



Department of Human Services 2026-27 Budget Briefing Remarks as Prepared

• **Building a Healthier Pennsylvania – How DHS is Getting Stuff Done**

- Good morning, thank you all for taking the time today to join us as we review the highlights of Governor Josh Shapiro's proposed SFY 26-27 budget with a focus on the investments in the PA DHS.
- Over the last three years, Governor Shapiro has been laser-focused on delivering results for the people of Pennsylvania – and it's working.
- I am beyond proud of the work we have been able to accomplish over the past three years through the dedication and commitment of my team as well as the 16,000 PA DHS employees and countless other partners around the Commonwealth.
- We have accomplished so much over the last three years –you can see some of the highlights on your screen right now.
- We do not do this work in isolation. Much of accomplishments you see are the result of work we've done together – through your advocacy, through our partnership, through what is enabled at the state level that so many of you put into action every day.
- Success happens through investments – investments of time, of service, and of course, of funding. But at the center of these investments are the people we serve – residents of every county and every community of Pennsylvania. We are here for them, and we will *always* fight for what they need to succeed. Our accomplishments are a tangible demonstration of what happens when, together, we advocate about the impact of this work on our family, friends, neighbors and communities – always championing the people we serve.
- The Shapiro Administration is committed to continuing this work into the 2026-27 state fiscal year.

• **Governor Shapiro's 2026-27 Commonwealth Budget Themes**

- Gov. Shapiro has driven economic growth and created more than 21,500 good-paying jobs, attracting more than \$39 billion in private-sector investment statewide. Pennsylvania's unemployment rate has been below the national average for 31 straight months — and we're the only state in the Northeast with a growing economy.
- Governor Shapiro has cut taxes seven times, delivering real relief for seniors, families, and small businesses.



- Under Governor Shapiro's leadership, Pennsylvania has collected more than \$416 million above revenue projections through the first seven months of the current fiscal year — these strategic investments are paying off and the economy is growing.
- The proposed 26-27 budget addresses some of the most pressing challenges facing our Commonwealth - from chaos and cuts at the federal level, to the rapid spread of data centers and artificial intelligence, to predatory practices in the housing market, this budget puts forward a series of commonsense reforms to protect Pennsylvanians and position the Commonwealth to lead in important industries and sectors of the future.
- **Overall Spending & Where is the New Money Going**
 - You'll see breakdown of the state dollars allocated to DHS' budget, as well as an overview of the difference between this proposed budget and our current year budget.
 - All three of our Medicaid Managed Care programs known as Community HealthChoices, Physical Health HealthChoices and Behavioral HealthChoices as well as our waiver programs for people with intellectual disabilities and autism are seeing increases that are largely driven by rising patient needs and costs associated with delivering this care – oftentimes for vulnerable populations like older Pennsylvanians, people with disabilities, and people with complex and chronic health needs.
 - We continuously engage with our stakeholders to improve our programs with targeted interventions and supports that contribute to our goal of keeping cost increases as low as possible while simultaneously delivering the highest priority supports and services.
 - My team works every day to balance connecting Pennsylvanians to the health care they need with ensuring that taxpayer dollars are being spent effectively and efficiently and maximizing state resources wherever possible with additional federal dollars.
 - This budget also includes the first direct impact from HR 1, the federal budget bill passed by Congressional Republicans and signed by President Trump in July. Historically, the administrative costs of the SNAP program were shared 50-50 with the USDA. Under HR1 every state must now shoulder 75% of the administrative costs for this federal program. This cost shift onto PA taxpayers is represented by an \$87M increase in the DHS budget. This cost shift begins October 1. Once we must absorb the full cost, it will be closer to \$120M.
- **2026-27 Overall Spending**
 - Additionally, in this moment when significant federal funding is at risk, I want to remind everyone of how important federal funding is to Pennsylvanians. We often talk about our budget in terms of the state funding that supports our work. But the investment of



state dollars often allows us to draw down federal dollars to support our programs.

- When you factor in the federal funds, DHS' total budget for the coming state fiscal year will be \$67.2 billion. This slide illustrates the breakdown between state and federal funds as well as other funding sources like the lottery and tobacco funds.
- The distribution you see here is based on the current structure of Medicaid and other federally funded programs – something we know is also set to change due to HR1.
- Under this law, Medicaid financing rules will change, impacting how we are able to draw federal matching funds beginning in 2028 that will remove \$20 billion from our Medicaid program over the following decade unless HR1 is rolled back or mitigated.
- Obviously, this will have significant ramifications not just the Department of Human Services – it will impact our entire health care system. Difficult decisions will have to be made. I promise you that the Pennsylvanians we serve will always be front of mind as we approach this and all other impacts of HR1. But, it is also not too late to educate our Congressional delegation on the impact that cuts of this magnitude will have on you and the communities you serve.

- **2026-27 Budget Highlights**
 - **Investments in Health**
 - Last year, I introduced you to Keystones of Health – Pennsylvania's approved 1115 demonstration waiver that invests in health, beyond the traditional role of only covering health care, through our Medicaid program. You may remember that we did not pursue this in last year's budget due to uncertainty with the federal transition, but I am happy to share that these investments are an area of alignment with the Trump administration and the Governor's budget proposes to move forward with robust pilots in all three areas: food as medicine, housing, and reentry services. I will note that due to Trump administration guidance, continuous Medicaid eligibility is no longer allowed so has been dropped from our proposals.
 - First, **food is medicine**: Studies are clear that healthy eating and balanced, nutrient-rich diets have great benefit throughout a person's lifespan. Particularly as we age, a good diet has direct impact on prevention and risk from cardiovascular disease, high blood pressure, obesity, type 2 diabetes, certain cancers, bone health and risk of complications from falls or injury, and more.
 - For people who already have these conditions, tailoring meals to a person's specific medical needs improves management of conditions and overall health and quality of life. MANNA in Philadelphia is a leader in this work, providing



medically tailored meals for more than 100 different illnesses in conditions across Pennsylvania and nationally.

- Their work and partnerships with many of our managed care organizations shows the value of this investment, and we are looking to grow this work in our Medicaid program. With an investment of **\$900,000 in state funds, we will be able to draw federal investment for a total of \$2.3 million** to support this pilot that will bring medically tailored meals to a cohort of Medicaid recipients with diet-sensitive conditions.
- Existing programs like MANNA's and programs piloted in other states have found that investments targeted at people with diet-sensitive conditions find that this work results in fewer hospital visits and overall reductions in health care spending. This is an investment that supports a person's quality of life *and* helps us redirect health care spending trends.
- Investments in Health will also expand resources for stable housing for Medicaid recipients experiencing homelessness who have chronic health conditions.
- When a person has a safe place to live and stability in accessing services in the community, it is easier to find and regularly use health care services – improving management of chronic physical and behavioral health care conditions. It's also easier to find and keep a job.
- Medicaid and our hospitals - especially our emergency departments - bear much of the costs of homelessness – stable housing is shown to lower hospital stays for formerly unhoused people by at least 30 percent.
- This investment of **\$1 million in state funding will allow us to draw additional federal funding for a total of \$2.5 million** to launch a pilot that will help Pennsylvanians experiencing homelessness connect to stable housing and services that will improve health and care management that is far less costly than the consequence of going without care or relying primarily on hospitals and emergency departments. This work will support overall stability for unhoused community members that can help them get on their feet in a way that is sustainable.
- Lastly, Investments in Health will prioritize reentry supports for returning citizens transitioning out of our State Correctional Institutions. An investment of **\$900,000 in state funds will allow us to leverage additional federal funding for a total of \$2.7 million** that will support pre-release coverage (up to 90 days prior to release from a State Correctional Institution) for:



- Substance use disorder care, including medications for opioid use disorder; and
- Intensive case management to support warm hand-offs to clinical and social services post-release to improve continuity and reduce recidivism.

- This work will focus on justice involved adults with serious mental illnesses, substance use disorders, serious chronic illnesses, autism, and/or are pregnant. Similar programs have reduced overdose deaths, improved health outcomes, and reduced recidivism following community reentry.
- By establishing better pre-release supports, we are giving returning Pennsylvanians a better shot at success back in the community. This is how we can improve health outcomes, reduce overdose deaths, reduce recidivism, improve public safety, and set people up for success.
- This part of our 1115 waiver is built on the foundation of the bipartisan SUPPORT Act passed in 2018 under the first Trump Administration. Through this Act, Congress directed CMS to develop demonstration projects to improve care transitions out of correctional institutions to improve outcomes for reentrants.
- The General Assembly took an important step to enable this work last year by passing legislation to ensure that Medicaid coverage is paused but not terminated when people are incarcerated, regardless of the length of their sentence. Now it's time to invest in the infrastructure and reentry services to make this positive impact.
- I'm hopeful that if we see the success we expect, we'll be able to grow these supports to include people exiting county jails in a future renewal of the waiver. However, that won't be possible without this investment and the opportunity to start doing more for Pennsylvanians returning to their communities.
- The strategies put forward with our Investments in Health are common sense solutions to real challenges. We have an opportunity to make small, targeted investments that will pay off through lower overall Medicaid spending – work we *must* be doing as we look ahead to 2028.
- Interim data from a similar program piloted by North Carolina resulted in savings of more than \$1,000 per enrollee in three pilot regions focused in rural communities, and the program also had economic benefits for the communities where pilots were held. Researchers following the pilot projected even higher savings over time frame due to start-up costs reducing the initial savings.



- We have a chance to chart a similar course with these forward looking, evidence-based investments and solidify Pennsylvania's role as a leader in Medicaid innovation.

- **Multi-Year Program Growth Strategy**

- This budget will continue to build on the progress we have made to connect adults with intellectual disabilities and autism to services and supports that help them live an Everyday Life and continues towards Governor Shapiro's goal to end the adult emergency waiting list.
- As of October 31, 2025, the adult emergency waiting list sat at 3,174. This is a 31 percent decrease since the Feb. 2024 multi-year program growth strategy announcement.
- The 2026-27 Budget **invests \$30 million of state funding and \$36.2 million of federal funding to** continue to expand capacity in our HCBS programs for adults with intellectual disabilities and autism. **400 more individuals will be served in the consolidated waiver and 850 more individuals will be served in the community living waiver.**

- **988 & Crisis Centers**

- Pennsylvania continues to build and strengthen a behavioral health system that works to provide rapid support and treatment for anyone suffering from a mental health or substance use crisis anywhere in the Commonwealth.
- This is done through an integrated, three-pronged approach of: someone to call, someone to respond, and somewhere to go.
- Governor Shapiro's 2026-27 budget proposes investments that will enable Pennsylvania to enhance its crisis services, expand mental health resources, and ensure that caring, competent, and resilient staffing is maintained 24/7 across all mental health resources.
- 988 is the federally designated three-digit dialing code to the national Suicide and Crisis Lifeline Hotline, which is available by calling or texting 988 24 hours a day, seven days a week.
- 988 serves as a direct link for suicide prevention and mental health crisis support; anyone who calls, texts, or chats with 988 will be directly connected to trained, compassionate mental health crisis response counselors.



- There are fourteen 988 call centers in Pennsylvania – answering the calls and texts of Pennsylvanians, and Governor Shapiro knows we need to invest additional resources in these centers to sustain a dedicated crisis response system for behavioral health emergencies and meet the needs of our residents. The Gov's proposed budget includes **\$10 million** to build capacity for 988 operations across these call centers.
- This budget also proposes **\$5 million** to maintain prior year commitments to make emergency behavioral health walk-in crisis centers available across the state. These centers play a pivotal role in providing immediate, accessible, and specialized care for anyone experiencing a behavioral health crisis.
- Pennsylvanians in crisis rely on timely and accessible options for support, including outside of regular business hours.
- That's why Governor Shapiro is committed to enhancing the effectiveness of these walk-in crisis centers by partnering with local community organizations, law enforcement, hospitals, and mental health service providers.
- I know some of you may be disappointed that we are not proposing an increase in county base funding. The \$40 million we have added since 2023 were huge steps. This work is not done, but I hope you will still see the importance and needs to support the system as a whole.

- **Minimum Wage**

- Once again, we are forced to remember that for 17 years now, Pennsylvania has failed to make the most basic investment in our economy and our workforce. Our minimum wage is still lagging, still abysmal, and still \$7.25.
- You may remember that when we last raised that minimum wage in 2009:
 - We could still refer to the Pittsburgh Steelers as reigning Super Bowl Champions.
 - But what you may not know is that when that increase to \$7.25 took effect in July 2009, our current – and for 3 more days - still reigning Super Bowl MVP Eagles QB Jalen Hurts was just 10 years old.
 - The number one movie in America was the sixth Harry Potter movie.
 - The world was just beginning to talk about Swine Flu.
- A stagnant minimum wage hurts Pennsylvania's competitiveness, especially as all of our neighboring states have taken steps to invest in their workforce and economy. Most of our direct neighbors pay their minimum wage workers more



than *double* what we pay here in Pennsylvania. They recognize the value of this workforce and the services they provide.

- Research from states who have taken this step demonstrates that increasing the minimum wage will have significant impact on women and workers of color, who are more likely to work in lower income jobs that play important roles in our economy and human services systems – especially in our caring infrastructure.
- The Governor's Budget projects that an increased minimum wage could **generate \$80 million annually in increased revenue to the Commonwealth** by increasing our residents' purchasing power. And as you heard the Governor say on Tuesday, this **investment will help more families earn a wage that helps them move off public assistance programs and can lower the overall state share of Medicaid costs over time.**
- We have lagged behind for too long, and it is well beyond time to act and invest in our future. Pennsylvanians deserve better.

- **211 Increase**
 - This budget also invests in helping connect Pennsylvanians to services and supports when and where they are needed. Our United Way partners and the 211 network play an invaluable role every day, but their work is especially essential during times of crisis.
 - We are seeking to invest an additional **\$250,000 of state funding** to support 211's work so callers who need this urgent assistance can be connected to the incredible staff and volunteers who step up to serve their communities.
- **Child Care Recruitment & Retention Fund**
 - Child care and early learning are critical to child development and set young Pennsylvanians up for success, and a strong child care workforce ensures parents can continue to pursue their careers even after having children.
 - According to the Pennsylvania Partnerships for Children's most recent report, Pennsylvania loses \$6.65 billion annually due to child care shortages, including \$2.4 billion in lost earnings and productivity for working mothers.
 - Child care workers are the workforce behind the workforce. But access to quality child care remains an issue for many Pennsylvania families, and staffing shortages and low wages at child care facilities continue to plague an already vulnerable system.



- The Governor's 2025-26 Budget included a major provision to stabilize the child care workforce, with a \$25 million investment in recruitment and retention grants to provide approximately 55,000 child care employees with up to \$450 in retention bonuses, and remaining funds available will be used to help support child care providers in recruiting staff with one-time incentive payments.
- The demand has been overwhelming -- more than 4,300 child care providers applied for these grants, so Governor Shapiro is continuing to build on this investment.
- The 2026-27 Budget proposal continues this progress by including an investment of an additional **\$10 million** to support employees at licensed child care facilities that participate in the Child Care Works program to raise that recruitment and retention bonus from \$450 to **\$630**, bringing the total investment to **\$35 million**.

- **EI sustained investment**

- I know there were some questions during registration from folks attending today about the Early Intervention line item. As you'll see in the Blue Book when it's released, the increase passed with the 2025-26 budget will be sustained for next fiscal year.
- What you see in the executive budget reflects the changing state cost to run this program. The Blue Book will have more information about the total funding with federal match that we are able to draw.
- We're very excited about the **investment of \$10 million that was secured for the 2025-26 budget, and we intend to keep the new, updated rates.**

- **Supporting Hospitals**

- For the past two years, we have worked with the General Assembly to dedicate **\$10 million in state funding to rural hospitals. This investment allows us to tap into additional federal funds and provide more than \$36 million in total support to rural hospitals** who treat Medicaid patients.
- These hospitals operate on extremely thin, frequently negative, margins, and this investment helps keeps essential services accessible in rural communities. We are proud to continue this support of access to acute and critical care for rural Pennsylvanians.

- **CHIPPs**



- The Governor's budget also continues our work to support transitions to community-based placements for people receiving care at our state hospitals with funding to move 40 non-forensic state hospital patients who could be treated in the community to less restrictive placements allowing state hospitals to serve patients with more acute needs.
- **\$3.2M will support 40 more people being served in the community** through the Community Hospital Integration Project Programs, by supporting investments that facilitate transitions out of state hospitals and invest in community-based options for care.
- This budget also proposes **\$7.3 million to maintain prior year commitments** to fund forensic programming in our counties to reduce the number of individuals being served in a state hospital who do not need that level of care or prevent avoidable state hospital stays.

- **Combatting Fraud**
 - The Administration has taken the lead to prevent fraud and ensure the benefits it administers get to eligible Pennsylvanians.
 - In fact, Pennsylvania — thanks to the work of DHS and our partnership with the Office of State Inspector General (OSIG) — was ranked number one nationally in the number of Medicaid fraud charges filed against bad actors, and third overall in convictions secured. I'm extremely proud of our work to closely monitor programs and the partnerships with OAG and OSIG to protect these resources.
 - The 2026-27 proposed budget continues this fiscally responsible work by calling on the General Assembly to **enact the False Claims Act**, adding an additional mechanism to prosecute fraud and recoup damages.
 - With this, Pennsylvania will add another tool to ensure sound fiscal responsibility over taxpayer dollars, resulting in Pennsylvania's access to a larger share of federal false claims lawsuits. Taking this action will remove a barrier to recovering tax dollars and investigating fraud to bring Pennsylvania in line with other states throughout the country.
- **OAPSA**
 - In addition to protections against fraud, the Shapiro Administration is committed to making sure there are strong protections in place to guard against those who would exploit or abuse older adults.



- Pennsylvania's Older Adult Protective Services Act (OAPSA) is the law that protects our seniors. But it was enacted in 1987, and it has not kept pace with the realities facing older adults today, despite growing need for greater protections.
- Allegations of abuse received by the County Area Agencies on Aging increased 62 percent over the past five years, especially around financial exploitation — the fastest growing form of elder abuse. But OAPSA is so outdated it doesn't even address financial exploitation.
- Governor Shapiro called for **OAPSA to be modernized to reflect the reality of today's threats, new long-term care settings, workforce challenges, and risks to older adults.**
- OAPSA enforcement is led by the Department of Aging, in collaboration with our Department of Human Services Adult Protective Services program.
- This budget proposes changes to OAPSA to expand background check requirements for caregivers; create a waiver process for determining employment eligibility; update outdated lists of criminal offenses; and expand mandatory reporting practices.
- And, for the first time, the law will outline clear, prescriptive provisions defining and combatting financial exploitation by recognizing the responsibility of financial institutions to protect older adults from fraud and expand reporting duties and civil immunity for law enforcement and financial professionals.
- Together, these reforms will wholly improve OAPSA and ensure it is effective in safeguarding and protecting Pennsylvania's older adults.

- **Additional ChildLine Staff**

- We all share the responsibility of protecting children in our communities from abuse and neglect. That's why DHS administers ChildLine, which is a 24/7 hotline available to anyone concerned about the safety or well-being of a child.
- Anyone can make an anonymous report to ChildLine by calling 1-800-932-0313.
- When someone calls ChildLine, they are connected to highly trained caseworkers who collect all helpful information from anyone reporting concerns for a child's wellbeing and refer to the appropriate investigating agencies.



- While incredibly rewarding to be part of this team keeping kids safe across the Commonwealth, answering these calls can be emotionally and mentally taxing, and, coupled with the 24/7/365 nature of the operation, recruitment is sometimes challenging.
- This budget proposes **\$658,000** to enhance ChildLine by adding -- 15 additional call-takers and 5 supervisory staff, including trainers.
- This increased staff will allow caseworkers more time and resources to triage calls before referring them to the counties or appropriate agency.
- Governor Shapiro also called on the General Assembly to continue our work to **review and update the Child Protective Services Law** and look for opportunities to strengthen our work to protect children and support families.

- **Federal Update**
 - **New Federal Response Fund**
 - At a time when the federal government has created uncertainty and disruptions for communities across Pennsylvania, the Shapiro Administration has acted to protect residents and ensure essential services continue uninterrupted.
 - When SNAP funding lapsed during the federal government shutdown in October and November last year, the Governor declared a state-level disaster and provided \$5 million in state resources to support food banks.
 - Governor Shapiro has taken legal action 19 times against the federal government in the last year and won each time, returning more than \$3 billion legally owed to the Commonwealth, including critical funding for food assistance benefits for millions of Pennsylvanians.
 - But recognizing that legal action alone is not enough, and in anticipation of continued chaos and confusion at the federal level, the 2026–27 budget proposes **\$100 million** for a new Federal Response Fund.
 - This fund will allow the Commonwealth to respond quickly to federal actions or inactions that threaten health, safety, or essential services for Pennsylvanians.
 - **Rural Health Transformation Program**
 - Finally, I wanted to give a brief update on Pennsylvania's Rural Health Transformation plan and funding.



- In December, it was announced that Pennsylvania would receive \$193 million for the first year of this five-year grant program,
- Once the Centers for Medicare and Medicaid Services approves the release of funding we will begin to move forward on implementing the program.
- Our overall vision is to establish regional Rural Care Collaboratives that will coordinate with existing Partnerships for Regional Economic Performance and bring together leaders in health care, public health, business, economic development, education, managed care, and community-based organizations to work with the Shapiro Administration to invest in work aligned with domains outlined in our RHTP application, which covers:
 - Technology and infrastructure, workforce, maternal health, behavioral health, aging and access, and EMS and transportation.
- Over the course of the next year, the Department will facilitate meetings of rural care collaboratives in the Central, North Central, Northern Tier, Northeast, Northwest, Southern Alleghenies, South Central, and Southwest regions of the Commonwealth.
- As the RCCs are established, we will launch a short-term Rapid Response Access Stabilization Program to begin to make more near-term investments as the program infrastructure forms.
- We will keep partners informed when we receive approval and are able to move forward, but for now, you may visit www.dhs.pa.gov/ruralhealth for more information and to sign up for updates.

- **Conclusion & Questions**
 - I hope this presentation has given you a sense of the exciting and forward looking opportunities presented in the Governor's budget to continue to build and fortify strong bridges to success for people and families across our Commonwealth.
 - Proposing a budget is just the first step. If there are initiatives in this budget that will help you or your community, opportunities that you are excited about, please let your State Senator and State Representative know. Tell a neighbor, write an op-ed – budgets don't pass themselves!
 - We look forward to working with you through this process, and happy to partner how we can do advance our shared priorities and goals.



- Thank you again for joining us today and for taking time to submit questions. As a reminder, the Blue Book will be published on the DHS website in the near future, and more information about these initiatives and investments can be found in the Governor's Executive Budget at www.budget.pa.gov.
- We'll now walk through a few questions that were commonly asked among registrants. Responses to these and other questions will be sent
- As mentioned earlier, you can continue to engage with the offices you work with on outstanding questions in the weeks and months ahead.
- ***What is the Commonwealth's intent for continuing the Women's Services Program in state FY 2026-2027? Will funding stay w/current grantees?***
The Women's Services Program is budgeted to continue in FY 2026-27.
- ***Does this budget include funding for putting chips on EBT cards?***
This budget does not propose funding to move to chip-enabled EBT cards. We are committed to working with the General Assembly to continue exploring this option and what it would take to implement for both SNAP recipients and EBT vendors.
- ***The Governor noted that there was a proposed increase in the child welfare budget for things like ChildLine and child death reviews. Can you please provide context as to where those increases are in the budget, as the line appears to be flat funded?***
The ChildLine staffing proposal is included in the General Government Operations appropriation. The budget proposal includes funding for filled positions, existing vacancies, and the new expanded staffing proposed.

The Child Death Review Program funding included in the Governor's address is under the Department of Health.