

## FY 2013 Budget Analysis: Public Health

### A Review of the Governor's Budget Report – FY 2013

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#### ■ Summary

Funding for the new Georgia Department of Public Health (DPH) began in FY 2012. The agency houses public health programs and activities that were previously embedded in other state agencies. For FY 2013, the governor's budget recommendations increase state support to DPH compared to FY 2012, however, the new funds primarily pay for higher health care and retirement contributions for state employees.

Even with a slight increase in FY 2013, Georgia's public health programs will still operate with fewer state funds than in the pre-recession budget of FY 2009. When looking at the 11 non-administrative public health programs that make up the current Department of Public Health, the FY 2013 budget reveals a \$17.8-million cut—more than 9 percent—in combined General Fund and Tobacco Settlement support from FY 2009.<sup>1</sup> Although the FY 2013 budget largely fails to restore years of programmatic funding cuts, it does restore more than \$400,000 to the state health lab for sexually transmitted disease (STD) testing that was originally cut in FY 2012.

The FY 2013 budget notably does not include new state funds to hold counties harmless for the revised Grant-in-Aid formula implemented in FY 2012. Although DPH is phasing in implementation over a seven-year period, the lack of new funding means that 46 counties will lose approximately \$2.6 million in FY 2013, while remaining counties will gain funding. After full execution of the revised formula, approximately \$8.4 million will be shifted among counties, with several of Georgia's counties losing more than 40 percent of their Grant-in-Aid allotment.

#### ■ Department of Public Health

At the start of FY 2012, a new Department of Public Health (DPH) was established to house Georgia's public health activities within 11 programs (excluding administration). Prior to the establishment of the new stand-alone agency, Georgia's public health programs were temporarily located in the Department of Community Health.<sup>2</sup>

The governor's FY 2013 budget recommends \$182.7 million in State General Funds for DPH and nearly \$12 million in Tobacco Settlement funds, as shown in Table 1. Together, the \$194.7 million in state funds represents an \$8.7million increase (4.7 percent), from FY 2012. Still, the FY 2013 budget directs fewer state dollars to Georgia's public health activities than before the recession. Excluding departmental administration funding, which cannot be accurately broken out prior to FY 2010, the FY 2013 budget represents a \$17.8-million cut (9.3 percent) compared to FY 2009.

**Table 1 Department of Public Health Fund Changes, FY 2009 - FY 2013**  
(excludes administration and attached agencies)

Fund Source	FY 2009 Original Budget	FY 2012 Original Budget	FY 2013 Governor's Budget	FY 2012-FY 2013 Change \$	FY 2012-FY 2013 Change %	FY 2009-FY 2013 Change \$	FY 2009-FY 2013 Change %
General Fund	\$180,172,511	\$154,287,891	\$162,298,617	\$8,010,726	5.2%	\$(17,873,894)	-9.9%
Tobacco Settlement	\$11,805,814	\$11,881,325	\$11,881,325	\$-	0.0%	\$75,511	0.6%
Total State Funds	\$191,978,325	\$166,169,216	\$174,179,942	\$8,010,726	4.8%	\$(17,798,383)	-9.3%
<b>DPH Totals Including Administration *</b>	<b>N/A</b>	<b>\$185,982,899</b>	<b>\$194,672,657</b>	<b>\$8,689,758</b>	<b>4.7%</b>	<b>N/A</b>	<b>N/A</b>

\* Public Health related administration figures are not available in FY 2009 because the programs were still part of the larger Department of Human Resources. FY 2012 and FY 2013 totals include Tobacco Settlement Funds.

## Budget Highlights

The FY 2013 budget increases DPH's budget by \$8.7 million compared to FY 2012. The FY 2013 budget:

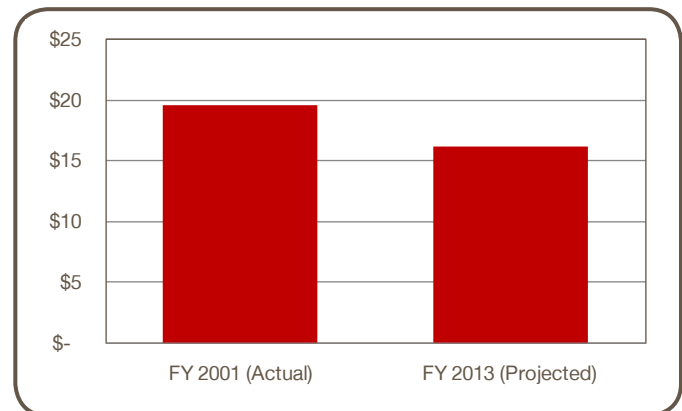
- Adds \$9.3 million to fund increased employer contributions for state employee retirement and health insurance costs.
- Adds \$421,736 to restore HIV and syphilis testing at the state health lab originally cut in FY 2012.
- Cuts \$1.2 million targeted at agency administrative functions including operating costs, special projects, personal services, and contracts.

## Recent Trends

While Georgia's population has grown significantly in the last ten years, the state's investment in public health activities has not kept pace. According to the U.S. Census, Georgia's population grew by 18.3 percent from the year 2000 to 2010, a rate nearly twice the overall growth rate of the U.S. as a whole (9.7 percent).

The FY 2013 General Fund total for public health programs is approximately the same as it was in FY 2001.<sup>3</sup> As a result, the state's per-capita investment in public health activities has fallen by approximately 20 percent over the last decade (Figure 1).

**Figure 1 Per-Capita General Fund Public Health Investment, FY 2000 and FY 2011**



## Outlook and Policy Considerations

The most significant item in the FY 2013 budget for the Department of Public Health is that no new funds are added to implement the revised distribution formula for county Grant-in-Aid funds. The revised formula will be phased in over a seven-year period, with the first phase being implemented in FY 2012. Although updating the formula and using up-to-date information to calculate county allocations is necessary, doing so without new funding means that some counties will see a reduction in their grant amount to fund increases for other counties. The DPH is mitigating the effect by phasing-in the updated distribution; however, the new distribution formula still shifts approximately \$2.6 million

from “losing” counties to “winning” counties in FY 2013. Implementing the full formula revision without reducing the allocation to any individual county would cost approximately \$8.4 million in new Grant-in-Aid funding, which is not provided in the FY 2013 budget.

The old Grant-in-Aid formula was developed in 1955 and put into place in FY 1967. Under this formula, counties received funds based on their share of the state’s overall population (50 percent of the formula) and inversely on the per-capita property value in the county (meaning that relatively poorer counties would get more funds than relatively richer counties). Since this formula was last updated in 1970, recent county allocations have been based on population and property value from more than 40 years ago.

Beginning with the Amended FY 2012 budget, the new county Grant-in-Aid formula will take effect and data will be updated annually to allocate funds to Georgia’s 159 counties. The new formula distributes grant funding to counties based on their poverty rate (20 percent), their share of the state’s total population living in poverty (40 percent), and the county’s share of Georgia’s total population (40 percent). The new formula will change the county allocation percentages and will result in some counties receiving more or less than they would under the previous formula.

Without new funding, 46 Georgia counties will see reduced Grant-in-Aid allocations under the new formula. Under full implementation, 16 counties will face more than a 20-percent cut in their Grant-in-Aid allocation, while seven of these counties face a cut of more than 45 percent. *See Appendix for more information.*

The recent state move to create a new, cabinet-level, Department of Public Health was born at least in part because of the realization that Georgia’s public health infrastructure was inadequate throughout the state. In 2006, a house study committee examined the issue and concluded that:

“Georgia’s Public Health system is in a state of crisis due to increasing responsibilities, increasing population, emergent infectious disease, the problems of immigration, the threats of terrorism and pandemic influenza, a shrinking public health workforce, and decreasing funds.”

Creating the Department of Public Health was a necessary first step in addressing the issues facing Georgia’s underfunded public health system throughout the state. The next step is for the state to invest public resources to address these issues and ensure that Georgia’s public health system is prepared to meet the needs of Georgia’s population.



## Appendix

### Counties Losing Funding Under Revised Formula, by Change (\$) Figures Represent Full Implementation

County	\$ Allocation Old Formula	\$ Allocation Revised Formula	Change (\$)	Change (%)
Pierce	170,902	168,220	-2,682	-1.6%
Bartow	481,925	478,036	-3,889	-0.8%
Towns	111,124	107,211	-3,913	-3.5%
Tift	358,350	353,587	-4,763	-1.3%
Dodge	187,271	182,293	-4,978	-2.7%
Mitchell	227,621	221,458	-6,163	-2.7%
Wilkinson	135,157	127,302	-7,855	-5.8%
Grady	236,029	227,942	-8,087	-3.4%
Harris	146,600	138,494	-8,106	-5.5%
Chattooga	207,764	199,085	-8,679	-4.2%
Elbert	192,770	181,175	-11,595	-6.0%
Decatur	266,801	254,348	-12,453	-4.7%
Crisp	275,447	262,027	-13,420	-4.9%
Jasper	132,214	118,089	-14,125	-10.7%
Toombs	295,444	280,181	-15,263	-5.2%
Monroe	167,964	148,710	-19,254	-11.5%
Sumter	324,401	303,390	-21,011	-6.5%
Polk	336,739	310,382	-26,357	-7.8%
Worth	214,135	184,424	-29,711	-13.9%
Catoosa	346,098	313,632	-32,466	-9.4%
Hancock	190,252	153,537	-36,715	-19.3%
Appling	219,578	179,382	-40,196	-18.3%
Coffee	368,611	324,186	-44,425	-12.1%
Colquitt	373,962	323,929	-50,033	-13.4%
Meriwether	239,137	187,660	-51,477	-21.5%
Upson	265,388	210,461	-54,927	-20.7%
Liberty	418,238	346,072	-72,166	-17.3%
Washington	275,004	197,283	-77,721	-28.3%
Laurens	427,910	340,302	-87,608	-20.5%
Floyd	639,839	552,035	-87,804	-13.7%
Spalding	511,184	407,083	-104,101	-20.4%
Troup	550,622	411,662	-138,960	-25.2%
Lowndes	812,403	659,311	-153,092	-18.8%
Thomas	550,717	346,940	-203,777	-37.0%
Baldwin	491,635	285,481	-206,154	-41.9%
Richmond	1,448,864	1,161,742	-287,122	-19.8%
Walker	672,918	369,645	-303,273	-45.1%
Ware	679,839	287,687	-392,152	-57.7%
Glynn	871,068	421,016	-450,052	-51.7%
Whitfield	1,137,690	605,778	-531,912	-46.8%
Fulton	5,610,899	4,987,190	-623,709	-11.1%
Muscogee	1,632,579	962,411	-670,168	-41.0%
Dougherty	1,359,332	688,955	-670,377	-49.3%
Dekalb	4,281,009	3,571,506	-709,503	-16.6%
Bibb	1,757,506	905,698	-851,808	-48.5%
Chatham	2,463,199	1,226,088	-1,237,111	-50.2%



## Endnotes

<sup>1</sup> Prior to FY 2010, Georgia's public health programs were part of the Department of Human Resources (DHR), and the administration costs associated with the public health programs were combined with the administrative costs of the agency as a whole. As part of the re-organization of the state's health and social services programs, DHR was broken into two agencies – the Department of Human Services and the Department of Behavioral Health and Developmental Disabilities – and the public health programs were moved to DCH. In 2011, the General Assembly created a stand-alone Department of Public Health which came into existence on July 1, 2011. Because of these changes, comparisons with years before the agency reorganization must exclude administration costs because those costs are not specifically broken out prior to FY 2010.

<sup>2</sup> Ibid.

<sup>3</sup> FY 2001 General Fund spending for Public Health totaled \$165.7 million. The FY 2013 projection is based on the governor's FY 2013 budget recommendation (\$162.3 million) and assumes population growth from 2011 to 2013 based on recent Georgia trends.

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