

FY 2013 Budget Analysis: Public Health

A Review of the Enacted FY 2013 Budget

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Overview

State funding for Georgia's public health programs has declined since 2009, yet based on recent trends, Georgia's population is set to grow by five percent or more by 2013.¹ Furthermore, Georgia's public health challenges – such as obesity, infectious disease and low birthweight – continue to increase in importance. There are new resources directed to Georgia's public health programs in FY 2013 – marking the first net programmatic increase since the Great Recession hit in 2008. Additional funding increases could be needed in the coming years for the department to effectively take on the many health issues challenging the state.

From FY 2009 to FY 2012, Georgia's public health programs faced state General Fund cuts totaling \$25.9 million, which was more than 14 percent. Further, most of the funding added in FY 2013 is for increased health and retirement costs for state employees and is not available for programmatic enhancements. Even with the new funding in the FY 2013 budget, Georgia's public health programs will operate with significantly fewer programmatic resources than before the recession hit.

Department of Public Health

The FY 2013 budget directs \$167.5 million in state General Funds to DPH programs, along with \$11.9 million in Tobacco Settlement funds as shown in Table 1. These figures exclude funding for administrative costs, which cannot be accurately broken out prior to FY 2010 and show that FY 2013 funding levels for public health programs remain \$12.6 million, or about 6.6 percent, below the enacted (pre-recession) FY 2009 budget.

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

Fund Source	FY 2009 Enacted Budget	FY 2012 Enacted Budget	FY 2013 Enacted 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	\$167,475,131	\$13,187,240	8.5%	\$(12,697,380)	-7.0%
Tobacco Settlement	\$11,805,814	\$11,881,325	\$11,881,325	\$0	0.0%	\$75,511	0.6%
Total State Funds	\$191,978,325	\$166,169,216	\$179,356,456	\$13,187,240	7.9%	\$(12,621,869)	-6.6%
DPH Totals Including Administration*	N/A	\$185,982,899	\$199,849,171	\$13,866,272	7.5%	N/A	N/A

* Public Health related administration figures are not available in FY 2009 because the programs were still part of the larger Department of Human Resources.

Including administrative costs, the state funds' total (General Funds and Tobacco Funds) of \$199.8 million represents an increase of \$13.9 million above the FY 2012 budget, which is an increase of 7.9 percent.

The bulk of the new funds in FY 2013 are directed to cover pass-through funding for state employee health and retirement costs. However, the budget adds \$2.5 million in "hold harmless" funding to prevent cuts to county Grant-in-Aid allocations that would otherwise result from the revised distribution formula and adds \$2.2 million to offset lost federal funds for the Children 1st program.

Budget Highlights

The FY 2013 budget adds \$13.9 million to the DPH budget as compared to the FY 2012 budget. In particular, the FY 2013 budget:

- Adds \$2.5 million to prevent cuts to county Grant-in-Aid allocations as the department implements the second year of the seven-year phase-in of the revised Grant-in-Aid county distribution formula;
- Adds nearly \$2.3 million to replace a portion of lost TANF supplemental funds for the Children 1st program (\$2.2 million) and for one Youth Development Coordinator position (\$69,985);
- Adds \$421,736 to restore HIV and Syphilis testing at the state health lab originally cut in FY 2012;
- Adds \$350,000 for increased detection, prevention and treatment activities related to tuberculosis;
- Adds \$350,000 to fund a study and evaluation of a new treatment protocol for Traumatic Brain Injuries;
- Adds \$9.1 million for increased employer contributions for state employee health insurance and retirement programs; and
- Cuts \$1.1 million targeted at agency administrative functions including operating costs, special projects, personal services and contracts.

Recent Trends

Georgia's per-capita investment in public health programs has declined in recent years due to a shrinking state commitment coupled with a growing state population. 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).² At the same time, several rounds of funding cuts over the last decade or more have led to declining per-capita public health investment in Georgia. A national comparison found that Georgia's FY 2011 per-capita public health investment ranked 38th in the nation, and the \$16.81 per-capita investment was barely more than half the median investment of \$30.09.³

Based on recent population growth rates, Georgia's FY 2013 General Fund investment in public health programs will likely fall to about \$16.50 per Georgian. This works out to less than five cents per day for each Georgia resident. This figure represents a 12 percent cut from the original FY 2009 budget, which would have invested about \$18.75 per Georgian on a yearly basis.⁴

Policy Outlook

While the programmatic funding increases included in the FY 2013 budget represent an important step forward, additional funding will be needed in the coming years to restore cuts to public health programs made over the last five years and to ensure that counties do not face reductions to their Grant-in-Aid funding over the next five years.

Without new funding, the continued implementation of the new allocation formula from FY 2014 through FY 2018 would mean that 46 counties would experience collective funding losses totaling \$5.9 million. If the department continues to

phase-in the new formula, the state only needs to add about \$1.2 million per year to the Grant-in-Aid total; however, fully funding the revised formula as soon as possible would reduce uncertainty for counties going forward and would better allow Georgia's fast growing counties that benefit from the revised formula to serve their populations.

Georgia faces a variety of statewide health issues and ranks poorly on many health status indicators. The department has identified four key priorities related to the health of Georgia's population:

- Childhood obesity;
- Immunizations;
- Smoking cessation; and
- Infant mortality.

As the department pursues strategies to address these critical health issues, state lawmakers should prepare to increase state investment to ensure success. Over the last five years in particular, cuts to public health programs have limited the ability of state and local public health departments to address these issues in a systematic way. Funding included in the FY 2013 budget to prevent Grant-in-Aid cuts to counties is a key first step to maintain and build the infrastructure needed to address Georgia's public health needs at the local level. Furthermore, new state funds to maintain the Children 1st program in the face of lost federal funds will help ensure that newborns and other young children are connected to needed services.

Research shows that state investment in programs targeted to improve the health and well-being of state residents will have a positive return on investment. Joint analysis released in 2010 by GBPI and the Trust for America's Health found that new state investment in proven public health initiatives of just \$10 per Georgian would yield a statewide return on investment of \$4.77 per dollar spent within just five years. Much of these savings (more than 60 percent) would be realized by private health care payers, including individuals and their employers.⁵

Grant-in-Aid Overview

The term "Grant-in-Aid" refers to state public health funding that is distributed to county health departments. In FY 2012, the state updated the distribution formula under which counties receive funding. The new formula distributes funding based on the county's 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).

Prior to the formula revision, county allocations were based on an old formula under which 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). However, this formula was developed in 1955, put into place beginning in FY 1967 and had not been updated for new population and property value data since 1970.

Because population has shifted dramatically in Georgia over the last 40 years, the revised Grant-in-Aid formula results in a shift of approximately \$8.4 million between counties. In particular, 46 counties would experience funding reductions under the revised formula, while 113 counties would experience increased Grant-in-Aid funds. Under full implementation, without any new funding, 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.

To implement the revised county distribution formula with minimal negative consequences to counties who lose funds as a result of the formula change, DPH is phasing-in the revised allocation figures over seven years. The phase-in began in FY 2012. The General Assembly added funds in both the Amended FY 2012 and FY 2013 budgets to ensure that no counties experienced a drop in Grant-in-Aid funds during the first two years of the phase-in. Approximately \$5.9 million would be needed over the remaining five years to ensure that no counties lose funding as a result of the revised Grant-in-Aid formula.

Endnotes

- ¹ GBPI estimate, based on Census figures through July 2011 and assuming growth between 2011 and 2013 equal to average growth from 2009 to 2011.
- ² U.S. Census data, <http://2010.census.gov/2010census/data/>
- ³ "Investing in America's Health: A state-by-state look at public health funding and key health facts," Trust for America's Health, March 2012. <http://healthyamericans.org/assets/files/Investing.pdf>
- ⁴ Based on original FY 2009 budget for public health programs and updated 2009 population estimate from the U.S. census Bureau of 9,620,846 persons living in Georgia.
- ⁵ "Prevention for a Healthier Georgia: Investments in disease prevention yield significant savings, stronger communities," Trust for America's Health and the Georgia Budget & Policy Institute, January 2009. <http://healthyamericans.org/reports/prevention08/GAR01Brief03.pdf>

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