



House of Representatives

DAVID RALSTON
SPEAKER

332 STATE CAPITOL
ATLANTA, GEORGIA 30334

(404) 656-5020
(404) 656-5644 (FAX)

August 3, 2020

The Honorable David Perdue
United States Senate
455 Russell Senate Office Building
Washington, DC 20510

Dear Senator Perdue,

We are extremely appreciative of your tireless efforts to assist the citizens of our state. The COVID-19 pandemic continues to challenge us on the state level regarding the delivery of services. We respectfully ask for your support to approve a fourth federal relief package that includes \$500 billion proportionately sent to states for flexible general fund assistance. With additional financial assistance from the federal government to mediate the depth, breadth, and immediacy of declining state revenues, we will continue to work together at our level to implement state responses that mitigate the disruption to Georgians' needs for health, education, and economic support.

As you are aware, we are doing our part. Difficult decisions made the last week in June centered on 10% cut plans from all agencies that translated into a Fiscal Year 2021 spending plan beginning on July 1st that dropped the state general fund budget by \$1.9 billion, or 8.3%, in a single year. In addition to reductions that include hiring freezes, new programs slated to begin in FY 2020 were rescinded, and the only significantly new service approved is to address Georgia's unacceptable maternal mortality rates. We have also worked to rearrange funding to maintain the decade-long investments to improve our mental health systems to comply with the Department of Justice settlement and continue successful criminal justice reforms.

In addition to constricting growth and reducing and eliminating services, the state is using its Revenue Shortfall Reserve. The state started Fiscal Year 2020 with \$2.7 billion in rainy day funds, but after appropriating our mid-year reserve for education, using \$350 million to offset general fund losses, and likely utilizing another \$1 billion to close and balance FY 2020, less than half of our savings account remains for emergencies and an uncertain Fiscal Year 2021 future. The RSR is a part of our fiscal toolbox, and while we have been diligent in building our reserve to use for these dire days and have shown a willingness to use it, the availability of these funds should not obscure the reality that leads to our need for federal assistance.

The Honorable David Perdue

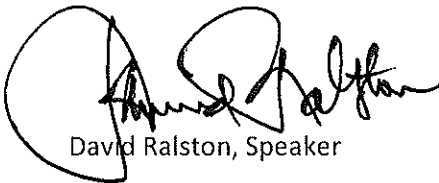
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In context, revenues declined by 21% and we used our entire \$1.5 billion in reserves over two fiscal years during the Great Recession and we are mirroring that same trajectory now. Before the pandemic, we were already spending less per capita and operating with 10,000 fewer employees than we were at the turn of the century; our state government workforce is 19% smaller than it was in 2008 even while our population continues to grow. We have exercised conservative budgeting, paid our pensions, and balanced our budgets responsibly as evidenced by over 20 years of Triple A bond ratings.

Georgia's economy is typically a strong network of diverse revenues streams, but the pandemic has affected all of them, even those like motor fuel that typically tend to resist downturns. The lagging effect on our largest revenue sources, income and sales taxes, is presenting us with additional challenges for months to come. We would welcome the opportunity to share more details and clarify any question regarding this request.

Sincerely,

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David Ralston, Speaker

Georgia House of Representatives

DR/kl



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The Honorable Kelly Loeffler
United States Senate
131 Russell Senate Office Building
Washington, DC 20510

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The Honorable Kelly Loeffler

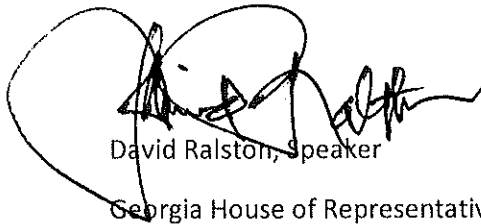
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David Ralston, Speaker

Georgia House of Representatives

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