



**FY 2021-2022 BUDGET COMPLETED** – On June 25, [SB 255](#), the commonwealth appropriations bill for FY 2021-2022, passed the General Assembly with a House vote of 140-61 and Senate vote of 43-7. The legislation proposes to spend nearly \$39.8 billion in state funds and adds more than \$1 billion of the \$7.3 billion that Pennsylvania received from the federal American Rescue Plan. This amounts to a 2.6% increase over FY 2020-2021 and also exceeds the \$37.8 billion budget proposed by the Governor in February before the American Rescue Plan was passed. The budget and related bills were signed by Governor Wolf on June 30, with the exception of a line-item veto excluding partial funding for the Office of the Auditor General, reducing the total budget expenditure by \$3.1 million.

Notably, \$282 million in federal relief funds are allocated to help public and private nursing homes, assisted living and personal care homes with costs for personal protective equipment, staff testing and pandemic-related costs. Some educational line items also see an increase, including \$300 million in additional funding for basic education funding (a 4.4% increase), \$50 million for special education funding and about \$350 million in federal relief will be used for learning loss as a result of COVID-19. The final FY 2021-2022 budget also increases funding for the Department of Human Services (DHS), with a nearly 27.3% increase in spending to \$7.3 billion. However, this increase also comes with restrictions in the fiscal code bill, [HB 1348](#), preventing DHS from creating new programs not authorized by the General Assembly.

While special fund transfers are often used to help fund the budget, FY 2021-2022 differs in that supplemental appropriations were made to repay the Workers' Compensation Security Fund at \$145 million to replenish funds borrowed from the fund in FY 2016-2017. There is also a nearly \$89.5 million transfer to fully repay the \$100 million loan from the Underground Storage Tank Indemnification Fund that was issued in 2002. The budget also includes some future savings, as just over \$2.5 billion of the state's surplus revenue will be deposited into the Rainy Day Fund, increasing that total to over \$2.6 billion. This is in addition to \$5 billion in unspent federal relief funds that is saved for use in future budgets.

Otherwise for counties, the FY 2021-2022 budget represents generally level funding across many lines that impact them. Funding is included to establish a new Delaware County Health Department and a new Lackawanna County Health Department starting in January 2022 and county health departments are allocated over \$30 million overall, almost \$5 million more than the current fiscal year, but less than the \$8.2 million proposed by the Governor.

One of counties' top priorities for 2021 is increased funding for [community-based mental health services](#), 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. However, counties are disappointed to see just a nominal increase in mental health community base funding, despite a request for \$28 million increase in FY 2021-2022. As such, counties will be forced to continue to stretch dollars to meet increasing local

needs, despite their own investments at the local level. Furthermore, [protecting funding for county human services](#), another CCAP priority for 2021, was largely achieved in this budget as county human services programs saw generally level funding. More information on the priorities can be found on CCAP's [Priorities page](#).

CCAP has assembled a number of budget resources on its [Budget News web page](#) and highlights on line items of interest to counties follow.

### **Human Services**

**Human Services Block Grant.** With passage of Act 153 in November 2016, counties achieved the expansion of the Human Services Block Grant to any willing and capable county, allowing participating counties to allocate a portion of certain human services funds across program areas and thereby increasing their ability to match available dollars to local needs. The block grant received level funding in the FY 2021-2022 budget.

**Child Welfare.** The children and youth budget continues the rebalancing initiative first implemented in FY 2015-2016. The funding for FY 2021-2022 of \$1.88 billion is representative of the reconciliation of the fourth quarter of FY 2020-2021 expenses, and further rolls forward at least 12.5% of the determined needs for FY 2021-2022 to be paid in FY 2022-2023. The child welfare budget for FY 2021-2022 includes an increase of \$187 million, roughly a 11% increase, from the final allocation of \$1.67 billion for FY 2020-2021. This includes over \$16 million in increased funds for Nurse Family Partnership and almost \$66 million in additional state funding for child welfare, with the remainder being made up by additional federal funding for child care services and assistance. While this budget purports to represent a \$187 million increase in child welfare funds, the recent trend of pushing ever increasing percentages of allocations into future budgets should be of great concern to counties. The implementation of the Family First Act during this budget cycle will inject additional uncertainty to the budgeting process, as there have been conflicting projections from IFO and DHS as to what the anticipated losses will be. Nevertheless, the allocation for FY 2021-2022 represents a significant increase should the promises of future allocations come to fruition.

**Homeless Assistance Program.** Funding to provide temporary shelter to homeless individuals and rental assistance to those in danger of becoming homeless continues to be flat funded in FY 2021-2022, remaining at \$18.5 million for the ninth straight year.

**Human Services Development Fund.** The HSDF allocation remains at \$13.46 million in FY 2021-2022, the same as FY 2020-2021. This funding allows counties to use dollars not only where they are most needed, but where they can best reduce costs to human services programs in the long run.

**Long-term Care.** The long-term care appropriation in the FY 2021-2022 budget continues to reflect the ongoing move to statewide implementation of Community HealthChoices (CHC). In particular, this means the merger of several Medical Assistance lines. Unfortunately, the

adjustments made under Medical Assistance continue to rely on future federal COVID-19 stimulus that has yet to be allocated.

Once again, additional funding sources such as the Intergovernmental Transfer (IGT) and nursing home assessment are being utilized to help support the funding levels for long-term care. Yet, these specific FY 2021-2022 funds rely on federal financial participation rates that continue to fall due to COVID-19. This results in FY 2021-2022 Long-term Care funds remaining relatively the same due to the help of federal funds. While this approach continues to provide resources to the long-term care communities for the time being, the overall FY 2021-2022 budget continues to trend toward reducing funds in reliance of the CHC model where all signs point to reduced payments in future budget cycles. Due to COVID-19, CHC continued the same rates for the regions that had completed their first three-year rate period. Future years will need to include considerations for increased rates.

Finally, in-line with funding for CHC and IGT models, the FY 2021-2022 budget continues to rely primarily on federal funding with little actual state monies dedicated to long-term care. Without future support from state funding sources, the Commonwealth's long-term care community faces multiple threats of decrease funding due to the unstable reliance on federal funding.

**Medical Assistance Transportation Program.** The MATP appropriation in the FY 2021-2022 budget includes an additional \$1 million in enhanced FMAP and American Rescue Plan Act (ARPA) stimulus.

**Mental Health, Intellectual Disabilities, Early Intervention and Autism** – In the FY 2021-2022 Commonwealth Budget combined State and Federal Mental Health Funding receives a nominal increase. (It is of note that the Education Budget contains funding to provide programming to address the mental health needs of students impacted by the COVID-19 Public Health Emergency). Combined ID Community Base Funding receives a nominal decrease. Intermediate Care Facilities receive a combined increase of approximately \$30 million. Combined ID Community Waiver receives an approximate \$70 million increase. Early Intervention receives a combined decrease of roughly \$18 million (state funding for EI shows a 12.5% increase) and Autism Service Funding received a small increase. (calculations are inclusive of 2020 CARES Act allocations and 2021 Enhanced FMAP/ARPA Stimulus Funds)

**Rent and Utility Assistance.** The FY 2021-2022 budget established the ARPA Rental and Utility Assistance Grant Program, commonly referred to as ERA-2. This \$451 million program closely aligns with the current Emergency Rental and Utility Assistance Program (ERA-1) created in Act 1 of 2021, with differences including the following: counties may use up to 10% of the funds for housing stability services and up to 15% of the funds for administrative costs; applicants may self-certify income eligibility; and counties must certify the percentage of obligated funds beginning January 1, 2022.

**Substance Abuse Treatment and Prevention.** State funding for county drug and alcohol services remains at the same level as FY 2020-2021. There appears to be a minor increase in

state funding for general government operations at the department. That is the result of allocating some costs to the previous fiscal year. The large increases in federal dollars are a combination of continuation of the State Targeted Opioid response funding, and expansion of the state block grant funding through federal recovery funds. Some of the new federal funding will be targeted to expanding recovery resources in the community and are not tied to any specific substance. The State Targeted Opioid funding has been broadened to also fund services to individuals who use methamphetamines.

The Administrative Code also contains language that permits drug and alcohol treatment providers to request extensions to the ASAM alignment process. Providers have until July 9 to request extensions for up to December 31, 2021.

Amendments to the Fiscal Code also give the authority to determine the appropriation of any funds the state receives from a settlement of its claims in opioid-related litigation solely to the General Assembly.

Funds for Tobacco Use Prevention and Cessation remain at \$16 million, 4.5% of the total settlement fund.

### **Judiciary**

**Courts.** The FY 2021-2022 budget maintains level funding from the enacted FY 2020-2021 budget for judicial line items that impact the counties. The budget fails to restore the 33% decrease for court cost reimbursement that occurred in the FY 2016-2017 budget, keeping funding at the current year level for the sixth straight year. Funding for grants to counties to meet mandates for assuring access to those with limited English proficiency also would remain level funded at \$1.5 million.

Included in the Fiscal Code was language temporarily eliminating the \$15 million transfer from the Judicial Computer System Augmentation Account which was critical to the maintenance of the Common Pleas Case Management System (CPCMS).

**Criminal Justice.** Funding for adult probation services and intermediate punishment is enacted at the same level as in FY 2020-2021. There is no direct allocation for the district attorney salary reimbursement, but concurrent with budget action in 2009, a permanent court fee surcharge was imposed to raise funds for the commonwealth share.

**Juvenile Justice.** Juvenile justice services received federal funding of \$3 million for juvenile justice and delinquency protection and \$150,000 for the Plan for Juvenile Justice. Juvenile probation will receive level funding in FY 2021-2022. Juvenile Services are funded through the Needs Based budget and Department of Human Services. While diversion and deinstitutionalization efforts continue, residential programs are experiencing denser populations of high-risk youth. This change in demographics results in increased programmatic expectations to provide high quality specialized services and increased supervision driving up daily costs. So, while overall system costs appear to decrease due to lower overall demand, the investment per

child for moderate and high-risk offenders needs to increase as providers intensify services which are more likely to result in reduced recidivism (future victimization) and ultimately reduced long-term costs.

### **Agriculture and the Environment**

**Conservation Districts.** Conservation districts will receive level funding, maintaining \$3.375 million in total General Fund dollars from the departments of Agriculture and Environmental Protection, transferring the DEP portion of the funding back from the Environmental Stewardship Fund. Conservation districts are also set to receive nearly \$8.2 million distributed under Act 13 of 2012.

**Agriculture.** The FY 2021-2022 budget combines prior funding for avian flu preparedness, spotted lanternfly control and rapid response readiness into a single line for agricultural preparedness and response, funded at \$3 million for FY 2021-2022. Further, the State Food Purchase Program sees increased funding totaling over \$22.6 million, up 15.2%, and level funding is set for county fairs at \$4 million. The State Farmland Preservation Board met in mid-February to set the 2021 state funding threshold for farmland preservation at \$38 million.

**Penn State Extension.** The Agriculture College Land Scrip Fund, which includes revenues for the Penn State Extension program, maintains funding at \$54.9 million.

**Environment.** Funding for gypsy moth control is wrapped into the overall appropriation for state forest operations within the Department of Conservation and Natural Resources (DCNR); the overall program received an increase of \$2.55 million in state funds. Black fly control received an increase to over \$7.6 million and West Nile virus control is level funded for FY 2021-2022.

### **Elections**

The Statewide Uniform Registry of Electors (SURE) funding was increased by about \$4.4 million, which includes \$2.3 million for continued system upgrades. Funding for voter registration would also decrease slightly. Furthermore, there is a decrease in federal elections reform funding of about \$12 million.

### **Community and Economic Development**

**DCED.** The FY 2021-2022 budget maintains level funding for the Center for Local Government Services at \$4.2 million. In addition, the Municipal Assistance Program, which funds shared services, community planning and flood plain management activities for local governments, is level funded at \$546,000.

**Marketing and Training.** The Pennsylvania First program, originally focused on investment and job creation in Pennsylvania, maintains level funding at \$20 million for FY 2021-2022. Funding for marketing to attract tourism sees a significant increase to \$30.1 million, an increase of 69%, with a majority of the funding aimed at arts and cultural activities that generate statewide and regional economic impacts. Marketing to attract businesses remains flat funded at \$2 million.

The Office of Open Records remains funded at a level of \$3.3 million. The Keystone Communities program, designed to encourage the creation of partnerships between the public and private sectors in communities receives an increase in funding to \$29.7 million, up 22.6% from prior budgets.

**Libraries**

In the Department of Education, the public library improvement subsidy remains level funded at \$59.5 million for FY 2021-2022.

**Transportation**

The FY 2021-2022 budget reflects the eighth year of funding for roads, bridges, transit systems and other infrastructure under Act 89 of 2013. Additionally, language was included in the Fiscal Code clarifying the ability of counties and municipalities to use federal funding allocated through the ARP for Public Transportation Trust Fund's local operating match requirement, for FY 2020-2021 and FY 2021-2022.