

Pennsylvania 2018/19 BUDGET BRIEFING

Report on Key Issues

House Appropriations Committee (D)

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2018/19 Budget at a Glance

Update 6/22/2018

The House Appropriations Committee reported out the General Appropriations bill today. House Bill 2121, PN 3056 as amended by A07781 is the primary spending plan for the commonwealth. It is accompanied by other components of the budget package of bills, including legislation for the state-related universities (Penn State, Pitt, Temple and Lincoln) and “housekeeping” appropriation bills involving agencies such as the PUC, Gaming and Control Board, Small Business Advocate, Consumer Advocate, State Licensing Boards, SERS and PSERS.

Other code bills that, typically, accompany the budget package are still outstanding and may include proposals that amend the fiscal, tax, education and human services codes. When the package of bills is complete, our committee will finalize a summary of that work. Until then, this report is what we know at this time.

The 2018/19 budget proposal, as reported from committee today, represents a \$718.9 million (2.2 percent) increase in General Fund state expenditures compared with the 2017/18 available year (adjusting for supplemental appropriations). With the exception of education increases, much of the increase pays to simply maintain current programs and services. In other words, a cost-to-carry budget.

The cornerstone of the governor’s first term has been a commitment to education and the compromise budget plan moving today continues this pledge. Welcome news within this package of bills is a long overdue increased commitment to higher education that assumes at least a three percent increase.

As with any compromise, there are winners and losers but in addition to education, much of the governor’s other spending initiatives remain in place, including requests to support workforce development and job creation, albeit at smaller amounts. The career and technical training appropriation within the Department of Education reflects a substantial increase for the first time in more than two decades and supplements related workforce initiatives for apprenticeships and industry partnerships within the Department of Labor and Industry.

Other themes from the governor’s proposal that remain include:

- Continued support for fighting Pennsylvania’s heroin use and opioid abuse epidemic,
- Maintaining the rollout of Pennsylvania’s managed long-term care program to provide both physical health and long-term services and supports to older Pennsylvanians, adults with physical disabilities, and dual-eligible individuals: “Community HealthChoices,”
- An increased commitment to care for those with intellectual disabilities,
- Increased access to quality child care made possible with a reduced state appropriation due to increased availability of federal funds,
- A Lottery Fund brought into balance that ensures promises kept to our seniors,
- Increased funding for roads and bridges within the Motor License Fund,
- A commitment to pay the actuarially required pension payment although competing estimates will be monitored closely throughout the year due to differing assumptions about payroll. Of this amount, \$3.3 billion, or nearly 78 percent, will go to reducing the unfunded pension liability (debt) caused by the systematic underfunding of the systems for more than 15 years.

- We will continue to watch how other budget-related assumptions develop in separate legislation as we move toward the close of the fiscal year, including:
 - Expectations for a commitment of \$60 million to school and community safety.
 - A funding commitment to provide operations support for Act 5 (2017) changes to the retirement codes relating to the new 401k style plans.
 - A commitment to begin replenishing the rainy day fund for the first time in about a decade. This fund is intended to mitigate the impact of economic downturns on our budget, but is currently empty after balances were spent during the past two recessions.

Initiatives in the governor’s February budget request would have been paid for with a reasonable severance tax on natural gas (\$249 million) and a municipal services fee (\$63 million) for state police coverage of municipalities with no local police force. However, these sustainable revenue sources are left unaddressed.

Additionally, we are still monitoring other legislation to see how much state General fund savings would be generated from an increase in the statewide hospital assessment (initially assumed at \$130 million but now at \$75 million). The governor also proposed a new assessment on outpatient ambulatory surgical centers to generate \$25 million in General Fund savings, but this is not likely to occur.

Absent the governor’s proposals from February, a few key methods have been used to help bring the spending plan into balance:

- While not reflected in language, preliminary conversations indicate the current spending plan assumes PlanCon (authority rentals and sinking fund requirements) is paid for from debt, freeing up roughly \$130 million.
- While not provided for in the package of today’s bills, one-time cash flow savings worth \$120 million to certain managed care organizations are expected as an offset to the medical assistance capitation appropriation.
- As previously referenced, additional federal funding worth \$66 million offsets a reduction compared with the executive budget for child care services.
- Some funds in excess of initial estimates are anticipated as the result of an agreement made between the attorney general and tobacco manufacturers to settle disputed payments they withheld from Pennsylvania beginning in 2004 related to the Tobacco Master Settlement Agreement.
- Spending reductions compared with the governor’s budget for state police reportedly assume three instead of four cadet classes in the upcoming year.
- Similarly, some non-law enforcement agencies are expected to delay P25 radio purchases saving some additional funds in government operations.

Beyond the lack of proposed recurring revenue sources, components of the governor’s budget expected to remain unaddressed include:

- A proposal to create a more competitive business tax climate by embracing full combined reporting (closing the Delaware loophole) that would have also assumed a Corporate Net Income Tax rate reduction.
- Achieving cost efficiencies by consolidating administrative functions between the departments of Human Services and Health.

This document provides a quick overview of the 2018/19 budget. As new information becomes available, we will post updates on the [HACD Website](#).

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General Fund Total Spending

Q: Is the budget balanced?

Yes. Total State General Fund expenditures in the General Appropriations Act are \$32.7 billion, and estimated General Fund revenues available are expected to be slightly higher than \$32.7 billion in 2018/19. The spending increase is \$718.9 million, or 2.2 percent, more than 2017/18 (after accounting for supplemental appropriations in 2017/18).

Q: Does the budget rely on any tax increases to balance?

No. **The revenue estimates contain no tax increases.** Although the Governor's Executive Budget proposed a severance tax to raise \$248.7 million, **this spending plan does not rely on passage of a severance tax.** This spending plan also does not assume the governor's proposal to implement mandatory combined reporting for corporate net income taxes.

Q: How does the budget balance without any new taxes?

Tax revenues are picking up pace and are expected to grow at a higher rate than they have in the past few years. According to Independent Fiscal Office estimates, growth in General Fund tax revenue is expected to be more than \$1.2 billion, or 4.0 percent, from 2017/18 to 2018/19.

A significant source of one-time revenue is expected from gaming licenses for interactive gaming (iGaming) and sports wagering. There are a many options and variables that could impact the final revenue collection, but if about half of the casinos participate, revenue could exceed \$120 million.

In addition to gaming, this spending plan depends on offsets from prior-year lapses, one-time transfers from legal settlements, expenditure offsets and other funding shifts due to timing changes. More information will be provided as it becomes available.

Q: Will this budget package add to the Rainy Day Fund?

Yes, we expect that it will, but we won't know until the package of budget related bills is complete. Since the budget is balanced, any remaining ending balance is subject to the requirement of 25 percent transfer to the Rainy Day Fund. A greater percentage transfer would require legislation in an accompanying bill. While a single year transfer is not enough to sustain the state through a major economic downturn, it is a step in the right direction. It confirms the governor's commitment to begin rebuilding the fund and reflects the fact that the budget is indeed balanced.

Education

K-12

Q: What is the 2018/19 budget's impact on basic, special, and early education?

- \$100 million, or 1.7 percent, increase for basic education funding;
 - In 2018/19, \$538.7 million, or 8.8 percent, of the \$6.1 billion basic education funding appropriation will be allocated through the fair funding formula. Under current law, new funding above the 2014/15 level is distributed using the formula.
 - Funding by district is available on the [HACD website](#).
- \$15 million, or 1.3 percent, increase in special education funding.
- \$25 million, or 11 percent, increase for early education funding (\$20 million for Pre-K Counts and \$5 million for Head Start Supplemental Assistance).
- The formula driving the funds for the Ready to Learn Block Grant will be in the school or fiscal code.
- Additionally, reports indicate a \$25 million increase between the education tax credit programs, EITC and OSTC. This will have to be effectuated in the fiscal or school code.

Q: Any new funding for school safety?

- A \$60 million restricted receipt account is expected to be established in separate legislation for school and community safety.

- The safe school initiative appropriation receives a \$1.5 million, or 17.3 percent, increase. These funds support PDE's Office of Safe Schools which administers the competitive school safety grants program as well as coordinates antiviolence efforts, collects school violence statistics, provides technical assistance to school districts, oversees professional development programs for safety, and engages in crisis intervention.
- There also is a new \$600,000 appropriation under the Attorney General for school safety. Indications are these funds are for a school safety anonymous tip line, as envisioned in [Senate Bill 1142](#).

Q: What funding is available for PA Smart (the governor's computer science, STEM, and workforce initiative)?

- Altogether, \$40 million is in the budget for PA Smart.
 - A new \$7 million apprenticeship training appropriation in the Department of Labor and Industry.
 - A \$3 million increase in the industry partnerships appropriation in L&I.
 - A \$30 million increase in the career and technical education appropriation in the Department of Education. Our understanding is that \$10 million of this increase is for the regular career and technical education subsidy (a 16.7 percent increase), while the other \$20 million may be used for programs promoting employer engagement in postsecondary education, expanding computer science course offerings, developing STEM educator development and training programs, and advancing workers in career and technical fields.

Q: What is the status of PlanCon (authority rentals and sinking fund requirements appropriation)?

- There is no new funding included for new school building projects. The current moratorium expires July 1, 2018, but it may be extended as the General Assembly reviews the final report and recommendations of the Public School Building Construction and Reconstruction Advisory Committee.
- The backlog of PlanCon projects awaiting reimbursement is gone. In 2018/19, bond proceeds will pay for these legacy projects, as authorized by Act 25 of 2016.

Q: Are there any other education policy changes in this budget?

- Policy changes might be included in the accompanying fiscal and/or school code bills.

Higher Education

Q: What's the budget do for colleges and universities?

Many institutions of higher education will receive a 3-percent increase, including community colleges, the state-related universities, the Thaddeus Stevens College of Technology, and institutional assistance grants for private colleges and universities.

The Pennsylvania State System of Higher Education (PASSHE) increased by 3.3 percent.

Q: How does the budget impact PHEAA grants for students?

PHEAA grants will be level-funded at \$273 million. Separately from the General Appropriations Act, the PHEAA board increased its contribution from business earnings for the grant program to \$101 million to allow the appropriation to remain flat and hold the maximum state grant award constant for the 2018/19 academic year.

While this combination of flat appropriations and increased PHEAA resources will get the program through the year, the PHEAA Board chairmen indicated earlier this month that the agency will need to suspend direct cash contributions for 2019/20 due to changing business dynamics. To compensate for this business decision, the General Assembly will need to substantially increase appropriations to PHEAA next year to maintain grant awards.

Pensions

Q: Is the state making its annual Actuarially Required Contribution, or ARC, for both systems?

The 2018/19 budget reduces the commonwealth's state-share appropriation for the employer contribution to the Public School Employees' Retirement System (PSERS), by \$24.5 million, or 1 percent, compared with the system's most recent ARC estimate of \$2.512 billion. This difference reflects varying payroll growth assumptions. The commonwealth failed to

make its full employer contribution to PSERS for more than 15 years, however the state corrected itself two years ago and began making full ARC payments. We will closely follow the appropriation throughout the year to determine if the reduction will place the commonwealth at risk of not making its ARC.

For the State Employees' Retirement System (SERS), employer contributions are made through a multitude of general government operations appropriations within each state agency that funds department personnel. The 2018/19 budget makes the full contribution, the second year in a row of the commonwealth making its full ARC payment after not doing so for 16 years.

Q: Does the budget include start-up funding for the new pension plan?

- Act 5 of 2017 requires new employees to select one of three new retirement plan design options, effective Jan. 1, 2019, for SERS and July 1, 2019, for PSERS.
- Both systems have initiated the implementation of Act 5, requiring start-up funding to pay for necessary personnel and operations. The Internal Revenue Code, however, prohibits funding for the defined contribution (DC) components of the new plan design to come from the systems' trust funds. Funding from the trust funds for the defined benefit (DB) components is permissible.
- 2017/18 funding for the initial implementation of provisions specific to starting up the DC components is inadequate. PSERS implementation costs are fully funded, however SERS' are \$5.3 million short.
- Preliminary information indicates that funds to adequately pay for implementation in 2018/19 would come from dedicated July personal income tax revenues. 2018/19 start-up costs for the DC components of the plan for PSERS is \$4.95 million; \$4.9 million for SERS.
- Additional start-up funding for the DB components for PSERS and SERS is included in each of the system-specific housekeeping bills.

Health and Human Services

Agency Consolidation

Q: Will the governor's proposed consolidation of the departments of Health and Human Services, into a single, unified agency proceed?

No. The budget bill maintains separate funding for both agencies. Also, unlike last year, there is no language within the budget bill providing for the transfer of appropriations should legislation be enacted to merge these agencies.

Addressing the Heroin and Opioid Epidemic

Q: Does the budget bill include the governor's proposed funding requests across numerous agencies to address the ongoing heroin and opioid epidemic?

Generally, yes. The budget bill reflects the funding requests from Gov. Wolf to maintain existing programs, including grants to single county authorities (SCAs), 45 statewide centers of excellence, and the prescription drug monitoring program within the departments of Health and Human Services, respectively. In addition to ongoing program investments, the budget includes \$4.5 million in new funding for an initiative to provide home visiting services to approximately 800 families affected by substance use disorder.

The budget, again, invests \$2 million in grants via the Pennsylvania Commission on Crime and Delinquency to establish or expand drug courts.

Gov. Wolf highlighted the need for additional resources at the Office of the Attorney General to strengthen enforcement capacity. While the budget bill includes increased funding to the Office of the Attorney General, it is not yet apparent what portion of these new dollars will be directed to fighting the opioid crisis

Medical Assistance

Q: What is the status of the reauthorization of the statewide hospital assessment and the newly-proposed assessment on ambulatory surgical centers?

Neither of these issues are directly addressed in the budget bill.

Currently, the statewide hospital assessment provides \$220 million annually to reduce state General Fund spending for the Medical Assistance program. Gov. Wolf's proposal to renew this assessment included an increase to generate an additional \$130 million in savings to the state in 2018/19. Now, the expectation is the renewal will provide an additional \$75 million in savings to the state.

The governor's budget proposal contained a new assessment on ambulatory surgical centers – facilities that provide same-day surgical care and diagnostic services – to generate an additional \$25 million in state General Fund expenditures. This is unlikely to be included in the final package of budget legislation.

Q: What is behind the state funding reduction for the Medical Assistance managed care program?

The state appropriation for Medical Assistance capitation funds the health care costs for individuals in the managed care program. The budget bill reduces program funding by five percent – \$153.9 million – from the prior year inclusive of a negative supplemental appropriation. The reduction is primarily due to the following:

- \$120 million in savings from a change in the timing of monthly payments to a subset of managed care organizations;
- \$351.7 million in surplus collections from the gross receipts tax on managed care organizations, which was terminated after 2016 in accordance with federal rules; and
- The transfer of additional funds pending resolution of outstanding court cases.

Q: Why is state funding for the Medical Assistance fee-for-service program being reduced?

The state appropriation for Medical Assistance fee-for-service funds primary health care and preventative services for Medical Assistance recipients who are not enrolled in managed care. It also makes a number of supplemental payments to qualifying hospitals. The budget bill reduces funding to fee-for-service by 44.7 percent – \$213.3 million – from the prior year (inclusive of a negative supplemental appropriation) due to an anticipated increase in state funds from the renewal of the statewide hospital assessment, along with a \$98 million reduction due to the transfer of expenditures to the Community HealthChoices appropriation as caseload is transferred to that program.

Q: What is behind the state funding reduction for the attendant care appropriation?

This appropriation provides in-home personal care and support services to adults with physical disabilities that are mentally alert under the Attendant Care Waiver (approximately 14,000 adults currently served) and the Act 150 program for non-waiver individuals (approximately 1,400 adults currently served). Many of these individuals are part of the dual eligible population and are currently being incorporated into Community HealthChoices, the commonwealth's new managed care program for elderly and disabled Pennsylvanians. While the appropriation for attendant care is reduced by \$53.8 million, or 22.7 percent in this budget, the actual base program is receiving a funding increase and will support an additional 960 individuals in 2018/19. However, this increase is offset by an \$84.8 million reduction because many recipients of this waiver are transitioning to Community HealthChoices.

Q. Why is the appropriation for "Services to Persons with Disabilities" being reduced so significantly?

Like many of the other appropriations supporting the elderly and those with disabilities, much of the spending associated with this program is transferring to Community HealthChoices. While the appropriation for services to persons with disabilities is being cut by \$131.1 million, or 28.3 percent, this is due to \$169.4 million in spending shifted to Community HealthChoices. The base program for services to persons with disabilities will serve an additional 1,500 individuals in 2018/19, due to a \$22.5 million increase for new enrollees.

Q: How does the budget bill fund senior home- and community-based services?

The budget bill is in line with the governor's revised request for the two appropriations that fund these services including home and community-based services and long-term care managed care.

- The home and community-based services appropriation, which funds the aging waiver program, is reduced by \$75 million, reflecting the drop in waiver use with the rollout of Community HealthChoices. The appropriation includes additional funding to provide services to 2,282 more individuals under the aging waiver program.
- The long-term care managed care appropriation funds the LIFE (Living Independence for the Elderly) managed care program that provides comprehensive services to qualifying individuals. The budget funds services to an additional 480 individuals under the LIFE program, and assumes program growth alongside Community HealthChoices.

Q: Are any rate increases included in the budget bill?

The budget bill includes funding within the long-term care appropriation to increase rates to nursing homes by a statewide average of 1 percent. Overall funding for the long-term care appropriation is reduced by 22.6 percent - \$248.9 million – due to the shift of caseload and associated nursing facility expenditures to the Community HealthChoices appropriation.

Q: What is the status of the Community HealthChoices rollout? What appropriation funds this program?

Community HealthChoices is a managed long-term care program for elderly individuals, adults with physical disabilities, and Medicare/Medicaid dual eligible individuals. Under Community HealthChoices, the department pays contracted managed care organizations a capitated rate to provide complete, coordinated coverage of physical-health and long-term care services to individuals enrolled in a plan.

The program has been active in the 14-county southwest region – including Allegheny – since Jan. 1, 2018. The subsequent phases of the rollout include the five-county southeast region – including Philadelphia – beginning Jan. 1, 2019, and the remaining 48 counties beginning Jan. 1, 2020.

Funding for the program in 2017/18 was included in the Medical Assistance long-term care appropriation. This budget bill, however, reflects a shift in program funding to a new appropriation solely for Community HealthChoices for 2018/19 and subsequent years. Program costs of \$275 million for Community HealthChoices are covered by non-recurring Tobacco Settlement Funds. The funds assumed are the result of an agreement between the Pa. attorney general and tobacco manufacturers settling disputed payments they withheld from Pennsylvania beginning in 2004 related to the Tobacco Master Settlement Agreement.

Q: Are medical schools funded?

Medical schools are funded through the Medical Assistance academic medical centers and Medical Assistance physician practice plans appropriations as follows:

- \$24.68 is appropriated for Medical Assistance academic medical centers in 2018/19, which is \$7.25 million more than the governor's request, and reflects the addition of legislative items in line with the prior year funding level.
- \$10.07 million is appropriated for Medical Assistance physician practice plans in 2018/19, which is \$3.5 million more than the governor's request, and reflects the addition of legislative items in line with the prior year funding level.

Human Services

Q: How does this budget address the needs of those with intellectual disabilities?

The budget continues to expand upon recent investments in our intellectual disabilities programs. The Community ID Waiver program is due to receive an increase of more than \$130 million (state and federal funds), which builds upon the 2017/18 investments that reduced the number of individuals on the emergency waiting list and funded a provider rate increase.

The additional funding in this budget will expand services to an additional 100 people on the emergency waiting list and move 25 individuals residing in state ID centers to community-based settings.

Additionally, the budget provides \$3.7 million more for autism spectrum disorders to help pay for services for an additional 40 adults. Moreover, the appropriation for “Autism Intervention and Services” will now allow special education students to immediately begin receiving services under adult waiver programs upon their graduation from high school rather than having to wait until the following year. This change will take effect in June 2019.

Q: What resources does the budget direct toward child care assistance and child care services?

The General Fund appropriation for child care services increased by \$6.8 million, but was supplemented by an additional \$91.9 million in federal grant funds. These increases will reduce the waiting list for low-income families seeking subsidized child care and provide a rate increase for child care providers. Federal grants supplementing this program are part of a multi-year program that will continue next year.

State spending on child care assistance, which provides subsidized child care for TANF and former TANF families, totals \$139.9 million in this budget; unchanged from 2017/18.

Health

Q: Based on the recommendations of a task force created under Act 83 of 2014, Gov. Wolf proposed a \$2.5 million initiative to increase education, prevention, and surveillance activities in response to the growing prevalence of Lyme Disease. Does the budget fund this initiative?

Yes. Unlike the governor’s proposal, this funding is housed within a new appropriation rather than the department’s existing general government operations appropriation.

Q: Are the other initiatives proposed by the governor to help restore operations at the state health care centers and increase capacity to process birth certificates under the federal ‘Real ID’ changes maintained?

Yes, the budget includes the full funding increases requested by Gov. Wolf related to the state health care centers and vital statistics.

Q: Is funding restored to the disease and research-specific appropriations within the Department of Health that were eliminated or reduced in the governor’s proposal?

Yes. These appropriations that are routinely reduced or eliminated are restored, with an additional \$250,000 in funding for Amyotrophic Lateral Sclerosis (ALS) support services and \$450,000 in funding for bio-technology research.

Tobacco Settlement Fund

Q: How will the recent securitization of Master Settlement Agreement revenues affect the distributions from the Tobacco Settlement Fund?

The repayment schedule for the tobacco securitization does not begin until 2019/20, so no distributions from the fund will need to be made in the upcoming budget year. However, debt service payments of \$115 million per year will need to be made the next year (2019/20), reducing the amount available for other distributions by approximately one-third.

Disbursements from the fund will be finalized in amendments to the Fiscal Code.

Lottery Fund

Q: How much is budgeted for Lottery-funded senior programs?

The budget includes Lottery Fund appropriations for programs in the departments of Aging and Human Services. Lottery funds used to support transit programs and the property tax/rent rebate program are made by executive authorization and do not require an annual appropriation.

The Lottery appropriations in the Department of Aging total \$520.2 million, \$15 million more than the governor’s proposal. Appropriations for the Department of Aging from the Lottery Fund include:

- \$333.8 million for PENNCARE;
- \$155 million for transfer to the Pharmaceutical Assistance Fund; and

- \$2 million for grants to senior centers.

The budget also includes \$308.4 million in appropriations from the Lottery Fund to the Department of Human Services, which is the same as the governor’s request. These appropriations support Medicaid programs and include:

- \$153.1 million for Community HealthChoices, which is a new initiative to help Pennsylvania seniors age in their homes and communities;
- \$81.4 million for Medical Assistance long term care, which funds nursing facilities;
- \$70.4 million for home- and community-based services, which funds the aging waiver program; and
- \$3.5 million for Medical Assistance transportation.

Criminal Justice

Q: What is the status of the Corrections and Parole merger?

For the second consecutive year, the General Appropriations bill makes appropriations to Corrections and Parole as a consolidated agency: the Department of Criminal Justice. This follows a memorandum of understanding signed by the agencies Oct. 19, 2017. The Wolf administration is still seeking passage of SB522 and SB523, legislation that would complete the merger.

This budget appropriates \$2.54 billion from the General Fund to the Department of Criminal Justice, an increase of \$103 million, or 4.2 percent over the revised available amount for 2017/18.

Q: How does the 2018/19 budget impact county criminal justice and victim services?

All General Fund appropriations for county criminal justice are maintained at prior-year levels to support adult and juvenile probation services, alternatives to incarceration, youth violence prevention, and victim services.

Q: Is the Justice Reinvestment Initiative (JRI) part of the 2018/19 budget?

Savings calculated and reinvested under JRI 1 ended in 2017. Modest investments in victim services continue from the balance remaining in the fund. Additional savings and reinvestment will be available under JRI 2 in future budget years if legislation is enacted (SBs 1070, 1071, 1072).

State Police

Q: Does this budget include the proposed fee on municipalities for local coverage by the Pennsylvania State Police, and how is the General Fund affected?

This budget does not assume the proposed fee on municipalities that rely on state police for full-time local coverage. The fee was projected to raise \$63 million. Appropriations for state police’s general government operations are increased by \$50 million over the governor’s executive budget to offset part of the foregone revenue, while reduced spending will make up the rest of the difference. It is understood at this time that the spending reduction will be achieved in part by reducing the number of cadet classes in 2018/19 from four, as proposed in the executive budget, to three.

PSP will receive General Fund appropriations of \$305.6 million, which represents a 21.4 percent increase over the revised available amount for 2017/18; and Motor License Fund appropriations of \$769.7 million, which is the maximum allowed by Act 85 of 2016 (one percent less than 2017/18).

Q: Does the budget provide sufficient funding to maintain the current state police complement?

If three cadet classes graduate in 2018/19, state police will add an estimated 294 new troopers. Over the past three years, on average, 326 troopers retired or departed annually. Ultimately, retirement and attrition will determine whether three cadet classes are sufficient to maintain current complement levels in 2018/19.

Q: Is funding for the Statewide Public Safety Radio System upgrade included in the budget?

Yes, 2018/19 is the second year of a four-year rollout of the P25 radio system. The budget provides \$28.5 million to PSP for infrastructure and mobile radio installation. Additionally, \$14 million is included in appropriations to other executive

agencies to provide for radio upgrades for other law enforcement and first responders, amounting to a total 2018/19 investment of \$43 million.

Q: How does the budget affect the Pennsylvania Instant Check System, or PICS?

The General Appropriations bill appropriates \$8.15 million from the Firearm Records Check Fund. The General Fund appropriation for gun checks, which supplements funding from the restricted account, is zeroed out in the bill for the third consecutive year.

Judiciary

Q: Is Judiciary's budget impacted by the new budget?

Level funding for the Judiciary is maintained in the 2018/19 budget at \$355.5 million from the General Fund. As in previous years, \$57.05 million is appropriated from the "judicial computer system augmentation account."

Military and Veterans Affairs

Q: How does this budget address the needs of Pennsylvania's veterans?

The budget provides \$750,000 for behavioral health services for veterans suffering from post-traumatic stress disorder and, particularly, for veterans with additional co-occurring conditions, such as substance abuse disorder. This program was created and funded for the first time in 2017/18, though grants have yet to be awarded.

The budget also includes an additional \$500,000 for veterans' service organizations, such as the Veterans of Foreign Wars and the American Legion, to perform outreach work and enroll Pennsylvania's veterans in the programs for which they are eligible. This funding increase compensates organizations for the increased cost of their work.

Labor and Industry

Q: Does the budget fund Gov. Wolf's PA Smart initiative?

In addition to education related funding, two components of Gov. Wolf's PA Smart initiative under the Department of Labor and Industry are included in the final budget: \$7 million to expand registered apprenticeship programs and an additional \$3 million to expand industry partnerships.

Transportation

Q: Are there any notable changes for transportation-related spending?

The budget includes the governor's proposal to increase state funding \$328 million, or 5 percent, higher than 2017/18. Of this amount, \$184 million is continuation funding and \$144 million is new.

The new funding includes a one-time investment of \$50 million to improve low-traffic state roads, \$40 million for rural commercial routes, \$28 million for REAL-ID implementation, \$16 million for innovative highway systems technology, and \$10 million for municipal bridge improvements. All amounts are funded by the Motor License Fund.

Agriculture

Q: How is the budget addressing the Spotted Lanternfly problem?

For the Spotted Lanternfly problem, \$3 million in state and \$12 million in federal funds are appropriated to target the invasive insect and help prevent crop destruction.

Environmental Protection

Q: What are the funding levels of interstate commissions and boards in DEP?

The 2018/19 state budget funds interstate commissions and boards the same as 2017/18. These appropriations cover the so-called "fair share" costs associated with Pennsylvania's membership in environmental interstate compacts. The Delaware and Susquehanna river basin commissions are not funded, however, to what constitutes their "fair share." This

shortfall for the Delaware River Basin Commission is \$676,000 while the Susquehanna River Basin Commission fair share difference is \$504,000.

Q: What is the general overview of the budget as it relates to DEP?

The 2018/19 state General Fund budget delivers \$153.3 million for DEP, which is \$6.8 million, or 4.7 percent, more than 2017/18. Environmental protection operations support DEP’s permitting, inspection, and compliance as they relate to air and water programs. The additional funding provides for the hiring of 35 additional staff who would be assigned to program areas related to overseeing high-hazard dams, ensuring adequate air monitoring support in areas of natural gas drilling, and reviewing sewage expansion requests.

Community and Economic Development UPDATED

Q: How much funding is included for Pennsylvania First?

The 2018/19 budget contains \$15 million for PA First. Gov. Wolf sought to restore this appropriation, which includes funding for WEDNetPA, to \$20 million after it was cut to \$15 million in 2017/18.

Q: How much funding did the Tourism Office receive?

Core programming for DCED’s tourism office is level-funded in 2018/19. Additional funding would have made Pennsylvania more competitive with other states’ tourism promotion efforts.

Q: How is the 2018/19 Keystone Communities funding distributed?

As in prior years, DCED will distribute funding from this appropriation to the Main Street, Elm Street, Enterprise Zone, and accessible housing programs in the same proportions as 2012/13.

Conservation and Natural Resources

Q: What is the effect of Oil and Gas Lease Fund on DCNR’s budget?

DCNR’s budget will be \$12.5 million, or 20.4 percent, less reliant on the Oil and Gas Lease Fund in 2018/19 than 2017/18. The table below shows that the increased General Fund appropriations are more than offsetting the decreasing Oil and Gas Lease Fund transfers, resulting in a net increase for the department.

DCNR State Parks and State Forest Appropriation Source Comparison

(Amounts in Thousands)

General Fund

	Actual	Available	Budget	Comparison	
	2016/17	2017/18	2018/19	\$ Change	% Change
State Park Operations	\$ 54,450	\$ 51,028	\$ 56,185	\$ 5,157	10.1%
State Forest Operations	\$ 27,104	\$ 22,664	\$ 29,184	\$ 6,520	28.8%
General Government Operations	\$ 19,375	\$ 20,324	\$ 22,063	\$ 1,739	8.6%
Heritage and Other Parks	\$ 2,875	\$ 2,875	\$ 3,025	\$ 150	5.2%
State Parks Infrastructure Projects	\$ -	\$ -	\$ 2,500	\$ 2,500	0.0%
Annual Fixed Charges (aggregated)	\$ 3,157	\$ 8,309	\$ 8,336	\$ 27	0.3%
State General Fund Total	\$ 106,961	\$ 105,200	\$ 121,293	\$ 16,093	15.3%

Oil and Gas Lease Fund

State Parks Operations	\$ -	\$ 7,739	\$ 7,555	\$ (184)	-2.4%
State Forest Operations	\$ -	\$ 3,552	\$ 4,198	\$ 646	18.2%
General Operations	\$ 50,000	\$ 50,000	\$ 37,045	\$ (12,955)	-25.9%
Oil and Gas Lease Fund Total	\$ 50,000	\$ 61,291	\$ 48,798	\$ (12,493)	-20.4%

Combined General Fund & Oil and Gas Lease Fund Total

DCNR General Fund & OGLF	\$ 156,961	\$ 166,491	\$ 170,091	\$ 3,600	2.2%
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