



FY 2018-2019 BUDGET SIGNED INTO LAW – Gov. Wolf signed [HB 2121](#), the commonwealth appropriations bill for FY 2018-2019, into law on June 22, following the Senate’s approval by a 47-2 vote earlier that day and a 189-9 vote by the House two days earlier. The legislation spends about \$32.7 billion in state funds, representing an increase of about \$560 million over FY 2017-2018 spending, less than the \$32.9 billion budget proposed by the Governor in February.

Much of the increase in HB 2121 is directed to educational line items, with an additional \$100 million for basic education, and another \$70 million for school safety. In addition, half of a projected FY 2017-2018 surplus - some \$74.5 million - will go into the Rainy Day Fund, the first time money has been added since FY 2006-2007.

For counties, the FY 2018-2019 budget represents largely flat funding in most lines that impact them, with some small increases for home and community-based long-term care services, autism services and the Medical Assistance Transportation Program. It also includes funding to serve 965 more individuals with intellectual disabilities currently on the waiting list, and to give 800 more families affected by opioids access to evidenced-based home visit services.

House Bill 2121 contains appropriations to the Department of Corrections and the Board of Probation and Parole as a unified Department of Criminal Justice, pursuant to a memorandum of understanding signed by the agencies in October 2017. However, another proposal to merge the state’s Health and Human Services agencies was not included in the FY 2018-2019 budget.

Highlights of the budget’s impact on counties follows. Comparisons are to funding levels available in FY 2017-2018. For analysis of more county line items, check CCAP’s commonwealth budget page at www.pacounties.org.

Human Services

Human Services Block Grant. In November 2016, counties achieved the expansion of the Human Services Block Grant to any willing and capable county through Act 153, 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. While HB 2121 does not include restoration of the 10 percent cut to these lines that occurred in FY 2012-2013 (which has not been restored since), these lines, which impact funding for all 67 counties, are largely flat funded as noted below.

Child Welfare. The child welfare budget continues to reflect the rebalancing initiative implemented in FY 2015-2016; that is, the combined state and federal funding for each fiscal year is representative of the reconciliation of the fourth quarter of the prior fiscal year expenses, and further rolls forward 12.5 percent of the determined needs for the current fiscal year to be

subsequently reconciled in the following fiscal year. Additionally, as child welfare budgeting statewide was switched from an accrual method to a cash method, there is an amount that is “recaptured” at the end of any fiscal year due to underspending, delays in submitting invoices, or both.

The FY 2018-2019 budget for child welfare includes \$1.67 billion in combined state and federal funds, including an increase of \$44.7 million in state funding compared to FY 2017-2018 allocations – an overall net increase of four percent. Additionally, federal funding for child care assistance increases by almost \$20 million, representing a six percent overall increase in the line when combined with state funding. The appropriation for family centers also includes a \$4.5 million initiative to provide home visiting services to approximately 800 families affected by substance abuse disorders.

Homeless Assistance Program. This line, one that is part of the Human Services Block Grant for those counties participating, provides funding to provide temporary shelter to homeless individuals and rental assistance to those in danger of becoming homeless. HB 2121 provides level funding for this line at \$18.5 million.

Human Services Development Fund. HSDF, another line that is incorporated into the Human Services Block Grant, is funded at \$13.46 million under HB 2121, the same level as in FY 2017-2018. 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. For the first time in several years, the FY 2018-2019 budget includes a very modest one percent rate increase for nursing facilities. As indicated in the Fiscal Code amendments in [HB 1929](#), this increase will begin January 1, 2019, and therefore will only directly apply to facilities in those counties where Community HealthChoices has not yet been implemented (the central region). It remains unclear whether facilities in the southwest and southeast regions will see any increases from the managed care organizations in response to this.

In FY 2018-2018, the long-term care appropriation in the budget is also split into four areas – home and community-based services, long-term care managed care, long-term care (which includes funding for nursing homes) and for the first time - Community HealthChoices. Long-term care line items are essentially flat funded, with any decreases reflecting the transfer of funds to Community HealthChoices. Once again, additional funding sources such as the Lottery Fund, Tobacco Settlement, and nursing home assessment are being utilized to help support the funding levels for long-term care.

Of particular note for counties, additional relief for county nursing homes will continue to be provided through a proposed increase in the Intergovernmental Transfer (IGT) for FY 2018-2019 and the continued elimination of the county share.

Medical Assistance Transportation Program. The FY 2018-2019 budget contains \$75 million in state funds for the Medical Assistance Transportation Program (MATP), which represents an increase of \$13.5 million, as well as a \$3 million in federal funds. Omnibus amendments to the Human Services Code in [HB 1677](#) also require the Department of Human Services to request authority from the federal government to move MATP to a statewide or regional full-risk brokerage model; CCAP is seeking details about how such a transition would be implemented and the impacts to counties.

Mental Health, Intellectual Disabilities, Early Intervention and Autism.

State funds for mental health base increase by approximately \$15 million for FY 2018-2019, offset by a decrease in federal funding of approximately \$4 million.

Intellectual disabilities line items, including base funding and funding for intermediate care facilities are comparable to FY 2017-2018, with the exception of the intellectual disabilities waiver program, which receives an additional \$134 million in combined state and federal funding to expand waiver capacity for almost a thousand individuals.

State funding for behavioral health services is flat at \$57 million, while Early Intervention sees a one percent decrease in combined state and federal funding for a total of \$205 million in FY 2018-2019. Autism services will see a \$3.5 million increase in state funds and almost \$1 million increase in state funds; additionally, the appropriation will allow special education students, beginning in June 2019, to immediately begin receiving services under adult waiver programs upon graduation from high school, rather than having to wait until the following year.

Substance Abuse Treatment and Prevention, The state match provided in FY 2018-2019 for federal block grant dollars is consistent with FY 2017-2018 levels, and there is also a slight increase in federal Substance Abuse Prevention and Treatment Block Grant funding. Intermediate punishment funding is also flat funded at \$18.2 million.

Continued funding for specialized projects including Naloxone for first responders and Vivitrol for county jails is anticipated, although details were not immediately available.

Funding for the Centers of Excellence appears to be included in Behavioral Health Services Initiative line. In addition, the administration anticipates continuation of federal funds for opioid initiatives. Single County Authorities will continue to receive additional federal funding for treatment for the uninsured and underinsured over the next two federal fiscal years, through the federal Substance Abuse and Mental Health Services Administration's (SAMHSA's) Opioid State Targeted Response.

Funding levels for Act 152 services are contained in the outpatient Medical Assistance line item, but the specific allocations out of the line are not yet available. Tobacco prevention and cessation funding levels will be confirmed at a later date.

Judiciary

Courts. The final FY 2018-2019 budget largely provides level funding to counties in this area, and continues to provide \$2 million in grants via the Pennsylvania Commission on Crime and Delinquency to establish or expand drug courts.

Criminal Justice. Funding for adult probation services and intermediate punishment has been provided at the same levels as in FY 2017-2018.

Juvenile Justice. For FY 2018-2019, juvenile probation services will be level funded.

Agriculture and the Environment

Conservation Districts. HB 2121 provides level funding from FY 2018-2019 for conservation districts under both the Departments of Agriculture (\$869,000) and Environmental Protection (\$2.51 million). Conservation districts also receive support from Act 13 of 2012 revenues.

Agriculture. HB 2121 proposed level funding for the State Food Purchase Program at \$19.2 million, while county fairs are proposed at FY 2017-2018 levels of \$4 million.

Penn State Extension. For FY 2018-2019, the Agriculture College Land Scrip Fund, which includes revenues for the Penn State Extension program, included a three percent increase for a total of \$53.9 million in funding.

Spotted Lanternfly. HB 2121 contains a new \$3 million line item for spotted lanternfly control.

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), and thus the impact of HB 2121 on this program is uncertain. HB 2121 also provides a nominal flat funding for black fly control, although funding for West Nile virus prevention programs is increased by about \$139,000 compared to FY 2017-2018.

Elections

HB 2121 offers flat funding for the Statewide Uniform Registry of Electors (SURE), while funding for voter registration and educational efforts sees a nominal decrease.

Community and Economic Development

DCED. HB 2121 calls for level funding for the Center for Local Government Services, and the Municipal Assistance Program, which funds shared service, community planning and flood plain management activities for local governments, also remains level at \$546,000.

Marketing and Training. For FY 2018-2019, the Pennsylvania First program, a program focused on investment and job creation in Pennsylvania, is set to remain at to \$15 million. Meanwhile, funding for marketing to attract tourism experiences an increase of nearly \$5 million for a total

of \$17.9 million compared to FY 2017-2018. Marketing to attract businesses, on the other hand, sees nearly level funding, while funding for the Office of Open Records will increase by \$274,000. Further, Keystone Communities funding will increase to \$14.5 million, while the Partnership for Regional Economic Performance remains level.

Libraries

In the Department of Education, the public library subsidy will remain level funded at \$54.5 million for FY 2018-2019.

Transportation

Specific amounts for roads, bridges, transit systems and other infrastructure for the FY 2018-2019 budget were not immediately available. The appropriation for the maintenance and construction of county bridges, set at \$5 million retained from Act 44, remains.