

FAMILY & POLICY



AN ADVOCACY PROGRAM OF

APRIL 16, 2010

Legislators addressed part of the hole in the FY 2011 budget, but made matters worse for the coming years.

The House and Senate had been locked in a battle over HB 307 which would have imposed a hospital tax to help pay for Medicaid. The House had held up action on the FY 2011 budget pending a vote by the Senate, but the Senate-passed version of HB 307 was unacceptable to the House because it also rolled back insurance premium taxes. The House then added a floor amendment to the Senate version of [HB 1055](#), the bill that increases user fees for state services by some \$94 M. The amendment added the temporary \$229 M hospital tax, but also gave two permanent tax breaks. The first eliminates the .25 mil state share of the property tax. Families with homes worth \$100,000 would typically save about \$7.00 a year; this barely noticeable break will cost the state \$95 M yearly in future state revenues. The second expensive tax change phases out all state income taxes on *retirement* income for seniors, costing the state \$150 M a year. Note that Georgia had already eliminated income taxes on retirement income up to \$35,000 for an individual and \$70,000 for a couple. AARP and the Ga. Council on Aging oppose it, saying it would be much better to provide home and community based services to 20,000 seniors now on the waiting list. HB 1055 is the second major tax cut the legislature has enacted this year in the midst of a budget crisis. Recall that it passed [HB 1023](#) (Graves, 12th) permanently cutting taxes (mainly for the wealthy) by \$380 M a year when fully implemented. (4/2 Bulletin) Gov. Perdue has not yet signed either bill. Even without this \$600 M revenue loss, economists had predicted it would take Georgia until 2014 to see revenues equal to those collected in 2007.

The House passed its version of the FY 2011 budget.

Community Health. The budget assumes availability of the hospital tax and raises total payments to hospitals;

amounts will vary by hospital based on whether they serve large numbers of Medicaid patients. It also eliminates the Governor's proposed 1.98% cut in rates to doctors, dentists and other providers. The House proposes increasing monthly PeachCare premiums, probably by \$5 for one child and \$10 two or more as part of new cuts

Gov. Perdue put forward when he lowered the revenue estimate in March. Federal health reform requirements may affect whether or how Georgia can increase premiums. The House also proposes millions in cuts to CMOs by eliminating risk adjustments and increasing the

share of funds they are required to spend on patient care to 92%. Advocates welcome the House's addition of funds to implement a waiver allowing women who would be eligible for Medicaid if they were pregnant to receive family planning and related services. There is a 9:1 federal match. The House raises the price of birth and death certificates from \$10 to \$25 and cuts grant-in-aid to health departments to 11.6% below the base. When federal stimulus funds and other one-time adjustments end, DCH will see a FY 2012 shortfall of \$800 M to \$1 B.

Human Services. The House proposes cutting adoption services by \$1.3 M more, \$880,000 of which is for adoption special services. It eliminates the EMBRACE foster care contract. The House cut to child welfare is \$3.2 M higher (\$10.3 M total) and to benefits eligibility services is \$3.4 M on top of eliminating 137 workers.

Education. The House restores \$9.3 M (of \$12 M) for Regional Education Service Agencies and gives them responsibility for math mentors and education technology centers. It eliminates migrant education, cuts another \$400,000 from local Communities in Schools affiliates, cuts a total of 36% from school nutrition, cuts the Preschool Handicapped program by a total of \$2.2 M, and cuts the program for severely emotionally disturbed children by \$3.5 M.

Highlights

- The General Assembly has four legislative days left. The current plan is to meet 4/20, 4/21, 4/27 and end on 4/29.
- The budget and other major issues remain to be resolved during the final four days.

You can help!

Locate your State Representative and Senator: www.votesmart.org (Check your driver's license for 9-digit zip code.)

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