Overview of FY 2026 Amended and FY 2027 Full Budgets

Gov. Kemp's AFY 2026 budget proposal is set by a revised revenue estimate of $42.3 billion. Along with expected revenue growth, the governor's AFY 2026 budget estimate includes $3.3 billion in undesignated surplus funds, resulting in a total revenue adjustment of $4.5 billion—or an 11.9 percent increase—over the original FY 2026 budget estimate. The governor's FY 2027 budget is set by a revenue estimate of $38.5 billion, representing an increase of $738 million—or two percent—over the original FY 2026 budget. A video archive of the governor's presentation to the joint committee may be found here, and you can find a copy of the governor's budget recommendations here. Additionally, I will share a few highlights below.

Gov. Kemp opened his presentation to the joint committee by reviewing the state's recent fiscal history, noting that since 2021, more than $9.7 billion has been returned to Georgia taxpayers through rebates, income tax cuts and various relief measures. Building on this record, the governor's AFY 2026 budget proposal includes an additional one-time tax rebate, which would return $1 billion to Georgia families to help offset the increased cost of living and continued pressure from higher prices in recent years. This rebate would average approximately $250 for single filers, $375 for head of household filers and $500 for married couples filing jointly. In Gov. Kemp's AFY 2026 proposal, he also allocates $625 million to provide a one-time salary supplement of $2,000 to full-time, regular state employees and school personnel, recognizing their continued service to Georgia. Of those funds, $384 million is designated for K-12 teachers, school nurses, nutrition workers and bus drivers, as well as Pre-K lead and assistant teachers.

In his remarks, Gov. Kemp also cautioned the joint committee that the permanent closure of pulp and paper mills in southeast Georgia following Hurricane Helene has had a notable impact on the state's timber industry and will require continued attention, particularly in our budget. To support recovery efforts, the governor launched a Georgia Timber Task Force in 2025 to develop targeted recommendations and policy solutions to strengthen the industry following the storm and subsequent mill closures. Similarly, the Georgia House prioritized this issue through the House Rural Development Committee's Summit on the Impact of Pulp and Paper Mill Closures in Rural Georgia, which held meetings over the summer to evaluate the effects of the permanent mill closures, including facilities in Savannah and Riceboro. Building on these recovery efforts, the governor's AFY 2026 budget proposal includes nearly $11 million to establish the Georgia Forestry Innovation Initiative, in partnership with the Georgia Institute of Technology, aimed at supporting the timber industry's expansion into emerging markets through research, product testing and private partnerships. As part of his focus on supporting the forestry sector and rural economic development, the governor's AFY 2026 budget proposal also includes $35 million to establish a natural gas infrastructure pipeline program aimed at improving access and supporting the infrastructure needed for sustaining and expanding key industries across the state. Throughout the week, we also heard from the Georgia Department of Agriculture and the Georgia Forestry Commission, both reiterating the importance of this funding and the crucial need to continue bolstering the forestry industry across our state.

Next, we heard Gov. Kemp lay out his budget proposals for the state's higher education system, stating in his remarks that demand for higher education opportunities in Georgia is higher than ever. To address this enrollment growth, his FY 2027 budget proposal includes an increase of more than $218 million in formula funds for the University System of Georgia (USG), reflecting a 4.95 percent increase in enrollment. It also includes more than $34 million in additional formula funds for the Technical College System of Georgia (TCSG), reflecting an enrollment increase of 9.4 percent. The governor also emphasized that many students either delay attending college or are unable to complete their education due to tuition costs, while others graduate with significant student debt. To help ease this burden, the governor's FY 2027 budget proposal allocates an additional $58 million to fully fund the Helping Outstanding Pupils Educationally (HOPE) scholarship to 100 percent of its promise, which helped nearly a quarter of a million students attend post-secondary institutions last year.

Perhaps one of the governor's most significant announcements came when he discussed a historic investment in higher education, proposing a one-time endowment of $325 million in his AFY 2026 budget proposal to establish the Dedicating Resources to Educationally Advance More Students (DREAMS) scholarship program—the first need-based aid program of its kind in Georgia history. The governor emphasized that this scholarship, which would be available to qualified students, would create opportunities for generational economic advancement for thousands of Georgia students. He also described this investment as a strong return for the state, leading to higher college completion rates, building a more skilled workforce and reduced student

debt—which was later echoed by University System of Georgia Chancellor Sonny Perdue during his budget presentation to the joint committee. In addition to need-based scholarships, Gov. Kemp's proposed FY 2027 budget includes $2.5 million to establish the Georgia Foster Care Scholarship, which would provide postsecondary education grants to eligible students who are current or former foster youth. The grant program was made possible through the bipartisan passage of Senate Bill 85 during the 2025 legislative session, which was later signed into law by the governor.

Furthermore, the governor's AFY 2026 budget proposal provides an additional $88 million for Maintenance, Repairs and Renovation (MRR) needs across USG and TCSG institutions, which he noted would support these schools' infrastructure without raising tuition costs for students, while his FY 2027 budget proposal includes $3 million to TCSG for the creation of a new college and career academy. Gov. Kemp's AFY 2026 budget proposal also allocates $88 million to the design and construction of the Daniel Guggenheim School of Aerospace Engineering building at the Georgia Institute of Technology. The governor's AFY 2026 and FY 2027 budget proposals also include a combined $14 million across both proposed budgets to implement and operate a new Career Navigator application system to connect students, job seekers and employers to fill available positions and provide a pathway for economic mobility.

Other noteworthy investments in the governor's proposals include $50 million in the AFY 2026 budget for the State Housing Trust Fund to establish a homelessness grant program. Additionally, in support of the state's public safety efforts, Gov. Kemp directs $194 million in his AFY 2026 budget to the Department of Corrections for additional security upgrades, equipment needs and vehicle replacement, as well as $5

million to establish a defined contribution plan for State Law Enforcement Officers. The governor also highlighted continued investments in transportation and workforce development in his remarks to the joint committee, recognizing that Georgia's roads, bridges, ports, rail connections and airports are essential to the state's economic stability. To address current needs and plan for future growth, Gov. Kemp's AFY 2026 budget proposal includes more than $2.4 billion to expand and improve critical freight and commuter corridors. These investments would go toward state-level projects, such as interchange conversions on Highway 316–University Parkway and I-75 Henry County Express Lanes, as well as local transportation projects and repair and replacement projects for rural bridges.

Finally, the governor concluded his remarks to the joint committee by underscoring his commitment to working alongside members of the General Assembly throughout this budget process to keep Georgia moving forward for every family. After Gov. Kemp addressed the joint committee, we continued our work throughout the week hearing from other officials and state agencies as they delved deeper into their specific budgetary needs.

Georgia's State Economist Dr. Robert Buschman also briefed the joint committee on the state's revenue outlook, outlining various factors behind recent growth, as well as potential risks ahead. He noted that state revenues have increased by approximately $9 billion—about 36 percent—over the past five years, with nearly all of that growth occurring in FY 2021 and FY 2022. The economist explained that Georgia's three largest revenue sources—personal income, corporate income and sales taxes—accounted for roughly 90 percent of that increase, highlighting that personal income and wage growth

in Georgia have outpaced national averages, while sales tax revenues have remained strong through FY 2025. He also pointed to Georgia's low unemployment rate, noting that the state has outperformed national unemployment levels for nearly six consecutive years, with an unemployment rate of 3.5 percent as of November 2025. However, Dr. Buschman cautioned that job growth has slowed for both the state and the nation in 2025, with Georgia adding approximately 3,200 jobs—an increase of just 0.1 percent—as of November 2025. He further emphasized that consumers continue to feel the strain of rising costs for everyday necessities, explaining that incomes have not kept pace for the average worker and that any renewed inflationary pressures are likely to further challenge household budgets. It was important to hear from the state's economist as we look ahead to our budget needs over the next year and beyond.

Also, during our joint budget hearings this week, we learned that Georgia has reached an important milestone in strengthening our behavioral health system. While presenting their agency's budget requests, the commissioner of the Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD) announced that on January 20, the Georgia DBHDD filed a joint motion requesting release from more than 60 provisions of the 2010 Department of Justice Settlement Agreement. This progress reflects years of bipartisan work and sustained investment by the General Assembly to expand access to community-based mental health care. The 60 behavioral health provisions will be replaced by one requirement to house 537 individuals with mental illnesses in supportive housing, which our state already offers through the Georgia Housing Voucher Program and some federal housing programs. The governor's FY 2027 budget proposal affirms this next step by including a $9.3 million investment for more

than 400 housing vouchers that would help prevent individuals with mental illness from becoming or remaining homeless. This is not an endpoint, but a strong signal of our shared commitment to a more effective, compassionate and sustainable behavioral health system for Georgia's future—an issue that has been a top priority in the House in recent years.

On our final day of joint budget hearings, House Speaker Jon Burns addressed the joint committee and encouraged us in our ongoing efforts to fulfill our constitutional obligation of passing a balanced state budget. Speaker Burns also spoke to the joint committee about potential weather impacts in the days ahead and how that may affect our legislative work and budget deliberations in the coming days. Subsequently, the director of the Georgia Emergency Management and Homeland Security Agency (GEMA/HS) also appeared before the joint committee on Thursday to outline the agency's budget recommendations and to emphasize the importance of preparedness ahead of the approaching winter storm. He noted that they are expecting widespread snow and/or freezing rain across much of North and Central Georgia, with freezing or below-freezing temperatures beginning Saturday that will likely continue into early next week. As the General Assembly continues to monitor the potential for significant winter weather this weekend, Gov. Kemp declared a statewide State of Emergency on Thursday ahead of the storm's impact, directing GEMA/HS to activate the State Operations Center and mobilize any necessary resources to address potential needs across the state. The State of Emergency will remain in effect through January 29, 2026. The state is also opening various warming centers, and I encourage individuals seeking warming stations to check with their local officials and resources. The Georgia Department of Natural

Resources' State Parks will also open public warming stations, and more information will be available here. I encourage you and your family to prepare for potential impacts, remain aware of local weather warnings and monitor official state updates by visiting the GEMA/HS website here or following GEMA/HS on social media at @georgiaemahs on Instagram and X and the Georgia Emergency Management and Homeland Security Agency on Facebook. In anticipation of inclement weather, my colleagues and I have already learned that a pro forma session will start at 1 p.m. on Monday, January 26, and that the House will not take up legislative business that day.

Our joint budget hearings concluded Thursday afternoon, and on Friday, House Appropriations subcommittees quickly got to work, holding hearings to delve deeper into their respective budget areas, and additional subcommittee hearings are scheduled when we return to the Capitol next week. As they continue reviewing Gov. Kemp's recommendations, each subcommittee will pass a portion of the budget out of their respective subcommittees. Once the subcommittees have finished their work, each portion of the budget will then be considered by the full House Appropriations Committee, ultimately culminating in balanced budget bills for AFY 2026 and FY 2027.