



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1327

PRINTERS NO. 2711

PRIME SPONSOR: Peifer

INCREASE / (DECREASE)

FUND	FY 2014/15	FY 2015/16
General Fund	\$0	See Fiscal Impact
Environmental Stewardship Fund	\$0	See Fiscal Impact
Tobacco Settlement Fund	\$0	\$325,641,000
Race Horse Development Fund	\$0	\$25,759,000

SUMMARY: House Bill 1327, printer's number 2711, amends the Fiscal Code to provide for FY 2015-16 budget implementation; for FY 2015-16 restrictions on appropriations for funds and accounts; and providing for other changes. This act shall take effect immediately with provisions retroactive to June 30, 2015 or July 1, 2015.

ANALYSIS:

Financial Recovery

Upon termination of a distressed status, a city of the second class A levying a Local Services Tax (LST) in excess of the \$52, may continue to levy the LST and apply those revenues in excess to defray the municipalities' unfunded actuarial accrued pension liabilities.

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

Environmental Stewardship Fund

Reduces the statutory annual transfer from the Oil and Gas Lease Fund to the Marcellus Legacy Fund for transfer to the Environmental Stewardship Fund for FY 2015-16 to \$20,000,000 to align with amounts available and modifies the distribution to agencies from that transfer to ensure that mandatory debt service continues to be paid and to preserve the funding for the Agricultural Conservation Easement Program.

Fiscal Impact- The transfer from the Oil and Gas Lease Fund will be \$20,000,000 in FY 2015-16.

Department of Community and Economic Development (Budget Impasse-EITC and OSTC)

The legislation provides language necessary to allow a business which participates in the Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) programs during FY 2015-16 to utilize the credit in either the tax year in which the application or the contribution is made.

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

Budget Stabilization Reserve Fund (Rainy Day Fund)

Section 1702-A of the Fiscal Code is amended to state that no amount of the surplus in the General Fund for FY 2014-15 may be deposited into the Budget Stabilization Reserve Fund (Rainy Day Fund).

Fiscal Impact –The enactment of this provision will retain a projected \$68,000,000 in the General Fund.

State Worker's Insurance Board

Section 1732-A, Subarticle D (relating to State Workers' Insurance Board investments) sunsets on June 30, 2015. The bill reenacts and amends sections 1731-A and 1732-A to establish the sunset date as June 30, 2018. This bill applies the extension of the sunset provision retroactively to June 30, 2015.

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

Pennsylvania Gaming Economic Development and Tourism Fund

The legislation provides direction for funds available to the Commonwealth Financing Authority for water and sewer grants.

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

Tobacco Settlement Fund

The legislation provides that money in the fund from a payment received due to the recalculation of a prior annual payment shall remain in the Tobacco Settlement Fund to be separately appropriated for health-related purposes.

The legislation also provides for the distribution of Tobacco Settlement Fund payments for FY 2015-16 as follows:

- 13% to home and community-based services (\$39,641,000);
- 4.5% for tobacco use prevention and cessation (\$13,722,000);
- 12.6% for health related research pursuant to Section 906 of Tobacco Settlement Act (\$38,421,000);
- 1% for health related research for section 909 of the Tobacco Settlement Act (\$3,049,000);
- 8.18% for uncompensated care (\$24,943,000);
- 30% for the purchase of Medicaid benefits for workers with disabilities (\$91,479,000); and
- 30.72% shall remain in the fund and be separately appropriated for health-related purposes (\$93,676,000).

Fiscal Impact – The percentage allocations together with the anticipated Strategic Contribution payment of \$20,710,000 results in appropriations from the Tobacco Settlement Fund for health related programs in FY 2015-16 of \$325,641,000.

Distributions from PA Race Horse Development Fund

Beginning on the effective date, this bill provides for weekly transfers of \$1,300,000 to the PA Race Horse Development Restricted Receipt Account, not to exceed \$25,759,000. Also provides for allocations from the PA Race Horse Development Restricted Receipt Account to the State Farm Products Show Fund, Animal Health Commission, Pennsylvania Veterinary Laboratory System, payments to Pennsylvania fairs and the Racing Fund.

Fiscal Impact –The enactment of this provision will provide \$25,759,000 for these programs.

Miscellaneous Limitations and Transfers

Workman's Compensation Administration Fund-Within 30 days of the effective date, \$3,100,000 will be transferred from the Workman's Compensation Administration Fund to the Uninsured Employers Guarantee Fund.

Dormitory Sprinklers-By June 1, 2016, \$4,500,000 will be transferred to the General Fund.

Drug and Alcohol Programs-For FY 2015-16 \$2,500,000 from the sale of liquor and alcohol will be transferred to the Department of Drug and Alcohol Programs.

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

Natural Gas Infrastructure Development Fund

The legislation transfers \$12,000,000 from available funding in the High Performance Buildings Program to the Natural Gas Infrastructure Development Fund to provide grants issued by the Commonwealth Financing Authority (CFA) to fund projects which expand access to natural gas infrastructure, including costs associated with limiting environmental impacts and protecting public lands.

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

Department of Community and Economic Development

The legislation prohibits the Department of Community and Economic Development from certifying that the Intergovernmental Cooperation Authority, established under the Intergovernmental Cooperation Authority Act for Cities of the Second Class (Act 11 of 2004), is no longer necessary until oversight under the Municipal Financial Recovery Act (Act 47 of 1987) is terminated.

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

Department of Environmental Protection

The legislation outlines procedures for submission of the State Plan for Greenhouse Gas Regulation to the Environmental Protection Agency (EPA).

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

Department of General Services (DGS)

The legislation directs the General Assembly to provide an annual appropriation to the city of Harrisburg for the fire services provided to the Capitol Complex.

Fiscal Impact –This appropriation is provided in the General Appropriations Act.

Department of Human Services (DHS)

Certified Child Welfare Needs-Based Budget — Provides statutory appropriation for the final remaining payments to counties, which are in compliance with the reporting requirements outlined in the Public Welfare Code, for the prior fiscal year's Certified Child Welfare Needs-Based Budget that are paid in the subsequent fiscal year, in the event that a General Appropriations bill is not passed by September 1st of any year.

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

Pennsylvania State Police

The legislation allows the Pennsylvania State Police to make payments relating to the reimbursement of expenses to municipalities limited to funds available. If funds are not available to make a full payment, the Municipal Police Officers' Education and Training Commission shall make payments on a pro rata basis.

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

Environmental Quality Board (EQB)

The legislation provides that regulations on conventional oil and gas wells that were published after November 30, 2013 are invalid as not in compliance with the rulemaking standards of the Regulatory Review Act and must be restarted in accordance with law, including the submission of a new regulatory analysis form.

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

Commonwealth Financing Authority (CFA)

This legislation provides that grant funding from slot revenues that is distributed by the CFA may be used as local matching funds for other grants and loans from the Commonwealth. Also, in addition to municipalities which are currently eligible to receive grants from funds in the account, a county

redevelopment authority within that county may also receive grant funding to be used exclusively for economic development projects or infrastructure. A county redevelopment authority may not receive more than 10% of the total grants awarded.

Fiscal Impact –The enactment of this provision will have no adverse impact on Commonwealth funds.

School District Debt Refinancing Bonds

This legislation requires that capital funds be acquired from an appropriation-backed bond issue through the Commonwealth Financing Authority in order to provide payments to school districts. It also provides that public school lease reimbursement payments will continue to be made through available prior year funds.

Article XVII-L **2015-2016 Budget Implementation**

The legislation provides for funds to the following agencies/offices as follows:

Executive Offices

Office of the Budget

- Requires the Office of the Budget to deduct amounts paid under the temporary expenditure, budget stop-gap symbols after July 1, 2015 to be deducted from the corresponding appropriation no later than February 29, 2016. Further requires that this be clearly reflected in the Commonwealth's accounting system.

Pennsylvania Commission on Crime and Delinquency (PCCD) for the following:

- Funds for intermediate punishment treatment programs shall be awarded as competitive grants to counties. The portion dedicated to drug and alcohol treatment programs shall be based on the proportion of incarcerated individuals in a county and shall be no less than 80% of the funds appropriated.
- Clarifies that funding PCCD receives shall be used for Statewide Automated Victim Information and Notification System (SAVIN), programs for at-risk youth, diversion programs and local police information sharing.
- Places restrictions on funds appropriated for violence prevention programs.

Department of Agriculture

- Provides funding for agricultural research including new funding for avian flu research.
- No less than 80% of funds appropriated for hardwood research and promotion shall be equally distributed among hardwood utilization groups.
- From funds appropriated for general government operations, a portion will be transferred to the Dog Law Restricted Account.
- Requires a portion of the funds transferred to the Agriculture College Land Scrip Fund to be used for avian flu research.

Department of Community and Economic Development (DCED)

- Funds appropriated from GGO will be used for the creation of an institute in a city of the second class to research and develop healthy building products; and for research to identify, characterize and manage issues related to the economic and environmental impact of Marcellus Shale development.
- Allocates funding appropriated for marketing to attract tourists.
- Appropriates funds through Keystone Communities, Main Street and Elm Street programs.
- Appropriates reimbursement costs for the papal visit.

Department of Conservation and Natural Resources (DCNR)

- Allocates funding for the operation and maintenance of the Washington Crossing Historical Park.

Department of Drug and Alcohol Programs (DDAP)

- Provides for programs providing treatment for posttraumatic stress disorder for veterans and funding for the Non-Narcotic Medication Assisted Substance Abuse Treatment Grant Pilot Program.

Department of Education

- From the appropriation for adult and family literacy programs, summer reading programs and the adult high school diplomas program, funds will be allocated for an after-school learning program for low-income students.
- Provides for distribution of funds from mobile science and mathematics education programs.
- Distributes funding provided for community education councils.
- Provides funding for regional community college services.
- Allocates funding for Pennsylvania Charter Schools for the Deaf and Blind to provide funding for public school employees' retirement payments.
- Provides funds for an Approved Private School that has not received payment from the department.
- Allocates a portion of funds set aside for extraordinary special education expenses to approved private schools.
- Maintains the Commonwealth's elimination of payments for Social Security and required contributions for public school employees' retirement to charter and cyber charter schools.
- Requires schools to report certain data to the department to receive reimbursement of costs associated with payments for school employee social security.
- Establishes the formulas for special education funding for school districts and intermediate units.
- Sets aside 1% of the appropriation for special education for exceptional children for payment to school districts and charter schools with extraordinary expenses incurred in providing a special education program or service.
- Establishes a formula for the allocation of basic education funding, including distribution language if full funding for the fiscal year becomes available.
- Provides for the allocation of funds for approved operating expenses for community colleges, including distribution language if increased funding for the fiscal year becomes available.
- Distributes funding for libraries.
- If funding for basic education and Ready to Learn Block Grants are distributed according to this section, the department may utilize up to \$4.5 million in unencumbered funds to pay for technical assistance to Financial Watch and Financial Recovery School Districts.
- Provides a distribution formula and requirements for the Ready to Learn Block Grant.
- Payments made from the appropriation referred to as basic education formula enhancement in the General Appropriation Act of 2014 shall be considered an allocation of basic education funding for the 2013-2014 school year.
- Continues the Alternative Education Program Account, which continues to be funded by fees on alternative education programs. The account will be used by the department to defray the costs of administration and oversight activities.
- Provides for distribution of equipment grants for career and technical centers and school districts with approved vocational programs.

Department of Environmental Protection (DEP)

- Suspends statutory appropriation for the Consumer Energy Program which does not exist.
- Allocates funds for a project to improve infrastructure to provide clean drinking water.
- Provides for funds appropriated for sewage facilities.
- No later than 60 days after effective date, the department will transfer its unexpended proceeds under the Alternative Energy Investment Act to the Commonwealth Financing Authority (CFA) for the payment of interest.

Department of Health (DOH)

- Ensures that the department continues to coordinate donated dental care services and provides for funds for outreach for Charcot-Marie-Tooth Syndrome.
- Provides for funds for a referral center for abnormal metabolic screenings.
- Requires that funds for adult cystic fibrosis and other childhood respiratory illnesses include funds to be used for research.
- Provides that funds for lupus will be distributed in the same proportion as 2014-2015.
- Funds appropriated for biotech research including allocations for regenerative medicine research; regenerative medicine medical technology, hepatitis and viral research; drug research and clinical trials related to cancer; for genetic and molecular research for disease identification and eradication; a study related to nanotechnology; and for the commercialization of applied research.

Department of Labor and Industry (L&I)

- The appropriation for payment to the Vocational Rehabilitation Fund includes funding for a statewide professional service provider association for the blind to provide specialized services and prevention of blindness and independent living services for older individuals.
- Ensures that the department allocates funding to a program for high school students with disabilities for work-based learning experiences that take place in a competitive integrated environment.
- A portion of the funds appropriated for industry partnerships will be allocated for workforce development for veterans.

Department of Human Services (DHS)

Child care

- TANFBG Child Care Assistance may be transferred to CCDFBG Child Care Services for additional low-income families if no deficit results.
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Medical assistance

- For FY 2015-2016, payments to Community Access shall be distributed under same formulas as FY 2014-15, or if insufficient funds are available, on a pro rata basis.
- Funds for medical assistance transportation shall only be utilized as payments of last resort for transportation for eligible medical assistance recipients.
- Amounts allocated from funds for fee-for services for Select Plan for Women Preventative Health Services shall be used for women's medical services, including noninvasive contraceptives.
- Funds appropriated, but not used by level III trauma centers shall, be used to make payments to level I and II trauma centers.
- Provides for the allocation of funds to qualifying university-affiliated physician practice plans and qualifying academic medical centers, and allows the department to transfer allocations to maximize federal matching funds.

- Separate MA payments shall be made for general hospital stays for healthy newborns and mother's OB.
- Provides for distribution from fee-for-service care for treatment of cleft palates and other craniofacial abnormalities, clinical ophthalmologic services, improvements at an intensive care facility in an acute care hospital, and additional hospital payments.
- MA capitation appropriation includes funding for the treatment of depression in older Pennsylvanians and for an increase in the reimbursement rate for pediatric shift nursing services provided in a home care setting.
- Provides for funding for a county nursing home with a Medical Assistance occupancy rate of at least 85%, and allocations for nonpublic nursing homes that have higher than average acuity levels.

Breast cancer screening

- Permits funds for breast cancer screening to be used for women's medical service including noninvasive contraception supplies.

Women's service programs

- Agencies whose primary function is to promote childbirth and to provide alternatives to abortion may expend funds to provide services to women until childbirth and for up to 12 months thereafter.
 - Allows agencies to subcontract with nonprofits.
 - Prohibits referral for abortion.
- Federal funds for alternatives to abortion shall be utilized solely for women whose gross family income is below 185% of Federal poverty guidelines.

Illegal aliens

- References certain provisions of Federal law relating to who can receive services and reporting duties of providers in dealing with illegal aliens.

Autism

- Provides for the distribution of funds to providers that participate in the State's Autism Program.

Community Based Family Centers

- No funds appropriated for community-based family centers may be part of the base for calculation of county child welfare needs-based budget for a fiscal year.

Mental health services

- Funds appropriated will be used for the continuation and maintenance of the existing network of web portals that provide comprehensive services and support for those with mental illness, and expansion to include resources for military veterans and their families.

MAWD

- Permits the department to adjust premiums with federal approval.

Department of Revenue

The Enhanced Revenue Collection Account (ERCA) will continue through FY 2019-20. Revenues collected will be deposited into the account.

- Of the funds in the account, for each of the fiscal years from FY 2015-16 through FY 2019-20, up to \$25,000,000 is appropriated to the department to fund the costs associated with the increased tax collection enforcement and reduction of tax refund errors.
- The balance in account on June 15, 2014 and each June 15 thereafter shall be deposited into the General Fund.
- The department will generate a report to the governor and General Assembly including a detailed breakdown of administrative costs, the amount of revenue collected and the amount of refunds avoided.

Department of Transportation (PENNDOT)

- Prohibits the department from inserting direct mail pieces in mailings sent from the department.

Pennsylvania Emergency Management Agency (PEMA)

- Funds appropriated for local emergency relief will be used for a State program to provide assistance to provide assistance to individuals and political subdivisions directly affected by natural and man-made disasters or public safety emergencies when federal assistance is not available.
- Funds appropriated for search and rescue programs will be used to support programs related to training working service dogs focusing on rescue and public safety at a center.

Pennsylvania Gaming Control Board

- Annual language that requires that any slot machine fee received by the Board after June 30, 2014 is to be deposited in the General Fund.

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Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.