



**FY 2019-2020 BUDGET SIGNED INTO LAW** – On June 28, Gov. Wolf signed [HB 790](#), the commonwealth appropriations bill for FY 2019-2020, into law, following the Senate’s approval by a 42-8 vote on June 27 and a 140-62 vote by the House on June 25. The legislation spends nearly \$34 billion in state funds, representing an increase of about two percent over FY 2018-2019 spending, but less than the \$34.1 billion budget proposed by the Governor in February.

Much of the increase is directed to educational line items, including \$432 million in additional funding for basic education funding, \$50 million for special education funding and \$10 million for career and technical education. The final FY 2019-2020 budget also increases investment in agriculture by \$19.5 million, coinciding with approval of a 13-bill state Farm Bill package that will assure the commonwealth’s investments to preserve valuable farmland will be carried forward in the future and will take steps to protect water quality and mitigate the impacts of invasive species such as the spotted lanternfly.

Part of the General Fund budget is funded by transfers from environmental funds, including \$16 million from the Environmental Stewardship Fund and \$10 million from the Recycling Fund, the latter of which provides grants to local governments with recycling programs. The budget agreement also transfers the surplus funds remaining from FY 2018-2019, estimated to be around \$297 million, into the state’s rainy day fund.

While not part of the General Fund budget itself, counties secured a key win during the budget negotiations as the General Assembly included language in [SB 48](#) that will provide for a \$90 million bond issuance for county voting apparatus. Under the language in the amendment, counties would be eligible for 60% of the costs of their voting equipment, either as a reimbursement if equipment has been purchased, or as funding for a future purchase. Counties greatly appreciate the partnership of the General Assembly in securing this funding for election equipment purchases, and further appreciate that it is single issue rather than spread out over multiple years. The bill is now on the Governor’s desk.

Otherwise for counties, the FY 2019-2020 budget represents generally level funding across most lines that impact them. However, important language was included in amendments to the Human Services Code under [SB 695](#) to delay the implementation of the Medical Assistance Transportation Program (MATP) brokerage model for 180 days while the Department of Human Services (DHS), Department of Aging and PennDOT complete an analysis. This will address concerns raised by CCAP and the Pennsylvania Public Transportation Association about access, flexibility and a lack of understanding of local resources and client needs when DHS was required by last-minute amendment during the FY 2018-2019 budget process to seek federal approval to move MATP services to a statewide or regional full-risk brokerage model. Several former CCAP members, including Rep. Jonathan Fritz (R-Wayne), were instrumental in assuring this delay and analysis were amended into SB 695.

Highlights of the budget's impact on counties follows. Comparisons are to funding levels available in FY 2018-2019. For analysis of more county line items, check CCAP's commonwealth budget page at [www.pacounties.org](http://www.pacounties.org).

### **Human Services**

***Human Services Block Grant.*** With passage of Act 153 in November 2016, counties achieved the expansion of the Human Services Block Grant 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. However, the final FY 2019-2020 budget does not include restoration of the FY 2012-2013 cuts to these lines, which impact funding for all 67 counties in these programs.

***Child Welfare.*** The budget agreement in HB 790 for children and youth funding reflects the rebalancing initiative first implemented in FY 2015-2016; the funding for FY 2019-2020 of \$1.7 billion is representative of the reconciliation of the fourth quarter of FY 2018-2019 expenses, and further rolls forward 12.5 percent of the determined needs for FY 2019-2020 to be paid in FY 2020-2021. In addition, the FY 2019-2020 child welfare budget includes an increase of \$35.5 million in Title IV-E funds, which accounts for additional funds from the successful negotiation of the Child Welfare Demonstration Project capped allocations. Pennsylvania will also see additional federal funds as a result of changes to the (Statewide Adoption and Permanency Network (SWAN) service rates and changes to the Title IV-E compliance contract.

Further, the budget increases funding for Community-based Family Centers by \$5 million. A \$43 million decrease in Child Care Services is offset by an increase in Child Care Assistance of \$56.6 million, a 16.7% increase from FY 2018-2019. Taken together, all of these lines represent a 2% increase in overall child welfare funds from FY 2018-2019.

***Homeless Assistance Program.*** Funding to provide temporary shelter to homeless individuals and rental assistance to those in danger of becoming homeless is flat funded in FY 2019-2020, remaining at \$18.5 million for the seventh straight year. An amendment to the Tax Reform Code in [HB 262](#) will increase the cap on realty transfer tax revenues to the Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) Fund from \$25 million to \$40 million annually.

***Human Services Development Fund.*** HSDF is funded at \$13.46 million in FY 2019-2020, the same as FY 2018-2019 levels, and does not include restoration of the FY 2012-2013 cut. 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 long-term care appropriation in the FY 2019-2020 budget is again split into four areas – home and community-based services, long-term care managed care, long-term care and Community HealthChoices (CHC). The long-term care line item, which includes funding for nursing homes, is decreased by almost 50% owing to a transfer of funds to the CHC line

item, which gains an additional \$4 million; it funds the consolidated, capitated long-term services and supports program that will be fully implemented statewide by Jan. 1, 2020.

Once again, additional funding sources such as the Intergovernmental Transfer (IGT), the lottery fund, tobacco fund and nursing home assessment are being utilized to help support the funding levels for long-term care. The IGT is proposed to be increased in FY 2019-2020 by approximately \$5 million to a total of \$67 million, provided the factors that go into calculating the funding mechanism such as Medicare rates do not significantly change. This will allow for much-needed additional funding for county nursing homes. At the time this analysis was drafted, it still is not clear if the FY 2019-2020 budget includes a nursing home Medicaid rate increase; in the past 11 years, nursing homes have only seen minimal Medicaid rate increases despite the increasing cost of providing care. There is a two percent rate increase in the budget for direct care workers providing personal assistance services through the Home and Community Based Waiver.

**Medical Assistance Transportation Program.** The FY 2019-2020 budget decreases state funds for MATP by about \$5.5 million, offset by an increase of nearly \$2 million additional federal dollars. In addition, as noted above, amendments to the Human Services Code in SB 695 will delay the implementation of the brokerage model as originally required under Act 40 of 2018.

**Mental Health.** The budget includes a \$26.32 million increase in state funds for Mental Health Base funds, which when combined with federal funds represents a 5.9% increase over the FY 2018-2019 enacted budget.

**Behavioral Health.** The Behavioral Health Initiative funds (BHSI) are level funded at \$57.1 million. While there had been threats to eliminate the county right-of-first opportunity and the Behavioral HealthChoices program in the early part of the legislative session, ultimately this critical program was not impacted by the budget or language in the accompanying code bills.

**Intellectual Disabilities.** Intermediate Care Facilities have an overall seven percent increase in funds over FY 2018-2019. Community Base received a little more than a one percent increase while the waiver funding increased almost six percent.

**Early Intervention.** Early Intervention total state and federal funding is \$225.42 million in the final budget agreement.

**Autism.** Funding for autism services has an overall increase of \$6.5 million over the enacted FY 2018-2019 budget.

**Substance Abuse Treatment and Prevention.** The FY 2019-2020 budget continues to prioritize efforts to combat the opioid crisis and is consistent with the current fiscal year initiatives. The federal Opioid Response grant will be continued at a level consistent with the current fiscal year, and there will be a slight increase in the federal Substance Abuse Treatment and Prevention Block grant.

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 at press time. Intermediate punishment programs are level funded, with no less than 80% of the funding going to treatment for substance use disorder. New allocation language has been added for tobacco prevention and cessation funding; the total available will be 4.5% of the total deposited in the Settlement Account and the appropriation will be \$15.1 million, less than any year since the inception of the program.

### **Judiciary**

**Courts.** The FY 2019-2020 budget in HB 790 generally maintains levels of funding from the enacted FY 2018-2019 budget for judicial line items that impact the counties. It does not restore the 33 percent decrease for court cost reimbursement that occurred in the FY 2016-2017 budget, keeping funding at the current year level for the fourth straight year. Funding for grants to counties to meet mandates for assuring access to those with limited English proficiency also remains level funded at \$1.5 million.

**Criminal Justice.** Funding for adult probation services and intermediate punishment is level funded for FY 2019-2020. There is no direct allocation for the district attorney salary reimbursement, but concurrent with budget action in 2009, a permanent court fee surcharge was imposed to raise funds for the commonwealth share and the reimbursement is gradually catching up.

**Juvenile Justice.** Funding levels for juvenile detention and delinquency alternative programs are unavailable at press time; the Department of Human Services will provide a breakdown of the specific funding levels within the next few weeks. While deinstitutionalization efforts continue, programs are experiencing increasingly dense populations of high-risk youth, requiring specialized services and increased supervision which drive 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 final FY 2019-2020 state budget maintains level funding for conservation districts, with a total of \$3.375 million from the departments of Agriculture and Environmental Protection. However, the funds contributed by the Department of Environmental Protection will no longer be provided by the General Fund, but will be funded through the Environmental Stewardship Fund. Conservation districts are also set to receive almost \$7.9 million in 2018 impact fee funds under Act 13 of 2012.

**Agriculture.** The FY 2019-2020 budget combines prior funding for avian flu preparedness, spotted lanternfly control and rapid response readiness into a single line for agricultural preparedness and response, to be funded at \$4 million for FY 2019-2020. Further, the State Food Purchase Program is level funded at \$19.7 million, as are county fairs at \$4 million. The State

Farmland Preservation Board also met in mid-February to set the 2019 state funding threshold for farmland preservation at \$38 million.

In addition, the General Assembly approved a 13-bill Farm Bill package to encourage the future of the agriculture industry, including creation of an Agricultural Business Development Center to provide resources to farmers, with a particular focus on owners of preserved farms, as well as incentives to transfer preserved farms to qualified beginning farmers by offering a realty transfer tax exemption. Other provisions amend the Agricultural Area Security Law to allow for consistency of definitions for preserved farms and incentivize investment in best management practices and storm water management in order to reduce nutrient loads in Pennsylvania's waterways and enhance water quality.

***Penn State Extension.*** The Agricultural College Land Scrip Fund, which includes revenues for the Penn State Extension program, sees a two percent increase to \$54.9 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), which sees a nearly \$2 million increase overall. Black fly control and West Nile virus remain level funded in the FY 2019-2020 budget.

In addition, about \$26 million in funding for environmental programs under the departments of Environmental Protection and Conservation and Natural Resources would be shifted from the state's General Fund to other sources, including the Environmental Stewardship Fund and Recycling Fund.

### **Elections**

The final budget agreement increases funding for the Statewide Uniform Registry of Electors (SURE) by \$3.2 million to \$7.3 million, while funding for voter registration and educational efforts also increases slightly. As noted above, \$90 million would be available to counties for the purchase of new voting systems through a bond issue authorized under SB 48, which is currently on the Governor's desk.

### **Community and Economic Development**

***DCED.*** The final budget agreement increases funding for the Center for Local Government Services to almost \$4.3 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, focused on investment and job creation in Pennsylvania, will more than double from \$15 million to \$32 million under HB 790. Funding for marketing to attract businesses and tourism remain as separate lines, after the governor proposed to combine them in his February budget proposal, and funding remains generally level. The Office of Open Records receives a five percent increase, up to \$3.35 million. The Keystone Communities program, designed to encourage the creation of partnerships

between the public and private sectors in communities, will see a significant increase from \$6.7 million to \$21 million for FY 2019-2020; language in Fiscal Code amendments in [SB 712](#) designates Keystone Communities funding for Main Street, Elm Street and Enterprise Zone programs, funds to establish a broadband expansion pilot program and projects supporting economic growth, community development and municipal assistance.

### **Libraries**

In the Department of Education, the public library subsidy increases by \$5 million to \$59.5 million.

### **Transportation**

The FY 2019-2020 budget reflects the seventh year of funding for roads, bridges, transit systems and other infrastructure under Act 89 of 2013, including a \$6.5 million increase for public transportation assistance.