



GOVERNOR RELEASES FY 2022-2023 BUDGET PROPOSAL – On Tuesday, February 8, Gov. Wolf delivered his eighth and final budget address, announcing his \$43.7 billion fiscal proposal for FY 2022-2023 in a joint session of the House and Senate.

The proposal represents an increase of approximately \$5.1 billion, or 13%, over the FY 2021-2022 enacted plan of \$38.6 billion. Much of the proposal continues to prioritize a range of policies and initiatives that Gov. Wolf has raised during his time in office under a theme of supporting vulnerable Pennsylvanians. At the top of the list are funding for pre-K through higher education, workforce development and jobs training, supporting workers with child care assistance and another request to increase the state's minimum wage to \$12 per hour in 2022 and then gradually to \$15 per hour by 2028. Additionally, Gov. Wolf also called for investments in businesses, criminal justice reforms and additional investments. Notably, the proposal includes a \$36.6 million investment in mental health community base funds, an investment counties greatly appreciate as it tracks with their top priority for 2022 and a long-time funding goal for [increased funding to support the crumbling mental health system](#). This investment will go a long way in assuring that counties can appropriately meet increasing mental health needs in their communities.

With the current surplus in state revenue, Gov. Wolf's budget did not call for a tax increase to coincide with increased spending. While Gov. Wolf recently announced his proposal for spending some of the state's remaining American Rescue Plan Act funds, the Governor's budget proposal also avoided use of these funds to balance the state's expenses.

Overall for counties, the Governor's proposal gives some hope that counties could receive long-needed increases to some critical human services line items, but provides level funding across many other line items. However, working with counties to assure the funds can be used for their greatest needs will be essential to a successful FY 2022-2023 budget. It will be vital to monitor the state's commitment to fortifying these programs and services with appropriate and sustainable funding in light of increased need for human services in our communities coupled with sector-wide staffing shortages.

This is the first of several steps in the commonwealth's annual budget proceedings. As the process goes forward, counties will continue to advocate for the proposed [increased funding to support the crumbling mental health system](#) as for its top priority for 2022, 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. CCAP emphasizes the critical importance of the state-county partnership in addressing underfunding, system needs and service delivery, recognizing that a mutual understanding of that partnership can yield effective and responsible delivery of constituent services. Without this type of substantial increase as the Governor proposed for mental health services, counties will be hard-

pressed to continue stretching dollars to meet local needs and uphold the necessary safety net, despite their own investments at the local level.

Furthermore, there are a number of initiatives proposed to alleviate current workforce shortages and bolster Pennsylvania's economy. Although the initiatives are not directly aimed at addressing the [county human services workforce crisis](#), another County Government Priority for 2022, they offer increased support for overall workforce development programs and solutions. Finally, the child welfare budget for FY 2022-2023 includes an increase of \$181 million from the enacted FY 2021-2022 budget and counties are eager to work with the administration and General Assembly to assure those funds can be used in the areas of greatest need with respect to another county priority, [appropriate funding and reform for the children and youth system](#).

Counties will look forward to advancing discussions with the Governor and General Assembly to more specifically address their unique and critical workforce challenges. More information on the priorities can be found on CCAP's [Priorities page](#). CCAP has assembled a number of budget resources on its [Budget News web page](#) and highlights specific lines of interest for counties to follow.

Human Services

Human Services Block Grant. With the passage of Act 153 in November 2016, counties achieved the expansion of the Human Services Block Grant (HSBG) 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. There are currently 44 counties participating in the block grant program and funding continues to be provided from individual appropriations. Additionally, as noted, the Governor's FY 2022-2023 budget proposes a \$36.6 million increase to Mental Health Community Base Funded Services (MH), described below. The Behavioral Health Services Initiative (BHSI), Homeless Assistance Program (HAP), and Human Services Development Fund (HSDF) all remain level funded for FY 2022-2023.

Child Welfare. The Governor's proposed children and youth budget continues the rebalancing initiative first implemented in FY 2015-2016. The proposed funding for FY 2022-2023 of \$2 billion is representative of the reconciliation of the fourth quarter FY 2021-2022 expenses, and further rolls forward at least 12.5% of the determined needs for FY 2022-2023 to be paid in FY 2023-2024. The child welfare budget for FY 2022-2023 includes an increase of \$181 million from the enacted FY 2021-2022 budget, representing a \$149 million increase for Needs Based Budgets, \$14 million to continue current programs, \$13 million to replace federal COVID funds, and \$2 million for an increase to the minimum wage. Additionally, there is a \$23 million increase in Federal IV-E funds.

The Governor's budget proposes a significant increase in funding for Community Based Family Centers, with a proposed additional \$15 million in state funding and an additional \$8 million in federal funds for this line, which would result in the ability to serve an additional 3,800 families. An additional \$158 million in child care funding for Community Development Block Grants was

proposed, which offer subsidized childcare for low-income families. The proposed budget includes \$300,000 to create regional crisis response positions for Office of Children Youth and Families to assist when there is a crisis situation in a region or a county needs a higher level of support than normal. Lastly, this includes a proposed addition of \$1.8 million to expand the Court Appointed Special Advocate program.

The implementation of the Family First Act during this budget cycle will inject additional uncertainty to the budgeting process, as there have been conflicting projections from the Independent Fiscal Office and Department of Human Services (DHS) as to what the anticipated losses will be and Pennsylvania will likely struggle for many years to access the federal dollars tied to prevention programs.

Homeless Assistance Program. Funding to provide temporary shelter to homeless individuals and rental assistance to those in danger of becoming homeless continues to be level funded in FY 2022-2023, proposed to remain at \$18.5 million for the tenth straight year.

Human Services Development Fund. HSDF is proposed to be funded at \$13.5 million in FY 2022-2023, the same as FY 2021-2022. 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 FY 2022-2023 proposed budget includes a \$91.2 million state increase (\$190.1 million in total funds) to Medical Assistance rates for skilled nursing facility providers, beginning in January 2023. This increase will allow facilities to begin hiring staff necessary to implement the proposed increased staffing ratios, specifically the increase in the minimum number of direct resident care hours from 2.7 to 4.1. The proposed increased funding to nursing homes is welcomed and encouraged, as it is long overdue. However, while the increase will provide resources to address many issues long-term care facilities face, the proposed increase will address only half of the problem. While the proposed increase in the Governor's budget will provide resources that will allow long-term care facilities to hire new staff to meet the proposed increase to 4.1 hours of direct care to residents, it fails to address the creation of additional health care staff needed for long-term care facilities to meet this proposed regulation.

As it stands, the commonwealth does not have enough actively participating licensed health care providers to meet the proposed 4.1 direct care hours regulation. Additional funds will need to be directed to develop a health care workforce to meet the proposed regulations. Again, the Governor's proposed increase is welcomed and appreciated, but more directed funds to workforce development are needed to fully realize the benefits of the Governor's proposed increase for long-term care facilities.

Medical Assistance Transportation Program. The Governor's FY 2022-2023 budget proposes a \$5.6 million increase for MATP to reflect changes in caseloads and utilization and to replace one-time federal funding received in FY 2021-2022.

Mental Health. The Governor's FY 2022-2023 proposal includes a 12% increase in state funding for mental health. The proposed budget includes a \$36.6 million increase in county mental health base funds to support efforts to provide critical behavioral health services. COVID-19 has shed a light on behavioral health challenges, as more people struggle with mental health and substance use disorders. It is critical that behavioral health services are available to individuals in need of care. The proposed budget invests \$75 million in federal funds for recruitment and retention payments to qualifying home and community-based service providers, investments are also being made in training certified peer specialists, trauma treatment modalities, telehealth and crisis response.

The proposal also includes a \$1.25 million investment for 20 Community Hospital Integration Projects Program (CHIPP) to reduce state hospital populations by releasing individuals who no longer need inpatient psychiatric treatment into integrated community programs. The CHIPP program is a mechanism for reallocating funds to the community for the development of new alternative community-based treatment services and supports.

Intellectual Disabilities. Community Base is slated to receive \$147 million, a 2% increase, in state funding, which carries the program forward and replaces some federal COVID-19 funding.

Intermediate Care Facilities are slated to receive \$192.8 million, a 19% increase in state funding. This investment carries the program forward, replaces some federal COVID-19 funding and allows for some future savings, as a result on individuals being transitioned into the community.

The Governor's proposal provides the Intellectual Disability Waiver Program with \$2.4 billion, a substantial increase of 34% in state funding. This rate increase supports the provider rate refresh and waiting list initiative. The Governor's plan also proposes \$18.8 million to move 732 individuals with an intellectual disability and/or autism from the emergency waitlist into the Community Living Waiver and 100 individuals into the Consolidated Waiver. This investment will provide community services to people in unanticipated emergencies, and transfer them from private intermediate care facilities, or state facilities.

Early Intervention. The Governor's proposal provides \$181 million in FY 2022-2023, an increase of 7% in state funding for early intervention (EI). This provides funding for the continuation of the 3% rate increase first made available with federal funds for EI providers serving children birth to three. This funding also contains \$1.2 million dedicated to postpartum depression tracking. With these resources, the EI programs will have the capacity to serve 63,000 children and their families this fiscal year.

Autism. Autism Services is proposed to receive an increase of approximately 7%, or \$29.3 million in state funding to carry the program forward and replaces some federal COVID-19 related funding.

Substance Use Prevention and Treatment Services. The Governor's proposed budget for the Department of Drug and Alcohol Programs contains federal funding for the Substance Abuse

Treatment and Prevention (SAPT) block grant, which must be matched by state dollars, and federal opioid and related grants. The Governor's proposal projects a decrease of \$63 million because some of the substance-specific grants will be completed during FY 2022-2023. Other funding levels in the Governor's proposal are consistent with current level funding. The amounts for Behavioral Health Services Initiative (BHSI) and Act 152 are contained in the Department of Human Services section of the proposal, but the specific allocations out of the line were not available at press time.

While 15% of the opioid settlement will remain under the control of the state to be appropriated by the legislature, those funds are not contained in the Governor's budget proposal.

Workforce

The Governor's budget proposal contains significant emphasis on education and workforce development initiatives aimed at bolstering Pennsylvania's economy, serving our most vulnerable populations and laying a strong foundation for the commonwealth's future. While these initiatives are not directly aimed at addressing human services or county workforce issues, they do offer increased support for overall workforce development programs and solutions. The proposal includes \$3.2 million to create a new statewide longitudinal data system that will link data sets across the child care, education and workforce continuum to better understand education and workforce outcomes and use data to inform policy and programming decisions.

Child Care. The Governor's FY 2022-2023 budget includes a proposed \$77.7 million in federal funds to support increased Child Care Works base rates, which provides needed stability for child care facilities and makes quality child care more affordable and accessible for families. The budget proposal also includes federal funds of \$44.3 million to reduce co-payments for families in Child Care Works and \$6.1 million to incentivize non-traditional child care to increase access for parents that do not work a traditional schedule.

Career Pathways. The Governor's budget request includes a \$200 million investment in student tuition, referred to as the Nellie Bly Tuition Program, funded by the Race Horse Development Trust Fund and federal funds. The program will provide financial assistance to full-time students with a focus on those pursuing programs in Pennsylvania's high-need sectors, including those facing shortages related to the COVID-19 pandemic like health care, education, and public service. Recipients must agree to stay in Pennsylvania after graduation for the same number of years for which they receive the benefit. Additionally, the proposal includes an increase of \$125 million in funding for higher education institutions to support effective operations and increase post-secondary access and completion.

Minimum Wage. The Governor again proposed increasing Pennsylvania's minimum wage to \$12 per hour effective July 1, 2022, with annual increases of \$0.50 until the minimum wage reaches \$15 per hour on July 1, 2028.

Vulnerable Populations. In addition to the FY 2022-2023 proposed budget lines for long-term care facilities, the Governor's proposal also provides a \$14 million increase to the Department of

Military and Veterans Affairs for the six veterans' homes to hire additional staff to implement the regulatory changes. Further, the Governor's proposal includes an investment of \$75 million in federal funds for recruitment and retention payments to qualifying home and community-based service providers to provide behavioral health care and aid in addressing workforce issues for behavioral health.

Judiciary

Courts. The Governor's budget request maintains level funding from the enacted FY 2021-2022 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 seventh 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 2021-2022. The district attorney salary reimbursement is slated to increase slightly to \$8.1 million.

Juvenile Justice. Funding levels for juvenile justice services are unavailable at press time; yet juvenile probation is slated for level funding in FY 2022-2023. 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.

Additionally, the Governor proposed almost \$7.2 million for the addition of a juvenile unit to the Warren State Hospital for youth leaving the criminal justice system who need residential behavioral health care and specialized treatment.

Indigent Defense Fund. The Governor's budget requests \$1 million to create a new indigent defense fund, to adequately support legal representation for those unable to pay. The fund would be created within the Pennsylvania Commission for Crime and Delinquency (PCCD) to address current inadequacies of the indigent criminal defense system.

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, 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 proposed budget would significantly increase agricultural preparedness and response to \$6.5 million to monitor and respond to invasive species. The Governor also included separate funding for spotted lanternflies, to be funded at \$12 million for FY 2022-2023. Further, the Governor proposes level funding for the State Food Purchase Program at \$24.7 million and for county fairs at \$4 million. The State Farmland Preservation Board set the 2022 state funding threshold for farmland preservation at \$38 million.

Penn State Extension. The Agriculture College Land Scrip Fund, which includes revenues for the Penn State Extension program, is proposed to receive a slight increase in funding to \$57.7 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 Governor's budget to \$53.5 million, an increase of almost \$9.5 million. Black fly control and West Nile virus see slight increases under the Governor's plan.

Elections

The Governor's proposal includes level funding for the Statewide Uniform Registry of Electors (SURE) at almost \$11.8 million. Funding for voter registration would increase slightly to \$586,000. Furthermore, there is decrease in federal elections reform funding of almost 47% to \$9.7 million.

Libraries

In the Department of Education, the public library improvement subsidy is proposed to receive a slight funding increase to \$60.5 million for FY 2022-2023.

Community and Economic Development

DCED. The Governor's budget proposal calls for a slight increase in funding for the Center for Local Government Services to \$4.5 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, originally focused on investment and job creation in Pennsylvania, is proposed to receive level funding at \$20 for FY 2022-2023. Funding for marketing to attract tourism is proposed to see significant decrease of \$26 million, which would restore funding to pre-pandemic FY 2020-2021 levels. Marketing to attract businesses is proposed to remain flat funded at \$2 million. The Office of Open Records would receive a nominal increase, funded at \$3.6 million. The Keystone Communities program, designed to encourage the creation of partnerships between the public and private sectors in communities, is proposed to see a significant decrease (\$23.3 million), which would bring the

program to just \$6.3 million in funding for FY 2022-2023. This decrease can be attributed to the one-time pandemic relief funding Keystone Communities received in FY 2021-2022.

Infrastructure

Broadband. The Governor's budget proposal calls for several federal appropriations to begin implementation and expenditure of Infrastructure Investment and Jobs Act (IIJA) programs and funds, including the guaranteed \$100 million to Pennsylvania for the Broadband Equity, Access, and Deployment (BEAD) program. Once Pennsylvania develops a statewide broadband plan, the commonwealth will be able to apply for further federal funding from the nationwide \$42 billion total allocation to the BEAD program. Additionally, the Governor has proposed \$20 million of federal funding from the Broadband Infrastructure Program to General Government Operations for further broadband development and administration, including the increased capacity needs to DCED for the development of the Statewide Broadband Authority created under Act 96 of 2021. Further, the Governor's proposal includes \$278.8 million in pandemic funding for Broadband Capital Projects.

Cybersecurity. The Governor's budget proposal includes approximately \$4.2 million for local cybersecurity programs and \$1 million for state cybersecurity to the Office of Administration, both federal appropriations from the IIJA.

Transportation

The FY 2022-2023 budget reflects the ninth year of funding for roads, bridges, transit systems and other infrastructure under Act 89 of 2013. Anticipated appropriations for off-system bridges and transportation programs important to counties proposed in the IIJA were not included in the Governor's budget proposal.