

**2026-27 Appropriations Hearing Testimony
Pennsylvania Department of Human Services
Secretary Val Arkoosh**

Chairman Harris, Chairman Struzzi, and members of the House Appropriations Committee, thank you for the opportunity to discuss Governor Josh Shapiro's proposed budget for the 2026-27 state fiscal year. The Pennsylvania Department of Human Services (PA DHS) works every day to help more than 3 million Pennsylvanians access services and supports that help them live healthier lives and learn, work, and be a part of our Commonwealth's vibrant economy. Our work is an investment in both the Commonwealth's present needs and in our future.

In the three years I have served in this role, I have had the honor to lead a hardworking team that is guided by the tenets of service, efficiency, effectiveness, prevention, and responsible stewardship. We strive to simultaneously address the immediate needs at hand and foster opportunities for a better future.

I am very proud of what we have accomplished since 2023 to support efficient and effective operations, healthier lives, bridges to success, and sustainable progress through prevention and working ahead of the problem. Much of this has been possible because of our partnership with the General Assembly, including accomplishments such as:

- Taking action to reduce and ultimately end the adult emergency waiting list for Pennsylvanians with intellectual disabilities and autism, reducing the waiting list by 30 percent since February 2024;
- Streamlining data collection with county behavioral health partners, improving availability of data and timeliness of reporting;
- Leveraging ongoing work to with rural leaders and health care partners to invest in rural health care and strengthen systems of care to secure a first year grant of \$193 million in federal funding for rural health through the Rural Health Transformation fund;
- Continuing to modernize and improve our COMPASS website and app, expanding digital self-service tools so Pennsylvanians do not have to call us for help with routine processes which allows our staff to be available for higher-need issues;
- Eliminating barriers to telehealth services for Medicaid-covered behavioral health care, increasing the public's options for critical mental health and substance use disorder treatment;
- Establishing the federal summer EBT program in Pennsylvania to help feed more than 1.2 million kids through SunBucks each summer when schools are closed;
- Expanding care options and reducing wait times for youth adjudicated to our Bureau of Juvenile Justice facilities. Our waiting list for boys is down to nearly single digits, and youth are typically placed within two weeks after adjudication – expediting access to care and reducing burden on counties;
- Adding new security tools for EBT card users, helping defend against SNAP theft and working closely with law enforcement partners to prevent and fight this crime that targets extremely vulnerable Pennsylvanians;
- Modernizing IT systems to cloud-based systems, streamlining systems across PA DHS' services and reducing reliance on technology that is no longer taught or updated;

- Expanding supports available for pregnant and newly parenting women covered by Medicaid by adding doulas as providers in our Medicaid program;
- Implementing electronic health records at our state hospitals and state centers enabling improved information sharing between residential and community-based providers, continuity of care, and staff efficiency;
- Finishing the post-Public Health Emergency Medicaid unwinding on time, under budget, with one of the lowest procedural termination rates in the country;
- Implementing Fraud Capture – an AI-driven system that analyzes Medicaid program data to identify potential outliers for further investigation and additional safeguards;
- Launching the initial phase of our Enterprise Case Management system with PA DHS’ Bureau of Hearings and Appeals, moving the office away from a paper-based system and improving operations by allowing better coordination and workload management statewide; and,
- Expanding support for older Pennsylvanians and adults with physical disabilities to live safely in the community through Community HealthChoices, which serves nearly 79 percent of nursing facility eligible recipients in home and community-based settings.

These items represent just some of the progress we have made during the last three years, all while continuing our service to Pennsylvanians in close coordination with local, state, and federal partners, stakeholders, and elected officials such as yourselves. Improvements, innovations, and efficiencies do not come automatically – they are a result of taking in feedback, conscious decisions, and prioritization of resources. Investing in this work makes this progress possible for the Pennsylvanians we serve. The impacts of our success extend across our Commonwealth to every community, county, and district. Human services are investments in people of all circumstances; Governor Shapiro’s proposed 2026-27 budget will help us build on our progress and continue to improve our service to, and ultimately the lives of, millions of Pennsylvanians.

The 2026-27 proposed budget for the Pennsylvania Department of Human Services invests in both our present needs as well as forward-looking services and supports – helping people live healthier lives and foster independence and success in their futures.

Investments in Health

Our current fiscal environment requires that we continue to thoughtfully pursue efforts to reduce Medicaid spending. The federal government can waive certain federal rules that govern Medicaid to allow states to design and evaluate state driven pilot projects that promote the general goals of the Medicaid program – helping people live healthier lives. Time-limited projects authorized through the waiver process require specific hypotheses of how investments will support cost reduction in Medicaid, and they are monitored and tested by the federal government for effectiveness. I am grateful that PA DHS’ approved waiver application aligns with the federal government’s priorities to improve health.

With budget approval, we will bring new tools to the Commonwealth to address drivers of health spending like hospitalizations and ER visits and poor outcomes such as overdoses and deaths. The way we live, how we eat, and our environment has a significant impact on our overall health and quality of life. Non-clinical social determinants of health drive up to 80 percent of health care utilization and outcomes. We know from successful pilot programs by our managed care organizations, lessons from

other states, and national research that these new tools can reduce avoidable, expensive health care use and improve quality of life and health outcomes. We will focus on addressing specific needs for set periods of time and critical life transitions where strategic investments can improve health and quality of life and lead to long-term savings through decreases in preventable health care utilization.

Food is Medicine

A person's diet has a direct impact on their health and overall quality of life. Good nutrition lowers risks 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 Medicaid recipients who already live with these conditions, tailoring meals to a person's medical needs and health can improve health management in a more cost-effective way than pharmaceuticals and other costly interventions that can spur further health complications. We are seeking \$900,000 in state funds, which will support a total investment of \$2.3 million with matched federal funds, to pilot medically tailored meals for a cohort of Medicaid recipients with certain diet-sensitive conditions.

Housing Stability

When a person who has experienced or is at risk of homelessness has a safe and stable place to live it is easier to access health care services and follow a treatment plan. This improves management of physical and behavioral health conditions and leads to overall stability that supports their ability to find and maintain employment. We are seeking \$1 million in state funding (for a total of \$2.5 million with federal match) to support a pilot that will help Pennsylvanians who have had multiple hospital visits and are actively homeless with a serious mental illness or substance use disorder, or are pregnant or in the 12-month postpartum period, or have certain chronic health conditions connect to stable housing and services that will improve health and care management. Reducing barriers to housing and helping people avoid homelessness is good for health, good for public safety, and good for our economy.

Reentry Supports

The concept for reentry supports was built on the foundation of the bipartisan SUPPORT Act passed in 2018 under the first Trump Administration. Through this Act, Congress directed the Centers for Medicare and Medicaid Services to develop demonstration projects to improve care transitions out of correctional institutions to improve outcomes for reentrants. With an investment of \$900,000 in state funds (leveraging federal funding for a total of \$2.7 million), Investments in Health will create a bridge between supports offered at a State Correctional Institution and the community by providing pre-release Medicaid coverage to justice-involved adults with serious mental illnesses, substance use disorders, serious chronic illnesses, autism, and/or who are pregnant. This coverage would begin up to 90 days prior to release to allow for smoother transitions to community-based substance use disorder care and intensive case management – ensuring a warm hand-off to post-release clinical and social services. Programs of this type improve health outcomes, reduce overdose deaths, reduce recidivism, improve public safety, and set people up for success and a productive future back in their community.

Providing Behavioral Health Support Pennsylvanians Need, When They Need It

Governor Shapiro's budget also seeks to invest in the life-saving, essential crisis response system that supports Pennsylvanians during their most urgent times of need. The shift to the three-digit 988 Suicide & Crisis Lifeline in 2022 was a tremendous step forward in removing barriers to support for people

experiencing a crisis or those looking to help a loved one, a neighbor, or someone in their community. These emergencies are time-sensitive, and 988 has facilitated connections to trained, empathetic behavioral health supports. The dedicated workforce that staffs these centers are available 24 hours a day, 7 days a week, 365 days a year to provide the life-saving support that callers need in those critical moments. In 2025, Pennsylvania's 988 call centers collectively answered and triaged more than 10,750 calls each month. Our call centers responded to 129,459 calls out of more than 145,000 total from Pennsylvanians in 2025. Outreach to 988 from Pennsylvanians is consistently growing every year since the three-digit line launched. 988 staff are handling the majority of calls, texts, and chats fully without needing to dispatch emergency or crisis response services. This work defuses emergencies, saves lives, and offsets potential impacts and demand on other first responder resources, including law enforcement, emergency medical services, and emergency departments. We are seeking to support this critical work with a \$10 million investment to support 24/7 staffing at call centers, including adequate support for staff assigned to calls and staff assigned to text and chat, which are staffed separately to ensure outreach does not go unanswered. Funding will allow call centers to hire additional supervisory staff to support the growing use of the lifeline.

We are also prioritizing and increasing our support to long-term, community-based placements for people currently treated at one of PA DHS' state hospitals to facilitate transitions to less restrictive levels of care where appropriate. This budget proposes \$3.2 million to support an expansion of 40 community-based placements for people receiving care at one of PA DHS' state hospitals through the Community Hospital Integration Project Programs while also continuing support for CHIPPs we have funded in previous years.

Increasing the Minimum Wage to Reduce Expenditures and Generate Revenue

The 2026-27 Budget again calls on Pennsylvania to address our minimum wage. As you know, the state last took independent action to increase its minimum wage in 2006. This aligned our minimum wage to the federal minimum wage, which was last increased to \$7.25 in July 2009. Nearly 17 years later, Pennsylvania still lags behind every neighboring state and most of the country. Nineteen states will increase their minimum wage in 2026, including our neighbors Ohio, New Jersey, and New York. More than 865,000 workers in Pennsylvania stand to benefit from a minimum wage increase to \$15 an hour. The Department of Labor and Industry's [2024 Minimum Wage Report shows](#) that more than 66 percent of these workers are aged 20-65 and older. This report also shows that women are nearly twice as likely than men to work at or below minimum wage jobs. A person working full-time at a \$7.25 wage meets the federal guidelines for poverty and participation in PA DHS' assistance programs. If this individual has children, the barriers and costs of poverty only continue to grow. It is simple: When we increase the minimum wage, we reduce reliance on programs like SNAP and Medicaid. Raising the wage is an opportunity to reduce public assistance spending and generate economic activity for the Commonwealth. Pennsylvania cannot afford to continue to fall behind if our goal is to remain an attractive state for people to live, work, and build their future. Passing a \$15 minimum wage just makes sense, and is an investment in the value of critical yet lower earning roles like those our caring professionals play in our broader economy, our ability to competitively attract and retain a skilled workforce, and, most importantly, the inherent value and basic dignity of people who contribute in many ways to our society.

Building a Strong Child Care and Early Learning Workforce

Governor Shapiro is seeking to continue the support for child care providers and the dedicated child care workforce that we accomplished together in the 2025-26 Budget. Access to child care that allows parents with young children to work and contribute to our economy is only possible because of the child care workforce. However, workforce shortages in child care have created serious operational barriers for these businesses resulting in providers operating under capacity and having to close or consolidate classrooms; despite the necessity of this work, the child care workforce shrunk by nearly 41 percent from 2019-2024. According to Pennsylvania Partnerships for Children, the Commonwealth loses \$6.65 billion annually due to child care shortages, and more than a third of that is due to lost earnings and productivity from working mothers specifically. To continue to support the child care workforce and make this field an attractive option for people open to a career in early learning and child care, the 2026-27 Budget proposes \$35 million to continue our Child Care Recruitment and Retention awards – an increase of \$10 million from our current budget. During the application period, more than 4,300 child care providers applied for these funds for their staff and future hires. There is a great, demonstrated need for this support, and a greater investment will grow the support we are able to extend to providers and their workforce who fuel our economy. Parents cannot go to work and invest in their future and their family if child care is not accessible and reliable. Investments in our child care workforce are a catalyst for future economic vitality and in our youngest learners.

Protecting Children through Child Welfare Enhancements

Lastly, Governor Shapiro's budget highlighted the need for additional support for our ChildLine reporting system. We are seeking \$658,000 in state funding, which will allow for additional federal funds for a total of \$902,000 to hire an additional 15 ChildLine call-takers and five supervisors/trainers. ChildLine is a 24/7 resource that fields calls from people reporting potential child abuse and neglect. This highly trained staff works with callers to gather as much information as possible to ensure county children and youth agencies or law enforcement are fully prepared to respond to each unique situation in an appropriate manner. This work is difficult, and timeliness and attention to detail are critical. Expanding this staff will reduce strain on individual caseworkers and create more capacity to thoroughly triage calls before referring to county partners or other appropriate agencies.

I greatly appreciated the General Assembly's participation in the intergovernmental workgroup that met over the last 9 months. That information sharing was productive and collaborative, and the PA DHS team is eager to continue to work together to strengthen this system. There is more we can do to protect children and support families and empower our county partners and others to help keep kids safe.

The investments outlined and presented in Governor Shapiro's proposed budget for 2026-27 each contribute to our work to help the individuals and families we serve live healthier lives and achieve stability that will lead to an overall improved quality of life, success in the workforce, and reduce need for assistance programs. As we look ahead and consider the uncertainty and ramifications created by the federal government through HR1, we must use the time and resources we currently have judiciously. Investing in health and stability for the Pennsylvanians we serve creates a better foundation for people most at risk to lose health coverage and food assistance, supports transitions to employment and reduces disruptions of essential services. There are many challenges ahead and uncertainty for our health care system as a whole, but by investing in proven, prevention focused services and supports we maximize the efficient use of available resources.

This proposed budget invests in accessible services and proactive solutions that seek to disrupt cycles of poor health and poverty and help Pennsylvanians achieve a better future. I look forward to working with each of you, your committees, and the rest of the Pennsylvania General Assembly to fortify this system and invest in healthier, prosperous futures for the Pennsylvanians we serve and our Commonwealth as a whole.