



## 2021/22 Executive Budget Proposal At-A-Glance

The 2021/22 executive budget proposal spends \$37.8 billion, an increase of \$3.8 billion, or 11.1 percent, over the current year, after considering the request of \$903 million to fully fund the current year.

### Investing in Our Kids:

- Basic Education: a \$1.35 billion, or 21.6 percent, increase to bring the total to \$7.6 billion –
  - Runs \$6.25 billion (all existing funding) through the Fair Funding Formula,
  - Provides \$1.15 billion to ensure that no school district loses funds, and
  - Adds \$200 million for all schools through the formula
- Special Education: \$200 million increase
- Pre-K Counts: \$25 million increase (enables 2,800 more slots)
- Head Start: \$5 million increase (enables 471 more slots)
- Child Care: rate increase effective March 2021 – 2021/22 impact of \$87 million
- Early Intervention: \$11 million for 2,000 additional slots for children age 3 to 5

### Advancing Fairness, Equity, and Quality in Our Public Education System:

- \$45,000 minimum teacher salary
- Charter school reform: \$229 million savings to school districts
  - Applying the special education fair formula to all brick-and-mortar charter schools: \$99 million in savings to school districts
  - Establishing a statewide cyber charter tuition rate of \$9,500 for nonspecial education students and applying the fair formula for special education to all cyber special education students: \$130 million savings to school districts
- Up to an additional \$36 million in increased student scholarships by lowering the maximum administrative set-aside in the Education Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) from 20 percent to 5 percent

### Making College More Affordable:

- Nellie Bly Tuition Program:
  - \$199 million for a needs-based scholarship program for full-time PASSHE students with a commitment to stay in PA
  - Proposal gives priority to students pursuing careers in education
  - Funded by redirecting revenue from the Race Horse Development Trust Fund

### Advancing Pennsylvania's Economic Recovery through Business, Agriculture, & Workforce Investments:

- Commitment to break down barriers to employment by supporting students and veterans through addressing key barriers identified by the public-private Keystone Economic Development Workforce Command Center
- Increasing the minimum wage to \$12 per hour effective July 1, 2021 (included tipped employees), with 50 cent annual increases up to \$15 per hour on July 1, 2027 (\$116.4 million direct revenue increase)
- \$1.5 million for Industrial Resource Centers (IRCs)
- \$1.5 million competitively bid to Partnerships for Regional Economic Performance (PREP) organizations to foster coalitions with institutions of higher education
- Maintain \$8 million for Workforce and Economic Development Network of PA (WEDnetPA)
- \$1 million investment in Pennsylvania Agricultural Surplus System (PASS)
- \$500,000 to help with military base realignment and closure actions by the federal government

## **Back to Work PA:**

- \$3 billion to help workers and businesses stabilize the economy and recover from the pandemic
  - Not in the General Fund budget
  - Refocuses Restore PA proposal, but specific funding unclear, possibly through a severance tax
  - Directs investment into training and child care, two of the five barriers identified by the Keystone Economic Development Workforce Command Center
  - Develops a reshoring initiative by prioritizing and recapitalizing existing programs
  - Proposes fostering new innovative companies
  - Strategic investments in municipalities to prevent distressed status through existing DCED programs
  - Internet access and broadband infrastructure for teleworking, telehealth, and telelearning, especially in underserved areas

## **Keeping Pennsylvanians Safe through Criminal Justice Reforms:**

- Legalization of Adult-Use Cannabis with revenue directed toward supporting historically disadvantaged small businesses and restorative justice programs
- \$168 million for a fair service fee for PA State Police services provided to every municipality
- Community policing and accreditation of police departments
- Implement a best practices model for bail and pretrial services, including monetary cash bail reform
- Probation reform that balances services and accountability
- Expand clean slate to additional offenses and reduce the waiting periods for lesser offenses
- Expand eligibility for elderly and infirmed individuals to be released from prison
- Create an Office of Indigent Defense
- Compensation for wrongfully convicted individuals of \$50,000 per year of wrongful incarceration

## **Protecting the Most Vulnerable:**

- \$1 million to expand legal services to low-income individuals and families
- \$1 million to develop and provide comprehensive direct care worker training in the Participant Directed Model
- \$1.25 million to discharge 20 individuals from state hospitals through the Community Hospital Integration Project Program (CHIPP)
- \$13.8 million to provide home and community-based services to an additional 100 individuals on the emergency waitlist in the Consolidated Waiver and 732 individuals on the emergency waitlist in the Community Living Waiver
- \$1 million to reduce the number of children and youth in out-of-home placements triggered by homelessness, housing instability, or inadequate housing to promote family stability and reunification

## **Increasing Local Capacity to Fight COVID-19:**

- \$8.4 million for the existing ten county and municipal health departments and the creation of an eleventh in Delaware County
- \$6 million to maintain essential supplies, including PPE

## **Protecting the Environment by Investing in Workers, Communities, & a Clean Future:**

- Investing a portion of the Regional Greenhouse Gas Initiative (RGGI) in a new Energy Communities Trust Fund to support dislocated workers and communities impacted by power plant closures
- Investments in environmental justice communities to minimize and correct disproportionate environmental impacts
- New investment in greenhouse gas abatement, energy efficiency and clean and renewable energy programs
- Investments in contributors in the industrial and commercial sectors to reduce their greenhouse gas emissions

## **Repairing & Improving Our Infrastructure:**

- Expansion of the Redevelopment Assistance Capital Program (RACP) to allow for broadband investment
- Expansion of RACP by \$1 billion to remediate lead and asbestos, including in schools



### Making the Tax System More Equitable:

- Expand the special tax forgiveness to \$15,000 for single filers and \$30,000 for married filers, with a \$10,000 allowance for each dependent and increase the Personal Income Tax (PIT) rate to 4.49 percent effective 7/1/21 (\$2.96 billion in additional revenue)
- Implement, effective 1/1/22, combined reporting of Corporate Net Income Tax (CNIT), cap net operating losses at 40 percent, and reduce the CNIT rate from 9.99 percent to 8.99 percent (\$208.5 million in additional revenue)
  - Additional reductions proposed to be 8.29 percent in 2023; 7.49 percent in 2024; 6.99 percent in 2025; and 5.99 percent in 2026 and thereafter.

Financial Statement Governor's Proposed 2021/22 Budget				
amounts in thousands	2019/20 Actual	2020/21 Available	2021/22 Budget	% Chg
Beginning Balance	\$ 30,373	\$ (2,734,070)	\$ (233,422)	
Revenues and Lapses (net of Refunds)	\$ 31,325,785	\$ 36,415,200	\$ 38,461,800	5.6%
<b>Funds Available</b>	<b>\$ 31,356,158</b>	<b>\$ 33,681,130</b>	<b>\$ 38,228,378</b>	13.5%
Enacted Appropriations	\$ 35,219,623	\$ 36,248,063	\$ 40,207,348	10.9%
Supplementals, Lapses and Federal Adjustments	(1,129,395)	(2,333,511)	(2,370,161)	
<b>Total Expenditures</b>	<b>\$ 34,090,228</b>	<b>\$ 33,914,552</b>	<b>\$ 37,837,187</b>	
Rainy Day Fund Transfer	-	-	(97,798)	
<b>Ending Balance</b>	<b>\$ (2,734,070)</b>	<b>\$ (233,422)</b>	<b>\$ 293,393</b>	

