



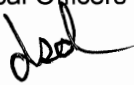
OFFICE OF PLANNING AND BUDGET

Sonny Perdue
Governor

Debbie Dlugolenski
Director

July 21, 2010

MEMORANDUM

TO: Agency Heads and Fiscal Officers
FROM: Debbie Dlugolenski 
RE: Allotment Withhold and Amended FY 2011 Budget Instructions

In the past few months Georgia has seen some encouraging signs of an economic recovery. For the first time since the recession began, there has been minimal month over month job growth and initial unemployment insurance claims are beginning to taper off. Also, withholding income appears to be growing again after an unprecedented period of decline. These are all indications that a recovery may be taking shape in Georgia. While the speed and strength of this expansion is not yet clear, I believe we can be reasonably confident that the conservative revenue figures used to develop the budget for FY 2011 will be met.

However, Georgia joined most states in basing its FY 2011 budget on Congress extending the increased Federal Medicaid Assistance Percentage (FMAP) from January to June of 2011. Congress' inability, thus far, to pass this extension puts additional pressure on the FY 2011 budget. In order to mitigate the risk of not receiving \$375 million in FMAP and to ensure we are planning for all eventualities, the Office of Planning and Budget (OPB) is issuing the following allotment withholding instructions for the current fiscal year as well as budget instructions for Amended FY 2011. As a friendly reminder, the critical hire approval process and travel, vehicle and equipment purchase moratoriums remain in effect. FY 2012 budget instructions will follow in a separate communication.

4% Allotment Withhold

Beginning with the August allotment for FY 2011, OPB instructs each state agency to take appropriate action to control expenditures and withhold 4% from allotment requests. Agencies should anticipate and prepare as though budgets will be reduced by the entire 4%. There will be items exempted from the 4% withhold. OPB will communicate those exemptions separately.

Budget Instructions

Each agency, department and authority must submit reduction plans of **4%, 6% and 8%** for the Amended FY 2011 budget. However, the Department of Education is instructed to submit reduction plans of **2%** for QBE, Equalization and State Schools. Please consult with your OPB analyst to discuss any items not subject to these reductions and establish an adjusted base. The instructions for the Amended FY 2011 budget submission may be accessed on the OPB website at www.opb.state.ga.us. Also on the website are BudgetTool instructions for entering your agency request. Budget submissions are due on September 1, 2010.

I want to emphasize that the FY2011 budget instructions reflect precautionary planning measures. We will continuously monitor Congressional actions and monthly revenue numbers and are hopeful that we will not have to execute additional budget reductions. Our State has survived the economic downturn through your thoughtful leadership and sound decision-making. As always, we appreciate your cooperation and support. Please let me know if OPB can assist you in budget preparation and submission.

AN EQUAL OPPORTUNITY EMPLOYER