

On January 3rd, 2026, Pennsylvania Governor Josh Shapiro delivered his fiscal year 2026/27 budget proposal to the Pennsylvania General Assembly. The Governor's FY 2026/27 budget proposal calls for \$53.3 billion in state General Fund expenditures, which is an increase of \$2.7 billion or 5.38% over the previous budget. The largest spending categories are Medicaid and education. Based on the projected revenues for FY 2025/26, base revenues for FY 2026/27 are projected to increase by \$1 billion, or 2.16% year-over-year. To support the 2026/27 expenditures, the executive budget proposal transfers \$4.6 billion from the Budget Stabilization Reserve Fund (Rainy Day Fund) to the General Fund. This leaves a remaining balance in the Rainy Day Fund of approximately \$3.3 billion.

Governor Shapiro has proposed the legalization of Adult Use Cannabis with a 20% tax for the third year in a row, and taxing "Skill Games" under the existing Video Gaming Terminal tax structure for the second year in a row. The proposal includes raising the minimum wage from \$7.25 to \$15.00.

During the budget proposal, Governor Shapiro expressed his concern about rising utility bills. He is calling on the Public Utility Commission to scrutinize utility spending. He created a new watchdog within his administration, the Special Counsel for Energy Affordability, tasked with closely examining utility rate requests.

#### Department of Environmental Protection

The Governor's 2026/27 budget proposes \$294.06 million in state General Fund spending, an increase of \$44.4 million or 17.8% over 2025/26. Proposed changes within the agency's major appropriations include:

- General Government Operations – \$32.77 million total
  - \$850,000 increase or 2.6%
- Environmental Program Management - \$48.01 million total
  - \$2.53 million increase or 5.5%
- Environmental Protection Operations – \$137.78 million total
  - \$3.09 million or 2.3%
- Chesapeake Bay Agricultural Resource Abatement - \$6.39 million total
  - \$530,000 increase or 9%
- Transfer to Well Plugging Account - \$19.03 million total
  - \$16.03 million increase or 534%
- Transfer to Hazardous Sites Clean Fund - \$20 million total, no transfer in 2025/26
- Transfer to Conservation District Fund - \$8.49 million total
  - \$978,000 increase or 13%

#### Department of Labor and Industry

The Governor's 2026/27 proposal included three initiatives in the Dept. of Labor and Industry:

- \$1 million increase (\$49.7 million total) for the Transfer to the Vocational Rehabilitation Fund
- \$3.5 million increase (\$6.3 million total) for Industry Partnerships
- \$3.5 million increase – doubling last year’s investment -- for Schools-to-Work to grow partnerships between career and technical education students and employers through apprenticeships, workplace visits, and internships

Governor Shapiro announced GRID, or the Governor’s Responsible Infrastructure Development standards as they relate to data center development in Pennsylvania. It is built on four core principles:

- **Protecting Energy and Water Resources:** Developers must bring their own power generation online or fully fund new generation to meet their needs — without driving up costs for homeowners or businesses. Projects must also meet the highest standards for environmental protection, including strict water conservation requirements.
- **Transparency and Community Engagement:** Developers must commit to open, transparent engagement with local residents and leaders. Communities deserve to know who is coming, what is being built, and how projects could impact their town — before development moves forward.
- **Delivering Local Jobs and Community Benefits:** Projects must hire and train local workers and enter into meaningful community benefit agreements that invest in local priorities, from schools and infrastructure to long-term economic development.
- **Responsible Growth with Accountability:** Only projects that meet these standards will receive the Commonwealth’s full support, including speed and certainty in permitting and access to available incentives — ensuring responsible development that reflects Pennsylvania’s values.

[House Appropriations Committee Budget Briefing](#)

[Governor Shapiro’s Address](#)

[Gov. Shapiro’s Proposed Budget Includes Performance Standards For Data Centers Seeking State Tax Credits; Renewed Call For Lightning Energy Plan; New PUC Benchmarks For Utility Profits](#)