



**GOVERNOR
JOSH SHAPIRO
EXECUTIVE BUDGET
2024-2025**

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Commonwealth of Pennsylvania
Office of the Governor
Harrisburg

February 6, 2024

To the People of the Commonwealth of Pennsylvania:

A little more than one year ago, I had the high honor of being sworn into office as the 48th Governor of the Commonwealth of Pennsylvania. Over the past year, I have traveled across the Commonwealth, listening to your stories and working hard to deliver results for you. In my Administration, we have a GSD attitude – we get stuff done – and we have worked hard to make Pennsylvania the best place to live, to work, and to raise a family. In just one year, we have made huge strides – reducing costs for our seniors and working families, expanding the Property Tax and Rent Rebate Program and the Child and Dependent Care Enhancement Tax Credit, investing in our K-12 public schools, creating jobs and making Pennsylvania a better place to do business, and supporting law enforcement and making our communities safer.

I am proud of the progress we have made in this first year. The majority of the commonsense initiatives that I proposed in my first budget were funded and are being implemented. In addition, we've proven that investing in the good people of Pennsylvania is a good bet. Thanks to sound fiscal management in our first year, all three major credit rating agencies improved our outlook or gave us an upgrade. As a result of those ratings improvements, taxpayers are saving nearly \$100 million that otherwise would have gone to big banks and investment firms – that's on top of our \$14 billion surplus. We accomplished all of that while cutting taxes and making historic investments in our people and their success. Now is the time to double down on our progress and invest more of that surplus to create opportunity and prosperity for Pennsylvanians.

In Harrisburg, we've already proven that we can work together across party lines to get stuff done – but we can, and must, do more. So now, with my second proposed budget, it is time to build on the progress we made last year and address the challenges we're facing. This budget builds on the progress we've made by increasing funding for police, fire, and emergency medical services, making historic investments in our students and schools, rethinking the way we support higher education, making competitive and groundbreaking investments in economic development, focusing on the mental and overall health of our residents, and making sure government works for all Pennsylvanians. This budget addresses the big challenges facing our Commonwealth, while giving Pennsylvanians the freedom to chart their own course and the opportunity to succeed.

My budget provides resources to law enforcement, community groups, and school districts to address gun violence at the local level. This budget also proposes to double the amount of grant funding we provide to our local paid and volunteer fire companies for access to critical needs to protect our communities while building on the criminal justice reforms we have undertaken within the first year in office by providing resources to assist those seeking a second chance in society via probation or awaiting re-entry.

We are at a pivotal moment when it comes to funding public education. In my first budget, I secured the largest single investment in history, \$567 million, into Basic Education Funding. Now is the time to build on that investment. This budget proposes to provide an adequacy investment to districts, so our students have the resources they need to reach their full potential. It also includes targeted investments in repairing our school facilities, special education funding, and mental health supports.

I believe every Pennsylvanian should have the freedom to chart their own course and the opportunity to succeed. There are many paths to success. Some will go into the military after high school. Some will go into the workforce. And some will go to college. We need to respect all avenues of opportunity, and we need to invest in them – and this budget does. With regards to higher education, this budget proposes a significant investment in our state-owned universities and community colleges, in line with my blueprint for a higher education system focused on competitiveness and workforce development and grounded in access and affordability.

A strong higher education can serve as a linchpin to economic success, but for too long, Pennsylvania has fallen behind our peer states in making real investments in economic development. We must prepare now, and operate at the speed of business today, so that Pennsylvania is a leading contender to benefit from the businesses of tomorrow. This budget makes significant, strategic investments that will allow the Pennsylvania economy to compete and win regionally, nationally, and globally. To further spur economic growth, this budget also increases the state share of funding to public transit for the first time in over a decade, supporting the systems Pennsylvanians rely on to take them where they need to go. These investments will help attract and grow businesses in Pennsylvania, help our workers gain or maintain family-sustaining employment, and create a more prosperous Pennsylvania for all.

In addition to good schools and a prosperous economy, we must also invest in the health of all residents, including the availability of services in times of need. In last year's budget, I was proud to secure a \$100 million investment in the mental health of our students. This year, I am calling to make that funding permanent for this critical program while also expanding the services we provide for adult mental health, with state investments in the 988 Suicide and Crisis Lifeline and other crisis centers. This budget calls for a major increase in rates for intellectual disabilities and autism providers – and it proposes funding to permanently fund the Long-Term Care Transformation Office, while also providing substantial funding to the Department of Aging to help Pennsylvanians age their way. Overall, this budget proposes to provide resources to support our most vulnerable, regardless of where they reside.

This budget makes significant investments to protect our natural environment, provide funding to maintain our state parks and forest, and support our agricultural industry. The budget provides for the creation of new trails while improving our extensive existing trail network. Additionally, the budget proposes funding to make Pennsylvania the epicenter for the future of American agriculture by incubating new innovative agricultural projects, right here at home.

Finally, this budget proposes initiatives to address some of Pennsylvanians' most acute needs. This budget takes on issues ranging from helping communities address homelessness and housing challenges, to eliminating the burden of debt for medically necessary treatments, to the legalization of adult use cannabis and the expungement of records related to prior convictions. As I've directed my Administration to do for the past year, this budget works for all Pennsylvanians, ensuring we deliver on the promises I've made to you as your Governor.

My first budget was a down payment on the vision I have for this great Commonwealth – but I know that the only way we move forward is together. I'm calling on the General Assembly to work with me to implement the commonsense initiatives laid out in this Executive Budget. Doing so together will make Pennsylvania competitive and with it, improve the lives of each one of our residents.

Sincerely,



Governor Josh Shapiro

Budget Highlights

Budget Highlights

Since taking office, Governor Josh Shapiro has been focused on getting stuff done by creating, directing, and advancing initiatives that benefit all Pennsylvanians. During his first year in office, Governor Shapiro and his Administration have accomplished a vast majority of the goals laid out in his first budget address – including expanding the Property Tax/Rent Rebate program, delivering universal free breakfast for all K-12 students, implementing the largest-ever increase in basic education funding, providing mental health resources for students, investing in vo-tech and apprenticeship programs, allocating first-ever state funding for indigent defense, and more.

The 2024-25 budget expands the Governor's vision and invests in key priorities to deliver real, tangible solutions to the most pressing issues people are facing in their daily lives. In addition, this budget prioritizes economic competitiveness, access to higher education, targeted investment in public education, access to housing, healthy communities, public safety, environment, and agriculture. And this budget ensures that Pennsylvania continues to lead the nation in economic competitiveness, innovation, and job creation.

The proposed budget also presents a new vision for higher education that sets Pennsylvanians up for success, increases access and affordability, supports economic growth and prosperity, and ensures the Commonwealth can compete on the national stage. It further delivers on Governor Shapiro's promise to ensure a comprehensive solution on K-12 education in Pennsylvania.

Finally, this budget prioritizes public safety, including funding four additional Pennsylvania State Police cadet classes, updating state police patrol vehicle fleets, hiring more probation staff members, and doubling the existing resources available for volunteer and career fire companies and emergency medical services. The 2024-25 budget supports gun violence reduction efforts through after-school and proven gun violence prevention programs, resources for gun-violence impacted community improvement projects including improvement of shareable amenities and remediation of blight and standing up the Office of Gun Violence within the Pennsylvania Commission on Crime and Delinquency. Moreover, this budget grows indigent defense funding and supports an increase in resources for legal aid networks across the Commonwealth.

Investing in Children, Students, and Educators

- Proposes a **\$1.072 billion** increase to basic education funding
 - **\$872 million** for first-year adequacy investment
 - **\$200 million** for the Basic Education Funding formula
- Includes a **\$50 million** increase for special education funding to ensure that school districts have the basic resources necessary to provide high-quality special education services to students with disabilities and special needs
- Provides **\$545,000** for the Office of Monitoring and Accountability to ensure compliance with federal and state reporting requirements, mitigating risk to students and educators
- Invests **\$18.1 million** through the Department of Human Services to repurpose a vacant facility in Montgomery County into a 48-bed secure facility for adjudicated delinquent male youth and **\$2.5 million** through the Pennsylvania Department of Education to provide education services to these individuals
- Establishes a statewide cyber tuition rate of \$8,000 per student per year and will better align tuition with the actual costs of providing an online education (saving school districts an estimated **\$262 million** annually)
- Calls for a **\$2.4 million** increase for Career and Technical Education
- Continues **\$7 million** in support of dual enrollment
- Continues investing **\$50 million** in school safety and security improvements and provides **\$300 million** in sustainable funding for environmental repair projects in school buildings
- Recommends **\$3 million** to provide feminine hygiene products at no cost to students in schools throughout the Commonwealth
- Calls for an additional **\$30 million** for the Pre-K Counts program and **\$2.7 million** for the Head Start Supplemental Assistance program to stabilize the workforce and support the Commonwealth's youngest learners
- Includes **\$10 million** for the Educator Talent Recruitment Account and **\$450,000** to support the Talent Recruitment Office at the Pennsylvania Department of Education
- Increases funding for student teacher stipends by **\$5 million** to support Pennsylvanians training to become certified and committed educators in the Commonwealth
- Includes an additional **\$5 million** for professional development for educators and school leaders

Budget Highlights

• A New Blueprint for Higher Education in Pennsylvania

- Unites the Pennsylvania State System of Higher Education and Community Colleges under a new governance system and proposes a **15 percent increase** in state funding
- Calls for a **5 percent increase** in institutional support for the Commonwealth's state-related universities – Penn State, Temple, Lincoln, and Pitt – and a **15 percent increase** to Thaddeus Stevens College of Technology
- Beginning in 2025-26, increases Pennsylvania Higher Education Assistance Agency state grants by \$1,000, bringing the maximum award up from \$5,750 to \$6,750 and allows for a college degree from the newly formed system for no more than \$1,000 per semester (a **\$279 million** annual investment)

Making Pennsylvania a Leader in Economic Development, Job Creation, and Innovation

- Supports Pennsylvania's first Economic Development Strategy in over 20 years
- Provides **\$500 million** in bond funding to expand the Pennsylvania Strategic Investments to Enhance Sites Program within the Department of Community and Economic Development to fund on-site development for priority industries, such as agriculture and manufacturing
- Includes **\$20 million** to support large-scale innovation and leverage Pennsylvania's best-in-class research and development assets
- Allocates **\$3.5 million** to create and launch the Pennsylvania Regional Economic Competitiveness Challenge to provide different geographic regions with the resources they need to plan and implement localized economic development strategies
- Calls for a **\$25 million** investment to establish a new Main Street Matters program, which is built on the legacy of the successful Keystone Communities program that assisted Main Street and Elm Street programs, to improve capacity for local governments and provide flexible resources to revitalize neighborhoods
- Increases support for the PA First program, investing an additional **\$18 million** in funding for tourism and business marketing, **\$3.5 million** for the Department of Community and Economic Development to implement the strategy, and **\$2 million** to support internships at Pennsylvania-based businesses
- Provides over **\$10 million** in funding for the Department of Environmental Protection to increase permitting staff at regional offices across the Commonwealth and to upgrade, improve, and modernize permitting IT systems
- Proposes **\$212,000** for the Pennsylvania Historical and Museum Commission to streamline its environmental review process for historic properties to ensure timely deployment of federal infrastructure dollars
- Invests **\$10.3 million** in agriculture innovation, important funding that will help support and attract new agricultural businesses, including energy and conservation endeavors
- Includes **\$655,000** to fund a groundbreaking new state program for agricultural seed certification and trade assistance that will grow Pennsylvania's role as a national and international agricultural leader
- Proposes **\$145,000** for a novel pest detection program using dogs to prevent pest outbreaks without the expensive and potentially harmful use of pesticides
- Calls for **\$5.6 million** to reform the Dairy Margin Coverage Protections offered to dairy farmers, alongside a dedicated new Dairy Development Specialist at the department to advocate for and help to grow the Pennsylvania dairy industry
- Supports a **\$5 million** investment in a new state laboratory in western Pennsylvania that will provide much-needed testing capacity, helping with rapid diagnosis and mitigation of future disease outbreaks across the state
- Invests **\$1.7 million** to modernize the Information Technology systems at the Department of Agriculture by utilizing cloud computing solutions and migrating state laboratory data to a more advanced information management system
- Provides for a **\$5 million** investment in restorative justice initiatives from adult use cannabis proceeds, in addition to the immediate record expungement of those incarcerated for only a possession-related offense
- Proposes an additional **\$283 million** for mass transportation across the Commonwealth

Ensuring All Pennsylvanians Have the Freedom to Chart Their Own Course & the Opportunity to Succeed

- Increases the Department of Labor and Industry's investment in Industry Partnerships by **\$2.2 million** to support the workforce development and workforce needs of Pennsylvania's workers and businesses
- Includes **\$2 million** to help businesses transition to skills-based hiring practices to ensure those who have the skills and experience but not a college degree – or the "right" degree – can find quality jobs that pay family-sustaining wages
- Proposes **\$2 million** to build a one-stop-shop for career pathways to establish a single digital location for all career, education, and training resources

Budget Highlights

- Calls for **\$1.2 million** to support labor law compliance to protect law-abiding businesses from unscrupulous competitors who skirt state labor laws that safeguard workers and fair competition
- Expands and improves resources for military families with a **\$500,000** investment to develop a user-friendly web portal to help match skills with professional licenses
- Provides a modest **\$96,000** investment for child care providers participating in the Child Care Works program, which will leverage **\$62 million** in federal funding to raise rates to the 75th percentile

Cutting Everyday Costs for Pennsylvanians

- Dedicates **\$4 million** for medical debt relief for low-income Pennsylvanians and calls for healthcare providers to implement transparent practices to limit medical debt
- Increases the cap on funding to address critical housing needs under the Pennsylvania Housing Affordability and Rehabilitation Enhancement program to **\$100 million** by 2027-28 (a \$40 million increase from the current cap) and elimination of the current formula
 - This will be done through a \$10 million per year phased increase, with the cap increasing to \$70 million in the budget year
- Proposes **\$50 million** for the Whole Home Repairs program, to continue to provide direct assistance to homeowners and keep more families in their homes
- Introduce **\$5 million** in flexible grant funding for cities and counties to address immediate housing needs at the local level until disaster relief or other funding can be identified and be made available
- Invests **\$50 million** of state funding into the state's reinsurance program so that an additional subsidy wrap can be created for low- and middle-income Pennsylvanians that are on the cusp of being able to afford health insurance
- Utilizes **\$917,000** for staff and software support within the Insurance Department to track and manage health insurance denial cases and reserves **\$443,000** to allow the department to expedite investigations and achieve closure for victims

Supporting and Protecting our Vulnerable Pennsylvanians

- Invests **\$34.2 million** in Community Waiver and **\$1.9 million** in the Community Base Program, which will allow the Department of Human Services to engage in a multi-year growth strategy to expand the number of individuals participating in home and community-based services programs
- Increases reimbursement rates by 12% by dedicating **\$214 million** for the Community Waiver Program, **\$2.1 million** in the Autism Intervention Program, and **\$1.1 million** in the Community Base program
 - These efforts will leverage **\$266 million** in total federal funding to increase resources for providers of home and community-based services
- Provides **\$934,000** to add American Sign Language and English interpreter services to help Pennsylvanians with intellectual disabilities and/or autism
- Proposes **\$119,000** for problem gambling case management services, to ensure individuals seeking help for gambling-related issues have access to financial counseling, mental health services, housing, and other resources
- Invests **\$228,000** to create an Office of Recovery within the Department of Drug and Alcohol Programs
- Fosters an inclusive and supportive environment for older Pennsylvanians and their caregivers by investing **\$11.7 million** in the Department of Aging to implement the master plan on aging
- Invests **\$5.2 million** to find safe and emergency housing or placement for older Pennsylvanians in need of protective services or who are hard to place upon release from prison
- Provides for a **\$10 million** increase to the PENNCARE program from the Lottery Fund to help Area Agencies on Aging allocate the necessary infrastructure that stabilizes the elder care workforce supporting older Pennsylvanians
- Includes **\$1.9 million** towards the creation of the Alzheimer's Disease and Related Disorders Division at the Department of Aging to support the vulnerable population and their caregivers
- Proposes **\$10 million** to codify the Department of Health's Long-Term Care Transformation Office, which supports facilities protecting Pennsylvania's most vulnerable residents
- Prioritizes the health and well-being of older Pennsylvanians by investing **\$765,000** for adequate staffing to respond to complaints timely and ensure stability within long-term care facilities
- Contains **\$994,000** to support the Department of Health's plan to reduce and eliminate viral hepatitis
- Recommends an additional **\$2.6 million** to continue capacity-building within the Department of Health to implement maternal mortality prevention strategies
- Addresses food insecurity among seniors and people with disabilities by increasing the minimum Supplemental Nutrition Assistance Program benefit from \$23 per month to \$35 per month (a state investment of **\$16 million**)
- Allocates **\$3 million** in state funds to ensure seamless implementation and administration of the Summer Electronic Benefit Transfer Program which is an invaluable service to countless children during non-school months

Budget Highlights

- Dedicates **\$3 million** to help reduce food insecurity, boost the Senior Food Box Program, and reinforce the Pennsylvania Agricultural Surplus System
- Includes **\$10 million** for the Homeless Assistance Program, where rental assistance, bridge housing, emergency shelter, eviction prevention, and other innovative supportive housing services can be provided
- Provides **\$5 million** in matching funds for cities and counties to ensure that tenants have access to legal representation in eviction proceedings and keep more Pennsylvanians in their homes
- Calls for an additional **\$2.5 million** for indigent defense to be funded through Pennsylvania Commission on Crime and Delinquency and the Criminal Justice Advisory Committee
- Increases funding for the Pennsylvania Human Relations Commission by **\$600,000** to help promote equal opportunity and enforce Pennsylvania's civil rights laws, ensuring that allegations of discrimination receive a timely and fair review
- Proposes **\$2 million** for a new walk-in outreach center within the Department of Military and Veterans Affairs to aid servicemembers, veterans, and their families

Combatting Gun Violence and Ensuring Access to Effective Emergency Services

- Proposes **\$1 million** in funding to stand up the Office of Gun Violence within the Pennsylvania Commission of Crime and Delinquency
- Includes a **\$37.5 million** increase for the successful Violence Intervention and Prevention program within the Pennsylvania Commission on Crime and Delinquency
- Proposes **\$11.5 million** to create a statewide Building Opportunity through Out of School Time program
- Calls for **\$11 million** within the Pennsylvania Commission on Crime and Delinquency to provide resources for blight remediation, construction of parks, and improvement of shared spaces, such as parks, streets, and recreational areas, in communities most impacted by gun violence
- Dedicates a **\$1.5 million** increase for staffing at the Pennsylvania State Police to grow the trooper force and its civilian employees in essential units to combat gun violence
- Allocates **\$1 million** to a Firearm Injury Prevention Program within the Department of Health
- Provides for a **\$5 million** increase in funding to the Nonprofit Security Grant Fund at the Pennsylvania Commission on Crime and Delinquency, which provides resources for places of worship, community centers, and other entities equip themselves with security measures
- Proposes **\$16 million** for four additional Pennsylvania State Police cadet classes, which will allow for the training of 432 new State Troopers
- Includes **\$7 million** for the Pennsylvania State Police to better maintain its fleet and replace vehicles in a timely manner
- Allocates **\$24 million** in funding to continue the needed replacement cycle of the Pennsylvania State Police's helicopter and aircraft fleet
- Calls for a **\$4 million** investment through the Pennsylvania Commission on Crime and Delinquency to provide additional county resources devoted to adult probation services that reduce recidivism, increase the use of evidence-based practices, enhance training and professionalism, reduce caseload sizes, and improve the quality of services
- Proposes an increase of **\$5 million** for the Department of Corrections to additional staff to facilitate escorts and supervision for individuals in Extended Restrictive Housing, formerly known as solitary confinement, to receive out-of-cell time
- Requests **\$29.6 million** in funding for the Department of Corrections to continue providing Medicaid Assisted Treatment to the increasing number of Opioid Use Disorder diagnosed incarcerated individuals
- Includes **\$239,000** to support staff well-being at the Department of Corrections, which will create a more positive environment, increase morale and productivity, and better the outcomes for inmates and re-entrants
- Proposes a **\$5 million** transfer to the Crime Victims Compensation Fund, which helps victims and their families through the emotional and physical aftermath of a crime by easing the financial impact placed upon them by the crime
- Allocates an additional **\$5 million** at the Department of Human Services to address unmet victim requests for emergency shelter, increase capacity for civil legal representations, and increase medical advocacy programs
- Requests **\$140,000** for the Pennsylvania Emergency Management Agency to maintain high-quality data and leverage existing capital investments to generate actionable information
- Includes **\$2.7 million** in new resources for the Pennsylvania Emergency Management Agency to work closely with county partners during all phases of disaster planning and management to keep Pennsylvanians safe
- Proposes **\$30 million** for the Fire and Emergency Medical Services Grant Program through the Office of the State Fire Commissioner for additional resources for paid and volunteer fire and EMS

Budget Highlights

Ensuring Pennsylvanians Have Access to Mental Health Resources

- Invests **\$100 million** in mental health funding for K-12 schools, which builds upon one-time federal funds to ensure schools have the resources to provide mental health services to students and staff
- Increases funding for community-based mental health services by an additional **\$20 million** this year and calls for additional funds in successive years (reaching an overall increase of \$60 million per year increase by 2025-26)
- Includes **\$1.6 million** for Community Hospital Integration Projects Program (CHIPP) discharges to reduce state hospital populations
- Provides **\$5.8 million** to create five community-based programs to serve people with serious mental illnesses who end up in the criminal justice system but who do not require the level of forensic treatment provided at a state hospital or who are being discharged from these institutions
- Enables Pennsylvania to enhance its crisis intervention services, expand mental health resources, and ensure competent and resilient 24/7 staffing is maintained by including **\$10 million** in funding for 988 crisis line operations and capacity building
- Includes **\$5 million** for establishing and maintaining walk-in mental health crisis stabilization centers, with a focus on geographic areas that may not have a center

Protecting Pennsylvania's Environment

- Allocates **\$11 million** from the General Fund to continue the important work finding and capping abandoned wells and other activities
- Invests **\$1.5 million** in new capabilities to test for PFAS contamination
- Proposes **\$1.1 million** to improve the Bureau of Air Quality's air monitoring capabilities, allowing it to conduct intensive long-term air studies
- Includes **\$2.5 million** to support experts within the Department of Environmental Protection's Energy Programs Office with a dedicated focus on transmission planning and environmental justice
- Provides an **\$8.5 million** investment to the Department of Conservation and Natural Resources to greatly improve the length and breadth of the Commonwealth's outdoor trail system
- Dedicates an additional **\$5 million** from the Reemployment Fund to the Pennsylvania Outdoor Corps to provide a growing pathway for individuals to serve their communities, engage in meaningful and impactful work improving natural habitats, trails, and environments, and gain important job skills and experience

Getting Stuff Done – Government Service that Works

- Achieves the Commonwealth's Office of Digital Experience Pennsylvania's goal of making it easier for citizens to connect with the services they need by proposing roughly **\$34 million** to address staffing needs, platform modernization, data management, digital access, profile alignment, and identity security responsibilities
- Includes over **\$900,000** to support real estate initiatives including helping agencies consolidate from lease to owned spaces, implementing hoteling spaces to support telework and flexible workspace options, and increasing the utilization of the Commonwealth's Land & Building Inventory system
- Invests **\$1.4 million** in the Department of General Services Commonwealth Media Services to provide additional resources and equipment to assist agencies with in-house media products and services
- Proposes **\$1.6 million** to maintain the Capitol Complex and other Commonwealth facilities, including addressing the backlog of asbestos abatement work, increasing the number of custodians and groundskeepers to keep the Capitol Complex clean and tidy, and additional tradespeople to keep the buildings operational
- Includes a **\$668,000 increase** for the Department of General Services' Bureau of Diversity, Inclusion, and Small Business Opportunity for additional staff and resources
- Allocates **\$5 million** for the Department of State to communicate directly with voters, to spread accurate information, reduce the knowledge gap about voting, and ease the process of updating voter rolls
- Invests **\$474,000** to support additional election technical staff to assist counties, collection, and analysis of election-related data, and hiring full-time investigators to analyze allegations of unlawful voting
- Supports the implementation of Act 122 by including **\$2.9 million** for the Department of State's Bureau of Corporations and Charitable Organizations for staff and operations to ensure that government moves at the speed of business
- Implements the use of artificial intelligence by proposing **\$562,000** in funding to support a pilot project on the uses of generative AI by the Commonwealth

Fiscal and Program Policy Direction and Budget Themes

Introduction

Since taking office, Governor Josh Shapiro has been focused on getting stuff done by creating, directing, and advancing initiatives that benefit all Pennsylvanians. During his first year in office, Governor Shapiro and his Administration have accomplished a vast majority of the goals laid out in his first budget address – including expanding the Property Tax/Rent Rebate program, delivering universal free breakfast for all K-12 students, implementing the largest-ever increase in basic education funding, providing mental health resources for students, investing in vo-tech and apprenticeship programs, allocating first-ever state funding for indigent defense, and more.

The 2024-25 budget expands the Governor’s vision and invests in key priorities to deliver real, tangible solutions to the most pressing issues people are facing in their daily lives. In addition, this budget prioritizes economic competitiveness, access to higher education, targeted investment in public education, access to housing, healthy communities, public safety, environment, and agriculture.

This budget delivers on Governor Shapiro’s promise to ensure a comprehensive solution on K-12 education in Pennsylvania. This budget acknowledges the work of the Basic Education Funding Commission and proposes a historic increase in basic education funding, along with support for student mental health, school facilities, teacher professional development and talent recruitment, student teacher stipends, feminine student hygiene products in schools, career and technical education, and high-quality, affordable, and accessible childcare and early learning opportunities for families.

This budget also presents a new vision for higher education that sets Pennsylvanians up for success, increases access and affordability, supports economic growth and prosperity, and ensures the Commonwealth can compete on the national stage. The 2024-25 budget proposes a blueprint for higher education that brings the Pennsylvania State System of Higher Education and Community Colleges under a new governance structure coupled with significant investment to address a 30-year period of disinvestment. The bold proposal increases affordability so that those students who want to attend college can do so, and calls for a predictable, performance-based funding formula aligned with our workforce needs, while increasing transparency and accountability for taxpayer dollars.

This budget ensures that Pennsylvania continues to lead the nation in economic competitiveness, innovation, and job creation. For the first time in nearly two decades, under Governor Shapiro’s leadership, the Commonwealth has adopted an economic development strategy that will provide a roadmap to compete and win regionally, nationally, and globally. To ensure meaningful and long-term growth that will benefit Pennsylvanians, this budget proposes a significant investment in a site development program to attract businesses, doubles down on investments in our Main Streets while reconfiguring existing programs to ensure they meet the needs of our communities, develops a Career Connect program to grow our workforce, and elevates marketing and tourism as a key component of attracting new businesses and people to Pennsylvania.

While last year’s historic expansion of the Property Tax/Rent Rebate program delivered the largest targeted tax cuts for Pennsylvania seniors in nearly two decades and helped many seniors with housing costs, this budget recognizes that any housing strategy must be comprehensive. The budget calls for preserving affordable housing by investing in the Whole Home Repairs program, incentivizing and supporting development by increasing the resources available for the Pennsylvania Housing Affordability and Rehabilitation and Enhancement Fund, protecting our most vulnerable residents through an increase in the Homeless Assistance Program, creating a Local Government Emergency Housing Support program for our cities and counties, and establishing a new program to ensure access to counsel during eviction proceedings.

In September 2023, Governor Shapiro called for the immediate review of fee schedule rates for providers of services for individuals with intellectual disabilities and autism (ID/A). As a result, this budget proposes a significant increase in rates for ID/A providers. To further the resources available to Pennsylvania’s most vulnerable residents, the budget also establishes the first-ever Alzheimer’s Division, increases funding for Area Agencies on Aging, makes the Long-Term Care Transformation Office permanent, builds on the successes of last year’s maternal health initiative, and increases funding for domestic violence prevention. Additionally, the budget also targets funding to lower health insurance premiums for individual market enrollees and establishes a medical debt relief program.

This budget prioritizes public safety, including funding four additional Pennsylvania State Police cadet classes, updating state police patrol vehicle fleets, hiring more probation staff members, and doubling the existing resources available for volunteer and career fire companies and emergency medical services. The 2024-25 budget supports gun violence reduction efforts through after-school and proven gun violence prevention programs, resources for gun-violence impacted community improvement projects including improvement of shareable amenities and remediation of blight and standing up the Office of Gun Violence within the Pennsylvania Commission on Crime and Delinquency. Moreover, this budget grows indigent defense funding and supports an increase in resources for legal aid networks across the Commonwealth.

Pennsylvania's natural environment, state parks and forests, and agricultural industry all benefit from this budget proposal. Specifically, the 2024-25 budget proposes to design and construct new trails, improve existing trails, and expand the Pennsylvania Outdoor Corps program. The budget promotes agricultural innovation to support and attract new agricultural businesses, including energy and conservation endeavors, and to build the future of American agriculture right here in Pennsylvania. The budget supports the agriculture industry through a new state program for agricultural seed certification, strengthens dairy margin coverage protections, and establishes a new state laboratory in western Pennsylvania that will provide much-needed animal testing capacity to help with rapid diagnosis and mitigation of future disease outbreaks across the state.

The 2024-25 budget makes significant yet responsible investments to ensure that the government remains responsive to the needs of the people of Pennsylvania. It is a budget that is seeded with hope and ambition, one which recognizes the opportunity we all have in this moment to do right by the good people of Pennsylvania. This budget empowers innovation, unleashes our competitive nature, and cements Pennsylvania's standing as a leader nationwide. It ensures that the Commonwealth remains a place where every Pennsylvanian has the freedom to chart their own course and the opportunity to succeed.

Investing in Children, Students, and Educators

Governor Shapiro believes that creating opportunity for Pennsylvania's children starts in our classrooms – and that our collective future is only as bright as the educational opportunities we provide for them. The 2023-24 budget included significant investments in K-12 schools, school-based mental health, special education, and school safety and security. In 2024-25, the budget proposal reflects both a continued commitment to children, parents, and educators and a realization that much work remains to ensure public education in Pennsylvania is among the finest in the nation. A robust system of mental health supports for students and staff, providing early opportunities for children to get a head start in high-quality, affordable, and accessible pre-K programs, and ensuring there are committed, highly skilled, and compassionate educators in every classroom are key to this vision. Investments in safety and security and modern school buildings and classrooms free from environmental hazards are necessary so that families have the confidence that their child's school is a place where they are safe to learn and grow.

The 2024-25 budget invests in the foundational pillars of education: basic funding; safe, secure, and supportive environments; access and opportunity in high-quality pre-K programs; specialized career and technical training; and high-quality educators.

Investing in Basic Education Funding

The 2023-24 enacted budget included a historic \$567 million increased investment in basic education funding for Pennsylvania's public schools. Building on that momentum and recognizing the work of the Basic Education Funding Commission (BEFC), the 2024-25 budget proposal includes a **\$1.072 billion** increase to basic education funding – by far the largest increase in Pennsylvania history. Of this significant increase, **\$872 million** is proposed as a first-year adequacy investment as recommended by the BEFC. The remaining **\$200 million** will be distributed through the Basic Education Funding Formula, with recommended updates to reduce volatility and improve predictability and stability of funding. These additional investments will put the Pennsylvania public education system on a path to ensure all school districts have the resources that successful school districts enjoy. This proposal will help rural, suburban, and urban school districts of all sizes meet the changing needs of students and communities by providing flexible funding to invest in educators, facility improvements, high-quality and up-to-date instructional materials, and a multitude of other areas to ensure Pennsylvania's children are ready to succeed in a 21st century global economy.

Funding Special Education and Protecting Vulnerable Students

School districts are legally required to provide special education programs, supports, and services for all eligible students, while the cost to meet these needs continues to increase. This budget includes a **\$50 million** increase for special education funding to ensure that school districts have the basic resources necessary to provide high-quality special education services to students with disabilities and special needs.

This budget continues a commitment to students and families to ensure that every child receives the education they deserve, especially among the most vulnerable populations, like students with disabilities, court-placed students and adjudicated youth, ward-of-state students, and children and youth in foster care. To that end, the 2024-25 budget proposes a **\$545,000** increase for the Office of Monitoring and Accountability to ensure compliance with federal and state reporting requirements, mitigating risk to students and educators. This funding will enhance the Department of Education's (PDE) ability to audit and monitor practices across schools and state agencies serving vulnerable students while increasing accountability statewide. In addition, this budget proposes **\$18.1 million** through the Department of Human Services (DHS) to repurpose a vacant facility in Montgomery County into a 48-bed secure facility for adjudicated male youth and **\$2.5 million** through PDE to provide education services to these individuals.

Instituting Cyber Charter Reform

Currently, cyber charter schools in Pennsylvania charge school districts between \$8,639 and \$26,564 per student per year. School districts and Intermediate Units have tremendous experience delivering curriculum to students virtually, and the current cyber charter funding model whereby tuition rates vary widely depending on where students come from, no longer makes sense. The 2024-25 budget establishes a statewide cyber tuition rate of \$8,000 per student per year and will better align tuition with the actual costs of providing an online education. This reform will save school districts an estimated **\$262 million** annually.

Providing Career and Technical Education and Dual Enrollment Opportunities

The Shapiro Administration has been breaking down barriers, strengthening existing onramps for successful careers, and building new pathways to opportunity. The budget continues to expand options for students to gain experience, training, and advanced credit for college while still in high school. Building on critical investments made last year, the 2024-25 budget calls for a **\$2.4 million** increase for Career and Technical Education (CTE) and continuing **\$7 million** in support of dual enrollment. CTE provides students opportunities to gain experience, industry recognized credentials, and the prerequisite knowledge needed to move into Registered Apprenticeship programs, which lead to quality jobs with family-sustaining wages in occupations and industries of critical need.

This new investment in CTE programs will enable comprehensive schools and Career and Technical Centers to expand existing programs and add new curriculum aligned with high-tech, health care, and cybersecurity occupations. Continued investment in dual enrollment will allow students in high school to earn college credit and high school credit for advanced coursework.

Ensuring Safe and Healthy School Facilities

In order to succeed in school, students need to be able to focus. Continued investment in universal school breakfast will ensure that students do not need to worry about being hungry at their desks as they begin the school day. But we know that many factors persist in pulling students' attention away from learning, collaboration, and skill development, including concerns about school violence and school building safety. The 2024-25 budget calls for continuing a **\$50 million** annual investment in school safety and security improvements and **\$300 million** in sustainable funding for environmental repair projects in school buildings. These investments will help schools begin to address the environmental issues that threaten the health, safety, and opportunity of students.

Additionally, no student should have to miss school due to not being able to afford basic necessities like menstrual products. Nationally, 1 in 4 teens have missed class due to a lack of access to menstrual hygiene supplies. To ensure Pennsylvania students are given the necessary tools to succeed in the classroom, **\$3 million** is recommended to provide menstrual hygiene products at no cost to students in schools. Schools will be able to purchase product dispensation devices as one-time purchases and procure hygiene products on an ongoing basis to be made readily available to students.

Supporting Pennsylvania's Youngest Learners

Every child in Pennsylvania deserves the support and resources needed to succeed, from infancy through early adulthood. Early Intervention (EI) provides support and services to eligible children from birth to age five with developmental delays or other factors that put them at risk of falling behind. EI provides children with developmental and social-emotional services, including speech, language, and physical therapies as well as social work services. Families also receive the coaching and assistance they need to continue to care for and support their children. In 2022-23, over 64,000 Pennsylvania children from ages three to five, from every county and across all income levels, received EI services. The 2024-25 budget calls for an additional investment of **\$17 million** to ensure that children in Pennsylvania, regardless of family income, receive the high-quality support and resources they need to be healthy, succeed in school, and improve their overall well-being.

The research is overwhelming that the return on investment in early childhood education is meaningful and substantial: children who start their educational careers in high-quality pre-K programs do better in school, have higher graduation rates, and earn more income throughout their lives. One obstacle to ensuring that every child in Pennsylvania has access to high-quality, affordable, and available pre-K programs is the difficulty for providers to recruit, retain, and support early childhood educators. Wages for pre-K educators are too low to sustain employment levels in a field so critical to the current workforce and our children's future. This budget proposes an additional **\$2.7 million** in the Head Start Supplemental Assistance Program and an additional **\$30 million** for the Pre-K Counts program to give providers the funds to raise wages and stabilize the early educator workforce.

Recruiting and Retaining Top Talent in Education

In the past 12 years, Pennsylvania's growing teacher shortage and shrinking pipeline of new teachers has created difficulty for schools, especially in rural and urban districts, as well as hard-to-fill areas like special education, science, technology, engineering and mathematics (STEM), and bilingual/English language instruction. Over that period, the number of undergraduate education majors in Pennsylvania has declined by 66 percent. Schools across the Commonwealth face critical staff shortages, particularly among those serving the highest proportions of low-income students and students of color.

The General Assembly already enacted the Talent Recruitment Office and the Educator Talent Recruitment Account as mechanisms to address this problem. The 2024-25 budget builds on these structures by including **\$10 million** for the Educator Talent Recruitment Account and **\$450,000** to support the Talent Recruitment Office at PDE to provide sustainable funding for colleges to increase participation in the education workforce by covering tuition, fees, supplies or other costs that serve as barriers to secondary school students enrolling in college coursework prior to high school graduation. It will also support programs designed and proven to increase the number of individuals entering the teaching profession such as Grow Your Own programs that attract high school students and district employees such as paraprofessionals. A robust Talent Recruitment Office will provide technical assistance to colleges and universities on dual enrollment programs in education, registered apprenticeships for educators, and other strategies to bolster the education workforce. The Office will collect data on the status and diversity of Pennsylvania's educator workforce and build effective partnerships with external partners to implement Pennsylvania's Educator Workforce Strategy.

To further strengthen the educator pipeline, the 2024-25 budget increases funding for student teacher stipends by **\$5 million** to a total of \$15 million. This program will support Pennsylvanians training to become certified and committed educators in the Commonwealth.

Over the last year, the Administration has focused on pulling down barriers and streamlining processes so that the path to opportunity is unobstructed for more Pennsylvanians. This means simplifying the process for prospective educators to apply for certification and for ensuring applications are processed in a timely manner. To build on these efforts, the 2024-25 budget calls for an investment of **\$8 million** for required upgrades to the current Teacher Information Management System (TIMS). By modernizing TIMS, PDE will be more efficient and effective in certifying new educators. Upgrading these systems to be a user-friendly one-stop shop will ensure that prospective and current educators face fewer barriers when they apply for, monitor, update, and print certifications and professional development requirements.

This budget proposal includes an additional **\$5 million** for professional development for educators and school leaders so that teachers have the skills and training needed to be innovative and effective educators. This investment in educator professional development also illustrates a commitment to ensuring that educators have the tools and training they need to tackle difficult topics impacting students and communities.

A New Blueprint for Higher Education in Pennsylvania

This budget represents a commitment to rethink Pennsylvania's higher education system after decades of disinvestment that led to an inaccessibly high cost for students and their families. Over the past year, the Administration convened higher education leaders across public universities, state-related institutions, community colleges, HBCUs, and private non-profit institutions who crafted recommendations to help make higher education in Pennsylvania workforce-oriented, affordable, coordinated, transparent, and accountable.

Rethinking the Governance Structure

For too long, Pennsylvania has chronically under-invested in postsecondary education, leading to a rank of 49th for state support in higher education. The results of this inaction are reflected in the workforce crisis the Commonwealth faces and in the outward migration of young people and families. Adding to the challenge, the various higher education institutions in the Commonwealth do not work together strategically. Instead of collaborating to provide an accessible world-class education to Pennsylvania students, institutions compete against one other for a limited number of students and resources with duplicate degree programs and limited, cumbersome credit transfer between institutions. Pennsylvania's higher education system needs serious reform.

This budget calls for a fresh vision for higher education that unites the Pennsylvania State System of Higher Education universities (PASSHE) and Community Colleges under a new governance system. Doing so will move away from continual competition among institutions and create a new focus on providing affordable higher education pathways for students and meeting the Commonwealth's workforce needs.

To support this new system and address the historic lack of investment in Pennsylvania's higher education system, this budget proposes a **15 percent increase** in state funding to the new system. In addition, the 2024-25 budget calls for a **5 percent increase** in institutional support for the Commonwealth's state-related universities – Penn State, Temple, Lincoln, and Pitt – and a **15 percent increase** to Thaddeus Stevens College of Technology. Through these investments and governance changes, Pennsylvania will build a thriving, innovative, and responsive higher education system that better serves students and the economy.

In addition to increased state support, higher education in Pennsylvania must pay for performance. This plan calls for establishing a predictable, performance-based funding formula for publicly funded colleges and universities, so they have a transparent, stable funding source that focuses on what is most important to the Commonwealth. The formula will reward the public and state-related colleges and universities for achieving important outcomes.

Increasing Affordability for Postsecondary Students

Postsecondary education must be accessible and affordable to all Pennsylvanians, whether they wish to take a single course to brush up on skills, earn a credential to qualify for a promotion, or pursue a career that requires an advanced degree, yet the current cost of postsecondary education excludes many students. Those who can afford to attend often start their careers with significant debt, as Pennsylvania graduates carry the 3rd largest student debt load in the nation.

Once the new governance structure is in place, beginning in 2025-26, this budget recommends an increase in financial aid for students who attend the schools under the new governance system, so they can receive a degree and prepare for success for as little as \$1,000 in tuition and fees per semester, dependent on income level. As part of this second phase of revamping the higher education system, the Governor's higher education strategy would increase Pennsylvania Higher Education Assistance Agency (PHEAA) state grants by \$1,000, bringing the maximum award up from \$5,750 to \$6,750. Through this **\$279 million** annual investment, Pennsylvania students will be able to attend college in-state with a limited debt load after they graduate and can enter the workforce ready to build their careers and tackle real problems in the Commonwealth.

Making Pennsylvania a Leader in Economic Development, Job Creation, and Innovation

Implementing the First State Economic Development Strategy in Over 20 Years

The 2024-25 budget makes real, strategic investments that will allow the Pennsylvania economy to compete and win regionally, nationally, and globally. This means Pennsylvania businesses succeeding, workers maintaining family-sustaining jobs, and more prosperity for all.

To attract businesses to Pennsylvania and compete with our neighboring states, the Commonwealth must cut red tape and increase both monetary and technical state support available to businesses. To ensure that Pennsylvania businesses can operate nimbly and respond to the conditions of a changing economy, our government must operate at the speed of business. The 2024-25 budget proposes over **\$600 million** in new and expanded investments that will enhance the Department of Community and Economic Development's (DCED) ability to implement the Commonwealth's new ten-year strategic plan for economic development and better serve Pennsylvania's business community.

In the last year, DCED has taken important steps to prepare for businesses to relocate or expand within Pennsylvania through the establishment of PA SITES, which provides grant funding to develop competitive, well-equipped, and shovel ready locations with the right infrastructure for businesses to operate. Due to the overwhelming need and demand of the program, the 2024-25 budget includes **\$500 million** to expand PA SITES to fund on-site development for priority industries, such as agriculture and manufacturing, to build out new sites for sustained business investment. This will be accomplished through a taxable bond issuance through the Pennsylvania Economic Development Financing Authority to rapidly provide the level of investment needed to help catch up with competitor states.

The budget also includes **\$20 million** to support large-scale innovation and leverage Pennsylvania’s best-in-class research and development assets. This funding will be used to incentivize the deployment of additional private venture capital, positioning Pennsylvania as a national center for innovation while proactively making investments in entrepreneurs who have historically lacked access to venture capital funding.

While this budget makes significant investments to attract businesses from outside Pennsylvania, it also doubles down on the state’s commitment to build home-grown talent and entrepreneurs. The 2024-25 budget allocates **\$3.5 million** to create and launch the Pennsylvania Regional Economic Competitiveness Challenge to provide different geographic regions with the resources they need to plan and implement localized economic development strategies. By backing well-planned regional strategies, this budget ensures that state funding is used wisely by combining local vision and regional expertise with state resources to provide a bottom-up approach to statewide economic development. Taking this approach meets the individual needs of each of the state’s diverse regions.

This budget promotes a vision of Pennsylvania’s downtowns and main streets that are bustling, accessible, and prosperous. Downtowns are the places where communities gather, and main streets form the economic backbone of their region. Increased state investment will help combat the trend of rising commercial vacancy rates and update public infrastructure, which is why the 2024-25 budget allocates **\$25 million** to establish a new Main Street Matters program. This program, built on the legacy of the successful Keystone Communities program that assisted Main Street and Elm Street programs, will improve capacity for local governments and provide flexible resources to revitalize neighborhoods. Through investing in downtowns and main streets, Pennsylvania will bring these community hubs to life and strengthen both core community districts and the regions surrounding them that the residents call home.

Additional investments to support the Commonwealth’s economic development strategy include an increase in flexible funding used to meet the needs of businesses through the PA First program, an **\$18 million** increase in funding for tourism and business marketing, **\$3.5 million** for DCED to implement the strategy and **\$2 million** to support internships at Pennsylvania based businesses.

Prioritizing Permit Review

This budget recognizes that moving at the speed of business means faster, more reliable, and more transparency about permitting for individuals and businesses that are looking to grow in Pennsylvania. The budget provides over **\$10 million** in funding for the Department of Environmental Protection (DEP) to increase permitting staff at regional offices across the Commonwealth and to upgrade, improve, and modernize permitting IT systems.

These changes will make it easier to obtain permits on time, and the Administration’s money-back guarantee (PAyback) means that eligible permits that are delivered late can have their permit fees refunded. Additionally, in response to feedback regarding the historical review processing time for permits, this budget proposes **\$212,000** for the Pennsylvania Historical and Museum Commission to streamline its environmental review process for historic properties to ensure timely deployment of federal infrastructure dollars.

Growing PA through Agriculture

The Commonwealth has 53,157 farms, including the second largest number of dairy farms nationally, producing more than 10 billion pounds of milk each year. Additionally, the Commonwealth is a leader in growing hardwoods, fruits, tree nuts, berries, floriculture, and more. The Commonwealth is committed to continued growth in the agricultural sector and to building and supporting the future of the industry.

This budget proposes a major step forward in that goal by offering meaningful new support for existing farming practices. These investments will advance the already impressive achievements of Pennsylvania farmers and help protect the work they do in the years ahead.

Specifically, the 2024-25 budget invests **\$10.3 million** in agriculture innovation, important funding that will help support and attract new agricultural businesses, including energy and conservation endeavors, and to build the future of American agriculture right here in Pennsylvania. This funding will bolster the Conservation and Innovation Program at the Department of Agriculture by providing support staff specifically for farmers, who can identify available funding options and connect farmers to those opportunities. This funding will also provide grants, loans, technical and logistical assistance for innovative farming practices in Pennsylvania, helping to advance cutting-edge agricultural practices that can grow the income of farmers and serve as a model to the nation for best practices and techniques.

The budget also proposes **\$655,000** to fund a groundbreaking new state program for agricultural seed certification and trade assistance that will grow Pennsylvania's role as a national and international agricultural leader. Additionally, the budget proposes **\$145,000** for a novel pest detection program using dogs to prevent pest outbreaks without the expensive and potentially harmful use of pesticides.

The budget also reflects the needs of farmers, offering new solutions to help with longstanding areas of concern. This includes **\$5.6 million** to reform the Dairy Margin Coverage Protections offered to dairy farmers, alongside a dedicated new Dairy Development Specialist at the department to work day-in and day-out to advocate for and help to grow the Pennsylvania dairy industry.

Animal health remains a key priority, particularly with the threat of highly pathogenic avian influenza (HPAI) that could affect Pennsylvania poultry farmers. This budget supports a **\$5 million** investment in a new state laboratory in western Pennsylvania that will provide much needed testing capacity, helping with rapid diagnosis and mitigation of future disease outbreaks across the state. Finally, this budget makes needed investments in modernizing the IT systems at the Department of Agriculture, providing new capabilities with a **\$1.7 million** investment in cloud computing solutions and migration of state laboratory data to a more advanced information management system.

Adult Use Cannabis

This budget recognizes that the time has come for Pennsylvania to legalize adult use cannabis. Every one of Pennsylvania's neighbors except West Virginia has legalized adult use cannabis, including Ohio. Pennsylvania is currently at a competitive disadvantage, losing out on critical tax revenue and new businesses to our neighbors.

Furthermore, Pennsylvania's overburdened police and courts have more important things to do than arrest and adjudicate people for the use of cannabis. The prohibition of cannabis has also created an underground economy that fuels violence perpetrated by drug traffickers and gangs seeking to control the illicit and dangerous forms of synthetic marijuana in our communities.

As such, this budget proposes legalization of adult use cannabis effective July 1, 2024, with sales within Pennsylvania beginning January 1, 2025. And, with the funds generated by the legalization of adult use cannabis, Pennsylvania can right some of the wrongs of those individuals impacted by archaic laws. To that end, the budget proposes to invest **\$5 million** in restorative justice initiatives from adult use cannabis proceeds, in addition to the immediate expungement of the records of those incarcerated for only a possession related offense attributed to cannabis. The adult use cannabis industry in Pennsylvania, as a new potential cash crop for our farmers, will be regulated by the Pennsylvania Department of Agriculture.

Supporting Public Transportation

Transportation is a vital component of economic development. In addition to shovel ready sites, businesses make conscience decisions based on the availability of workers, including the reliability of those workers to get from their residence to their place of employment. As such, it is important that the Commonwealth invests adequate resources into the operations of mass transit to ensure that Pennsylvania's workers have reliable methods of transportation to continue to contribute to Pennsylvania's economy. Currently, 7.68 percent of all Sales and Use Tax receipts are deposited into the Public Transportation Trust Fund. This budget builds on that investment by proposing to increase that transfer by an additional 1.75 percent. This increase in available funding will inject an additional **\$283 million** dollars into mass transportation across the Commonwealth.

Ensuring All Pennsylvanians Have the Freedom to Chart Their Own Course and the Opportunity to Succeed

Supporting Workforce Investments and Innovations that Work for Pennsylvanians

Industry Partnerships (IPs) are dynamic collaborations of regional groups of employers, stakeholders, and workers that share a commitment to good jobs, racial equity and inclusion, and a mindset of continuous learning. IPs represent a proven strategy for helping employers find skilled workers and for providing incumbent worker training that moves entry-level workers into medium-skill positions. IPs also constructively identify existing gaps in industry needs and workforce skills and provide the critical framework and collaborative partnerships for filling those gaps in productive and effective ways. Industry partnerships work. The 2024-25 executive budget increases the investment in IPs by **\$2.2 million** to support the workforce development and workforce needs of Pennsylvania's workers and businesses, respectively.

Since the start of his administration, Governor Shapiro has been focused on creating opportunities for hardworking people to obtain good-paying jobs. A college degree requirement for 92 percent of Commonwealth jobs has been eliminated, and the Administration has served as a leader in championing skills-based hiring. Building on the success the Commonwealth experienced as an employer with this initiative, the budget includes **\$2 million** to help businesses transition to skills-based hiring practices. Skills-based hiring practices will ensure that more Pennsylvanians who have the skills and experience but not a college degree – or the “right” degree – can find quality jobs that pay family-sustaining wages.

Finding a career, training program, or scholarship program should not be a mystery. This budget includes **\$2 million** to build a one-stop-shop for career pathways. By having a single digital location for all career, education, and training resources, all Pennsylvanians, regardless of whether they are in middle school or mid-career, can find the resources they need to plot a better, brighter future for themselves and their families in one place.

Protecting Workers, Wages, and Law-Abiding Businesses

Workers and businesses win when the playing field is level. This budget calls for **\$1.2 million** to support labor law compliance to protect law-abiding businesses from unscrupulous competitors who skirt state labor laws that safeguard workers and fair competition. Most employers and businesses in the Commonwealth know and follow labor laws because it is good for business – the happy, safe, and fairly compensated worker is a productive worker. For those businesses that need to come into compliance with the law, having sufficient resources will ensure that expertise and technical assistance is available to help them move voluntarily into alignment.

Helping Veterans and Military Families in the Workforce

In accordance with Act 35 of 2022, the Department of State developed a Military Occupational Crosswalk to identify and relate civilian career opportunities and requirements to veterans' military experience. The crosswalk compares qualification details from nearly 300 military occupations to the initial requirements for licensed professions overseen by the department. Already, the crosswalk has provided support to over 1,500 veterans, service members, and military spouses. The budget proposes to expand and improve this resource for military families with a **\$500,000** investment to develop a user-friendly web portal. The portal will serve as a repository for information on hundreds of occupations and decrease barriers to professional practice for returning military veterans and their spouses.

Investing in Pennsylvania's Families and Supporting the Childcare Workforce

Pennsylvania families are the cornerstone of a thriving and resilient society, but that can only be possible if there is high-quality, affordable, and accessible childcare. By investing in childcare subsidies, the state not only alleviates the financial strain on families in need but also enhances their ability to have equitable access to quality childcare services. This not only promotes economic stability for families but also contributes to a skilled and engaged workforce. With a very modest state investment of just **\$96,000**, which will leverage **\$62 million** in federal funding, the proposed budget will increase reimbursement rates for childcare providers participating in the Child Care Works program to the nationally recommended 75th percentile of the current market cost of childcare services. Additionally, the investment addresses the critical issue of childcare worker wages by estimating increases, ensuring fair compensation for those providing essential care to children. This multi-faceted approach reflects a commitment to fostering a supportive environment for families, promoting workforce participation, and elevating the well-being of childcare professionals in Pennsylvania.

Raising the Minimum Wage

At \$7.25 per hour, Pennsylvania's minimum wage is lower than all neighboring states and most economic competitor states and has remained stagnant for 14 years. At a time when Pennsylvania workers are aging, young Pennsylvanians increasingly consider other places to build their economic futures. Pennsylvania must be a place that families, workers, and students see as a place to work, to grow, to thrive. The budget calls to raise the minimum wage to \$15 per hour.

Cutting Everyday Costs for Pennsylvanians

Reducing Medical Debt

As of December 2020 in Pennsylvania, the total balance of medical debt in a collections stage was over \$1.8 billion. Approximately 10.4 percent of Pennsylvanians carried medical debt in collections, with an average amount of \$1,473. Medical debt contributes to poverty, as Pennsylvanians with medical debt may have to forgo critical needs such as food and housing, and begin to self-ration medically necessary care in order to pay their medical bills. To help address this cycle of financial distress, the 2024-25 budget dedicates **\$4 million** for medical debt relief for low-income Pennsylvanians and calls for health care providers to implement transparent practices to limit medical debt from being incurred in the first place.

Addressing Critical Housing Needs

Funding for the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE) helps keep Pennsylvanians in their homes, helps low-income residents become first time homeowners, and provides funding for communities to address blight. Since 2012, the Pennsylvania Housing Finance Agency (PHFA) has helped over 7,000 individuals and families receive rental or utility assistance, over 6,000 homes have been rehabilitated and preserved, and thousands of rental units and homes have been constructed, all via PHARE funding. As part of this budget, funding for PHARE will be increased to \$100 million by 2027-28. The budget proposes to eliminate the current formula in favor of a guaranteed \$70 million transfer in the budget year, and increase the amount by **\$10 million** each year, helping more Pennsylvanians to remain in their homes.

The Whole Home Repairs program helps homeowners to make their homes safe, healthy, and in quality condition - and the need for this type of housing investment reaches all corners of the Commonwealth. The program has been very successful and has served as a model for other states. This budget proposes **\$50 million** for the Whole Home Repairs program, to continue to provide direct assistance to homeowners and keep more families in their homes.

Over the last year, we have also seen numerous crises from train derailments, natural disasters, or other infrastructure-related emergencies displacing families and individuals from the places they call home. These are frequently unforeseen and unplanned, and the federal or state funding often available to assist is months away if not already committed. It is clear that Pennsylvanians need every tool available, and to address this need the budget will also introduce **\$5 million** in flexible grant funding for cities and counties to address immediate housing needs at the local level until disaster relief or other funding can be identified and be made available.

Ensuring Every Pennsylvanian has Access to Insurance

Health insurance costs have increased an average of 3.9 percent in Pennsylvania for 2024. Coupled with the end of the Medicaid continuous coverage requirement, this creates a challenging situation for many Pennsylvania families. Rising premiums, inflation, and loss of Medicaid requires some low- and middle-income Pennsylvanians to forgo health insurance in order to pay for other needs. By continuing the state's reinsurance program, and investing **\$50 million** of state funding into it, Pennsylvania can create an additional subsidy wrap for low- and middle-income Pennsylvanians that are on the cusp of being able to afford health insurance. If we do not do this, as many as 100,000 individuals could be at risk of losing their current insurance, and, by making this investment, nearly 200,000 individuals could see their insurance premiums decrease.

On January 1, 2024, the Insurance Department, in conjunction with the Commonwealth Office of Digital Experience (CODE PA), launched a new portal which allows Pennsylvanians to have their health insurance denials reviewed by an independent third party. The Insurance Department facilitates the intake, referral, and communication between involved parties. Currently, about 2,000 denial reviews are expected annually. To ensure that cases are reviewed in a timely fashion, **\$917,000** will be utilized for staff and software support to track and manage the cases. Further, the Insurance Department will be able to track trends specific to the nature of denials and outcomes of external review.

The Insurance Department is primarily focused on protecting consumers from fraud, theft, forgery, and dishonest practices. In 2023, the number of enforcement cases increased by over 30 percent, reaching an all-time high of 627 cases in one calendar year, half of which have been open for over 6 months. To properly enforce the law, **\$443,000** is included in the budget to allow the Insurance Department to expedite investigations and achieve closure for victims.

Supporting and Protecting our Vulnerable Pennsylvanians

Providing Adequate Resources to the ID/A Community

Supporting the well-being of Pennsylvanians with intellectual disabilities and/or autism (ID/A) is not just a compassionate choice -- it is imperative for building a society that truly values inclusivity and equality. These individuals should have access to the right services at the right time, yet many wait to receive access to those services. This budget will invest **\$34.2 million** in Community Waiver and **\$1.9 million** in the Community Base Program, which will allow the Department of Human Services (DHS) to engage in a multi-year growth strategy to expand the number of individuals participating in home and community-based services programs.

In September 2023, Governor Shapiro directed the Office of Development Programs to begin an evaluation and assessment of reimbursement rates for home and community-based services. To ensure the assessment implementation is not delayed, the 2024-25 executive budget invests **\$214 million** toward Community Waiver Program, **\$2.1 million** in the Autism Intervention Program and **\$1.1 million** in the Community Base program and leverages **\$266 million** in total federal funding to increase resources for providers of home and community-based services. Access to services is not possible without supporting the providers and direct support professionals who provide peace of mind to countless families and caregivers. Therefore, Governor Shapiro directed DHS to submit a federal Medicaid State Plan amendment that allows Pennsylvania to make the critical investments that are needed in the workforce supporting essential direct support professionals for individuals to live inclusively in Pennsylvania's communities. Additionally, just as Governor Shapiro directed the Office of Development Programs to assess rates for home and community-based services, the Governor is also calling on the Office of Long-Term Living to undertake a similar assessment for rates for direct care professionals providing Personal Assistance Services.

Inclusivity and equality require appropriate communication help for Pennsylvanians with intellectual disabilities and/or autism who need it. This budget invests **\$934,000** to add American Sign Language and English interpreter services to the programs.

Providing Drug and Alcohol Related Programming

The Department of Drug and Alcohol Programs (DDAP) plays a crucial role in addressing problem gambling within the state. DDAP collaborates with various stakeholders to provide prevention, intervention, treatment, and recovery support services for individuals struggling with gambling-related issues. The budget proposes to invest **\$119,000** for problem gambling case management services, to ensure individuals seeking help for gambling-related issues have access to financial counseling, mental health services, housing, and other resources. The Shapiro Administration is also prioritizing recovery for individuals undergoing substance use disorder (SUD) treatment. A recovery-focused office takes a holistic approach to substance use treatment, emphasizing not only abstinence but also overall well-being. It recognizes that recovery involves physical, mental, and social aspects and aims to address these dimensions to support individuals in building fulfilling, sustainable lives. The 2024-25 budget invests **\$228,000** to create an Office of Recovery within the department.

Aging our Way

In May 2023, Governor Shapiro signed an Executive Order directing the Pennsylvania Department of Aging (PDA) to develop its Master Plan for Older Adults, a 10-year roadmap to meet the needs of Pennsylvania's senior population and improve Commonwealth services for older Pennsylvanians. In implementing this plan, the Administration is focused on creating a more inclusive, cost effective, and accessible environment for older Pennsylvanians. As older adults age in their own homes and communities safely, independently, and comfortably, it is imperative to coordinate and evaluate service access, disparities in language, and cultural barriers and ensure they are prepared for emergencies. To further support caregivers, PDA will develop a statewide Caregiver Toolkit, equipping caregivers with essential resources and guidance. Additionally, a comprehensive refresh of the PA Link program is envisioned, involving mapping key contact points and redesigning a local and statewide No Wrong Door system. The proposed budget of **\$11.7 million** reflects the Shapiro Administration's dedication to fostering an inclusive and supportive environment for older Pennsylvanians and their caregivers. Through these initiatives, the Commonwealth can enhance accessibility, empower caregivers, bridge disparities, and build a resilient and compassionate community for everyone, all of which may result in lowering the reliance on government-funded health care and long-term services and supports.

Through listening sessions held in all 67 counties to gather input for the Master Plan on Aging, PDA heard from over 54 percent of older adult attendees that housing costs and property taxes are issues that impact their ability to age in place. Although many older adults wish to remain living in their homes and communities for as long as possible, many challenges exist around affordable and accessible housing. Therefore, this proposed budget invests **\$5.2 million** to find safe and emergency housing or placement for older Pennsylvanians in need of protective services or who are hard to place upon release from prison.

The growth rate of Pennsylvania's older adult population age 65 and over is more than 20 times higher than the growth rate of the state's general population. Pennsylvania has the fifth largest older adult population among states. The 52 Area Agencies on Aging (AAAs), which serve all 67 counties, face challenges with contracting service providers, recruiting and retaining staff, and paying vendors and contractors to provide adequate, timely, and quality services to keep older Pennsylvanians independent and aging in their homes and communities. The proposed budget provides a **\$10 million** increase to the PENNCARE program from the Lottery Fund to help AAAs allocate the necessary infrastructure that stabilizes the elder care workforce supporting older Pennsylvanians.

It is estimated that over 280,000 older Pennsylvanians live with Alzheimer's disease as of 2020, and that number is projected to increase to 320,000 by 2025. Pennsylvania needs to increase support for older adults and their caregivers. To date, despite the growing number of older adults and caregivers impacted by the disease, there is no oversight over this important work. The 2024-25 budget includes **\$1.9 million** towards the creation of the Alzheimer's Disease and Related Disorders Division at PDA to support the vulnerable population and their caregivers.

Building Healthy Communities

Pennsylvania's long-term care facilities have struggled with recovering from the pandemic, maintaining their fiscal sustainability while focusing on recruitment and retention of the workforce. These challenges contribute to facility closures, increase health and safety risks to residents, jeopardize Pennsylvania jobs, and negatively impact local economies.

The Department of Health's (DOH) Long-Term Care Transformation Office provides guidance, support, and technical assistance across Pennsylvania to avoid facility closures, support the workforce, and ensure the health and safety of residents. This is an important function that needs investment to ensure the continuation of transformational support to these providers. This budget proposes **\$10 million** to this Office, which will support facilities protecting Pennsylvania's most vulnerable residents. While the long-term care facilities provide critical care to Pennsylvanians, DOH's ability to conduct comprehensive annual inspections has been constrained. As the number of complaints for investigations has increased, a challenge in recruiting and retaining quality assurance inspectors has hindered DOH, driving up overtime costs. In order to prioritize the health and well-being of older Pennsylvanians, this budget will invest **\$765,000** for adequate staffing to respond to complaints timely and ensure stability within long-term care facilities.

Viral hepatitis is a serious, but preventable or curable, public health threat. In 2022, the DOH published a Viral Hepatitis Elimination Plan, which includes activities to modernize and enhance data collection and conduct prevention and outreach activities. The budget contains **\$994,000** to support the DOH's plan to reduce and eliminate viral hepatitis.

In last year's budget, the Commonwealth took action to prevent maternal deaths and complications by expanding the DOH's implementation of prevention strategies. Ongoing investments are essential to enhance prenatal care, promote maternal health education, address racial disparities, and strengthen support systems, ensuring that every pregnant individual in Pennsylvania receives the comprehensive care necessary for a safe and healthy pregnancy and childbirth. In the 2024-25 budget, the governor recommends an additional **\$2.6 million** to continue capacity-building within the department to implement prevention strategies.

Food Security

This budget proposes to address food insecurity among seniors and people with disabilities by increasing the minimum SNAP benefit from \$23 per month to \$35 per month with a state investment of **\$16 million**. Over 100,000 households were receiving SNAP at the minimum benefit as of December 2022. In addition to increases in food prices and the end of the federal SNAP emergency allotment, which have affected SNAP-eligible individuals more broadly, SNAP program participants experience diet-related health challenges. Studies have shown that older adults with increased access to proper nutrition can live in a community setting longer than those who face food insecurity.

While the Commonwealth now provides free breakfast in schools for all children, this lifeline is not available all year. The Summer EBT Program (S-EBT) is a shield against the scourge of summer hunger that impacts countless children. As school doors close for the summer, this program ensures that no child in Pennsylvania goes to bed hungry, providing access to nutritious meals and safeguarding their health. By actively participating and investing in this program, Pennsylvania becomes a beacon of collaboration in the broader effort to combat food insecurity at both the state and national levels. Combined with federal funds the 2024-25 budget allocates **\$3 million** in state funds to ensure seamless implementation and administration of this invaluable program.

Food is at the heart of agriculture, and this budget proposes a stronger-than-ever investment in food security programs in the Commonwealth. These are initiatives that help those in need of nutrition while also supporting farmers who grow needed produce and other crops. The budget allocates **\$3 million** to help reduce food insecurity, boost the Senior Food Box Program, and reinforce the Pennsylvania Agricultural Surplus System.

Combatting Homelessness

Homelessness is a stark reminder of the gaps in our societal framework, and we must confront this issue with urgency and compassion. Pennsylvanians deserve to have a safe place to call home – a space where the children can study, where families can gather, and where individuals can find solace after a day's work. It is not just about shelter – it is about dignity, stability, and the opportunity for every person to pursue their aspirations without the looming threat of homelessness. Rents are rising, leaving many low-income families unable to afford housing on their own. This budget includes **\$10 million** for the Homeless Assistance Program, where rental assistance, bridge housing, emergency shelter, eviction prevention, and other innovative supportive housing services can be provided.

Ensuring Access to Legal Services

An eviction is a life-altering event, and eviction filings are now at pre-pandemic levels. Eviction records follow people for years, stigmatizing already vulnerable families and blocking them from housing opportunities. Once a tenant has an eviction on their record, finding a new home is difficult and often leads to homelessness. To address this, the budget will include **\$5 million** in matching funds for cities and counties to ensure that tenants have access to legal representation in eviction proceedings and keep more Pennsylvanians in their homes.

Only if all Pennsylvanians are on an even playing field can we expect citizens to have confidence in the judicial system. That means everyone – regardless of income or financial status – must have access to competent legal counsel. Building on the investments from 2023-24, this budget calls for an additional **\$2.5 million** for indigent defense to be funded through the Commission on Crime and Delinquency (PCCD) and the Criminal Justice Advisory Committee.

Combatting Acts of Discrimination

Recent high-profile racial, ethnic, and religious discriminatory acts combined with everyday Pennsylvanians' commitment to reverse injustice and repair systemic inequities underscore the urgency of empowering the Pennsylvania Human Relations Commission (PHRC) to address these issues and protect the rights of all residents. The budget increases funding for the PHRC by **\$600,000** to help the commission promote equal opportunity and enforce Pennsylvania's civil rights laws, ensuring that allegations of discrimination receive a timely and fair review.

Increasing Veterans Outreach

The Pennsylvania Department of Military and Veterans Affairs continues to fulfill its commitment to Pennsylvanians who served in the armed forces. During the calendar years 2020 to 2022, the demand for claims work to support veterans has increased by over 13 percent. This budget calls for **\$2 million** for a new walk-in outreach center to aid servicemembers, veterans and their families. The center will create a one-stop shop outside of the secure perimeter of Fort Indiantown Gap to make it easier for Pennsylvanians who have served our nation to receive the benefits and help they have earned.

Combatting Gun Violence and Ensuring Access to Effective Emergency Services

All Pennsylvanians deserve to be and feel safe in their communities. That means living in a community free from the violence too many experience, and having a criminal justice system that enforces the laws in a fair and consistent manner. The 2023-24 budget increased recruitment efforts at the Pennsylvania State Police, secured the highest level of state funding for violence intervention, enacted multiple criminal justice reforms, and established the first statewide support for indigent defense, among other efforts. This budget continues the Governor's work on public safety and includes new initiatives that will make Pennsylvania's communities safer.

Reducing Gun Violence

All Pennsylvania communities are affected by gun violence. This crisis touches not just cities, but suburbs and rural areas as well. This budget proposes **\$1 million** in funding to stand up the Office of Gun Violence in PCCD.

The 2024-25 budget includes a **\$37.5 million** increase for the successful Violence Intervention and Prevention program in PCCD. This program supports a wide range of models focused on reducing community violence and relies on community groups that are most in tune with specific local needs.

Unfortunately, the victims and perpetrators of gun violence are often children. This troubling fact can be attributed in part to a lack of after-school programming. The 2024-25 budget provides funding to address this need by proposing **\$11.5 million** to create a statewide Building Opportunity through Out of School Time (BOOST) program. BOOST will positively impact communities and reduce community violence, but also increase learning opportunities for young people.

Welcoming physical environments and recreational opportunities promote safe communities. Playgrounds, walking paths, and parks provide alternatives to activities that may lead to gun violence. The 2024-25 budget calls for **\$11 million** within PCCD to provide resources for blight remediation, construction of parks, and improvement of shared spaces, such as parks, streets, and recreational areas, in communities most impacted by gun violence.

Reducing gun violence requires the work and coordination of law enforcement entities. The 2024-25 budget calls for a **\$1.5 million** increase for staffing at the Pennsylvania State Police (PSP), both by growing the trooper force and its civilian employees. Additional staff will be assigned to two essential units to combat gun violence: first, by providing for more auditors to ensure problem firearms retailers in Pennsylvania comply with the law. A majority of gun-related crimes can be traced back to a minority of retailers. Second, the budget allocates more staff to the Pennsylvania Criminal Intelligence Center (PaCIC) at PSP. PaCIC will expand its social media monitoring efforts, allowing PSP to intervene before online grievances escalate to violence.

In 2021, more Pennsylvanians died by firearm than in motor vehicle accidents. A third of youth gun deaths due to suicide and unsupervised firearm use could be prevented with a modest increase in safe firearm storage practices. To reverse these trends and prioritize public safety, this budget proposal allocates **\$1 million** to a Firearm Injury Prevention Program within DOH. This program will lead a comprehensive effort to understand and further prevent these incidents. The program will empower DOH to enhance data collection and analysis, engage in community education initiatives, support evidence-based interventions, and collaborate with county coroners and law enforcement.

Finally, as has been the case throughout the country, Pennsylvania has seen an increase in threats against places of worship, community centers, and other entities serving various groups. All Pennsylvanians deserve to worship peacefully, no matter what you look like, where you come from, or who you pray or do not pray to. Given the need for a higher state of security, this budget calls for a **\$5 million** increase in funding to the Nonprofit Security Grant Fund at PCCD, which provides resources for places of worship, community centers, and other entities equip themselves with security measures.

Ensuring the State Police Are Equipped to Protect Every Neighborhood

Creating safe communities starts with ensuring police departments are well-staffed, well-funded, and well-equipped. For many, especially in our rural communities, the Pennsylvania State Police routinely aid municipal, state, and federal law enforcement agencies. They patrol thousands of miles of the Commonwealth's roadways and hundreds of townships and boroughs. At a time when our state troopers are asked to do more in communities across the Commonwealth, it's our responsibility to ensure they have the tools, the flexibility, and the personnel to succeed. To support PSP's mission to protect the safety of Pennsylvania communities and residents, and building on the action undertaken by the Administration to enable more individuals to qualify as Troopers through the elimination of college degree requirements, this budget proposes **\$16 million** for four additional cadet classes. Beginning in 2024-25, this funding will allow for the training of 432 new State Troopers to provide critical policing services to Pennsylvania's residents.

The current PSP patrol vehicle fleet averages over 150,000 miles per vehicle, which creates a significant officer safety concern. The budget includes **\$7 million** for PSP to better maintain its fleet and replace vehicles in a timely manner. Additionally, as evidenced by the recent joint effort to apprehend an escaped prisoner in Chester County, aerial needs are crucial for law enforcement to fully execute duties in keeping communities safe. As such, the 2024-25 budget proposes **\$24 million** in funding to continue the needed replacement cycle of PSP's helicopter and aircraft fleet, which will address the need for increased search and rescue capabilities as well as operational transports, criminal investigative transports, evidence recovery and laboratory delivery, and out-of-state prisoner extradition missions.

Providing Care and Opportunity to those in the Justice System

Probation is a key element in ensuring that individuals released from incarceration have the necessary support to be productive members of the community. County probation officers supervise the majority of community-based criminal offenders in Pennsylvania. To implement the changes made through recent probation reform, an additional **\$4 million** investment through PCCD will provide additional resources for counties to devote to adult probation services that reduce recidivism, increase the use of evidence-based practices, enhance training and professionalism, reduce caseload sizes, and improve the quality of services.

In addition to support for re-entrants, national best practices, proposed legislation, and litigation trends are reducing the use of Extended Restrictive Housing (EHR), formerly solitary confinement, in correctional facilities because of the potential detrimental effects associated with its use. To avoid housing inmates under restrictive housing conditions for prolonged periods, the Department of Corrections (DOC), through an existing pilot program, is proactively increasing the out-of-cell time offered to inmates in EHR status to align its policies with best practices. To do so, additional staff are necessary to facilitate escorts and supervision of out-of-cell activities for this population. The 2024-25 budget includes **\$5 million** to support DOC in these efforts.

The Medication Assisted Treatment (MAT) program at DOC helps treat incarcerated individuals with Opioid Use Disorder (OUD). The program has been federally funded since its inception in 2014 but has outgrown those resources. Because OUD is categorized as a disability the United States Department of Justice (DOJ) has argued that failing to provide MAT in a carceral setting violates the Americans with Disabilities Act (ADA). The DOJ informed states that if an individual received MAT while in the community, they must continue to receive MAT when entering correctional facilities. This budget requests **\$29.6 million** in funding for DOC to continue providing MAT to the increasing number of OUD diagnosed incarcerated individuals.

Well-supported and resilient corrections staff are better equipped to handle the stressors of the job, which directly impact the safety and security of correctional facilities. Public safety employees experience anxiety, PTSD, and suicidal ideation at rates that are more than two to ten times the national average. To respond to these challenges, the 2024-25 budget requests **\$239,000** to support staff well-being at DOC. Supporting corrections staff will generate a more positive environment within facilities, improve morale, increase productivity, and ultimately better outcomes for inmates and re-entrants.

Supporting Victims of Crime

This budget proposes a **\$5 million** transfer to the Crime Victims Compensation Fund, which helps victims and their families through the emotional and physical aftermath of a crime by easing the financial impact placed upon them by the crime. In addition, victims of domestic violence often need support services to find safety, stability, and justice. In 2022, more than 100 victims died from domestic violence incidents in Pennsylvania. This budget allocates an additional **\$5 million** at the DHS to address unmet victim requests for emergency shelter, increase capacity for civil legal representations, and increase medical advocacy programs.

Responding to Emergency Situations

The Pennsylvania Emergency Management Agency (PEMA) is responsible for coordinating emergency management activities and facilitating the transition to next-generation 911 (NG911) across the Commonwealth. These new 911 technologies create large amounts of data that state and local officials and responders can utilize to improve communications, hazard mitigation, emergency response, and recovery. The 2024-25 budget requests **\$140,000** for PEMA to maintain high-quality data and leverage existing capital investments to generate actionable information as well as **\$2.7 million** in new resources for PEMA to work closely with county partners during all phases of disaster planning and management to keep Pennsylvanians safe.

Pennsylvania's professional and volunteer first responders bravely put themselves in harm's way to protect their neighbors and serve a vital role in ensuring the safety of their communities. The sector is facing several crises including recruitment and retention, as well as ongoing needs to update equipment. This budget proposes **\$30 million** for the Fire and Emergency Medical Services Grant Program through the Office of the State Fire Commissioner. This funding will double the size of the current program for the Commonwealth's essential firefighters and emergency responders.

Ensuring Pennsylvanians Have Access to Mental Health Resources

K-12 Mental Health

Schools have emerged as frontline responders for students experiencing mental health crises, and our investments in education and mental health need to reflect that reality. Pennsylvania students and school staff need robust mental health support, but the needs of every student, as well as every school district to meet those needs, vary. A complex issue requires a flexible funding stream to provide the unique resources every school district needs. The 2024-25 budget calls for a sustainable state investment of **\$100 million** in mental health funding for K-12 schools. This funding builds upon one-time federal funds and will ensure schools have the resources to provide mental health services to students and staff. These investments will allow more students and staff to access mental health supports through trained professionals they can trust, in places that are familiar to them, and without shame or stigma.

Resources Dedicated to Addressing Adult Behavioral Health Needs

Pennsylvania's counties provide a spectrum of community-based mental health services that are critical to the well-being of Pennsylvania's residents. However, state support for these community-driven solutions has not kept up with the increasing demand for mental health services. Recognizing the increases in mental health concerns among Pennsylvanians in recent years, this budget proposes to increase base funding to counties to provide critical mental health services and address deepening workforce shortages. Building on the investment in the 2023-24 budget, and given these continued challenges, this budget proposes increasing funding for community-based mental health services by an additional **\$20 million** this year and calls for additional funds in successive years, reaching an overall increase of \$60 million per year increase by 2025-26.

The 2024-25 budget also includes **\$1.6 million** for Community Hospital Integration Projects Program (CHIPP) discharges to reduce state hospital populations. This integration program discharges individuals with complex service needs that are currently in state hospitals, who no longer need inpatient psychiatric treatment, into integrated community programs. The county program develops the community resources and services needed for each person discharged through CHIPP. The CHIPP program helps reallocate funds to the community for the development of new alternative community-based treatment services and supports. The community services that are developed with CHIPP funds are not only available to persons discharged from state mental hospitals but to other individuals with mental illness who would otherwise need hospitalization.

Individuals with serious mental illnesses who end up in the criminal justice system are often in need of more significant support and often have untreated behavioral health concerns. The 2024-25 budget provides **\$5.8 million** to create five community-based programs to serve people who do not require the level of forensic treatment provided at a state hospital or who are being discharged from these institutions. By supporting these initiatives, the Commonwealth can reduce or prevent delays in admissions to state facilities for people requiring competency determinations or restorations, keeping Pennsylvania in compliance with the DHS's interim settlement agreements. In addition to preventing delays in intake for state facilities, supporting programs like these keep these individuals out of incarceration and provide the community-based care they need.

With the federal designation of 988 as the 3-digit dialing code for mental health crisis and suicide prevention, federal grant funding is being distributed to the fourteen-suicide prevention lifeline call centers in the Commonwealth. But Pennsylvania needs to dedicate additional resources in order to fully meet the needs of its residents. Last year, 21 percent of calls to the 988-crisis hotline were redirected to other states; that is a missed opportunity to intervene in a timely manner and help an individual undergoing a mental health crisis. Funding for 988 is crucial to establish and sustain a dedicated crisis response system for mental health emergencies. It will enable Pennsylvania to enhance its crisis intervention services, expand mental health resources, and ensure competent and resilient 24/7 staffing is maintained. To that end, the proposed budget includes **\$10 million** in funding for 988 crisis line operations and capacity building.

Walk-in centers play a pivotal role in providing immediate, accessible, and specialized care for individuals experiencing mental health crises. It is a critical component of the mental health care infrastructure. Pennsylvanians in crisis should have a timely and accessible option for seeking support outside of regular business hours. Moreover, establishing partnerships with local community organizations, law enforcement, hospitals, and mental health agencies enhances the effectiveness of walk-in crisis centers. The proposed budget includes **\$5 million** for establishing and maintaining walk-in mental health crisis stabilization centers, with a focus on geographic areas that may not have a center.

Protecting Pennsylvania’s Environment

Pennsylvania is home to some of the most beautiful natural environments in the world – from the pristine expanses and awe-inspiring night skies of the Pennsylvania Wilds to the urban and suburban parkways of Philadelphia and Allegheny Counties. The health of these natural environments directly affects the water we drink, the air we breathe, and the earth we all inhabit. Protecting those assets is essential to ensuring the health and well-being of all Pennsylvanians.

This budget works to protect that environment, promote opportunities to enjoy it with residents and visitors alike, and ensure that the state’s natural treasures and the homes and communities that exist within them are able to thrive together for decades to come. This task is more important than ever under the growing threat of climate change that has already begun to impact the lungs, lives, and livelihoods of people across Pennsylvania. This budget takes meaningful steps to address those challenges, and to position Pennsylvania to be responsibly open for business.

Supporting Commonsense Investments in Environmental Innovation and Monitoring

The 2024-25 budget allocates **\$11 million** from the General Fund to continue the important work finding and capping abandoned wells and other activities. These wells harm the air quality of nearby communities and emit excessive amounts of climate-altering methane gas. The Shapiro Administration has already plugged more wells in its first year than in the previous eight years combined, and this funding will help the Commonwealth continue its work to address climate change and draw down as much funding to cap and plug as many orphaned and abandoned wells as possible. In addition, this budget improves the health and safety capacity of DEP, with a **\$1.5 million** investment in new capabilities to test for PFAS contamination, and **\$1.1 million** to improve the Bureau of Air Quality’s air monitoring capabilities, allowing it to conduct intensive long-term air studies for the first time.

Finally, this budget prepares for the future of energy in Pennsylvania. For decades, DEP’s Energy Programs Office (EPO) has delivered outstanding results, including oversight, public studies, and impartial resources for the energy industry and interested members of the public. With the major influx of federal investment from the Inflation Reduction Act and Infrastructure Investment and Jobs Act, the EPO plays a key role in receiving and managing substantial federal funding. To unlock the full potential of that work, this budget invests **\$2.5 million** to support experts with a dedicated focus on transmission planning and environmental justice.

Improving Pennsylvania’s Public Lands and Inviting a New Generation to Engage in Service

The skilled employees of the Department of Conservation and Natural Resources (DCNR) manage, protect, and promote the dozens of state parks and forests that cover over 2 million acres of Pennsylvania and that were enjoyed by 38.5 million visitors in 2023. The outdoor industry adds over \$17 billion in value to the Commonwealth’s economy, contributing to over 164,000 jobs, and this budget offers targeted and impactful investments to develop that industry further.

First, the budget proposes an **\$8.5 million** investment to greatly improve the length and breadth of the Commonwealth’s outdoor trail system. This build-out will be an important asset to encourage greater outdoor recreation, benefiting Pennsylvania’s tourism industry, public health, and the economic competitiveness of nearby localities. The budget will enable DCNR to design and construct new trails, retrofit, widen, and otherwise improve existing trails, and prepare to respond to damage that currently cannot be quickly addressed when emergencies occur.

Second, the 2024-25 budget significantly expands one of DCNR’s most successful programs: the Pennsylvania Outdoor Corps. In 2023 alone, the Outdoor Corps—currently consisting of eighteen crews across the Commonwealth with a total of 181 participants—improved 91 miles of trail, planted 2,894 trees, improved 512 acres of natural lands and wetlands, and improved 79,579 feet of shore and waterways, all while providing a formative and rewarding experience for participants.

This budget recognizes the impressive work of the Outdoor Corps and dedicates an additional **\$5 million** from the Reemployment Fund to provide a growing pathway for individuals to serve their communities, engage in meaningful and impactful work improving natural habitats, trails, and environments, and gain important job skills and experience. Many participants continue to serve in different capacities throughout their lives, including with DCNR as a future employer, drawing satisfaction from giving back and paying increasing dividends over time from this singular investment in our environment and the next generation. This request significantly increases regionalized field support, which better prioritizes need and opportunities, strengthens partnerships, and ensures more efficient geographic coverage.

Getting Stuff Done – Government Service that Works

Enhancing the End-User Experience

The Commonwealth Office of Digital Experience (CODE PA) was created in April 2023 to improve online services for Pennsylvanians and streamline the way they interact with the Commonwealth online. While only existing for a short time, CODE PA has modernized the Commonwealth's websites, has been integral in cross-agency information technology projects, and assisted with setting up the PAYback permitting and licensing refund program. To achieve CODE PA's goal of making it easier for Pennsylvanians to connect with the services they need, the budget proposes roughly **\$34 million** to address staffing needs, platform modernization, data management, digital access, profile alignment, and identity security responsibilities. Collectively, this investment will create a centralized enterprise data service environment that will support improved digital experience and customer engagement at the speed of business and provide licensing, services, software, and personnel to support implementation of information technology to bring the Commonwealth into the new age of technology.

Ensuring Proper Management of Space in a Hybrid Environment

The Department of General Services (DGS) currently manages approximately 7.4 million square feet of owned space and administers over 1,000 leases, consisting of over 8.4 million square feet. The proposed budget includes over **\$900,000** to support real estate initiatives including helping agencies consolidate from lease to owned spaces, implementing hoteling spaces to support telework and flexible workspace options, and increasing the utilization of the Commonwealth's Land and Building Inventory system. The funding will also provide for GIS mapping of all Commonwealth real property, both owned and leased, to help visualize its real estate footprint and focus space reduction efforts across the state. This investment will ensure that DGS has the tools to modernize real estate operations, increase current capacity, and implement the recommendations resulting from the Real Estate Comprehensive Plan that will be completed in 2024.

Other investments for DGS includes **\$1.4 million** for the Commonwealth Media Services (CMS) to provide additional resources and equipment to assist agencies with in-house media products and services, and **\$1.6 million** to maintain the Capitol Complex and other Commonwealth facilities, including addressing the backlog of asbestos abatement work, increasing the number of custodians and groundskeepers to keep the Capitol Complex clean and tidy, and additional tradespeople to keep the buildings operational.

Supporting Small and Small Diverse Businesses

In September 2023, Governor Shapiro signed an Executive Order to increase opportunities for small and small diverse businesses competing for state contracts, make the Commonwealth procurement process more accessible, and take actionable steps to help small businesses and small diverse businesses grow and succeed. DGS is leading and coordinating efforts with agencies to increase their total operational spend and participation in the Commonwealth's Small Business Reserve (SBR) program, foster more competitive procurement, and increase the amount of money that goes into the hands of small and small diverse businesses. To further support these efforts, the budget includes a **\$668,000** increase for the Bureau of Diversity, Inclusion, and Small Business Opportunity (BDISBO) for additional staff and resources. This investment will help increase the Commonwealth's small business vendor pool, increase participation of small and small diverse businesses in Commonwealth contracting opportunities, provide resources for data-driven decision-making, and to support the newly established Pennsylvania Advisory Council for Inclusive Procurement (PACIP).

Supporting Fair, Free, and Secure Elections

Voting and list maintenance are a focal part of election operations at the Department of State (DOS), but the average Pennsylvanian should not be expected to jump through hoops on knowing when, how, and where to vote. With some bad actors spreading disinformation, it is more crucial than ever to make sure that DOS has the resources to disseminate accurate information and educate voters how to register, how to vote, and how election administrators keep elections safe and secure. To address this, the budget includes **\$5 million** to communicate directly with voters, to spread accurate information, reduce the knowledge gap about voting, and ease the process of updating voter rolls. Educating voters on voting rights and processes is one of the best ways DOS can ensure fair, free, and secure elections in the Commonwealth. An additional budget investment of **\$474,000** includes funding to support additional election technical staff to assist counties, collection and analysis of election-related data, and the hiring of full-time investigators to investigate allegations of unlawful voting.

Implementing Act 122

Act 122 of 2022 requires new mandatory annual reporting filing for businesses registered in the Commonwealth. To support the implementation of Act 122, the budget will include **\$2.9 million** for the Bureau of Corporations and Charitable Organizations for staff and operations to ensure that government moves at the speed of business. Additional staff will allow DOS to manage the implementation and enforcement of Act 122, file documents timely, manage new lists correctly, mail notices on time and accurately, answer customer questions, and ensure that DOS continues to file all corporate and charitable documents within the expected timeframe. The budget will also support advertising to businesses to raise awareness about the changes and support updates to the existing IT system.

Making the Commonwealth a Model Employer

To make Pennsylvania a national leader in the implementation of artificial intelligence (AI), the 2024-25 budget proposes **\$562,000** in funding to support a pilot project on the uses of generative AI by the Commonwealth. The pilot helps employees understand where and how generative AI tools can be safely and securely leveraged in their daily operations. It is the Commonwealth's first-ever use of generative AI tools for state government employees, and its findings will help guide the wider integration of this technology into state government operations to enhance productivity and empower the Commonwealth's workforce.

The Commonwealth faces near-term employment challenges with more than 25 percent of employees eligible to retire in the next four years. Therefore, the Office of Administration is creating the Workforce Transformation Initiative to address recruitment issues by assessing current needs and difficulties, developing robust apprenticeship, fellowship, and internship programs, creating substantial employee training/certification opportunities to attract and retain qualified staff, and through regular and measured outreach to Career and Technical Schools, high schools, and universities. This initiative will streamline and enhance the candidate and agency experience through the hiring process and ensure the best use of technology.

Department Funding Summary

(Dollar Amounts in Thousands)

	Motor						
	General Fund	License Fund	Lottery Fund	Federal Funds	Augment- ations	Restricted	Other Funds
Governor's Office	\$ 11,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lieutenant Governor	1,648	-	-	-	-	-	-
Executive Offices	194,843	-	-	19,514	588,625	34,704	-
Commission on Crime and Delinquency	243,917	-	-	200,472	3,420	25,500	174,154
Attorney General	155,011	-	-	18,981	472	68,276	1,668
Auditor General	45,849	-	-	-	16,430	-	373,138
Treasury	1,296,177	80,164	-	-	7,440	72,092	17,419
Aging	-	-	523,699	114,658	843	-	2,905
Agriculture	271,474	33,908	-	108,440	3,408	22,737	159,852
Banking and Securities	-	-	-	-	-	9,900	31,343
Community and Economic Development	339,413	-	-	1,510,707	7,130	60,712	81,050
Conservation and Natural Resources	196,367	7,000	-	147,055	66,093	20,611	193,401
Corrections	3,224,234	-	-	15,931	5,188	360	103,173
Drug and Alcohol Programs	48,241	-	-	279,563	-	18,591	28,880
Education	19,104,059	-	-	4,586,922	7,815	7,856	911,890
Higher Education Assistance Agency	476,437	-	-	-	15,500	-	7,615
Emergency Management Agency	40,394	-	-	571,607	1,431	13,280	471,695
Environmental Protection	245,029	-	-	2,726,834	19,420	116,406	234,762
Ethics Commission	3,743	-	-	-	-	-	-
Fish and Boat Commission	-	-	-	-	-	-	95,766
Game Commission	-	-	-	-	-	-	307,200
Gaming Control Board	-	-	-	-	-	-	66,965
General Services	157,697	9,000	-	-	80,079	1,500	-
Health	259,194	-	-	658,723	5,891	105,184	133,457
Health Care Cost Containment Council	3,607	-	-	-	950	-	-
Historical and Museum Commission	27,817	-	-	9,739	1,056	80	19,526
Human Services	19,270,073	-	352,966	34,167,551	4,633,001	30,730	426,065
Infrastructure Investment Authority	-	-	-	-	-	-	2,336,288
Insurance	-	-	-	-	-	-	653,937
Health Insurance Exchange Authority	-	-	-	-	-	-	100,738
Labor and Industry	98,795	-	-	501,769	10,080	2,275	919,487
Liquor Control Board	-	-	-	-	-	-	2,789,202
Military and Veterans Affairs	231,558	-	-	328,714	27,504	101	5,565
Milk Board	-	-	-	-	-	-	2,840
Public School Employees' Retirement System	-	-	-	-	-	-	104,652
Public Utility Commission	-	-	-	6,061	-	88,386	230,581
Revenue	242,036	54,512	1,146,162	250	7,580	500	33,459
State	42,920	-	-	12,110	-	103,273	150
State Employees' Retirement System	-	-	-	-	-	-	57,816
State Police	1,208,118	250,000	-	60,230	113,060	23,000	82,321
Transportation	2,802	2,773,095	170,907	2,896,724	119,491	2,099,010	2,727,980
Judiciary	453,993	-	-	2,530	-	43,417	-
Legislature	374,279	-	-	-	-	-	-
Government Support Agencies	67,132	-	-	-	-	-	400
Commonwealth Totals	<u>\$48,338,491</u>	<u>\$ 3,207,679</u>	<u>\$ 2,193,734</u>	<u>\$48,945,085</u>	<u>\$ 5,741,907</u>	<u>\$ 2,968,481</u>	<u>\$13,887,340</u>

Seven Year Financial Statement

(Dollar Amounts in Thousands)

	2022-23 Actual	2023-24 Available	2024-25 Budget	2025-26 Estimated	2026-27 Estimated	2027-28 Estimated	2028-29 Estimated
Beginning Balance	\$ 5,537,421	\$ 8,084,871	\$ 7,070,402	\$ 3,446,830	\$ 45,496	\$ -	\$ -
Adjustment to Beginning Balance	9,000	75,000	-	-	-	-	-
Adjusted Beginning Balance	\$ 5,546,421	\$ 8,159,871	\$ 7,070,402	\$ 3,446,830	\$ 45,496	\$ -	\$ -
Revenue:							
Corporation Taxes	\$ 8,257,444	\$ 8,083,100	\$ 8,026,200	\$ 7,945,100	\$ 7,764,300	\$ 7,561,200	\$ 7,410,900
Consumption Taxes	15,423,032	15,494,400	15,652,400	16,108,600	16,511,200	16,875,900	17,338,100
Other Taxes	20,095,923	20,356,400	21,306,100	22,284,500	23,429,200	24,250,100	25,281,900
Nontax Revenue	1,140,749	1,333,200	1,291,100	1,387,000	1,425,300	1,381,500	1,280,400
Total Revenue Receipts.....	\$ 44,917,148	\$ 45,267,100	\$ 46,275,800	\$ 47,725,200	\$ 49,130,000	\$ 50,068,700	\$ 51,311,300
COVID-19 Enhanced FMAP	2,161,223	525,966	-	-	-	-	-
Refunds.....	(1,489,400)	(1,436,600)	(1,427,900)	(1,439,100)	(1,438,300)	(1,435,800)	(1,433,200)
Total Revenue.....	\$ 45,588,971	\$ 44,356,466	\$ 44,847,900	\$ 46,286,100	\$ 47,691,700	\$ 48,632,900	\$ 49,878,100
Prior Year Lapses	810,000	426,026	250,000	250,000	250,000	250,000	250,000
Funds Available	\$ 51,945,392	\$ 52,942,363	\$ 52,168,302	\$ 49,982,930	\$ 47,987,196	\$ 48,882,900	\$ 50,128,100
Expenditures:							
Appropriations.....	\$ 40,779,603	\$ 44,920,659	\$ 48,321,291	\$ 49,908,034	\$ 50,924,335	\$ 51,593,389	\$ 52,283,210
Executive Authorizations.....	21,376	101,683	17,200	24,345	17,577	17,200	17,200
Proposed Supplementals	-	(411,947)	-	-	-	-	-
COVID-19 Enhanced FMAP	2,161,223	525,966	-	-	-	-	-
Current Year Lapses.....	-	(50,000)	-	-	-	-	-
Total Expenditures	\$ 42,962,202	\$ 45,086,361	\$ 48,338,491	\$ 49,932,379	\$ 50,941,912	\$ 51,610,589	\$ 52,300,410
Preliminary Balance.....	\$ 8,983,190	\$ 7,856,002	\$ 3,829,811	\$ 50,551	\$ (2,954,716)	\$ (2,727,689)	\$ (2,172,310)
Transfer to Budget Stabilization							
Reserve Fund	(898,319)	(785,600)	(382,981)	(5,055)	2,954,716	2,727,689	2,172,310
Ending Balance	\$ 8,084,871	\$ 7,070,402	\$ 3,446,830	\$ 45,496	\$ -	\$ -	\$ -

Notes on Financial Statement

(Dollar Amounts in Thousands)

PROPOSED TAX AND REVENUE MODIFICATIONS

	2024-25
	Estimated
Adult Use Cannabis Tax	\$ 14,800
<p>A tax of 20 percent on the wholesale price of products sold through the regulated framework of the production and sales system, once legalized. Estimates assume sales commence January 1, 2025, with initial revenues realized in 2024-25. Proceeds from the tax are accounted for in the adult use cannabis restricted account. This budget proposes distributions from the restricted account of \$5 million for restorative justice; \$5 million to the Department of Agriculture for operations; \$2 million to State Police for enforcement; \$500,000 to the Department of Revenue for administration; and any remaining amounts to the General Fund. Transfer from restricted account to the General Fund: \$3.1 million; sales and use tax effect: \$11.7 million.</p>	
Skill Games Tax	\$ 150,400
<p>A tax of 42 percent on the daily gross gaming revenue from electronic gaming machines that involve an element of skill and are regulated by the Pennsylvania Gaming Control Board. This budget assumes the board collects the tax and deposits the money into a restricted account, which is then transferred to the General Fund. Estimates assume an effective date of July 1, 2024, with initial revenue collections realized in 2024-25.</p>	
Transfer to Tobacco Settlement Fund	\$ (115,300)
<p>A transfer of funds from the cigarette tax to the Tobacco Settlement Fund to replace monies deducted from the Master Settlement Agreement for deposit in the Tobacco Revenue Bond Debt Service Account is proposed.</p>	
Transfer to Environmental Stewardship Fund	\$ (9,900)
<p>A transfer of funds from the personal income tax to the Environmental Stewardship Fund for Growing Greener debt service payments is proposed.</p>	
Transfer to Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund	\$ (20,400)
<p>This budget proposes to replace the transfer formula with increases in the transfer from the realty transfer tax with a cap of \$70 million in 2024-25; \$80 million in 2025-26; \$90 million in 2026-27; and \$100 million in 2027-28 and each year thereafter. Cost estimate in 2024-25 reflects the elimination of the transfer formula and the cap increase.</p>	
Transfer to Public Transportation Trust Fund	\$ (282,800)
<p>A new transfer to aid in the operations of the Public Transportation Trust Fund equal to 1.75 percent of total sales and use tax revenues collected, beginning July 1, 2024.</p>	
Minimum Wage	\$ 56,700
<p>An increase in the minimum wage from \$7.25 to \$15.00 per hour for non-tipped workers and \$9.00 per hour for tipped workers is proposed. Estimates assume an effective date of January 1, 2025. Personal income tax effect: \$22.6 million; sales and use tax effect: \$34.1 million.</p>	
TOTAL PROPOSED TAX AND REVENUE MODIFICATIONS	<u>\$ (206,500)</u>

Notes on Financial Statement
(Dollar Amounts in Thousands)
PROPOSED SUPPLEMENTAL APPROPRIATIONS

	2024-25 Available
STATE SUPPLEMENTAL APPROPRIATIONS	
Governor's Office	
Governor's Office	\$ 2,525
Executive Offices	
Office of General Counsel	\$ 720
Treasury	
General Obligation Debt Service	\$ (26,000)
Corrections	
State Correctional Institutions	\$ 83,344
State Field Supervision	7,115
Medical Care	10,447
Corrections Total	\$ 100,906
Education	
School Employees' Social Security	\$ (6,116)
Pupil Transportation	5,722
Education Total	\$ (394)
Emergency Management Agency	
General Government Operations	\$ 1,592
Human Services	
Medical Assistance-Long-Term Living	\$ 17,789
Long-Term Care Managed Care	782
Medical Assistance-Community HealthChoices	(175,209)
Intellectual Disabilities-Intermediate Care Facilities	13,623
County Administration-Statewide	(110)
Intellectual Disabilities-Community Base Program	(3,055)
Medical Assistance-Fee-for-Service	(64,530)
Medical Assistance-Capitation	(254,486)
Supplemental Grants-Aged, Blind, and Disabled	(12,263)
Youth Development Institutions and Forestry Camps	11,386
Intellectual Disabilities-Community Waiver Program	(32,487)
Medical Assistance-Workers with Disabilities	(6,061)
Human Services Total	\$ (504,621)

Notes on Financial Statement
(Dollar Amounts in Thousands)
PROPOSED SUPPLEMENTAL APPROPRIATIONS

	2024-25 Available
Judiciary	
Supreme Court	\$ 517
Judicial Ethics Advisory Board.....	79
District Court Administrators.....	1,396
Court Administrator.....	1,496
Judicial Center Operations	121
Superior Court	1,147
Courts of Common Pleas.....	5,608
Judicial Education.....	125
Commonwealth Court.....	122
Magisterial District Judges.....	2,294
Municipal Court.....	420
Judiciary Total	\$ 13,325
TOTAL STATE SUPPLEMENTAL APPROPRIATIONS.....	\$ (411,947)
FEDERAL SUPPLEMENTAL APPROPRIATIONS	
Executive Offices	
NEA-Grants to the Arts-Administration.....	\$ 69
Attorney General	
Medicaid Fraud.....	\$ 50
Human Services	
Medical Assistance-Capitation.....	\$ (1,000,000)
Medical Assistance-Long-Term Living.....	51,551
Other Federal Support-Cash Grants.....	1,000
Medical Assistance-Critical Access Hospitals	1,669
Medical Assistance-Workers with Disabilities.....	1,356
CCDFBG-Child Care Services.....	14,700
Medical Assistance-Transportation.....	4,665
Medical Assistance-Fee-for-Service	23,583
Autism Spectrum Disorder Surveillance Program	225
Affordable Connectivity Outreach-County Assistance Offices.....	500
Human Services Total	\$ (900,751)
TOTAL FEDERAL SUPPLEMENTAL APPROPRIATIONS.....	\$ (900,632)
TOTAL SUPPLEMENTAL APPROPRIATIONS.....	\$ (1,312,579)

Motor License Fund

The Motor License Fund is a special revenue and major operating fund of the Commonwealth. It receives revenues required by the Constitution of Pennsylvania to be used only for costs of construction, reconstruction, maintenance, repair of and safety on highways and bridges, and for the payment of debt service on obligations incurred for such purposes. The major sources of revenue to the Motor License Fund are from liquid fuels taxes, vehicle registration and titling fees, and permit and operator license fees. Certain revenues are further restricted to specific highway and aviation uses and are not included in the Motor License Fund estimate of revenue.

This budget proposes to decrease overall State Police reliance on the Motor License Fund to \$250,000,000 in 2024-25 to assure state match requirements for federal transportation infrastructure funding. Additionally, this budget proposes to further reduce the reliance on the Motor License Fund by \$125,000,000 annually until the support is eliminated in 2026-27.

Income and Outgo



Liquid Fuels Tax \$1,713,800
 Licenses and Fees \$1,247,000
 Other Nonrestricted \$58,600

Income
 (Dollar Amounts in Thousands)

TOTAL INCOME	\$3,019,400
Beginning Balance	272,140
TOTAL	\$3,291,540

Outgo
 (Dollar Amounts in Thousands)

TOTAL OUTGO	\$3,207,679
Ending Balance	83,861
TOTAL	\$3,291,540



Highways & Bridges \$2,064,811
 State Police \$250,000
 Local Subsidy \$323,911
 Licensing & Safety \$263,590
 Other \$254,594
 Debt Service \$50,773

Seven Year Financial Statement

Excludes Restricted Revenue and Expenditures

(Dollar Amounts in Thousands)

	2022-23 Actual	2023-24 Available	2024-25 Budget	2025-26 Estimated	2026-27 Estimated	2027-28 Estimated	2028-29 Estimated
Beginning Balance	\$ 347,290	\$ 255,433	\$ 272,140	\$ 83,861	\$ 10,305	\$ 12,476	\$ 16,063
Adjustment to Beginning Balance	-	-	-	-	-	-	-
Adjusted Beginning Balance	\$ 347,290	\$ 255,433	\$ 272,140	\$ 83,861	\$ 10,305	\$ 12,476	\$ 16,063
Revenue:							
Liquid Fuels Taxes	\$ 1,774,804	\$ 1,783,900	\$ 1,713,800	\$ 1,683,800	\$ 1,639,100	\$ 1,603,200	\$ 1,570,400
Licenses and Fees	1,117,786	1,270,700	1,247,000	1,295,800	1,332,300	1,390,100	1,422,600
Other Nonrestricted	65,720	98,400	58,600	19,000	14,300	12,300	9,700
Total Revenue	\$ 2,958,310	\$ 3,153,000	\$ 3,019,400	\$ 2,998,600	\$ 2,985,700	\$ 3,005,600	\$ 3,002,700
Prior Year Lapses	100,917	91,148	-	-	-	-	-
Funds Available	\$ 3,406,517	\$ 3,499,581	\$ 3,291,540	\$ 3,082,461	\$ 2,996,005	\$ 3,018,076	\$ 3,018,763
Expenditures:							
Appropriations	\$ 2,815,425	\$ 2,897,841	\$ 2,818,664	\$ 2,653,141	\$ 2,564,514	\$ 2,572,998	\$ 2,575,960
Executive Authorizations	335,659	334,600	389,015	419,015	419,015	429,015	429,015
Proposed Supplementals	-	-	-	-	-	-	-
Current Year Lapses	-	(5,000)	-	-	-	-	-
Total Expenditures	\$ 3,151,084	\$ 3,227,441	\$ 3,207,679	\$ 3,072,156	\$ 2,983,529	\$ 3,002,013	\$ 3,004,975
Ending Balance	\$ 255,433	\$ 272,140	\$ 83,861	\$ 10,305	\$ 12,476	\$ 16,063	\$ 13,788

Seven Year Financial Statement

(Dollar Amounts in Thousands)

	2022-23 Actual	2023-24 Available	2024-25 Budget	2025-26 Estimated	2026-27 Estimated	2027-28 Estimated	2028-29 Estimated
Beginning Balance	\$ 149,814	\$ 162,648	\$ 285,141	\$ 187,904	\$ 124,130	\$ 84,731	\$ 72,593
Reserve from Previous Year.....	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Adjusted Beginning Balance	\$ 224,814	\$ 237,648	\$ 360,141	\$ 262,904	\$ 199,130	\$ 159,731	\$ 147,593
Revenue:							
Ticket Sales	\$ 5,907,381	\$ 5,796,281	\$ 5,822,195	\$ 5,996,114	\$ 6,153,666	\$ 6,307,750	\$ 6,460,849
Commissions	(249,235)	(239,225)	(238,167)	(244,300)	(249,489)	(254,371)	(259,064)
Field Paid Prizes.....	(3,651,268)	(3,680,219)	(3,706,509)	(3,802,930)	(3,893,815)	(3,995,015)	(4,116,801)
Net Collections.....	\$ 2,006,878	\$ 1,876,837	\$ 1,877,519	\$ 1,948,884	\$ 2,010,362	\$ 2,058,364	\$ 2,084,984
Gaming Transfers for Property							
Tax Relief.....	88,800	87,200	204,000	212,400	220,400	229,900	240,700
Miscellaneous	23,308	33,673	14,978	7,938	4,821	4,202	3,987
Total Revenue	\$ 2,118,986	\$ 1,997,710	\$ 2,096,497	\$ 2,169,222	\$ 2,235,583	\$ 2,292,466	\$ 2,329,671
Prior Year Lapses.....	106,448	149,062	-	-	-	-	-
Funds Available	\$ 2,450,248	\$ 2,384,420	\$ 2,456,638	\$ 2,432,126	\$ 2,434,713	\$ 2,452,197	\$ 2,477,264
Expenditures:							
Appropriations.....	\$ 805,205	\$ 832,252	\$ 876,665	\$ 887,728	\$ 903,774	\$ 909,481	\$ 915,188
Executive Authorizations	1,407,395	1,192,027	1,317,069	1,345,268	1,371,208	1,395,123	1,419,912
Proposed Supplementals.....	-	-	-	-	-	-	-
Current Year Lapses.....	-	-	-	-	-	-	-
Total Expenditures.....	\$ 2,212,600	\$ 2,024,279	\$ 2,193,734	\$ 2,232,996	\$ 2,274,982	\$ 2,304,604	\$ 2,335,100
Reserve for Current Year.....	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
Ending Balance	\$ 162,648	\$ 285,141	\$ 187,904	\$ 124,130	\$ 84,731	\$ 72,593	\$ 67,164

Economic Outlook

The Pennsylvania [Department of Revenue](#) and the [Office of the Budget](#) use economic forecast data from [S&P Global Market Intelligence](#) (S&P) and other economic sources to inform official tax revenue estimates and forecasts.

U.S. Recent Trends and Current Conditions

The forecasted real GDP growth for 2024 has been revised from 1.4 percent to 1.5 percent, driven by recent widespread easing of financial conditions. As GDP is projected to increase, the S&P forecast for 2024 unemployment has been revised down from 4.3 percent to 4.0 percent.

A downward adjustment in the S&P unemployment forecast suggests a corresponding upward adjustment in the inflation forecast. However, S&P did not change the CPI forecast for 2023 due to recent favorable inflation reports combined with unsustainably tight labor markets. S&P revised the projected CPI all items forecast from 2.7 percent to 2.6 percent in 2024.

S&P projects the Federal Reserve (Fed) to hold its policy rate of 5.25 percent to 5.50 percent through mid-2024 before reversing course in June 2024. While the economy's resilience has tempered concerns of an imminent recession, a period of below-trend growth and an accompanying increase in the unemployment rate will be necessary to reduce wage growth to a range consistent with core PCE inflation near the Fed's objective of 2 percent within an acceptable timeframe.

The Forecast

S&P projects real GDP will continue to grow, albeit at a rate below recent trends. With growth slowing in 2024 and 2025, S&P projects unemployment to rise to 4.5 percent by mid-2026. Corporate profits are expected to grow by 5 percent in 2024, then slow to 0.4 percent in 2025 and rebound to 3.2 percent in 2026.

Tables 1 and 2 present U.S. macro forecast projections from S&P's December 2023 baseline scenario. Table 1 outlines the expected outlook for moderately higher unemployment and increased corporate profits in 2024. Table 2 provides a narrative snapshot for each economic indicator.

Chart 1
REAL GROSS DOMESTIC PRODUCT
Annual Growth

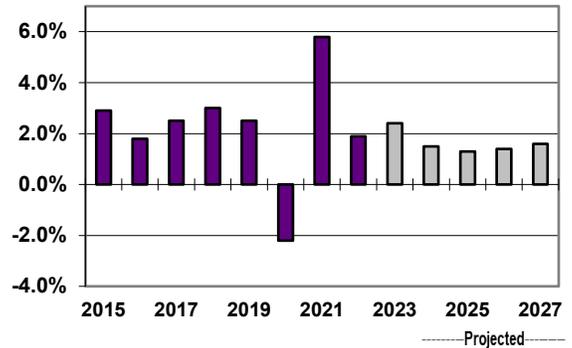


Chart 2
FEDERAL FUNDS RATE

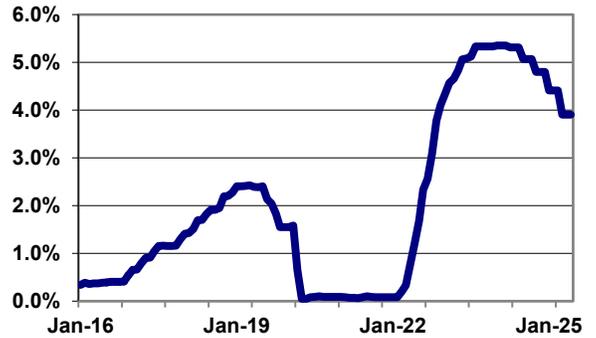


Table 1
Forecast Change in
Key U.S. Economic Indicators
Annual Percentage Growth

Indicator	2023	2024p	2025p	2026p
Nominal GDP	6.2%	4.0%	3.5%	3.7%
Real GDP	2.4	1.5	1.3	1.4
Total Consumption	2.2	1.8	1.2	1.5
Corporate Profits (After Tax)	-0.7	5.0	0.4	3.2
Employment	2.3	0.8	0.1	0.2
Unemployment Rate (Rate)	3.6	4.0	4.3	4.5
CPI (All Items)	4.1	2.6	2.0	2.5
CPI (Excl. Food/Energy)	4.8	3.1	2.5	2.3
PCE (Excl. Food/Energy)	4.2	2.6	2.2	2.0
Federal Funds (Rate)	5.03	5.13	3.80	2.73

p = projected

Economic Outlook

Table 2
U.S. Macro Forecast Projections from S&P Global
December 2023

Baseline Forecast	
GDP Growth	Rose 2.4 percent in 2023. Growth continues at 1.5 percent in 2024 and 1.3 percent in 2025.
Consumer Spending	Dropped from 2.5 percent in 2022 to 2.2 percent in 2023. Growth continues at 1.8 percent in 2024 and 1.2 percent in 2025.
Business Fixed Investment	Increased 4.5 percent in 2023, 1.9 percent in 2024, and 1.3 percent in 2025.
Housing	Housing starts fell from 1.55 million in 2022 to 1.40 million in 2023 before continuing downward to 1.34 million in 2024 and ticking up to 1.35 million in 2025.
Exports	Rose 2.7 percent in 2023 and are expected to rise to 3.9 percent in 2024 and 4.0 percent in 2025.
Fiscal Policy	Government shutdown is avoided in early 2024; spending limited by caps through 2025.
Monetary Policy	Upper end of the federal funds rate target to remain at 5.50 percent through mid-2024.
Credit Conditions	Tightened in 2022; tightening persists throughout the forecast amidst higher interest rates.
Consumer Confidence	Gently escalated through 2023.
Oil Prices (Dollars/barrel)	Brent crude oil averages fell from \$101/barrel in 2022 to \$83 in 2023, rise to \$85 in 2024, and fall to \$77 in 2025.
Stock Markets	S&P 500 fell 19.4 percent in 2022. The index grew 20.3 percent over 2023, slows to 0.7 percent in 2024, and falls 1.2 percent in 2025.
Inflation (CPI)	CPI excluding food and energy fell from 6.1 percent in 2022 to 4.8 percent in 2023; falls to 3.1 percent in 2024 and 2.5 percent in 2025.
Foreign Growth	Eurozone GDP slipped from 3.5 percent in 2022 to 0.5 percent in 2023.
U.S. Dollar	Gently falls through the end of the forecast horizon.

Pennsylvania Outlook

Pennsylvania boasts a highly diversified economy with a mix of industries. The real gross state product is projected to grow at an annual average of 1.5 percent from 2023 to 2026. Personal income is expected to increase by 4.8 percent, compared with 4.9 percent for the country. Pennsylvania's annual median household income grew to \$74,900 in 2023 with an anticipated 3.0 percent per annum growth through 2026. Pennsylvania retail sales are expected to moderate to an average annual growth of 1.6 percent through 2026 after experiencing above-average growth in recent years.

As of December 2023, Pennsylvania total nonfarm employment was up by 2.5 percent from 2022 levels. As in much of the country, the health care and social services sector contribute the largest share of the gains, led by the ongoing recovery in ambulatory health care services, social services, and nursing and residential care services. The leisure and hospitality sector continues to post gains. Professional, scientific, and technical services will continue to be a bright spot for the state in terms of job growth and economic output gains. High-tech fields such as artificial intelligence, industrial automation, and biosciences will see the most growth, while more traditional fields like legal services will see more moderate gains. The state and local government services sector, including public education, continues to experience weak job growth. It is the only sector where payrolls remain well below pre-pandemic levels, with public sector entities struggling to compete with rapidly rising private-sector wages.

The state's labor force has not yet recovered to its pre-pandemic peak, although the state has added around 26,000 workers (up 0.4 percent) over the past year. A more robust pace of labor force growth has provided a boost to public-sector hiring in other states and would likely do the same in Pennsylvania. As it stands, the state's unemployment rate had dropped to the mid-3 percent range by late 2023, compared with the mid-4 percent range in early 2020.

Economic Outlook

The Federal Housing Finance Agency’s Purchase-Only House Price Index in Pennsylvania was 4.8 percent higher than a year earlier in the first quarter of 2023. This was below the national average price appreciation of 5.9 percent over the same period and down from a 9.6 percent gain in the third quarter of 2022. Pennsylvania’s home prices have surged in recent years due to a shortage of homes for sale, but price growth is now decelerating to more typical levels.

After a decade of rapid growth, Pennsylvania’s natural gas production, primarily from the Marcellus Shale, has plateaued since 2021. The state is the nation’s second-largest natural gas producer after Texas, with expanded pipeline capacity allowing production to reach more markets. In 2022, Pennsylvania accounted for 19 percent of marketed U.S. natural gas production. S&P expects the rate of gain to slow in the near future, but remain positive, as the development of additional takeaway capacity via pipeline faces challenges on many fronts. Construction activity related to the state’s natural gas industry has cooled after years of completing new wells and building pipelines. Persistently low market prices have slowed well drilling, while the buildout of pipeline infrastructure is mostly complete for now. The ethane cracker plant in Beaver County began operation in November 2022 and is expected to provide an important outlet for natural gas liquids produced in western Pennsylvania.

Table 3 shows various historical and projected key economic indicators for Pennsylvania economy.

Table 3
Key Economic Indicators for Pennsylvania

Key Economic Indicators	2021	2022	2023	2024	2025	2026
Real Gross State Product (in millions, 2017 dollars)	\$ 764,602	\$ 772,336	\$ 789,706	\$ 806,419	\$ 816,895	\$ 826,770
Real Gross State Product (percentage change)	3.8%	1.0%	2.2%	2.1%	1.3%	1.2%
Total Employment (in thousands)	5,759.7	5,990.5	6,140.4	6,181.2	6,171.3	6,163.7
Total Employment (percentage change)	2.8%	4.0%	2.5%	0.7%	(0.2)%	(0.1)%
Manufacturing Employment (in thousands)	544.3	563.6	566.8	559.5	536.8	525.7
Nonmanufacturing Employment (in thousands)	5,215.4	5,426.9	5,573.6	5,621.7	5,634.4	5,638.0
Population (in thousands)	13,005.3	12,968.7	12,956.7	12,959.9	12,965.3	12,974.3
Population (percentage change)	0.0%	(0.3)%	(0.1)%	0.0%	0.0%	0.1%
Unemployment Rate (percentage)	6.0%	4.3%	3.8%	4.2%	4.8%	5.1%
Personal Income (percentage change)	6.3%	0.4%	5.8%	5.4%	4.9%	4.3%

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