

SENATOR WARNER: Mr. President, members of the Legislature, again let me make it very clear that it is not my position that the counties are better able to pay. It is my position that it is poor policy to enact legislation that has a second and third year incremental increase knowing the probability of change in federal funds. Now the state has the primary problem, if the federal funds go away, as I understand existing law, counties pay 16% of the total funds spent in Medicaid. If there is a reduction in federal funds the state absorbs all of the reduction. The county share still remains 16% of total. For example in the current year, the estimated expenditure is 29,037,000 from state sources, 16,744,000 from county sources and federal sources are estimated for the current year at 72,779,000. Again I repeat, if the federal funds are reduced the total stays the same, the total pick up is the states responsibility of any reduced federal funds. Now, when I look at the proposed budget by the federal administration, I'll recap it in just a moment, but there is almost certainly to be a federal cap on Medicaid participation, the proposed one is a 5% reduction after taking a hundred million away from the current year estimated expenditure. Social services which a number of programs in which there has been federal participation on a categorical basis will all be rolled into a block grant with a 25% proposed reduction in all of it. On top of that energy assistance is proposed to be totally removed, health funds to be reduced, water funds to be reduced, mass transit to be eliminated and the only point that I am trying to make that in view of what the state may well be faced with, that it seems to be highly ill advised to absorb incremental increases going on second and third year when we are going to have to be looking at a whole series of programs not only in Medicaid but a whole series of programs dealing with block grants and I think the state needs as much flexibility to be able to think through and arrive at a justified position when once the figures are known to us for what federal cuts might occur. Again, the most significant thing is the fact that the county share will stay at 16% of total. Cut in federal funds is a total state responsibility as the law now exists. We anticipate a 13.9% increase in total funds expenditures the coming year, but I would hope that the body would not place the state in a position that this second, third year incremental funding can do. Now to have the kind of flexibility to re-arrange all of our programs, which we are going to be faced in. . . .

SENATOR WESELY PRESIDINT.

SENATOR WESELY: Thirty seconds Senator Warner.