



HOUSE BILL 2387 PROVIDES SHORT-TERM FY 2020-2021 BUDGET DUE TO COVID-19

On May 29, Gov. Wolf signed into law [HB 2387](#), which provides a temporary budget to fund the commonwealth on a five-month basis until the fiscal impacts of the COVID-19 pandemic become clearer. The plan totals \$26 billion in spending, with approximately 42% of most line items based on FY 2019-2020 spending levels. Some human services programs, such as children and youth services, appear to be funded for the full year, along with most education lines and food security lines. A limited number of other lines will receive increases due to increased expenses, such as pensions and debt. Federal allocations were provided for the full year.

The temporary budget provides some continuity to counties over the short-term while the broader impacts of the pandemic and Pennsylvania's disaster response continue to take shape. However, the full fiscal picture remains to be seen and there are no promises of flat or increased for the remaining seven months of the FY 2020-2021 budget. Thus, when the General Assembly returns to these negotiations, expected later this fall, the final budget could still present a different overall picture and level funding for the full year is not guaranteed.

Because the budget picture for FY 2020-2021 is incomplete, counties are encouraged to remain cautious in monitoring expenditures in case cuts occur for the remaining budget months. As well, since the Department of Education – one of the largest expenditures in the state's budget – has already been funded for the full year up front, it will be the remainder of the General Fund budget, which includes many line items affecting county programs, that will be impacted by cuts that may be considered in response to pandemic-related revenue losses.

CARES ACT FEDERAL FUNDING APPROVED ALONGSIDE FY 2020-2021 BUDGET

Allocations for the federal CARES Act funding were also signed into law in late May. [Senate Bill 1108](#) was amended by the House Appropriations Committee to allocate \$2.6 billion of Pennsylvania's \$3.9 billion in CARES Act dollars, including \$625 million to the 60 counties that did not previously receive direct federal CARES funds. The funding will be distributed through a County Block Grant program housed in Department of Community and Economic Development (DCED) and then divided amongst the counties based on population with a \$1 million minimum amount per county.

Additionally, [HB 2510](#) was amended in Senate Appropriations to specify how those County Block Grant funds can be used, in particular to offset the cost of direct county response, planning and outreach efforts. Counties may also use the funds for small business grants, subgrants to certified economic development organizations, assistance to municipalities, behavioral health and substance abuse services, nonprofits, and broadband development. Since the state legislation differs slightly from the federal law and guidance around the CARES funds, CCAP is working to establish clarity for counties on how these funds may be used.

Additionally, HB 2510 requires any CARES funds unexpended by Dec. 1, 2020, to be redistributed through the County Block Grant program. The remaining \$1.3 billion of federal CARES Act funding will be put into a restricted revenue account to be used at a later date to address additional virus-related costs.

CCAP 2020 PRIORITIES AND BUDGET HIGHLIGHTS

One of counties' top priorities for 2020 is increased [mental health funding](#), recognizing that county capacity to meet service needs has been compromised by a lack of investment over the last decade, at the same time that mandates and service needs continue to increase. In the midst of working diligently to organize and execute strategies around this priority, the path forward changed considerably with the COVID-19 pandemic response. Counties, state and federal governments have completely shifted to triage, response and maintaining and planning for essential service delivery. As such, legislative focus necessarily shifted to developing the necessary response policies and legislation to assist counties during this uncertain time.

CCAP's spring plans to meet with the House Mental Health Caucus on the funding priority have been indefinitely postponed. However, counties are seeing an uptick in mental health needs as communities deal with the trauma of the pandemic. The EMS situation is becoming more dire as first responders grapple with serving their communities, despite impacts on the numbers of healthy employees and volunteers. The pandemic has forced the world to operate remotely with the internet as one of our most valuable resources for work, education and human connection, yet many rural communities have little or unreliable broadband internet. Seeking additional dollars for CCAP's adult probation funding priority remains a challenge in the currently uncertain economic situation for both the temporary five-month budget and the remaining budget required to complete FY 2020-2021 funding. And finally, property taxes are again under scrutiny as legislators look for ways to ease the financial strain on taxpayers.

The COVID-19 pandemic highlights again the very real need for action on each of our 2020 legislative priorities. They continue to be at the forefront of our 2020 plans and we continue to seek opportunities to reinforce these critical needs appropriately within the current landscape. CCAP prioritized an ask to the legislature to increase funding for the mental health community base, yet level funding was allocated in the short-term budget. There is still uncertainty for the second round of budget negotiations and strong advocacy will be critical.

CCAP emphasizes the state-county partnership in service delivery, recognizing that a mutual understanding of that partnership can yield effective and responsible delivery of constituent services. Without an FY 2020-2021 increase in funding to mental health services, counties will be hard-pressed to continue stretching dollars to meet local needs, despite their own investments at the local level. CCAP has assembled a number of budget resources on its [Budget News web page](#).

INTERNAL USE ONLY FOR REMAINING 7-mo BUDGET

Highlights on several line items of interest to counties follow.

Child Welfare. The FY 2020-2021 children and youth budget reflects the rebalancing initiative first implemented in FY 2015-2016; that is, the proposed funding for FY 2020-2021 of \$1.67 billion represents the reconciliation of the fourth quarter of FY 2019-2020 expenses, and further rolls forward 12.5% of the determined needs for FY 2021-2022. The budget for FY 2020-2021 includes a decrease of \$157 million in state child welfare funds from the 2019-2020 budget, but allocates a \$79 million increase in federal funds. There were additional cuts of state funding, often offset by anticipated federal funds. For instance, state funding for childcare was reduced \$91.3 million, with federal funds in this area increased by \$34.7 million, ultimately resulting in a net loss of \$56.6 million. Combined funding for Family Centers was reduced \$10.8 million, all state funds. One highlight was Nurse Family Partnership seeing an \$8.6 million increase overall, although this was due to federal funding increasing from \$2.5 million to \$18.8 million, while state funding was cut by more than 50%.

Mental Health, Early Intervention, Autism and Intellectual Disabilities. While most programs are funded consistently with five-months of level funding, roughly 42% of state funding allocated in the FY 2019-2020 commonwealth budget, the Intellectual Disabilities Community Waiver program sees an increase in state funding somewhat above the 42% funding level and an increase in federal funding of approximately \$210 million.

Substance Abuse Treatment and Prevention Funding levels for Act 152 services are contained in the outpatient Medical Assistance line item, but the specific allocations out of the line were not available at press time. Intermediate punishment programs are also funded at 42 percent of the current level.