

**Georgia's CFO talks
finances at Rotary, 3A**



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State CFO sees some progress

'Getting better ... just slow'

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Few were surprised when Thomas Hills told local Rotarians the state of Georgia's finances is not as good as it was a few years ago.

"In three years, we've had almost a 20 percent decrease in revenue," said Hills, the state's chief financial officer. "But we're starting to improve a little bit."

Hills' talk March 15 to the Rotary Club of Johns Creek focused on the financial office's makeup, past and present budget issues and results from Commission for a New Georgia task forces.

Gov. Sonny Perdue founded the commission in 2003 as a way to change the way the state is managed.

The commission, which uses business people to help streamline government operations, is made up of 24 task forces focusing of various areas.

"In this decade, we've had five years where the revenue has been less than the year before," Hills said. "So we're really in uncom-montimes, uncharted waters."

State revenue increased from 2006 to 2007, but has declined every year since.

"It was [interesting] that the budget that was so high in 2007 has dropped so much in 2009, what's left over and how it's being spent," said Rotarian Marc Litt. "It opens your eyes to what's going around in the state of Georgia."

The state has also dipped into its reserves, which stand at 2005 levels of less than \$250 million.

In 2007, revenue shortfall reserves were about \$1.5 billion.

"By having those reserves, it did enable us to kind of soften the blow of this recession by not having to cut services

as much as we otherwise would," he said. "Stimulus money from the federal government also filled a lot of that hole in."

Still, he said with the exception of health care "much of those other agencies have had 20 to 25 — some of them as much as 40 — percent cuts in their budget in the last three years."

"Education expenses, unfortunately, we had to cut. But we try to cut the least possible because that's the future of Georgia."

Hills called Perdue a business-oriented leader who has created a culture of business in the state's government.

The 24 task forces of Commission for a New Georgia have been able to track and improve spending.

As a result of changes, he said the state has been able to recover \$500 million owed for delinquent taxes, save \$12 million by renegotiating leases and sell surplus properties for \$22 million, among other savings.

Customer service was another concept the state has embraced, including cutting wait times to get a driver's license, have Medicaid processed and prepare child support court orders.

"We're trying to ... bring more efficiency and effectiveness in delivering the services in a way that saves money as well," Hills said.

Among the challenges ahead are rebuilding reserves and enhancing revenue collections.

Because Georgia was dependent on growth, the state felt the brunt of the recession faster than the rest of the nation, Hills said. However, the state is running in tandem with the nation and the government is operating stronger and smarter.

"I think everybody [in government] is much more in tune with the way that we raise and spend money," he said. "The economy is getting better, it's just slow. It's just a much slower process than anything we've been used to."