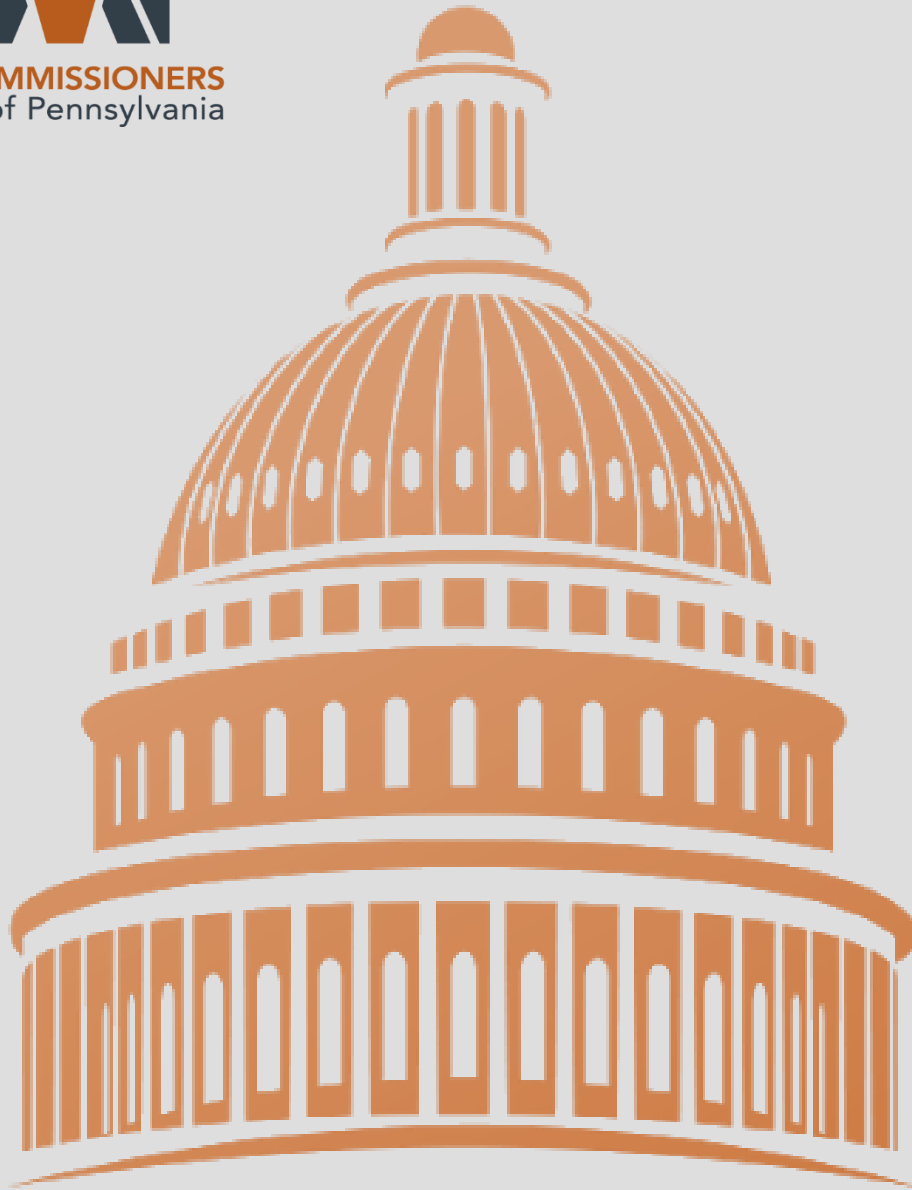




COUNTY COMMISSIONERS
Association of Pennsylvania



FY 2025 – 2026 Governor's Proposed Commonwealth Budget Guide for Counties

**FY 2025-2026 Governor’s Proposed Commonwealth Budget – Guide
for Counties**

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OVERVIEW

On Tuesday, February 4, Gov. Shapiro delivered his third budget address, announcing his \$51.5 billion fiscal proposal for FY 2025-2026 in a joint session of the House and Senate.

The proposal represents an increase of approximately \$3.6 billion, or 7.5%, over the FY 2024-2025 enacted plan of \$47.9 billion, after adjusting for net upward supplemental appropriations of \$230.4 million. Governor Shapiro's budget proposal maintains current personal income and sales tax rates, the state's two largest revenue sources. However, the proposed budget relies on approximately \$4.5 billion in reserve funds to balance the budget —marking the second consecutive year of multibillion-dollar deficits.

Despite a projected \$2.3 billion (5%) increase in tax collections, bringing the total estimated revenues to \$48.4 billion, a significant portion depends on legislative approval of Governor Shapiro's proposals. These include generating nearly \$1.3 billion through the legalization of adult-use marijuana, expanding the application of the corporate net income tax, and introducing taxes on skill games.

Much of the proposal prioritizes a range of policies and initiatives that Gov. Shapiro focused on throughout his first two years in office, including an increased investment of more than \$526 million in new spending on basic education. The Governor also proposes \$292.5 million to be directed toward mass transit and \$750 million for highways over the next five years by shifting fuel taxes and license fees away from the state police. Additionally, Governor Shapiro is pushing for a new initiative called Resource Evaluation and Mission Alignment Project (REMAP). The Governor's Executive budget describes REMAP as "...a data-driven initiative designed to evaluate programs for effectiveness and alignment with statutory mandates, strategic goals, and the department's mission. The project seeks to ensure state resources are directed to programs that deliver measurable results and advance the Commonwealth's objectives. It will begin as a pilot program including the Department of Corrections (DOC), the Department of Community and Economic Development (DCED), and the Pennsylvania Commission on Crime and Delinquency (PCCD)." Lastly, the Governor's budget includes a request to increase the state's minimum wage to \$15 per hour effective January 1, 2026.

Another key theme in the budget proposal is one of the top 2025 county government priorities, increased funding for county-based mental health services. Notably, Governor Shapiro's proposal includes another \$20 million increase in county mental health base funding for FY 2025-2026, which would amount to a collective \$60 million investment over three fiscal years – a proposal he committed to during his first budget address in 203-24. Counties are deeply disappointed in this proposed increase, as it fails to address the significant system-wide need counties have long dealt with. Because of this increasing need, counties requested an increase of \$100 million over the current county mental health base line to be directed entirely toward the base funds, regardless of investments being made in other mental health services such as school-based services. The minimal increase for county mental health services fails to provide a long-term commitment to appropriately rebuild the crumbling mental health system and shore up the social services safety net, providing a comprehensive system that is accessible for all Pennsylvanians.

Further, Governor Shapiro is prioritizing mental health services in schools, proposing another \$100 million to continue provision of mental health/safety grants to schools. Counties continue to call for increased coordination between counties and schools to ensure the system of care is built and supports children and families inside and outside of the classroom with available community-based services.

Overall for counties, this budget proposal reflects a failure to deliver support for one of top [priorities](#) for counties in 2025, among other key funding streams counties rely on to deliver mandated services on behalf of the commonwealth. However, as this is the first of several steps in the commonwealth's annual budget proceedings, counties look forward to continuing discussions with the administration and General Assembly on the FY 2025-2026 budget, to ensure counties are positioned to serve the same constituents adequately and responsibly as our governmental partners – the residents of this commonwealth.

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.

2025 COUNTY PRIORITIES RECAP

Community-Based Mental Health Funding - \$20 million increase

- Counties continue to express the need for \$250 million increase in funding for county mental health services to begin to stabilize and rebuild this critical system. Recognizing the strong investments needed in so many Commonwealth budget areas, Counties called for more modest \$100 million in increases for FY25-26.
- Governor Shapiro's proposed FY2025-2026 state budget includes a nominal \$20 million increase in county mental health base funding for this year, completing the third year of Governor Shapiro's three-year commitment for a total of \$60 million.
- Counties are deeply disappointed in this proposal, as \$20 million increase will not do enough to expand services, stabilize the workforce, decrease patient wait times or provide any realistic path to rebuilding a system that has been and continues to be chronically underfunded.
- The proposed FY 2025-2026 state budget continues to invest \$100 million in state funding to provide physical security and mental health services in schools.

911 Funding – No changes at this time

- As the \$1.95 911 surcharge officially took effect on March 1, 2024, information related collections and remittance of the surcharge is still being collected.
- While the surcharge is traditionally set outside of budget discussions, Act 34 of 2023 proposed a sunset of the existing \$1.95 surcharge for January 31, 2026.
- Counties will be seeking swift reauthorization of the 911 surcharge early this year that will also include an increase in the surcharge fee through 2029.

Election Funding – No additional funding to counties

- In FY2025-26, counties are requesting a \$5 million increase in the Election Integrity Grant Program (Act 88). The current budget does not propose to increase the current annual allocation of \$45 million in line with this request.
- The budget proposes nominal increases to the Department of State for General Government Operations, which is used to provide training and resources for election directors, the legacy SURE system, and voter registration and education.

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HUMAN SERVICES

Child Welfare – Flat funded

- Overall Budget for FY2025-2026 is \$2.12 billion
- Flat funded for a third year in the row - concerning since it could create shortfalls when counties are able to fill positions.
- Represents the reconciliation of the fourth quarter FY 2024-2025 expenses, and further rolls forward at least 12.5% of the determined needs for FY 2025-2026 to be paid in FY 2026-2027.
- The child welfare budget for FY 2025-2026 includes a purported increase of \$11.8 million in federal funds in IV-E and Federal Child Welfare Services line items and an additional \$835,000 from federal training and certification funds. There are no new state dollars requested.
- This proposed budget carries over the dramatically increased projections for federal funding increases from FY 2023-2024 and adds to them.
- The budget includes an increase in funding for childcare services, with an additional \$1million in state funding and an additional \$20.8 million in federal funds anticipated.
- Federal TANF Child Care Assistance was reduced by \$62 million and the CCDFBG Child Care Assistance by \$9 million
- The underspending previously seen from staffing shortages is reducing dramatically and is being rapidly offset by substantial increases in placement provider costs. With the budget being flat funded for a third year, there should be significant concerns with shortfalls when counties are able to fill positions and placement costs continue to skyrocket.

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.
- Despite Governor Shapiro’s [Executive Order 2024-03](#) which describes the depth of need in this area, his proposed budget does not include any increased funding for this program.
- The proposed budget would flat fund at less than \$23.5 million. By FY2021-2022, Counties were already spending \$31.8 million for this program, and both the community needs and costs have risen since that time.

Human Services Development Fund (HSDF) – Flat funded

- Proposed funding for the HSDF remains flat at \$13.5 million in FY2025-2026 for the fourteenth straight year, despite counties needing to reallocate an additional \$17.7 million from other programs to support HSDF initiatives.
- 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 – Flat Funded

- Proposed funding for MA reimbursement rates remains flat after a 24% increase over the past three years.
- Yet, with the increased costs of goods and services in the long-term care setting, this ultimately results in a decrease in overall funding.
- There were increases in funding for workforce development to help address the long-term care staffing shortages, but these increases are not sufficient without meaningful change to the certification and licensing processes for health care staff
- Additional legislative and regulatory work is needed to reform the reimbursement model, which no longer supports the evolving nature of the long-term care sector.

Medical Assistance Transportation Program (MATP) – \$4.8 million increase

- The budget proposal includes recommended increases to reflect changes in caseload and utilization, as well as to provide transportation to psychiatric rehabilitation services beginning January 1, 2026.
- The proposed increase would raise the total program allocation to \$74.3 million.

Mental Health Services- \$20 million increase to county programs

- The mental health services line shows an increase of nearly \$32 million covering allocations to state hospitals, administration, and the county mental health base.

- o This includes a \$20 million increase over FY 2024-2025 appropriations in state funds from that line to the county mental health programs.
- o As with the \$20 million appropriated during the 2024-2025 FY budget, this \$20 million will be allocated using a formula based on county population statistics from the most recent five-year estimate of the U.S. Census Bureau's Community Survey.
- o All other county program funding in this line is subject to the traditional state funding formula.
- Schools receive a separate appropriation of \$100 million for physical safety and mental health.
- Walk-in mental health crisis stabilization centers receive \$5 million to back fill prior year funding.
- Community Hospital Integration Projects Program (CHIPP) receives \$1.6 million to support community placements for 20 individuals being diverted from state hospital bed placements toward community-based supports.
- The 988 network receives \$10 million.
- This budget provides \$5.75 million for an initiative to expand discharge and diversion programs for individuals with mental illness currently in the criminal justice system.

Intellectual Disabilities, Autism and Early Intervention- *Increased*

- The Intellectual Disabilities Community Based Program is slated to receive \$167 million in state funding—an increase of 4%.
- Intermediate Care Facilities see a state appropriation of \$197 million—an increase of 2%.
- The Community Intellectual Disability Waiver Program receives an additional \$175 million for the reduction of waiting lists, for a total of \$2.7 billion—an increase of 7%.
- Autism Intervention and Services receives a significant boost in funding at \$37.4 million—an increase of 6%.
- The budget funds Early Intervention Services (birth to three) at \$201.4 million—an increase of nearly 9%.

Substance Use Prevention and Treatment Services – *Nominally increased*

- The proposed budget contains a very minimal increase in general government operations funding for Department of Drug and Alcohol Programs (DDAP). Increasing these funds will not result in any increased allocations to county programs.
- Substance use disorder funding remains stable and unchanged from the current fiscal year.
- 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.
- It appears that County Intermediate Punishment funds have been consolidated into a line with other County Probation and Reentry Services. We are seeking additional details and will confirm the amount that is available for Intermediate Punishment Treatment Services.

- The governor’s proposal to legalize cannabis does not provide any funding for increased prevention, intervention or treatment programs.

AGING

Area Agencies on Aging (PENNCARE) – \$20.7 million increase

- Pennsylvania’s 52 Areas Agencies on Aging serve all 67 counties, including 33 administered directly by the county.
- For the current fiscal year FY2024-2025, the Area Agencies on Aging (AAAs) requested an increase of \$15.2 million from the Lottery Fund in the PENNCARE line to support their work with older adults, helping to fill gaps left by the conclusion of time limited federal funding programs. No increase was received.
- After conducting an analysis of needs, the [Pennsylvania Association of Area Agencies on Aging](#) (P4A) requested \$105 million to PENNCARE for the FY2025-2026 budget and an additional \$12 - \$15 million per year through FY2029-2030.
- The Governor’s budget proposal includes a \$20.7 million increase to PENNCARE.

CRIMINAL JUSTICE

Courts – Flat funded

- The proposed budget maintains level funding from the enacted FY 2025-2026 budget for nearly all judicial line items that reimburse county costs, the fourth year of level funding.
- 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.
- Fails to account for increased costs to counties with 11 additional Court of Common Pleas judges created by Act 58 of 2023.
- Funding for grants to counties to meet mandates for assuring access to those with limited English proficiency is proposed with an additional \$371,000, a 14% increase.
- 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 \$9.56 million by including traffic reimbursements and raising the \$1 fee to a total of \$3.50.

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 proposed budget continues the same \$7.5M investment as the past two budgets.
- No enabling legislation was proposed to change language related to supplementing current funding, not replacing existing investments.

Department of Corrections – REMAP: Facility closures and instituting housing fees

- Recommends the closure of two State Corrections Institutions (SCIs), saving the Commonwealth over \$100 million. The process for closures is defined in the [Public Safety Facilities Act](#), and would require notification to the county of any facilities being

considered. At least one public hearing is required in the county in which a facility is located prior to a final decision of closure.

- Recommends the closure of two community corrections centers, saving the Commonwealth \$10 million. These would not require the same notification and hearing as the SCI closures.
- Recommends implementing a charging policy for a daily housing cost to counties when the department accepts county inmates as a 5B transfer, for a cost to counties of \$1 million annually.

Commission on Crime and Delinquency – REMAP “Streamlining County Probation Services”

- The proposed budget asserts that there are “commonsense steps” to streamline several county-based funding streams for parole, adult probation, re-entry, and jail-based medication treatment into one appropriation.
- To that end, there is a proposed new line item titled “County Probation and Reentry Services” which would consolidate the following previous line items:
 - Improvement of Adult Probation Services (\$16.2 million)
 - Intermediate Punishment Treatment Programs (\$18.2 million)
 - Nonnarcotic Medication Substance Use Disorder Treatment for Eligible Offenders (\$1.75 million)

AGRICULTURE AND THE ENVIRONMENT

Conservation Districts – Flat funded

- Provides level funding for conservation districts, maintaining \$10.2 million in total General Fund dollars from the departments of Agriculture and Environmental Protection.
- The PUC will determine Act 13 distributions for conservation districts following the April 1 collection deadline.

Agriculture – Funding changes across the board

- Cuts funding for agricultural preparedness response, which partially provides funding to monitor and respond to invasive species, by \$23 million for a total appropriation of \$11 million.
- Zeros-out funding previously provided for county fairs, which received \$4 million in 2024-25.
- Includes separate federal funding for spotted lanternfly management, to be funded at \$12 million, the same rate as last year.
- Provides for an \$8 million increase to the State Food Purchase Program for a total state allocation of roughly \$34.7 million
- The Agriculture College Land Script Fund, which includes revenue for the Penn State Extension program, receives an estimated \$2.9 million increase for a total proposed appropriation of \$60.6 million.
- The State Farmland Preservation Board will set the state funding threshold for farmland preservation for 2025, which is required by March 1 annually. The budget includes \$6 million in federal appropriation for farmland protection.

Environment – Moderately increased

- 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 budget proposes a program appropriation of \$56.9 million, an estimated increase of \$5.5 million.
- Black fly control receives a slight increase of \$774,000 million, totaling slightly over \$9.2 million for FY 2025-2026
- West Nile Virus and other mosquito-borne viruses funding received a slight increase of \$943,000 over the prior year, totaling \$7.5 million.
- Provides for a \$2 million increase in environmental protection operations, totaling funds at \$32 million, with a focus on expediting permitting and review processes within the agency.

ELECTIONS – No new funding for counties

- Provides for a slight increase of \$124,000 for the Statewide Uniform Registry of Electors (SURE) for a total appropriation of about \$20.7 million.
- Minor increase of \$471,000 for General Government Operations at Department of State, which may include funding for operations, election security, and voter integrity, in addition to other department costs.
- Allocates \$668,000 for voter registration and education, reflecting a slight increase of \$122,000 from last year.
- Budget assumes the \$45 million set aside annually by **Act 88 of 2022** for the Election Integrity Grant Program (DCED).

COMMUNITY AND ECONOMIC DEVELOPMENT

Housing Stock Restoration Fund – Newly Proposed, initial \$50 million

- During his budget address, Governor Shapiro proposed \$50 million to create a new statewide housing repair fund to help homeowners struggling to make needed repairs to their aging homes.
- His proposed budget contains a new line-item for Housing Stock Restoration as an initiative for counties to improve or maintain existing housing in communities

Local Government Services (DCED) – Nominally increased

- Provides for slight increase in the funding for Center for Local Government Services for a total proposed allocation of \$7.3 million.
- Flat funds the Municipal Assistance Program, which funds shared services, community planning and flood plain management activities for local governments, at \$2 million.

Marketing, Training and Tourism –Nominal Changes

- The Pennsylvania First program, focused on investment and job creation in Pennsylvania, is decreased by \$5 million, allocating \$33 million in total. The majority of this funding is earmarked to provide financial assistance to facilitate increased economic investment as part of the Governors State Economic Development 10-year Strategy (SEDS).

- Funding for marketing to attract tourism is decreased by \$36 million, totaling \$19 million.
- Marketing to attract historically disadvantaged businesses receives flat funding at \$20 million.
- The Office of Open Records receives a slight increase of \$1 million, totaling \$5.6 million.
- Following the introduction of the Main Street Matters Program in the FY 2023-2024 budget, the Keystone Communities program was zeroed out, with intentions of Main Street building open and replacing Keystone Communities. Main Street Matters receives an \$8 thousand increase.

INFRASTRUCTURE

Broadband – *No state funding at this time*

- No state funding at this time.
- Over \$1 billion has been allocated to the commonwealth through the Broadband Equity Access, and Deployment (BEAD) program
- Nearly \$40 million in IJA federal funding for State Digital Equity Capacity available.

Cybersecurity - *No state funding at this time*

Libraries – *Flat funded*

- The public library improvement subsidy maintains flat funding at \$70.4 million for FY 2025-2026 (PDE budget)

TRANSPORTATION – *Funding shifts*

- Reflects ongoing funding for roads, bridges, transit systems and other infrastructure under Act 89 of 2013.
- Proposes a \$292.5 million increase in the Public Transportation Trust, specifically towards mass transit across the commonwealth.
- This budget continues to step down the State Police’s reliance on the Motor License Fund by \$50 million a year, until reliance is completely phased out by the end of the decade. It is predicted that PennDOT will have an additional \$750 million for road and bridge projects.

HIGHER EDUCATION – *Moderate increases*

- The budget proposes \$290.3 million in state funding for Community Colleges, reflecting a \$13 million increase from FY2024-25.
- The budget continues the efforts started in the FY2024-25 budget to increase higher education investments. This includes the State Board of Higher Education which was created last year to develop a strategic plan for higher education.
- Proposes \$60 million for funding to Penn State University, the University of Pittsburgh, and Temple University, which would be distributed by the Performance Based Funding Council within the new State Board of Higher Education created in 2024-25 to make recommendations for funding.