

Pennsylvania Perspective Special Edition: 2025 Budget Address Recap

Gov. Shapiro Gives 2025 Budget Address

On Tuesday, February 4, Governor Josh Shapiro delivered his third annual Budget Address to a joint session of the General Assembly, where he unveiled his [\\$51.47 billion FY26 Executive Budget](#) — marking an approximately 7.5% increase from the previous fiscal year. The proposed budget aims to build on the progress the Shapiro administration has made over the past two years, including addressing workforce shortages, improving public safety, and ensuring that all Pennsylvanians have access to quality education, health care, and housing. Gov. Shapiro highlighted the need for bipartisan cooperation to achieve these goals.

The state projects \$46.6 billion in tax revenue, with the remainder covered by using the last of the surplus and the rainy-day fund. Despite recent surpluses, Pennsylvania faces a structural deficit, with spending outstripping recurring revenue.

For more information, please see the proposed [executive budget](#) and [press release](#) about the address. Below are some of the highlights of the governor's budget proposal.

Education

Gov. Shapiro emphasized the importance of addressing educational inequities and investing in the future of Pennsylvania's children. He proposed significant funding increases to support various educational initiatives, including:

- **\$526 million** additional to close the adequacy gap.
- **\$75 million** more for basic education.
- **\$40 million** for special education.
- **\$25 million** for school infrastructure projects.
- **\$15 million** for Pennsylvania's Pre-K Counts program.
- **\$20 million** for a student teacher stipend program.
- **\$8,000** per-student base rate for all cyber charter schools.

Economic Development

Gov. Shapiro emphasized the importance of economic development as a key component of his plan for Pennsylvania's future, highlighting several initiatives aimed at driving economic growth and creating opportunities for all Pennsylvanians:

- **Workforce Development:** Gov. Shapiro proposed significant investments in workforce recruitment and retention, including **\$55 million** for licensed childcare centers and **\$50 million** for the PA Innovation Program to incentivize development in the life sciences industry.
- **Veterans Small Business Assistance:** **\$1 million** in new appropriations to support veterans in starting and growing their businesses.
- **Infrastructure Improvements:** The [Lightning Plan](#), unveiled earlier this week, aims to modernize infrastructure and expedite project completion by reducing bureaucratic red tape and streamlining the approval process.

Energy & Environment



David F. Bonsick

Principal,
Cozen O'Connor
Public
Strategies

dbonsick@cozen.com
Phone: (717) 773-4214
Fax: (717) 703-5901



Beth A. Brennan

Senior
Principal,
Cozen O'Connor
Public
Strategies

bbrennan@cozen.com
Phone: (717) 773-4213
Fax: (717) 703-5901



Jim Davis

Executive Vice
President,
Cozen O'Connor
Public
Strategies

jdavis@cozen.com
Phone: (717) 703-5891
Fax: (717) 703-5901



Samuel Denisco

Principal,
Cozen O'Connor
Public
Strategies

sdenisco@cozen.com
Phone: (717) 773-4630
Fax: (717) 703-5901

Gov. Shapiro introduced a comprehensive energy plan aimed at reducing emissions and promoting sustainability. This plan includes offering industry tax credits to encourage the adoption of greener practices and technologies. He highlighted that these initiatives are crucial for protecting the environment and ensuring a sustainable future for Pennsylvania.

Housing

While Gov. Shapiro acknowledged that the state's first-ever Housing Action Plan will not be out for the next few months, he identified six steps that can be taken now to help solve the housing crisis:

- Invest **\$10 million** to help first time home buyers cover closing costs.
- Staff up the State Planning Board to help local communities fix their permitting, zoning, and code enforcement issues and build more homes more quickly.
- Create an Interagency Council on Homelessness to improve support and coordination for the unhouses.
- Continue to increase funding for the PA Housing Affordability Fund (PHARE) Program by an additional **\$10 million** to \$110 million beginning in 2028-29.
- Seal eviction records for those who have not been evicted.
- Invest **\$50 million** to create a new statewide housing repair fund to help homeowners struggling to make needed repairs to their aging homes.

Marijuana Legalization

Gov. Shapiro again urged the General Assembly to introduce legislation to legalize use of recreational cannabis as a significant revenue-generating measure. He highlighted that legalizing adult-use cannabis could bring in more than **\$530 million** in revenue for the state, part of which he proposes allocating to restorative justice and social equity programs. He emphasized that this initiative would not only generate substantial funds but also align Pennsylvania with its neighboring states that have already legalized cannabis.

Public Transit

Gov. Shapiro emphasized the importance of supporting public transportation, proposing an additional **\$290 million** in funding for public transit agencies to help cover operating expenses. The proposed investment aims to ensure that both rural and urban transit systems can continue to provide essential services to Pennsylvanians, enhancing mobility and accessibility across the state.

Public Safety & Community Support

Gov. Shapiro's proposed budget includes a **\$10 million** increase for the Transfer to Municipalities Financial Recovery Revolving Fund to support communities post-pandemic.

Skill Games Regulation

Gov. Shapiro noted that the Commonwealth has lost an estimated \$200 million over the last five years due to unregulated skill games. He emphasized the need to regulate and tax skill games, proposing that the Gaming Control Board, which already regulates other video gaming terminals, should oversee these games as well. The revenue generated, an expected **\$368 million**, would be used to fill the funding gap for older adults and provide an influx to the general fund, strengthening the Commonwealth.



Joseph Hill

**Managing
Director, Cozen
O'Connor
Public
Strategies**

jhill@cozen.com
Phone: (215) 665-2065
Fax: (215) 665-2013



Kevin J. Kerr

**Principal,
Cozen O'Connor
Public
Strategies**

kkerr@cozen.com
Phone: (412) 620-6496
Fax: (412) 275-2390



Brianna A. Westbrooks

**Government
Relations
Associate,
Cozen O'Connor
Public
Strategies**

bwestbrooks@cozen.com
Phone: (215) 665-4757
Fax: (215) 665-2013

Related Practice Areas

- Government Relations - Cozen O'Connor Public Strategies