

## 2009-10 Commonwealth Budget Analysis

Following are budget outcomes based HB 1416 that became Act 10A October 9, 2009. Line items are compared to funding amounts in the revised 2008-2009 Commonwealth Budget, after two budget cuts made by the Governor in October and December of 2008.

In the Department of Health, drug and alcohol program funding is reduced by 1.5% in the federal and state line items combined, and the line items for local health departments and environmental health remain consistent with last year's levels. Of note in the gaming expansion is an amendment adopted in the House that would set aside funds for gaming addiction services, with a portion of those dollars administered by single county authorities. This is good news, given the close relationship between gambling addiction and other behavioral health problems.

In the Department of Public Welfare, children and youth services receive a modest increase of 0.26% in the combined state and federal lines, while also receiving \$18.7 million in ARRA funding. Child care services received an increase of 6.4% compared to last year. The Human Services Development Fund was cut by \$4.5 million, a 10.5% decrease from last year, and Medical Assistance transportation received a \$10 million (8%) increase.

As anticipated, mental retardation services lost substantial state funding. The intermediate care facility/mental retardation line dropped \$55 million or 16%, and the community waiver line decreased \$173 million or more than 10%. One-time ARRA funding of \$39 million will fill 70% of the gap in ICF/MR, while \$179 million in ARRA funds will fully fill the gap in community waiver. Community Base funding was decreased by 88% due to the structural change in the MR system where MR providers are now being paid directly by Treasury. Early Intervention saw an increase of \$543,000 or 0.35%. The behavioral health services initiative, including mental health and substance abuse treatment, was reduced by \$3.8 million from last year. Although there was an increase in the state allocation for behavioral health, it was used to offset the loss of \$12 million in Intergovernmental Transfer funds.

Nursing home funding remains consistent with last year, including a \$10 million allocation to allow for acuity adjustment payments for changing resident conditions in the facilities. Passage of the budget will allow for several important discretionary payments to nursing homes to start up again, such as the performance incentive payment and the disproportionate share payments used to encourage higher Medicaid occupancy.

The Judiciary has reductions in all line items. Reimbursement of county court costs and senior judges support grants are both decreased by 9.8%, adult probation is flat funded and juvenile probation is reduced by almost 0.5%. Juror costs and unified judicial system security are each

reduced by almost 6%. Intermediate punishment and IP drug and alcohol are flat funded from last year.

County Environmental Programs are all reduced. Black fly and West Nile virus control are each reduced by 25% from last year and gypsy moth is reduced by 29%. No funding exists for storm water management, and the Conservation District Fund was reduced by 15% while the Conservation Corps was reduced by 21%.

Community and Economic Development line items were all reduced as well. Land use planning is reduced to \$375,000, a 90% decrease. Housing and redevelopment assistance was cut by 37.5% and customized job training suffered a 50% reduction. As to tourism, the tourist promotion assistance line was increased by \$1.3 million or 20%, but the regional marketing partnership, \$16.1 million in 2008-2009, was completely zeroed out.

Under Agriculture, the state food purchase, farmland protection, and farmers markets and senior's farmers markets coupons were all flat funded from last year. Crop insurance was reduced by 17%, nutrient management was reduced by 15.5% and county fairs were reduced by 45%.

In the Department of State, the Statewide Uniform Registry of Electors was reduced by 33% and voter registration was reduced by 10%, while election assistance grants were increased by 1.5%. Federal election reform funding was increased by 90%, from \$20 million to \$38 million.

CCAP will be working closely with the appropriate agency personnel to get payments to counties as quickly as possible. One matter remaining is the impact of the impasse in terms of cost to programs resulting from borrowing decisions many counties were forced to make. While interest costs are allowable expenses under many programs, most of those programs have administrative cost caps that will limit the amount of interest that can be recovered. Further, the line items themselves are short of the mark for adequate service provision, so administrative cost recovery means fewer dollars available for direct provision of services.