

PA House Appropriations Committee
DCED Budget Hearing 2026-2027
Opening Remarks
February 25, 2026

Good morning, Chairman Harris, Chairman Struzzi, and members of the Committee.

I'm honored to come before you today to discuss Governor Josh Shapiro's 2026-2027 budget proposal. The Governor's budget is a responsible approach, calling for smart investments that continue the incredible progress we've seen in our state economy and have felt in our communities over the past three years.

Since issuing the 10-Year Economic Development Strategy in early 2024, we at DCED have been working hard every day to implement its many strategic initiatives. For example, the plan called for a transformative investment in site development so we could better compete against neighboring states for business projects – states that quite frankly have been outperforming us in this area for years. Working together with the Legislature, we passed \$500 million in funding to prepare more pad-ready sites in the 2024-2025 budget cycle. This investment made waves in the economic development and site selection communities, showing that Pennsylvania is back in the game. And through the PA SITES program, we've awarded more than \$113 million in 2025 – not including the PA SITES grant we're providing to Eli Lilly as part of the company's historic \$3.5 billion investment into the Commonwealth that Governor Shapiro announced last month.

In addition to bold investments, this Administration has also made major strides in permitting reform, particularly through the efforts of the Office of Transformation and Opportunity (OTO) and Department of Environmental Protection (DEP). What was once one of our competitive disadvantages is now quickly becoming one of our strengths. In January, OTO issued an impact report for 2025 that highlights its impact on major economic development projects, reducing permitting timelines and increasing transparency, and championing statewide economic growth. Meanwhile, DEP virtually eliminated its permitting backlog last year.

Alongside these major improvements to our business climate, DCED also delivered results for Pennsylvania communities through initiatives that were guided by the Economic Development Strategy. For example, the Main Street Matters program is delivering \$20 million per year for community projects. With the additional tax credit allotment provided through the Legislature, the Neighborhood Assistance Program is stronger than ever, awarding over \$70 million in tax credits to bolster business contributions to community initiatives. And our tourism economy – another priority of the Economic Development Strategy – is flourishing as well, generating \$83.9 billion in economic impact, supporting 514,261 jobs, contributing \$5 billion in state and local taxes, and welcoming a record 201.6 million visitors in 2024 – a number that will be surely dwarfed this year as we celebrate America's 250th birthday.

All these efforts have delivered real results. Under the Shapiro Administration, the Commonwealth has attracted **over \$40 billion in private-sector investment**, creating more than 22,000 good-paying jobs statewide. In addition to the massive Eli Lilly life science

manufacturing project, I mentioned earlier, in June 2025, the Governor announced the largest investment in Pennsylvania history, with Amazon Web Services pledging \$20 billion in investment for two innovation campuses. It's no wonder we're moving up the charts in national publications' business climate state rankings. Additionally, with so much inbound investment, Moody's Analytics noted that Pennsylvania is the only state in the Northeast with a growing economy.

There's no question we're seeing economic success at a scale we have never seen before. We've shown what happens when we make bold investments in our businesses, workers, and communities. **Governor Shapiro's 2026-2027 budget proposal is crucial for continuing the momentum we've established as a Commonwealth.**

Some of the major pieces of the Governor's budget include:

- Investing **\$100 million to launch Innovate in PA 2.0** to expand venture investment, support life sciences leadership, accelerate commercialization, strengthen regional innovation ecosystems, and help DCED and our partners capitalize on federal opportunities and emerging technologies, especially in rural and underserved regions.
- **Increasing PA First funding by \$10 million** (totaling \$38 million) allows for flexible funding so we can incentivize deals throughout PA.
- Streamlining three underused tax credits into a new **\$10 million AdvancePA** tax credit to better support job creation and high-impact deals.
- Updating the unused **PA EDGE** tax credit programs to incentivize growth in jobs, innovation, and new reliable energy sources being added to our grid.
- Creating a **dedicated \$12.5 million appropriation for WEDnetPA**, ensuring continued investment in worker skills and productivity.
- Investing **\$2 million for a new Career Connect** program to support creating internships that help employers recruit talent and build the workforce of tomorrow.
- Continuing full funding for **Main Street Matters**, the **Historically Disadvantaged Business Assistance (HDBA) Program**, and **Manufacturing PA**.

Crucially, the budget also calls for bold, meaningful action to finally address the housing crisis afflicting Pennsylvanians and families across the country. A few weeks ago, we issued the first-ever comprehensive Housing Action Plan. Like our 10-Year Economic Development Strategy, the Housing Action Plan advances comprehensive solutions for tackling fundamental challenges with housing. The Governor's budget proposal calls for investments tied to the Housing Action Plan, such as:

- Investing **\$1 billion in critical infrastructure** through the **Pennsylvania Program for Critical Infrastructure Investment** — a new statewide financing program to support energy, housing, schools, and municipal facilities.
- **Modernizing the Municipalities Planning Code (MPC)** to reduce regulatory barriers to residential development and improve local permitting and land use processes.

- Establishing a new **Deputy Secretary for Housing at DCED** to improve coordination within state government and elevate our work related to housing stability, security, and affordability.

Only by addressing housing, community development, and economic growth together can we truly deliver for Pennsylvania residents, families, and businesses – and that’s exactly what this budget proposal delivers. Working together with the Legislature over the past few years and securing transformational investments has fostered a dynamic and growing economy. We can all plainly see what happens when we come together to “Get It Done” for Pennsylvania, and I’m excited to continue our momentum by passing Governor Shapiro’s budget proposal to deliver bigger and even better results for this Commonwealth.

Thank you for the opportunity to discuss Governor Shapiro’s 2026-2027 proposed budget this morning. I look forward to working together and I am happy to answer any questions you have.