



PAACC Pennsylvania Update

March 1, 2019

PAACC State Capitol Snap Shot

Governor's Budget Address

Governor Wolf gave his budget address on Tuesday, February 5. The proposal does not include any broad-based tax increases. The General Fund budget is \$34.146 billion, an increase of \$927.36 million, or 2.79 percent over the prior year. Some of the highlights include:

- Proposes business tax reforms to create a more competitive business tax climate, provide tax certainty, and maximize new business investment
- Creates the Keystone Economic Development and Workforce Command Center
- Modernizes compulsory school and dropout ages
- Provides additional training opportunities for teachers
- \$15 million for infants and toddlers on the waiting list into high-quality child care
- \$10 million to incentivize quality child care for infants and toddlers
- \$5 million for Parent Pathways
- \$5 million for expanding home visiting services
- Continues Governor Wolf's commitment to investing in education at all levels, including: \$200 million in Basic Education Funding, \$50 million in Special Education Funding, \$50 million for Pre-K Counts and Head Start, \$8 million for Stay in PA, \$10 million for PAsmart, and \$7 million for PASSHE
- Increase the minimum wage to \$12 per hour on July 1, 2019, with annual increases to \$15 per hour by July 1, 2020
- Builds on the PA Business One-Stop Shop
- Reduces the Corporate Net Income Tax
- \$12 million to the Employer Skills Fund to develop innovative solutions to the skills gap
- \$5 million to PA First for job creation

Workforce Development

Keystone Economic Development & Workforce Command Center

On February 19, Governor Wolf signed an executive order establishing the Keystone Economic Development and Workforce Command Center. The center will aim to “find innovative solutions that close the skills gap and rapidly meet the needs of employers.” Gov. Wolf commented that the center will be led by a six-person executive committee, with three members from the private sector and an additional three from the Wolf administration. He listed the members as Gene Barr; Rick Bloomingdale, president of the AFL-CIO; Tony Bartolomeo, co-chair of Team Pennsylvania; Department of Labor and Industry Secretary Jerry Oleksiak; Department of State Acting Secretary Kathy Boockvar; and Department of Community and Economic Development Secretary Dennis Davin. Gov. Wolf identified the center as an “incubator” for exploring barriers that prevent people from getting jobs and assisting both job-seekers and job-providers. He noted that the center will address crucial aspects of opening up job opportunities, including childcare, transportation, regulations and licensing, and fulfilling the unique needs of employers.

CareerBound Act

On Feb. 20, Rep. Ryan Mackenzie introduced HB 425, the CareerBound Act. The bill provides for school-to-work programs; establishing the CareerBound program; and imposing powers and duties on the Department of Labor and Industry. *CareerBound* passed the House during previous sessions with bipartisan support.

Designed as a workforce development program, *CareerBound* will focus on allowing local workforce development boards to collaborate with schools, businesses, and other trade organizations to create effective, innovative school-to-work programs. These joint ventures will provide students with early exposure to a wide array of career opportunities including career expos, job shadowing, internships, and other career-education integration initiatives. The Department of Labor & Industry would be charged with overseeing programs established under *CareerBound*.

The Department can utilize funds from the Reemployment Fund, existing funds appropriated to the Department, or funds directly appropriated for the program to successfully implement this program. The tax credit system that was similar to the Educational Improvement Tax Credit and was included in previous versions of *CareerBound* is not included in this version. The bill was referred to committee on House Labor and Industry.

Career and Technical Education Investment Incentive Program

On Feb. 19, Rep. Mike Tobash introduced HB 522, which amends the Public School Code adding an article providing for the Career and Technical Education Investment Incentive Program. The intent of the program is to foster and encourage private investment in career and technical education programs and the repair, upkeep, replacement and upgrading of industry-grade materials and instructional equipment. This proposal provides tax credits to businesses that contribute to career and technical

partnership organizations. Business contributions can be used to provide career and technical education scholarships or the purchasing of industry standard equipment. This program is unique yet modeled after successful elements of the Educational Improvement Tax Credit Program.

There are almost 200,000 unfilled skilled jobs in PA. This bill will partner business investment with our career and technical education students and secondary and postsecondary institutions to fill those position and grow our Commonwealth's economy. The bill was referred to the committee on House Education.

Business & Industry

First-Time Home Buyers Savings Account

On Feb 21, the Pennsylvania First-Time Home Buyer Savings Account Act passed the House by a vote of 188-1. Introduced as HB 128 by Rep. Rosemary Brown, the bill provides for the establishment of first-time home buyer savings accounts for first-time home buyers in this commonwealth.

Since the 2009 financial crisis, the number of first-time homebuyers has decreased significantly. According to the National Association of Realtors®, the share of first-time homebuyers in the national home sale market has fallen from 45 percent to just 32 percent.

In response, several states have passed legislation to allow first-time homebuyers to deposit money into a savings account, where it goes for the exclusive purpose of purchasing a first home, and the money can be deducted from their state income tax.

It is estimated that this type of savings account program in Pennsylvania could result in an annual increase of up to 4,000 home purchases within the state. The result would be an overall positive impact on Pennsylvania's economy, spurring additional economic activity, job creation and earnings for households. It's estimated that the economic impact could range between \$7.8 million to \$68.8 million.

Home ownership strengthens communities and provides stability for families. A first-time homebuyers saving account can be a tool in helping people overcome financial obstacles to home ownership. The bill was referred to the Senate Urban Affairs and Housing Committee.

Manufacturing Tax Credit

On Feb. 7, Sen. Vincent Hughes introduced SB 266, which increases the cap on the manufacturing tax credit from \$4 million to \$12.5 million. \$2.5 million of the tax credit shall be restricted to taxpayers that are diverse and disadvantaged businesses or are claiming a credit for new jobs created in an economically distressed municipality. Allows manufacturers who may not meet the requirements of the credit to join with

other manufacturers to apply for the credit to meet the statutory requirements. Also establishes the workforce development tax credit.

In addition, to ensure all manufacturers have access to the program, the bill does two things:

1. Earmarks \$2.5 million of the \$12 million tax credit for MBE/WBE and veteran-owned manufacturers and manufacturers located in distressed communities.
2. Allows small manufacturers, who may not meet the requirements of the credit on their own, to join with other small manufacturers to apply for the tax credit to meet the statutory requirements.

Finally, to ensure we have a manufacturing sector with a properly trained workforce, the bill would expand eligible uses of the tax credit to include job training costs. The bill was referred to committee on Senate Finance

Session Calendar

2019 SENATE SESSION SCHEDULE

January	1, 15, 16, 28, 29, 30
February	4, 5, 6
March	18, 19, 20, 25, 26, 27
April	8, 9, 10, 29, 30
May	1, 6, 7, 8
June	3, 4, 5, 10, 11, 12, 17, 18, 19, 24, 25, 26, 27, 28

2019 HOUSE SESSION SCHEDULE

January	1, 15, 16, 28, 29, 30
February	4, 5, 6, 19, 20, 21
March	11, 12, 13, 18, 19, 20, 25, 26, 27
April	8, 9, 10, 15, 16, 17, 29, 30
May	1, 6, 7, 8, 13, 14, 15, 22, 23 (Cancelled)
June	3, 4, 5, 10, 11, 12, 17, 18, 19, 20, 24, 25, 26, 27, 28