

LEGISLATIVE BULLETIN

COUNTY COMMISSIONERS ASSOCIATION OF PENNSYLVANIA THE VOICE OF PENNSYLVANIA COUNTIES

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BUDGET SEASON BEGINS; COUNTIES CALL FOR MENTAL HEALTH FUNDING

The legislature is set to return to Harrisburg on Monday, June 2, marking the start of budget season. Lawmakers will convene throughout the month until the June 30 deadline to finalize the Fiscal Year 2025-2026 state budget. With the General Assembly back in session, counties remain at the forefront of advocacy efforts, emphasizing the need for sustainable investments in critical services

The Governor's \$51.8 billion **budget proposal** will serve as the foundation for negotiations in the weeks ahead. Both chambers have introduced budget legislation- **House Bill 1332** and **Senate Bill 291**. The House has taken early action, advancing HB 1332 out of the Appropriations Committee on May 7, where it now awaits consideration by the full chamber. The Senate's proposal is currently pending in the Senate Appropriations Committee.

Counties' top **priority** in the FY 2025-2026 state budget is a meaningful and sustainable increase in funding for community-based mental health services. Counties are the boots on the ground in administering mental health programs, and while state base funding has enabled them to provide vital services, the funding has remained stagnant even as demand has risen sharply. Without a long-term investment from the commonwealth, residents will continue to face delays and barriers in accessing care, and pressure will mount on more costly systems such as hospitals, law enforcement, and corrections.

To address this urgent need, counties are seeking a \$100 million increase in base funding specifically dedicated to county-delivered mental health services- separate from other mental health investments such as school-based services. This investment would mark a critical step in rebuilding Pennsylvania's community mental health system and alleviating strain on system partners including jails, emergency rooms, and schools.

With this \$100 million investment, counties would be able to:

- Expand programs for justice-involved individuals, helping to divert them from incarceration and into treatment;
- Increase access to early intervention and prevention services for children and adolescents;
- Rebuild essential infrastructure such as walk-in crisis centers and certified peer specialist programs;
- Strengthen supportive housing services that promote recovery and independence;
- Enhance crisis response and emergency services to address growing demand;
- Address the ongoing workforce crisis by improving recruitment and retention of skilled mental health professionals.

Counties stand ready to partner with the General Assembly and the Administration to ensure that Pennsylvania has timely, local access to the mental health services they need. A \$100 million investment is not just a funding request- it is a necessary commitment to rebuilding a system that supports communities across the commonwealth.

CCAP will continue to post information related to the state budget on the CCAP Budget News [webpage](#).

U.S. HOUSE PASSES RECONCILIATION BILL

On May 22, the U.S. House of Representatives narrowly passed its version of reconciliation legislation, the ***One Big Beautiful Bill Act*** (H.R. 1), by a vote of 215-214. The bill incorporates several priorities of the 119th Congress and the White House, including provisions related to health care, social safety new programs, immigration, and extensions of the 2017 Tax Cuts and Jobs Act. This legislation now advances to the U.S. Senate, where significant changes are expected.

Counties continue to advocate for the inclusion of county priorities in the final reconciliation package. Positive provisions in the current House version include:

- Preservation of tax-exempt municipal bonds, safeguarding counties ability to finance infrastructure projects without added tax burden;
- \$1.6 billion in funding for state and local preparations for the 2026 FIFA World Cup in Philadelphia and 2028 Summer Olympics, administered through FEMA's State Homeland Security Grant Administration;
- Integration of \$13 billion from the Inflation Reduction Act into the Farm Bill baseline to expand U.S. Department of Agriculture conservation programs.

However, several elements of the bill that counties should continue to monitor, particularly regarding the potential impact on human services:

- New Medicaid work requirements for able-bodied adults, along with the elimination of federal authority to waive those requirements in future administrations;
- Introduction of new out-of-pocket costs for low-income Medicaid enrollees. While mental health and substance use disorder services are excluded from these cost-sharing requirements for the Medicaid expansion population, the proposal still poses barriers to care;
- Increases the state county Supplemental Nutrition Assistance Program (SNAP) administrative cost share from 50 to 70 percent, which imposes a new benefit cost share for states and expands work requirements for certain program recipients.

As the Senate takes up the legislation, CCAP will continue to closely monitor developments and provide timely updates on any changes and their implications for counties.

FEDERAL CYBERSECURITY GRANT PROGRAM UNDER REVIEW

The U.S. House Subcommittee on Cybersecurity and Infrastructure Protection held a [hearing](#) to assess the effectiveness of the State and Local Cybersecurity Grant Program (SLCGP) and consider its reauthorization. Established under the Infrastructure Investment and Jobs Act signed into law by President Biden in 2021, the SLCGP provides \$1 billion

over four years to help state and local governments strengthen their cybersecurity posture.

Since its inception, the program has delivered more than \$60 million in federal funding to the commonwealth. Under program guidelines, states are required to allocate at least 80 percent of their SLCGP funding to local governments. This program has served as a key catalyst in enhancing capacity, awareness and collaboration at the local level.

However, the program is set to expire on September 30, 2025, when the funding authorized by the Bipartisan Infrastructure Law concludes. As the program enters its final year, counties urge Congress to fully fund the SLCGP in the Fiscal Year 2025 appropriation process. Continued investment is essential to ensuring counties can sustain and advance their cybersecurity infrastructure in the face of evolving threats.

IFO RELEASES INITIAL REVENUE ESTIMATE FOR FY 2025-26

On May 20, the Independent Fiscal Office (IFO) released its **initial revenue estimates** for FY 2025-2026 and its updated revenue estimate for the remainder of FY 2024-2025.

The IFO has revised its General Fund revenue estimates for FY 2025-2025 to \$46.15 billion, which is 1.5% above the official estimate issued in June 2024. The upward revision is primarily driven by stronger-than-expected personal income tax (PIT) collections, particularly, non-withholding payments, which are 2.9% above projections- likely due to higher-than-anticipated capital gain incomes. Gross receipts tax collections are also outperforming expectations by 3.8% along with sales and use tax revenues with a modest increase of 0.2%. However, corporate net income tax collections are expected to fall short by 4.7% due in part to ongoing uncertainty surrounding federal tariffs and tax policy. Looking ahead, the IFO's initial revenue estimates for FY 2025-2026 is \$47.06 billion, representing a \$914 million (+2.0%) increase over the revised FY 2024-2025 figure.

NACo WEBINAR SERIES- INSIDE WASHINGTON

Building off NACo's First 100 Days webinar series, our biweekly Inside Washington series provides timely updates and analysis on key developments from the White House and Congress. Each session focuses on policies and actions that directly impact counties- from federal funding and regulatory changes to intergovernmental partnerships. The series will air every other Thursday at 3:30 PM ET, with the next session to be held on June 12, 2025. **Sign up once** and use the same link to join every session – no repeated registrations needed.

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