases in the state, with 1,177 deaths.