



GOVERNOR WOLF

SCHOOLS THAT TEACH • JOBS THAT PAY • GOVERNMENT THAT WORKS

2021-22
GOVERNOR'S EXECUTIVE
BUDGET

Tom Wolf
Governor

Jen Swails
Secretary of the Budget

Meg Snead
Secretary of Policy

February 2, 2021



2021-22 PROPOSED BUDGET

General Fund expenditures: \$37.837B

- Invests in workforce initiatives, education and economic development
- Increases capacity to fight the COVID-19 pandemic
- Supports vulnerable populations through intellectual disabilities and autism services, training direct care workers for seniors and individuals with physical disabilities, and housing supports for families in the child welfare system
- Proposes a fair wage for all Pennsylvania workers



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2021-22 FINANCIAL STATEMENT

(Dollars in Thousands)

	2019-20	2020-21	2021-22
	<u>Actual</u>	<u>Available</u>	<u>Budget</u>
Beginning Balance	\$ -	\$ (2,734,070)	\$ (233,422)
Adjustments to Beginning Balance...	30,373	-	-
Actual/Estimated Revenue.....	32,275,785	37,490,200	40,085,800
COVID-19 Enhanced FMAP.....	1,129,395	1,634,889	2,370,161
CRF - Public Health & Safety Staff	-	1,467,504	-
Refunds.....	<u>(1,150,000)</u>	<u>(1,295,000)</u>	<u>(1,724,000)</u>
Total Revenue	32,285,553	36,563,523	40,498,539
Prior-Year Lapses.....	<u>200,000</u>	<u>220,000</u>	<u>100,000</u>
Funds Available	32,485,553	36,783,523	40,598,539
Enacted/Proposed Expenditures....	34,090,228	34,049,086	37,837,187
Federal Stimulus Expenditures.....	<u>1,129,395</u>	<u>3,102,393</u>	<u>2,370,161</u>
Total Expenditures	35,219,623	37,151,479	40,207,348
Current-Year Lapses.....	-	(134,534)	-
Preliminary Balance	(2,734,070)	(233,422)	391,191
Transfer to the Rainy Day Fund...	<u>-</u>	<u>-</u>	<u>(97,798)</u>
Ending Balance	\$ (2,734,070)	\$ (233,422)	\$ 293,393
Cumulative Rainy Day Balance	340,096	240,096	337,894
CNIT Rate (Effective Jan. 1)	9.99%	9.99%	8.99%

2020-21 GENERAL FUND TAX REVENUE COLLECTIONS THROUGH JANUARY

	<u>Estimated</u>	<u>Actual</u>	<u>\$ Difference</u>	<u>% Difference</u>
	<i>(Dollars in Millions)</i>			
Tax Revenue:				
Corporation Taxes	\$ 1,990.5	\$ 2,362.2	\$ 371.7	18.7%
Consumption Taxes	8,358.3	8,413.3	55.0	0.7%
Sales & Use - Non-Motor	6,327.5	6,414.0	86.5	1.4%
All Other	2,030.8	1,999.3	(31.5)	-1.6%
Other Taxes	9,863.8	9,720.4	(143.4)	-1.5%
PIT Withholding	6,004.6	6,032.2	27.6	0.5%
PIT Non-Withholding	2,717.0	2,453.5	(263.5)	-9.7%
All Other	1,142.2	1,234.7	92.5	8.1%
Non-Tax Revenue:	667.5	691.6	24.1	3.6%
TOTAL	\$ 20,880.1	\$ 21,187.5	\$ 307.4	1.5%

INVESTING IN OUR KIDS

Fair and equitable education funding will enable the commonwealth to promote a bright future for all Pennsylvania children and youth.

- **\$1.35 billion** increase in Basic Education Funding
 - All Basic Education funding sent through the Fair Funding Formula and includes an adjustment to ensure no school district will be negatively impacted
 - \$200 million increase to invest in student achievement
- **\$200 million** increase in Special Education Funding
- **\$199 million** for Nellie Bly Tuition Program

INVESTING IN OUR KIDS

Ensuring that children have access to quality child care and education programs will set them on a path to success.

- **\$87.2 million** in federal funds to continue the increase to Child Care Works base rates to ensure equal access to quality child care services
- **\$11 million** to add 2,000 slots for Early Intervention services for children ages 3 to 5
- **\$25 million** for Pre-K Counts and **\$5 million** for Head Start to fund enrollment for an additional 3,271 children

ADVANCING FAIRNESS, EQUITY, AND QUALITY IN OUR PUBLIC EDUCATION SYSTEM

Strengthening Pennsylvania's education system sets the commonwealth on a path to prosperity and reduces disparities.

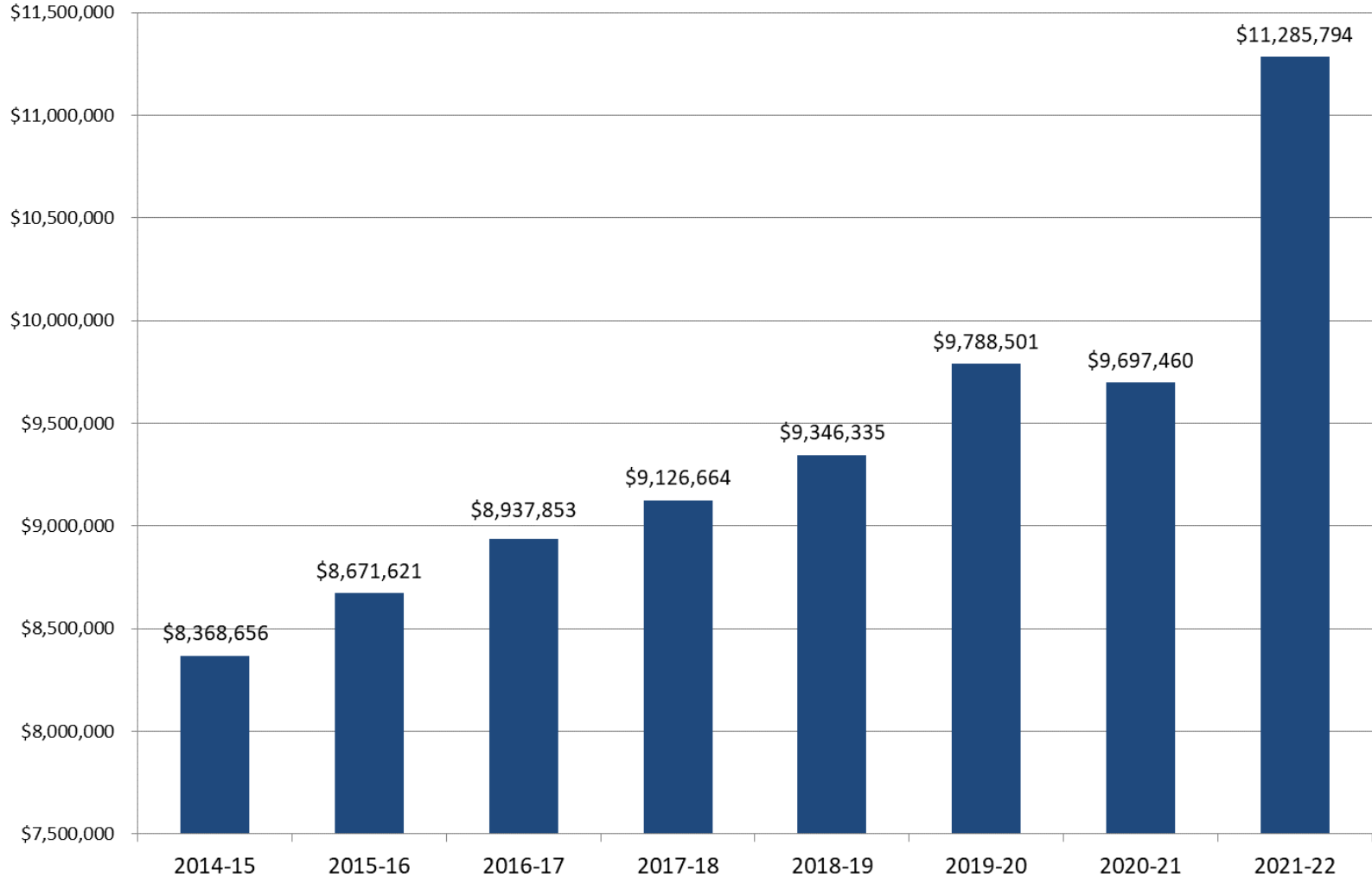
- Lowers education tax credit administrative set-asides from 20 percent to 5 percent to push up to **\$36 million** into scholarships
- Calls for an increase of the minimum teacher salary from \$18,500 to \$45,000
- Comprehensive Charter School Law reform that apply the same laws across all public schools will allow school districts to retain **\$229 million** more in funding while maintaining choice



INVESTING IN OUR KIDS

Pre-K to 12 Education Funding

(Dollar amounts in thousands)



Note: Excludes Authority Rentals and Sinking Fund Requirements, School Employees' Social Security, and School Employees' Retirement.

ADVANCING ECONOMIC RECOVERY THROUGH BUSINESS, AGRICULTURE, AND INVESTMENTS

Strategic investments and tackling barriers to success for employers and employees will support Pennsylvania's economic recovery.

- Creates a pathway to a **\$15 per hour** minimum wage with an increase to \$12 per hour on July 1, 2021
- **\$1.5 million** to the Industrial Resource Centers and **\$1.5 million** to the Partnerships for Regional Economic Performance Network to create a talent pipeline and invest in innovation
- **\$1 million** to grow the Pennsylvania Agricultural Surplus System
- **\$500,000** to help prevent base realignment and closure

BACK TO WORK PA

Pennsylvania must make bold investments into the industries and workforce that were most impacted by the COVID-19 pandemic to support their recovery.

- **\$3 billion** to stabilize the economy and recover from the pandemic
- Funding to:
 - grow apprenticeships
 - breakdown barriers to employment
 - expand broadband
 - support the supply chain
 - invest in distressed communities

KEEPING PENNSYLVANIANS SAFE THROUGH CRIMINAL JUSTICE REFORM

Work with the General Assembly to enact reforms that will build on years of bipartisan efforts to make Pennsylvania's criminal justice system fair and efficient.

- Provides fair funding for Pennsylvania State Police coverage
- Improves community policing and accreditation of police departments
- Bail and pretrial reforms to reduce biases and the disproportionate impact on minorities
- Reforms probation to limit supervision to the level of risk to the community
- Expands eligibility for medical release from prison
- Builds supports for indigent defense
- Calls for compensation for wrongfully convicted individuals

PROTECTING THE MOST VULNERABLE

The 2021-22 budget continues to build on years of a commitment to support the most vulnerable.

- **\$1 million** for legal services to support low-income families and individuals
- Funding to serve an additional 732 individuals with intellectual disabilities and autism currently on the waiting list through the Community Living Waiver and 100 individuals through the Consolidated Waiver
- Creates an incentive payment to encourage new models of independent living for the intellectual disabilities population and save **\$828,000**
- Supports comprehensive training for direct care workers
- **\$1 million** for secure housing and supports to promote family stability and reunification

REPAIRING AND IMPROVING OUR INFRASTRUCTURE

Key investment will help communities address Pennsylvania's aging infrastructure and improve the quality of life for Pennsylvanians.

- Expands the Redevelopment Assistance Capital Program (RACP) to allow the build out of broadband to unserved and underserved communities
- **\$1 billion** in lead and asbestos remediation projects in schools through expansion of RACP

MAKING THE TAX SYSTEM MORE EQUITABLE

A fair and equitable tax system is key to making Pennsylvania competitive with surrounding states and improve the business climate.

- Reform the Personal Income Tax by expanding the special tax forgiveness credit and setting the new tax rate at 4.49 percent effective July 1, 2021
- Close the Delaware loophole
- Reduce the Corporate Net Income Tax to 8.99 percent on January 1, 2022 with incremental reductions to 5.99 percent by 2026



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QUESTIONS?

