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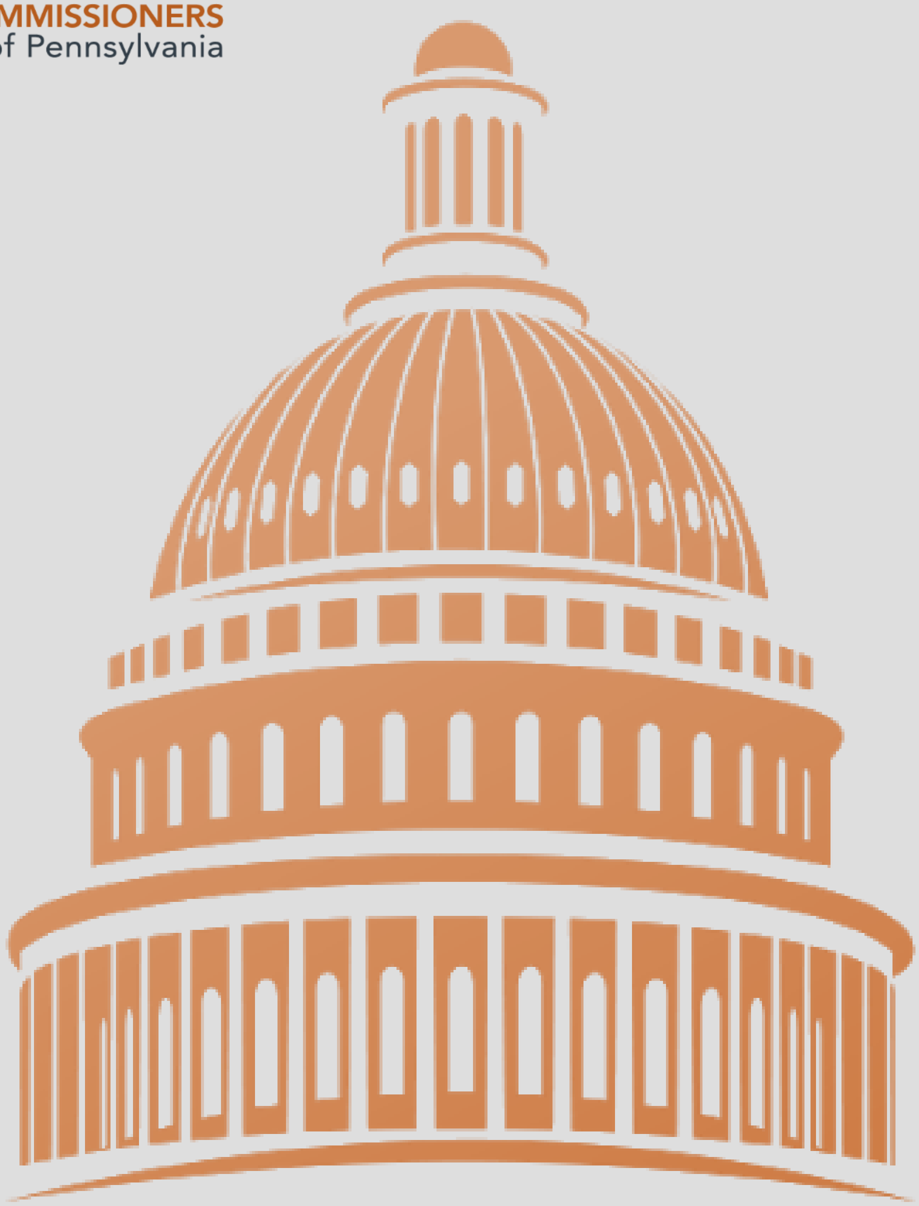
Association of Pennsylvania



FY 2026 - 2027 Commonwealth Budget Guide for Counties

FY 2026-2027 Commonwealth Budget – Guide for Counties

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OVERVIEW

On Sunday, July 12, Gov. Josh Shapiro signed into law the Commonwealth's General Appropriations Act and accompanying code bills for FY 2026–2027, which began on July 1. The enacted budget totals approximately **$50.8 billion**, representing a slight increase over the prior fiscal year and continuing a trend of rising state expenditures amid ongoing structural pressures.

To achieve balance, legislative leaders avoided reaching into the "Rainy Day Fund" by employing several accounting maneuvers including delayed payments to managed-care organizations within the Medical Assistance (Medicaid) program and redirecting more than $500 million from "special funds". Furthermore, this budget provides for the expedited deployment of $775 million of Motor License Fund spending over the next two fiscal years directed to road and bridge projects across the commonwealth.

Larger policy issues such as how to regulate the so-called "skills games" in light of the Pennsylvania Supreme Court's recent decision stating that skills games are subject to the commonwealths' gaming statutes or increasing Pennsylvania's minimum wage were not included in the final budget deal. Legislators have until October 13, 2026 to act before skills games terminals become subject to seizure by law enforcement agencies and leaders have pointed to this issue possibly being addressed in this fall.

The final budget package includes the following key pieces of legislation:

- **Act 1A of 2026**: FY 2026–2027 General Appropriations – outlines total state expenditures
- **Act 21 of 2026**: Fiscal Code – provides direction on how appropriated funds are distributed and authorizes program implementation
- Additional code bills related to education and other programmatic areas were also enacted as part of the broader budget agreement

While the FY 2026–2027 budget includes several targeted investments, many core county-administered programs once again received **level funding or only modest increases**, which, in the current fiscal environment, effectively amounts to a reduction in funding due to inflationary and operational cost pressures.

Notable investments in the final budget include:

- Dedicated funding for 988 and crisis walk-in centers
- Increased support for intellectual disabilities and autism services
- Targeted investments in long-term care and workforce-related initiatives
- Ongoing support for economic development programs

However, many critical county-supported programs did not see meaningful increases.

Key county programs that remain **flat funded or underfunded** include:

- County mental health base funding (+$40 million requested)
- Indigent defense funding ($7.5 million)
- Election administration support, including Act 88 funding ($45 million)

2026 COUNTY PRIORITIES RECAP

Community-based Mental Health Funding – *Flat funded*

- Counties called for a $40 million increase in county mental health base funding for FY 2026–2027 to help stabilize and rebuild the community-based system and support crisis services.
- **The final budget does not include an increase in county mental health base funding for the second consecutive year.**
- This outcome is deeply concerning to counties. Demand for services continues to grow, provider costs are rising, and counties are being asked to expand crisis response and behavioral health services without sustainable, recurring investments. The absence of additional base funding further strains a system that has been chronically underfunded and limits counties' ability to expand access, reduce wait times, and support the behavioral health workforce.

911 Funding – *Not Included in Final Budget*

- While the 911 surcharge is typically addressed outside of the general appropriations process, counties continue to face a structural funding gap in supporting Pennsylvania's 911 system.
- **While counties advocated for inclusion of language increasing the 911 surcharge to $2.20 per month from the current rate of $1.95 per month in the final Fiscal Code legislation, it was not included.**
- The current surcharge remains insufficient to fully support system costs, which continue to grow due to personnel, technology, and Next Generation 911 (NG911) implementation expenses. Counties remain responsible for covering a significant share of these costs through local revenues.
- Counties continue to advocate for a sustainable funding for the long-term, including an increase in the surcharge $2.20 per month per surchargable device to better align revenues with system demands.

More information on the priorities can be found on CCAP's Priorities page. CCAP has also assembled a number of budget resources on its Budget News web page and highlights of specific lines of interest for counties to follow.

HUMAN SERVICES

Child Welfare

- Total child welfare budget of $2.145 billion. This represents the actual child welfare budget without including childcare assistance and support and miscellaneous other line items that are ancillary to child welfare.

- State funding for county child welfare is funded at $1,544,733,000, representing a $50 million increase. This is over and above what the Governor asked for. The "increase" is the cost-to-carry when counties overmatch funds. It is our understanding counties will be made whole at the end of the fiscal year with these dollars. This is not "new money" for county child welfare.
- Includes $658k state funds for Childline. With federal funds, this will represent $902k in funding dedicated to Childline, which will fund 15 new positions for Childline workers and 5 new supervisors.
- Funded through the Department of Health, there is an additional $242,000 in the Health Promotion and Disease Prevention line item, which would include additional positions for support child death reviews (the Dept. of Health reviews, not Act 33 child welfare reviews).
- Represents the reconciliation of the fourth quarter FY 2025-2026 expenses, and further rolls forward a substantial portion of the determined needs for FY 2026-2027 to be paid in FY 2027-2028.
- The underspending surplus previously seen from staffing shortages has been largely eliminated due to the staffing situation improving and dramatic increases in the costs of placement. While there is an increase in the child welfare budget, there are some initiatives that may dramatically increase costs. The 3900 regulations, whose public comment period just ended, could greatly increase placement costs, should they be implemented as written. Additionally, the enterprise case management system project is still moving forward, with costs unclear as yet.

Human Services Block Grant – *See related sections*

- Established for the purpose of 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.
- The following funds are included in the block grant and further analysis is provided in this narrative: Mental health community base funded services, Behavioral Health Services Initiative (BHSI), Intellectual disabilities community base funded services, Act 152 drug and alcohol services, Homeless Assistance Program, Human Services Development Funds.

Homeless Assistance Program (HAP) – *Flat funded*

- Through HAP, counties provide case management, emergency shelter, bridge housing, innovative supportive housing, and rental assistance to those in immediate danger of becoming homeless.
- 2026-27 HAP funding was maintained at $23.5 million, though additional resources are needed to address the rising demand of those at risk of homelessness.

Human Services Development Fund (HSDF) – *Flat funded*

- Funding for the HSDF remains flat at $13.5 million in FY 2025-2026 for the fifteenth straight year.
- The HSDF allows counties to be flexible in the design and provision of programs and services for low-income adults, older adults, dependent and delinquent children, persons experiencing or at risk of homelessness, and individuals with substance use disorders, mental health conditions, or intellectual disabilities.

Long-term Care – Cost of Care funding

- Funding for MA-Fee for Service adds $78.0 million, an 11% increase
- MA- Long Term Care Managed Care decreased $107,000; a 0.1% decrease (nearly flat-funded).
- With some projections suggesting the cost of care increases for long-term care being 50%, the additional funds for future state budgets are an absolute to keep the current standard of long-term care in Pennsylvania.

Medical Assistance Transportation Program (MATP) – *Flat funded*

- Includes level funding for MATP at $68.3 million.

Mental Health Base Funding – *flat-funded with a small increase in mental health services funding*

- The mental health services line has increased by $41 Million or 4.4% but does not include an increase over FY 2024-2025 appropriation for county mental health programs:
  - There is $5 million for crisis stabilization walk-in centers.
  - There is a $3.2 million investment in the Community Hospital Integration Projects Program (CHIPP).
  - There is $10 million in funding for 988.
  - There is $100 million in school safety and mental health appropriations for school safety and security.

Intellectual Disabilities, Autism and Early Intervention – *moderate increases*

- The intellectual disabilities community base program is slated to receive $175 million, an increase of 7.2%.
- Intermediate care facilities see a state appropriation of $180 million, an increase of 9.5%.
- The community intellectual disability waiver program receives a $77 million increase, an increase of 2.8%, for a total of $2.8 billion.
- Autism intervention and services receive a 5.8% boost, for a total of $37 million.
- The budget funds early intervention services (birth to three) at $193 million, a decrease of 2.6%.

Substance Use Prevention and Treatment Services – *Flat funded*

- Substance use disorder funding remains stable and unchanged from the current fiscal year. However, the budget shifts the state match of the Federal block grant for Substance Abuse Treatment and Prevention services to the Gaming Fund. More information is needed to see how this will impact other initiatives that are currently funded by gaming dollars.
- Behavioral Health Services Initiative (BHSI) fundings remains the same
- Act 152 funds are unknown until a more detailed budget is available from the Department of Human Services.

JUDICIARY

Courts – *Flat funded*

- Maintains level funding for judicial line items that impact the counties, the third year of level funding.
    - Jurors Cost Reimbursement
    - County Court Reimbursement
    - Senior Judge Reimbursement
    - Court Interpreter County Grant
- 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 ninth straight year.

County Intermediate Punishment Grants – *Flat funded*

- Flat funded at the amount of $18.2 million.

Improvement of Adult Probation Grants – *Flat funded*

- Flat funded at the amount of $16.2 million.

Juvenile Probation Services – *Flat funded*

- Flat funded at the amount of $18.9 million.

Nonnarcotic Mediation Substance Use Disorder Treatment Grants – *no additional funds*

- Often referred to conversationally as "Act 80" funding, prior grants have been open only to the use of long acting injectable nonnarcotic (brand name Vivitrol) as the medication and any counseling associated with Jail MAT.
- The FY25-26 fiscal code allows for PCCD to use any currently remaining uncommitted/unspent funds for jail and re-entry MAT of all medications approved by the FDA. This opens the funding to use for buprenorphine (brand names Suboxone, Sublocade, etc), methadone, and other naltrexone options.
- The current grant awards cycle lasts through this 26-27 fiscal year, so no additional funds were allocated

Indigent Defense – *Flat funded, no program changes*

- The grant fund was created in FY 2023-2024 within the Pennsylvania Commission for Crime and Delinquency (PCCD) to address current inadequacies of the indigent criminal defense system.

- The enacted budget continues the same $7.5M investment as the prior two fiscal years since inception.
- The program maintains language related to supplementing current funding, not replacing existing investments.

Juvenile Justice – *No additional funding to counties*

- No additional funding to counties to address juvenile detention capacity or related concerns.
- Funding levels for juvenile justice services are unavailable at press time; yet juvenile probation is slated for level funding in FY 2026-2027.
- Juvenile services are funded through the needs-based budget and the Department of Human Services will provide a breakdown of the specific funding levels.

AGRICULTURE AND THE ENVIRONMENT

Conservation Districts – *Flat funded*

- Conservation districts receive level funding, with a total of $10.2 million in General Fund support from the Departments of Agriculture and Environmental Protection.

Agriculture – *Generally Flat Funded*

- Funding for agricultural preparedness and response received flat funding, totaling $9 million, which partially provides funding to monitor and respond to invasive species.
- Provides $12 million in federal funding for spotted lanternfly management, maintaining funding at last year's level.
- Maintains level funding of approximately $30.7 million for the State Food Purchase Program.
- Continues level funding of $4 million for county fairs.
- The State Farmland Preservation Board established a $40 million state funding threshold for farmland preservation in 2025.
- The Agriculture College Land Scrip Fund, which supports Penn State Extension programs, receives level funding of $57.7 million.
- Establishes a new $10 million Fruit Grower Freeze Impact Grant Program to assist farmers affected by the recent freeze.
- Provides $13.8 million to fully fund the Pennsylvania Farm Bill.

Environment – Nominally *increased*

- Gypsy moth control funding is included within the Department of Conservation and Natural Resources' (DCNR) State Forest Operations appropriation, which totals $32.5 million, a slight 0.2% decrease from the prior year.
- Black fly control receives a 2.3% increase, bringing total funding to approximately $9.4 million.
- West Nile virus and other mosquito-borne disease control programs receive a modest increase, with total funding of $7.5 million.
- Environmental Protection Operations receives a 1.9% increase, bringing total funding to $32.5 million.

ELECTIONS – *Nominally increased*

- The Statewide Uniform Registry of Electors (SURE) receives a minimal decrease, bringing total funding to $20.5 million.
- General Government Operations at the Department of State receives a slight increase to $12 million, supporting core functions such as operations, election security, and voter integrity efforts.
- Funding for voter registration and education increases minimally to $596,000.
- Budget assumes the $45 million set aside annually by Act 88 of 2022 for the Election Integrity Grant Program (DCED).

COMMUNITY AND ECONOMIC DEVELOPMENT

Local Government Services (DCED) – *Flat Funded*

- The Center for Local Government Services is flat funded at $5.6 million
- The Municipal Assistance Program is flat funded at $2 million, supporting shared services, community planning, and floodplain management activities for local governments.

Marketing, Training and Tourism – *Nominally Increased*

- The Pennsylvania First program, which supports business investment and job creation, receives and 5.3% increase in funding at $40 million. Most of these funds are earmarked to support economic investment initiatives aligned with the Governor's State Economic Development 10-Year Strategy (SEDS).
- Tourism marketing funding reflects a large decrease to $26.5 million due to funding being partially shifted to State Gaming Fund.
- Marketing initiatives aimed at supporting historically disadvantaged businesses receive an %18.8 increase of funding at $23.7 million.
- The Office of Open Records receives a slight increase, bringing its total appropriation to $5 million.
- The Keystone Communities program, which fosters public-private partnerships to support local community development, receives a small decrease, totaling $32.3 million.
- The Main Street Matters program receives level funding of $20 million, continuing to support investment in Pennsylvania's main streets and small businesses.

INFRASTRUCTURE -

Broadband – *No state funding at this time*

- No state funding at this time.
- Pennsylvania has been allocated $711 million through the National Telecommunications and Information Administration (NTIA).

Cybersecurity - *No state funding at this time*

- Counties did not receive their requested $2.5 million in state funding for county cybersecurity efforts.

Libraries – *Flat funding*

- The Public Library Improvement Subsidy remains level funded at $75.5 million in the Pennsylvania Department of Education budget.

TRANSPORTATION – *Flat funding*

- Sustains ongoing investments in roads, bridges, transit, and other critical infrastructure pursuant to Act 89 of 2013.
- Does not establish any new dedicated funding sources for transit agencies or for county road or bridge programs.

HIGHER EDUCATION – *Flat funded*

- Community colleges were level funded at $277.4 million in state appropriations, consistent with the prior fiscal year.

Percent Change in Appropriations for Agencies Under the Governor's Judication, 2025-26 to 2026-27