

# FAMILY & POLICY



AN ADVOCACY PROGRAM OF

MARCH 13, 2009

**The FY 2009 and FY 2010 budgets are moving forward, but Georgia's budget and its tax policy may be on a collision course.** State revenue collections are continuing to spiral downward. Federal stimulus funds are filling some budget gaps, but only temporarily. Meanwhile, legislators are considering corporate tax cuts that will soon create deeper budget holes and are failing to enact such measures as the tobacco tax increase and the Medicaid CMO fee replacement that could help stabilize funding for critical services. See [GBPI's Budget Questions Raised by Tax Cut Proposals](#) on the widening revenue/budget gap. Although supporters of state corporate tax cuts argue they will fuel enough growth to offset the lost tax revenue, research shows only about 20% likely would be recouped.

**FY 2009 Amended Budget.** On Friday, Gov. Perdue signed the [FY 2009 Amended Budget](#) compromise the General Assembly had adopted earlier in the week for the rest of the year ending June 30<sup>th</sup>. In DHR, it restored half of the 3.5% cut to health department grant-in-aid he had proposed and added another \$1.2 M. It also appears to have restored child placing agency rates for the lowest 3 levels of care for the remainder of the fiscal year. (See the 3/6 Bulletin for some other items.) The conference committee agreed with the House to provide \$2.5 M in adult mental health for non-Medicaid reimbursable services instead of the Senate's \$3.4 M. In a number of areas, state funds were reduced to reflect temporarily available federal stimulus funds.

**FY 2010 Budget.** The "big budget" for the year beginning July 1<sup>st</sup> will move quickly. A major issue will be an attempt to restore some or all of the budget cuts to Medicaid providers (10% for hospitals and 6% for doctors, dentists and others) that are part of [Gov. Perdue's Revised FY 2010](#). Gov. Perdue reportedly has been

disappointed that provider groups have not supported his plan for replacing CMO fees Georgia will lose because of federal law changes with 1.6% assessments on revenues of hospitals and premiums of HMOs. (1/16 Bulletin) The cut in Medicaid provider payments reflects the removal from the budget of about \$255 M in state funds from these

revenue sources and also costs the state \$750 M in federal match. Among other things, the fees would have provided ongoing state funds of \$175 M for Medicaid and PeachCare and \$37 M for trauma.

**Following are some bills that beat the deadline for passing**

**either the House or the Senate this week:** [HB 228](#) and [SB 222](#) reorganizing DHR; [HB 581](#) changing unemployment insurance to help more people get benefits and to use all federal UI stimulus funds; [HB 481](#) cutting corporate taxes (not eliminating the corporate income tax, but still costing \$535 M by FY 2012); [SB 94](#) allowing parents to continue health insurance for dependents through age 25; [SB 244](#) allowing unlicensed designated caregivers to perform certain health maintenance nursing tasks (sought by disability community); [HB 189](#) outsourcing child support collection; [SB 57](#) addressing foreclosures (2/20 Bulletin); [SR 277](#), a \$10 vehicle tag fee for trauma care; and [HB 480](#) reforming vehicle taxation and providing funds for trauma care.

**These bills did not cross over and cannot pass until next year unless attached to other legislation:** [SB 92](#) converting PeachCare and Medicaid to premium assistance; [SB 161](#) requiring insurance coverage for applied behavioral analysis to treat autism; [SB 91](#), \$5.00 surcharge on adult entertainment; [HB 67](#) reinstating the state sales tax on groceries; [HB 39](#), the \$1.00/pack cigarette tax; [SB 90](#), school vouchers; and [HB 716](#) requiring landlords to give public notice before participating in the HUD Section 8 voucher program.

## Highlights

- Many key bills survived "crossover day" and may yet be passed, while others will wait until next year.
- Governor Perdue signed the FY 2009 Amended Budget agreed to by the House and Senate. The FY 2010 budget will now move forward.

## Action needed! You can help!

Locate your State Representative and Senator: [www.votesmart.org](http://www.votesmart.org) (Check your driver's license for 9-digit zip code.)  
For previous issues of the Bulletin, go to [Families First Bulletins](#)

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