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A DECADE OF BUDGET GROWTH : WHERE HAS THE MONEY GONE

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EXECUTIVE SUMMARY

The general fund portion of the state budget grew 74.5 percent between fiscal years 1991 and 2000, from $7.63 billion in Fiscal Year 1991 to $13.3 billion in Fiscal Year 2000. If the budget grew as fast as the increase in the cost of living and the increase in the population being served, the budget would have grown 51.6 percent since Fiscal Year 1990, to a total of $11.57 billion, or $1.74 billion less than the actual Fiscal Year 2000 budget. In light of the growth, it is interesting to note that Georgia was 39th among the 50 states in per capita taxes in FY 1992 and only 36th in FY 1998. This report identifies specific policy decisions that caused state agency Fiscal Year 2000 budgets to increase faster than the increase in the cost of living and the population being served.

We refer to the budget amount that allows for the increase in the cost of living and the population being served as the baseline budget. The difference between the Fiscal Year 2000 Baseline budget and the Fiscal Year 2000 actual budget is $1.74 billion, or 15.1 percent. Education agencies (Regents, Board of Education, and Department of Technical and Adult Education) account for $1.14 billion (66 percent) of the total difference. Criminal Justice agencies (Department of Corrections and Department of Juvenile Justice) account for $329 million (18.9 percent) of the total difference. Several agencies, including the Department of Human Resources and the Department of Transportation, have smaller actual Fiscal Year 2000 budgets than Fiscal Year 2000 baseline budgets.

The policy decision with the greatest impact on the general fund portion of the state budget was the decision to raise teacher salaries at rates considerably higher than the rate of inflation. In order to recruit and retain quality teachers employed by Boards of Education, the Board of Regents and the Department of Technical and Adult Education, a policy decision was made to give large salary increases for six consecutive fiscal years (Fiscal Year 1995 - Fiscal Year 2000). Approximately $841 million (48.2 percent) of the $1.74 billion that the Fiscal Year 2000 budget is above the Baseline budget can be accounted for by teacher salary increases being above the rate of inflation.

The policy decision with the next most significant impact on the budget was the decision to have a greater number of juvenile and adult offenders spend a longer time in state institutions. The inmate population within the state prison system increased 83.8

percent between Fiscal Year 1991 and Fiscal Year 2000. This is considerably greater than the 17.6 percent overall state population increase. There are approximately 14,800 inmates above what would be expected if the number of inmates grew at the rate the state population increased. The cost of serving the additional inmates (i.e., the number that exceeds the population growth) equals approximately $252.5 million. A similar growth in the number of juveniles receiving services within the Department of Juvenile Justice (DJJ) accounts for the DJJ budget being $128 million above a Baseline budget.

In addition, inmates are getting older. In 1979 there were 570 inmates age 50 and older, but by 1999 Georgia housed 3,050 inmates 50 or older. The Department of Corrections estimates that there will be 5,000 inmates age 50 or older by 2004. The cost of housing an older inmate is estimated to be three times that of a younger, healthier inmate. Unless there is a change in criminal justice policy, the number of beds within Department of Corrections and Department of Juvenile Justice Institutions will continue to grow and the Department of Corrections inmate population will continue to age. This will have serious consequences on the state budget in upcoming fiscal years.

In addition to general fund appropriations, approximately $6.4 billion in bonds was appropriated between Fiscal Year 1992 and Fiscal Year 2000. In comparison with the rest of the nation, Georgia fell from 44th in per capita debt in Fiscal Year 1992 to 45th in per capita debt in Fiscal Year 1998. A comparison is made between total bonds appropriated in Fiscal Years 1983-1991 and Fiscal Years 1992-2000 in order to determine any changes in capital expenditure policy priorities. The level of bonding did increase during Fiscal Years 1992-2000 as compared to Fiscal Years 1983-1991. However, due to lower interest rates throughout the 1990's there was only a small increase in debt service when inflation and population growth are taken into consideration. A larger percentage of bonds was expended for education purposes (mostly for the Board of Regents) and transportation purposes during the Fiscal Year 1992-2000 period as compared to the Fiscal Year 1983-1991 period.

Over the past nine years, state policy makers used both general revenues and bonds to fund their policy priorities. A greater percentage of the general revenue budget was appropriated for education purposes and criminal justice purposes in Fiscal Year 2000 than in Fiscal Year 1991, while over the same time period the percentage of the general revenue budget appropriated for social service programs decreased. Between Fiscal

Year 1991 and Fiscal Year 2000 the state general revenue did grow by more than inflation and population growth would account for, although the growth in the general revenue portion of the state budget would have been even greater if approximately $892 million in tax cuts were not implemented.

Allowing for inflation and population growth, the state general fund budget would still have increased by 51.6 percent between Fiscal Year 1991 and Fiscal Year 2000. Most of the remaining growth in the budget beyond what can be attributed to inflation and popular growth can be attributed to the implementation of distinct policy choices by the Governor and General Assembly.

Introduction

The State of Georgia has been in the midst of a huge growth spurt over the past ten years. From 1991 through 1999 the population of Georgia grew 17.61 percent,[a] making Georgia the fastest growing state in the southeast region and the 6th fastest growing state in the nation.[b] At the same time, the economy has boomed. The unemployment rate dropped from 5.0 percent in 1991[c] to 3.1 percent in 2000,[d] while per capita personal income grew from $17,645 in 1991[e] to $27,198 in 1999.[f]

The state budget has grown correspondingly, from a total of $7.66 billion in the Fiscal Year (FY) 1991 (July 1, 1990 - June 30, 1991) to $14.15 billion in FY 2000 (July 1, 1999 - June 30, 2000), an 84.6 percent increase.[1] This report links changes in budgetary expenditures to district policy choices.[2] For FY 2000 the state budget was funded from general fund revenues, lottery funds, and the Indigent Care Trust Fund.[3]

- General fund revenues consist of taxes and fees collected by the state. Approximately $13.32 billion was appropriated from general fund revenues in FY 2000.

- The Indigent Care Trust Fund (ICTF) was established in 1991 in order to help hospitals serve those who are uninsured and who do not qualify for medicaid. The ICTF is funded through voluntary intergovernmental transfers or contributions from participating public hospitals and other government entities. No general fund revenues are used for this purpose. The federal government matches these contributions on a 60:40 basis for benefit expenditures and on a 50:50 basis for administrative expenditures. The Division of Medical Assistance within the Department of Community Health distributes these funds to hospitals based on a

[1]Federal funds are not included in these figures. Some, though not all, federal funds are appropriated in the budget bill. Most of these funds are federal matching funds (i.e., medicaid, transportation) and are treated as a pass through.

[2]While the FY 2001 budget has been adopted, it will be amended in the 2001 session of the General Assembly. Thus we use FY 2000 actual budget to compare with FY 1991 actual budget.

[3]In FY 2001, the state added the Tobacco Settlement Fund.

formula that accounts for the amount of hospitals' uncompensated care. Over $148.8 million was appropriated to the ICTF in Fiscal Year 2000.

- Lottery funds were first appropriated in FY 1994. State law provides that lottery funds may only be appropriated for programs in four areas: voluntary pre-kindergarten for four-year-olds; scholarships and student loans; capital improvements for education; and costs of providing technology training for teachers and repairing and maintaining instructional technology. Over $684 million was appropriated for lottery funded programs in FY 2000.

The portion of the total budget funded through general fund revenues grew by 74.5 percent over the nine year period from FY 1991 through FY 2000. Funding from the Indigent Care Trust Fund and the lottery account for the remainder of the growth of the total budget. In light of the growth, it is interesting to note that Georgia was 39th among the 50 states in per capita taxes in FY 1992[g] and only 36th in FY 1998.[h] In addition to general fund appropriations, the Georgia General Assembly has appropriated approximately $6.4 billion from the issuance of bonds between fiscal years 1992 and 2000. Bonds are accounted for in the general fund budget through an appropriation to the General Obligation Debt Sinking Fund which is used for the payment of the debt service (payment of interest and principal) on the bonds.

The question addressed in this report is, how much of the growth of the budget, and allocations within the budget, are due to policy changes? The budget is a policy document that reflects priorities. By studying changes in the budget, one is able to pinpoint changes in policy priorities. To get at the effect of policy changes on the budget, it is necessary to define a "Baseline" budget. A Baseline budget is defined as a budget that reflects inflation and population growth (i.e., would maintain constant real per capita spending). In other words, a Baseline budget is one that grows as fast as the increase in the cost of living and the increase in the populations being served. Thus, in this report, we identify specific policy decisions that caused state agency general fund budgets to be above or below the Baseline.

The next section of this report contains a comparison of the budgets for FY 1991 and FY 2000, followed by a short discussion of a budget reform implemented in FY 1997 called "budget redirection." A FY 2000 Baseline budget is then calculated using FY 1991 as a base year. The policy decisions that drive the agency budgets to fall above or below the Baseline budget are highlighted. This is followed by a discussion of the appropriation of bonds. The total amount of bonds appropriated during FY 1983-1991 is compared to the amount of bonds appropriated during FY 1992- 2000. The policy implications of any differences in how the bonds were appropriated are discussed.

A Comparison of Fiscal Year 1991 and Fiscal Year 2000

In FY 1991 the Georgia budget totaled $7,667,693,946.[4] Of this amount, $35.5 million was appropriated from the Indigent Care Trust Fund, with the remainder ($7,632,181,330) appropriated from general fund revenues. In FY 1991 the lottery funds did not exist. Over half the state budget funded through general fund revenues, 51.4 percent, was spent for education purposes. Funding for the State Board of Education totaled 37.3 percent, funding for the Board of Regents totaled 11.9 percent, and funding for the Department of Technical and Adult Education totaled 1.7 percent of the general fund budget. Funding for social service related agencies totaled 21.8 percent of the general fund budget with the Department of Human Resources (DHR) accounting for 12.6 percent and the medicaid benefits through the Department of Medical Assistance (DMA) accounting for 9.0 percent. Spending for criminal justice related activities accounted for 9.6 percent of the general fund budget, with the Department of Corrections totaling 5.7 percent. The Department of Transportation accounted for 6.6 percent, funding for debt service accounted for 4.6 percent, and funding for all other government activities accounted for 6.1 percent of the general fund budget.

In FY 2000 the Georgia budget totaled $14,152,922,701.[5] Of this amount $148.8 million was appropriated from the Indigent Care Trust Fund and $684.5 million was appropriated from lottery funds, with the remainder ($13,319,566,346) appropriated from general fund revenues. Funding for education purposes increased to 52.8 percent of the general fund budget. The percentage of funding for the State Board of Education increased to 38.4 percent, the Board of Regents increased to 12.0 percent, and the Department of Technical and Adult Education increased to 2.0 percent. The percentage of funding for social services related agencies fell to 19.3 percent of the general fund budget. Funding for DHR fell to 9.4 percent, while funding for medicaid benefits

[4]House Bill 1314 of the 1991 Session of the General Assembly.

[5]House Bill 1161and House Bill 1162 of the 2000 Session of the General Assembly. House Bill 1161was a supplemental appropriation bill containing $263 million for the state health insurance reserve fund. House Bill 1162 contained a budget total of $14,202,922,701. The total used in this report ($14,152,922,701) does not include $30 million in lottery funds and $20 million in general revenue funds, in the budget for the Department of Education, that was vetoed by the Governor.

increased slightly to 9.2 percent. The percentage of funding for criminal justice related activities increased to 10.8 percent, with the Department of Corrections increasing to 6.4 percent. The percentage of funding for the Department of Transportation decreased to 4.5 percent, funding for debt service decreased to 4.0 percent. and funding for general government activities increased to 8.7 percent.

The FY 2000 general fund budget would have been larger if not for approximately $892 million worth of tax cuts passed by the General Assembly since FY 1994. A $117 million income tax cut was passed in 1994, in 1996 the sales tax on food was eliminated for a tax reduction of $500 million and the personal intangible tax was repealed for a tax reduction of $52 million, in 1998 a $205 million income tax cut was passed, and in 1998 and 2000 the income tax retirement exclusion was raised for a tax reduction of $18.1 million.

Table 1 shows how general fund revenues were expended in both FY 1991 and FY 2000.

TABLE 1. GENERAL FUND BUDGET

	FISCAL YEAR 1991	FISCAL YEAR 2000
State General Funds	$7,632,181,330	$13,319,566,346
Education	51.4%	52.8%
Social Services	21.8%	19.3%
Criminal Justice	9.6%	10.8%
Transportation	6.6%	4.5%
Debt Service	4.6%	4.0%
All Other Government	6.1%	8.7%

Budget Redirection

In FY 1997, Georgia began the use of a budget reform process called "redirection." Redirection required agencies to downsize or eliminate existing programs in order to pay for new programs or the expansion of existing programs. The Governor ordered all department heads to present budget requests based on a reallocation of 5 percent of an agency's prior year adjusted budget. The reallocated funds could be used for: the funding of ongoing services or enhancements within an agency; the funding of growth in formula and entitlement related services; and the funding of priority areas within state government as a whole. Once the redirected funding was identified and proposals for expending those funds were made, an agency was allowed to request additional "enhancement" funding. The request for enhancement funds was capped at 6.5 percent above the base in fiscal years 1997 and 1998, 4.5 percent above the base in fiscal year 1999, and 4 percent in fiscal years 2000 and 2001.

Although most of the redirect cuts that were offered up by the departments were taken by the Governor, there was no guarantee that the redirection requested improvements would be given to an agency. Huckaby and Lauth,[i] in a study of redirection during FY 1997 through FY 1999, found that $215 million was redirected out of agencies in FY 1997, $41 million was redirected out of agencies in FY 1998 and $33 million was redirected out of agencies in FY1999. The Governor used the redirect process to fund his priority programs, regardless of which agency the funds might have come from. Agencies were forced to fund new or expanded programs through the elimination of lower priority programs. Huckaby and Lauth found that most of the redirected funds remained within the agency. Douglas,[j] in a study of the impact of redirection, found that "...agencies tended to make good faith efforts to reallocate resources from low to higher priorities; little agency deception was discovered." Redirection allowed the Governor to fund new and expanded programs without the need for additional revenues.

Baseline Budget

The FY 2000 state general fund budget ($13,319,566,346) reflects a growth of 74.52 percent over FY 1991. Over the same period of time, the population of Georgia grew 17.6 percent and the Consumer Price Index (CPI) increased by 25.9 percent.[k]

Assuming that a "Baseline" general fund budget would increase by the combined rate of inflation and population growth since 1991, a Baseline general fund budget for FY 2000 would be $11,573,801,682,[6] representing an increase of 51.6 percent over the FY 1991 general fund budget. The difference between the Baseline general fund budget and the actual FY 2000 general fund budget is $1,745,764,664. Overall, the actual FY 2000 general fund budget is 15.1 percent larger than the FY 2000 Baseline general fund budget.

The calculation of a "Baseline" general fund budget will allow isolation of the discretionary policy driven changes made in the budget over the past ten years. A large percentage of the 74.5 percent general fund budget increase between FY 1991 and FY 2000 is due to population-based, formula-driven increases (i.e. increase in students in K-12), and to increases in the cost of living (i.e. salaries, rents, etc.), and not to discrete policy choices. By comparing a FY 2000 Baseline budget to the FY 2000 actual budget, we are able to isolate those policy decisions that caused either an increase or decrease to the FY 2000 Baseline general fund budget. In the comparison of the Baseline budget with the actual budget, our focus is on the general fund budget; we ignore the Indigent Care Trust Fund and the lottery funded components of the total budget. Table 2 shows for individual agencies the actual budgets for FY 1991 and FY 2000, the FY 2000 Baseline budget, and the percentage difference between the actual FY 2000 and Baseline FY 2000 budgets.

Education agencies (Regents, Board of Education, and Department of Technical and Adult Education) general fund budgets between FY 1991 and FY 2000 rose approximately $1.14 billion more than inflation and population growth would account for (a difference of 20.1 percent), the Department of Corrections and the Department

[6]The medicaid benefits baseline budget was calculated using the Bureau of Labor Statistics "Medical Care" CPI. The Board of Education baseline budget was calculated using actual student FTE counts.

of Juvenile Justice general fund budgets combined rose approximately $329 million more than inflation and population growth would account for (a difference of 43.3 percent), and the medicaid benefits general fund budget rose over $59 million more than inflation and population growth would account. Education agencies account for 66 percent of the $1.74 billion above the minimum, and the Department of Corrections and the Department of Juvenile Justice accounts for 18.9 percent. Several agency budgets have not kept up with inflation and population growth. The Department of Human Resources received $185 million less than the Baseline budget (a difference of 12.9 percent), and the Department of Transportation received $153 million less. Debt service expense grew $5.9 million (1.1 percent) more than the Baseline budget would account for.

The following section looks at these individual agencies to explain why their budgets grew at the rate they did.

TABLE 2. BASELINE BUDGET

	FY 1991 Budget	FY 2000 Budget	Baseline Budget	Difference Between FY 2000 and Baseline Budget	Difference as a Percentage of Baseline Budget
Total Budget	$7,632,181,330	$13,319,566,346	$11,573,801,682	$1,745,764,664	15.1%
Education	$2,845,332,437	$5,111,284,113	$4,285,145,996	$826,138,117	19.3%
Regents	$909,857,468	$1,602,531,781	$1,358,339,038	$244,192,743	18.0%
Corrections	$437,152,821	$853,697,481	$652,631,608	$201,065,873	30.8%
Juvenile Justice	$72,809,211	$237,128,264	$108,697,897	$128,430,367	118.2%
DTAE	127,838,855	$265,389,356	$190,852,428	$74,536,928	39.1%
DHR	$962,995,666	$1,252,539,786	$1,437,669,803	(-$185,130,017)	(-12.9%)
Transportation	$500,037,860	$593,399,631	$746,513,569	(-$153,113,938)	(-20.5%)
Medicaid	$687,460,289	$1,227,895,937	$1,168,620,660	$59,275,277	5.1%
Debt Service	$351,257,589	$530,297,763	$524,397,405	$5,900,358	1.1%
All Other Agencies	$737,439,134	$1,645,402,234	$1,100,933,278	$544,468,956	49.5%

Department of Education

The Department of Education (DOE) general fund budget increased 79.6 percent between FY 1991 and FY 2000, from $2.84 billion in FY 1991 to $5.11 billion in FY 2000. Most of the funding for the Department of Education is driven by a funding formula based on counts of full time equivalent (FTE) students. As the number of students increase, funding automatically increases. From FY 1991 through FY 2000, FTE's grew 21.3 percent, as compared to the 17.6 percent overall population growth. The Baseline budget for the Department of Education, accounting for actual FTE growth and the rate of inflation, would have led to an increase of 50.6 percent, or to $4.28 billion. The difference between the Baseline education budget and the actual FY 2000 education budget is $826 million. What are the policy decisions that explains this $826 million?

Beginning with the Fiscal Year 1995 budget, the state set a policy goal of bringing the average teacher salary in Georgia up to the national average in order to recruit and keep high quality teachers. This was accomplished by giving teachers a 5 percent raise in FY 1995, 6 percent raises in each fiscal year from 1996 to 1999, and a 4 percent raise in FY 2000. Over this same period, inflation increased at an average rate of approximately 2.1 percent a year. Approximately $587 million of the $826 million can be accounted for by the teacher pay raises being higher than the rate of inflation.

In FY 1997, $39.5 million was appropriated in order for the state to take over the payment from local school districts of teacher medicare costs. The remaining $199.7 million is accounted for by additional educational improvements such as $27.6 million for instructional technology specialists and technology support; $14.3 million for an after school reading program; $13.6 million for a new elementary school reading program; $8.4 million for the development of criterion referenced competency tests and end-of-course assessments; $8 million for a teacher pay-for-performance program; $2.2 million for a pilot elementary school foreign language program; and $1.6 million for paying the fees of students taking the advanced placement tests. In addition, many changes were made to the QBE funding formula that drove additional funding into the Department of Education general fund budget between FY 1991 and FY 2000.

Table 3 summarizes the policy driven increases in the Department of Education general fund budget.

TABLE 3. EDUCATION BUDGET

Total Increase (FY 1991 to FY 2000)	$2,265,951,676
Increase Accounted for by Baseline Budget	$1,439,813,559
Increase Due to Raises Above Inflation	$586,854,984
Increase Due to Teacher Medicaid Costs	$39,500,000
Increase Due to New Education Programs and QBE Increases	$199,783,133

Board of Regents

The Board of Regents general fund budget increased 76.1 percent between the 1991 and 2000 fiscal years, or from $909 million to $1.6 billion. Most of the funding for the Board of Regents is driven by a funding formula that is based on counts of full time equivalent (FTE) students. As the number of student FTE's increase, funding automatically increases. The Baseline budget for the Board of Regents, assuming a growth of student FTE's equal to the growth of the overall population, and adjusting for the rate of inflation, would have increased over the nine year period by 49.3 percent, or to $1.35 billion. The difference between the Baseline regents budget and the actual FY 2000 regents budget is $244 million.

Beginning with the FY 1995 budget, the state set a policy goal of bringing the average faculty salary in Georgia above the national average and into first place among Southern Regional Education Board (SREB) states. This was accomplished by giving teachers a 5 percent raise in FY 1995, 6 percent raises in each fiscal year from 1996 to 1999, and a 4 percent raise in FY 2000. Over this same period, inflation increased at an average rate of approximately 2.1 percent a year. Approximately $225 million of the $244 million increase beyond the Baseline budget can be accounted for by the teacher pay raises being significantly higher than the rate of inflation.

The remaining $18.4 million is accounted for through such ongoing increases as $17.7 million for the major repairs and renovations portion of the funding formula; $4.1 million for new programs involving high schools; $3.5 million for a new statewide engineering program; and $3 million for a new teacher preparation initiative.

Since FY 1997, various programs and initiatives have received one time funding that is not included in the FY 2000 budget. For example: The Georgia Research Alliance received over $85 million, including $11 million for 12 eminent scholars, and $49 million for equipment; various universities received $5.5 million for endowed chairs; the traditional industries economic development program received over $13 million; $7 million was appropriated for the decommissioning of a nuclear reactor at Georgia Tech; $11 million was appropriated for the upgrading of the technology infrastructure; and the State Data Center received $1.75 million for the Year 2000 census.

Table 4 summarizes the policy driven increases in the Regent's general fund budget.

TABLE 4. REGENTS BUDGET

Total Increase (FY 1991 to FY 2000)	$692,674,313
Increase Accounted for by Baseline Budget	$448,481,570
Increase Due to Raises Above Inflation	$225,752,267
Increase Due to New Education Programs	$18,440,476

Department of Technical and Adult Education

The Department of Technical and Adult Education (DTAE) general fund budget increased 107.6 percent between the 1991 and 2000 fiscal years, from $127.8 million in FY 1991 to $265.3 million in FY 2000. Unlike with the Department of Education and the Board of Regents, funding for the Department of Technical and Adult Education is not formula driven. However, beginning with the FY 2001 budget, a funding formula based on number of students has been implemented. This will tie future funding more directly to student growth. The Baseline budget for DTAE, assuming the growth of students equal to the growth of the overall population, and adjusting for the rate of inflation, would have increased over the period by 49.3 percent, or to $190.8 million. The difference between the Baseline DTAE budget and the actual FY 2001 DTAE budget is $74.5 million.

The Department of Technical and Adult Education benefitted from the policy decision to raise teachers salaries. DTAE instructors received the same pay raises that teachers within the Board of Education system and faculty with the Board of Regents received. Approximately $29 million of the $74.5 million can be accounted for by the teacher pay raises being significantly higher than inflation.

The remaining $45.5 million can be accounted for through the growth in the number of students (beyond those associated with population growth), which we assume is due to policy decisions to add new programs and encourage enrollment in training programs. The general fund budgets for both the Adult Literacy Program and the Quick Start Program have grown faster than inflation and population growth would account for due to a 25 percent increase in the enrollment for Adult Literacy programs and a 259 percent increase in enrollment in Quick Start programs. The Adult Literacy Program accounts for $8.2 million of the increase and the Quick Start Program accounts for $2.6 million. Policy decisions to have a full-time adult literacy teacher in each county and to use the Quick Start Program as a key economic development tool has helped increase enrollments.

The remaining $34.6 million can be accounted for through an 83.2 percent increase in enrollment in certificate, diploma, or degree programs. The easy availability of lottery-funded HOPE Grants is an explanatory factor in the increased student enrollment. Unlike the Hope Scholarship, the Hope Grant does not require a "B" average, but simply continued enrollment in a program leading to a certificate or diploma. By not requiring a "B" average, the state has made a policy decision to make it easier for students to earn certificates, diplomas, or degrees from DTAE programs.

Table 5 summarizes the policy driven increases in the Department of Technical and Adult education general fund budget.

TABLE 5. DEPARTMENT OF TECHNICAL AND ADULT EDUCATION BUDGET

Total Increase (FY 1991 to FY 2000)	$137,550,501
Increase Accounted for by Baseline Budget	$63,013,573
Increase Due to Raises Above Inflation	$26,322,385
Increase Due to Growth in Degree Enrollment	$37,295,224
Increase Due to Growth in Adult Literacy	$8,263,189
Increase Due to Growth in Quick Start	$2,656,130

Department of Corrections

The Department of Corrections general fund budget increased 95.3 percent between the 1991 and 2000 fiscal years, from $437.1 million in FY 1991 to $853.7 million in FY 2000. The Baseline budget for the Department of Corrections, assuming a growth of inmates equal to the growth of the overall population, and adjusting inflation, would have increased over the period by 49.3 percent, or to $652.6 million. The difference between the Baseline Department of Corrections general fund budget and the actual FY 2000 Department of Corrections general fund budget is $201 million.

Funding for the Department of Corrections is mainly driven by the number and age of inmates. The inmate population increased by 83.8 percent between FY 1991 and FY 2000, compared to the 17.6 percent increase in overall population. According to the Department of Corrections, the average cost of serving an inmate is currently $17,000 per year. There are approximately 14,800 inmates above what would be expected if the number of inmates had grown at the rate of the overall state population. The cost of the additional inmates above the population growth of the state equals approximately $252.5 million.

In addition, the inmate population is getting older. In 1979 inmates age 29 and younger accounted for 64 percent of the Georgia inmate population. By 1999, that proportion had fallen to just 38 percent. In 1979 there were 570 inmates age 50 and older, but by 1999 Georgia housed 3,050 inmates 50 or older. The Department of Corrections estimates that there will be 5,000 inmates age 50 or older by 2004. The cost of housing an older inmate is estimated to be three times that of a younger, healthier inmate.[1]

The Department of Corrections has been able to hold down costs through the elimination of education, recreation, and other programmatic and administrative activities. In FY 1997, through the redirect process, the Department of Corrections eliminated 69 education positions, 101 counselors positions, 89 recreation positions, 157 administrative and programmatic positions, and 34 contract chaplains, for a savings of $17.4 million. In addition, $8 million of state funds were supplanted by funds from inmate store profits and inmate telephone call profits, and $2 million was saved through the implementation of co-payments for inmate sick calls. A total of $30.4 million was eliminated from the Department of Corrections budget as a result of the FY 1997 redirection.

There are several reasons for both the increase in the prison population, and the aging of the prison population. Throughout the late 1980's and into the 1990's the Georgia General Assembly passed laws that mandated longer sentences, while at the same time the Board of Pardons and Parole implemented more conservative parole policies. This culminated in the General Assembly passing Senate Bill 441 and the Board of Pardons and Parole implementing the "90 percent" policy.

Senate Bill 441, enacted in 1994, requires that anyone convicted of any of seven serious violent felonies must serve a minimum of ten years in prison without parole. Anyone convicted of a second of the seven serious violent felonies must receive mandatory sentence of life without parole. Through December 1999, there have been 2,935 offenders sentenced to a minimum sentence of 10 years without parole.

Effective January 1, 1998, the Georgia Pardons and Parole Board instituted a policy requiring all inmates convicted of any of twenty additional violent crimes not covered under Senate Bill 441 serve a minimum of 90 percent of their sentence. The Department of Corrections estimates that those inmates who are affected by this policy will serve an additional 2.3 years longer in prison.

Between 1993 and 1998, Georgia's incarceration rate increased from 398 per 100,000 in population to 502 per 100,000 in population, an increase of 28 percent. Georgia has the eighth highest incarceration rate among the fifty states.[m] If these policies continue, the budget for the Department of Corrections will most likely rise accordingly.

Table 6 summarizes the policy driven increases in the Department of Corrections general fund budget.

TABLE 6. DEPARTMENT OF CORRECTIONS BUDGET

Total Increase (FY 1991 to FY 2000)	$416,544,660
Increase Accounted for by Baseline Budget	$215,478,787
Increase Due to Inmate Growth	$252,500,000
Decrease Due to FY 1997 Redirect	(-$30,435,757)
Other Savings	(-$20,998,370)

Department of Juvenile Justice

The Department of Juvenile Justice (DJJ) general fund budget increased 225 percent between the 1991 and 2000 fiscal years, from $72.8 million in FY 1991 to $237.1 million in FY 2000. The Baseline budget for the Department of Juvenile Justice, assuming the growth of juveniles served equal to the growth of the overall population, and adjusting for rate of inflation, would have increased over the period by 49.3 percent to $108.7 million. The difference between the Baseline Department of Juvenile Justice general fund budget and the actual FY 2001 Department of Juvenile Justice general fund budget is $128.4 million.

The number of juveniles served by the Department of Juvenile Justice has increased greatly since FY 1991. In FY 1999, 29,290 juveniles were served in Regional Youth Development Centers (RYDC), an increase of 101 percent over the 14,574 served in FY 1991. In FY 1999, 2,997 juveniles were served in Youth Development Centers (YDC) long term programs, an increase of 95 percent over the 1,538 served in FY 1991. In FY 1999, 6,850 juveniles were served in Youth Development Centers short term 90-day programs; the 90-day programs did not exist in FY 1991. In addition, 53,966 juveniles were referred to the department for court services in FY 1999, a 95 percent increase over the 27,597 juvenile referrals in FY 1991.

One of the major reasons for the increase in the number of juveniles served was the passage of Senate Bill 440 during the 1994 session of the General Assembly. Among other things, Senate Bill 440 requires that juveniles between the age of 13 and 17 who commit certain violent crimes be tried as an adult and serve their time in facilities operated by the Department of Juvenile Justice. Senate Bill 440 increased the amount of time that a juvenile delinquent could be sentenced to a Youth Development Center from 18 months to 60 months. Senate Bill 440 also allows juvenile court judges to sentence a juvenile offender to a term in a Youth Development Center of up to 90 days; this new 90-day program alone cost the state approximately $40 million in FY 2000.

Even before SB 440, most Department of Juvenile Justice institutions were overcrowded, understaffed, and in need of repair. There were also a lack of educational and mental health services available. In order to avoid legal action by the federal government in regards to health and safety of juveniles within Department of Juvenile

Justice institutions, the state entered into a memorandum of agreement (MOA) with the Office of the United States Attorney General in March of 1998. This memorandum of agreement outlined various steps the state would take in order to avoid future legal action by the federal government. The MOA called for an increase in staffing, an increase in staff training, an increase in space for the juveniles, better management information system, and an improved quality assurance system. The MOA also called for improvements in the Department of Juvenile Justice education system, mental health services, and medical services. The FY 1999 and FY 2000 budgets contained over $28 million in additional funding to implement the first two phases of the memorandum of agreement.

Table 7 summarizes the policy driven increases in the Department of Juvenile Justice general fund budget.

TABLE 7. DEPARTMENT OF JUVENILE JUSTICE BUDGET

Total Increase (FY 1991 to FY 2000)	$164,319,053
Increase Accounted for by Baseline Budget	$35,888,686
Increase Due to Implementation of MOA	$28,168,332
Increase Due to New 90 Day Program	$40,000,000
Increase Due to Growth of Juveniles Served	$60,262,035

Medicaid

The medicaid benefits general fund budget increased 78.6 percent between the 1991 and 2000 fiscal years, from $687 million in FY 1991 to $1.22 billion in FY 2000. Using the medical care component of the consumer price index, if the medicaid benefits general fund budget had grown by this rate of inflation and by the rate of population growth, the FY 2000 medicaid benefits general fund budget would have increased 70 percent, to a total of $1.168 billion. The difference between the Baseline medicaid benefits general fund budget and the actual FY 2000 medicaid benefits general fund budget is $59.2 million.

The medicaid benefits budget averaged double digit increases throughout the late 1980's and early 1990's leading up to increases of 14.5 percent in FY 1992 and by 23.5 percent in FY 1993. Increases stayed between six and eight percent from FY 1994 through FY 1996. Beginning with budget redirection in FY 1997, the Department of Medical Assistance (DMA), the agency that until recently oversaw the medicaid budget, implemented cuts in various provider reimbursements that dramatically slowed the rate of growth in the budget. In FY 1997, the medicaid benefits budget decreased by 3.1 percent, and in FY 1998 and FY 1999 the budget increased less than one percent each year. At the same time that provider reimbursement cuts were implemented, the rate of growth of medicaid recipients began to slow down. After double digit recipient growth each year from FY 1991 through 1994, recipient growth slowed to 7.2 percent in FY 1995, 4.0 percent in FY 1996, 5.1 percent in FY 1997, a decrease of 0.5 percent in FY 1998 and an increase of 0.7 percent in FY 1999. The number of medicaid recipients increased 69.5 percent from fiscal years 1991 to 1999.

The first step the state took to contain the growth of the medicaid benefits general fund budget was implementation of the Georgia Better Health Care Program. The Georgia Better Health Care Program matches Medicaid recipients to a primary care physician or provider. These primary care physicians or providers deliver and coordinate Medicaid recipient health care services. The Georgia Better Health Care Program is an attempt to improve the access to medical care, enhance continuity of care, and to reduce the unnecessary use of medical services. In FY 1994, the Department of Medical Assistance began a pilot program in five counties of the Georgia Better Health Care Program. In FY 2000, the Georgia Better Health Care program served 684,000 recipients in all 159 counties. The Georgia Better Health Care Program has saved the state $60 million to $70 million per year.

Through the budget redirect process, reimbursement rates for various providers were cut. The FY 1997 redirect resulted in cuts totaling $64.5 million. For example, prior to FY 1997, physician reimbursement for medicaid was based on 100 percent of the prior years' Resource Based Relative Value System (RBRVS). The RBRVS is a scale that tells what specific physician services should cost. The RBRVS was updated each year to account for increased costs. In FY 1997, physician reimbursement rates were cut to 90 percent of the RBRVS for 1995 scale instead of the updated 1996 scale. In FY 1998, the reimbursement rate was cut to 87 percent of the 1995 RBRVS scale. In FY 1999, the reimbursement rates were increased to 90 percent of the 1997 RBRVS scale.

Hospital reimbursement rates were also cut through the redirection process. Prior to FY 1998, hospital reimbursements were based on historical average costs. In FY 1997, changes in the average cost reimbursement methodology for hospitals led to a savings of over $25 million in state medicaid funds. In FY 1998, the Department of Medical Assistance implemented a new inpatient hospital reimbursement methodology based on Diagnosis Related Groups (DRGs). The switch to a DRG-based methodology led to an additional savings of approximately $4 million. In addition, hospital outpatient payments were cut from 96 percent to 90 percent of costs for a savings of $3.5 million.

Although the rate of increase of medicaid recipients was larger than the corresponding rate of increase in population during the nine year period, the overall budget growth was less than what would be expected based on inflation and growth in recipients due to policy decisions that led to the implementation of the Georgia Better Health Care Program and to cuts in the reimbursement rates for various providers. This has led to the expenditure per recipient decreasing from $2,646 in FY 1995 to $2,477 in FY 1999.[n] In addition, some of this savings has been the result of increased efforts to prevent fraud and abuse and to become more efficient. Cost control efforts have also led to medicaid providers being reimbursed at lower rates and therefore such providers (hospitals, nursing homes, doctors, pharmacists) have less revenue.

Department of Human Resources

The Department of Human Resources (DHR) general fund budget increased 30.1 percent between the 1991 and 2000 fiscal years, from $963 million in FY 1991 to $1.252 billion in FY 2000. A Baseline budget for DHR would have increased by 49.3 percent to $1.437 billion for FY 2000. The actual FY 2001 DHR budget is $185 million less than that accounted for by inflation and population growth.

One reason for the slow budget growth for DHR revolves around the success of welfare reform and the economic expansion. There were 139,523 families receiving cash assistance each month in 1995. By February 2000 the number of families receiving cash assistance had dropped to 53,171, a decline of 62 percent. State expenditures for cash assistance decreased from $136.4 million in FY 1991 to $48.2 million in FY 2000. Most of the savings were reinvested in employability programs (including transportation and drug treatment), and child care. State expenditures for child care increased from $16.4 million to $50.1 million, and state expenditures for county employability programs increased from $2.7 million to $24.8 million.

The state also began implementing policies of downsizing state mental health, mental retardation, and substance abuse (MHMRSA) hospitals and increasing community services. In FY 1990, ten state hospitals served 23,458 adults with mental illness and mental retardation, and adults suffering from drug or alcohol crisis, compared with eight state hospitals serving 13,178 adults in FY 1999. State expenditures for hospitals decreased from $278.4 million in FY 91 to $221.1 million in the FY 2000 budget. At the same time, mental health and mental retardation consumers served in residential community settings increased from 5,792 to 8,891. Funding within the DHR budget for community mental health and mental retardation programs increased by $66 million from FY 1991 to FY 2000. In addition, from FY 1991 to FY 2000 approximately $37 million in state funds were transferred to the Department of Medical Assistance from the DHR budget in order to maximize federal medicaid funding for community placements.

Much of the slow growth of the DHR budget is accounted for by the 64.6 percent decrease in AFDC/TANF expenditures, the downsizing of the state MHMRSA hospital system, and the transfer of approximately $37 million from the DHR budget to the

Department of Medical Assistance budget for community placements. Although much of the savings from the decrease in AFDC/TANF expenditures and the downsizing of the state hospitals were reinvested within DHR, some of those savings were transferred out of the department through the redirect process for other policy priorities of the Governor and the General Assembly.

Department of Transportation

The Department of Transportation (DOT) general fund budget increased 18.7 percent between the 1991 and 2000 fiscal years, from $500 million in FY 1991 to $593.4 million in FY 2000. Most of the general revenue funding for the DOT budget comes from the motor fuel tax. The tax is levied at a rate of 7.5 cents per gallon of motor fuel. In addition, the revenue generated by 3 percent of the regular state sales tax 4 percent rate that is levied on the sale of motor fuel is designated as the "second motor fuel tax." The motor fuel tax is allocated by the Georgia Constitution exclusively to the DOT for highway purposes.

In FY 1991, $488.2 million was appropriated to the DOT from the motor fuel tax and, $11.8 million was appropriated from other general revenue sources, while in FY 2000, $571.9 million was appropriated to the DOT from the motor fuel tax and, $21.5 million was appropriated from other general revenue sources. A Baseline budget for the DOT motor fuel tax appropriations would have increased to $728.9 million and a Baseline budget from other general fund sources would have increased to $17.6 million. The actual FY 2000 motor fuel tax portion of the DOT budget is $157 million less than inflation and population growth would account for, while other general revenue fund sources are $4 million more than inflation and population growth would account for.

The slower than expected growth of the motor fuels tax portion of the DOT budget between FY 1991 and FY 2000 can be explained by a decrease in the consumption of gasoline. In spite of the growth in population, more fuel efficient cars have led to a slower growth in the amount of gasoline sold. In that the motor fuel tax revenues are earmarked to the DOT for highways, this has caused the DOT general fund budget to grow at a slower rate.

Although funds could be appropriated from other general fund revenues to make up the shortfall, the Governor and the General Assembly have made a policy decision not to use general funds to fund road projects. The Governor's Road Improvement Program (GRIP) and the Local Assistance Road Program (LARP) can be funded by any combination of three funding sources: general funds, motor fuel funds (gas tax), or bond funds. Prior to FY 1992, LARP were funded partially through general fund revenues. From 1978 through 1990, LARP received $219.8 million in general funds, $253.4

million in motor fuel funds, and $19.3 million in bond funds. From FY 1991 through FY 2000, LARP has been funded exclusively through motor fuel funds. Other than $1.5 million in general funds appropriated in FY 1986, $87.5 million in general funds appropriated in FY 1990, $1.3 million in general funds appropriated in FY 1997, $4.4 million in motor fuel funds appropriated in FY 1991, and $23.7 million in motor fuel funds appropriated in FY 1997, the GRIP program has been funded with just bond funds.

Debt Service

Total General Obligation Bond Debt during FY 1991 totaled $1.9 billion, as compared to total debt of $5.1 billion during FY 2000. The debt service (payment of interest and principal) on the bonds increased 51.0 percent between the 1991 and 2000 fiscal years, from $351 million in FY 1991 to $530 million in FY 2000. The Baseline budget for General Obligation Debt Sinking Fund would have increased by 49.3 percent to $524 million. The difference between the Baseline General Obligation Debt Sinking Fund and the actual FY 2000 General Obligation Debt Sinking Fund is $5.9 million.

The debt service owed on the bonds grew slower than the increase in the level of debt. This savings can be accounted for through the decrease in interest rates over the past 10 years. In the early 1990's the state was paying over 6 percent interest on its bonds. From the mid 1990's to the present, the state has been paying between 4 and 5 percent interest on its bonds. The lower interest rates have allowed the state to increase the level of total debt without a corresponding increase in debt service.

All Other Agencies

The total of other remaining state agencies (legislative branch, judicial branch, other executive branch departments) general fund budgets increased 123 percent between the 1991 and 2000 fiscal years, from $737 million in FY 1991 to $1.645 billion in FY 2000. The difference between the Baseline budgets and the actual FY 2000 budgets is $544.4 million of extra funding.

There are several main sources that account for this extra funding. Four major expenditures totaling $412 million in FY 2000 were not budgeted in FY 1991. An appropriation totaling $263 million was made to the Department of Community Health to replenish the state employee health insurance reserve.[7] The Department of Administrative Services was appropriated $66 million to replenish reserves for the state's self insurance program. Funds for a property tax cut totaling $83 million was appropriated within the Department of Revenue budget. The PeachCare for Kids Program was established in FY 1999 and was appropriated $17.1 million in FY 2000. There were no similar appropriations in FY 1991.

In addition, several agencies received large increases between FY 1991 and FY 2000. The general fund budget for the judicial branch increased 98.3 percent from FY 1991 to FY 2000 and accounts for $27.5 million of the extra funding. Funding for local assistance grants within the Department of Community Affairs increased by $43.8 million over the Baseline budget. The budget for the Department of Revenue increased by $22.5 million over the Baseline budget to modernize computer hardware and software. The Environmental Protection Division of the Department of Natural Resources budget received a $13.1 million increase over the Baseline budget.

Other than the $429 million appropriations for the property tax cut and the insurance reserves, the $27.5 million in extra funding in the judicial branch budget, and the $79.4 million in extra funding for local assistance grants within the Department of Community Affairs, for the Environmental Protection Division, and for the Department of Revenue, the other state agencies general fund budgets showed a total increase of $8.2 million above the Baseline budgets.

[7]HB 1161 of the 2000 session of the General Assembly.

Table 8 summarizes the increases above the minimum budget for all other state agencies.

TABLE 8. ALL OTHER STATE AGENCIES

Total Increase (FY 1991 to FY 2001)	$907,963,100
Increase Accounted for by Baseline Budget	$544,468,956
Increase Due to Health Insurance Reserves	$263,000,000
Increase Due to Property Tax Cut	$83,000,000
Increase Due to State Self Insurance Program Reserve	$66,034,595
Increase Due to Local Assistance Grants	$43,856,710
Increase Due to Judicial Branch	$27,587,175
Increase Due to Department of Revenue	$22,496,079
Increase Due to PeachCare for Kids	$17,189,386
Increase Due to Environmental Protection Division	$13,136,222
Increase Due to Remaining Agencies	$8,168,789

Bonds

The state uses bonds to finance capital spending. The bonds are not part of the general fund, but they have implications for the general fund since the principal and interest payments are made from the debt service account. Since the debt service budget does not identify the purpose for the bond, we consider bonds separately. Because the use of bond funds varies from year to year, bonds issued over several years are considered.

From Fiscal Year 1992 through Fiscal Year 2000, a total of $6.378 billion in bonds was appropriated. As Table 9 highlights, spending on bonds, in relationship to the state general funds budget, has increased from 6.4 percent of total appropriations during Fiscal Years 1983 through 1991, to 8.0 percent of total appropriations during Fiscal Years 1992 through 2000. For comparison purposes, Georgia was 44rd among the 50 states in per capita debt in FY 1992[o] and was 45th in FY 98.[p]

TABLE 9. BONDS IN COMPARISON TO GENERAL FUNDS BUDGET

FISCAL YEARS	TOTAL BONDS	TOTAL GENERAL FUNDS BUDGET	PERCENT
1983 - 1991	$3,231,356,000	$50,342,263,619	6.42%
1992 - 2000	$6,379,979,822	$79,678,717,025	8.00%

Compared with Fiscal Years 1983 through 1991, bonds dedicated to education purposes (Board of Education, Board of Regents, Department of Technical and Adult Education), and to the Department of Transportation, increased during Fiscal Years 1992 through 2000. As compared to FY 1983-1991, bonds dedicated to criminal justice purposes (Department of Corrections, Department of Juvenile Justice, Georgia Bureau of Investigation, and the Department of Public Safety) decreased during Fiscal Years 1992 through 2000. Table 10 highlights these changes.

TABLE 10. COMPARISON OF BONDS FY 1982-1991 WITH FY 1992-2001

	PERCENTAGE FISCAL YEAR 1982-1991	PERCENTAGE FISCAL YEAR 1992-2000
Education	42.96%	47.01%
Transportation	19.98%	23.16%
Economic Development	9.77%	9.07%
Natural Resources	5.94%	7.09%
Criminal Justice	14.92%	6.15%
General Government	4.98%	5.63%
Department of Human Resources	1.45%	1.91%

The increase in the percentage of bonds appropriated for education agencies was mostly due to a large increase in the total amount of bonds appropriated to the Board of Regents. Both the Department of Education and the Department of Technical and Adult Education (DTAE) had smaller increases in the amount of bonds appropriated. There was also an increase in the total amount of bonds appropriated for the Department of Transportation due to an increase in funding for the Governor's Road Improvement Program (GRIP).

There was a large decrease in the total amount of bonds appropriated for the Department of Corrections for prison construction, expansion and renovation in the 1992 through 2000 fiscal years as compared with fiscal years 1983 through 1991. The funding of prison construction during the 1980's allowed for the large increase in prison inmates and corresponding increase in the Department of Corrections budget during the 1990's. Table 11 highlights these changes.

TABLE 11. TOTAL BONDS FY 1982-1991 AND FY 1992-2000

	TOTAL FISCAL YEAR 1982-1991	TOTAL FISCAL YEAR 1992-2000
Regents	$392,290,000	$1,446,712000
Board of Education	$906,046,000	$1,251,228,000
Technical and Adult	$91,628,061	$300,601,822
Transportation	$645,485,000	$1,477,150,000
Corrections	$424,375,000	$188,190,000

Conclusion

Ignoring non-general revenue sources (Indigent Care Trust Fund and lottery funds) the state budget increased 74.5 percent between FY 1991 and FY 2000. Although this increase is large in terms of total dollars, the state general fund budget is only 15.1 percent greater than the Baseline budget that maintains real (i.e., inflation adjusted) per capita spending constant. The budget redirection process established in FY 1997 allowed for new spending initiatives to be implemented without a corresponding increase in the overall general fund budget.

Approximately 69.3 percent ($3.94 billion) of the growth of the general fund portion of the state budget ($5.68 billion) since FY 1991 can be accounted for by the growth in inflation and population. The remaining 30.7 percent ($1.74 billion) increase in the general fund portion of the state budget are mostly a direct result of distinct policy choices made by the Governor and General Assembly.

The most important policy decision as far as the effect on the FY 2000 budget is the decision to increase teacher salaries above the rate of inflation over six consecutive fiscal years (FY 1995 - FY 2000). This policy decision accounts for approximately 48.2 percent ($841) million of the $1.7 billion that the actual FY 2000 general fund budget is above the FY 2000 Baseline general fund budget.

The policy decision to have both adults and juveniles spend longer time in state institutions has the next biggest effect on the budget. Budget increases for the Department of Corrections and the Department of Juvenile Justice accounts for 18.9 percent ($329 million) of the total funding above the FY 2000 Baseline budget. Unless there is a change in criminal justice policy, the number of prison beds will continue to grow and the inmate population will continue to age. This will have serious consequences for the state budget in the upcoming fiscal years.

There have been many other policy changes that impacted the state budget, although in comparison to the teacher salaries and criminal justice changes, their impact is relatively small. Redirection has allowed for the implementation of new or expanded programs while still limiting the growth of the budget. As Huckaby and Lauth[q] found, most of the redirected funds stayed within the agencies to pay for agency priorities. Agencies that lost funding through the redirect process helped fund the Governor's policy priorities. Redirection allowed for policy changes without a corresponding increase in the agency budgets.

Georgia also made a policy decision to use bonds at a slightly greater rate over fiscal years 1992-2000 as compared with fiscal years 1983-1991. Even with the increase in the use of bonds, the percentage of debt service as compared to the total budget has decreased from FY 1991 to FY 2000. In comparison with the rest of the nation, Georgia has fallen from 44th in per capita debt in FY 1992[r] to 45th in per capita debt in FY 1998.[s]

The percentage of bonds spent for education purposes increased from 43 percent during fiscal years 1983 to 1991 to 47 percent during fiscal years 1992 to 2000. Although more extra general fund revenues were invested in the Department of Education than the Board of Regents, the Board of Regents received a much greater share of the additional bond funds.

Over the past nine years, state policy makers have used both general revenues and bonds to fund their policy priorities. A greater percentage of the general revenue budget was appropriated for education purposes and criminal justice purposes in FY 2000 than in FY 1991, while over the same time period the percentage of the general revenue budget appropriated for social service programs has decreased. Between FY 1991 and FY 2000 the state general revenue did grow greater than inflation and population growth would account for, although the growth in the general revenue portion of the state budget would have been even greater if approximately $892 million in tax cuts were not implemented.

Allowing for inflation and population growth, the state general fund budget would have increased by 51.6 percent between FY 91 and FY 2000. Most of the remaining growth in the budget can be attributed to the implementation of distinct policy choices by the Governor and General Assembly.

Endnotes

[a]United States Department of Commerce, Bureau of Census www.census.gov/ population/estimates/state/st-99-3.txt.

[b]United States Department of Commerce, Bureau of Census www.census.gov/ population/estimates/ state/st-99-5.txt.

[c]Akioka, Lorena. 1997. *Georgia Statistical Abstract* Athens:b University of Georgia. p. 88.

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[f]United States Department of Commerce, Bureau of Economic Analysis www.bea.doc.gov/bea/ newsrel/spi0500.htm.

[g]United States Department of Commerce, Bureau of Census www.census.gov/govs/state/ 92stga.txt.

[h]United States Department of Commerce, Bureau of Census www.census.gov/ govs/state/98stga.txt.

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[k]Georgia Department of Labor. June 2000. "Economic Indicators" p. 3.

[l]Georgia Department of Corrections. 2000. "Georgia Aging Inmate Population," processed.

[m]Georgia Department of Corrections. 2000. "Georgia Aging Inmate Population," processed.

[n]Georgia Department of Community Health. Draft 1999 Annual Report.

[o]United States Department of Commerce, Bureau of Census www.census.gov/govs/state/92stga.txt.

[p]United States Department of Commerce, Bureau of Census www.census.gov/govs/state/98stga.txt.

[q]Opt. Cite.

[r]United States Department of Commerce, Bureau of Census www.census.gov/govs/state/92stga.txt.

[s]United States Department of Commerce, Bureau of Census www.census.gov/govs/state/98stga.txt.

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