

Georgia state agencies seek more health spending, raises and reversal of cuts by lawmakers

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Weeks after it became clear the state would run a third massive yearly

surplus in a row, Gov. Brian Kemp told state agencies they could ask for more money to spend in the coming year.

Their budget requests—reviewed by The Atlanta Journal-Constitution—show they took Kemp's words to heart.

Agencies requested massive increases in [health care spending](#), for pay raises, to fight crime, improve prisons ... and in some cases, to get some of the [money](#) back that either the General Assembly or Kemp cut during the budget process earlier this year.

That included the \$66 million lawmakers cut from the University System of Georgia during a dispute over a medical college contract and some of the money they slashed from public television and radio.

If Kemp and lawmakers go along, it would mean [higher salaries](#) for superior court judges and prison and [mental health workers](#), more money to improve bandwidth for schools, more staff for a wide range of agencies from the county extension service and the utility-regulating Public Service Commission to the state-federal public health care program for the poor, disabled and elderly.

The requests are just that: agencies asking that the state, which has been on a fiscal roll since a few months after the start of COVID-19 pandemic, to spend billions of dollars more through mid-2025. Kemp will consider the requests as he puts together his proposals for the midyear fiscal 2024 and fiscal 2025 budgets. The General Assembly will then decide what gets approved, and what doesn't, and will add its own priorities.

But the requests show where agency heads—many appointed by Kemp—think the state needs to put the billions of extra dollars it has been raising.

Some of the requests caught the eye of Senate Appropriations Chairman Blake Tillery, R-Vidalia.

"I was somewhat surprised at the dollar level of the requests, given that inflation is causing a slowdown in the economy and revenue," he said.

"We will certainly comb through those numbers to look at need and evaluate return on investment for the taxpayers of the state."

The rate of state revenue growth—mostly from income and [sales taxes](#)—began slowing earlier this year after what Tillery refers to as a "sugar high" of money coming in from mid-2020 through the end of 2022.

The state took in over \$5 billion more than it spent in fiscal 2023, which ended June 30. Last year it was more than \$6 billion, and the previous year, almost \$4 billion.

Kemp has urged lawmakers to give some of the money back to Georgians in the form of income and property tax breaks, and the General Assembly has enthusiastically supported the idea. That trend will likely continue during the 2024 session, which begins in January.

The boon in revenue into the beginning of 2023 allowed the state to pile up money in reserve.

The surpluses have also helped the state boost state employee and teacher salaries, and expand services for things such as mental health and substance abuse programs, law enforcement and education. Lawmakers budgeted a record amount of spending for K-12 schools this year.

Cuts along the way

While Kemp and General Assembly leaders have boosted spending, they've also always budgeted less than the state was bringing in.

In March, lawmakers cut spending for some agencies, such as the University System and public broadcasting.

In May, Kemp cut more than \$240 million worth of spending after warning that the national economic picture was uncertain and telling lawmakers there were unbalanced areas in the budget they approved. The state constitution requires a balanced budget.

Many sectors of Georgia's economy remain strong, but growth was so massive from 2020 through early 2023 that it's hard for revenue growth to top that period.

Kemp has suspended collections of the state gas tax, as he did last year, to keep down fuel prices. But that means the state has to come up with money to fund road projects paid for by the gas tax.

The initial phase of a cut in the state income tax rate that lawmakers passed in 2022 is kicking in, which could reduce the income tax take in the coming year.

Still, the governor was confident enough to allow agencies to ask for 3% spending increases, on top of higher costs to accommodate increasing enrollment in programs such as Medicaid—the [health care program](#) for the poor, disabled and elderly—and education.

The agency that runs Medicaid asked for an increase of more than \$1 billion for the program and nearly \$3 million to hire more people to monitor and evaluate its partnership with private health care providers. The mental health agency asked for big increases in several areas, including money to bring more mental health hospital beds online.

Superior court judges asked for \$20 million to boost their salaries, an issue lawmakers debated during the mid-2010s.

Two programs that provide grants for business growth—mostly in rural Georgia—asked for about \$250 million. The prison system requested \$150 million more to pay for inmate health care and \$2 million more over the amended and fiscal 2025 budgets to provide an additional meal to prisoners on the weekend.

The Georgia Bureau of Investigation requested more money to increase crime lab staffing and for medical examiners, as well as \$316,000 to provide funds for sexual assault nurse examiner positions. That's about a quarter of the money Kemp cut for sexual assault center staffers in May.

The Board of Regents was one of the more aggressive agencies, asking Kemp for \$119 million to pay off the debt for facilities currently funded by University System student fees and to restore \$66 million lawmakers cut from its budget in March.

The cut represents just over half the \$105 million that Kemp and lawmakers approved for a new electronic medical records system for the Medical College of Georgia, part of Augusta University. Senate leaders questioned that cost, approved amid talks encouraging the private Wellstar Health System to partner with the AU Health System. Wellstar finalized its takeover of the AU system in August.

The University System also requested \$389,000 of the \$1.17 million cut from the budget of Georgia Public Broadcasting by lawmakers.

Danny Kanso, senior fiscal analyst at the Georgia Budget and Policy Institute, which generally advocates for increased state spending on programs, said the "top priorities should include strengthening our public schools, closing the health coverage gap, and addressing persistently high state employee turnover rates by increasing salaries and adjusting workforce levels in line with demand facing the state."

Kemp and lawmakers have boosted the salaries of teachers, university and state agency employees the past few years. But some agencies still have big turnover problems, as was made clear in May when the then-head of the Georgia State Patrol urged lawmakers to create a pension system for troopers to give them an incentive not to leave for other jobs.

Kanso said the state should use extra money to provide more funding to schools to support low-income children and give systems more money for student transportation.

"Currently, Georgia has an estimated 6,300 buses on the road that have been in service for 15 years or longer—equivalent to about one out of every three buses on the road," he said. "Georgia should ensure these buses are replaced as soon as possible and use this opportunity to bring districts into alignment on a statewide replacement plan."

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