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Weekly Legislative Report #18

Week Ending May 15, 2020

Virus Restrictions: Kemp Extends Some, Loosens Some

It's still too early to open bars, nightclubs and live performance venues according to Gov. Brian Kemp who last week extended an executive order originally scheduled to expire May 13. But, he gave restaurants a little more operating latitude by allowing 10 patrons to be seated within 300 square feet, instead of 500 square feet. In addition, the maximum number of people seated at one table was upped from six to ten. Kemp's new order also increased the number of people in a childcare setting from 10 to 20 as long as other criteria continue to be met.

Under the new directive, swimming pools and summer day camps were allowed to open on May 14 under safety restrictions which will be in effect until an expected new set of guidelines is issued by the CDC. Overnight camps are not yet permitted. Other gatherings of more than 10 people, including non-essential businesses, local governments and other organizations are prohibited unless social distancing of six feet or more can be observed. As of May 18, state agencies will begin to phase back into more normal in-person operating procedures, but again, under specific safety procedures. The [new executive order](#), 05.12.20.02, is 30 pages long and contains very specific guidelines for various categories. [Guidance for swimming pool and other re-openings](#) is available on the Dept. of Public Health web site.

Ralston Addresses Reconvening for End of Session

House Speaker David Ralston said last week that he expects the General Assembly to reconvene on June 11, but with restrictions such as temperature checks and social distancing in place for visitors to the Capitol, including members and staff. (Lt. Gov. Geoff Duncan has suggested June 15 and the two will eventually have to agree on a starting date.) Legislative staff will return to in-person work on June 1 and in-person committee meetings may be scheduled as soon as June 2. Ralston does not think the remainder of the current session will be like the typical end-of-sessions where 30 to 40 bills are considered in a single day. He speculated, "We won't get close to that many during the whole time." He predicted that both the House and Senate will prioritize a limited number of bills that need to get passed and don't take too much debate time. Of course, the only thing that must be done before June 30 is to pass a balanced budget for the fiscal year beginning

July 1. Describing the severity of the current drop-off in economic activity relative to the Coronavirus, Ralston predicted, “This one will far exceed the great recession of 2008-2010.” Some of the normal activities of the session, including the page program and inviting special guests such as the Watermelon Queen or state champion sports teams to the floor of the House, will also be suspended for the remainder of the term.

The 14% cuts that state agencies have been directed to develop are due on May 20th. What would 14% budget reductions look like if they are actually required across the board? Below is a chart showing the amounts each of the 11 largest spending agencies would have to cut to reach that goal. “GO Debt” represents General Obligation Bond debt, which of course, cannot be reduced. But, the \$1.2 billion debt explains why officials so highly value a AAA bond rating, which provides the best interest rates.

Over 90% of All State Funding is in 11 Departments

Rank	Agency	FY 20 State Funds	Percent of Budget	Cumulative Percent	14% Reduction
1	Education	\$10,644,827,624	38.65%	38.65%	\$ (1,490,275,867)
2	Community Health	\$3,572,602,642	12.97%	51.62%	\$ (500,164,370)
3	Board of Regents	\$2,578,608,885	9.36%	60.98%	\$ (361,005,244)
4	Transportation	\$2,003,209,045	7.27%	68.25%	\$ (280,449,266)
5	DBHDD	\$1,230,810,591	4.47%	72.72%	\$ (172,313,483)
6	GO Debt*	\$1,223,649,123	4.44%	77.16%	
7	Corrections	\$1,210,480,569	4.39%	81.56%	\$ (169,467,280)
8	Student Finance	\$1,009,423,419	3.66%	85.22%	\$ (141,319,279)
9	Human Services	\$829,564,834	3.01%	88.23%	\$ (116,139,077)
10	Early Care and Learning	\$440,545,169	1.60%	89.83%	\$ (61,676,324)
11	TCSG	\$373,978,376	1.36%	91.19%	\$ (52,356,973)
12-49 Remaining 38 Agencies		\$2,371,634,227	8.81%	100%	\$ (332,028,792)
Total		\$27,544,569,129		100%	\$ (3,677,195,954)

*GO Debt service represents outstanding obligations of the state that must be paid.

Joint Appropriations Hearings

The Senate and House Appropriations Committees held another virtual joint session last week. Dr. Jeffrey Dorfman, the state’s economist, and OPB Director Kelly Farr responded to questions that had been submitted in advance by members of the House and Senate committees.

Highlights from Jeffrey Dorfman:

--The third quarter of calendar year 2020 will continue to be bad economically. We should have “more of a return to normal” in the fourth quarter, he said.

--His best estimate was that Georgia would withdraw \$1 billion to \$1.5 billion from its Revenue Shortfall Reserve (RSR), or Rainy Day fund to balance the FY20 budget that ends June 30. (However, the general consensus seems to be that neither legislators nor the Governor want to take much out of the RSR for the FY21 budget in order to maintain the state’s AAA bond rating. The RSR now holds about \$2.5 billion.)

--Dorfman said that he expected Georgia to recoup from \$1 billion to \$1.5 billion of the individual income taxes that would normally have been collected with returns filed around April 15. The funds would be collected by the new July 15 filing deadline. Last April the amount collected was \$1.35 billion.

--Dorfman said he didn’t expect inflation to be a problem and that the supply chain was still okay.

Highlights from Kelly Farr:

--There will be a web site developed to allow the public to track how CARES Act funding is distributed in Georgia.

--Gov. Kemp has always encouraged efficiency and innovation; thus, permanent remote working arrangements by more state agency employees will be viewed seriously as “distancing” rules are relaxed.

--The strategic hiring process remains in place for all state agencies with an exception for DPH. (DPH will be hiring approximately 1,000 for Contact Tracing.)

--He said the Governor’s office had very good discussions with city and county associations regarding distribution of the local portion of the CARES Act. He thought a plan for that would be released very soon.

COVID-19 Update

As of 9:00 a.m. Sunday, the [Georgia Department of Public Health](#) was reporting 37,701 cases of COVID-19 and 1,601 related deaths. Updates are now made at 9:00 a.m., 1:00 p.m. and 7:00 p.m. daily.

Next Week

The Appropriations Committees will get an update via teleconference on how the federal CARES Act will affect state governments from the National Council of State Legislatures (NCSL) on Monday. The NCSL will also discuss the next phases of proposed federal stimulus plans.