



Governor Signs FY 2023-2024 Budget

On August 2, the Senate convened in session to allow Lt. Governor Austin Davis to sign HB 611, the FY 2023-2024 state appropriations bill. This was the last procedural step needed in the legislative process to send the bill to the Governor's desk. Governor Shapiro subsequently signed the state budget into law, with the exception of a line item veto of \$100 million allocated for PASS scholarships (otherwise known as school vouchers) as expected.

However, the General Assembly and Governor have not completed work on what are known as the Code bills, those pieces of legislation that provide authorizing language for how certain funding in the budget is to be used. Because of that, a memo from Budget Secretary Uri Monson indicated that absent that legislative language, he will not be releasing funding for certain programs, including the \$100 million in federal ARP dollars that was repurposed from adult mental health to school mental health, as well as the \$7.5 million in new funding for indigent defense. It is expected those funds will be released once the Code bills are completed, likely not until this fall.

The \$45.5 billion spending plan represents a \$1.4 billion, or 3.2%, increase over the FY 2022-2023 budget. However, due to an impasse between the two chambers related to lifeline scholarships, the final budget has not to date been forwarded to Gov. Shapiro for his approval. Additionally, the various code bills, which typically supplement the appropriations language to more specifically prescribe how the appropriations are to be spent or dedicated to various programs, have yet to be considered as well.

In general, the FY 2023-2024 budget does not increase taxes and tracks closely with the Governor's proposed budget from March. Of note, a significant portion of the increase in the General Fund appropriation is dedicated to schools, with a \$567 million increase for basic education and nearly \$1 billion increase in school funding overall. Some one-time federal investments are appropriated in this budget, including the \$100 million American Rescue Plan (ARP) Act funding for adult behavioral health that was repurposed for school mental health. Additionally, the budget includes funding for public safety, workforce development, business and community development. The final budget also includes many of the key priorities the Governor called for in his budget proposal, including investments in businesses, criminal justice reforms and environmental and natural resources.

For counties, the fight for increased mental health funding has gone on for more than 15 years. After much promise and effort on behalf of counties, the final budget saw a slight increase in funding for mental health that was in line with the Governor's March budget proposal. Notably, the budget includes a \$20 million increase in the mental health services line dedicated for county mental health base funding for FY 2023-2024. This roughly 3% increase is not nearly

reflective of the impact of 15 years without any increases, much less the impact of inflation or increased need that our counties see each and every day. Additionally, the final budget allocates \$100 million to our schools for school mental health funding. However, these are federal, one-time, ARP dollars previously allocated for adult behavioral health – so that the only significant resources being invested in mental health services this year will be seen in only one setting, with no guarantee that additional funds will be available to backfill this investment when the federal dollars are no longer available next year.

In addition to the final budget falling woefully short of making any meaningful investment in county mental health, the final budget failed to address counties' top priority for 2023, 911 funding and reauthorization. In March, Gov. Shapiro proposed a five-year reauthorization of the 911 statute, with an increase in the 911 surcharge from \$1.65 to \$2.03 (with \$0.06 dedicated for the 988 hotline), and future increases tied to inflation. Throughout the spring CCAP tracked legislation in the House ([HB 1304](#)) that mirrored the Governor's amended request of a \$1.97 surcharge for 911, which ultimately passed the House and remains in the Senate. However, the final budget did not include 911 funding and it is our understanding this will now be an issue to be addressed in the fall along with the broader reauthorization ahead of the January 2024 sunset. Even with five months between now and January, this creates a very tight timeline to get the reauthorization and increased funding through the legislative process with limited session days.

While there are a number of areas of the FY 2023-2024 budget that will offer meaningful investments for Pennsylvania residents through county programs, for counties, this budget fails to address in any meaningful way counties' top priorities for 2023, especially mental health. This approach is not sustainable for a system in crisis and our system is on the brink of collapse.

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 page](#) and highlights of specific lines of interest for counties to follow.

Human Services

Child Welfare. The funding for FY 2023-2024 of \$2.1 billion is representative of the reconciliation of the fourth quarter FY 2022-2023 expenses, and further rolls forward at least 12.5% of the determined needs for FY 2023-2024 to be paid in FY 2024-2025. The child welfare budget for FY 2023-2024 includes an increase of \$30 million from the enacted FY 2022-2023 budget, representing a \$10 million increase for needs-based budgets, primarily to replace lost federal COVID funding, \$12 million in federal IV-E, and an additional \$5 million in federal TANF Block Grant Funds. The remainder of the budget is essentially flat funded as it relates to child welfare with nothing noted as new initiatives. When the bulk of the increase is represented by federal dollars, it is uncertain whether the conditions to draw down such funds will be met and the funds actually realized.

The budget includes a significant increase in funding for child care services, with an additional \$90 million in state funding requested and an additional \$28 million in federal funds anticipated.

While child welfare would see a relatively modest increase to provide services, the staffing crisis is significantly impacting budgets, as severe staffing shortages in both county agencies and providers have caused underspending in many child welfare agencies, making it appear that the funding needs are not as great as they are. Were county child welfare agencies and providers able to resolve their staffing crisis, the funding proposed would be insufficient to adequately meet needs.

The ongoing implementation of the Family First Act during this budget cycle will also inject additional uncertainty to the budgeting process, as there have been conflicting projections from the Independent Fiscal Office (IFO) 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.

Human Services Block Grant. The Human Services Block Grant was 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 Fund

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 2023-2024, remaining at \$18.5 million for the twelfth straight year.

Human Services Development Fund (HSDF). HSDF, a fund that 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, is level funded for FY 2023-2024, remaining at \$13.5 million.

Long-term Care. The FY 2023-2024 budget includes a 3.5% increase in MA-Fee-for-Service. This increase was expected with the increase in the new staffing ratios per resident, which are expected to be effective July 1, 2024. This will result in an approximate increase of \$26 million in new funding for MA residents. While additional funds are always needed, without additional workforce to meet the new staffing requirements, county nursing homes will continue to place emphasis on hiring staff to meet the new regulatory requirements.

In the future, additional funding will be needed to boost education and improvements in workforce to ensure that facilities are able to provide the appropriate care for residents as well as meet the mandatory staffing regulations.

Medical Assistance Transportation Program (MATP). The FY 2023-2024 budget includes generally level funding for MATP at \$67.8 million.

Mental Health and Intellectual Disabilities, Early Intervention and Autism. The Mental Health Services line traditionally covers allocations to state hospitals, administration, and the county mental health base. There is a \$20 million increase in state funds to the county mental health programs; combined with a decrease in federal stimulus/ARP funding, which yields an overall increase of 0.3% for the line.

The FY 2023-2024 budget includes \$100 million in ARP funding, expected to be allocated to the Pennsylvania Commission on Crime and Delinquency (PCCD) for school based mental health grants; this \$100 million was formerly included as part of the FY 2022-2023 budget for adult mental health programming at the recommendation of the Behavioral Health Commission. This funding has been ruled to need further implementation language and is on hold until that language is developed and passed.

For intellectual disabilities, community-based programming is slated to receive \$154.6 million in state and federal stimulus funding—an increase of roughly 5%. Intermediate Care Facilities (ICF) see an increase in state appropriation to \$166 million but the line will see an overall decrease of 1.3% as federal stimulus funding decreases. The budget provides significant investment in the Community Intellectual Disability Waiver program with \$2.4 billion in state and federal stimulus funding—an increase of 12%.

The budget funds Early Intervention services (birth to three) at \$186.6 million in funding for FY 2023-2024. This budget includes a backfill to replace a portion of the federal stimulus funds (reduced by 80% from last year), for a net increase of nearly 6%. Additionally, autism intervention and services receive \$32.2 million in in state and federal stimulus funding for a total increase of a 5.4%. This halves the proposal in Governor Shaprio's initial budget, which would have allowed for approximately 2,000 additional children to receive services (total of est. 63,000 children).

Substance Use Prevention and Treatment Services. The FY 2023-2024 budget for the Department of Drug and Alcohol Programs (DDAP) contains a minimal increase in general government operations funding for the Department. The budget anticipates a reduction in federal funding for substance use disorder services. The amounts for Behavioral Health Services Initiative (BHSI) would remain the same and Act 152 funds are unknown until a more detailed budget is available from the Department of Human Services.

Funding for Intermediate Punishment Programs continues level funding for the past three years at \$18.2 million.

Judiciary

Courts. The budget request maintains level funding from the enacted FY 2022-2023 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 eighth straight year. Funding for grants to counties to meet mandates for assuring access to those with limited English proficiency sees a significant increase of roughly 65% to \$2.47 million.

Criminal Justice. Both funding for adult probation services and intermediate punishment are funded at the same level as in FY 2022-2023. While not funded through the state's General Fund, the district attorney salary reimbursement, funded through court document surcharge revenues deposited into the Criminal Justice Enhancement Account, is estimated to see a slight increase to \$8.9 million.

Indigent Defense Fund. The budget fulfills the Governor's budget request of dedicated funding for a new indigent defense fund, to adequately support legal representation for those unable to pay. Funded at \$7.5 million, the fund would provide additional resources to counties to supplement not supplant current indigent defense expenses. Without further implementation language, this funding is on hold until that language is passed finally.

Juvenile Justice. Funding levels for juvenile justice services and juvenile probation are slated for level funding in FY 2023-2024. Juvenile services are funded through the needs-based budget and the 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 budget provides level funding for conservation districts, maintaining \$10.2 million in total General Fund dollars from the departments of Agriculture and Environmental Protection. Conservation districts are also set to receive more than \$9.2 million as their annual allocation under Act 13 of 2022.

Agriculture. The budget maintains level funding for agricultural preparedness and response at \$34 million, which partially provides funding to monitor and respond to invasive species. Separate federal funding for spotted lanternfly management is also included at \$12 million for FY 2023-2024, the same rate as last year. The budget provides a minor increase of \$2 million for the State Food Purchase Program totaling roughly \$26.7 million and maintains level funding for county fairs at \$4 million. The budget also provides a \$6 million federal appropriation for

farmland protection. The State Farmland Preservation Board has set the 2023 state funding threshold for farmland preservation at \$43 million.

Penn State Extension. The Agriculture College Land Scrip Fund, which includes revenues for the Penn State Extension program, is slated to receive a level funding at \$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 maintains level funding at \$44.4 million. Black fly control will see a slight increase within the budget. Additionally, the budget combines West Nile Virus and Zika Virus control into a single vector borne disease management line, which is funded at \$6.3 million. The budget does not appear to contain significant investments initially proposed by the Governor aimed at speeding up permitting and review within the Department of Environmental Protection.

Elections

The FY 2023-2024 fiscal plan includes a 14.3% increase in funding for the Statewide Uniform Registry of Electors (SURE) to almost \$13.5 million. Funding for voter registration will increase slightly to \$546,000 (8.8%). Furthermore, there is level federal elections reform funding at \$11.1 million. Additionally, CCAP believes the \$45 million set aside annually by [Act 88 of 2022](#) for the Election Integrity Grant Program housed within the Department of Community and Economic Development is maintained as it is a restricted account established within the General Fund. However, the timeline for the funds is unclear without final passage of the budget as funds are [required](#) to be transferred by August 1. Further, the application window is uncertain as the funds are likely not available until after the budget is passed and the program is statutorily required to open August 1 for funds to be distributed to counties no later than September 1 of each year.

Libraries

In the Department of Education budget, the public library improvement subsidy maintains flat funding at \$70.4 million for FY 2023-2024.

Community and Economic Development

DCED. The budget provides a slight increase in funding for the Center for Local Government Services to \$4.7 million. In addition, the Municipal Assistance Program, which funds shared services, community planning and flood plain management activities for local governments, includes a new \$1.4 million initiative, initially proposed in the Governor's budget, to assist local governments with community planning and exploring shared services opportunities.

Marketing and Training. The Pennsylvania First program, focused on investment and job creation in Pennsylvania, receives a \$13 million increase for FY 2023-2024, most of which is earmarked to provide financial assistance to facilitate increased economic investment. Funding for marketing to attract tourists sees a nominal increase to \$31.3 million. Marketing to attract businesses receives relatively level funding at just over \$2 million and a new initiative aimed at historically disadvantaged businesses receives \$20 million. The Office of Open Records receives

a nominal increase, funded at \$3.9 million. The Keystone Communities program, designed to encourage the creation of partnerships between the public and private sectors in communities, sees a minor increase to \$37.6 million.

Infrastructure

Broadband. The budget provides for several federal appropriations to expend Infrastructure Investment and Jobs Act (IIJA) programs and funds, including \$330 million to Pennsylvania for the Broadband Equity, Access, and Deployment (BEAD) program. This does not include the \$1.16 billion Pennsylvania is set to receive for the grant program, rather captures administrative and initial program investments. Further, the budget highlights \$14.4 million in IIJA federal funding for State Digital Equity Capacity.

Cybersecurity. The FY 2023-2024 budget includes \$15.9 million in federal funds from the Infrastructure Investment and Jobs Act for state and local cybersecurity programs housed under the Pennsylvania Emergency Management Agency.

Transportation

The FY 2023-2024 budget reflects ongoing funding for roads, bridges, transit systems and other infrastructure under Act 89 of 2013. Additionally, the budget provides an additional \$238 million to the State Police to scale back funding diversions from the Motor License Fund to ensure gas tax revenues are dedicated to transportation-specific purposes.