

States Eye Drastic Budget Cuts

Health Care Targeted As Gap Widens

States are facing \$163 billion in budget shortfalls in the new fiscal year, with another \$160 to \$180 billion in deficits expected for fiscal year 2011, according to a recent report from the Center for Budget and Policy Priorities (CBPP).

In total, budget gaps for the remainder of this fiscal year and fiscal years 2010 and 2011 are expected to reach more than \$350 billion.

As the economy continues to dampen revenue, states are looking to the American Recovery and Reinvestment Act (ARRA), which included approxi-

mately \$135 billion to \$140 billion for states to maintain current programs, for relief.

According to CBPP, the federal aid is enough to close, on average, roughly 30 to 40 percent of state budget shortfalls.

ARRA dollars closed 31 percent of New York's budget gap and 37 percent of

Virginia's, while Georgia, Maryland, Utah, Washington, and West Virginia reported similar outcomes, CBPP reports. But despite these changes, "most or all of these states are making other cuts in their budgets, which the

federal legislation will be insufficient to reverse," CBPP says in its report.

Funding for health and long term care programs is not immune to the cuts. CBPP found that at least 22 states and the District of Columbia are cutting medical, rehabilitative, home care, or other services needed by people who have low incomes and are elderly or have disabilities.

Twenty-one states have enacted or implemented cuts that will affect low-income families' eligibility for health insurance or reduce their access to health care, and at least 30 states have enacted tax increases, closed loopholes, restricted tax credits, increased tobacco taxes, raised tuitions, or implemented other revenue-raising measures, the report says.

"The state revenue situation is rapidly worsening," the report says. "To keep pace with the cost of services, state revenue must grow. But overall revenues last year were essentially flat and have weakened dramatically this year."

According to the Rockefeller Institute of Government, state tax collections fell 12.6 percent in the first quarter of 2009 compared with last year.

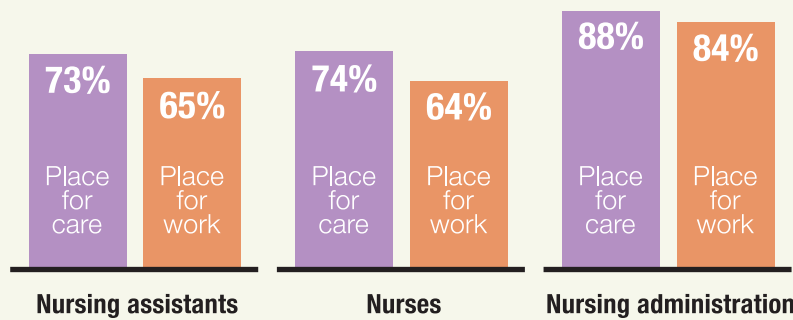
States have already tapped into their budget reserves to address funding gaps, but these reserves are limited, says the report.

According to CBPP, state spending levels were relatively low even before this crisis. During the 2001 recession, aggregate state spending declined sharply relative to the economy, and it remained below the 2001 level as a share of the economy when states adopted their 2008 budgets. State funding cuts in the coming months will reduce overall spending further below 2001 levels, CBPP warns.

Funding for health and long term care programs is not immune to the cuts.'

By The Numbers

Nursing staff recommend facility as place to work and receive care



Based on nursing assistant (CNA/NA), nurse (RN/LVN/LPN), and nursing administrator responses of "Excellent" or "Good" to the questions, "What is your recommendation of this facility as a place to receive care?" and "What is your recommendation of this facility as a place to work?"

Source: Skilled Nursing Employee Satisfaction Surveys conducted in 2008 by My InnerView

— Meg LaPorte