

# Budget Amendments Use Available Funds

## Proposed by House Appropriations Committee Democrats

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*In a year when Pennsylvanians are still reeling from the aftermath of the Great Recession and massive budget cuts enacted last June, Gov. Corbett and his Republican allies have no right to ignore hundreds of millions of taxpayer dollars that should rightfully be used to provide services that people need NOW.*

**Gov. Corbett is telling school districts to spend their reserve funds to avoid more education cuts at the same time he is telling legislators that the state should put excess available funds in reserve rather than avoid cuts to programs people need now.**

*The following changes will use the funds available – **without raising taxes** – to provide programs and services that will have both short- and long-term benefits for residents and businesses. Senate Bill 1466 is a step in the right direction and away from Corbett’s draconian cuts to education and human services programs, but it does not go far enough. The changes below increase Gov. Corbett’s spending proposal by \$816.7 million, a modest 3.0 percent increase over current year spending. Under the amendments proposed below, the General Fund expenditures for Fiscal Year 2012/13 will be \$27.96 billion compared with \$27.16 billion in FY 2011/12.*

### Education/K-12

#A10522

- ❖ Proposed amendment addresses two meaningful programs that affect our children in Pre-K through the early grades: the **Accountability Block Grant (ABG)** and **Child Care Services** (Keystone Stars).

We propose to bring total school funding for ABG to \$150 million by **adding \$100 million to SB 1466** after the governor proposed the elimination of the program for the second consecutive year.

- At its peak, ABG funding to school districts in a single year reached \$275 million during the Rendell administration (ABG never received federal stimulus funds). This amendment provides a meaningful down payment toward restoring this program. School districts use these funds to provide for quality pre-K and full-day kindergarten programs and to reduce class size in kindergarten through 3<sup>rd</sup> grade — both are proven to help children learn.

The amendment also **restores the Senate’s \$8.7 million cut to the Keystone Stars program** in the Child Care Services appropriation and **adds \$2 million** to maintain the level of children receiving Child Care Services in 2011/12 through 2012/13 with total funding at \$147.4 million.

- Keystone Stars provides funds that support teacher professional development for early childhood education.
- The governor’s proposed budget for Child Care Services would result in 365 fewer children receiving services in 2012/13. This amendment includes \$2 million to help cover the cost of those children to maintain current service levels.

### Health Care

#A10524

- ❖ Proposed amendment **restores the 4 percent rate cut (\$59 million state and \$70 million federal) for nursing homes and hospitals**, and **provides additional funds for Medically Needy Only adults (\$19.5 million state and \$12 million federal)** compared with Gov. Corbett’s budget proposal. The Senate Republican amendment restored only 2 percent of the 4 percent rate cut and made no provision for the General Assistance Medically Needy Only.

- Affects 84,500 seniors and people with disabilities served in nursing homes. Additionally, it provides for acute care and rehabilitation hospitals and 16,000 Medically Needy Only adults —

low-income, chronically ill adults who have incurred high medical expenses, commonly due to hospital care, and “spend down” to qualify for Medical Assistance coverage.

## Intellectual Disabilities – Community Waiver Program #A10525

- ❖ Proposed amendment **increases the state appropriation by \$12.1 million (plus \$14.4 million federal match)** for this safety net service compared with the governor's proposal. This funding level **expands services for 700 special education graduates and 430 individuals with elderly caregivers** on the emergency waiting list. The Senate Republicans added only \$10 million to the state appropriation.

## Human Services Development Block Grant Fund #A10523

- ❖ Proposed amendment **fully restores Gov. Corbett's \$168.4 million** (20 percent) cut in funding to counties under the Human Services Development Block Grant Fund **by adding \$84.2 million to SB 1466**. Senate Republicans restored only \$84.2 million (10 percent).
  - Any cuts negatively impact counties, prisons, social programs, children and youth. More specifically, Gov. Corbett's cuts affect 220,000 mentally ill; 23,000 intellectually disabled; 52,000 in need of drug and alcohol treatment; 110,000 homeless; and special grants for children's county welfare programs.

## Other Safety Net Services #A10531

- ❖ Proposed amendment **restores \$42 million** for disability-based General Assistance Cash grants for those who do not qualify for other assistance and would restrict disability-based GA to only those who have a medically-verified disability that is expected to last for 12 months or longer. Eligibility would be restored compared with Gov. Corbett's proposal for roughly 40 percent of GA recipients who have a disability. Eligibility would remain for those enrolled on the basis of domestic violence or in a drug & alcohol recovery program. The restoration will also permit people who are waiting for the Social Security Administration (SSA) to rule on their disability applications to receive General Assistance as interim assistance until their applications are approved. In essence, this makes the GA program more like a revolving loan program, with Social Security reimbursing Pennsylvania about \$26 million a year once GA recipients' SSI (Social Security Income) or SSD (Social Security Disability Insurance) applications are approved. This proposal accounts for a potential 10 percent increase in the General Assistance caseload as any newly ineligible recipients (i.e., those with Employability Assessment Forms who say that they have disabilities lasting fewer than 12 months) obtain medical verification that their disabilities will actually last at least 12 months.
- ❖ Proposed amendment increases the transfer to the Vocational Rehabilitation Fund, a program that helps people with disabilities by providing services to secure and maintain employment and independence. The amendment **adds \$5.7 million** compared to the level proposed by Gov. Corbett and the Senate. These additional funds will maximize federal matching funds and continue services.

## PennCare Community Services #A10526

- ❖ Proposed amendment uses \$2.2 million from the Lottery Fund to restore grant funding to Area Agencies on Aging (AAAs) for aging services to the FY 2010/11 level. Additional lottery funds are available due to healthy ticket sales.

## Homeowners Emergency Mortgage Assistance Program (HEMAP) #A10580

- ❖ Proposed amendment creates a restricted account for \$65 million at no cost to Pennsylvania to provide funding for the Homeowners Emergency Mortgage Assistance Program that was initially created under the leadership of Republican Gov. Dick Thornburgh. It was created to protect

Pennsylvanians from losing their homes to mortgage or tax foreclosures in the wake of the back-to-back recessions of the early 1980s. House Democrats call on Gov. Corbett, Republican leaders, and the Attorney General's office to support using Pennsylvania's share of the National Mortgage Settlement for its intended purpose – providing foreclosure relief and housing programs for struggling Pennsylvanians.

## **Environmental Protection and Key '93**

*#A10578*

- ❖ Proposed amendment maintains current law by fully preserving the state's legal commitment to environmental programs and the state-owned university system (PASSHE) for deferred maintenance within the Keystone Fund. The governor's proposal diverts \$38.6 million in revenue dedicated to this fund to balance the General Fund budget. Senate Republicans restore only half of that amount (\$19.3 million).

The proposed amendment also adds \$112 million to the Department of Environmental Protection's Environmental Program Management and Environmental Protection Operations. These funds are a down payment toward restoring Gov. Corbett's dramatic cuts. They assist in the management, regulation and control of air pollution and promote healthy water and solid waste management practices, and ensure safer mining activities.

## **Flood Control**

*#A10528*

- ❖ Proposed amendment restores this appropriation to its FY 2010/11 level for an additional \$3.4 million. After the 2011 flooding issues in Pennsylvania and subsequent state funding challenges, House Democrats believe that the governor's decision to eliminate funding for this program was irresponsible and shortsighted. Providing \$3.4 million in prevention is worth tens of millions in repair.

## **Mass Transit**

*#A10549*

- ❖ Proposed amendment provides approximately \$15 million in non-tax revenue to fund two programs supporting Public Transit by tapping unused available funds under "Programs of Statewide Significance" from previous years (lapses) in the Public Transportation Trust Fund to provide reduced-fare shared-ride transit service for Persons with Disabilities and augments state support for the Capital Improvement Program which awards grants to all regional transit authorities based on ridership. The amendment attempts to address funding challenges in transit authorities to provide assistance where it is needed most.

## **Note: Farmland Preservation**

- ❖ House Democrats reject Gov. Corbett's and Senate Republicans' proposals to withdraw dedicated support for Farmland Preservation by diverting the portion of the cigarette tax earmarked for the Agriculture Conservation Easement Purchase Fund (\$20.5 million).

## **Note: Alternative Fuels Incentive Grant Fund**

- ❖ House Democrats reject Gov. Corbett's and Senate Republicans' proposals to raid the Alternative Fuels Incentive Grant Fund (AFIG) by eliminating the portion of the gross receipts tax dedicated to this fund. The AFIG program provides grants to retrofit vehicles to operate on alternative fuels. Recipients include: school districts, municipalities, nonprofit entities, corporations, and residents. This program creates new markets for alternative fuels; deploys alternative fuel vehicles, fleets, and technologies; and encourages better management of Pennsylvania's fuel resources. As a result, the environment, economic development and quality of life are improved.

## **Note: General Fund Revenue Sources**

- ❖ House Democrats support full use of the additional funds available from FY 2011/12 (due to better-than-anticipated year-end revenues) and the subsequent increase in estimated revenue for 2012/13. In a year when Pennsylvanians are still reeling from the aftermath of the Great Recession, Gov. Corbett and his Republican allies have no right to put funds in reserve when they are telling school districts to exhaust their reserves to avoid education service cuts.
- ❖ Other funding assumptions include:
  - *Vendor Sales Tax Discount* proposed in Gov. Corbett's budget and rejected by Senate Republicans (\$47.7 million based on most recent data).
  - Other proposed General Fund revenue sources in Gov. Corbett's budget proposal (\$135.4 million) from: Enhanced Enforcement Initiative, Enhanced Revenue Collections, and the transfer of unused funds from the Pennsylvania Higher Education Assistance Agency (PHEAA).
  - House democrats reject Gov. Corbett's proposed \$72 million General Fund raid on the Race Horse Development Fund.

## **Note: House Democrats Support:**

- ❖ The halt to Gov. Corbett's planned decimation of higher education institutions, including University Academic Medical Centers.
- ❖ Unbundling the Education Block Grant concept proposed by Gov. Corbett because it would eliminate transparency and ensure that fixed costs for transportation and social security will cut into classroom funds in future years.
- ❖ Restoration of education funds to current year levels for: Pre-K Counts, Head Start Supplemental Assistance, Mobile Science and Math Education Programs, Services to Nonpublic Schools; Textbooks, Materials and Equipment for Nonpublic Schools and the Public Library Subsidy. Additionally, the add-back of funds for Community Education Councils is needed to ensure access to higher education services in rural communities that do not have a community college.
- ❖ Restoration of Tobacco Settlement funds for the CURE Health Research Program. Available Lottery funds largely replace the Tobacco Settlement Funds that Gov. Corbett had proposed to divert from CURE to the Long Term Care (nursing homes) appropriation.
- ❖ Rejection of the Republican-passed Act 22 regulation that eliminates \$11.6 million in payments to hospitals for care provided to healthy newborn babies that took effect May 1, 2012. Funding to Medical Assistance Inpatient appropriation restores the pre-Act 22 newborn payment to hospitals (\$5.3 million state and \$6.3 million federal).
- ❖ Additional funds for supplemental payments to hospitals that include Trauma Centers, Burn Centers, OB/Neonatal providers, and Critical Access Hospitals.
- ❖ Restoration of funds to current year levels for New Choices/New Options under the Department of Labor & Industry.
- ❖ Restoration of funds to 2011/12 levels for various smaller, but still important, Agriculture appropriations: Agricultural Excellence, Agricultural Research, Agriculture Promotion, Education and Exports, Hardwood Research and Promotion, Livestock Show, Open Dairy Show, Food Marketing and Research (\$2.3 million). A new appropriation, the Pennsylvania Preferred Program – Trademark Licensing (\$.5 million) is added.
- ❖ Restoration of funds to 2011/12 levels for many smaller Health appropriations supporting treatment, research, and outreach.

**Amendments to SB 1446 PN 2165**

	Theme	DEPT.	Appropriation/Description (\$'s in millions)	Proposed Increase	Comments
			<b>TOTAL GENERAL FUND</b>	<b>299.544</b>	
<b>A10522</b>	<b>Education/K-12</b>	<b>Education</b>	Accountability Block Grant	100.000	
		<b>DPW</b>	Child Care Services (includes Keystone Stars);	10.720	
<b>A10524</b>	<b>Health Care</b>	<b>DPW</b>	Long Term Care/Medical Assistance for Nursing Homes	23.472	<i>Restores 4% Rate Cut</i>
		<b>DPW</b>	Hospital Inpatient Services/Medical Assistance -- for acute care & rehabilitation hospitals	6.271	<i>Restores the 4% rate cut</i>
		<b>DPW</b>	Medical Assistance (Capitation, Outpatient, Inpatient)	19.535	<i>Medically Needy Only adults in General Assistance</i>
		<b>DPW</b>	Medicare Part D/MAWD/Home & Community Based Services/Long Term Managed Care	(12.872)	<i>Net savings: downward adj. to various health care appropriations based on latest available data related to: # of enrollees; per capita cost; Increased (actual) Tobacco Settlement Fund receipts.</i>
<b>A10525</b>	<b>Intellectual Disabilities</b>	<b>DPW</b>	Intellectual Disabilities - Community Waiver Program	12.102	
<b>A10523</b>	<b>Human Services Development Block Grant</b>	<b>DPW</b>	Human Services Development Block Grant Fund	84.212	
<b>A10531</b>	<b>Other Safety Net Services</b>	<b>L&amp;I</b>	Transfer to Vocational Rehabilitation Fund	5.700	<i>Provides additional funds to maximize federal matching funds and continue services</i>
			General Assistance Cash Grants	42.000	<i>Restricts to those who do not qualify for other assistance. Proposal restricts disability-based GA to only those who have a medically-verified disability that is expected to last for 12 months or longer.</i>
<b>A10526</b>	<b>PennCare Community Services</b>	<b>Aging</b>	PennCare Community Services (\$2.216 million)		<i>Lottery Fund</i>
<b>A10580</b>	<b>Homeowners' Emergency Mortgage Assistance Program</b>	<b>PHFA</b>	HEMAP: Creates a restricted receipt account to hold \$65 million.		<i>Funding source: the national mortgage settlement case.</i>
<b>A10578</b>	<b>Environment/Key9</b>	<b>DEP</b>	Environmental Program Management	1.318	
		<b>DEP</b>	Environmental Protection Operations	3.673	
		<b>Keystone Fund</b>	Preserves Keystone Recreation, Park and Conservation Fund (\$19.293 million)		<i>Assumption reflected on General Fund financial statement</i>
<b>A10528</b>	<b>Environment/Flood Control</b>	<b>DEP</b>	Flood Control	3.414	
<b>A10549</b>	<b>Mass Transit</b>	<b>Transp.</b>	Addresses statewide mass transit funding (\$15 million of unused funds are available)		<i>Funding source: accumulated prior year lapses from the "Programs of Statewide Significance" appropriation in the Public Transportation Trust Fund</i>