



GOVERNOR RELEASES FY 2020-2021 BUDGET PROPOSAL – On Tuesday, Feb. 4, Gov. Wolf delivered his sixth budget address, announcing his \$36 billion fiscal proposal for FY 2020-2021 before a joint session of the House and Senate.

The proposal represents an increase of about of \$1.46 billion, or 4.2%, over FY 2019-2020. Much of the proposal focuses on a range of policies and funding initiatives that Gov. Wolf has raised during his time in office, with education being the largest recipient of the proposed funding increases. Gov. Wolf also called for a renewed look at his Restore PA initiative, originally proposed in 2019, which would levy a severance tax to provide funding to build workforce, increase safety, and focus on vulnerable populations and environmental protection, as well as restoration, job creation activities and infrastructure development. The current impact fee under Act 13 of 2012 would remain unchanged and be unaffected.

Although Gov. Wolf did not call for any new broad-based tax increases, such as a sales or income tax to fund his proposed budget, the Wolf Administration is estimating a 4.5% increase in revenue growth and transfers from other state funds to generate the approximately \$1.6 billion needed to fund the proposal.

Of particular note for counties, Gov. Wolf proposed a \$2.5 million increase for county administration of the early intervention program. Wolf also proposed increases for county children and youth services, child care services and family centers, although these increases are largely proposed to be directed to increase the minimum wage to \$12 an hour for these positions, consistent with his call for a statewide increase in the minimum wage. Gov. Wolf proposed an additional \$795,000 was included in the proposed Department of State budget, though the details are still unclear.

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 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. To that end, just hours before the governor's address, Bradford County commissioner Ed Bustin and Montgomery County commissioner Val Arkoosh testified in a House Human Services hearing to advocate for the critical need to increase mental health base funding to ensure that counties can provide services that are essential to their communities. However, Gov. Wolf's budget proposal did not include any new funds for the mental health base line item. Furthermore, adult probation services would remain level funded. Increasing funding for [adult probation](#) is another CCAP priority for 2020. More information on the priorities and testimony can be found on CCAP's [Priorities page](#).

The proposal includes several positive elements, such as a \$8.1 million in new funding that would provide services to seniors on the waiting list for the OPTIONS in-home program. In addition, the governor's budget plan recommends \$2.4 million for evidence-based and evidence-informed home visiting that will support at-risk families, \$1 million to the Pennsylvania Agricultural Surplus System to address food insecurity and a renewed call to address pipeline safety. Gov. Wolf also proposed \$15 million to assist people living with intellectual disabilities moving from the waitlist into the Community Living Waiver that would enable them to remain at home or in local group homes.

Ultimately, counties' overarching theme for this year's policy and budget objectives is achieve a long overdue increase in the mental health community base funding. CCAP 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. Without an 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](#), 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 2020-2021 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 2020-2021 of \$1.7 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 governor's proposal for FY 2020-2021 includes an increase of \$41 million in state and federal funds based on the counties' needs-based budgets, with \$2 million being state funds, targeted towards an increase in minimum wage to \$12 per hour, and an anticipated \$39 million increase in federal Title IV-E funds. There is also a \$35 million increase for child care centers, exclusively in federal dollars, although other line items relative to child welfare were 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 2020-2021, remaining at \$18.5 million for the eighth straight year.

Human Services Development Fund. HSDF is proposed to be funded at \$13.46 million in FY 2020-2021, the same as FY 2019-2020, 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 2020-2021 budget reflects the ongoing move to statewide implementation of Community HealthChoices (CHC). In particular, this means the merger of several Medical Assistance lines related to home and community-based services, attendant care, PENNCARE and services to persons with disabilities.

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 2020-2021 by approximately \$25 million to a total of \$87 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. This represents the fourth straight year where the IGT has provided an increase in funds incorporate in Access to Care Payments for county nursing facilities. Community Health Choices contains a three-year rate floor beginning in the first year of entry into managed care. For future years, efforts to secure stable rates may need to be part of the IGT.

Medical Assistance Transportation Program. The governor's FY 2020-2021 budget proposes generally flat state funding for MATP, with a \$6 million decrease in federal funds.

Mental Health. The budget includes a \$45.2 million increase in state funds for Mental Health Base, much of which will be used to replace lost federal revenue and does not reflect any new or expanded funding for these services, which would leave this line essentially flat funded. This line item also allocates the funds needed to carry current programming forward and includes \$1.2 million to provide home and community-based services for 20 individuals currently residing in state hospitals.

Intellectual Disabilities. Intermediate Care Facilities funding would be relatively level in the governor's FY 2020-2021 spending plan. Community Base funding would include \$4 million to assist counties with risk management activities, while Intellectual Disability Waiver funding is proposed to increase by \$15 million to provide 100 individuals on the emergency waiting list services in the Consolidated Waiver and 732 individuals on the emergency waiting list service in the Community Living Waiver.

Early Intervention. Early Intervention would receive an almost 17% increase in combined state and federal funds, which includes \$2.5 million in state-only funds to provide a 3% increase in county administration.

Autism. Funding for autism services would see an almost \$10 million decrease in combined state and federal funds, as an increasing number of individuals are now eligible for the Office of Developmental Programs Consolidated and Community Living Waivers.

Substance Abuse Treatment and Prevention. The governor's FY 2020-2021 proposal continues to prioritize efforts to combat the opioid crisis. An announcement is anticipated that some flexibility to address other substances will be granted in the use of federal State Opioid Response (SOR) grant. All other funding is consistent with the current fiscal year initiatives.

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 lower than the current fiscal year.

At the time this analysis was completed, it was unclear whether the statewide naloxone distribution funded through the Pennsylvania Commission on Crime and Delinquency is proposed to continue in FY 2020-2021.

Judiciary

Courts. The governor's budget request generally maintains levels of funding from the enacted FY 2019-2020 budget for judicial line items that impact the counties. The proposal 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 fifth 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.

Juvenile Justice. Funding levels for juvenile justice services are unavailable at press time; while the Governor's proposed budget includes a 3.45% increase for the Juvenile Court Judges' Commission, Juvenile Probation Services are flat funded. Juvenile Services are funded through the Needs Based budget and Department of Human Services will provide a breakdown of the specific funding levels within the next few weeks. 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. The governor has proposed level funding for conservation districts, maintaining \$3.357 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 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 \$4 million for FY 2020-2021. Further, the governor proposes level funding for the State Food Purchase Program at \$18.2 million, and for county fairs at \$4 million. The State Farmland Preservation Board will be meeting in mid-February to set the 2020 state funding threshold for farmland preservation, which was previously set at a certified threshold of \$38 million for the 2019 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 \$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 is slated for an increase under the Wolf budget to \$38.35 million, an increase of \$12.6 million. Black fly control and West Nile virus remain level funded under the governor's plan.

Elections

The governor's proposal increases funding for the Statewide Uniform Registry of Electors (SURE) by about \$2.4 million, although about \$1.8 million of that is intended to offset the loss of federal funds used for the maintenance of the system. Funding for voter registration would also increase nominally. At the same time, the FY 2020-2021 proposal includes \$795,000 in the Department of State's general operating line for an elections modernization implementation initiative, although details were not immediately available.

Under Act 77 of 2019, the Pennsylvania Economic Development Financing Authority (PEDFA) is also authorized to issue a \$90 million bond to reimburse counties for 60% of the cost of the purchase of 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 \$4.3 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 \$20 million decrease to \$12 million for FY 2020-2021. Further, Gov. Wolf's FY 2020-2021 budget seeks to implement several programs that were identified by the Keystone Economic Development and Workforce Command Center, including funds to address barriers to employment, provide a minimum wage increase, training and other initiatives.

Funding for marketing to attract tourism is proposed to see a decrease of \$13 million while marketing to attract businesses will remain flat funded at \$2 million. The Office of Open Records would receive a nominal increase to a total of \$3.4 million. The Keystone Communities program, designed to encourage the creation of partnerships between the public and private sectors in communities, is proposed to see another significant decrease (\$10 million) for FY 2020-2021, which would bring the program to just \$6 million in funding for FY 2020-2021.

Libraries

In the Department of Education, the public library improvement subsidy is proposed to remain level funded at \$59.5 million for FY 2020-2021.

Transportation

The FY 2020-2021 budget reflects the seventh year of funding for roads, bridges, transit systems and other infrastructure under Act 89 of 2013.