



HOUSE BILL 218 IMPACTS ON COUNTIES – On Tuesday, April 4, the House approved House Bill 218, a commonwealth budget proposal for FY 2017-2018, by a 114-84 vote.

From the county perspective, the budget proposal in HB 218 is a mixed bag. In many cases, HB 218 provides generally level funding across line items, particularly in human services. While this reflects the current budget environment and is consistent with the Governor’s proposal, it is important to note that caseloads continue to increase while counties have dealt with more than a decade of stagnant funding and cuts. Funding in these areas must remain at least at current year levels.

That said, counties would also experience significant and devastating cuts to key line items, highlighted by sweeping cuts amounting to millions of dollars in funding for criminal justice, human services, and administrative programs that counties perform on the Commonwealth’s behalf. Counties call on the commonwealth to meet its responsibility to its service delivery partners and its citizens most in need, seeking, at a minimum, restoration of the lines cut in the House proposal.

However, restoration of these cuts cannot come at the expense of other important programs counties provide to their residents, as detailed below. The eliminated funds and funding reductions do not come with relief from any mandates – so although the proposal has been touted as a “no tax increase” budget, in reality, the lack of adequate funding from the Commonwealth will place additional pressures on other areas of county budgets. This means local tax increases as counties will be forced to continue providing these services on county property tax dollars.

Below are detailed the implications of specific funding areas for counties and urge your consideration of our position on each. CCAP has also assembled a number of budget resources on its [Budget News and Updates web page](#), including several resources outlining the cuts in HB 218 and their impact on counties and those we serve.

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. However, HB 218 fails to include restoration of the 10 percent cut to these lines that occurred in FY 2012-2013 (which has not been restored since), and in fact proposes further cuts to several of these lines as noted below, which impact funding for all 67 counties in these programs.

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 218 proposes to cut this line by \$2.8 million (15 percent) from FY 2016-2017 to total \$15.7 million.

Human Services Development Fund. HSDF, another line that is incorporated into the Human Services Block Grant, is proposed to be funded at \$11.44 million under HB 218, a decrease of \$2 million (15 percent) from FY 2016-2017. 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. As in previous years, the long-term care appropriation in the budget is split into three areas – home and community-based services, long-term care managed care, and long-term care which includes funding for nursing homes. 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, neither the Governor's budget proposal nor HB 218 anticipates a Medicaid rate increase for nursing homes, yet after experiencing flat funding the past two years and with costs continuing to rise, a rate increase is much needed. In FY 2017-2018, additional relief for county nursing homes will continue to be provided through the Intergovernmental Transfer (IGT), and the cost of the county share is set to expire with the implementation of Community HealthChoices in January 2018.

In addition for nursing homes, the projected long-term care state funding for FY 2017-2018 in HB 218 is not significantly different than the governor's proposal, and overall represents a nominal increase in funding for long-term care. Much of the increase in long-term care funding, however, is allocated for the implementation of Community HealthChoices, Pennsylvania's Long-Term Care Managed Care Program.

Medical Assistance Transportation Program. The House FY 2017-2018 budget proposes \$61.5 million for the Medical Assistance Transportation Program, identical to the governor's proposed budget for the fiscal year. This total represents a decrease in state funds of \$2.4 million, offset by a slight increase in federal match funds, for a net decrease of about \$1.1 million. CCAP and its affiliates will continue to monitor the program and the feedback from counties to assure the funding allocation is adequate to cover program costs.

Mental Health and Intellectual Disabilities, Early Intervention and Autism. When compared to the Governor's proposed FY 2017-18 budget HB 218 contains a \$5 million (one percent) reduction for mental health services (base), and this decrease in the allocation to this budget line means an overall \$19.6 million dollar decrease in state funds from the current enacted FY 2016-17 budget. This cut will jeopardize available CHIPPs (budget mechanism through which DHS serves individuals leaving the hospital and transitioning into the community) funding which could impact the closure of the Norristown civil unit, with related impact on the ACLU forensic lawsuit.

HB 218 also contains a reduction of \$4 million to county behavioral health funding when compared to the Governor's proposal. This change would eliminate the amount that was included by the Governor for treatment costs for 1,200 non-Medical Assistance eligible clients who are newly able to receive the substance use disorder treatment through the Centers of Excellence.

HB 218 mirrors the Governor's proposal with respect to intellectual disabilities. Community base funding for intellectual disabilities remains essentially the same with about a one percent increase over enacted FY 2016-2017 levels (state and federal combined). The appropriation allows for the continuation of current services and expansion of Targeted Case Management State Plan Services for 455 individuals currently on the waiting list. In addition, the Community Waiver Program for intellectual disabilities is proposed to receive an 18 percent increase, including almost \$110 million to cover increased utilization and costs, approximately \$55 million for rate increases from the renewal of the waiver program, a little more than \$8.5 million to provide home and community based services for 820 students graduating from special education programs across the state and approximately \$15 million to create a new program for family caregivers designed to ensure that 1,000 individuals currently on the waiting list can continue to live at home.

The Early Intervention Program (birth to age 3) would see a four percent increase over the current enacted FY 2016-17 budget. This initiative provides services and supports to children with developmental delays and their families.

Finally, the Bureau of Autism Services would see funding increased by 14 percent, which would include funding to continue the current program and to annualize previous initiatives, as well as \$800,000 to expand Targeted Services Management State Plan Services to 1,545 individuals on the waiting list and \$600,000 to provide home and community based services for 50 additional adults.

Substance Abuse Treatment and Prevention. In HB 218, the state match for the Block Grant is consistent with the current year and the proposal also reflects a slight increase in federal Substance Abuse Prevention and Treatment Block Grant funding. While \$5 million was added in HB 218 for emergency addiction treatment, it is unknown how the funds are to be used; at the same time, the total elimination of Intermediate Punishment funding will take scarce resources away from efforts to combat the opioid epidemic.

Although the governor's proposal included \$10 million in new funding to provide Naloxone to first responders and schools through the Pennsylvania Commission on Crime and Delinquency (PCCD), this is eliminated in HB 218. In addition, although the governor proposed an additional \$3.4 million be made available through PCCD for the expansion of drug courts, HB 218 moves this funding to a separate line and reduces it \$3 million.

Funding for the Centers of Excellence will undoubtedly be impacted by the reduction in the Behavioral Health Services Initiative line from the level proposed by the governor. The administration anticipates \$47 million in federal funds for treatment for the uninsured and underinsured through the federal Substance Abuse and Mental Health Services Administration's (SAMHSA) Opioid State Targeted Response. Further details are being sought on an additional \$1 million in federal funding for access to medication-assisted treatment.

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. Tobacco prevention and cessation funding is projected to be slightly higher than the current year.

Children and Youth. HB 218 reflects the rebalancing initiative implemented in FY 2015-2016; that is, the proposed funding for FY 2017-2018 of \$1.62 billion is representative of the reconciliation of the fourth quarter of FY 2016-2017 expenses, and further rolls forward 12.5 percent of the determined needs for FY 2017-2018 to be paid in FY 2018-2019. Of particular note, this is also the first year in which the change to a cash system from an accrual system takes effect.

The House proposal for FY 2017-2018 includes an increase of \$57.4 million based on the counties' needs based budgets as well as an additional \$10.6 million to continue current programming. However, while the proposal purports to increase the child welfare budget by nearly \$68 million, it is offset by a recapture of underspent funds from FY 2016-2017 in the amount of close to \$24 million, so the net result is an increase of \$44.3 million, or about three percent, for children and youth.

In addition, the budget proposal for Family Centers includes a \$12 million initiative for home visiting for at-risk infants and toddlers, more than doubling the current year budget, as well as a nearly \$40 million increase for child care centers.

Judiciary

Courts. HB 218 significantly decreases, and in many cases outright eliminates, state funding that supports the county court systems. The proposal fails to address the 33 percent decrease for court cost reimbursement that was in the FY 2016-2017 budget, and beyond that, actually cuts the line by another \$3.5 million (15 percent). That cut comes in conjunction with cuts to juror cost reimbursements and the elimination of senior judge support grants and court interpreter county grants (which provides funding to counties to meet mandates for assuring access to those with limited English proficiency). Despite the Pennsylvania Supreme Court's rulings on several occasions that a unified judiciary and uniform justice is not supported by relying on the varying capacities of 67 different counties, HB 218 forces a greater reliance on counties' ability to provide local revenue and steps further away from the goal of a unified and equal system of justice across the state.

Criminal Justice. Funding for adult probation services in HB 218 has been completely eliminated; zeroing out this line, which supports community supervision options, will severely challenge ongoing efforts by counties to make smart decisions about the use of jail. Also eliminated is

funding for intermediate punishment programs, removing alternatives that yield the best chance of offenders productively changing behaviors and resulting in jail time for non-violent offenders, and thus increased correctional costs at the county level.

Juvenile Justice. Funding for juvenile probation services have also been zeroed out in HB 218, despite the statutory duty in 42 Pa. C.S. 6274 to make annual grants, putting training funds for county probation staff in jeopardy. More juveniles will be placed in the criminal justice system if there are not enough staff to support probation options, even though out-of-home placements are scientifically proven to be harmful in the long run and are often the precursor for a lifetime of touches with the criminal justice system.

Agriculture and the Environment.

Conservation Districts. HB 218 cuts a little more than \$500,000 (15 percent) from funding for conservation districts across the departments of Agriculture and Environmental Protection. While conservation districts are also supported by revenues under Act 13 of 2012, this decrease in General Fund support comes at a time when demands on the districts, for instance in partnering with the state to improve water quality and meet mandates under the federal Chesapeake Bay Program, continue to increase.

Agriculture. HB 218 proposed level funding for the State Food Purchase Program at \$19.2 million, while county fairs are proposed at current year levels of \$4 million.

Penn State Extension. The Agriculture College Land Scrip Fund, which includes revenues for the Penn State Extension program, is proposed to maintain funding at \$51.8 million, following a modest increase in state appropriations for the current fiscal year.

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 218 on this program is uncertain. HB 218 provides some additional increases for black fly control beyond those proposed by the governor; however, the nominal increase for West Nile virus prevention programs under the Governor's plan becomes a small cut to the line in HB 218.

Elections

HB 218 proposes a five percent decrease from the current fiscal year for the Statewide Uniform Registry of Electors (SURE), the system that supports centralized voter registration and election management and election functions in each county, despite the loss of federal dollars for the same purpose. A loss of funding in this line would also impact printing of poll books done by counties. Further, funding for voter registration and educational efforts is proposed to be cut by 25 percent from FY 2016-2017 levels.

Community and Economic Development.

DCED. HB 218 calls for a decrease of \$277,000 from the current fiscal year and \$162,000 from the governor's budget proposal for the Center for Local Government Services, totaling \$3.98

million. In addition, the Municipal Assistance Program, which funds shared service, community planning and flood plain management activities for local governments, experiences a proposed funding level of \$546,000, which is \$96,000 less than the governor's proposed and current fiscal year allocations.

Marketing and Training. HB 218 eliminates the Pennsylvania First program (\$20 million), a program focused on investment and job creation in Pennsylvania. Meanwhile, funding for tourism experienced a significant cut of \$8.9 million compared to FY 2016-2017 spending levels and \$7.6 million from the governor's proposed budget, totaling roughly \$2.5 million. Marketing to attract businesses saw a decrease of \$304,000 as well, while the Office of Open Records would see a nominal increase over the current fiscal year. Other areas such as Keystone Communities experience identical decreases in both HB 218 and the governor's budget proposal and the Partnership for Regional Economic Performance would experience a decrease of nearly \$6 million compared to FY 2016-2017 and nearly \$4 million from the governor's proposal.