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Overview of Georgia's Public Health Budget & Activities

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This report is the first in a series examining public health issues and spending in the State of Georgia. Especially in light of looming state budget deficits and a pending reorganization of the Department of Human Resources (DHR), it is important for policymakers to understand the responsibilities of the public health system, as well as the resources currently allocated to the system. As such, this report examines trends in public health funding in Georgia from FY 2003 to FY 2007, as well as budgetary trends in recent years.

In particular, this brief finds the following:

- From FY 2003 to FY 2007, per capita state funds (General Funds and other funds) public health expenditures fell by 22.6 percent, from $22.86 to $17.68. This translates to a net $18.1 million decrease in General Fund expenditures from $171.8 million in FY 2003 to $153.7 million in FY 2007, and a $12.9 million reduction in other state funds, from $27.9 million in FY 2003 to $15 million in FY 2007.
- Projected state revenue shortfalls in FY 2009 and beyond have caused DHR to propose up to $18 million in additional state funds cuts to public health programs, as well as cuts in federal funds.
- The health status of Georgia's citizens is worsening. In 2008, Georgia fell from 40th to 41st in the United Health Foundation's annual health rankings. Georgia ranks 47th in infectious disease, yet DHR budget reduction proposals include $2.1 million in cuts to the Infectious Disease Program.

What is Public Health

According to the American Heritage Dictionary, public health is:

> *"The science and practice of protecting and improving the health of a community, as by preventive medicine, health education, control of communicable diseases, application of sanitary measures, and monitoring of environmental hazards."* [1]

Defined more simply, public health is a health discipline concerned with the health of entire populations – such as a city, state, nation, or even a neighborhood – as opposed to the health and treatment of a particular individual. Rather than focusing solely on treating individuals for specific illnesses, the goals of public health are also focused on prevention, education, healthy lifestyle promotion, and research, in addition to service delivery. While the definition seems fairly simple, in reality there are a great deal of activities and services that fall under the above definition. Furthermore, there is often not a clear line separating "public health" from individual health care, as public health departments around the state also provide their communities with a variety of direct health care services.

Across the nation, political jurisdictions of all sizes operate public health departments. At the national level, the Centers for Disease Control and Prevention serve as the public health agency for the U.S., while states, counties, and cities also operate their own departments. The roles of agencies at different levels of government can vary greatly, though at the core is a focus on the community's entire population.

Georgia's Public Health System

Georgia's public health system consists of agencies and departments at the state, regional, and county level. At the state level, the Division of Public Health (DPH) is the lead public health agency in Georgia. The Division is currently housed in the Department of Human Resources (DHR), though ongoing efforts to reorganize DHR will likely result in DPH being moved outside of DHR.[2] At the regional level, there are 18 health districts in Georgia, which range in size from a single county (Fulton, DeKalb, and Clayton Counties) to as many as 16 counties in less populated areas of the state.[3] Finally, County Health Departments located in each of Georgia's 159 counties provide local level population-based services, as well as direct health care services.[4]

While the role of each of these entities within the public health system varies, they are essentially branches of one system. County health departments are under the direction of the public health district in which they are located, and in turn the districts report to the state DPH. Districts and county health departments receive significant funding from the state, with DPH and the state entering into agreements with the local entities on the services that should be provided, as well as the funding levels the state will direct to the county health department. Future analysis will examine this relationship in more detail, focusing on the services provided at the county level, as well as the funding available to the county health departments.

What is WIC?

The Special Supplemental Nutrition Program for Women, Infants, and Children – **commonly referred to as WIC** – is the largest program operated by the Division of Public Health. This program provides screening & referrals, nutrition counseling & education, and supplemental nutritious foods for low-income, nutritionally at-risk pregnant women, breastfeeding women, infants, and children up to 5 years. Unlike Medicaid, WIC is not an entitlement program.

In FY 2007, Georgia's WIC program served more than 280,000 participants – the 5th largest total in the nation. In the last year participation has grown significantly. From September 2007 to September 2008, Georgia's WIC participation increased by 10.3 percent.

The WIC program is financed almost exclusively with federal funds. In FY 2007, Georgia's federal expenditures for WIC totaled $254.6 million and represented a 32.6 percent increase above FY 2003. During the span from FY 2003 to FY 2007, federal funds made up more than 99 percent of Georgia's spending on WIC.

Public Health Funding and Activities in Georgia

In FY 2007, DPH reports total expenditures of $606.3 million, of which, $153.7 million represent state general fund spending. The remaining funds are primarily federal funds ($437.5 million) and some other funding sources such as tobacco settlement funds.[5] On a per capita basis, the state's general fund investment of slightly more than $150 million represents barely more than $16 per Georgian. Federal funds, however, work out to nearly $46 per Georgian – almost 3-times as much as the state contribution – and along with other state funds bring the total per-capita investment in DPH to roughly $63.50 per Georgian.

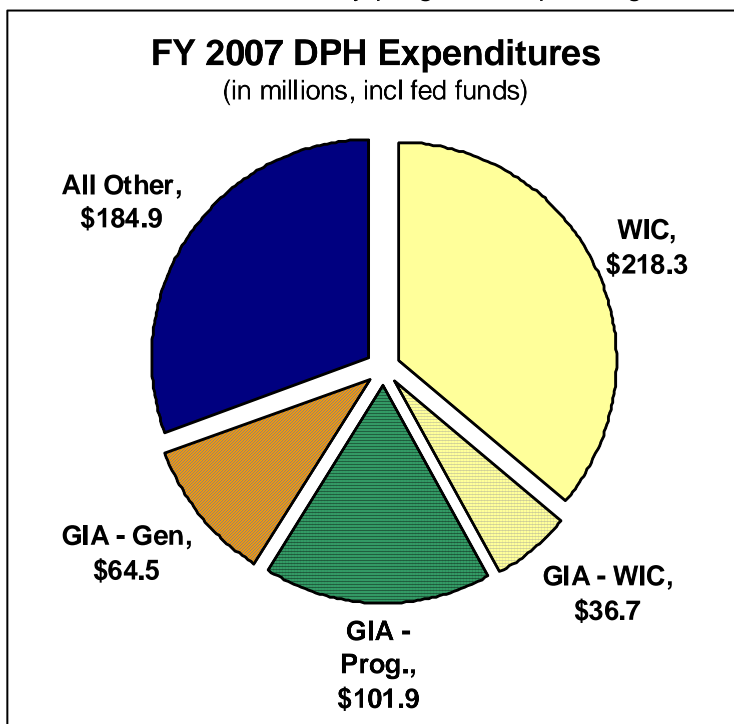
With these funds, DPH is responsible for performing and/or coordinating a wide variety of programs and services, from smoking and substance abuse prevention to immunizations and other treatment services. From a state-budget standpoint, the state appropriates money to 12 broad programs that comprise DPH. These appropriated programs are:

- Adolescent & Adult Health Promotion – including tobacco use prevention, cancer screening and prevention, and family planning;
- Adult Essential Health Services – including refugee health services and cancer state aid;

- Emergency Preparedness & Response – including bioterrorism and chemical terrorism preparedness, Georgia's Emergency Medical Services, and trauma planning and coordination;
- Epidemiology – including laboratory services;
- Immunization;
- Infant & Child Essential Health Treatment Services – including infant and oral health, perinatal and maternal health, genetics/sickle cell, and Babies Can't Wait;
- Infant & Child Health Promotion – including the Women, Infants, and Children (WIC) program;
- Infectious Disease Control – including HIV/AIDS, STDs, Tuberculosis, and infectious disease laboratory services;
- Injury Prevention & Control;
- Inspections & Environmental Hazard Control;
- Substance Abuse Prevention; and
- Vital Records.

Within the 12 appropriated programs listed above, there are at least 32 programs that are budgeted separately within DPH and more than 50 specific programs or activities.[6]

Embedded in these programs are significant payments to health districts and county health departments, which provide much of the intervention and treatment services. These payments come in the form of General Grant in Aid payments, which the state distributes to counties based on historically derived formulas, and Programmatic Grant in Aid, which is directed to specific programs and/or services. While significant funding flows to the counties that is not attached to specific programs, the bulk of the funds are in the form of Programmatic Grant in Aid. In FY 2007, for instance, DPH passed on roughly $64.5 million in General Grant in Aid compared to approximately $138.7 million in Programmatic Grant in Aid. Furthermore, including $13 million in DPH expenditures on district health administration, more than one-third of the DPH budget is spent at the local level, with many programs expending more than half of their funds at the county level.[7]



As Chart 1 shows, without its Grant in Aid component, the WIC program still accounts for more than one-third of the overall DPH budget. Total Grant in Aid spending also accounts for roughly one-third of the total DPH budget ($203.1 million). Excluding WIC and Grant in Aid, all other DPH programs split the remaining 30 percent of the budget (about $184.9 million with federal funds). These funds are directed to a wide variety of programs, the largest of which is the HIV/AIDS program. Others include early intervention services, such as immunizations and screenings; other STD-related prevention and treatment programs; laboratory services; clinical drugs & supplies; environmental health; emergency health; and state and local administrative costs.

Spending Trends FY 2003 – FY 2007[8]

Recent trends in public health spending at the state level in Georgia have varied significantly between programs and fund sources. The following section examines some of the notable changes in public health expenditures from FY 2003 to FY 2007, while budgetary changes in FY 2008 and FY 2009 are discussed in a later section.[9] In addition to looking at the overall funding trends over these years, it is important to note the population changes Georgia is experiencing, including rapid overall population growth. From 2003 to 2007, the Census Bureau estimates that Georgia's population increased by approximately 800,000 people, or about 9.4 percent.[10] In addition to the overall growth, changes within the state have been dramatic as some counties have seen increases or even decreases of more than 20 percent in this 4-year span.[11]

Overall, the Division's expenditures grew by roughly 12.1 percent from FY 2003 to FY 2007, an increase of roughly $65.7 million. While this rate compares favorably to the state's population growth, it is important to note that this increase is driven entirely by significant growth in federal funds that are generally tied to specific programs. State general fund expenditures, on the other hand, actually declined by 10.5 percent in this period. Furthermore, this overall funding growth can be attributed almost entirely to increases in federal funding for the WIC program, which is funded almost exclusively with federal dollars. From FY 2003 to FY 2007, the WIC program experienced federal funding growth of $62.6 million in this period – approximately 95 percent of the overall funding increase to the Division.

The remaining non-WIC programs experienced total funding growth of $2.7 million, representing only 0.8 percent growth from FY 2003 to FY 2007. Once again, even this minimal funding growth was driven entirely by growth in federal funds. State General Fund spending among non-WIC programs dropped by 10.7 percent over this time period, falling from $171.8 million in FY 2003 to $153.4 million in FY 2007, while other state funds (such as tobacco settlement funds) dropped by 46.4 percent, from $27.9 million to $15 million. Increased federal funds of roughly $34 million helped the non-WIC programs (as a whole) maintain relatively flat expenditures over this time period.

While overall non-WIC spending has stayed relatively flat from 2003 to 2007, individual programs often saw increases and decreases in their funding. Though some of these changes may be exaggerated due to programmatic restructuring during this time period, several DPH programs experienced significant increases or decreases in their funding from 2003 to 2007. For instance, four programs, Emergency Health *($12.7 million)*, the Director's Office *($5.7 million*), Laboratory *($7.2 million)*, and Early Intervention *($4.7 million*), saw substantial expenditure growth over this period. At the same time, Smoking Prevention *(-$11.1 million)*, Adolescent Health *(-$6.1 million)*, and Cancer Control *(-$2.6 million)* programs saw substantial expenditure declines from FY 2003 to FY 2007.

Combining state funding decreases from FY 2003 to FY 2007 with the rapid population growth Georgia experienced during this time has created a situation where Georgia's per-capita General Fund public health investment has fallen by 18 percent since FY 2003. In FY 2003, the state invested approximately $19.66 per Georgian in general fund public health expenditures. By FY 2007 this investment had fallen to $16.11 per Georgian. While per-capita state general fund investment has dropped significantly, the state has seen an increase in per-capita federal funds from roughly $39 per Georgian to almost $46 per Georgian in 2007. Once again, this increase is driven largely by increased WIC funding, which was responsible for nearly 70 percent of the increase.

FY 2008 - 2010 Budget

In FY 2008, the Division received additional state funding for statewide salary and health insurance increases, as well as a one-time appropriation of $7.25 million to purchase pandemic flu vaccine. In total these changes increased the public health budget by approximately $27 million. While the original FY 2009 DPH budget contained some additional increases, once again for statewide salary and cost of living adjustments, a looming revenue shortfall for FY 2009 could put these increases at risk. The original FY 2009 budget also included an increased appropriation for newborn screenings to reflect increased fees collected for increased tests.

Due to state revenue declines in recent months, state agencies were required to submit budget reductions options of 6, 8, and 10 percent, both for FY 2009 and FY 2010. In August 2008, DHR staff presented the agency's options to the DHR Board for both FY 2009 and FY 2010, though official actions taken for the FY 2009 budget are not publicly available. In total, the Department presented budget reduction options totaling approximately $18.3 million in each FY 2009 and FY 2010.[12]

Included in the $18.3 million proposed reductions to meet the 10 percent threshold in FY 2009 are cuts to:

- Grant in Aid funding ($4.7 million),
- Infectious Disease ($2.1 million),
- Infant and Child Health Promotion ($2.3 million),
- Substance Abuse Prevention ($900,000),
- Trauma Center funding ($1 million),
- Infant and Child Essential Health Treatment ($2.2 million),
- Adult Essential Health Treatment ($2.4 million),
- Adolescent and Adult Health Promotion ($1.3 million), and
- Immunizations ($450,000).

As part of these reductions, 37 vacant positions, totaling $1.7 million would be eliminated, while reductions in Grant in Aid funding could lead to further personnel cuts at the local level. In addition to significant reductions in state funding, DPH could also face reductions in federal funding if TANF (Temporary Assistance for Needy Families) Funds, in particular, are shifted to other programs. One proposal in the DHR submission would redirect $7.5 million in FY 2009 TANF funds and $10 million in FY 2010 from Family Planning services in DPH to other services in the Division of Family and Children Services (DFCS). This move would be a cut to the overall DPH budget, while these federal funds would be used to offset a state funds reduction in DFCS.

At the time of the release of this report, the Governor's proposal for the DPH budget for FY 2009 and FY 2010 is not available. While many of the Governor's proposals will likely be based on the options developed by DHR, the amount and combination of such proposals is unknown. After the release of this proposal, GBPI will release the next report in this Public Health series, which will examine and summarize the Governor's budget reduction proposals for FY 2009 and FY 2010.

Conclusions

Georgia's public health system is a vital aspect of the state's overall healthcare delivery system, as it is critical in both direct provision of health services and efforts to address broader population-based health issues. Looming state budget shortfalls are likely to threaten Georgia's public health system and put even more pressure on a department that has already had to deal with relatively

stagnant state resources coupled with a rapidly growing population. Potential funding cuts are further problematic as public health investment can generate a significant return on investment.

One report, *Prevention for a Healthier Georgia: Investments in Disease Prevention Yield Significant Savings, Stronger Communities*, recently found that an annual investment of $10 per Georgian (not necessarily using only state funds) could generate a return of investment of $4.77 for every $1 spent within 5 years.[13] This includes savings to payers of all sorts (Medicaid, Medicare, private insurance), but does not even take into account productivity gains that would be likely given a healthier population. This report found similar figures for Georgia as it did for the nation as a whole, using reports examining prevention/intervention programs from across the country.

Generally speaking, the health of Georgia's population and health infrastructure is not adequate for a state with the economic and human resources Georgia possesses. Georgia ranks 41st (down from 40th in 2007) in the overall health ranking according to the 2008 version of America's Health Rankings, as published by the United Health Foundation.[14] Georgia ranked 38th or below in 11 of the 22 categories of determinants and outcomes separately listed in the report, and ranked 44th in all determinants combined. Among the particularly problematic rankings, Georgia ranked 40th in prevalence of obesity, 47th in infectious disease, and 40th in both infant mortality and cardiovascular deaths. Georgia cracked the top-10 in only 1 category, prevalence of binge drinking, where the state ranked 9th.

Given these rankings, the notion of "public health" is particularly important to Georgia right now if the state would like to make significant improvements to these rankings. While not all of the measures are under the control of the state's public health department, DPH nevertheless has a unique ability to influence the health of Georgia's population. Because of the complexity of our current system, it is not possible for one employer or one insurer to adequately address overall population-based health status and larger issues like obesity, infant-mortality, and the adequacy of Georgia's physician numbers. Furthermore, with as much as 20 percent of Georgia's population uninsured, and thus without regular contact with the healthcare system, efforts that are undertaken at the micro level (such as those by one insurer) cannot reach much of the population in need. Therefore, a robust public health system is needed in Georgia if the state is to address the significant population-health issues currently facing too many Georgians. Ideally, this robust system stretches across state departments (schools are heavily involved in public health, for example) and across political jurisdictions. Future reports in this series will seek to examine roles of these varying stakeholders in improving the state's health status.

The Georgia Budget and Policy Institute (GBPI) is an independent, nonprofit, non-partisan organization engaged in research and education on the fiscal and economic health of the state of Georgia. The GBPI provides reliable, accessible and timely analyses to promote greater state government fiscal accountability as a way to improve services to Georgians in need and to promote quality of life for all Georgians.

Endnotes

[1] public health. Dictionary.com. The American Heritage® Dictionary of the English Language, Fourth Edition. Houghton Mifflin Company, 2004. http://dictionary.reference.com/browse/public%20health (accessed: July 29, 2008).
[2] As of December 2008, the existing proposal would more the Division of Public Health into the Department of Community Health – the new agency would be called the Department of Health.
[3] http://health.state.ga.us/pdfs/publications/PublicHealthDists2006.pdf
[4] County health departments are not subdivisions of the county government but rather are defined in state statute along with the makeup of the county boards of health, which oversee the department.
[5] For more information on the Tobacco Settlement and how Georgia spends its revenues, see the GBPI report *Examining How Georgis Spends Tobacco Settlement Revenues.* http://www.gbpi.org/documents/20081007.pdf
[6] A complete list of DPH programs is available on the division's website: http://health.state.ga.us/programs/
[7] GBPI analysis of DPH expenditures as reported by the division in summer 2008.
[8] In summer 2008, GBPI received expenditure data from DPH for FY 2003, 2004, 2006, and 2007 (2005 data was unavailable). This data included expenditures for individual DPH programs broken down by operating line (such as salaries, contracts, etc…) as well as by funding source. Analysis of expenditures from FY 2003 – 2007 are based on this data from DPH.
[9] Expenditure data from the Division of Public Health is used for FY 2003, 2004, 2006 and 2007, while Appropriation figures are used for FY 2008 and FY 2009.
[10] *Table 1: Annual Estimates of the Population for Counties of Georgia: April 1, 2000 to July 1, 2007* (CO-EST2007-01-13). Population Division, US Census Bureau. Released March 20, 2008. http://www.census.gov/popest/counties/tables/CO-EST2007-01-13.xls
[11] In particular, the following counties have seen growth at rates well above the statewide rate of 9.2% from FY 03 to FY 07: Paulding (29%), Forsyth (29%), Newton (27%), Barrow (26%), Henry (24%), Cherokee (23%), Walton (20%), Effingham (19%), Coweta (18%), Dawson (17%), Bryan (16%), and Gwinnett (16%).
[12] DHR Budget presentation to DHR Board. August 20, 2008. http://www.files.georgia.gov/DHR/DHR_CommonFiles/PDF/DHR_Board-Presentation_08-20-2008.pdf
[13] *Prevention for a Healthier Georgia: Investments in Disease Prevention Yield Significant Savings, Stronger Communities*. Trust for America's Health and the Georgia Budget and Policy Institute. January 2008.
[14] America's Health Rankings 2008: Georgia Snapshot. United Health Foundation, 2008. http://www.americashealthrankings.org/2008/pdfs/ga.pdf