Pennsylvania’s Budget Process in Brief

1. Overview

Pennsylvania’s fiscal year begins July 1 and ends June 30 the following year. While Pennsylvania must pass a balanced budget, there is no constitutional requirement that a budget be in place by June 30. However, to ensure that funding for all state programs continues, the budget should be completed and signed by the Governor by midnight on June 30.

2. Budget Process Beginnings

The budget process begins almost a year before the General Assembly passes a budget bill. In August, state agencies, such as the Department of Aging and the Department of Human Services, begin preparing budget requests based upon guidance provided by the Governor’s budget office. Typically, state agencies are instructed to keep their budget requests within a small increase (or no increase) over the current year’s budget. State agencies usually submit their budget requests to the Governor’s budget office in October.

During October through January, the Governor’s budget office and other key staff develop a budget document that is released in February, mid-way through the fiscal year. During the first week in February (unless it is a year in which the Governor is first inaugurated, then delayed until March), the Governor addresses the joint General Assembly with his State-of-the-State budget speech highlighting aspects of his proposed budget along with his priorities for the Commonwealth for the next fiscal year. The day of the budget address, all budget documents are available on the Governor’s budget office website.

3. Budget Hearings

Soon after the budget address, usually the end of February through March, the House of Representatives and Senate hold several weeks of appropriations hearings with all state agencies about the details of their agency’s proposed budget. (In addition, there are hearings for other entities that receive significant state funding such as the state related educational institutions.) Committee members ask specific questions about the budget as well as specific programs and initiatives for each state agency or other entity. The Governor’s budget office also appears and responds to questions to defend the Governor’s proposed budget.
4. Projecting Revenues

The main reason the introduction and debate over the budget bills is so close to the end of the fiscal year is related to determining the best estimate for projected revenues. The end of a fiscal year gives a clearer picture of whether there will be any shortfalls or surpluses in funding that will carry over to the next fiscal year. Potentially, there could be six different revenue projections since the Governor’s budget office, the Independent Fiscal Office (IFO), and both caucuses of each chamber make projections. There needs to be a general agreement about the anticipated revenues, “cost-to-carry” estimates, and the amount of a structural deficit if any to determine the projected General Fund spend number to ensure a balanced budget.

5. The Budget Bills

After the General Assembly’s appropriations hearings, a budget is drafted and introduced typically sometime in April or May. Usually the bill reflects each chamber’s budget priorities. The budget bill then goes through the normal legislative process. After the General Assembly passes the budget bill, the Governor has the opportunity to sign the bill, veto the bill, permit the bill to become law without signing it, or line-item veto particular items. A line-item veto means specific lines or budget items can be stricken out of the document before the Governor signs the bill. The General Assembly can override a bill’s veto or a line item veto with a two-thirds majority in each chamber.

There are other related budget bills that usually pass along with the budget including the Welfare Code and Fiscal Code which provides rules and guidelines on how to spend the funds adopted in the state budget.

6. Why Care About the Budget?

While the state budget may seem like it is only important for politicians and number crunchers, it actually has a major impact on your life and the people you serve. Understanding the state budget provides insight on the state government’s priorities as the budget determines how much is spent, or not spent, on key programs and services. Even small cuts can have a devastating impact. When advocating for a particular new initiative, it is important to be sure funding is dedicated to implementing the bill.

7. Budget Advocacy

Advocating around the budget is similar to advocacy around other legislation. A few ways to influence a positive outcome is to follow the recommendations of advocacy organizations and their messaging to contact legislators about the budget. Write letters, send emails, make calls, and meet with legislators are all effective tools to influence the outcome. For more information about budget advocacy issues impacting older adults, please contact Kathy Cubit at cubit@carie.org.