



GOVERNOR JOSH SHAPIRO

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Governor Shapiro Signs Budget into Law that Cuts Taxes for Working Families, Addresses Critical Workforce Needs, Makes Historic Investments in Education, and Delivers for Pennsylvanians

Despite efforts to slash spending for critical priorities and cut health care services, Governor Shapiro stayed at the table and brought Democrats and Republicans together to pass a responsible budget that gets stuff done for Pennsylvanians.

This budget builds on two years of progress — delivering on Governor Shapiro's promises to cut costs, strengthen the Commonwealth's workforce, drive economic growth, and create more opportunity for our children.



Harrisburg, PA – Today, **Governor Josh Shapiro** signed into law a **FY2025-26 budget** that delivers real results for the people of Pennsylvania — building on two years of progress, tackling Pennsylvania’s most pressing challenges, and continuing to fuel the Commonwealth’s rise. The Governor’s remarks as prepared for the 2025-26 budget signing ceremony can be found [here](#).

Throughout months of negotiations, **Governor Shapiro stood up for Pennsylvanians and stayed at the table to secure a budget that solves problems facing our Commonwealth and delivers results.** The **\$50.1 billion budget** is balanced, cuts taxes, and maintains nearly \$8 billion in the Rainy Day Fund at the end of this fiscal year. The budget also builds on two years of progress under the Shapiro Administration — making historic reforms to address long-standing challenges and make Pennsylvania more competitive for workers and businesses.

“Pennsylvania is on the rise, and this budget continues our progress, solving problems that Harrisburg has ignored for years, creating more opportunity for our students, workers, and businesses, and putting the Commonwealth on a path to sustained growth,” said **Governor Shapiro**. “In a divided legislature, we proved once again that Democrats and Republicans can come together to get stuff done for the good people of Pennsylvania — cutting taxes, investing in education and workforce development, supporting law enforcement and reducing crime, and keeping our economy growing. Since my first day in office, I’ve been focused on solving the most pressing problems we face by bringing people together and getting stuff done — this budget continues that progress and will speed our rise.”

Delivering a Historic Budget that Solves Decades-Old Problems & Delivers for Pennsylvanians

The \$50.1 billion budget delivers for working families, schools, and businesses by:

- **INVESTING IN EDUCATION:** Providing an overall increase in education funding **totaling more than \$900 million**, including a **\$565 million** increase in public school adequacy funding, **\$105 million** for Basic Education Funding, and a **\$40 million** increase for Special Education Funding. It also includes a **\$125 million** investment in school infrastructure, a Pre-K rate increase for teachers, and **\$175 million in savings** to public schools through historic cyber charter reform.
- **CUTTING TAXES FOR WORKING FAMILIES:** Creating the Working Pennsylvanians Tax Credit — an earned income tax credit for working families that will deliver **\$193 million in tax relief** for working families equal to 10 percent of the federal credit — putting more money back in Pennsylvanians' pockets.
- **STRENGTHENING THE WORKFORCE:** Funding a **\$25 million** child care recruitment and retention initiative and raising wages for direct care workers with a **\$21 million** investment in their work.
- **SUPPORTING SENIORS AND VULNERABLE POPULATIONS:** Investing **\$10 million** more in services for older Pennsylvanians through local Area Agencies on Aging and an **\$11 million** boost for food assistance programs.
- **DRIVING INNOVATION AND ECONOMIC DEVELOPMENT:** Advancing permitting reform and making strategic investments in small businesses and Pennsylvania's workforce to create economic growth across the Commonwealth.
- **MAINTAINING FISCAL RESPONSIBILITY:** This budget will leave Pennsylvania with a healthy surplus — nearly \$8 billion — by the end of FY 2025-26.

With this budget, Governor Shapiro and bipartisan leaders are sending a clear message: Pennsylvania is on the rise — and by working together, we will keep building a stronger, fairer, and more competitive Commonwealth for all.

Building on this momentum, the **2025-26 bipartisan budget** delivers targeted investments and solutions across every corner of the Commonwealth — from education and workforce development to public safety, economic growth, and cost relief for families.

"This budget is a product of compromise and common sense, delivering crucial resources for public safety, education, and economic development," said **Lieutenant Governor Austin Davis**. "We're investing in afterschool programs that keep kids safe and give them opportunities to grow, supporting community-based violence prevention that's driving down gun violence, and helping working families with funding for child care, pre-K teachers, and a new state earned income tax credit. Negotiating this budget took time, but the result builds on two years of progress and creates real opportunity for our fellow Pennsylvanians."

Here's a closer look at what this budget accomplishes for Pennsylvanians:

Delivering Historic Funding for K-12 Education and Investing in All Pathways to Success — Ensuring Pennsylvania Students Have the Freedom to Chart Their Own Course

Governor Shapiro has made historic investments to give every Pennsylvania student the freedom to chart their own course — ensuring schools have the resources to help students succeed, teachers have the support they deserve, and families have access to affordable early learning opportunities.

Building on last year's record-setting K–12 funding, the **2025–26 budget delivers more than \$900 million in additional funding for pre-K–12 public education** – and includes historic reforms to Pennsylvania's cyber charter reimbursement system, **saving public schools an additional \$175 million**. Taken together, under Governor Shapiro's leadership, Pennsylvania has increased funding for our schools by nearly \$3 billion since the Governor took office. The investments in this year's budget include:

- **\$565 million** in new adequacy funding to expand support to all school districts across the Commonwealth and a **\$105 million** increase for **Basic Education Funding**. The adequacy funding formula was expanded to drive out more money to schools.
- **\$40 million** increase for **Special Education Funding**, continuing the Governor's commitment to equitable education for all students.
- **\$175 million** in estimated savings for school districts through historic **Cyber Charter Reform**. Comprehensive changes to Pennsylvania's cyber charter school law align tuition payments with the actual cost of providing an online education, add new allowable deductions for costs not incurred by cyber charters, and close loopholes that inflated payments — saving public schools \$175 million statewide.
- **\$125 million for school infrastructure improvements** to create safe, healthy learning environments — including **\$25 million** for the **Solar for Schools** program to lower energy costs and promote sustainability.

- **\$10 million** increase for the **Student Teacher Stipend Program**, helping address educator shortages and make teaching a more accessible and rewarding career path – raising the annual amount available for the initiative to **\$30 million**.
- **\$7.5 million** to increase Pre-K rates, supporting early learners and stabilizing the child care workforce.
- **\$7.5 million** for the **Grow PA Scholarship Program**, helping students pursue in-demand careers and strengthen Pennsylvania’s workforce pipeline.
- **\$11.9 million** increase to **PHEAA** to maintain the maximum state grant amount and help more students afford college, plus **\$500,000** each for the Act 101 program and the Cheyney University Honors Academy.
- **\$5 million** increase for **public libraries** and **\$433,000** for **library services for the visually impaired**, strengthening lifelong learning and access to information in communities across the Commonwealth.
- **\$100 million in annual mental health and school safety funding for K–12 schools**, ensuring every student has access to the resources and support they need to thrive, continuing the Shapiro Administration’s strong commitment to expanding access to mental health care and support across the Commonwealth.
- **Expanded access to school meals, providing universal free breakfast for more than 1.7 million students and free lunch for 22,000 eligible students**, with nearly 93 million breakfasts served during the 2024–25 school year — a 13.8 percent increase over two years — including over 70 million meals for students at risk of hunger or from low-income families.

Together, these investments continue Governor Shapiro’s historic work to create opportunity for young Pennsylvanians— ensuring that students, educators, and families have the freedom to chart their own course and succeed in a Commonwealth that invests in their future.

Cutting Taxes to Help Working Families and Businesses Succeed

The budget Governor Shapiro signed creates a new **Working Pennsylvanians Tax Credit** – a state-level Earned Income Tax Credit (EITC) – that will provide **\$193 million in tax relief for working families** in its first year. Nearly one million Pennsylvanians will qualify.

- Modeled after the federal Earned Income Tax Credit, the state credit equals **10 percent of the federal credit**, putting more money back in Pennsylvanians’ pockets. Anyone who qualifies for the federal credit will now automatically receive both credits — **reducing taxes owed and increasing refunds** for those who need it most.

- Pennsylvanians qualify based on their income and the number of dependents – working families with dependents may receive **up to \$805** back in a tax cut.

Since taking office, Governor Shapiro has **cut taxes seven times** for families, seniors, and small businesses — expanding the Property Tax/Rent Rebate program for the first time in nearly two decades, creating the Employer Child Care Contribution Tax Credit, allowing Pennsylvanians to save money by deducting their student loan payments on their taxes, expanding the Child and Dependent Care tax credit for working families, saving businesses more than \$1.5 billion by lowering the Corporate Net Income Tax (CNIT) rate, and increasing net operating loss deductions for small businesses. This budget cuts the CNIT another half percent.

Investing in Pennsylvania’s Families and Strengthening the Child Care Workforce

Governor Shapiro is tackling Pennsylvania’s child care crisis — helping parents stay in the workforce and ensuring children have access to quality care. There are 3,000 unfilled child care jobs in Pennsylvania. This budget includes targeted investments to make child care more affordable and strengthen the workforce:

- **\$25 million** for a new **Child Care Staff Retention and Recruitment Program**, providing roughly **\$450 per employee** annually to licensed Child Care Works providers.
- **\$7.5 million** increase for **Pre-K Counts** rates to help providers raise wages and stabilize the early educator workforce.
- Continued support for the **Employer Child Care Contribution Tax Credit**, enabling businesses to help employees cover child care costs and the **Child and Dependent Care Enhancement Tax Credit** for working families.

These investments make child care more accessible, affordable, and sustainable — helping families, supporting providers, and strengthening Pennsylvania’s workforce.

Supporting the Direct Care Workforce who Care for Pennsylvania’s Older Adults and the Intellectual Disability and Autism Community

From day one, the Governor has made older adults and Pennsylvanians with intellectual disabilities and autism (ID/A) — and the direct support professionals (DSPs) who care for them — a top priority.

The 2025-26 budget includes a **\$21 million investment to increase DSP wages** for those who provide services to adults with physical disabilities and seniors.

- This investment includes a wage increase, paid time off, and increases access to affordable insurance for approximately **8,500 workers**.

Supporting Pennsylvania's Older Adults and Seniors — And Investing in Research into Neurodegenerative Diseases

Pennsylvania's older adults are valuable members of every community, and meeting their needs starts with supporting services where they live and protecting them from neglect and abuse. With 3.4 million Pennsylvanians over age 60, this support is more critical than ever.

- This budget strengthens community-based care by providing a **\$10 million increase** for Pennsylvania's 52 Area Agencies on Aging to help deliver essential services such as meals, social activities, and transportation, among others.
- Last year, the Commonwealth created the first Alzheimer's Disease Division at the Department of Aging. This budget builds on that progress with a **\$5 million investment** for grants to qualifying institutions doing research on neurodegenerative diseases like Alzheimer's, ALS, and Parkinson's. Pennsylvania is home to some of the top research institutions in the world – this investment will fund groundbreaking research and make Pennsylvania a leader in this fight.

Continuing Pennsylvania's Legacy as a National Leader in Agriculture — Supporting Farmers and Strengthening the Commonwealth's Charitable Food System

Governor Shapiro knows Pennsylvania's farms are the backbone of our economy — supporting over 600,000 jobs and generating \$132 billion statewide. This budget strengthens both agriculture and food security, helping farmers, families, and communities thrive.

This month, **Governor Shapiro and his Administration took swift action** to protect food access for Pennsylvanians impacted by the federal government shutdown — [signing](#) a disaster declaration, directing **\$5 million** in state funding to [Feeding Pennsylvania's](#) network of food banks to support the nearly two million residents who rely on the **Supplemental Nutrition Assistance Program (SNAP)**, and launching the SNAP Emergency Relief Fund, which has already raised more than **\$2 million** in private donations to strengthen the Commonwealth's charitable food network.

This budget includes an **\$11 million increase** for food security, including:

- **\$3 million** for the State Food Purchase Program and **\$1 million** for the Pennsylvania Agricultural Surplus System (PASS).
- **\$2 million** for a new State Food Bucks program to supplement SNAP.
- **\$5 million** in new funding to Pennsylvania food banks.

The budget also continues to support Pennsylvania's agricultural sector by assisting poultry farmers affected by high-path avian influenza (HPAI) with testing and flock

losses; investing in agricultural innovation, energy, and conservation projects to modernize the industry and attract new agricultural businesses; and support of a new state laboratory in Western Pennsylvania. These investments ensure Pennsylvania continues to lead the nation in agriculture, strengthen the charitable food system, and build the future of farming across the Commonwealth.

Growing Pennsylvania's Economy by Speeding Up Permitting & Supporting Small Businesses

Under Governor Shapiro's leadership, Pennsylvania's economy remains [one of the strongest in the nation](#) — and **the only state in the Northeast with a growing economy**, according to Moody's.

Since taking office, **Governor Shapiro has made Pennsylvania more competitive** — cutting red tape, streamlining permitting and licensing, and attracting nearly **\$31.6 billion in private-sector investment** that has created **more than 16,000 good-paying jobs** across the Commonwealth. That includes the largest private-sector investment in Pennsylvania history — Amazon's initial \$20 billion [investment](#) to build new AI and cloud computing campuses, creating thousands of high-tech and construction jobs.

Governor Shapiro has made economic competitiveness and government efficiency top priorities, launching Pennsylvania's first comprehensive economic development strategy in nearly two decades, cutting permit backlogs — including eliminating the Department of Environmental Protection (DEP)'s backlog of 2,400 permits — and investing \$550 million to prepare more sites for business expansion, strengthen main streets, and support small businesses and entrepreneurs.

This budget continues to make historic progress on permitting reform, funds key staff at agencies responsible for processing permits, licenses, and certifications, and invests in Pennsylvania's main streets.

- Expands DEP's Streamlining Permits for Economic Expansion and Development (SPEED) program – which was created in last year's budget – to **expedite permitting decisions from three to six key construction permits**. SPEED allows qualified professionals to review certain permits to speed up the decision-making process.
- Creates a public tracker and database of the permits involved in the SPEED program.
- Accelerates the time frames for DEP to complete its review of two types of permit applications.
- **\$15.8 million** increase to hire staff to support these reforms at DEP. This year alone, DEP has reviewed and acted on more than 30,000 permit applications and conducted 88,799 inspections of regulated facilities to ensure compliance with environmental laws.

- **\$20 million** for main streets and small businesses through Main Street Matters to strengthen commercial corridors that are the heart of Pennsylvania's communities.
- **\$20 million** in state funding for small minority-owned businesses across the Commonwealth through the Historically Disadvantaged Business Program.

The Shapiro Administration will also continue to push out **\$500 million** in site development funding secured in the 2024-25 budget to attract major companies, create jobs, and grow the economy. Already, the Administration has granted over \$113 million to create shovel-ready sites across the Commonwealth — including sites that are being turned into major job-creating projects like [in Bedford](#) and [in Mayfield](#).

Celebrating America's 250th Birthday with Epic Events

On July 4, 2026, America will celebrate the 250th anniversary of the signing of the Declaration of Independence in Philadelphia, the birthplace of the nation. Just as Pennsylvania played a critical role in 1776, the Commonwealth is primed to once again be in the spotlight in 2026 with major events throughout the Commonwealth.

The semiquincentennial commemoration will include elaborate, exciting celebrations the week of July 4th, world-class sporting events throughout the year, and major milestone anniversaries in Pennsylvania's cities, towns, museums, and monuments.

The City of Philadelphia will host the NCAA's March Madness men's basketball tournament, the FIFA World Cup, the MLB All-Star Game, and other high-profile events in 2026. The City of Pittsburgh, home to the six-time Super Bowl champion Steelers, will be the host city for the 2026 NFL Draft.

These events will be huge tourism and economic development opportunities for the Commonwealth, as millions of people will visit Pennsylvania.

Governor Shapiro's budget invests **\$50 million** to ensure the Commonwealth is ready to host millions of Pennsylvanians in 2026 — including **\$10 million** to support the NFL Draft in Pittsburgh, building on the Shapiro Administration's [plan to revitalize downtown Pittsburgh](#) and turn the neighborhood into a thriving center for economic growth, culture, and industry.

Supporting Law Enforcement, Reducing Crime, and Making Our Communities Safer

Governor Shapiro believes Pennsylvanians deserve to be safe and feel safe in their communities — that means living in a community free from the violence that too many experience and having a criminal justice system that enforces the laws in a fair and consistent manner.

Violent crime is down across much of Pennsylvania. Since Governor Shapiro took office, **gun violence is down 42 percent** and gun deaths by firearm are **down 38 percent** across Pennsylvania. Law enforcement is one part of that success, and the other is that the Shapiro Administration has made meaningful investments in violence prevention efforts – programs that are proven to work.

This budget continues the Governor's work to create safer communities and includes new initiatives that will make Pennsylvania's communities safer and ensure our state police, first responders, and our firefighters have the tools and personnel they need to succeed.

- Funding for **four additional Pennsylvania State Police (PSP) cadet classes**.
- Increasing state support for the City of Harrisburg Fire Department by an additional **\$2 million** each year, bringing the total state funding to \$7 million per year.
- **10 percent increase** – or **\$5.56 million** – for the successful Violence Intervention and Prevention (VIP) program at the Pennsylvania Commission on Crime and Delinquency (PCCD), reducing community violence by relying on community groups that are most in tune with specific local needs. Over the past two years, PCCD has awarded \$85 million in VIP funding to reduce gun violence and make Pennsylvania communities safer.
- **Doubling the amount of money available** – from \$20 million to **\$40 million** – for the Commonwealth to respond to disasters through PEMA's Disaster Emergency Fund. Pennsylvania has been hit hard in recent years by flooding and other natural disasters in places like Tioga County and Bucks County, and as the federal government walks away and shirks its responsibility, Pennsylvania is working together to increase state support to respond to future disasters.

Pennsylvania is building on a strong foundation of fiscal responsibility, economic growth, and historic investments. From investing in education, cutting taxes, and strengthening the workforce, this budget reflects Governor Shapiro's commitment to delivering results and solving problems — ensuring Pennsylvania remains on a path of sustained growth, stronger communities, and greater opportunity for all Pennsylvanians.

Today, **Governor Shapiro** signed the following bills into law, in this order: **HB 416**, **HB 749**, **SB 315**, and **SB 160**.

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