

RCPA on Late State Budget



With more than 325 members serving well over 1 million Pennsylvanians annually, Rehabilitation and Community Providers Association (RCPA) is among the largest and most diverse state health and human services trade associations in the nation. RCPA members offer mental health, drug and alcohol, intellectual and developmental disabilities, medical rehabilitation, and brain injury services for children and adults, vocational and residential settings. A statewide organization, RCPA advocates for those in need, works to advance effective state and federal public policies, and provides professional support to members. Learn more by visiting www.paproviders.org.

ISSUE

The Rehabilitation and Community Providers Association (RCPA) is concerned about the real possibility that the General Assembly will not pass, and/or Governor Wolf will not sign into law, an on-time 2015/16 state budget. RCPA understands the complexities surrounding the negotiations comprising a state budget, especially when important issues such as a gas extraction tax, and pension and property tax reform, are being considered and there are multiple solutions offered from various legislators as well as the Governor. However, a late state budget has real and long-lasting effects on health and human service providers, who depend on state funding to protect the health and welfare of the individuals they serve throughout the Commonwealth.

Late budgets do have repercussions. They reduce a provider's ability to effectively plan (i.e., make important programmatic and capital investment decisions); providers may have to approve their budgets without knowing state aid amounts, a major source of their funding. If the state budget is not enacted by the constitutionally mandated deadline of June 30, then it is uncertain whether providers will have sufficient cash balances to provide services to clients, pay staff, and to pay day-to-day expenses. In most instances, when there are state funding delays, providers have to draw against their lines of credit, which triggers additional interest costs; according to some of our members, they are still paying on interest from the last late state budget. In today's tough economic environment, providers are not as financially strong as they were the last time the Commonwealth had a late budget, so they will have more difficulties staying solvent.

It is difficult for providers to plan effectively when significant portions of their funding is unknown. If state aid estimates are overly optimistic, the result can be mid-year budget shortfalls.

RECOMMENDATIONS

If there is a late Pennsylvania state budget, RCPA respectfully requests that the General Assembly authorize, and the Governor sign into law, a temporary appropriation bill. If this is not feasible, then RCPA proposes that providers be permitted to apply for and receive interest free loans, similar to what was done for state employees the last time the budget was not passed on time.