

The Fiscal Impact

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By the Numbers: Georgia's Fiscal Management

In October, all three bond rating agencies, Fitch, Moody's, and Standard & Poor's, gave Georgia their highest bond rating, AAA. Georgia received its first triple A rating from Moody's in October 1974, and has maintained that rating for over 30 years. This is a remarkable record, given that just since 2001, Standard & Poor's downgraded the rating for 17 states. Georgia is one of only 9 states that currently have a triple A rating.

In issuing their latest rating, all three agencies noted the following factors as important in determining that rating: conservative fiscal management practices, excellent debt policies, well-funded pensions, strong reserves, and the nature of the State economy. Standard & Poor's noted the State's "history of making difficult decisions to restore fiscal balance enhanced by strong financial monitoring and oversight." Just one example of this is the replenishment of the revenue shortfall reserve as the state recovered from the 2002 recession.

Georgia has a low debt load. According to data from the Census Bureau, in terms of state debt per capita Georgia ranked 40th in 1980, 47th in 1990, and 46th in 2000. Moody's reports that Georgia's pension funding status is among the best in the country. As of June 30, 2004, Georgia's Employee's Retirement System had a funded ratio of 98 percent, while the Teachers' Retirement System had a funded ratio of 100.98 percent.

At the end of FY 2005 Georgia had estimated balances as a percentage of expenditures of 6.4 percent (*Fiscal Survey of the States*, National Association of State Budget Officers) compared to a national average of 4.6 percent. Georgia ranked 19th highest.

In 2005, *Governing* magazine published an extensive analysis of each state's government performance. Each state was graded on each of four categories: Money (or financial management), which focuses on budget process, structural balance, financial controls and reporting; People (or human resource system), which focuses on strategic workforce planning, hiring, retention, and training and development; Infrastructure (or financial planning), which deals with capital planning, project monitoring, maintenance, and internal coordination," and Information (or strategic planning and use of performance information), which focuses on performance budgeting, program evaluation, and strategic direction. In addition, an overall grade was assigned.

The following table shows the grade in each category and Georgia's ranking. Overall, Georgia rates very high, 7th among the 50 states, and first in the "People" category. The grade in "Money" was B- because of recent difficulties in completing end of year financial reports, a situation that has now been resolved. In terms of "Infrastructure," they note the lack of an adequate life-cycle approach to managing infrastructure assets and to the absence of a central ranking of capital projects and comparing them across agencies, but they note the great progress Georgia has made in this area.

Georgia's Grades and Ranking on Government Performance

	Category				
	Money	People	Infrastructure	Information	Overall
Grade	B-	A	C+	B-	B
Ranking	25 TH	1 ST	29 TH	16 TH	7 TH

Source: *Governing* (2005).

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