RESPONSIBLE & EFFICIENT GOVERNMENT 2013



Georgia has maintained its status as one of the top five "Prudent Government" states in the nation since 2007.

Camelot Index, Federal Funds Information for States , State Policy Reports

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GEORGIA IN PERSPECTIVE 2013

GOVERNOR'S OFFICE of PLANNING & BUDGET

ECONOMIC FREED	OM RANKING	REGULATORY POLICY RANKING	
State	Score	State Score	
1. South Dakota	0.469	1. Indiana 0.165	
2. New Hampshire	0.357	2. Iowa 0.154	
3. North Dakota	0.288	3. Utah 0.135	
4. Idaho	0.256	4. Virginia 0.124	
5. Virginia	0.248	5. North Dakota 0.118	
6. Tennessee	0.238	6. Nebraska 0.115	
7. Oklahoma	0.236	7. South Dakota 0.114	
8. Iowa	0.234	8. Georgia 0.113	
9. Alabama	0.219	9. Kansas 0.111	
10. Colorado	0.215	10. Alabama 0.105	
11. Missouri	0.211	11. Michigan 0.097	
12. Georgia	0.209	12. South Carolina 0.093	
13. Indiana	0.176	13. Idaho 0.087	
14. Florida	0.157	14. Arizona 0.084	
15. Texas	0.143	15. Wisconsin 0.079	

2011 Freedom in the United States Report Rankings

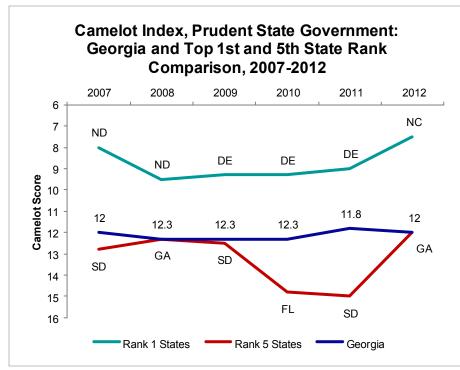
Source: Mercatus Center, George Mason University

✤Freedom in the 50 United States is an annual index of personal and economic freedom published by the Mercatus Center at George Mason University.

The Freedom in the 50 States report ranks states in four main areas: Fiscal Policy, Regulatory Policy, Economic Freedom, and Personal Freedom.

♦ In 2011, Georgia ranked 12^{th} in Economic Freedom, lower than the state's ranking of 10^{th} in 2009. However, the state saw improvement in the Regulatory Policies area. Georgia ranked 10^{th} in 2009 and moved up to 8^{th} in 2011.

♦Georgia is the highest ranking southeastern state in the Mercatus Center's Regulatory Policy rankings and the 3rd highest ranking southeastern state in the Economic Freedom ranking.



Source: Federal Funds Information for States (FFIS), State Policy Reports; Camelot Index

The Camelot Index is a composite measure of states in the areas of economic vitality, health, education, crime and government.

Four criteria are used to determine the 2012 Camelot "Prudent Government" scores:

1.State and local taxes as a percentage of personal income,

2.State solvency,

3. Pension funding levels, and

4.Bond ratings, which reflect the assessed fiscal soundness of state governments.

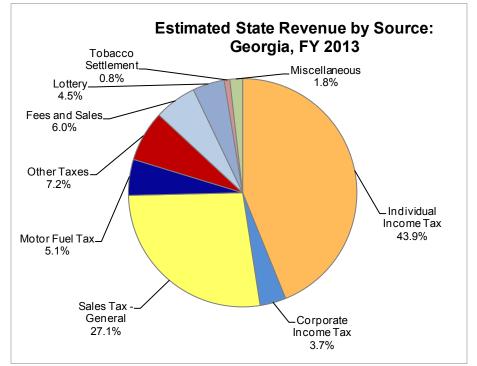
♦Georgia has made significant strides on the Prudent Government ranking. In 2003 the state ranked 19th. Since 2007 Georgia has maintained its status as one of the top 5 "Prudent Government" states.

♦Georgia has a diversified tax base with more than one-quarter of revenues (27.1%) coming from sales tax revenues and nearly half (47.6%) from individual and corporate income taxes.

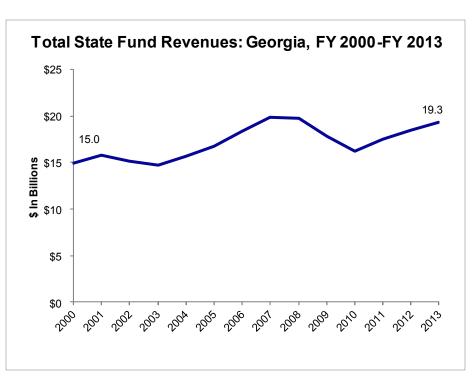
♦The motor fuel tax is projected to represent 5.1% of total state revenue in FY 2013. The motor fuel tax rate is 7.5 cents per gallon plus a 4% sales tax. The state constitution stipulates that motor fuel funds can only be used for the construction and maintenance of roads and bridges.

♦ The Georgia State Lottery is also anticipated to represent 4.5% of state revenue in FY 2013. On average, for every dollar spent on a lottery ticket, 25 cents funds the Pre-K and HOPE programs.

♦Additional sources of revenue include fees and sales (6.0%), other taxes (6.0%), and Tobacco Settlement funds (0.8%).



Source: Governor's Office of Planning and Budget, Governor's Budget Report



2 periods of flat or declining revenues: 2002-2004 and 2008-2010. Since FY 2000, total state revenues

Over the decade Georgia experienced

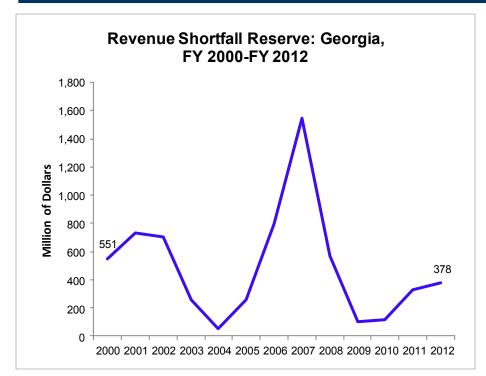
have fluctuated, with declines during the early part of the last decade and in FY 2008 in response to dips in the economy. Overall during this period, revenues increased 29% from \$15.0 billion to \$19.3 billion.

♦ The state aggressively funded the revenue short fall reserve in FY 2006 and FY 2007, which helped cushion the impact of the latest revenue decline.

Note: The data from fiscal years 2000-2011 are historical numbers. Revenue numbers for Fiscal Years 2012 and 2013 are estimated.

Source: Governor's Office of Planning and Budget, Governor's Budget Report

State Expenditures

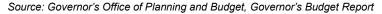


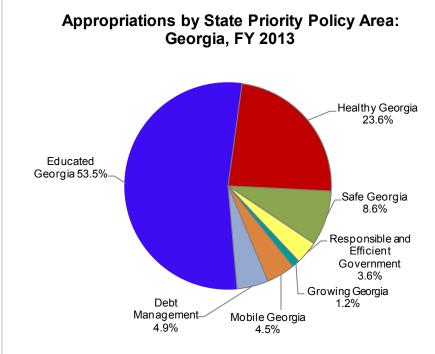
♦Georgia's Revenue Shortfall Reserve was created in 1976 to serve as a savings account or "Rainy Day" fund. According to the Center on Budget and Policy Priorities, shortfall reserve funds enabled states to meet increased service demand in the face of declining revenues during the recent recession.

In 2010, the Shortfall Reserve cap was increased from 10% to 15% of previous year net revenue collections in order to increase Georgia's savings capacity.

♦Reserve sources include state net revenues and agency surpluses. 4% of the net revenue of the preceding fiscal year must remain in the fund. The Governor is authorized to release reserve funds beyond that amount.

✤The revenue shortfall reserve peaked at \$1.5 billion in 2007 and was \$378 million in FY 2012.





Source: Governor's Office of Planning and Budget, Governor's Budget Report

A RESPONSIBLE & EFFICIENT GEORGIA

◆Education is Georgia's highest priority. At 53.5%, more than half of the state budget is dedicated to Pre-K to college education.

✦Healthy Georgia, at 23.6% of expenditures, funds Medicaid and the State Health Benefit Plan, mental health services, and child protective services.

♦ Safe Georgia represents 8.6% of expenditures, and funds adult and juvenile corrections, probation, parole, and Georgia Bureau of Investigation.

♦ Growing Georgia (1.2%) funds economic development.

♦Responsible and Efficient Government programs (3.6%) include administrative functions such as building maintenance, contract management, and IT services.

✤Mobile Georgia, at 4.5% of expenditures, funds transportation services. ♦Rating agencies scrutinize states in several areas to judge a state's fiscal health. The better a state's bond rating, the lower the interest it must pay on the bonds it issues.

Rating agency analysts use 10% debt service level as standard warning level for states approaching limited fiscal flexibility.

Georgia has maintained its triple-A bond rating from all three rating agencies every year for more than a decade.

◆Currently, Georgia is 1 of 8 states with a triple-A bond rating from all three major bond rating agencies. The other states are Delaware, Iowa, Maryland, Missouri, North Carolina, Utah, and Virginia.

♦Georgia has implemented a formal debt management plan (DMP) to help the State fund ongoing spending priorities. Georgia's DMP sets target levels in three areas: Debt Per Capita, Debt Service to Revenues, and Debt to Personal Income.

✤To restrict over-borrowing, Georgia's constitution sets a debt limit at 10% of the prior year's total treasury receipts, and the state's DMP sets 7% as the planning level for debt.

✤Debt service to prior year revenues measures the percentage of revenue dedicated to debt service. Steadily increasing revenue and moderate borrowing at low interest rates keep this measure within target levels.

♦ The 2007 to 2009 recession reduced state treasury receipts. As a result, debt service to prior year revenues exceeded the 7% planning level. The debt service to revenues ratio were 7.2% in 2010 and 7.8% in 2011.

✤ To bring the debt service ratio to within planning levels, the state's DMP prescribes a \$800 million general obligation bond borrowing ceiling annually. The plan anticipates that the ceiling, combined with increased treasury receipts, will return the debt service ratio below target planning levels by FY 2013.

Georgia's Bond Ratings:	2012
Moody Investor Services	Aaa
Standard and Poor's	AAA
Fitch's Investor's Service	AAA

Source: Rating Agencies

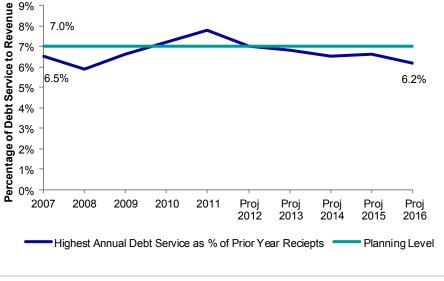
2012-2016 Debt Management Plan Debt Ratio Targets

Planning Levels	Without GARVEEs*	With GARVEEs*
Debt per Capita	\$1,200	\$1,500
Debt Service to Prior Year Revenues	7.0%	8.0%
Debt to Personal Income	3.5%	4.0%

*Note: GARVEE bonds are tax-exempt debt instrument financing mechanisms backed by annual federal appropriations for federal-aid transportation projects.

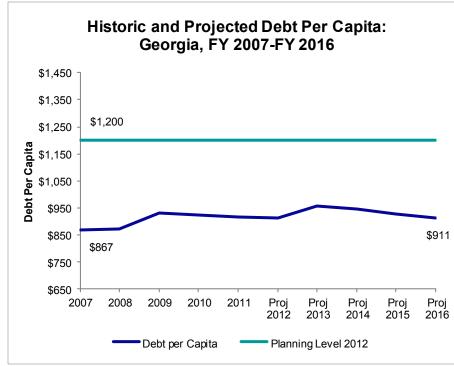
Source: Georgia State Finance and Investment Commission, Debt Management Plan





Source: Georgia State Finance and Investment Commission, Debt Management Plan

Debt Plan Ratios



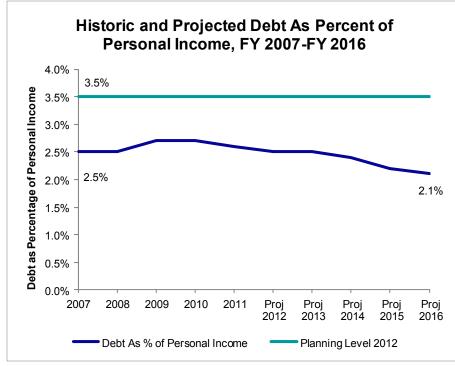
Source: Georgia State Finance and Investment Commission, Debt Management Plan

Debt per capita measures the state debt burden per state resident. Net taxsupported debt per capita is calculated as the total tax-supported debt divided by the population of the state.

✤Figures for the years 2007 through 2011 represent the actual debt per capita. Figures for 2012-2016 reflect projected debt per capita. Georgia has kept the debt per capita below the target mark.

The debt per capita planning level was raised in 2007 from \$1000 to \$1200 due to rising infrastructure costs.

Net tax-supported debt items are debt items supported by the state's tax revenues and are guaranteed by the state. Items which are paid by tax revenues pledged to that payment, such as motor fuel tax pledged to certain State Road and Tollway Authority bonds, are considered tax-supported debt.



Source: Georgia State Finance and Investment Commission, Debt Management Plan

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✤Debt as a percent of personal income measures the debt burden to Georgians' personal incomes. It is calculated as the amount of tax-supported debt divided by the total personal income of the state's population.

♦Between FY 2007 and FY 2011, the debt as a percentage of personal Income decreased slightly, despite an 8.8% increase in debt. Debt to personal income most likely remained stable due to overall growth in personal income among Georgia's residents.

◆The state's planning level for debt as percentage of personal income has remained at 3.5%. From 2007-2011, the state debt ratio has ranged from 2.5% to 2.7%.

In years FY 2012 to FY 2016, the Georgia State Financing and Investment Commission anticipates the debt as a percentage of personal income will decrease due to rising personal incomes in the state.

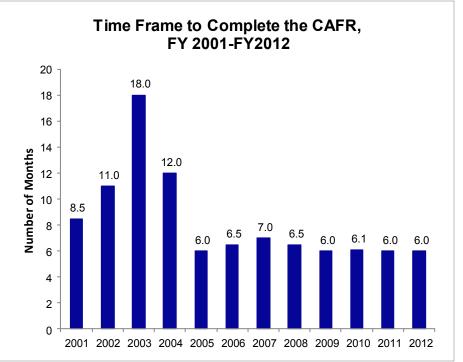
Comprehensive Annual Financial Report

◆The Comprehensive Annual Financial Report (CAFR) is a standard annual financial report prepared by most governments. The CAFR includes basic information about the state, the auditor's report, financial statements and a statistical section.

While the state budget presents the projected expectations and plan of use for state funds over a year, the state CAFR reports the historical use and financial condition of state government.

♦ Georgia created a State Accounting Office on July 1, 2005 to establish statewide standards and practices and align responsibility for the state's financial reports and the accounting system.

The time taken to complete the CAFR has decreased from a high of 18 months in 2003 to an approximate completion time of six months for the past 8 years.



Source: State Accounting Office and Department of Audits and Accounts

In the CAFR, the state auditor presents an unqualified or qualified opinion of the report. An unqualified opinion indicates that:

- Generally Accepted Accounting Principles (GAAP) have been applied.

- If reporting methods differ from GAAP, methods have been applied appropriately and disclosed.

- The report adheres to statutory requirements and regulations.

- Material and relevant information is disclosed.

♦Qualifications indicate instances where scope is limited or GAAP has not been applied appropriately.

The goal of the State is to achieve an unqualified opinion on the CAFR.

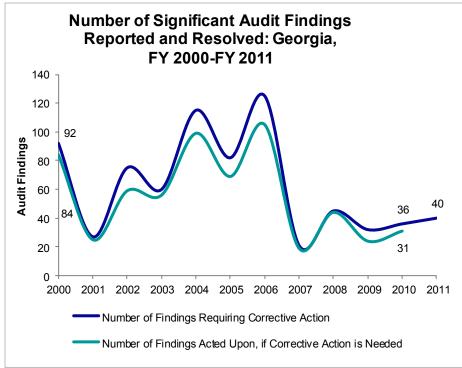
The number of qualifications to the CAFR have ranged from a high of 10 in 1998 to 0 in recent years.



Source: Department of Audits and Accounts

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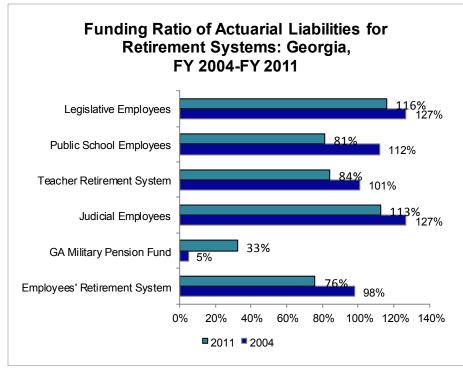
Audit Findings and Actuarial Liabilities



♦ The Georgia Department of Audits provides accountability over operations funded through state appropriations, through financial and performance audits. The department's goal is to have 80% of its recommendations implemented within 24 months of the release of the report.

✤The number of significant financial audit findings for Georgia state government agencies has fluctuated significantly over the past decade. The number of findings peaked in 2006 at 125. Since that time, the number of findings has decreased sharply, with 40 findings issued in 2011.

♦ The vast majority of audit findings requiring corrective action have been acted upon. In 2000, 9 out of 10, 91%, of findings were acted upon and in 2010 86% of such findings were acted upon.



◆Benefits paid to Employees' Retirement System (ERS) retirees and beneficiaries increased 66.4% between 2004 and 2011 from \$702 million to \$1.17 billion. This increase was the result of increases in the number of retirees and beneficiaries receiving benefits.

The funding ratio of actuarial liabilities for Georgia's state retirement systems decreased across all but one system (Military Pension) between 2004 and 2011.

The actuarial value of ERS decreased by 1.0% from \$12.8 billion in 2004 to \$12.7 billion in 2011.

✤There were more than 40,000 retired members and beneficiaries in the Employee's Retirement System in 2011, a 34.7% increase since 2004.

Note: Funds over 100% mean actuarial assets are greater than actuarial liabilities.

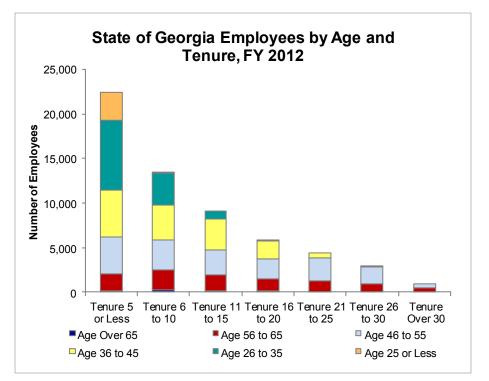
Source: Employee Retirement System and Teachers Retirement System

Source: Georgia Department of Audits and Accounts

♦Georgia state government is an "atwill" employer meaning that either party may end the employment relationship at any time for any reason except an unlawful reason without incurring a penalty. The state eliminated its civil service system in1996.

◆The average tenure of state employees is approximately 10 years. In FY 2012, more than 1 out of 3 (38.0%) of Georgia's state employees have been employed with the state 5 years or less. An additional one 1 of 4 (22.8%) employees has been with the state between 6 and 10 years.

In FY 2012, only 5.4% of the Georgia state employees were age 25 years or under. In contrast, nearly half (47.9%) of state employees are age 46 years or older.



Source: Department of Administrative Services

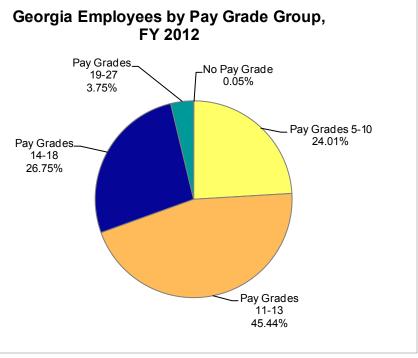
Pay Grade	Minimum*	Maximum*
5 to 10	\$15,100	\$38,700
11 to 13	\$24,300	\$51,400
14 to 18	\$32,400	\$83,000
19 to 27	\$52,200	\$195,600

♦Nearly half (45.4%) of Georgia's state workforce is employed in pay grades 11-13, with a minimum salary of \$24,300 and maximum at \$51,400.

♦Nearly 1 out of 4 (24.0%) state employees are in the lowest pay grades, with maximum earnings of \$38,700 per year.

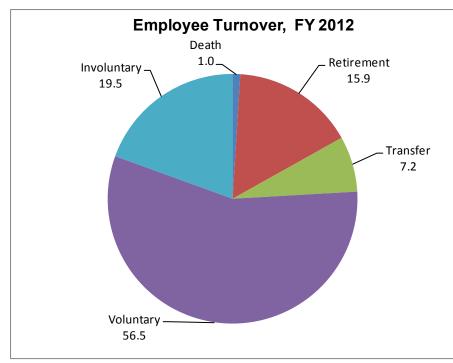
♦Fewer than 1 in 20 state workers in Georgia are in the highest pay grades whose salaries start at \$52,200.

✤Note: *Rounded Values



Source: Department of Administrative Services

Employee Turnover and Risk Management



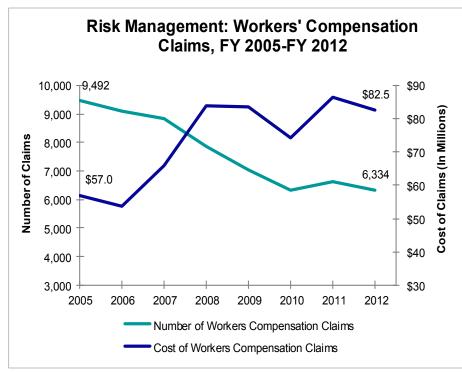
In 2012, there were 12,686 total separations among state employees. More than half (56%) of these separations were voluntary, citing departure for professional and personal reasons. One in six separations was due to retirement.

Involuntary turnover includes reasons such as failure to meet terms of employment, dismissal, and release, and reductions in workforce. There were 2,469 such terminations in FY 2012, or 20% of total separations.

◆Between FY 2010 and FY 2012, resignations increased from 43% to 46% while retirements decreased slightly from 18% to 16%.

♦ The overall turnover rate among state employees was 16.4% in FY 2012, which is the highest it has been since FY 2008.

Source: Department of Administrative Services



The DOAS' Risk Management Services (RMS) manages claims such as workers compensation, property and auto liability claims. The Workers' Compensation (WC) program provides benefits to employees for compensable work injury or illness.

In 2009, RMS introduced the Comprehensive Loss Control Program (CLCP) to help state agencies address risk causes and prevent claims.

Since FY 2005, the number of WC claims declined an average of 450 fewer claims per year.

 The cost of claims have risen about
\$4.4 million a year, ranging from \$54 million in 2006 to \$87 million in 2011.
Costs have risen due to increases in medical costs, utilization of medical treatments, severity of injuries, and rehabilitation services and costs.

♦Recently, four agencies saw claim increases: University System of Georgia, Department of Human Services, Department of Transportation and Department of Corrections.

Source: Department of Administrative Services

Risk Management

The Property Program protects stateowned assets from damage from various hazards. The Automobile Property Damage Program protects state-owned or leased vehicles.

♦FY 2008 saw the largest increase of claim costs from \$7 million to nearly \$33 million due to the tornado in March and May of 2008.

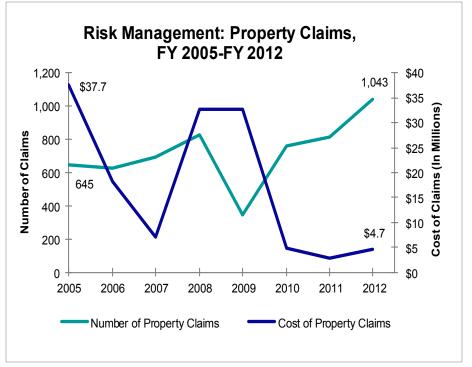
✤The number of Property Claims increased from FY 2009 to FY 2012, while the cost of claims decreased to \$2.9 million in 2011 and \$4.7 million in 2012.

♦With the growth in use of the optional Auto-Property Damage insurance coverage, part of the Property Trust Fund, the following agencies have seen the largest portion of recent claim increases:

-Department of Public Safety,

-University System of Georgia, and

-Department of Corrections.



Source: Department of Administrative Services

♦ Since FY 2005, the cost of auto liability claims have fluctuated as the cases and situations vary substantively. Costs range from \$3 million a year to \$8.6 million a year, the highest level of claims costs in FY 2007.

◆Between FY 2005 and 2011, the number of claims decreased steadily at an average rate of 77 less claims a year, while FY 2012 saw a 133 claim increase from FY 2011. FY 2011 saw the lowest number of claims reported at 509 claims.

The agencies with the most auto liability claims are:

-University System of Georgia,

-Department of Transportation,

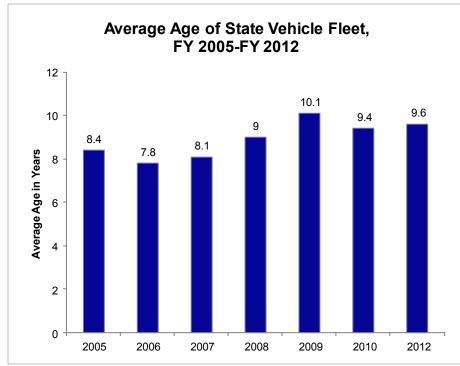
-Department of Human Services, and

-Department of Public Safety.



Source: Department of Administrative Services

State Vehicles



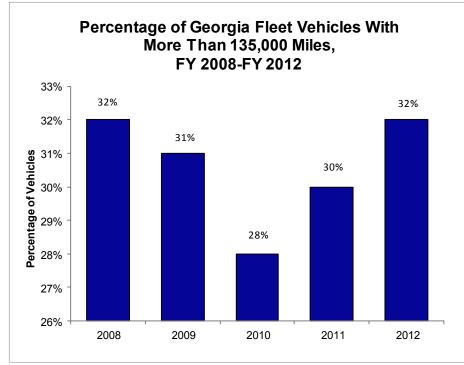
♦The state operates one of the largest state government fleets in the nation with over 19,000 on-road passenger vehicles.

♦For fiscal years 2005-2010 and 2012, the average age of a vehicle in the state fleet was 8.9 years.

Note: FY 2011 data is unavailable.

The Top 5 Agencies That Use Fleet Vehicles			
Agency	Number of Vehicles		
Transportation	4,128		
Corrections	2,029		
Public Safety	1,606		
University of Georgia	1,582		
Natural Resources	1,498		

Source: Department of Administrative Services



Automotive Resources International (ARI) is a contractor service, which the state uses to manage and track its fleet maintenance activities.

In December 2012, 5,992 vehicles, 31% of the fleet, participated in the ARI motor vehicle maintenance program.

♦As of December 2012, the average mileage of the state fleet vehicles was 107,104 miles.

♦ The percentage of the state fleet with over 135,000 miles has fluctuated over the past five years, with the lowest percentage (28%) reported in FY 2010 and highest percentage (32%) reported in FY 2008 and FY 2012. The higher percentages were due in part to limited funding for replacement vehicles.

The number of vehicles with over 200,000 miles also fluctuated, with the highest number (2,236 vehicles) reported in FY 2012.

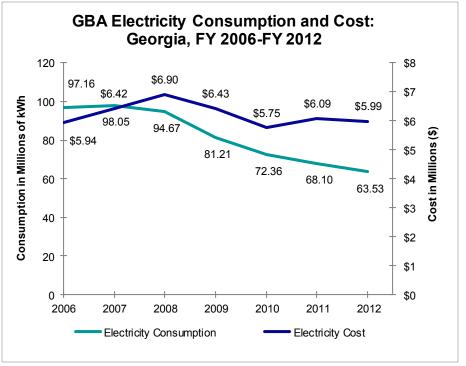
Source: Department of Administrative Services

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♦ The state property officer (SPO) oversees the state's management of real estate and facilities. The SPO is responsible for the State Properties Commission (SPC), Georgia Building Authority (GBA), and the Construction Division of the Georgia State Finance and Investment Commission (GSFIC).

♦GBA manages nearly 8 million square feet of space, including 36 buildings and 30 other properties. GBA provides physical property management and access control for state facilities.

♦GBA has launched several significant energy conservation measures. As a result, electricity consumption at all GBA operated facilities has decreased 33.6 million kilowatt hours or nearly 35% from FY 2006 to FY 2012. The annual electrical cost has fluctuated, but the state spent nearly a million dollars less in FY 2012 than in FY 2008.

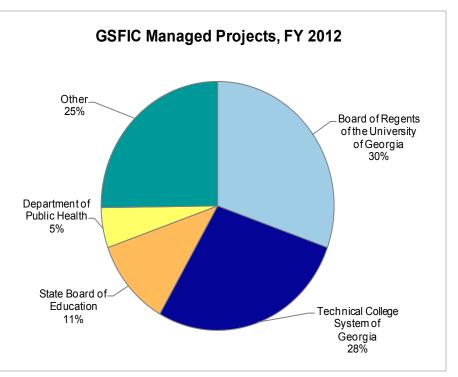


Source: Office of the State Property Officer

✤ GSFIC's Construction Division managed 115 total projects in FY 2012 with a budget of \$945,766,810.

◆70% of GSFIC managed projects are attributed to 3 educational agencies: Board of Regents (30%), Technical College System of Georgia (28%), and the Department of Education (11%). The remaining projects support the Department of Public Health (5%) and other agencies (25%).

♦GSFIC has begun working with the Board of Regents to improve contracting processes by developing standard form contracts to be used by both agencies.



Source: Office of the State Property Officer

Georgia Information Technology Investments

	FY 2010	FY 2011	FY 2012
Infrastructure Operations	\$198,436,294	\$187,122,666	\$214,586,602
Application Support	\$896,695,742	\$860,543,420	\$519,027,892
Total IT Investment	\$1,095,132,036	\$1,047,666,086	\$733,614,494

Source: State of Georgia State IT Annual Report, Georgia Technology Authority

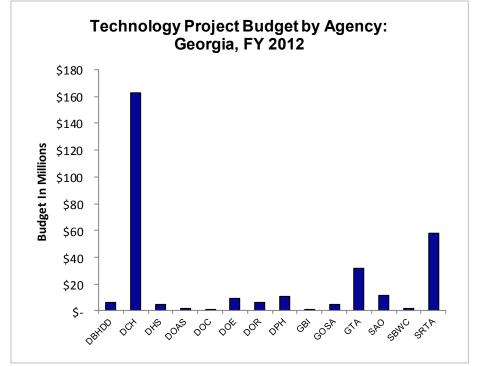
✤The state spent more than \$700 million on technology in FY 2012 compared to over \$1 billion in 2010 and 2011.

The Georgia Technology Authority (GTA) manages the delivery of IT infrastructure services to 85 Executive Branch agencies and managed network services to 1,400 state and local government entities.

♦GTA's Georgia Enterprise Technology Services (GETS) program provides IT services through an outsourced model to consolidate, virtualize, and migrate the state IT environment.

Through GETS, the state is investing \$184 million in infrastructure and \$99 million in network services.

◆GTA anticipates that the GETS program will improve connectivity and security, while saving the state a projected \$181 million over the life of the contracts.



The FY 2012 application portfolio tracked over 30 projects totaling about \$321 million that span multiple years and 14 agencies. Included in the portfolio are projects in the planning phase totaling \$124 million.

The FY 2012 project portfolio is a 37% increase over FY 2011, primarily due to new projects in the health-care sector.

The State's Critical Project Review Panel oversees high-impact, high-cost technology investments to help ensure successful outcomes.

Independent verification and validation services are used to perform project assurance for the largest and most critical technology projects.

♦Over the past 4 years, Critical Projects Review Panel and project assurance saved taxpayers an estimated \$280 million that would have been lost to failed or challenged technology projects.

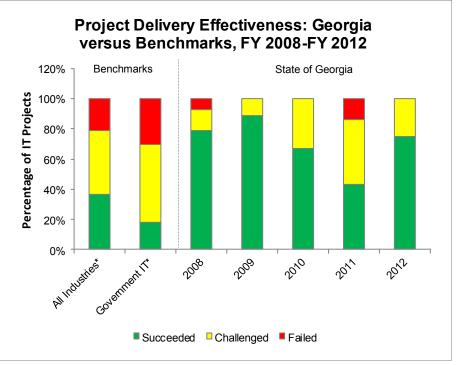
Source: State of Georgia State IT Annual Report, Georgia Technology Authority

The Georgia Technology Authority (GTA) produces monthly enterprise portfolio scorecard reports.

Continually tracking the health of the state's major IT projects helps identify potential problems and immediately take corrective actions to mitigate the risk of a failed project.

♦Georgia's project delivery effectiveness compares favorably with other governmental entities and the private sector.

In FY 2012, Georgia completed three-fourths of state IT projects on time and on budget. According to the Standish Group's 2010 CHAOS Report, approximately 1 in 5 (18%) government IT projects and more than 1 in 3 (37%) of all industry IT projects are completed on time and on budget.



Source: The Georgia Technology Authority and *The Standish Group 2010 CHAOS Report

The Center for Digital Government's Digital States Performance Institute (DSPI) identifies and promotes best and emerging practices in the public sector IT community. The Digital States Survey assesses state use of information and communications technology.

The 2012 Digital States survey focuses on outcomes and assesses how technology is aligned with and being used to achieve the stated policy objectives of the Governor.

✤Georgia ranked high among other Southeastern states, with Tennessee being the only state in the region to receive a higher ranking.

States graded as a "B" are trending up, measure results, and prepare for sustainable operations.

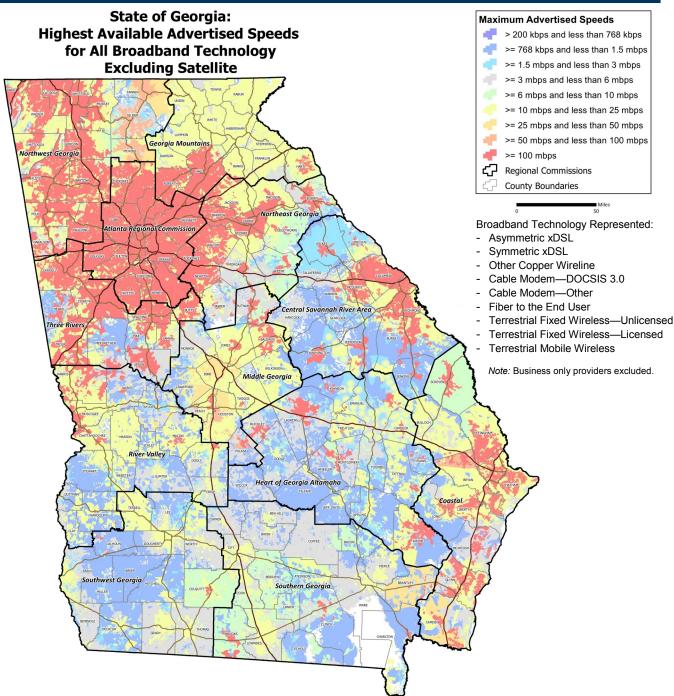
The Digital States Survey uses the following criteria: approach consistent with state priorities; return on investment; improvement; innovative solutions; effective collaboration.

Digital States Survey Performance Grade: Southeastern States, 2010 and 2012

State	2010	2012
Alabama	С	С
Florida	B-	D
Georgia	В-	В
North Carolina	C+	B-
South Carolina	C-	С
Tennessee	B+	A-

Source: The Government Technology, Solutions for State and Local Government, Digital States Survey

Broadband Speeds in Georgia



Source: GTA 2012 Georgia Broadband Guide to Regional Broadband Planning, Map prepared by BroadMap LLC.

Broadband allows users to access the Internet and Internet-related services at significantly higher speeds than those available through "dial-up" Internet access services. Broadband speeds vary significantly depending on the particular type and level of service available.

♦ Broadband is an enabling technology for state services. Education, telemedicine and public safety are all greatly enhanced by broadband technology.

The fastest advertised broadband internet speeds tend to be in urban areas.

In 2009, GTA was awarded \$5.2 million in American Reinvestment Recovery Act funds for broadband data and development. A key component of this project is the creation of regional broadband plans.

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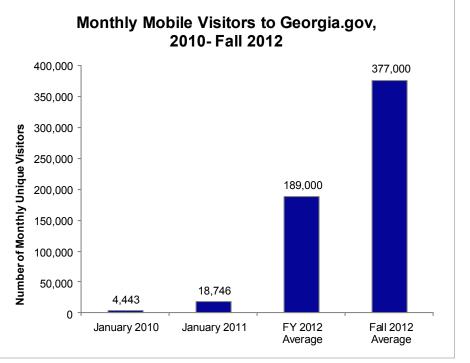
The number of citizens visiting Georgia state websites to transact business or to find information continues to increase.

In FY 2012, the Georgia.gov web pages received 36,447,297 unique visitors, an increase of 17.4% from the prior year.

✤Mobile visitors increased from an average of less than 5,000 per month in 2010 to 377,000 per month in Fall 2012. Mobile traffic increased from 12% of all traffic on Georgia.gov in July 2012 to 20% in December 2012.

♦Georgia's IT Roadmap identifies workforce mobility and citizen access through multiple platforms among the top focus areas for the state.

The newly redesigned Georgia.gov received the 2012 Special Innovation Award from the Center for Digital Government. The new design displays effectively on mobile devices and features smarter searches.



Source: The Government Technology, Solutions for State and Local Government, Digital States Survey

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