



GOVERNOR APPROVES FY 2022-2023 BUDGET– On Friday, July 8, Gov. Wolf signed into law [SB 1100](#), the commonwealth general appropriations bill for FY 2022-2023 which began on July 1. The \$45.3 billion spending plan represents a \$1.3 billion, or 3%, increase over the FY 2021-2022, and includes the allocation of approximately \$2.2 billion in federal American Rescue Plan Act (ARPA) funding.

In general, the FY 2022-2023 budget does not increase taxes, and cuts the corporate net income tax from 9.99% to 8.99%, continuing to lower to 4.99% by 2031. A significant portion of the increase in the General Fund appropriation is dedicated to schools, with a \$525 million increase for basic education. The ARPA funds are targeted toward a number of initiatives, including mental health, public safety and housing measures, as well as a \$640 million investment for environmental programs including water, sewer and storm water infrastructure, agricultural projects and park and forest maintenance.

As a top priority for 2022, counties have been calling for increased state funding to [support the crumbling mental health system](#). While the mental health services line in the General Fund contains an overall increase of about \$43 million over the FY 2021-2022 appropriation, this line is shared among several other mental health-related needs, including state-owned hospitals and administration, as well as the county mental health base. The FY 2022-2023 budget appears to have no increase for county mental health base and CCAP is working to confirm where the increase in funds to the overall line is being allocated.

In addition to the General Fund allocation, the FY 2022-2023 budget allocates \$100 million in federal ARPA dollars to the School Safety Grant Program specifically to address mental health needs. Under language added to the Public School Code in [HB 1642](#) (now Act 55 of 2022), these funds could also be used to coordinate and integrate local and county mental health services for students and employees. Another \$100 million in ARPA funds is allocated to adult mental health, although these are likely to have limited impact since they are one-time funds, making it difficult to do anything sustainable beyond the time for which the funds are provided without additional and ongoing General Fund support. Additional enabling legislation is needed to allocate the adult mental health funds, and a Behavioral Health Commission for Adult Mental Health will be created to make recommendations on those allocations.

Another county priority has been to secure [funding and resources for elections](#), and the FY 2022-2023 budget also includes an increase of \$45 million available to counties under a new Election Integrity Grant program. This is a substantial and previously unseen investment by the state in county elections, but does come with conditions that may be challenging for counties to meet, including requirements to begin pre-canvassing and canvassing on election day and continue without interruption. As a separate priority, counties have been asking the legislature and administration for the past two years to allow pre-canvassing to begin prior to election day,

allowing them to more effectively manage their resources and to focus their attention on running one election (mail-in versus in-person) at a time.

Also of note, the budget provides a 17.5% increase in medical assistance rates for long-term care nursing facilities, or about \$35 per patient per day, matching the request of CCAP's long-term care affiliate, the Pennsylvania Coalition of Affiliated Healthcare and Living Communities (PACAH). While the total \$294 million only meets 25% of the overall funding gap in long-term care costs, the rate increase indicates that the need for additional funds to sustain long-term care have been acknowledged. Finally, the child welfare budget for FY 2022-2023 includes an increase of \$169 million, or about 12%, in response to calls from counties for [appropriate funding and reform for the children and youth system](#). In general, other line items that impact county programs are largely flat funded, with some slight increases.

While there are many areas of the final FY 2022-2023 budget that will offer meaningful investments for Pennsylvania residents through county programs, an ongoing commitment to the state/county partnership is needed to bring, and maintain, service levels to meet needs. The one-time federal funds will not have lasting impacts unless they are accompanied by the ongoing supports for the services, and so we must start focusing on the underlying structural problems now inherent in systems after years of underfunding.

More information on county 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

Child Welfare. The children and youth budget continues the rebalancing initiative first implemented in FY 2015-2016. The funding for FY 2022-2023 of \$2.1 billion, including \$575.6 million in federal funds, is representative of the reconciliation of the fourth quarter of 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 \$169 million in state funds from the enacted FY 2021-2022 budget.

This budget includes a significant increase in funding for Community Based Family Centers, with an 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 \$90 million in childcare funding for Community Development Block Grants, which offers subsidized childcare for low-income families, was allotted, although about \$62 million less than proposed in the Governor's budget.

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 IFO and 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, remaining at \$18.5 million for the 11th straight year.

Human Services Development Fund. HSDF will 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 long-term care appropriation for the FY 2022-2023 budget can be framed as the first of many steps towards properly funding the challenges county long-term care facilities face every day. Except for the State Lottery Allocation, every necessary line in the budget showed an increase. In addition, the 16% increase in the Medical Assistance (MA) Fee-for-Service line item shows support for the Department of Human Services' new model required by the federal Centers for Medicare & Medicaid Services (CMS), which should be transitioned to later in 2022. In addition, the budget provides additional funding of \$250 million in ARPA funds for long-term, which is also a welcome addition for the FY 2022-2023 budget cycle.

However, as noted above, the most important addition to this year's budget for long-term care is the 17.5% increase in Medicaid rates for long-term care nursing facilities, and counties hope the recognition of the funding shortfall will continue until the gap between the cost of long-term care and Medicaid funding is closed. This increase coincides with an agreement with the Governor to reduce the 4.1 staffing ratio he proposed in August 2021 to a 3.2 staffing ratio by the end of 2023. Overall, the budget and the coinciding adjustments to related proposed regulations is a positive outcome for all of long-term care.

Medical Assistance Transportation Program. The FY 2022-2023 General Fund budget includes generally level funding for MATP at \$65.4 million.

Mental Health. The mental health services line item collectively covers allocations to state hospitals, administration and the county mental health base. While there is an overall increase of \$53 million to this line, county mental health base does not appear to be receiving an increase. CCAP is working to confirm the impact on the overall funding increase to counties. Federal funding also sees a nominal increase.

As noted above, Fiscal Code amendments will also create a Behavioral Health Commission for Adult Mental Health, which is tasked with making recommendations on the allocation of \$100 million in federal ARPA dollars set aside for this purpose. The legislature will need to enact separate legislation to determine how this funding will be distributed. County mental health administrators will have a seat on the Commission, which is required to have at least two meetings with county mental health administration, as well as related entities such as county commissioners, managed care organizations, behavioral health managed care organizations, single county authorities, hospitals, law enforcement, district attorneys, county child welfare agencies and county jails.

Another \$100 million in federal ARPA funding will go to the School Safety and Security Program, with \$95 million of that dedicated specifically for school mental health grants.

Intellectual Disabilities. Community Base is slated to receive \$147 million, a 1.8% increase, in state funding. This line item also sees a \$28 million increase in federal funding.

Intermediate Care Facilities are slated to receive \$179 million, an 10.8% increase, in state funding. Federal funding for this budget line increases by \$32 million.

The enacted budget provides the Community Intellectual Disability Waiver Program with \$2.3 billion, a substantial increase of 30% in state funding and a \$852 million increase in federal funding. This line item also includes \$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.

The Fiscal Code also provides for the creation of the Home Community Based Services (HCBS) for Individuals with Intellectual Disabilities Augmentation Account, which will leverage the net proceeds from the sale of state center property for individuals on the emergency waiting list.

Early Intervention. Early Intervention sees an increase of 7.5%, or \$12.2 million, in state funding and a \$6.8 million increase in federal funding.

Autism. Autism Services receives \$30 million in the FY 2022-2023 budget, an increase of approximately 10%, and an additional \$12 million in federal funding.

Substance Use Prevention and Treatment Services. The enacted 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. Those funding levels remain stable. There is a slight increase in General Government Operations funding for the Department, to cover internal administrative functions. Assistance to Drug and Alcohol Programs remains 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.

Further, the 15% of the opioid settlement funds that are allocated to the state, to be appropriated by the legislature, are deposited into a restricted account. The Fiscal Code language also allows for the continuation of Medication Assisted treatment and pilots currently funded at state and county correctional facilities, and specifies that the percentage of Intermediate Punishment funding counties spend on substance abuse and mental health

treatment should match the percentage of incarcerated individuals that are in need of treatment for substance use disorder and must be at least 80% of the total allocation.

Child Care. The FY 2022-2023 budget allocates \$90 million in ARPA funds to establish the Child Care Stabilization Program, which was proposed in the Governor's budget to provide qualified childcare providers with additional funding for the recruitment and retention of staff and to assist with workforce development. Qualified providers would include group child day care homes, child day care centers and family childcare homes.

Vulnerable Populations. The FY 2022-2023 budget provides \$141 million to the Department of Military and Veterans Affairs for the operations and maintenance of the veterans' homes, a 28% increase. Further, the budget includes \$580,000 in funds to operate and maintain a network of web portals that provide referral services for mental health or substance abuse issues and to expand the existing web portals that provide resources to military veterans and their families.

Judiciary

Courts. The budget maintains level funding from the enacted FY 2021-2022 budget for judicial line items that impact the counties. The budget 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.

Criminal Justice. Funding for adult probation services and intermediate punishment will remain at the same level as in FY 2021-2022. The district attorney salary reimbursement is slated to increase slightly to \$8.1 million, although this is funded separately from the General Fund.

Juvenile Justice. Funding levels for juvenile justice services and juvenile probation are slated for level funding in FY 2022-2023. 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 FY 2022-2023 budget nearly triples the funding for conservation districts, up to nearly \$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 \$8.8 million as their annual allocation under Act 13 of 2012.

Agriculture. The budget allocates an additional \$2 million in funding for the State Food Purchase Program, up to \$24.7 million, and level funds county fairs at \$4 million. The State Farmland Preservation Board previously set the 2022 state funding threshold for farmland preservation at \$38 million.

Clean Streams Fund. The General Assembly and administration invested significant amounts of federal American Rescue Plan (ARPA) in water and conservation projects, including state parks and forests, agricultural conservation and storm water and waste water needs. This includes funding for the Agriculture Conservation Assistance Program, aimed at providing funding to county conservation districts for conservation, clean streams and local stormwater maintenance. In addition, \$220 million of the ARPA funds will be used to create a Clean Streams Fund; of note, 4% of these funds are dedicated for grants and reimbursements to counties and municipalities relating to required stormwater management plans, administrative and enforcement costs and revisions to plans. Under Act 167 of 1978, counties are required to adopt stormwater management plans for each watershed located in the county, which should be reviewed every five years. While the Department of Environmental Protection is authorized to reimburse counties for up to 75% of the cost of preparing these required plans, this is the first funding has been made available for this purpose in many years.

Penn State Extension. The Agriculture College Land Scrip Fund, which includes revenues for the Penn State Extension program, will receive a 5% increase in funding to \$57.7 million.

Environment. There is a new Forest Pest Management allocation within the Department of Conservation and Natural Resources (DCNR) to combat invasive pest species; the overall program is slated to receive \$3 million. Black fly control will receive level funding, while West Nile virus control will see an almost 5% increase to \$5.9 million.

Elections

The budget allocates \$45 million in state funds in grants to counties, allocated proportional to a county's number of registered voters, to support county election operations. In order to apply for the funds, counties must agree to meet certain pre-canvassing, canvassing and reporting requirements. Additionally, the FY 2022-2023 fiscal plan includes level funding for the Statewide Uniform Registry of Electors (SURE) at almost \$11.8 million. Funding for voter registration will increase almost 9% to \$502,000.

Libraries

In the Department of Education, the public library improvement subsidy received an 18.5% increase funding increase to \$70.5 million for FY 2022-2023.

Community and Economic Development

DCED. The FY 2022-2023 budget calls for an almost 5% increase for the Center for Local Government Services to \$4.4 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. The Office of Open Records will receive a 10% increase, funded at \$3.6 million.

Marketing and Training. The Pennsylvania First program, originally focused on investment and job creation in Pennsylvania, is proposed to receive level funding at \$20 million for FY 2022-2023, with at least \$8 million of those funds designated for the Workforce and Economic Development Network of Pennsylvania (WEDnetPA). Funding for marketing to attract tourism will see a level funding at \$30 million, while marketing to attract businesses will remain flat funded at \$2 million. The Keystone Communities program, designed to encourage the creation of partnerships between the public and private sectors in communities, will see more than a \$7 million increase, with almost \$6.4 million of that fund set aside to fund the Main Street, Elm Street and Enterprise Zone programs, as well as accessible housing.

Affordable Housing. The FY 2022-2023 budget allocates \$375 million in ARPA funds to address affordable housing construction, rehabilitation and repairs. The \$125 million Whole-Home Repairs program, to be administered by Department of Community and Economic Development (DCED), will provide single grants or loans up to \$50,000 to address habitability concerns, energy or water efficiency improvements and accessibility for individuals with disabilities. The \$150 million Development Cost Relief Program, through Pennsylvania Housing Finance Agency (PHFA), will apply to current Low-Income Housing Tax Credit construction projects to address increased costs from supply chain challenges as well as losses in equity investments due to the pandemic. Another \$100 million in Housing Options Grants through PHFA will allow for the development of affordable housing units including the construction of new units, the rehabilitation of existing properties, and the preservation of existing affordable units.

Infrastructure

Broadband. The budget 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.

The budget allocates \$5 million to the Commonwealth Financing Authority for the unserved high-speed broadband funding program. Additionally, the budget appropriates \$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 budget includes almost \$4.1 million in federal funding to Statewide Public Safety Radio Network for broadband network planning. Additional funding will be leveraged by the statewide broadband development authority and is not included as Pennsylvania is continuing to work through their state plan development to apply for grant funding made available through the Bipartisan Infrastructure Law.

Cybersecurity. The FY 2022-2023 budget includes approximately \$4.3 million in federal funds for local cybersecurity programs and \$1 million for state cybersecurity to the Office of Administration, both federal appropriations from the IJJA.

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. The budget allocates \$5 million to the maintenance and construction of county bridges. Allocations made to counties may be used in whole or in part by the county for grants to municipalities for distribution.