2019-20
GOVERNOR’S EXECUTIVE BUDGET
Tom Wolf
Governor

Jen Swails
Secretary of the Budget

Meg Snead
Secretary of Policy

February 5, 2019
General Fund expenditures: $34.146B

- Invests in workforce initiatives under the Statewide Workforce, Education, and Accountability Program (SWEAP)
- Increases opportunities for the agriculture industry
- Supports substance use disorder treatment, intellectual disabilities and autism services, and enhanced care for seniors
- Proposes a fair wage for all Pennsylvania workers
# 2019-20 Financial Statement

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2017-18 Actual</th>
<th>2018-19 Available</th>
<th>2019-20 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>(1,539,333)</td>
<td>$22,362</td>
<td>$3,134</td>
</tr>
<tr>
<td>Adjustments to Beginning</td>
<td>15,000</td>
<td>(55,847)</td>
<td>-</td>
</tr>
<tr>
<td>Official/Budget Revenue</td>
<td>34,566,948</td>
<td>34,399,664</td>
<td>35,296,274</td>
</tr>
<tr>
<td>Refunds</td>
<td>(1,339,000)</td>
<td>(1,341,000)</td>
<td>(1,343,000)</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>31,703,615</td>
<td>33,025,179</td>
<td>33,956,408</td>
</tr>
<tr>
<td>Prior-Year Lapses</td>
<td>289,168</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Funds Available</td>
<td>31,992,783</td>
<td>33,225,179</td>
<td>34,156,408</td>
</tr>
<tr>
<td>Enacted/Proposed Expenditures</td>
<td>31,948,059</td>
<td>33,218,912</td>
<td>34,146,277</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>31,948,059</td>
<td>33,218,912</td>
<td>34,146,277</td>
</tr>
<tr>
<td>Preliminary Balance</td>
<td>44,724</td>
<td>6,267</td>
<td>10,131</td>
</tr>
<tr>
<td>Transfer to the Rainy</td>
<td>(22,362)</td>
<td>(3,133)</td>
<td>(5,065)</td>
</tr>
<tr>
<td>Day Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$22,362</td>
<td>$3,134</td>
<td>$5,066</td>
</tr>
<tr>
<td>Cumulative Rainy Day</td>
<td>22,362</td>
<td>25,495</td>
<td>30,560</td>
</tr>
<tr>
<td>Transfer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CNIT Rate (Effective Jan.1)</td>
<td>9.99%</td>
<td>9.99%</td>
<td>8.99%</td>
</tr>
</tbody>
</table>
BALANCING THE BUDGET

Efforts made in the first four years to control growth
$2B in budget cuts and cost savings:

- Complement management
- Corrections population decline and facility closures
- Agency consolidations and restructuring
- Debt management
- Bending the Medical Assistance cost curve

Continuing the focus in FY 2019-2020

- Revenue growth
- Minimum wage proposal
- State police fee
- DHS savings initiatives
- Debt management
<table>
<thead>
<tr>
<th></th>
<th>Estimated ($)</th>
<th>Actual ($)</th>
<th>$ Difference ($)</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation Taxes</td>
<td>1,499.1</td>
<td>1,800.5</td>
<td>301.4</td>
<td>20.1%</td>
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<tr>
<td>Consumption Taxes</td>
<td>7,410.0</td>
<td>7,610.7</td>
<td>200.7</td>
<td>2.7%</td>
</tr>
<tr>
<td>Sales &amp; Use - Non-Motor</td>
<td>5,616.7</td>
<td>5,758.4</td>
<td>141.7</td>
<td>2.5%</td>
</tr>
<tr>
<td>All Other</td>
<td>1,793.3</td>
<td>1,852.4</td>
<td>59.1</td>
<td>3.3%</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>8,739.2</td>
<td>8,369.5</td>
<td>(369.7)</td>
<td>-4.2%</td>
</tr>
<tr>
<td>PIT Withholding</td>
<td>6,126.1</td>
<td>6,057.8</td>
<td>(68.3)</td>
<td>-1.1%</td>
</tr>
<tr>
<td>PIT Non-Withholding</td>
<td>1,591.3</td>
<td>1,309.9</td>
<td>(281.4)</td>
<td>-17.7%</td>
</tr>
<tr>
<td>All Other</td>
<td>1,021.8</td>
<td>1,001.9</td>
<td>(19.9)</td>
<td>-2.0%</td>
</tr>
<tr>
<td><strong>Total Tax Revenue:</strong></td>
<td><strong>17,648.3</strong></td>
<td><strong>17,780.8</strong></td>
<td><strong>132.5</strong></td>
<td><strong>0.8%</strong></td>
</tr>
<tr>
<td><strong>Total Non-Tax Revenue:</strong></td>
<td><strong>216.8</strong></td>
<td><strong>374.3</strong></td>
<td><strong>157.5</strong></td>
<td><strong>72.6%</strong></td>
</tr>
<tr>
<td><strong>Total General Fund Revenue</strong></td>
<td><strong>17,865.1</strong></td>
<td><strong>18,155.1</strong></td>
<td><strong>290.0</strong></td>
<td><strong>1.6%</strong></td>
</tr>
</tbody>
</table>
BUILDING THE NATION’S STRONGEST WORKFORCE

SWEAP builds upon the successful PA smartpilot program to further strengthen the commonwealth’s ability to respond to changing market forces, technology, and societal needs.

- Creates the Keystone Economic Development and Workforce Command Center
- Modernizes compulsory school and dropout ages
- Provides additional training opportunities for teachers
- $15 million for infants & toddlers on the waiting list into high quality child care
- $10 million to incentivize quality child care for infants & toddlers
- $5 million for Parent Pathways
- $5 million additional for expanding home visiting services
BUILDING THE NATION’S STRONGEST WORKFORCE

This budget continues Governor Wolf’s commitment to investing in education at all levels.

— $200M in basic education funding
— $50M for Pre-K and HeadStart
— $50M in special education funding
— $8M for Stay in PA
— $10M for PAsmart
— $7M for PASSHE

Pre-K to 12 Education Funding
(Dollar amounts in thousands)

Note: Excludes Authority Rentals and Sinking Fund Requirements.
MAKING PENNSYLVANIA A BETTER PLACE FOR WORKERS AND BUSINESSES

Pennsylvania must be a state where hard work is rewarded and our workers have the ability to grow in the 21st Century economy.

• Increases the minimum wage to $12 per hour on July 1, 2019 with annual increases to $15 per hour by July 1, 2025
• Builds on the PA Business One-Stop Shop
• Reduces the Corporate Net Income Tax
• $12 million to the Employer Skills Fund to develop innovative solutions to the skills gap
• $5 million to PA First for job creation
SECURING THE FUTURE OF PENNSYLVANIA’S AGRICULTURAL INDUSTRY

Through the PA Farm Bill, a comprehensive package of funding opportunities and resources will be made available to expand and support this important industry.

• $2 million to establish the PA Agricultural Business Development Center
• $3 million to expand the Resource Enhancement and Protection (REAP) tax credits
• $2.6 million toward bolstering the state’s organic industry
KEEPPING PENNSYLVANIA SAFE AND PROTECTING ELECTIONS AND RESTORING TRUST IN GOVERNMENT

• Provides fair funding for local police coverage by the PA State Police (PSP) through a sliding scale fee
• $25 million for PSP infrastructure and agency radio purchases
• $24.7 million to state agencies to comply with new radio system
• $15 million to assist counties in paying for updated voting machines
• $2 million to upgrade the Statewide Uniform Registry of Electors (SURE)
• Continues deposits into the Rainy Day Fund that are projected to reach more than $278 million by 2024
PROTECTING THE MOST VULNERABLE

• $15 million to serve an additional 765 individuals with intellectual disabilities and autism currently on the waiting list through the Community Living Waiver and 100 individuals through the Consolidated Waiver
• Includes funding for individuals transitioning out of special education programs to be covered as soon as they graduate
• $6.8 million to provide a 3 percent rate increase to Infant/Toddler Early Intervention providers
• $1.5 million for naloxone to continue to fight the opioid epidemic
• Final phase of implementation of Community HealthChoices on January 1, 2020
2019-20 BUDGET PRIORITIES

• Governor Wolf maintains his commitment to education progress, essential support programs, and family-sustaining wages while proposing a no tax budget.

• The 2019-20 Budget focuses on building a strong Pennsylvania workforce for the 21st Century.

• Through the PA Farm Bill, a comprehensive package of funding opportunities and resources will be made available to expand this important industry.