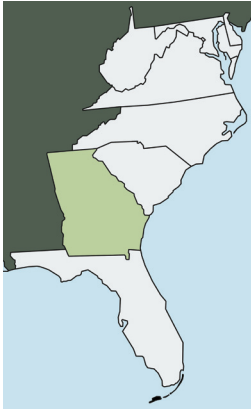


GEORGIA Budget Report Card



GEORGIA WAS ONE OF ONLY ten states to garner a top grade of A for the handling of legacy costs in both fiscal 2017 and 2018. The increase from its C in 2016 gave the state an average of B for the three years.

The state's overhaul of funding practices for other postemployment benefits (OPEB) for public workers, notably health care, drove the improvement. Georgia's 2015 evaluation showed minimal assets for school or other state OPEB funds, leaving it with an unfunded liability of nearly \$14 billion. The state began to prefund OPEB in fiscal 2016, and its contributions matched actuarially determined amounts in fiscal 2017. While this indicates progress, Georgia has not instituted statutory policies committing it to continue contributing at levels that will lead to a fully funded OPEB trust in the long term.

In pensions, Georgia made its actuarially determined contribution and set aside 79.2 percent of the assets needed to meet promised benefits as of 2017, almost 11 percentage points above the US average. Georgia also stood out for its avoidance of budget maneuvers to balance its budget in 2016, 2017, and 2018, earning an A average in that category. The state did not defer recurring expenditures, shift revenues into the general fund from special funds, fund recurring expenditures with debt, or use asset sales in any of those three years.

By contrast, Georgia's three-year average of C in budget forecasting reflects its reluctance to use consensus revenue forecasting. Instead, the governor appoints a state economist to help prepare revenue estimates. Although consensus forecasting does not necessarily produce more accurate forecasts, it provides a more transparent and collaborative process.


SOUTH ATLANTIC STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Delaware	B	A	C	B	B
Florida	A	B	C	B	B
Georgia	C	A	B	B	B
Maryland	A	C	D	C	B
North Carolina	A	B	B	B	B
South Carolina	A	A	D	B	C
Virginia	A	C	D	A	C
West Virginia	B	B	C	B	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.


GEORGIA Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Consensus Revenue Forecasts	X	X	X
	Multiyear Expenditure Forecasts	✓	✓	✓
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	X	X	X
3-YEAR AVERAGE		C	3-YEAR TREND —	

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	A	A	A
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	✓	✓	✓
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✓
3-YEAR AVERAGE		A	3-YEAR TREND —	

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	C	A	A
	Public Employee OPEB Funding	X	✓	✓
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	76%	79%	79%
3-YEAR AVERAGE		B	3-YEAR TREND ↗	

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	X	X	X
3-YEAR AVERAGE		B	3-YEAR TREND —	

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE		B	3-YEAR TREND —	

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* SOURCE Bloomberg; 2017 data also used for 2018.