
TO: Commissioners, Council Members, Executives, Chief Clerks, Administrators
(Please copy and distribute – 2 pages)

FROM: Kristen Goshorn, Government Relations Manager

DATE: September 2, 2010

RE: **Correction: Important Information for Counties: Implementation of FY 2010-2011 Budget Freeze Announced**

NOTE: The following information was distributed to counties yesterday with an omission in the drug and alcohol section. There will be no cut to drug and alcohol base funding, and that paragraph has been corrected below.

Details have emerged today about the implementation of the Governor's previous order to the executive agencies and independent agencies to freeze discretionary spending in their budgets by 1.9 percent overall in order to offset the reduced amount of enhanced FMAP extension funding adopted by Congress in early August. The enacted 2010-2011 commonwealth budget had anticipated \$850 million in FMAP funding, and the actual amount Pennsylvania will receive is roughly \$280 million lower than the budgeted number.

The 1.9 percent freezes will generate a savings of approximately \$160 million, but this is contingent upon independent agencies such as the court and the legislature contributing identical freezes. The plan also includes a \$50 million reduction in basic ed funding, the only area of the budget that has received consistent increases over the last several years. Finally, the governor is relying on \$70 million from a yet-to-be-enacted severance tax to offset the remaining gap, and the administration is threatening additional reductions if the severance tax is not passed.

The following is a brief overview of the impact of freezes on county line items. Additional information is available on the CCAP budget web page at www.pacounties.org.

Agriculture and the Environment. Reductions in the Department of Ag seem to be uniformly applied to discretionary line items at a rate of 1.9 percent. This includes agricultural conservation easement administration, payments to county fairs, farmers market coupons and state food purchase assistance. Conservation districts were spared any additional reductions in funding to the conservation district fund but may be impacted by cuts to Chesapeake bay and nutrient management programs. West Nile, Black fly and Gypsy moth control have all been reduced by roughly 1.9 percent each.

Alcohol, Tobacco and Other Drugs. It appears that there will be no reductions to the base funds for substance abuse services in the Department of Health. Intermediate Punishment funding for drug and alcohol treatment is being reduced by one percent (\$297,000). Funding from the Department of Public Welfare is also being reduced. Behavioral Health Services Initiative (BHSI) funding will be reduced by 1.9 percent, or \$1.1 million. County Drug programs will continue to receive 60 percent of the remaining \$52.2 million. Act 152 funding to will be reduced by \$1.5 million. The department believes that the 152

reduction can be made without impacting access to services by increased utilization of the expedited enrollment process.

Child Welfare. County child welfare state funding has been reduced by just under one percent, but this cut will be absorbed by the Office of Children, Youth and Families. However, OCYF also reported that \$11 million in TANF funds that had gone to children and youth will now be shifted to Income Maintenance and this reduction will be distributed across all counties. Revised allocation letters with county-specific detail will be sent out within two weeks. Child care services funding has been reduced by 1.9 percent, and the domestic violence line item was also reduced by one percent. Juvenile justice will be reduced an additional amount through reduction of overtime and administrative efficiencies. Funding for community based family centers was reduced by \$63,000.

Community and Economic Development. There are additional reductions to numerous DCED programs, including Land Use Planning and Technical Assistance, tourism promotion and marketing assistance, local development districts and job training programs.

Homeless Assistance Program. The Homeless Assistance Program has been cut by 1 percent, or \$225,000.

Human Services Development Fund. The Human Services Development Fund has received an additional 1 percent cut of \$235,000 bringing the total amount cut from HSDF since FY 2009-2010 to 8.37 percent. This brings the total amount of HSDF funds cut in the past three years to over 37 percent. In addition, the impact on each individual county will be slightly higher due to seven counties already receiving the statutory minimum funding and therefore not being subject to cuts.

Judiciary. An additional \$1.5 million has been removed from budget lines impacting funding for courts of common pleas. CCAP has not yet obtained information on how this freeze will impact the per judicial position reimbursement that counties receive.

Long Term Care. There is no additional reduction to county long term care nursing home funding.

Medical Assistance Transportation Program. There are no additional cuts to the Medical Assistance Transportation Program, which remains budgeted at \$75.3 million.

Mental Health and Mental Retardation. For mental retardation, there is a 1.9 percent reduction, or about \$3.1 million, to community base funds, which will result in a reduction of \$2.9 million to the base allocation for counties with the rest to be absorbed by the Office of Developmental Programs. Autism services is reduced by 1.9 percent, or \$250,000, but this reduction will not impact waiver services. There will also be a 1.9 percent reduction for the mental health base allocation and to BHSI (Behavioral Health Services Initiative). There is no decrease in behavioral health capitation, CHIPPS, or initiatives, and counties will be asked not to decrease support to consumer operated services. Office of Mental Health and Substance Abuse Services primary allocation will be revised and reductions will begin with second quarter payments. There are no further reductions to the Early Intervention Program.