

# GOV. SHAPIRO PROPOSAL BUDGET DETAILS FY 2025-26



## Proposed Revenue Modifications and Transfers

### CNIT Reform & Elimination of Financial Institutions Tax (estimated \$361 million revenue increase)

The Governor's FY 2025-26 budget proposes the acceleration of the Corporate Net Income Tax (CNIT) reductions from 0.5% to 0.75% per year, beginning January 1, 2026, and implements a uniform filing requirement. Additionally, the budget proposes the elimination of the Financial Institutions Tax (i.e. Bank and Trust Company Shares Tax, Mutual Thrift Institutions Tax, and Private Bank Tax) and subjects those taxpayers to CNIT. The proposed new schedule of CNIT rate reductions is as follows:

- Tax Year 2026: 7.24%
- Tax Year 2027: 6.49%
- Tax Year 2028: 5.74%
- Tax Year 2029 and each Tax Year thereafter: 4.99%

### Expansion and Reform of Video Gaming Terminal Tax (estimated \$368.9 million revenue increase)

Governor Shapiro's proposal also includes an expansion of the Video Gaming Terminal (VGT) Tax to include Games of Skill, which would be regulated by the Pennsylvania Gaming Control Board. The expansion of the tax is effective July 1, 2025, and is estimated to generate \$334.6 million in FY 2025-26, plus an additional \$34.3 million in license fees.

### Legalization of Adult Use Cannabis (estimated \$536.5 million revenue increase)

The proposal again includes the legalization of adult use cannabis, with sales commencing on January 1, 2026. The proposed tax rate is 20% of the wholesale price of products (\$15.6 million in FY 2025-26), plus sales tax on retail sales (\$11.4 million in FY 2025-26). Licenses and fees are deposited in a restricted account. The remaining revenues, after proposed distributions, are deposited in the General Fund.

- \$25 million to the Department of Agriculture for a revolving loan fund.
- \$15 million to the Department of Agriculture for operations.
- \$10 million for restorative justice.
- \$2.25 to State Police for enforcement and expungement.
- \$1.5 million to the Department of Revenue for administration.
- \$509.5 million to the General Fund.

### Tax Credit Reform (estimated \$2.9 million revenue increase).

The proposal “repurposes” tax credits by repealing and revising existing programs, and establishing two new tax credit programs.

- Establishes Reliable Energy Investment Tax Credit (\$100 million annual cap)
- Establishes AdvancePA Tax Credit (\$10 million annual cap)
- Changes the Regional Hydrogen Hubs Tax Credit providing for individual project limits.
- Eliminates the Manufacturing Tax Credit, the Local Resource Manufacturing Tax Credit, the Video Game Development Tax Credit, and the Waterfront Development Tax Credit.
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### Transfers (estimated \$407.8 million revenue reduction).

Governor Shapiro’s proposal includes the following transfers:

- 1.75% of total revenues from Sales and Use Tax to the Public Transportation Trust Fund.
  - Estimated \$292.5 million in FY 2025-26.
- \$115.3 million of revenues from Cigarette Tax to the Tobacco Settlement Fund.
- \$10 million of revenue from Personal Income Tax to the Environmental Stewardship Fund for Growing Greener.
- An additional \$10 million (to \$110 million) from Realty Transfer Tax to PHARE (PA Housing Affordability and Rehabilitation Enhancement Fund) beginning in FY 2028-29.

## **Department Presentations**

### **Governor’s Office**

- FY 2025-26 proposed funding of \$11.985 million represents an increase of \$351,000, or 3.0%.

### **Executive Offices**

- Proposes a \$1.481 million increase, or 8.1%, in the Office of Administration operating line, including \$871,000 to continue the current program and \$610,000 to meet federal infrastructure matching requirements. Funding level assumes a net increase of 23 staff positions: 1 new Penn Fellow, 34 positions transferred from Corrections, and 12 positions transferred to the Commonwealth Office of Digital Experience.
- Proposes a \$10.231 million increase, or 124.2%, for the Commonwealth Office of Digital Experience line. A new initiative of \$6.9 million is proposed for additional projects to improve citizen user digital experience and continue scaling up program success making the digital services of PA rely on more user friendly and accessible. Assumes a transfer of 12 staff positions from the Office of Administration.
- Proposed new line for Enhanced Enterprise Cybersecurity with an appropriation of \$10 million to strengthen and expand existing cybersecurity measures.
- Office of State Inspector General – Welfare Fraud proposed funding reduction of \$261,000 to continue current program.
- The Office of the Budget funding is proposed to increase \$771,000, including 2 new staff positions to enhance budget operations.
- Proposed new line for the Transfer to Enterprise Systems Lifecycle funded at \$20 million to continue replacement of the Commonwealth’s ERP system at the end of its supported lifecycle.

## **Executive Offices** *(continued)*

- Enterprise and Technology line is eliminated.
- Proposed reduction of \$6.1 million to the Law Enforcement Activities line.
- Office of General Counsel line proposed increase of \$1.058 million, or 12.2%.
- Includes an increase of \$819,000 to the Human Relations Commission.
- Proposes a \$235,000, or 22.3%, increase to the Council on the Arts.
- Recommends a \$705,000 increase to the Juvenile Court Judges' Commission.

## **Commission on Crime and Delinquency (PCCD)**

- Recommended funding at the following levels:
  - \$2.2 million to provide support to ensure the safety, well-being, and forever home for children affected by abuse and/or neglect
  - \$74,000 to continue the current program
  - \$1.2 million to implement the provisions of Act 122 of 2024 for statewide sexual assault evidence tracking system
  - Transfer from PCCD line item to a new proposed County Probation Re-Entry Services line item of \$1.75 million.
  - Proposes a \$2 million funding reduction for reasons unknown.
  - Proposes a \$276,000 appropriation deduction for PCCD line item, however, money has been shifted to other lines to show this decrease.
- Includes a new line-item appropriation for County Probation and Re-entry Services with the following initiatives:
  - \$18.167 million transfer from Intermediate Punishment Treatment Programs line item to allow flexible support to provide treatment services and supervision
  - \$16.222 million transfer from Adult Probation Services line item to allow flexible support to provide treatment services and supervision
  - \$1.750 million transfer from PCCD line item to allow flexible support to provide treatment services and supervision/nonnarcotic medication substance use disorder treatment for eligible offenders to County Probation and Re-entry Services.
  - Recommends a total of \$36.139 million for the County Probation and Re-entry line item from existing general fund dollars.
- Eliminates the Improvement of Adult Probation Services line item and the Intermediate Punishment Treatment Programs line item (transfers the money in both accounts to the County Probation and Re-Entry Services line item).
- Recommends a \$9.7 million, or 67%, decrease in the Transfer to School Safety and Security Fund – Targeted Grants.
- Recommends level funding for the following line items:
  - Victims of Juvenile Offenders
  - Violence and Delinquency Programs
  - Indigent Defense
  - Juvenile Probation Services
  - Grants to the Arts
  - Transfer to Nonprofit Security Grant Fund
  - Office of Safe Schools Advocate.

## **Violence Intervention and Prevention**

- Proposes a \$20 million increase in Violence Intervention and Prevention for the following initiatives:
  - \$10 million to expand after-school programming
  - \$10 million to provide additional support for community-led gun violence prevention efforts

## **Lieutenant Governor**

- FY 2025-26 proposed funding of \$1.728 million represents an increase of \$105,000, or 6.5%.

## **Attorney General**

- Increases the Attorney General government operations line by \$9.534 million, a 17.7% increase.
- Proposes a \$2.398 appropriation increase in Drug Law Enforcement.
- Decreases funding by \$262,000 for the Joint Local-State Firearm Task Force.
- Increases the Witness Relocation line by \$100,000.
- Increases the Child Predator Interception line item by 3%, or \$208,000.
- Requests a \$125,000 increase for Tobacco Law Enforcement.
- Proposes a \$93,000 increase for School Safety.
- Increases Human Trafficking Enforcement Prevention by \$551,000.
- Decreases funding for Organized Retail Theft Prevention by \$125,000.
- Level funds County Trial Reimbursement.

## **Auditor General**

- Increases funding for the Auditor General's Office by \$2.193 million, or 5.0%.

## **Treasury**

- Proposes the following increases to continue current program operations:
  - \$2.075 million for General Government Operations.
  - \$648,000 for the Board of Finance and Revenue.
  - \$56,000 for Intergovernmental Organizations.
  - \$600,000 for Transfer to ABLE Fund.
  - \$200,000 for Information Technology and Cyber Security.
- Proposes \$1.417 billion, a \$317 million increase, for General Obligation Debt Service due to the net effect on principal and interest requirements.
- Proposes a decrease of \$2.335 million for Divestiture Reimbursement.

## **Agriculture**

- General Government Operations increases \$1.195 million, or 2.5%, which includes 7 new proposed positions: 1 position for Farmland Preservation program support and 6 positions for PA Veterinary Lab support.

## **Agriculture** *(continued)*

- Agricultural Preparedness and Response decreases \$23 million or 67.6%, which includes a \$25 million funding reduction for the program and a \$2 million initiative for increased testing capacity in western Pennsylvania
- Agricultural Excellence decreases \$800,000, or 19.5%.
- Agricultural Innovation Development increases \$15 million, which includes two new initiatives: A \$13 million initiative for increased support and attraction of innovative agricultural businesses that includes energy and conservation projects and \$2 million for a county-based digester pilot program.
- Animal Health and Diagnostic Commission decreases \$5.350 million as a result of shifting funding to the PA Race Horse Development Trust Fund.
- State Food Purchase increases a total of \$8 million, which includes 2 new initiatives: \$4 million to reduce food insecurity and increase access to healthy meals and \$4 million to provide additional funding for the Pennsylvania Agricultural Surplus System (PASS).
- Transfer to Agricultural College Land Scrip Fund increases \$2.886 million, or 5%, resulting from a new initiative to invest in higher education and improve programs related to agriculture.
- Payments to Pennsylvania Fairs decreases \$4 million as a result of shifting funding to the PA Race Horse Development Trust Fund.
- Veterinary Training and Services Grants is a new \$33.4 million initiative to provide grants to support veterinary activities and animal-related services. Line-item appropriations for the University of Pennsylvania Veterinary Activities and Infectious Disease are eliminated.

## **Community & Economic Development**

- Allocates \$1 million for an initiative within the Center for Local Government Services for zoning, regulation, code enforcement, and other practices addressing housing creation and development.
- Proposes \$1.1 million for an initiative within the Office of Open Records providing for administration of the Right to Know Law.
- Establishes the BusinessPA Team at \$8.9 million, reallocating 45 current positions and nearly \$9 million in current funding from several existing appropriations.
- Allocates \$3 million for an initiative within Marketing to Attract Business to enhance site selection and business attraction marketing.
- Increases Transfer to Municipalities Financial Recovery Revolving Fund by \$10 million, or 182%, to provide additional resources for communities that require Act 47 support.
- Proposes a new program called PA Innovation at \$50 million.
  - One-time \$30 million initiative for life sciences job growth and innovation, through coordination among research universities to assist businesses in bringing new technology to market and fulfilling critical testing needs.
  - \$20 million to support large-scale innovation, match federal awards to mitigate risks for start-ups, and leverage research and development assets. This proposed funding will also be used to match additional private venture capital investments.
- Proposes a \$4 million initiative within the Pennsylvania First appropriation to provide financial assistance to facilitate increased economic investment.

## **Community & Economic Development** *(continued)*

- Proposes a separate appropriation for WEDnetPA for \$12.5 million, a \$2.5 million increase, or 25%.
- Allocates \$3.5 million to create and launch the Pennsylvania Regional Economic Competitiveness Challenge to provide resources to geographic regions of the Commonwealth for planning and implementation of localized economic development strategies.
- Proposes a Veterans Small Business Assistance appropriation at \$1 million to support veterans to establish and grow small businesses.
- Proposes a \$ 2 million new initiative within the Foundations in Industry program to support internships at Pennsylvania companies.
- Allocates \$875,000 for a new Public Television Technology appropriation.
- Funds a Regional Events Security and Support appropriation with \$15 million for a safe semi-quincentennial celebration across Pennsylvania.
- Proposes \$50 million to establish a new Housing Stock Restoration program for counties to improve or maintain existing housing in communities.
- Allocates \$10 million to create First-Time Homebuyer Grants for closing costs to attract and retain young workers and families to the Commonwealth.
- \$38.2 million in debt service for PA Sites in FY 2025-26, an increase of \$22.8 million, or 148%.

## **Conservation and Natural Resources**

- General Government Operations support increases \$2.966 million, or 9%, which includes 2 new proposed positions for program support related to petroleum and subsurface geology.
- State Parks Operations support increases \$9.183 million, or 12.8%.
- State Forest Operations support increases \$ 5.514 million, or 10.7%.
- Forest Pest Management increases \$500,000, or 11.1%
- Infrastructure and Trail Connections is a new \$5 million initiative for infrastructure improvement and trail connections between established trails.

## **Corrections**

- The total proposed funding for the department is \$3.3 billion, an increase of \$143.1 million, or 4.5%
- General Government Operations increases by \$1.2 million, or 3%, to \$42 million.
- Inmate Medical Care increases by \$14.2 million, to \$424.6 million, an increase of 3.5%.
- Correctional Education and Training increases by \$707,000, or 1.4%, to \$51.6 million.
- The State Correctional Institutions appropriation is proposed at nearly \$2.6 billion, an increase of \$116.9 million, or 4.8%.
- State Field Supervision increases by \$8.3 million to \$192.5 million, an increase of 4.5%.
- The Parole Board appropriation is \$13.8 million, an increase of \$452,000, or 3.4%.
- The Sexual Offenders Assessment Board is funded at \$8.6 million, an increase of \$615,000, or 7.7%.
- Office of Victim Advocate funding of \$4.4 million is an increase of \$610,000, or 16%.

## **Drug and Alcohol Programs**

- FY 2025-26 proposed funding of \$48.4 million represents an increase of \$123,000, or 0.3%.

## **Education – PreK-12**

- The budget proposes \$8.2 billion for the Basic Education Funding (BEF) appropriation, an increase of \$75 million, or 1%.
- The budget proposes \$1.5 billion for the Special Education Subsidy, an increase of \$40 million, or 2.7%.
- Ready to Learn Block Grant proposed at \$1.3 billion, an increase of \$526 million, or 64%.
- Career and Technical Education appropriation proposed at \$149.6 million, an increase of \$5.5 million, or 3.8%.
- Pre-K Counts proposed at \$334.3 million, an increase of \$17 million, or 5.4%.
- Head Start Supplemental Assistance is level funded at \$90.9 million.
- Early Intervention funded at \$429.7 million, an increase of \$14.6 million, or 3.5% to provide services for additional children.
- Adult and Family Literacy is proposed to increase by \$6.4 million, or 39.4%, to \$22.7 million, which includes an initiative, “to increase quality and capacity of education for adult learners.”
- K-12 Education programs eliminated from the Governor’s proposed budget include:
  - Mobile Science and Math Education Programs, which funds Science in Motion and Math Counts, among other programs.
  - Job Training and Education Programs.
  - Trauma-Informed Education.
  - The Cyber Charter Transition Supplement.
- The School Safety and Security Fund Transfer for Physical Safety and Mental Health grants is level-funded at \$100 million.
- The transfer to the Public School Facility Improvement Grant Program is \$125 million, an increase of \$25 million, or 25%.
- The School Food Services appropriation is increasing by \$10.8 million, to a total of \$109.6 million, an increase of 10.9%.

## **Libraries**

- Funding for the State Library is proposed to increase by \$581,000, or 21.8%, to \$3.2 million.
- The Public Library Subsidy (\$70.5 million), Library Services for the Visually Impaired & Disabled (\$2.6 million), and Library Access (\$3.1 million) are level funded for FY 2025-26.

## **Education – Higher Education**

- The primary Community College operating appropriation is \$290.3 million, an increase of \$13 million, or 4.7%.
- The Transfer to the Community Colleges Capital Fund remains at the 2024-25 level of \$54.2 million.
- The PA State System of Higher Education is funded at \$661.1 million, an increase of \$40.3 million, or 6.5%
- Lincoln University receives \$21.9 million, an increase of \$1 million, or 5%.

## **Education – Higher Education** (continued)

- The Thaddeus Stevens College of Technology receives \$23.6 million, an increase of \$1.1 million, or 4.9%.
- The Pennsylvania College of Technology is proposed to be funded at \$35.7 million, an increase of \$1.7 million, or 5.0%.
- General Support appropriations for Penn State University, the University of Pittsburgh, and Temple University are level funded.
  - The budget proposes a new \$60 million “State-Related University Performance Funding” appropriation for performance funding grants to these universities per the Performance Based Funding Council (PBFC) established by Act 69 of 2024. The PBFC grant methodology must be enacted by the General Assembly and approved by the Governor.

## **Higher Education Assistance Agency (PHEAA)**

- FY 2025-26 proposed funding of \$402 million represents an increase of \$655,000, or 0.2%.
- The Student Teacher Stipend of \$40 million represents an increase of \$20 million, or 100%.
- All other PHEAA appropriations are level funded for FY 2025-26.

## **Environmental Protection**

- General Government Operations increases \$2.817 million, or 9.4%, and includes 1 new position for fiscal support.
- Environmental Program Management increases \$1.520 million, or 3.6%, and includes 4 new positions for agriculture conservation projects.
- Chesapeake Bay Agricultural Source Abatement increases \$2.191 million, or 60%, and includes 3 new positions for agriculture conservation projects.
- Environmental Protection Operations increases \$6.188 million, or 4.9%, and includes 7 new positions: 3 positions for agriculture conservation projects and 4 positions for program requirements for surface mining and reclamation and enforcement.
- Black Fly Control and Research increases \$774,000, or 9.2%.
- Vector Borne Disease Management increases \$943,000, or 14.4%.
- Transfer to the Well Plugging Account increases \$13.026 million, which includes \$8.026 million to continue well plugging activities and potentially match available federal funds and \$5 million to replace nonrecurring transfer of funds from the Waste Transportation Safety Account.

## **General Services**

- Proposed increase of approximately \$22.6 million, or 14.5%, to \$178.9 million.
- General Government Operations increase of approximately \$8.3 million, or 11.6%, to \$79.5 million and includes 2 new initiatives.
  - \$1.2 million to provide additional resources and equipment to assist Commonwealth agencies with in-house media products and services.
  - \$369,000 to expand and promote contracting opportunities for small and diverse businesses.
- Capitol Police Operations increases by \$1 million, or 5.9%, to \$18.6 million.



## **General Services** *(continued)*

- Rental and Municipal Charges decrease of approximately \$2.5 million, or -8.4%, to \$27.5 million.
- Space Optimization and Utilization Improvements: new initiative proposed at \$17.8 million to complete renovations and upgrades intended to reduce the Commonwealth's real estate footprint.
- Utility Costs decrease by approximately \$2.6 million, or -9.3%, to \$24.9 million.
- Excess Insurance Coverage increase of \$563,000, or 15.5%, to \$4.2 million.
- Transfer to State Insurance Fund level funded at \$1.5 million.
- Capitol Fire Protection level funded at \$5 million.

## **Health**

- New initiative of \$994,000 in the General Government Operations appropriation to reduce the incidence of viral hepatitis.
- \$216,000 increase included in the Quality Assurance line item to implement Act 109 of 2024.
- Adds a new appropriation titled, "Long-Term Care Transformation Office" to provide \$7.5 million to continue to support Pennsylvania's long-term care facilities.
- Eliminates the Bio-Technology Research appropriation.
- Includes a \$5 million new initiative to provide research grants related to Neurodegenerative Disease Research.
- Primary Health Care Practitioner appropriation includes two new initiatives:
  - \$10 million to expand the program to address workforce shortages in behavioral health.
  - \$5 million to expand the program to address workforce shortages in rural communities.

## **Human Services**

- State funds for DHS are proposed to increase by \$1.960 billion, or 10.2%. An increase in the blended FMAP rate for FY 2025-26 reduced the appropriated amount by \$419 million.
  - 82% of the increase is attributable to the Medical Assistance – Capitation and Medical Assistance – Community HealthChoices appropriations.
- Medical Assistance – Capitation appropriation is proposed to increase by \$659.8 million, or 18.2%. Additional assessment revenue and an increase in the blended FMAP rate for FY 2025-26 reduced the appropriation amount by \$393.4 million.
- Medical Assistance – Community HealthChoices appropriation is proposed to increase by \$939.6 million, or 16.1%. An increase in the blended FMAP rate for FY 2025-26 reduced the appropriation amount by \$169.7 million.
  - Includes \$20 million to increase direct care worker wages in the participant-directed care model.
  - Shifts \$49 million from the Lottery Fund back to this line item for Community HealthChoices costs.
- GGO appropriation is proposed to increase by \$15.8 million, or 11.6%.

## **Human Services** (continued)

- Fee-for-Service appropriation contains the following new initiatives:
  - \$10 million to maintain access and services for patients in rural hospitals.
  - \$10 million to maintain access and services for patients and hospitals throughout the Commonwealth.
  - \$4.8 million to provide reentrants with certain Medicaid services 90 days prior to release from incarceration and continuous eligibility after incarceration.
- Adds a new appropriation titled “Patient Safety and Services – Hospitals” and proposes \$20 million to provide patient safety and services in hospitals.
- Mental Health Services appropriation increases by \$32.3 million, or 3.4%. The following new initiatives are included in that increase:
  - \$20 million to increase county mental health base funds.
  - \$10 million to provide support to the 988 network.
  - \$5.8 million to expand diversion and discharge programs for individuals with mental illness currently in the criminal justice system.
  - \$5 million to maintain walk-in mental health crisis stabilization centers serving multiple counties.
  - \$1.6 million to provide Home and Community-Based Services for 20 individuals currently residing in state mental health hospitals.
- Medical Assistance – Workers with Disabilities line item increased by \$19.9 million, or 19.1%, of which \$16.7 million supports changes in caseload and utilization.
- Intellectual Disabilities – Community Waiver Program appropriation includes \$167.6 million to annualize the FY 2024-25 waiting list initiative.
- Transfers \$5.5 million to HCBS-Individuals with Intellectual Disabilities from the Intellectual Disabilities - State Center appropriation to provide home and community-based services to individuals with intellectual disabilities.
- Child Care Services and Child Care Assistance appropriations include \$2.7 million for a new initiative to increase the minimum wage to \$15/hour.
- Adds a \$55 million new appropriation titled, “Child Care Recruitment and Retention” to provide licensed Child Care Centers with funding for teacher recruitment and retention.
- Early Intervention appropriation includes \$10 million to increase provider rates.
- Eliminates the Health Program Assistance and Services appropriation.

## **Labor & Industry**

- Proposes a \$1.8 million increase, or 39.3%, for Occupational and Industrial Safety.
- Proposes funding for new initiatives:
  - \$5 million within Industry Partnerships for an initiative to support workforce initiatives to educate, train, and recruit nursing professionals.
  - \$5 million initiative within Transfer to Vocational Rehabilitation Fund to assist individuals with disabilities in finding employment, through personalized services, vocational guidance, goal setting, job placement, and counseling.
  - \$1 million initiative within Centers for Independent Living to recruit and hire staff, provide services to individuals with more diverse or significant disabilities, and ensure that individuals can reside in their chosen homes and participate in their communities.

## **Labor & Industry** (continued)

- Proposes a new Service and Infrastructure Improvement reauthorization of \$104.4 million for FY 2025-26 to continue unemployment compensation program operations and provide additional administrative resources.

## **Military and Veterans Affairs**

- General Government Operations increases \$3.6 million, or 9.8%, and includes 4 new proposed positions: 1 for compliance with environmental laws and regulations and 3 transferred from federally supported Facilities Maintenance.
- Keystone State Challenge Academy increases \$447,000, or 20.6%.
- Armory Maintenance and Repair increases \$250,000, or 8%, to ensure solvency in the State Treasury Armory Fund.
- Veterans Homes increases \$3.4 million, or 2%.
  - Program funding is for all six homes: Erie Soldiers and Sailors Home, Hollidaysburg Veterans Home, Southeastern Veterans Center, Gino J. Merli Veterans Center, Southwestern Veterans Center and Delaware Valley Veterans Home.
- Education of Veterans Children increases \$30,000, or 9.4%.
- Transfer to Educational Assistance Program Fund increases \$1 million, or 7.4%.
- Amputee and Paralyzed Veterans Pension increases \$386,000, or 9.2%.
- Veterans Outreach Services increases \$120,000, or 2.5%.
- Civil Air Patrol increases \$20,000, or 20%, to meet federal matching requirements.

## **Revenue**

- General Government Operating line-increased by \$8.48 million, or 5.3%.
- With all major phases of the department's revenue modernization project now complete, the appropriation for Technology and Process Modernization decreases by \$401,000, or 2.9%.

## **State**

- New initiative of \$102,000 within the General Government Operations appropriation to provide technical assistance and support for individuals seeking new licenses in Pennsylvania.
- Lobbying Disclosure appropriation line increased by \$355,000, or 63.2%. This appropriation is also supplemented by the Lobbyist Disclosure Restricted Account.
- Election Code Debt Service appropriation proposed funding is \$9.2 million for 2025-26, essentially the same as the current fiscal year. This is the debt service payment from Act 77 of 2019 where counties were required to replace their voting apparatus.

## **Transportation**

- Total proposed PennDOT budget from all sources (Federal, Motor License Fund, Restricted Accounts, Lottery Fund, Public Transportation Trust Fund, etc.) increases by \$145.7 million, or 1.3%, from \$11.43 billion to \$11.58 billion in 2025-26.
- Total funding proposed for state highways/bridges in FY 2025-26 is \$6.77 billion, an increase of \$127.3 million, or 1.9%.

## **Transportation** *(continued)*

- The total state highway maintenance allocation is funded at \$1.6 billion in FY 2025-26, an increase of \$19.1 million, or 1.2%.
- Projected Liquid Fuels Allocations decrease by \$9.7 million, or 2%, from \$468 million in March 2025 (2024-25 funding) to a projected \$458.3 million in March 2026 (2025-26 funding).
- The Governor proposes an additional 1.75% of Sales and Use Tax (SUT) collections be dedicated to the Public Transportation Trust Fund (PTTF) beginning in FY 2025-26, which is estimated to provide \$292.5 million.
  - Currently, 7.6827% of all SUT receipts are deposited into the PTTF and an additional 0.9470% into the Public Transportation Assistance Fund (PTAF). This increase will bring the total percentage of SUT dedicated to mass transit to 10.3797%, which is estimated to result in the total transfer of \$1.74 billion in FY 2025-26, an increase of \$347.2 million, or 24.95%.

## **State Police**

- The Governor is proposing a total appropriation from both the General Fund and Motor License Fund of \$1.53 billion for FY 2025-26, an increase of \$97.5 million, or 6.8%, and provides for 4 new cadet classes and 5 new positions for laboratory operations.
  - \$1.33 billion, or an increase of \$147.5 million, is appropriated from the General Fund and \$200 million is appropriated from the Motor License Fund (MLF), with a shift of \$50 million from the MLF to the General Fund proposed for FY 2025-26.
  - The shift in the appropriation from the MLF is the first of five (5) annual movements in the Governor's proposal to completely remove the State Police from the MLF by FY 2029-30. This proposal is four years slower than the Governor's prior proposal which would have completely removed the State Police from the MLF in FY 2025-26.
- General Government Operations increases \$145.1 million, or 13.5%, of which \$50 million of this amount is a shift from the MLF.
- Overall funding adjustments include the following:
  - \$80.3 million to continue current program operations.
  - \$14.5 million new initiative for 4 new cadet classes, beginning in 2025-26.
  - \$300,000 for leadership programs operated by the agency that build interest in law enforcement careers.
- Law Enforcement Information Technology increases \$1.5 million, or 5.4%.
- Commercial Vehicle Inspections increases \$564,000, or 3.8%.
- Gun Checks increases \$168,000 or 2.2% to supplement program gun check fees to cover the Pennsylvania Instant Check System (PICS) costs. Funding for the PICS System also includes \$5 million from the Firearm Records Check restricted account.

## **PEMA**

- General Government Operations increases a total of \$7.1 million, or 48.2%, which includes \$7 million to continue current operations and \$87,000 to meet federal infrastructure matching requirements.
- State Fire Commissioner increases \$417,000, or 9%, which includes one new position for administrative and programmatic support for requirements of Fire Relief Associations.

## **PEMA** *(continued)*

- The Governor is proposing a new initiative to provide additional financial support for fire companies by transferring \$30 million from the Property Tax Relief Fund to the Supplemental Grants to Fire Companies (EA), in effect doubling the amount of the current grant program.
- Line-item appropriations for Emergency Management Assistance Compact, Hazard Mitigation, Disaster Relief, and Urban Search and Rescue are eliminated.

## **Historical and Museum Commission**

- FY 2025-26 proposed funding of \$27.5 million represents a decrease of \$740,000, or -2.6%.

## **Environmental Hearing Board**

- FY 2025-26 proposed funding of \$3.1 million represents an increase of \$23,000, or 0.8%.

## **Health Care Cost Containment Council**

- Appropriation increased by \$5.2 million, or 164.6%, of which \$4 million would be utilized to develop an All-Payer Claims Database to collect medical, pharmacy, and dental claims and eligibility and provider information from private and public payers.

## **State Ethics Commission**

- FY 2025-26 proposed funding of \$3.8 million represents an increase of \$74,000, or 2.0%.

## **Judiciary**

- FY 2025-26 proposed funding for all Judiciary is \$465.9 million, an increase of \$30.3 million, or 7 %.
- Selected court appropriations:
  - Supreme Court: \$21.6 million, an increase of \$466,000, or 2.2%.
  - District Court Administrators: \$27.7 million, an increase of \$1.6 million, or 6.1%.
  - Superior Court: \$40.7 million, an increase of \$2 million, or 5.1%.
  - Commonwealth Court: \$26.1 million, an increase of \$1.8 million, or 7.4%.
  - Courts of Common Pleas: \$161.4 million, an increase of \$14.5 million, or 9.8%.
  - Magisterial District Judges: \$106 million, an increase of \$5.8 million, or 5.8%.
  - Philadelphia Municipal Court: \$10.9 million, an increase of \$847,000, or 8.4%.
  - All Reimbursements of County Court Costs are level-funded at the 2024-25 amounts, except the Court Interpreter County Grants, which increase by \$371,000, or 14.1%, to \$3 million.

## **General Assembly**

- Level funded at \$405.4 million.

## **Government Support Agencies**

- Level funded at \$72.061 million.

### **Aging (Lottery Fund)**

- General Government Operations appropriation includes a \$2 million new initiative to improve oversight and accountability of the Area Agency on Aging (AAA) network.
- PENNCARE appropriation is proposed to increase by \$20 million to provide operational resources to the AAA network to meet increased service needs of older adults.
- Aging Our Way, PA appropriation includes a \$3 million new initiative to transform the infrastructure and coordination of services for Pennsylvania's older adults.
- Decreases the transfer to the Pharmaceutical Assistance Fund, which provides funding for the PACE program, by \$20 million.

### **Insurance (Insurance Regulation and Oversight Fund)**

- General Government Operations proposed at \$43.6 million, an increase of \$3.9 million, or 9.8%.