

March 10, 2008

The Honorable Ben Harbin  
Chairman, House Appropriations Committee

The Honorable Jack Hill  
Chairman, Senate Appropriations Committee

Dear Chairmen:

With growing uncertainty in the nation's economy and the slowdown in Georgia's overall rate of growth, I have been carefully monitoring our revenue collections. The past few months of revenue collections have set a new trend that may be insufficient to meet the Amended Fiscal Year 2008 Budget or the Fiscal Year 2009 Budget as proposed. I am instructing agencies to curtail discretionary spending and hereby adjusting my revenue estimate for the Amended Fiscal Year 2008 and for Fiscal Year 2009. These actions are fiscally prudent steps that will help us to avoid a Special Legislative Session at a later point in the year and set us on course to meet revised revenue expectations.

Although it is difficult to determine with a high degree of certainty how tax collections will fare over the remainder of the fiscal year, it is clear our year-to-date collections are not keeping pace with our original revenue estimate. While our Revenue Shortfall Reserve stands at a balance of \$1,544,595,188, I recommend that we use these reserves very carefully, given the uncertainty that our economy faces over the coming months. Therefore, I am adjusting my Fiscal Year 2008 revenue estimate to \$20,479,378,785, a reduction of just over \$65 million. To balance this reduction, I recommend the following adjustments to my Amended Fiscal Year 2008 Budget Report:

- 1 Reduce funding recommended for one-time equipment and technology infrastructure upgrades. (40,817,363)
- 2 Reduce funding recommended for 557 new buses. (25,000,000)

In addition, agencies will maximize savings by avoiding unnecessary travel, restricting hiring for non-critical positions, and any other reductions identified by agencies. As part of this effort, I will encourage each agency head to enact strict approval processes for new expenditures and for the Office of Planning & Budget to closely monitor budgets. These limitations on discretionary spending are intended to mitigate the potential impact of reductions in revenue collections for Fiscal Year 2008.

The Fiscal Year 2009 Budget Report as submitted to the General Assembly includes a total funds revenue estimate of \$21,425,140,103. I am adjusting my Fiscal Year 2009 revenue estimate to \$21,180,140,103, by reducing state general funds in the amount of \$245 million. I will continue to monitor revenue collections throughout the year poised for additional broad-based reductions in advance of the General Assembly's consideration of the Amended Fiscal Year 2009 Budget. In order to achieve the expenditure reductions necessary to balance the Fiscal Year 2009 with this new revenue estimate, I recommend the following adjustments to my Fiscal Year 2009 Budget Report:

**State Accounting Office**

- 1 Reduce funding recommended to fund the independent verification for the streamlined banking project. (120,000)

**Department of Agriculture**

- 1 Reduce funding recommended to fill three vacant inspector positions. (199,374)
- 2 Reduce funding recommended to replace 30 vehicles. (450,000)
- 3 Reduce funding recommended to purchase ethanol and biodiesel testing equipment. (275,000)

**Department of Community Affairs**

- 1 Reduce funding recommended to implement the Coastal Comprehensive Plan. (275,000)
- 2 Reduce funding recommended for the Local Development Fund. (5,000,000)
- 3 Reduce funding recommended for the State Housing Trust Fund. (1,500,000)

**Department of Community Health**

- 1 Reduce funding recommended for the continued implementation of the Health Information Exchange pilot program. (750,000)
- 2 Reduce funding recommended for 100 Independent Care Waiver Program slots for the Money Follows the Person Demonstration Grant. (1,426,730)
- 3 Reduce funding recommended for 50 slots in the ICWP program to address the community waiting list. (782,429)
- 4 Reduce funding recommended for the 1% add-on to per diems for nursing facilities. (1,792,628)
- 5 Reduce funding recommended for the Health Insurance Partnership. (16,935,427)
- 6 Reduce funding recommended for the continued development and implementation of a consumer focused Web site. (750,000)
- 7 Reduce funding recommended for three replacement vehicles for the Composite Board of Medical Examiners. (45,000)
- 8 Reduce funding recommended for operating expenses for the State Medical Education Board. (12,548)
- 9 Reduce funding recommended to reflect default payment collections for the State Medical Education Board. (200,000)

**Department of Corrections**

- 1 Reduce funding recommended for the Day Reporting Centers. (5,270,885)
- 2 Reduce funding recommended for core dental health services. (1,162,000)
- 3 Reduce funding recommended for bed space capacity at County Correctional Institutions. (8,000,000)
- 4 Reduce funding recommended for 43 additional hearing officers hearing officers for judicial circuits statewide. (1,928,174)

**Department of Defense**

- 1 Reduce funding recommended for two vehicle replacements. (110,000)

**Department of Driver Services**

- 1 Reduce funding recommended for training and recruitment program for examiners. (478,173)
- 2 Reduce funding recommended for web reservation status application for driver's license applicants. (196,450)
- 3 Reduce funding recommended for on-line driver skills test. (87,730)

**Department of Economic Development**

- 1 Reduce funding recommended for BIO 2009 international conference in Atlanta. (375,000)
- 2 Reduce funding recommended for Design the Georgia Trail Exhibit at Zoo Atlanta. (300,000)
- 3 Reduce funding recommended for Strategic plan for the Golf Hall of Fame. (125,000)

**Department of Education**

- 1 Reduce funding recommended for a New Math Mentor program. (1,998,000)
- 2 Reduce funding recommended for 3 new Performance Learning Centers for Communities in Schools program. (750,000)
- 3 Reduce funding recommended for training and experience for graduation coaches based on a formula calculation error. (4,213,686)
- 4 Reduce funding recommended for Very Important Parent Recruiter for at-risk schools to (5,500,000)

	reflect a reduction in the program to serve elementary schools only.	
5	Reduce funding recommended for textbooks for state schools.	(80,835)
<b>Georgia Forestry Commission</b>		
1	Reduce funding recommended for facilities maintenance.	(860,000)
<b>Office of the Governor</b>		
1	Reduce funding recommended for Governor's Emergency Funds.	(2,800,000)
2	Reduce funding recommended for "Knowledge Base" database for Office of Consumer Affairs.	(550,000)
<b>Georgia Bureau of Investigation</b>		
1	Reduce funding recommended to fill five vacant positions.	(218,314)
2	Reduce funding recommended for laptop computers for field agents.	(125,000)
<b>Department of Human Resources</b>		
1	Reduce additional funding recommended for General grant in aid in Public Health.	(7,160,798)
2	Reduce funding recommended for an additional one thousand waiver slots for consumers on the Mental Retardation Waiver Program waiting list.	(6,248,458)
3	Reduce funding recommended to update the Aging Information Management System.	(500,000)
<b>Department of Juvenile Justice</b>		
1	Reduce funding recommended for the System of care pilot to coordinate delivery of community-based services for children with severe emotional disorders.	(2,000,000)
<b>Department of Natural Resources</b>		
1	Reduce funding recommended for 28 law enforcement replacement vehicles.	(475,000)
<b>Department of Public Safety</b>		
1	Reduce funding recommended for 50 cadets for ROTC program.	(2,368,994)
2	Reduce continuation funding for replacement vehicles.	(1,092,488)
<b>Regents, University System of Georgia</b>		
1	Reduce funding recommended to expand the PINES library network.	(579,714)
2	Reduce funding recommended for materials and books.	(1,000,000)
3	Reduce funding recommended for OPEB funds for Regents' Retiree Health Benefit Fund.	(14,464,286)
4	Reduce cash funding recommended for Major Repairs and Renovations (MRR) and fund with bonds.	(35,000,000)
5	Reduce funding recommended for infrastructure needs at the UGA-Griffin campus.	(800,000)
<b>Department of Revenue</b>		
1	Reduce funding recommended for growth for Homeowner Tax Relief Grants.	(10,497,034)
2	Reduce funding recommended to migrate to digital technology for license tags.	(323,750)
<b>Secretary of State</b>		
1	Reduce funding recommended to remove the backlog of inactive or unqualified corporations from the database.	(150,000)
2	Reduce funding recommended for the maintenance contract for the Office Automation Solutions Knowledge Base software application.	(84,464)

3 Reduce funding recommended for two positions for the corporations call center. (81,724)

**Department of Technical and Adult Education**

1 Reduce cash funding recommended for Minor Repairs and Renovations (MRR) and fund with bonds. (12,222,173)

**State Board of Workers' Compensation**

1 Reduce funding recommended for the Integrated Claims Management System. (331,461)

**Legislative and Judicial Branches**

1 Suggest that the General Assembly consider a reduction in funding requested for the legislative and judicial branches. (5,954,096)

**Pay Package:** Reduce general salary increases for state employees, teachers, and faculty at the Board of Regents and the Department of Technical and Adult Education from 2.5% to 2%. In addition, reduce the general salary increase for lottery funded Pre-K teachers and state employees, \$1,143,207. (46,109,478)

**Other Post Employee Benefits (OPEB):** Eliminate recommended FY 09 increase in SHBP employer premiums for OPEB. In addition, reduce the employer premiums for lottery funded state employees, \$60,195. (29,623,717)

**General Obligation Debt Sinking Fund:**

Recommend funding for the following projects:

1. Board of Regents: Major Repairs and Renovations. (Principal: \$35,000,000; Debt Service: \$2,989,000)
2. Department of Technical and Adult Education: Minor Repairs and Renovations. (Principal: \$12,222,173; Debt Service: \$1,043,774)
3. Department of Public Safety: Replacement of one helicopter (Bell 407) (Principal: \$3,100,000 Debt: \$716,100)

Eliminate recommendation for the following projects:

1. State Properties Commission: Design, renovation, equipment and exhibits for the State History Museum. (Principal: \$15,640,000; Debt Service: \$1,335,656)
2. Administrative Services: Aviation Authority: Purchase 1 replacement airplane (King Air 350) and 4 replacement helicopters (Bell 407). (Principal: \$18,400,000; Debt Service: \$4,250,000)
3. Economic Development: Ports Authority: Savannah Harbor Expansion Project (Principal: \$17,000,000; Debt Service: 1,451,800)

Reflect savings associated with elimination of bond projects (2,288,982)

**TOTAL** (245,000,000)

Sincerely,

Sonny Perdue

C: The Honorable Casey Cagle, Lieutenant Governor  
The Honorable Glenn Richardson, Speaker of the House of Representatives