



## 2022/23 Budget Summary - July 2022

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## Overview

- Total 2022/23 General Fund state appropriations: \$42.8 billion
- Net supplemental appropriations for 2021/22 - \$758 million
  - Reverses “cycle rolls” for DHS managed care programs – pay bills on a timelier schedule one month after coverage is provided
  - Repays loans to Workers Compensation Security Fund
  - Shifts more State Police costs into the General Fund and out of the Motor License Fund
- Assumes enhanced FMAP continues until December 31, 2022
- Year over year state General Fund increase: \$3.44 billion, or 8.8%
  - The state increase includes a reduction in federal funds for enhanced FMAP and corresponding increase of state funds to pay for those mandated costs.
  - If we include enhanced FMAP in both years, closer to about a 5.9% increase.
- Rainy Day Fund – additional \$2.1 billion deposit for a total balance of \$4.96 billion

## Education

- Basic education funding: \$750 million or 11.4% increase
  - \$525 million added to the fair funding formula distribution, bringing the share of fair formula-driven funds to 20%
  - \$225 million distributed to the 100 lowest-spending school districts (PA has 500 school districts) through the Level Up supplement
- Special education funding: \$100 million or 8.1% increase
- School Safety and Security Committee: \$95 million for mental health grants
  - Funding contained within the increase in the Ready to Learn Block Grant
  - \$100,000 for each school district, plus \$15 per student
  - \$70,000 for each charter school, Intermediate Unit, and Area Career and Technical Center
- School Safety and Security Committee: \$95 million for physical safety grants
  - Funded via a new state appropriation
  - \$100,000 for each school district, plus \$15 per student
  - \$70,000 for each charter school, Intermediate Unit, and Area Career and Technical Center
- Early Intervention (Age 3-5): \$10 million or 3% increase
- Early childhood education:
  - \$60 million or 25% increase for Pre-K Counts
    - 14% rate increase (\$8,750 to \$10,000) per full-time slot and an estimated 2,308 new seats
    - This aligns with what the governor requested in his budget proposal
  - \$19 million or 28% increase for Head Start Supplemental Assistance
    - No new seats; increased funding needed to meet growing costs
- Public Library Subsidy: \$11 million or 18.5% increase
- Career and Technical Education: \$6.1 million or 6% increase
- \$7 million for Dual Enrollment grants (last funded in 2010/11)
- No new funding for school facilities
- Negative 2021/22 supplemental (-\$118 million) for the Pupil Transportation reimbursement subsidy to reflect lower than anticipated costs stemming from still disrupted special education transportation by Intermediate Units in 2021/22 and decreased school district transportation activity in 2020/21.
- Education Tax Credits (EITC and OSTC) -- \$125 million or 45% increase

## Higher Education

- Pennsylvania State System of Higher Education (PASSHE) - \$75 million increase
  - Additional ARPA allocation to PASSHE- \$125 million
- Community college operating costs - \$11.3 million increase (4.6%, with a portion dedicated to annualize funding for the new Erie Community College)
  - \$2.1 million for community college capital funding (4%)
- Thaddeus Stevens College of Technology - \$748,000 increase (4%)
- State-Related Universities – flat funding for educational appropriations
  - Lincoln University, Temple University, University of Pittsburgh, and Penn State University



- PHEAA Programs
  - State Grant Program - \$20.6 million increase
  - Ready to Succeed Scholarships - \$18.4 million increase
  - Act 101 - \$2.6 million increase
  - PA Targeted Industry Scholarship Program - \$2.4 million increase

## **Human Services**

- Assumes COVID-19 enhanced federal medical assistance percentage (FMAP) matching funds of 6.2% continue through December 31, 2022
- Appropriates \$367 million in supplemental funding to 2021/22 to:
  - Reflect enhanced FMAP for the period January to June 2022 - the 2021/22 enacted budget assumed enhanced FMAP through December 2021
  - Reverse the rolling of many medical assistance (MA) managed care payments from the fiscal year incurred to the following fiscal year, which equates to two months of costs in Physical Health HealthChoices and Behavioral Health HealthChoices, as well as one month of costs in Community HealthChoices
  - Provide \$4 million for 2-1-1 infrastructure
  - Provide an increase of \$600,000 for blind and visual services
  - Reflect utilization, caseload, and cost changes throughout the year
- Funds \$1.2 million for the discharge of 20 state hospital residents to community placements through the Community Hospital Integration Projects Program (CHIPP) and restores \$15 million to county mental health services
- Includes \$19 million increase in Supplemental Grants – Aged, Blind, and Disabled to fund a \$200 per month increase in the state supplement for residents of personal care homes and domiciliary care homes
- Includes funding in multiple appropriations for an ambulance fee increase outlined in the Fiscal Code
- Includes funding in multiple appropriations for an estimated \$294 million state fund increase in MA nursing facility rate increases per calendar year, beginning January 1, 2023
- The Long-Term Managed Care appropriation includes additional funding for a LIFE rate increase of 3 percent, effective January 1, 2023
- The Intellectual Disabilities – Community Waiver Program includes a \$18.8 million increase to serve and additional 832 individuals with intellectual disabilities waiting for services
- Provides \$16 million in additional funds for evidence-based home visiting programs (including Nurse Family Partnership) and community-based family centers
- Child Care Services increase of \$25 million for families as they increase their income above existing Child Care Works income limits of 235% of the federal poverty income guidelines (FPIGs)
- Breast Cancer Screening increase of \$105,000, or 6%

## **Conservation & Natural Resources**

- General Fund changes
  - General Government Operations - \$1.11 million increase
  - State Parks Operations - \$6.46 million increase
  - State Forests Operations - \$1.24 million increase
  - Heritage & Other Parks - \$1 million increase
  - Forest Pest Management - \$3 million increase, no GF allocation in 21/22
- Oil and Gas Lease Fund changes
  - State Parks Operations - \$4 million increase
  - State Forest Operations - \$4 million increase
  - State Parks and State Forests Infrastructure Projects - \$56 million increase, not funded in 2021/22

## **Environmental Protection**

### Key General Fund Appropriations

- General Government Operations - \$786,000 increase
- Environmental Program Management - \$1.57 million increase



- Environmental Protection Operations - \$4.68 million increase

#### Water Commissions

- Susquehanna River Basin Commission - \$535,000 increase
- Chesapeake Bay Commission - \$25,000 increase
- Level funding for the "Other" Water Commissions
  - Delaware River Master
  - Interstate Commission on the Potomac River
  - Delaware River Basin Commission
  - Ohio River Valley Water Sanitation Commission

Transfer to Conservation District Fund - \$5.01 million increase

#### Agriculture

- State Food Purchase -\$2 million increase. Appropriation supports:
  - State Food Purchase Program (SFPP)
  - Pennsylvania Agricultural Surplus System (PASS) - \$2 million increase
  - Emergency Food Assistance Development Program (TEFAP)
  - TEFAP Distribution
- Avian Flu Response - \$31 million increase under Agriculture Preparedness and Response
  - \$25m for grants to address impacts to farmers
  - \$6m to Animal Health and Diagnostic Laboratory System
- Animal Health and Diagnostic Commission - \$4 million increase
  - To be equally distributed between animal diagnostic system laboratories at Penn State University and the University of Pennsylvania School of Veterinary Medicine
- University of Pennsylvania appropriations, combined 5% increase
  - Veterinary Activities - level funded
  - Center for Infectious Disease - \$1.59 million increase
- Penn State agriculture funding: \$2.75 million or 5% increase (Transfer to Agricultural College Land Scrip Fund)
- Transfer to the Conservation District Fund - \$1.8 million increase
- Transfer to State Farm Products Show Fund - \$5 million from the General Fund

#### Transportation

- Motor License Fund Changes
  - Highway & Safety Improvements - \$310 million increase
  - Highway Maintenance - \$63.12 million increase
  - Driver & Vehicle Services - \$16.42 million increase
  - Real ID - \$4.23 million increase
  - Local Road Maintenance & Construction Payments - \$25.63 million increase
  - Municipal Traffic Signals - \$5 million increase
    - For signal technology grants to municipalities - no matching funds requirement

#### Health

- \$2.5 million increase for Primary Health Care Practitioner to be distributed as follows:
  - \$1.351 million for loan repayments
  - \$442,000 for the PA Academy of Family Physicians Residency Program
  - \$558,000 to be shared by other existing grantees
  - \$149,000 assumed for additional administrative costs
- \$5.6 million increase for county and municipal health departments:
  - \$1.4 million to reflect the annualized cost of the new Delaware County health department at a rate commensurate with others
  - \$4.2 million to reflect the new Lackawanna County health department and increase reimbursements to all county and municipal health departments - estimated at \$5.38 per capita, up from \$4.66 per capita on average



- Amyotrophic Lateral Sclerosis Support Services: \$651,000 increase
- Many disease-specific appropriations recommended to be maintained in the governor's proposed budget increased by 6%, including: Diabetes Programs, Adult Cystic Fibrosis and Other Chronic Respiratory Illnesses, Cooley's Anemia, Hemophilia, Lupus, Sickle Cell, Regional Poison Control Centers, Trauma Prevention, Epilepsy Support Services, Tourette Syndrome, Lyme Disease, and Leukemia/Lymphoma. The increases for Sickle Cell and Lyme disease are directed to specific entities in the Fiscal Code.
- Restores and increases funding for Bio-Technology Research to \$10.6 million

## **State Police**

- \$103.48 million combined increase across General Fund and Motor License Fund
  - \$13.95 million less than the Governor's Executive Budget
- Total State Police Motor License Fund expenditures reduced to \$500 million
- \$1.6 million increase for Gun Checks

## **Corrections**

- \$829,000 increase from 2021/22 in General Government Operations
  - Office of Victim Advocate funded out of General Government Operations
- \$6.67 million increase for Medical Care
- \$1.24 million increase for Inmate Education and Training
- \$44.15 million increase for State Correctional Institutions
- \$6.69 million increase for State Field Supervision
- \$653,000 increase for the Parole Board
- \$309,000 increase for the Sexual Offenders Assessment Board
- Board of Pardons, transferred from the Lt. Governor, essentially flat funded at \$2.16 million

## **Pennsylvania Commission on Crime and Delinquency (PCCD)**

- ARPA Funding for public safety:
  - \$135 million for Local Law Enforcement Support grants
  - \$50 million for Gun Violence Investigation and Prosecution grants
  - \$75 million for Violence Intervention and Prevention grants
- \$30 million for Violence Intervention and Prevention Programs to be used for Community Violence reduction programs
- PCCD General Government Operations: \$5.55 million, or 49%, increase
- New Fiscal Code allocations:
  - \$3 million to the Project Safe Neighborhoods program, an increase of \$1.5 million from 2021/22
  - \$500,000 for the creation of a Statewide child predator unit
  - \$500,000 to support training and equipment needs for the identification, investigation, and prosecution of crimes related to the sexual abuse of children
  - \$100,000 for criminal indigent defense training
  - An additional \$200,000 for a diversion program for first-time nonviolent offenders (\$600,000 total)
- Office of Safe Schools Advocate – flat funding
  - Shifted from the Department of Education to PCCD in 2021/22
- Improvement of Adult Probation Services – flat funding
  - Shifted from the Department of Corrections in 2021/22
- Funding for Violence and Delinquency Prevention Programs increased \$150,000

## **Military and Veterans' Affairs**

- General Government Operations: \$3.2 million increase, or 12%
  - Includes \$445,000 for suicide prevention services for members of the PA National Guard
  - Includes \$500,000 in additional funding for Vet Connect
- Veterans Homes: \$29.6 million, or 26.1%
  - Includes \$14.1 million to increase staffing levels to comply with federal regulations
- \$3.8 million for Veterans Outreach Services, an increase of \$477,000 or 14.5%



## Community and Economic Development

### ARPA Programs

- Water and Sewer Projects under the CFA: \$320 million
  - H2O PA Program: \$214.4 million
  - PA Small Water and Sewer Program: \$105.6 million
- Whole Home Repairs Program: \$125 million
- Historically Disadvantaged Business Assistance: \$20 million
- Cultural and Museum Preservation Grant Program: \$15 million

### Other Funding

- General Government Operations: \$9.7 million increase, or 46.2%
- Ben Franklin Technology Development Authority transfer: \$2.5 million increase, or 17.2%
- Invent Penn State initiative - \$2.35 million
  - Supports university, community and industry entrepreneurial collaborations
- \$7.27 million, or 24.5%, increase in the Keystone Communities Program
  - \$6.377 million out of \$36.9 million total appropriation is to support the Main Street, Elm Street, Enterprise Zone, and accessible housing programs
- \$1 million, or 10.1%, increase in Partnerships for Regional Economic Performance
- Accredited Zoos: \$200,000 increase, or 25%
- Infrastructure Technology Assistance Program: \$500,000 increase, or 25%

## Pennsylvania Housing Finance Agency

### ARPA Programs for Housing:

- Development Cost Relief Program: \$150 million
- Affordable Housing Construction: \$100 million

## Department of State

- \$290,000, or 5%, increase in General Government Operations
- \$429,000, or 150%, increase in lobbying disclosure to assist in replacing the current technology system
- Eliminates \$2.4 million in non-recurring costs to publish state and federal reapportionment maps
- \$5 million from the Professional Licensure Augmentation restricted account to support the replacement of the PA Licensure System (PALS)

## Row Offices

General Government Operations (in millions)	FY 2021/22	FY 2022/23	Dollar Change	Percent Change
Attorney General	\$47.408	\$50.199	\$2.791	5.9%
Auditor General	\$38.341	\$41.926	\$3.585	9.4%
Treasury	\$37.206	\$39.637	\$2.431	6.5%

- Office of Attorney General includes:
  - \$2.9 million increase for Drug Law Enforcement
  - \$486,000 increase for the Join Local-State Firearm Task Force, a collaborative effort of the OAG, the Philadelphia Police Department, and the Philadelphia County District Attorney's Office
  - \$235,000 increase for School Safety (Safe2Say Something school safety initiative)

## Property Tax/Rent Rebate Program

- Property Tax/Rent Rebate program recipients will receive a supplemental payment equal to 70% of the regular payment, which will be paid out of ARPA funds. Recipients do not need to file an additional application. The Department of Revenue will add the supplemental amount and distribute it with the regular payment. The total appropriation for the supplemental payments is \$140 million.



## Judiciary

- Includes a 2% increase for many, but not all, of the appropriations for the Judiciary
- The Fiscal Code re-authorizes the two Act 49 fees that fund the judicial branch until July 31, 2023
- The Fiscal Code, for 2022/23, temporarily stopped the \$15 million transfer from the Judicial Computer System Augmentation Account to the School Safety and Security Fund

## Juvenile Court Judges Commission

- \$86,000 increase over 2021/22
- The Juvenile Probation Services Grant program, administered by the JCJC, was level funded at \$18.9 million

## General Services

- General Fund Changes
  - General Government Operations - \$1.05 million or 1.9% increase
  - Capitol Police Operations - \$1.11 million or 7.8% increase
  - Rental and Municipal Charges - \$551,000 or 2.1% increase
  - Utility Costs - \$767,000 or 3.1% increase

## Tax Code Summary

The most significant changes in the Tax Reform Code, HB 1342, are as follows:

- Corporate net income tax
  - Rate reduction from 9.99% down to 4.99% gradually until 2031
  - Market-based sourcing to broaden the base by sourcing sales of intangibles to Pennsylvania, such as interest on loans for property in the state and use of trademarks
  - Nexus provisions to add more taxpayers to Pennsylvania that have a significant business presence in the state
- Pennsylvania Dependent and Child Care Enhancement Program
  - Newly created tax credit to allow more families to work by providing child care assistance
  - Based on the federal tax credit for eligibility
  - Maximum credit for families with income over \$42,000 is \$180 for one child and \$360 for two children; the highest credit available is for families with income of \$15,000 or less, for which the credit is \$315 for one child and \$630 for two or more children
- Airport Land Development Zone
  - Newly created tax credit of \$2,100 per new job created in the zone
- Increased tax credit caps
  - Film tax credit (\$70 million to \$100 million)
  - Research and development tax credit (\$55 million to \$60 million)
  - Waterfront development tax credit (\$1.5 million to \$5 million)



## American Rescue Plan Funds

<b>American Rescue Plan - State Fiscal Recovery Appropriations</b>	
	\$ amounts in millions
Total ARPA - State Fiscal Recovery Fund Allocation	\$7,291.3
Transfer to General Fund - Revenue Replacement	\$3,841.0
ARPA appropriations to date by General Assembly:	\$1,288.0
<b>ARPA Funds Remaining</b>	<b>\$2,162.3</b>
<b>ARPA Appropriations in SB 1100:</b>	
<b>Public Safety</b>	
PCCD - Local Law Enforcement Support	\$135.0
PCCD - Gun Violence Investigation and Prosecution	\$50.0
PCCD - Violence Intervention and Prevention	\$75.0
<b>Human Services</b>	
DHS - Child Care Stabilization	\$90.0
DHS – Long-Term Living Programs	\$250.0
DHS - Mental Health Programs	\$100.0
DHS - Low-Income Home Energy Assistance Program (LIHEAP)	\$25.0
<b>Environment</b>	
CFA - Water and Sewer Projects	\$320.0
DCNR - State Parks and Outdoor Recreation Program	\$100.0
DEP - Transfer to Clean Streams Fund	\$220.0
<b>Education</b>	
State System of Higher Education Universities	\$125.0
PHEAA - Student Loan Relief for Nurses Program	\$35.0
<b>Housing</b>	
PHFA - Development Cost Relief Program	\$150.0
PHFA - Affordable Housing Construction	\$100.0
DCED - Whole Home Repairs Program	\$125.0
<b>Other</b>	
Transfer to UC Trust Fund	\$42.3
Exec. Offices - Pandemic Response	\$40.0
DCED - Historically Disadvantaged Business Assistance	\$20.0
DCED - Cultural and Museum Preservation Grant Program	\$15.0
Health - Biotechnology Research	\$5.0
Property Tax/Rent Rebate	\$140.0
<b>Subtotal – SB 1100 ARPA Appropriations</b>	<b>\$2,162.3</b>

