



GOVERNOR RELEASES FY 2019-2020 BUDGET PROPOSAL – On Tuesday, Feb. 5, Gov. Wolf delivered his fifth budget address, announcing his \$34.1 billion fiscal proposal for FY 2019-2020 before a joint session of the House and Senate.

The proposal represents an increase of about \$927.4 million, or 2.8 percent, over FY 2018-2019. Much of the proposal focuses on a package of policies and funding initiatives – together called the Statewide Workforce, Education and Accountability Program – that would support workforce development through education, job training and other coordinated programs. Although the Governor did not call for any new broad-based tax increases such as a sales or income tax to fund his proposed budget, he did recommend reforms to eliminate the “Delaware loophole” for multi-state corporations and lowering the corporate net income tax rate to 5.99 percent by 2024.

Of particular note for counties, Gov. Wolf proposed \$15 million within the Department of State for grants to counties for new election machines, as the first year of a five-year funding plan that would total \$75 million. This follows last fall’s settlement agreement between the Department of State (DOS) and the Stein presidential campaign that will require replacement of existing voting systems in Pennsylvania with voter-verifiable paper trail equipment by the April 2020 presidential primary. At the same time the agreement was announced, Gov. Wolf’s administration indicated its intention to seek state funding of at least 50 percent of the cost of new systems, which the administration anticipates will be a maximum state outlay of about \$75 million. Seeking full funding for voting systems to reduce the burden on county property taxpayers is the top [priority](#) for counties in 2019.

Otherwise for counties, the governor’s proposal represents generally level funding across line items, particularly in human services. As the process goes forward, one of counties’ top priorities for 2019 is advocacy for [human services funding](#), recognizing that county capacity to meet service needs has been compromised by a steady decrease in funding over more than a decade, at the same time that mandates and service needs continue to increase. CCAP has recently completed an analysis detailing the critical need for additional funding for county human services in the face of the historic and ever-present reality of stagnant – or even declining – state funding. That full analysis can be found on CCAP’s [Budget News page](#).

The proposal includes several positive elements, such as a \$15 million waiting list initiative to move individuals with intellectual disabilities and autism into services. In addition, the governor’s budget plan recommends \$5 million each in new funding for home visiting services and early intervention programs. Gov. Wolf also proposed nearly \$25 million to modernize the statewide radio system to comply with federal requirements, and \$5 million in state funding to address spotted lanternfly, avian flu and other response readiness programs.

While not directly part of the budget proposal itself, Gov. Wolf also unveiled several other policy initiatives in the week leading up to the address, including Restore PA, a \$4.5 billion bond initiative that would provide funding over four years in areas such as expansion of high-speed internet access, flood control structures, storm water infrastructure, manufacturing sites, access to natural gas, blight demolition and rehabilitation, brownfield cleanup, green infrastructure and transportation projects. The Governor is calling for a severance tax to fund the initiative, that would be a flat tax per thousand cubic feet (Mcf) and responsive to natural gas prices. The current impact fee under Act 13 of 2012 would remain unchanged and be unaffected; CCAP supports maintenance of the shale gas impact fee as it is now, with the ability to grow as the industry grows and with the same distribution to impacted local governments as well as the Legacy Fund distributions to all counties and to conservation districts and state agencies.

Ultimately, counties' overarching theme for this year's policy and budget objectives is to emphasize the state-county partnership in service delivery, recognizing that a mutual understanding of that partnership can yield effective and responsible delivery of constituent services. CCAP has assembled a number of budget resources on its [Budget News web page](#), including a spreadsheet with the governor's proposed funding levels for county line items. 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. However, the governor's FY 2019-2020 budget proposal does not include restoration of the FY 2012-2013 cuts to these lines, which impact funding for all 67 counties in these programs.

Child Welfare. The governor's proposed children and youth budget reflects the rebalancing initiative first implemented in FY 2015-2016; that is, the proposed funding for FY 2019-2020 of \$1.7 billion represents the reconciliation of the fourth quarter of FY 2018-2019 expenses, and further rolls forward 12.5 percent of the determined needs for FY 2019-2020 to be paid in FY 2020-2021. The governor's proposal for FY 2019-2020 includes an increase of \$43.6 million in state and federal funds based on the counties' needs-based budgets, with \$29 million being state funds and an anticipated \$10 million increase in federal Title IV-E funds. There is also a \$5 million increase for Community-Based Family Centers, although most other line items relative to child welfare are flat funded.

Homeless Assistance Program. Funding to provide temporary shelter to homeless individuals and rental assistance to those in danger of becoming homeless is proposed to be flat funded in FY 2019-2020, remaining at \$18.5 million for the seventh straight year.

Human Services Development Fund. HSDF is proposed to be funded at \$13.46 million in FY 2019-2020, the same as current year levels, and does not include restoration of the FY 2012-

2013 cut. 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 2019-2020 budget is again split into four areas – home and community-based services, long-term care managed care, long-term care and Community HealthChoices (CHC). The long-term care line item, which includes funding for nursing homes, is decreased by more than 50 percent owing to a transfer of funds to the CHC line item, which would more than double from the current year to \$6.1 billion; it funds the consolidated, capitated long-term services and supports program that will be implemented statewide by Jan. 1, 2020.

Once again, additional funding sources such as the Lottery Fund, Tobacco Settlement, Intergovernmental Transfer (IGT) and nursing home assessment are being utilized to help support the funding levels for long-term care. Due to the flexibility provided in CHC, the IGT is proposed to be increased in FY 2019-2020 by approximately \$5 million to a total of \$67 million, provided the factors that go into calculating the funding mechanism such as Medicare rates do not significantly change. This will allow for much-needed additional funding for county nursing homes. Unfortunately, the proposed FY 2019-2020 budget does not include a nursing home Medicaid rate increase; in the past 11 years nursing homes have only seen minimal Medicaid rate increases despite the increasing cost of providing care.

Medical Assistance Transportation Program. The governor's FY 2019-2020 budget proposes a \$3.8 million increase in state funds to reflect changes in caseload and utilization. Nearly \$2 million additional federal dollars are also included.

Mental Health and Intellectual Disabilities, Early Intervention and Autism

Mental Health. Overall, the proposed FY 2019-2020 budget includes a \$28.3 million increase in state funds for the mental health base, although \$30 million of that line is allocated for one-time costs associated with the American Civil Liberties Union settlement, with another \$4.7 million dollars allocated for staffing to support the Norristown State Hospital for the settlement. Federal funds would increase by \$27.4 million.

Behavioral Health. The state-funded Behavioral Health Initiative allocation remains the same as FY 2018-2019 at \$57 million. The federal amount is also flat funded and will remain at \$1.5 million.

Intellectual disabilities. Community Base funds would realize a one percent decrease in combined state and federal funding in the proposed budget, while the community waiver program would see a 2.7 percent increase in combined state and federal funds. In addition, the Governor's budget for FY 2019-2020 includes a \$15 million initiative to provide home and community-based services for 100 individuals currently on the emergency waiting list to move into the Consolidated Waiver and to move 765 individuals currently on the emergency waiting list into the Community Living Waiver.

Intermediate Care Facilities would receive a seven percent increase in state and federal funding compared to FY 2018-2019.

Early Intervention. Early Intervention funding includes a proposed \$4.8 million increase, along with an additional \$5 million that would leverage another \$1.8 million in federal funds to allow for a three percent service rate increase.

Autism. Funding for autism services would see a proposed decrease in state funds, offset by a slight increase in federal funding for an aggregate \$1 million increase.

Substance Abuse Treatment and Prevention. The governor's FY 2019-2020 proposal continues to prioritize efforts to combat the opioid crisis, and is consistent with the current fiscal year initiatives. The federal Opioid Response grant would be continued at a level consistent with the current fiscal year, and there would be a slight increase in the federal Substance Abuse Treatment and Prevention Block grant.

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 proposed to be level funded. Tobacco prevention and cessation funding is projected to be slightly higher than the current fiscal year, but still less than what was available in FY 2017-2018.

Judiciary

Courts. The governor's budget request generally maintains levels of funding from the enacted FY 2018-2019 budget for judicial line items that impact the counties. The proposal fails to restore the 33 percent decrease for court cost reimbursement that occurred in the FY 2016-2017 budget, keeping funding at the current year level for the fourth 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 under the governor's proposal.

Criminal Justice. Funding for adult probation services and intermediate punishment is proposed at the same level as in FY 2019-2020. 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 and the reimbursement is gradually catching up.

Juvenile Justice. Funding levels for juvenile detention and delinquency alternative programs are unavailable at press time; the Department of Human Services will provide a breakdown of the specific funding levels within the next few weeks. While deinstitutionalization efforts continue, programs are experiencing increasingly dense populations of high-risk youth, requiring specialized services and increased supervision which drive 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. The governor has proposed level funding for conservation districts, maintaining \$3.375 million in total General Fund dollars from the departments of Agriculture and Environmental Protection. However, the funds contributed by the Department of Environmental Protection would no longer be provided by the General Fund, but by the Environmental Stewardship Fund. Conservation districts are also set to receive more than \$7.5 million annually under Act 13 of 2012.

Agriculture. The governor's proposal would combine prior funding for avian flu preparedness, spotted lanternfly control and rapid response readiness into a single line for agricultural preparedness and response, to be funded at \$5 million for FY 2019-2020. Further, the governor proposes level funding for the State Food Purchase Program at \$19.7 million, and for county fairs at \$4 million. The State Farmland Preservation Board will be meeting in mid-February to set the 2019 state funding threshold for farmland preservation, which was previously set at a certified threshold of \$37 million for the 2018 calendar year.

Penn State Extension. The Agriculture College Land Scrip Fund, which includes revenues for the Penn State Extension program, is proposed to maintain funding at \$53.8 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); \$3.2 million would be designated to support the statewide radio upgrade, with a \$3.5 million increase proposed to support all current programs within this line item. Black fly control and West Nile virus remain level funded under the governor's plan.

In addition, about \$80 million in funding for environmental programs under the departments of Environmental Protection and Conservation and Natural Resources would be shifted from the state's General Fund to other sources including the Environmental Stewardship Fund, Recycling Fund, Keystone Fund and Oil and Gas Lease Fund.

Elections

The governor's proposal increases funding for the Statewide Uniform Registry of Electors (SURE) by \$3.2 million to \$7.3 million, while funding for voter registration and educational efforts also increases slightly. As noted above, the governor has also proposed \$15 million in new funding as the first year of a five-year plan to provide grants to counties for new voting systems.

Community and Economic Development

DCED. The governor's budget proposal calls for a nominal increase in funding for the Center for Local Government Services to \$4.2 million. In addition, the Municipal Assistance Program, which funds shared services, community planning and flood plain management activities for local governments, is set to be level funded at \$546,000.

Marketing and Training. The Pennsylvania First program, focused on investment and job creation in Pennsylvania, is proposed to receive a \$17 million increase to \$32 million for FY 2019-2020, with that increase earmarked to support Team PA job growth, retention and creation projects as well as funding to facilitate increased economic investment and job creation. Further, Gov. Wolf has announced his intention to sign an executive order creating the Keystone Economic Development and Workforce Command Center, comprised of the departments of Community and Economic Development, Labor and Industry, State and others, who will partner with external leaders to find solutions that will strengthen Pennsylvania's workforce.

Funding for marketing to attract businesses and tourism would be combined and shifted to a Tourism Promotion restricted account for marketing expansion. The Office of Open Records would receive a nominal increase to a total of \$3.25 million. The Keystone Communities program, designed to encourage the creation of partnerships between the public and private sectors in communities, would see another significant decrease (\$10 million) for FY 2019-2020, which would bring the program to just \$6 million in funding for FY 2019-2020.

Libraries

In the Department of Education, the public library subsidy is proposed to be flat funded at \$54.5 million.

Transportation

The FY 2019-2020 budget reflects the seventh year of funding for roads, bridges, transit systems and other infrastructure under Act 89 of 2013, including a \$6.5 million increase for public transportation assistance.