



United Way  
of Pennsylvania

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February 3, 2021

### **Wolf Administration 2021-22 Budget Proposal**

Governor Wolf presented a \$37.8 billion spending plan, an increase of \$3.8 billion, or 11.1 percent, over the current fiscal year. To make up the difference, the Governor is proposing a 1.42% increase in the Personal Income Tax (PIT), which is expected to generate approximately \$3 billion in revenues.

Per his address, Governor Wolf wants to create a more equitable tax system by **expanding the Special Tax Forgiveness Program** in Section 304 of the Tax Reform Code of 1971. His proposal would raise the cap for 100% forgiveness from \$6,500 to \$15,000 for individuals, from \$13,000 to \$30,000 for married couples, and it allows an exemption of \$10,000 of income per dependent. This would offset the proposed increase in PIT for low- and some middle-income households.

Governor Wolf is also proposing increasing Pennsylvania's minimum wage to \$12 per hour on July 1, 2021, with annual increases of \$0.50 until the minimum wage reaches \$15 per hour on July 1, 2027.

Funding for **PA 211** is included in the Governor's budget, flat-funded at **\$750,000**.

For **early childhood education**, the Administration's proposal includes:

- **Increase Pre-K Counts by \$25 million or 11.5%**, which will **create 2,800 more slots**
- **Increase Head Start by \$5 million or 7.8%**, which will **create 471 more slots**
- **Increase Early Intervention Services by \$11 million** which will **create 2,000 additional slots for children ages 3 to 5**

The Administration's budget proposal includes **\$87.2 million** in additional federal funds to support increased Child Care Works base rates.

The **Child Care Assistance** line item is **increased \$90,000 for minimum wage increases for child care employees**.

**Evidence-based home visiting** line items are largely flat-funded:

- Federal **Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program** funding remains **the same as 2020-21 at \$16.3 million**.
- Funding for **Community Family Based Centers** remains the same as FY 2020-21, **\$19.6 million**
- **Nurse-Family Partnership** funding **increased \$84,000**

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The Governor's budget proposes increasing funds for **Legal Services** for individuals under 125% of the federal poverty level, a program available through the Department of Human Services, from \$2.7 million to \$3.7 million, **an increase of \$1 million.**

The Department of Human Services budget, specifically programs administered by counties, includes the following proposed adjustments:

- **Mental Health Services** – an **increase of \$1.85 million or 0.22%**
- **Medical Assistance Transportation** – an **increase of \$1.6 million or 2.63%**
- **Human Services Development Fund** – remains at the prior year's funding level of **\$13.5 million.**
- **Homeless Assistance** - remains at the prior year's funding level of \$18.5 million.

Assistance provided by the Department of Drug and Alcohol Programs for programs remains **flat-funded at \$44.7 million.**

The Governor is proposing a **\$3 billion** invest in the **Back to Work PA Program**, which is intended to address a variety of economic issues caused by the COVID-19 Pandemic. The program will invest funds in:

- **Training and child care**, two of the five barriers identified by the Keystone Economic Development and Workforce Command Center
- **Skills**, through upskilling, reskilling, and transferring of skills to match workers displaced by the pandemic with opportunities to fill the well-paying positions
- **Workforce services** including individualized career coaching and enhanced wrap-around supports to assist customers with addressing barriers to employment
- **The PAsmart** initiative to continue building a diverse talent pipeline of **Registered Apprentices** and expand the Registered Apprenticeship model into non-traditional industries and occupations
- **Employer-sponsored child care programs** and **expansion of on-site child care** for current workers and new hires, and for licensed child care facilities offering non-traditional hours
- Programs in the Department of Community and Economic Development to **support Pre-Act 47, financially distress municipalities**
- **Continued broadband expansion** in underserved areas of the Commonwealth

You can find the Governor's 2021-2022 Executive Budget documents at the following links:

- [2021-22 Governor Executive Budget](#)
- [2021-22 Budget in Brief](#)
- [2021-22 Proposed Line-Item Appropriations](#)
- [2021-22 Proposed Budget Slide Presentation](#)

You can also watch Governor Wolf's budget address [here](#).

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## **Budget Reaction**

Leadership for Republican majorities in the House and Senate provided a resounding “NO” to Gov. Wolf’s budget proposal, which included \$3.8 billion in new spending and nearly \$4 billion in new taxes. A suggested increase in the Personal Income Tax was labeled “dead on arrival” and the expansion of the Tax Forgiveness Program to offset that increase was met with skepticism. Republican leadership was clear that they do not support tax increases and believe the path forward does include support for Pennsylvania’s struggling businesses and families, but not as proposed by Gov. Wolf.

As more information about budget-related proposals made by the Wolf Administration become available, United Way of Pennsylvania will provide updates.

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