

# WEEK ONE

# BUDGET HEARING WRAP

## February 25-26, 2026



### General Overview:

The first week of 2026 budget hearings got off to a late start this week with weather-related postponements due to large amounts of snow in the Philadelphia region on Monday and Tuesday. Rescheduled hearings with the Departments of Health and Drug and Alcohol Programs, as well as the Judiciary, will be conducted in the coming weeks.

The committee held five hearings this week, despite the shortened timeline. With the Department of Community and Economic Development, committee members focused questions on how our energy industry intersects with economic growth - especially following Pennsylvania's withdrawal from the Regional Greenhouse Gas Initiative (RGGI). Republicans also asked how DCED is ensuring that economic growth programs benefit the entire Commonwealth, the need to efficiently expand broadband access to underserved areas, the governor's housing plan, and efforts to enhance affordability in Pennsylvania.

Pennsylvania's Department of Agriculture testified on budget priorities amid concerns over the avian flu crisis. Our committee members emphasized supporting county fairs, responsible land development, and the need to ensure the effectiveness and fairness of grants. With the Insurance Department, House Republicans focused on how the Commonwealth can keep insurance costs low, combat insurance fraud, monitor reforms to Pharmacy Benefit Managers, and reorganize the Joint Underwriters Association board.

On Thursday, committee members asked leaders from PEMA and the Office of the State Fire Commissioner about the recruitment and retention of volunteer firefighters, funding for 911 centers, updates to Title 35 (Pennsylvania's Health and Safety Code), the governor's proposed cut to search-and-rescue funds, the delay in deploying funds allocated in prior years, and funding for EMS providers.

This week's hearings concluded with the Department of Corrections and the Board of Probation and Parole. The discussion centered on the department's financial aspects, proposed facility closures, prison safety, and privileges extended to death row inmates.

### In the News:

[Face the State: Rep. Jamie Barton Previews Budget Hearings](#)

[Lancaster Farming: Farmland Preservation Best Buffer Against Data Centers, Redding Says \(Rep. Kail\)](#)

[ABC 27: Pennsylvania's 2027 budget battle begins \(Rep. Kutz\)](#)

[WJAC: Pennsylvania House budget hearings focus on Pennie, insurance and PBM oversight \(Rep. Brown\)](#)

**DCED Key Takeaways:**

- For DCED, the Governor is proposing \$277.8 million in General Fund spending for Fiscal Year 2026-27, a decrease of \$236.4 million, or 46.0%, from the current fiscal year.
  - Secretary Siger agreed that many of the governor's proposed cuts are in successful programs that are likely to be restored during budget negotiations.
- Unleashing the energy industry is essential to growing our economy. House Republicans called out DCED for not having a plan to grow our energy sector. Secretary Siger agreed with House Republicans that we must increase our energy generation and noted that it is a critical area for economic growth. The secretary agreed that the withdrawal from RGGI is having a positive impact on our economy.
- The governor is proposing to spend \$1 billion on his new Housing Action Plan. Republican Members expressed concern that government spending alone will not solve housing issues and pressed DCED to listen to private-sector developers and home builders so regulatory barriers can be removed.
- The energy and housing industries are key to support affordability, but government spending is no substitute for regulatory reform and government efficiency, as the Members shared.
- The growth of data centers holds great economic potential across the Commonwealth. House Republicans asked how DCED has incentivized some projects that have already been announced and what we can do to ensure future projects are successful.
- Ensuring broadband access in rural Pennsylvania is a crucial initiative for federal, state, and local governments. Members once again expressed concern about projects being delayed and possibly jeopardized by an unnecessary labor dispute.
- Members also expressed a desire to see DCED focus on growing our economy by attracting investment from the US military and defense contractors.
- House Republicans consistently pressed DCED on how their programs help ALL Pennsylvanians.

**Department of Agriculture Key Takeaways:**

- For PDA, the governor is proposing total General Fund spending of \$249.9 million for Fiscal Year 2026-27, a decrease of \$3.4 million, or 1.4%, compared with the current fiscal year.
  - The apparent decrease is due, in part, to the proposed transfer of some costs from the General Fund back to the Race Horse Development Trust Fund.
- House Republicans remained concerned that too many farms in Pennsylvania are shutting down. In some cases, farms are being replaced with solar panels, data centers, and other industrial uses. Members were heartened to hear that PDA is actively participating in discussions on responsible development across the state, but are concerned that this is not a priority for the governor.
  - There are 12,000 farms currently awaiting protected status; PDA is working to end this backlog.
- PDA has significantly increased the number of grants in recent years. Members inquired about the processes used to ensure fairness in awarding grants and advocated for transparency and accountability.
- Members asked PDA about their involvement in the governor's plan for recreational marijuana. More specifically, members expressed concern that there may be negative impacts on current hemp farmers due to a failure to develop processes and economic development opportunities.
- While permitting is not often associated with farming, many farmers experience delays in projects due to permitting issues. House Republicans asked PDA how they are working to cut red tape for farmers.
- County Fairs are culturally and economically crucial across rural Pennsylvania. Members shared how important continued state funding for fairs is in their districts.

**Insurance Department Key Takeaways:**

- PID is not funded through the General Fund, but through fees collected in the Insurance Regulation and Oversight Fund (IROF).
- Members expressed concern that the rise of AI is increasing the risk of insurance fraud and that insurance companies are also using it to pressure insurance holders into unnecessary home upgrades.
- House Republicans have supported significant reforms for Pharmacy Benefit Managers (PBMs). These reforms were in part designed to help small, locally owned pharmacies. Members expressed concerns that the reforms are not moving quickly enough to help independent pharmacies, who are already struggling with PBMs.
- PID also shared that there will be an update on the reorganization of the Joint Underwriting Association board by the end of the first quarter of the calendar year.
- PENNIE has noted a drop in enrollment due to the temporary federal subsidies ending last year.
  - PENNIE Executive Director Trolley shared that other states have used state funding to replace the temporary federal subsidies.

**PEMA & Office of State Fire Commissioner Key Takeaways:**

- For PEMA, the Governor is proposing a total state General Fund spending amount of \$41.0 million for Fiscal Year 2026-27, an overall increase of \$9.1 million, or 28.6%, over the current fiscal year.
  - Included in those totals is a proposed \$4.8 million budget for the State Fire Commissioner, an increase of \$36,000, or 0.8%, over the current fiscal year.
- House Republicans expressed concerns to the Fire Commissioner that volunteer fire departments are struggling with recruitment and retention and shared a desire for more coordination and support from the state to reduce burdens on volunteers and enhance recruitment.
  - Members also shared several experiences of fire companies merging and noted that consolidations should not result in reduced state funding for fire services in a given community.
- Once again, the governor has chosen to eliminate the Urban Search and Rescue line-item in his budget proposal. House Republicans expressed frustration with this proposed cut and noted the funding supports essential services in Western Pennsylvania during emergencies.
  - The committee also asked why prior year funds for this line item have not been dispersed.
- 911 services are administered in Pennsylvania by county government, with funding available from the Commonwealth through a 911 fee on phone lines. House Republicans' questions identified that further discussion will be needed on fee structures as more devices gain the ability to contact 911.
- Committee members stressed the need to update the Health and Safety Code, noting that it was last updated in 1996. There are several issues related to EMS funding and sustainability that should be addressed to ensure the continued viability of emergency medical services across the Commonwealth.

**Department of Corrections Key Takeaways:**

- For the DOC, the Governor is proposing a total General Fund spending amount of \$3.38 billion for Fiscal Year 2026-27, an overall increase of \$142.5 million, or 4.4%, over the current fiscal year.
  - The DOC is responsible for 6.3% of overall spending in the Governor's proposal and is the third largest agency in terms of General Fund spending.
- House Republicans believe that victims of crimes should feel justice is being served through sentencing as well as rehabilitation. DOC leaders tried to avoid taking accountability for providing extra privileges to an inmate convicted of three murders despite a settlement agreement that already afforded the inmate less time in solitary confinement and other agreed-to privileges.
  - After being confronted with a letter from the Office of the Victim Advocate, which communicated that additional privileges had been extended since the settlement agreement, department leaders walked back their initial comments, but failed to explain why this decision was made.

**Department of Corrections Key Takeaways (continued):**

- Committee members again expressed concerns regarding the closure of SCI Rockview and Quehanna Boot Camp. The committee learned that while the facilities are effectively closed, the Commonwealth still bears operating costs for these locations.
- The DOC has taken additional measures to prevent drugs from entering its facilities, including the use of drones and K-9 officers. The committee learned these efforts are working.
- Violence rates within state prisons have doubled since FY 2020-21. The DOC is working on more de-escalation training and mentorship training. It was also shared that as more non-violent crimes, such as drug-related crimes, are placed in diversionary programs, the concentration of violent criminals in facilities increases, which may cause increased violence rates.
- The Board of Probation and Parole shared that body cameras have been ordered and will soon be deployed for all Parole Officers.

**Notable Q&A:**



Rep. Kristin Marcell questions why crime victims received notification that an inmate convicted of three murders was provided with extra privileges on death row.

Rep. Eric Nelson asks PEMA why the governor is cutting the Urban Search and Rescue line item.



Rep. Eric Davanzo inquired about how the IROF is funded and why future-year projections show no deposit from IROF into the General Fund.

Rep. Marla Brown asked PDA about their strategy and thoughts on solar panels, and other industrial uses, replacing farmland.



Rep. Chad Reichard shares the importance of supporting County Fairs in Pennsylvania.

Rep. Jamie Barton discusses the importance of energy for Pennsylvania's economy and asks why DCED does not have a comprehensive energy plan.



Rep. Marci Mustello questioned DCED about the incentives offered to major data center projects and how DCED plans to attract and retain data centers.

Rep. Charity Krupa asked PEMA for their views on the importance of updating Title 35, Pennsylvania's Health and Safety Code.

