



# 2025-26 Mid-Year Briefing

JOSH SHAPIRO  
*Governor*

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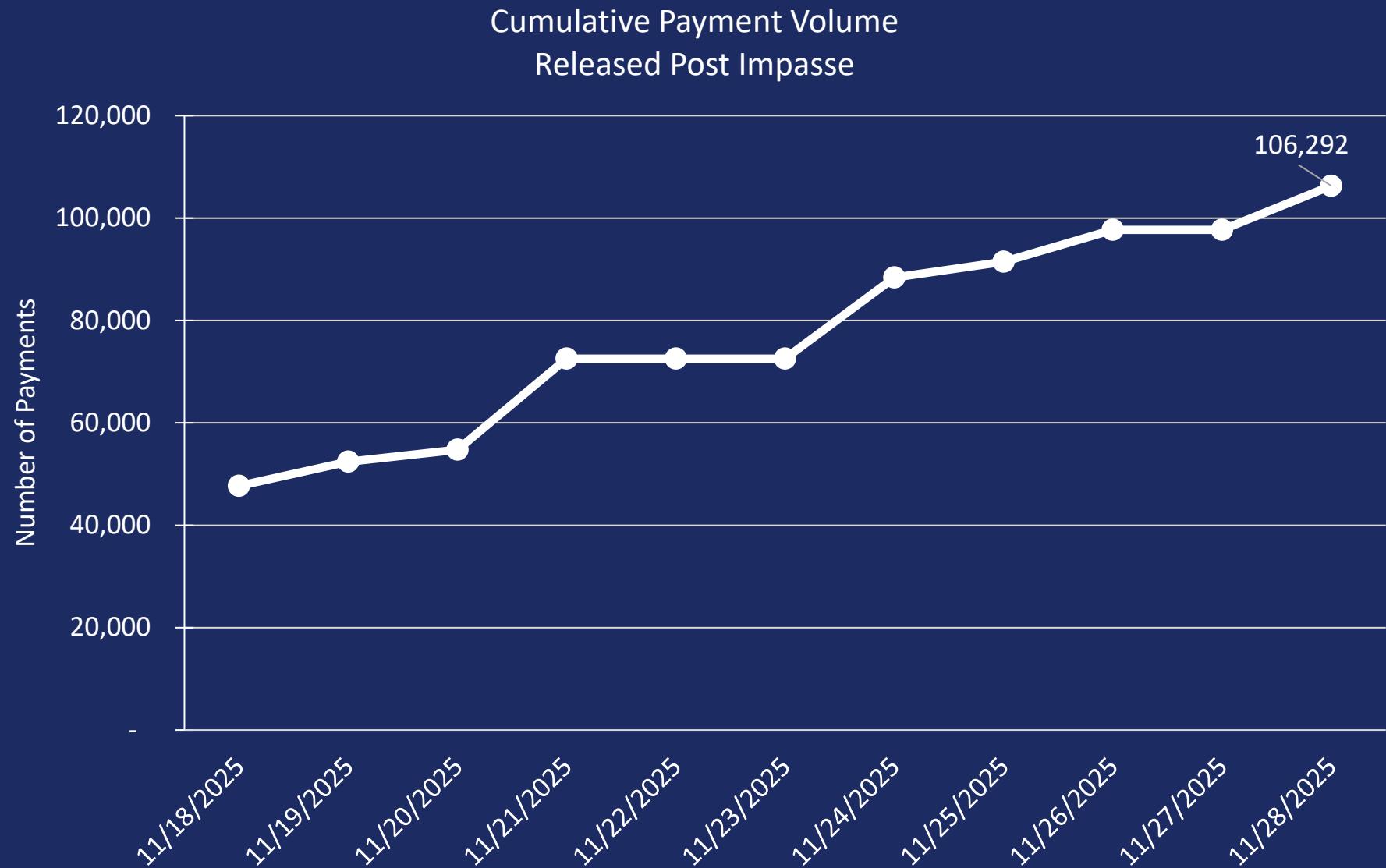
*December 2025*

# Post-Budget Impasse – Payment Status

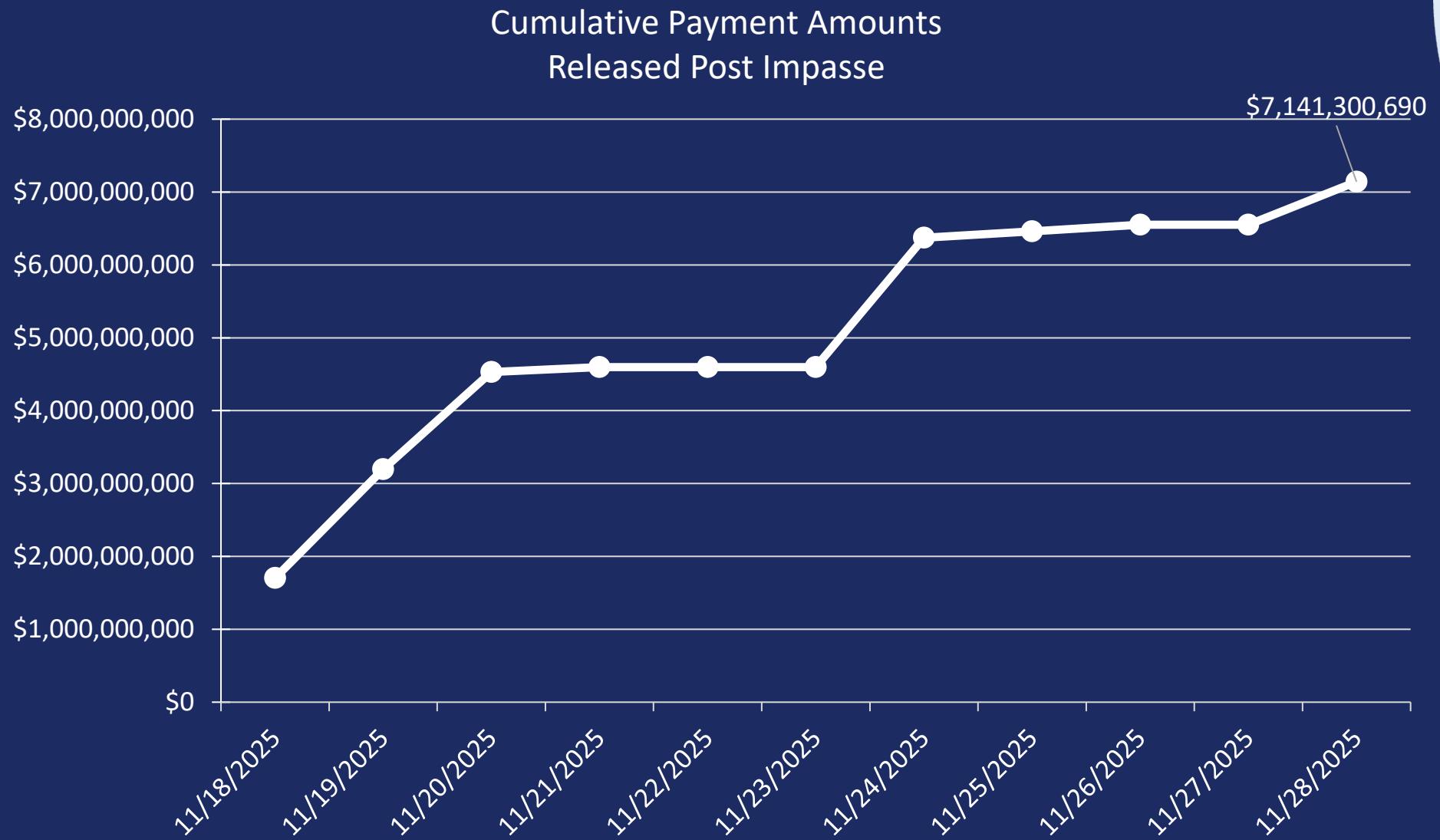
- Budget signed Wednesday 11/12/2025
- Immediate processing of backlog by Office of the Budget and Treasury
- Treasury began payments on Tuesday 11/18/2025
- Priority – Counties and Schools
- Through end of November:
  - 106,292 payments processed
  - \$7.141 billion in backlogged payments paid to vendors and grantees



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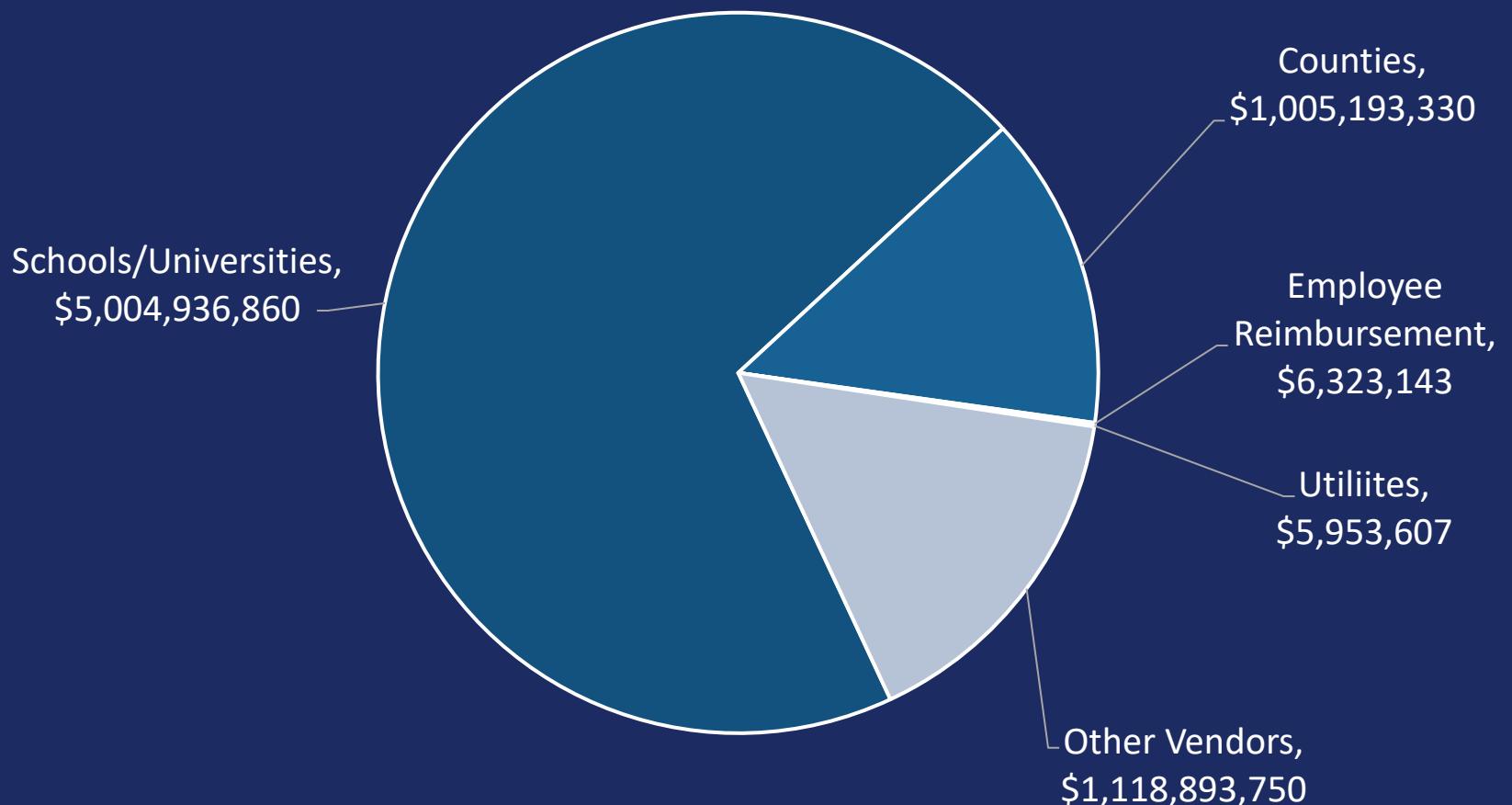


# Post-Budget Impasse – Payment Status



# Post-Budget Impasse – Payment Status

Held Payments Released Post Impasse  
by Category



# Economic Outlook

- Economic growth slows but remains positive. Inflation moderates but interest rates remain relatively high
- Pennsylvania employment is expected to grow, but at a relatively weak rate
- Declining working-age population could further strain labor markets and hold back future growth
- Unemployment remains steady
- Ongoing uncertainty around Federal employment levels adds risk to the outlook, given the Federal government is Pennsylvania's largest employer

U.S. Outlook	2026	2027	2028	Pennsylvania Outlook	2026	2027	2028
Real GDP	2.2%	1.8%	1.6%	Median Household Income (thous.)	\$ 84.6	\$ 87.6	\$ 90.5
Personal Income (% change)	5.4%	5.5%	4.7%	Personal Income (% change)	5.7%	5.5%	4.5%
10-Year Treasury Note	3.97%	3.89%	3.91%	Employment (% change)	0.5%	0.2%	0.0%
Consumer Prices	2.9%	2.5%	2.2%	Age 20-64 Population Change (thous.)	-28	-30	-25
Unemployment Rate	4.5%	4.5%	4.5%	Unemployment Rate	4.3%	4.4%	4.4%

All variables are annual averages. Percentages represent growth rates, except for the unemployment rate and the 10-year Treasury Note.

Source: Connect by S&P Global (IHS Markit), November 2025

# 2025-26 General Fund Collections through November

	<u>Fiscal YTD</u> <u>2025-26</u>	<u>Fiscal YTD</u> <u>2024-25</u>	<u>\$ Difference</u>	<u>% Difference</u>
<b>Tax Revenue:</b>				
Corporation Taxes	\$ 1,273.6	\$ 1,681.5	\$ (407.9) *	-24.3%
Consumption Taxes	6,942.7	6,643.4	299.3	4.5%
Sales & Use - Non-Motor	5,862.2	5,540.0	322.2	5.8%
All Other	1,080.5	1,103.4	(22.9)	-2.1%
Other Taxes	7,994.6	7,572.8	421.8	5.6%
PIT Withholding	5,660.7	5,422.6	238.1	4.4%
PIT Non-Withholding	1,216.3	1,069.8	146.5	13.7%
All Other	1,117.6	1,080.4	37.2	3.4%
<b>Non-Tax Revenue:</b>	333.7	503.1	(169.4) **	-33.7%
<b>TOTAL</b>	<b>\$ 16,544.6</b>	<b>\$ 16,400.8</b>	<b>\$ 143.8</b>	<b>0.9%</b>

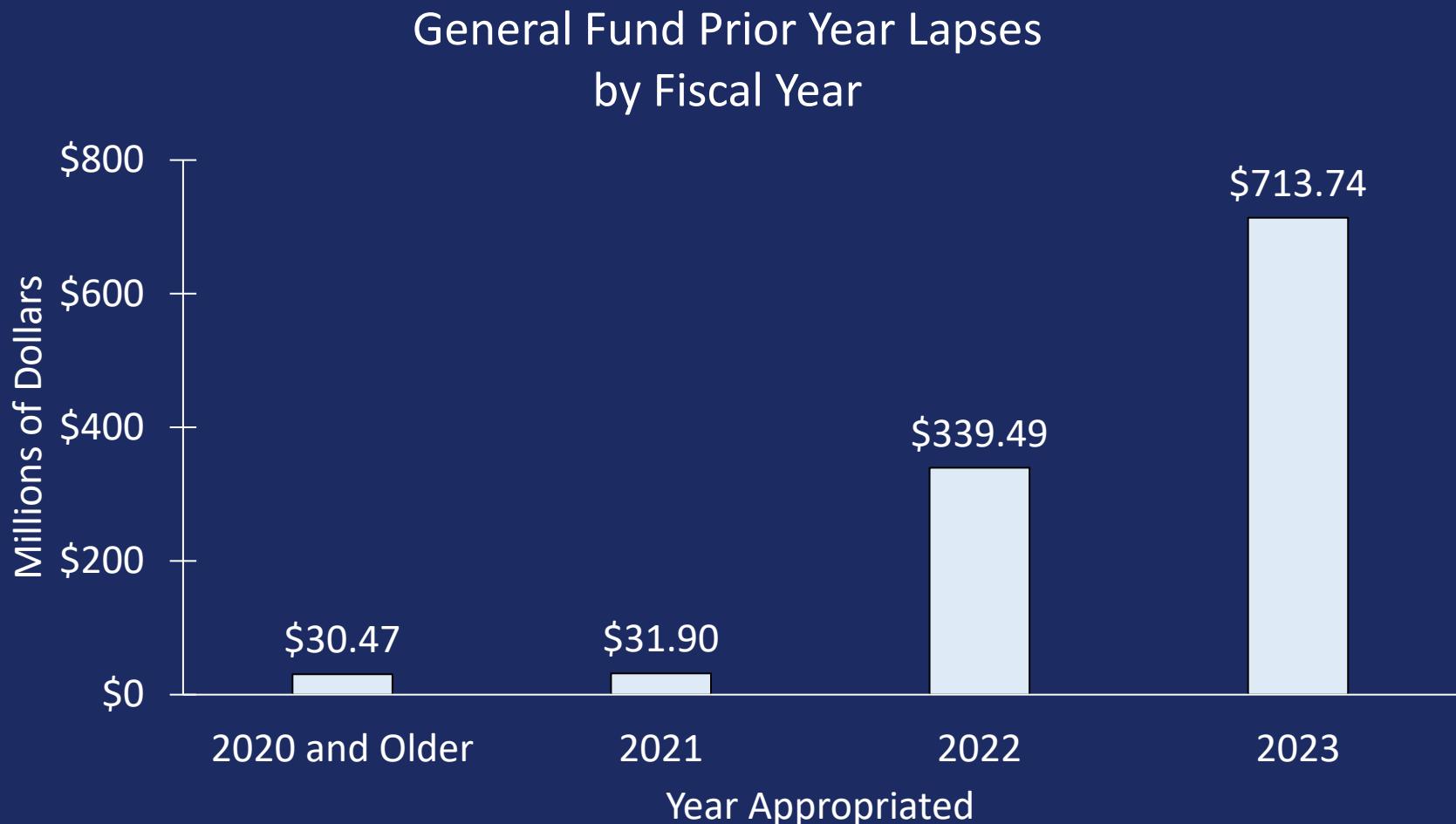
\* Includes CNIT rate reduction of 0.5%

\*\* Decrease in Treasury investment income and one-time property sale in 2024-25

Dollar amounts in millions.

# Budget Implementation - Lapses

- Total agreed-to lapses: \$1.115 billion





# Capital Budget – Bond Issuance

## Capital Budget Act

Act 48 of 2025: Authorized \$1.57B in new money issuance for FY 2025–26

Nov 19, 2025

Jan 21, 2026

## Targeted Bond Sale

1st Series of 2026: \$1.57B  
1st Refunding Series of 2026: \$181.5M

## Targeted Settlement

Funds to Capital Facilities Fund

Jan 29, 2026



# Budget Risks and Challenges

- Use of one-time sources to balance 2025-26
  - Lapses, transfers, exceptional shifts to special funds
- OBBBA implementation
  - SNAP Admin – 2026-27 issue
  - Provider assessment changes – planning years
  - Cap and phase-down of state directed payments – planning years
  - MA work requirements 1/1/27
- Other Federal Risks
  - Federal grant terminations
  - Uncertain federal response in a natural disaster
  - Continuing Resolution expiration – January



Questions?