

**COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE BUDGET
BUDGET IMPASSE QUESTIONS AND ANSWERS
Fiscal Year Beginning JULY 1, 2025**

Question 1 – What is a budget impasse?

Answer: By June 30 of each year, the Commonwealth must enact a budget that sets funding levels for the following fiscal year (FY), which begins on July 1. If a budget has not been enacted, the Commonwealth is prohibited from making many payments. This period, known as a budget impasse, continues until a budget is enacted.

Question 2 – Will the Commonwealth continue to operate and manage functions that are critical to the general public?

Answer: The Commonwealth will continue operations for all critical functions that impact the health, safety and/or welfare of the citizens of Pennsylvania.

Question 3 – Will a budget impasse affect public access to any Commonwealth operated facilities?

Answer: No. The Commonwealth will continue operations for Commonwealth-operated facilities, such as county assistance offices, prisons, youth development facilities and PennDOT locations. Citizens will continue to have access to state parks.

Question 4 – What Commonwealth operations will be impacted by a budget impasse?

Answer: Many Commonwealth expenditures cannot be made without an enacted budget and will be delayed until that occurs.

Question 5: What type of payments can be made in a budget impasse?

Answer: The Commonwealth will continue operations, and processing related payments, for both state and federally funded programs and benefits in all areas that affect the health, safety, and protection of Pennsylvanians or as required under Federal Law, state court decisions or the Pennsylvania Constitution, including:

- Public benefit programs administered by the state, including cash assistance, support for Women, Infants and Children (WIC)
- Health care services paid for through Medical Assistance, for hospitals, other health care providers and nursing homes
- Unemployment Compensation
- Child care subsidy payments
- Home and community-based services, including attendant care, for seniors and people with disabilities
- Prescription drug coverage under the PACE program

- Pension programs for Blind and Paralyzed Veterans
- Medicare Part A and B premium payments
- Early intervention, autism and intellectual disability services funded through the Department of Human Services
- State Workers' Insurance Fund payments
- Commonwealth employee payroll
- Food and nutrition payments
- Public Protection payments
- Domestic Violence program payments

Question 6: What payments cannot be made during a budget impasse?

Answer: Most payments to vendors or to grantees for programs or expenditures incurred during FY 2025-26 that are authorized through the budget will be delayed until a budget is enacted.

Question 7: How will the budget impasse affect education funding?

Answer: To the extent these funds must be appropriated by the General Assembly, payments will not be processed until a budget is enacted for FY 2025-26.

Question 8: How will the budget impasse affect highway construction projects?

Answer: Construction can proceed for all work and payments funded from prior year appropriations. Other examples of transportation programs with available prior year funding include: Highway Maintenance, Welcome Centers, Reinvestment in Facilities, Aviation Operations, and Driver and Vehicle Services. However, new projects starting this fiscal year, and current projects incurring additional payments that would use 2025-26 funding, will be impacted without an enacted state budget. Vendor payments for goods or services incurred in FY 2025-26 will not be made until a budget is enacted.

Question 9: Will Commonwealth agencies process invoices from vendors?

Answer: Vendors with state contracts who continue to provide goods and services to Commonwealth agencies can submit invoices and Commonwealth agencies will process all invoices received. All invoices held during the budget impasse will be sent promptly to the State Treasury for processing after the FY25-26 budget is enacted.

Question 10: How will the budget impasse affect existing contracts?

Answer: Most state contracts include language addressing this situation, which states that the Commonwealth's obligation to make payments shall be subject to the availability and appropriation of funds and that contractors may not stop working or refuse to make delivery because of non-payment. If the Commonwealth's untimely

payment results in a default situation, the contractor may pursue the remedies set forth in the contract.

Question 11: Can Commonwealth agencies enter into new contracts for 2025-26?

Answer: Agencies may enter into new contracts for FY 2025-26. The contracts will clearly state that payment is subject to appropriation.

Question 12: Will Commonwealth revenues continue to be collected and deposited during a budget impasse?

Answer: Yes.