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## Major Differences Between House and Senate Fiscal Year 2011 Budgets

### *Community Health, Human Services, and Education*

By Alan Essig, Sarah Beth Gehl, Clare Richie, and Tim Sweeney

#### Overview

The House of Representatives' and Senate's version of the fiscal year (FY) 2011 budget both balance the budget by incorporating additional budget cuts to those the governor proposed. Compared to the pre-recession FY 2009 budget, the House and Senate versions (House Bill 948) include General Fund cuts totaling 17.8 percent, or \$3.6 billion. When incorporating American Recovery and Reinvestment Act funds, the total cuts are 12.6 percent.

Both the House and Senate budgets assume \$229 million in additional revenues from hospital provider fees (these will sunset after 3 years) and \$96 million from increases in various fees from the recently passed House Bill 1055. HB 1055 also includes a five-year phase out of the state property tax, which will cost the state \$95 million annually, and a five-year phase out of all income tax on retirement income for those age 65 and over, which will cost \$150 million annually. The cost to the budget five years from now, when the hospital fee sunsets and the state property tax and senior citizen income tax phase out, is nearly a half-billion dollars.

The actions by the General Assembly during this session will open up additional shortfalls in future years. When the state loses \$380 million due to the capital gains cut in HB 1023, the total loss to state revenues will be nearly \$900 million dollars a year. This significant amount of revenues worsens Georgia's structural deficit.

#### [Using Federal Recovery Act Funds to Balance the Georgia Budget](#)

The House and Senate versions of the FY 2011 budget both contain \$1 billion in Recovery Act funds that help balance the budget, a decrease of \$367 million from FY 2010, primarily due to the transfer of Recovery Act funds to FY 2010 in order to close its widening deficit. Of this

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amount, the House's and Senate's budgets move more than \$342 million in Education Stabilization Funds from the FY 2011 budget to the FY 2010 budget based on the governor's recommendation.

This report describes the differences between the House and the Senate versions of the FY 2011 budget for the Department of Community Health, Department of Human Services, and Education Agencies.

## **Department of Community Health**

The FY 2011 budget passed by the Senate contains many changes to the Department of Community Health (DCH) relative to the House version passed last week. In total, the Senate appropriates \$38.6 million more to DCH than does the House budget (excluding appropriations for attached agencies). The bulk of the funding differences are in the budgets for Medicaid and PeachCare as well as the Division of Public Health (DPH). Differences in the remaining sections of the DCH budget are relatively minor, and are identified at the end of this section.

### Medicaid & PeachCare

The Senate budget contains \$32.5 million in additional General Fund support for the Medicaid and PeachCare programs, relative to the House budget. This additional funding reflects several significant changes:

- The Senate budget provides \$18.9 million in additional funding for Medicaid benefits and enrollment growth. Most of this difference stems from the Senate restoring a \$20 million reduction taken by the House that is intended to account for reduced enrollment due to continuation of the Federal COBRA subsidy. The Senate does not anticipate these savings will materialize.
- The Senate proposes a larger increase to PeachCare premiums than the House includes, thereby reducing the DCH budget by an additional \$2.2 million. The House budget assumes \$2.3 million in savings as a result of a \$5 per month premium increase (\$10 for more than one child). The Senate bases its savings amount on a \$10 per month increase (\$20 for more than one child); however, the Senate budget includes language to allow DCH to stagger the increases based on income level of the participants' families. Currently, premiums range from \$10 to \$35 per month for one child, and \$15 to \$70 per month for more than one child.
- The Senate does not anticipate that moving additional ventilator-dependent individuals from hospitals to nursing homes will achieve \$11 million in state savings; therefore, savings included in the House budget for this proposal are not included in the Senate budget.
- The Senate provides \$4.8 million in additional funding to reflect lower savings than the House estimates for the federal decision to apply the enhanced Medicaid matching rate from the Recovery Act to Medicare Part D "clawback" payments the state makes to the federal government.

The Senate budget also differs from the House budget in the way it proposes to achieve \$29.4 million in additional savings (above the governor's original proposal) through reduced payments to the Medicaid Care Management Organizations (CMOs). Instead of prescribing the specific measures as the House does, the Senate budget gives the agency more discretion to achieve an identical amount of savings by instructing DCH to renegotiate the payment rates with CMOs.

### Division of Public Health

The Senate provides \$3.7 million more to DPH than the House. In particular, the Senate restores \$1.4 million in general grant-in-aid funding, while reducing the cuts to other DPH programs by approximately \$2.3 million.

Instead of implementing the additional cuts proposed by the House to meet the governor's revised revenue estimate, the Senate budget assumes additional revenue from a DCH proposal to increase the fee for newborn screening services from \$40 to \$50. According to DCH testimony before a Senate Appropriations Subcommittee, this increase will generate approximately \$1.4 million in new revenue, which the Senate reflects in its revenue estimate.

Though the Senate budget eliminates many lump-sum reductions included in the House budget, it does include approximately \$700,000 in specific cuts not explicitly indicated in the House budget. This figure represents cuts in General Fund support for the Babies Born Health Program and the Healthy Mothers/Healthy Babies program. The Senate budget assumes that additional federal funding will offset the latter of these reductions.

### Other DCH Programs

In addition to taking fewer cuts in the Medicaid, PeachCare, and DPH budgets, the Senate budget restores \$2.4 million in House cuts to the Administration, Facility Regulation, Emergency Preparedness and Response, and Healthcare Access and Improvement programs.

## **Senate Largely Agrees with House on DHS FY 2011 Budget Proposal**

The House of Representative's FY 2011 budget proposal, taking into account the governor's revised revenue estimate and lack of new revenues, cut the Department of Human Services (DHS) budget by \$33 million in state General Funds for FY 2011 compared to this year's enacted budget. This is a 6.1 percent cut on top of several years of cuts to the department, which includes services for child abuse protection, the elderly, and programs to help move low-income families to self-sufficiency.

The Senate largely agreed with the House but cut an additional \$788,730 in General Funds for a total cut of \$33.8 million (6.2 percent).

### **The Senate differs from the House as follows:**

### Child Welfare-Related Services

- Adoption Assistance – Cuts another \$41,111.
- Child Care Licensing – Cuts another \$87,489.
- Child Welfare Services
  - Cuts General Funds by \$495,000 and replaces these General Funds with TANF funds from the EMBRACE contract.
  - Funds the EMBRACE contract with \$173,250 General Funds and \$321,750 federal Title IV-E funds. The House budget eliminates the EMBRACE Contract, which seeks to develop and implement a community-based prototype to support and retain foster families in Cherokee, Cobb, Douglas, Gwinnett, and Rockdale counties.
  - The net General Fund cut is \$321,750.
  - Increases federal TANF funding by \$250,000 for Child Advocacy Centers.

### Low Income Supports

- Family Connection Partnership – Both the House and the Senate agree to replace \$782,672 in TANF funds with General Funds in order to use the TANF funds in Child Care Licensing and to use the General Funds to draw down a federal match. The Senate budget does not recognize the federal match that goes directly to counties. In addition, the Senate cuts General Funds \$292,070.
- TANF Emergency Fund – The Senate adds \$164,960 in federal TANF Emergency Funds, via the Recovery Act, for CHRIS Kids to provide four months of housing at the Summit Trail site.

### Elder Services

Elder Abuse Investigations and Prevention – The Senate reduces General Funds another \$100,000 and replaces them with additional, anticipated Targeted Case Management revenue.

#### **The Senate agrees with the House as follows:**

- Cutting another \$3.4 million for eligibility workers who assist applicants applying for food stamps, Medicaid, and Temporary Assistance for Needy Families (TANF). This is *in addition* to the governor’s cut eliminating 137 eligibility workers (\$3.2 million).  
  
DHS’ response to the governor’s instruction to most state agencies to cut three percent more in FY 2011 was to propose additional personnel cuts through layoffs, furloughs, and attrition. The House and Senate propose the same cut, but ask DHS to “prioritize the retention of case worker positions.”
- Cutting state investment in Child Welfare Services by more than \$10 million. This includes cutting funds for youth aging out of foster care and shifting in-home case

management from private providers to existing Department of Family and Children Services (DFCS) caseworkers.

For \$3.2 million of the cut, the House's and Senate's budget language again asks DHS to "prioritize the retention of case worker positions." DHS has said that \$2 million would be personnel cuts through layoffs, furloughs, and attrition and that they would replace \$783,128 for youth transitioning out of foster care with county funds in order to preserve federal funds.

## Education Agencies

### Department of Education

There are relatively minor differences between the House's and Senate's version of the FY 2011 budget. Both allocate \$950 million less to school systems than the Quality Basic Education (QBE) funding formula directs, even after offsets from federal Recovery Act funds. The Senate's budget:

- Restores \$250,000 for testing administration for the Criterion-Referenced Competency Tests (CRCT) and the Iowa Test of Basic Skills (ITBS).
- Restores \$272,000 for the Communities in Schools program.
- Eliminates funding for the Georgia Youth Science and Technology Program (\$250,000).
- Reduces the Governor's Honors Program an additional \$200,000 (\$500,000 total).
- Restores \$893,000 to the Preschool Handicapped Program.
- Reduces the Pupil Transportation an additional \$741,000 (\$5.1 million total).
- Reduces the School Nurse Program an additional \$727,000 (\$2.3 million total).
- Reduces the Technology/Career Education Program an additional \$1.7 million (\$3.3 million total).
- Restores \$815,000 for the PSAT.
- Restores \$1.1 million for CRCT testing grades one and two.
- Restores \$565,000 for the optional ITBS.

### Board of Regents

The Senate reduces funding for the teaching formula \$13.4 million more than the House. After accounting for federal Recovery Act Funds, it reduces the teaching formula by \$165 million. In addition, the Senate's budget:

- Restores \$50,000 for the Vidalia Onion Research Project (\$200,000 total).
- Reduces funds for the Medical College of Georgia Hospital and Clinics by \$668,000 (\$1.2 million total).

- Restores funds for public libraries by \$1.3 million.
- Eliminates funds for the Medical College of Georgia Mission Related Special Funding Initiative (\$6.2 million).
- Eliminates funds for the ICAPP Health Program (\$650,000).
- Eliminates funds for the Leadership Institute (\$1.2 million).
- Eliminates funds to maintain the Georgia sports and music collection (\$650,000).

### Student Finance Commission

The Senate funds a new College Opportunity Grant Program that the House does not. The program's purpose is to provide needs-based educational grant assistance to low-income students seeking a college degree at a public postsecondary institution in Georgia using \$32 million in lottery funds. The Senate funds the new program by reducing the HOPE scholarships for private schools program by \$32 million.

### **For More Information**

Analyses of the governor's proposed FY 2011 and the House's FY 2011 budget are available to download at [www.GBPI.org](http://www.GBPI.org).

- For more information regarding some of the issues discussed above regarding the DCH, please see <http://www.gbpi.org/documents/20100416c.pdf>.
- To learn more about DHS TANF Emergency Fund initiatives, please see <http://www.dhr.georgia.gov/portal/site/DHS>

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Contact: Alan Essig, [aessig@GBPI.org](mailto:aessig@GBPI.org)

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