



# January 2024 Financial Brief

## Message from Chairman Grove

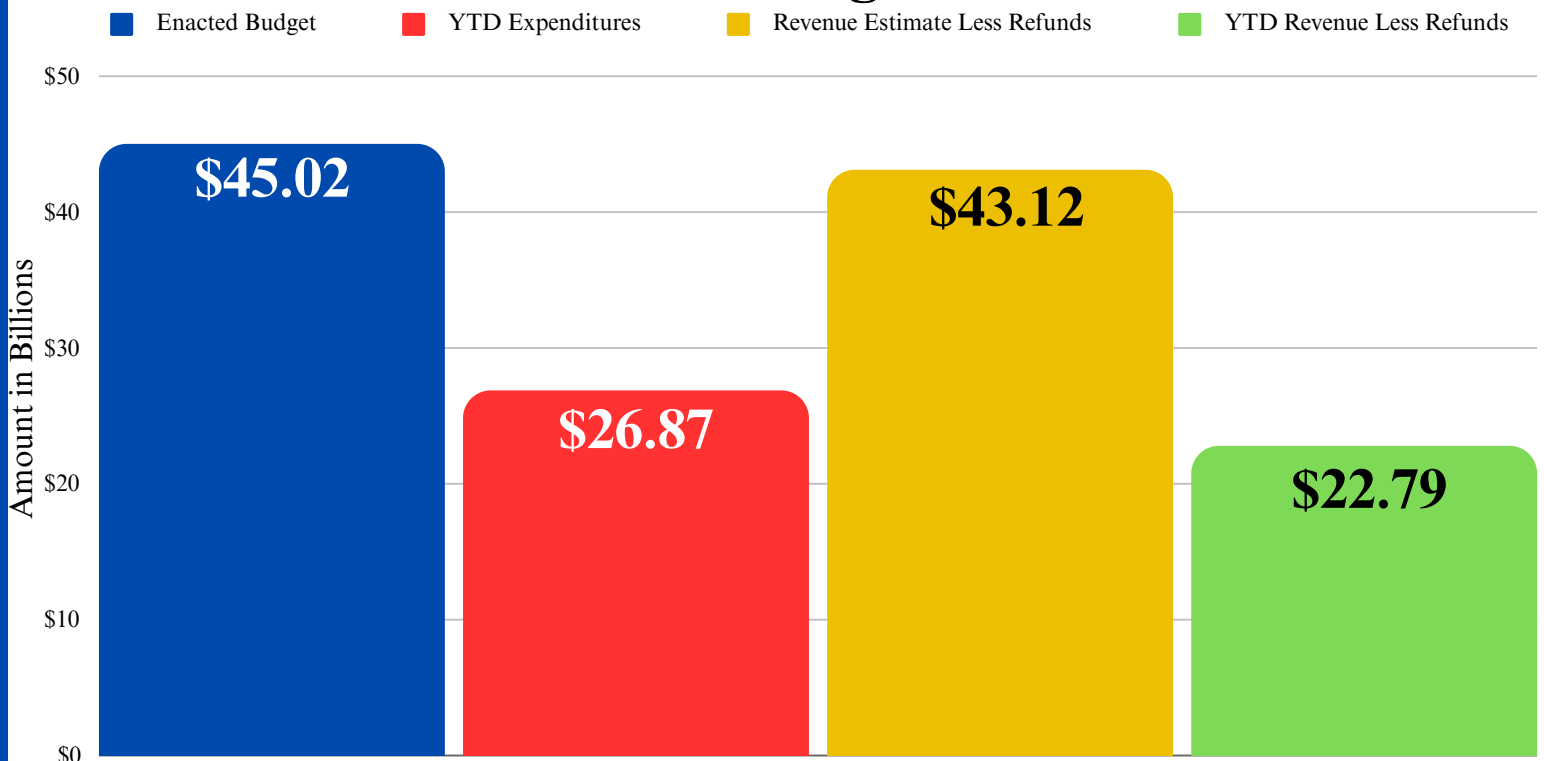


On Tuesday, February 6th, Governor Shapiro officially unveiled his proposed state budget for FY 2024-25. While many important details of his proposal are yet to be seen, those that have been released are quite alarming: it appears as though the Governor, who just last year called his proposal a “downpayment,” went on a shopping spree through the Far-Left Progressive Playbook and circled as many initiatives as he could, attempting to bring California Democrat policies here to Pennsylvania. The result of his effort is not the creation of a “state budget” but more of a Christmas list that children write to Santa Claus. The Governor’s proposal seeks to spend \$48.34 billion, an increase of \$3.7 billion, or 8.4%, over the current fiscal year, while doing nothing to address our structural deficit. In fact, not only does the Governor fail to address our structural deficit, but he intends to eviscerate the surpluses of both the General Fund and Rainy Day Fund, which combined total more than \$12 billion. Simply put, the proposal is unaffordable, irresponsible, and very misleading.

To make matters worse, current General Fund revenues, those that will ultimately determine the size of the structural deficit come June 30th, are less than desirable. Through January, General Fund tax revenues are \$209.4 million less than the official estimate and only slightly above where we stood last year at this time. If recent trends continue, the Commonwealth faces the prospect of a structural deficit for FY 2023-24 that could be even larger than initially anticipated, further impacting any potential state budget plan for FY 2024-25 and beyond.

Seth Grove, House Republican Appropriations Chairman

## General Fund Budget Overview



# Fiscal Year 2023-24 General Fund Revenues

*Compared to the Official Estimate*

**House Appropriations Committee (R)**

*Thousands of Dollars*

Revenue Source	January 2024 Actual	January 2024 Estimate	\$ Amount over / (under) Estimate	2023-24 YTD Actual	2023-24 YTD Estimate	\$ Amount over / (under) Estimate
<b>General Fund</b>	<b>\$3,908,085</b>	<b>\$3,833,500</b>	<b>\$74,585</b>	<b>\$23,752,944</b>	<b>\$23,746,300</b>	<b>\$6,644</b>
<b>Tax Revenue</b>	<b>\$3,722,464</b>	<b>\$3,784,100</b>	<b>(\$61,636)</b>	<b>\$23,013,650</b>	<b>\$23,223,000</b>	<b>(\$209,350)</b>
<b>Corporation Taxes</b>	<b>\$280,342</b>	<b>\$232,100</b>	<b>\$48,242</b>	<b>\$2,982,419</b>	<b>\$2,850,700</b>	<b>\$131,719</b>
Accelerated Deposits	\$0	\$0	\$0	\$0	\$0	\$0
Corporate Net Income	\$210,360	\$175,200	\$35,160	\$2,852,314	\$2,742,700	\$109,614
Selective Business	\$69,982	\$56,900	\$13,082	\$130,105	\$108,000	\$22,105
Gross Receipts	\$5,939	\$5,000	\$939	\$28,284	\$26,300	\$1,984
Utility Property	\$24	\$0	\$24	\$2,330	\$1,200	\$1,130
Insurance Premiums	\$61,902	\$51,300	\$10,602	\$70,487	\$53,500	\$16,987
Financial Institutions	\$2,117	\$600	\$1,517	\$29,004	\$27,000	\$2,004
Bank Shares	\$1,171	\$200	\$971	\$16,109	\$11,500	\$4,609
Mutual Thrifts	\$946	\$400	\$546	\$12,896	\$15,500	(\$2,604)
<b>Consumption Taxes</b>	<b>\$1,394,978</b>	<b>\$1,317,700</b>	<b>\$77,278</b>	<b>\$9,301,993</b>	<b>\$9,365,000</b>	<b>(\$63,007)</b>
<b>Sales and Use Tax</b>	<b>\$1,316,908</b>	<b>\$1,227,900</b>	<b>\$89,008</b>	<b>\$8,494,715</b>	<b>\$8,521,900</b>	<b>(\$27,185)</b>
Non-Motor Vehicle	\$1,213,712	\$1,125,700	\$88,012	\$7,717,162	\$7,746,100	(\$28,938)
Motor Vehicle	\$103,197	\$102,200	\$997	\$777,553	\$775,800	\$1,753
Cigarette	\$34,606	\$41,300	(\$6,694)	\$439,222	\$456,700	(\$17,478)
Other Tobacco Products	\$12,082	\$13,900	(\$1,818)	\$85,935	\$95,700	(\$9,765)
Malt Beverage	\$1,557	\$1,500	\$57	\$12,493	\$13,200	(\$707)
Liquor	\$29,825	\$33,100	(\$3,275)	\$269,628	\$277,500	(\$7,872)
<b>Other Taxes</b>	<b>\$2,047,144</b>	<b>\$2,234,300</b>	<b>(\$187,156)</b>	<b>\$10,729,238</b>	<b>\$11,007,300</b>	<b>(\$278,062)</b>
<b>Personal Income Tax</b>	<b>\$1,854,119</b>	<b>\$2,037,400</b>	<b>(\$183,281)</b>	<b>\$9,376,532</b>	<b>\$9,682,500</b>	<b>(\$305,968)</b>
Withholding	\$1,266,599	\$1,266,800	(\$201)	\$7,611,988	\$7,632,600	(\$20,612)
Estimated	\$555,503	\$735,400	(\$179,897)	\$1,368,803	\$1,694,900	(\$326,097)
Annual	\$32,017	\$35,200	(\$3,183)	\$395,740	\$355,000	\$40,740
Realty Transfer	\$47,391	\$42,400	\$4,991	\$300,937	\$310,300	(\$9,363)
Inheritance	\$104,959	\$118,400	(\$13,441)	\$874,657	\$826,000	\$48,657
Gaming	\$36,353	\$33,800	\$2,553	\$210,398	\$214,200	(\$3,802)
Minor and Repealed	\$4,321	\$2,300	\$2,021	(\$33,285)	(\$25,700)	(\$7,585)
<b>Non-Tax Revenue</b>	<b>\$185,621</b>	<b>\$49,400</b>	<b>\$136,221</b>	<b>\$739,294</b>	<b>\$523,300</b>	<b>\$215,994</b>
Liquor Store Profits	\$0	\$0	\$0	\$100,000	\$100,000	\$0
Licenses and Fees	\$37,388	\$3,200	\$34,188	\$92,292	\$76,700	\$15,592
<b>Miscellaneous</b>	<b>\$142,756</b>	<b>\$41,100</b>	<b>\$101,656</b>	<b>\$504,297</b>	<b>\$303,900</b>	<b>\$200,397</b>
Treasury	\$114,022	\$24,600	\$89,422	\$488,644	\$289,500	\$199,144
Escheats	(\$4,022)	(\$28,400)	\$24,378	(\$51,014)	(\$71,600)	\$20,586
Other Misc & Transfers	\$32,756	\$44,900	(\$12,144)	\$66,668	\$86,000	(\$19,332)
Fines, Penalties, Interest	\$5,477	\$5,100	\$377	\$42,705	\$42,700	\$5



# Fiscal Year 2023-24 General Fund Revenues

*Compared to the Prior Year Collections*

**House Appropriations Committee (R)**

*Thousands of Dollars*

Revenue Source	January 2023 Actual	January 2024 Actual	Month % Growth vs Prior Year	2022-23 YTD Actual	2023-24 YTD Actual	YTD % Growth vs Prior Year
<b>General Fund</b>	<b>\$3,565,682</b>	<b>\$3,908,085</b>	<b>9.6%</b>	<b>\$23,265,004</b>	<b>\$23,752,944</b>	<b>2.1%</b>
<b>Tax Revenue</b>	<b>\$3,527,810</b>	<b>\$3,722,464</b>	<b>5.5%</b>	<b>\$22,880,440</b>	<b>\$23,013,650</b>	<b>0.6%</b>
<b>Corporation Taxes</b>	<b>\$223,363</b>	<b>\$280,342</b>	<b>25.5%</b>	<b>\$2,962,232</b>	<b>\$2,982,419</b>	<b>0.7%</b>
Accelerated Deposits	\$1	\$0	(100.0%)	(\$3,440)	\$0	(100.0%)
Corporate Net Income	\$166,806	\$210,360	26.1%	\$2,827,503	\$2,852,314	0.9%
Selective Business	\$56,555	\$69,982	23.7%	\$138,169	\$130,105	(5.8%)
Gross Receipts	\$8,484	\$5,939	(30.0%)	\$38,450	\$28,284	(26.4%)
Utility Property	\$0	\$24	7636.2%	\$3,283	\$2,330	(29.0%)
Insurance Premiums	\$47,578	\$61,902	30.1%	\$74,115	\$70,487	(4.9%)
Financial Institutions	\$493	\$2,117	329.4%	\$22,321	\$29,004	29.9%
Bank Shares	\$122	\$1,171	856.4%	\$8,043	\$16,109	100.3%
Mutual Thrifts	\$371	\$946	155.4%	\$14,278	\$12,896	(9.7%)
<b>Consumption Taxes</b>	<b>\$1,352,585</b>	<b>\$1,394,978</b>	<b>3.1%</b>	<b>\$9,256,422</b>	<b>\$9,301,993</b>	<b>0.5%</b>
<b>Sales and Use Tax</b>	<b>\$1,260,584</b>	<b>\$1,316,908</b>	<b>4.5%</b>	<b>\$8,386,886</b>	<b>\$8,494,715</b>	<b>1.3%</b>
Non-Motor Vehicle	\$1,148,771	\$1,213,712	5.7%	\$7,586,588	\$7,717,162	1.7%
Motor Vehicle	\$111,813	\$103,197	(7.7%)	\$800,298	\$777,553	(2.8%)
Cigarette	\$45,691	\$34,606	(24.3%)	\$497,973	\$439,222	(11.8%)
Other Tobacco Products	\$12,779	\$12,082	(5.5%)	\$89,592	\$85,935	(4.1%)
Malt Beverage	\$1,534	\$1,557	1.5%	\$13,264	\$12,493	(5.8%)
Liquor	\$31,998	\$29,825	(6.8%)	\$268,707	\$269,628	0.3%
<b>Other Taxes</b>	<b>\$1,951,861</b>	<b>\$2,047,144</b>	<b>4.9%</b>	<b>\$10,661,786</b>	<b>\$10,729,238</b>	<b>0.6%</b>
<b>Personal Income Tax</b>	<b>\$1,733,458</b>	<b>\$1,854,119</b>	<b>7.0%</b>	<b>\$9,203,703</b>	<b>\$9,376,532</b>	<b>1.9%</b>
Withholding	\$1,017,228	\$1,266,599	24.5%	\$7,085,301	\$7,611,988	7.4%
Estimated	\$669,683	\$555,503	(17.0%)	\$1,669,204	\$1,368,803	(18.0%)
Annual	\$46,547	\$32,017	(31.2%)	\$449,198	\$395,740	(11.9%)
Realty Transfer	\$55,524	\$47,391	(14.6%)	\$407,422	\$300,937	(26.1%)
Inheritance	\$125,863	\$104,959	(16.6%)	\$851,569	\$874,657	2.7%
Gaming	\$34,626	\$36,353	5.0%	\$213,007	\$210,398	(1.2%)
Minor and Repealed	\$2,390	\$4,321	80.8%	(\$13,914)	(\$33,285)	139.2%
<b>Non-Tax Revenue</b>	<b>\$37,872</b>	<b>\$185,621</b>	<b>390.1%</b>	<b>\$384,564</b>	<b>\$739,294</b>	<b>92.2%</b>
Liquor Store Profits	\$0	\$0		\$100,000	\$100,000	0.0%
Licenses and Fees	\$190	\$37,388	19554.9%	\$77,131	\$92,292	19.7%
<b>Miscellaneous</b>	<b>\$32,454</b>	<b>\$142,756</b>	<b>339.9%</b>	<b>\$166,435</b>	<b>\$504,297</b>	<b>203.0%</b>
Treasury	\$37,839	\$114,022	201.3%	\$199,188	\$488,644	145.3%
Escheats	\$0	(\$4,022)		\$3	(\$51,014)	(1796384.5%)
Other Misc & Transfers	(\$5,386)	\$32,756	(708.2%)	(\$32,756)	\$66,668	(303.5%)
Fines, Penalties, Interest	\$5,228	\$5,477	4.8%	\$40,999	\$42,705	4.2%

# Revenues Explained

General Fund collections of \$3.91 billion in January were \$74.6 million higher than the official monthly estimate, driven by strong collections of Non-Motor Vehicle Sales and Use Tax, which exceeded the official monthly by \$88.0 million. Year-to-Date (YTD) collections, which is comprised of tax and non-tax revenue, moved back above the official estimate by \$6.6 million; however, tax revenue collections are now less than the YTD estimate by a staggering \$209.4 million.

Monthly collections for January 2024 exceeded those of January 2023 by 9.6% largely due to continued strong non-tax revenue collections. YTD collections of \$23.8 billion grew by a rate of 2.1% over YTD collections of the prior year.







## January 2024 monthly collections:

- **Total Tax Revenue** collections **fell short of the monthly estimate by \$61.6 million**, however, collections were **above those of the prior year by \$194.7 million, or 5.5%**.
- **Total Corporation Taxes** were **above the monthly estimate by \$48.2 million**.
- **Sales and Use Tax (SUT) non-motor vehicle** collections were very strong and **exceeded the monthly estimate by \$88.0 million**. Similarly, **SUT motor vehicle** collections also **exceeded estimate by \$997,000**.
- All categories of **Personal Income Tax (PIT)(PIT annual, PIT quarterly estimated, and PIT withholding)** collections were **below estimate for January**. Collectively, these tax collections were **\$183.3 million less than the official estimate for the month**.
- **Realty Transfer Tax** collections rebounded to **exceed the monthly estimate by \$5.0 million**.
- **Inheritance Tax** collections **fell short of the monthly estimate by \$13.4 million**.
- **Non-Tax Revenue** collections of \$185.6 million were **above estimate for the month by \$136.2 million**, led by continued strength of interest earnings.

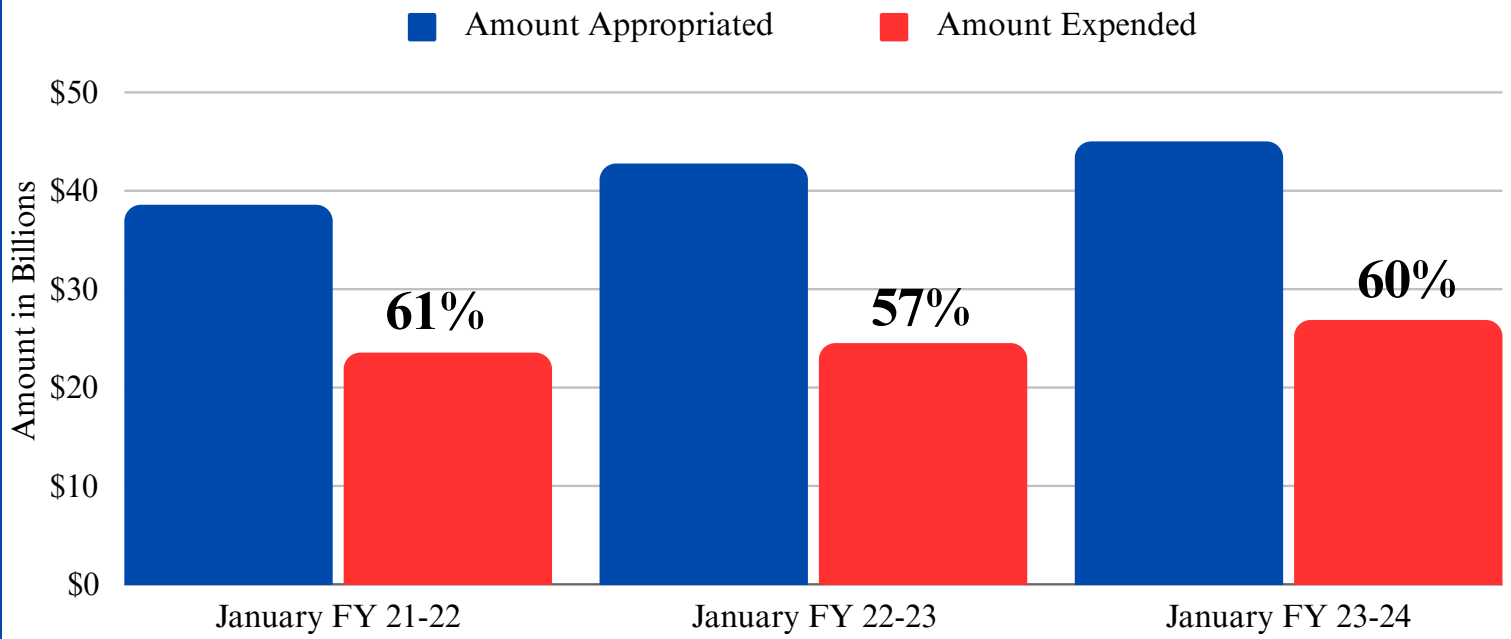
## Fiscal Year-to-Date (YTD) collections through the month of January 2024:

- **Total Tax Revenue** collections of \$23.0 billion through January 2024 are **above the YTD collections of the prior fiscal year by \$133.2 million, or 0.6%**.
- **YTD Corporate Net Income Tax** collections of \$2.85 billion remain **above estimate by \$109.6 million**.
- **YTD SUT non-motor vehicle** collections of \$7.72 billion are **above collection of the prior fiscal year by 1.7%** while **SUT motor vehicle** collections of \$777.6 million are **below collections of the prior fiscal year by 2.8%**.
- **YTD PIT withholding** collections of \$7.61 billion are **above collections of the prior fiscal year by 7.4%**; however, **YTD PIT annual and YTD PIT estimated payments** are **below collections of the prior fiscal year by 11.9% and 18.0%, respectively**.
- **Realty TransferTax YTD** collections of \$300.9 million through the month of January remain **below collections of the prior year by \$106.5 million, or 26.1%**.
- **YTD Non-Tax Revenue** collections of \$739.3 million are **above collections of the prior fiscal year by 92.2%**. This is largely attributable to the exceptional strength of interest earnings which totaled \$488.6 million.

### January 2024 Revenue Collections

Total General Fund		Personal Income Tax	
Estimate: \$3.834 billion	Actual: <b>\$3.908 billion</b> 	Estimate: \$2.037 billion	Actual: <b>\$1.854 billion</b> 
Total Corporation Taxes		Sales Tax	
Estimate: \$232.1 million	Actual: <b>\$280.3 million</b> 	Estimate: \$1.228 billion	Actual: <b>\$1.317 billion</b> 
Non-Tax Revenue		All Other Taxes	
Estimate: \$49.4 million	Actual: <b>\$185.6 million</b> 	Estimate: \$286.7 million	Actual: <b>\$271.1 million</b> 

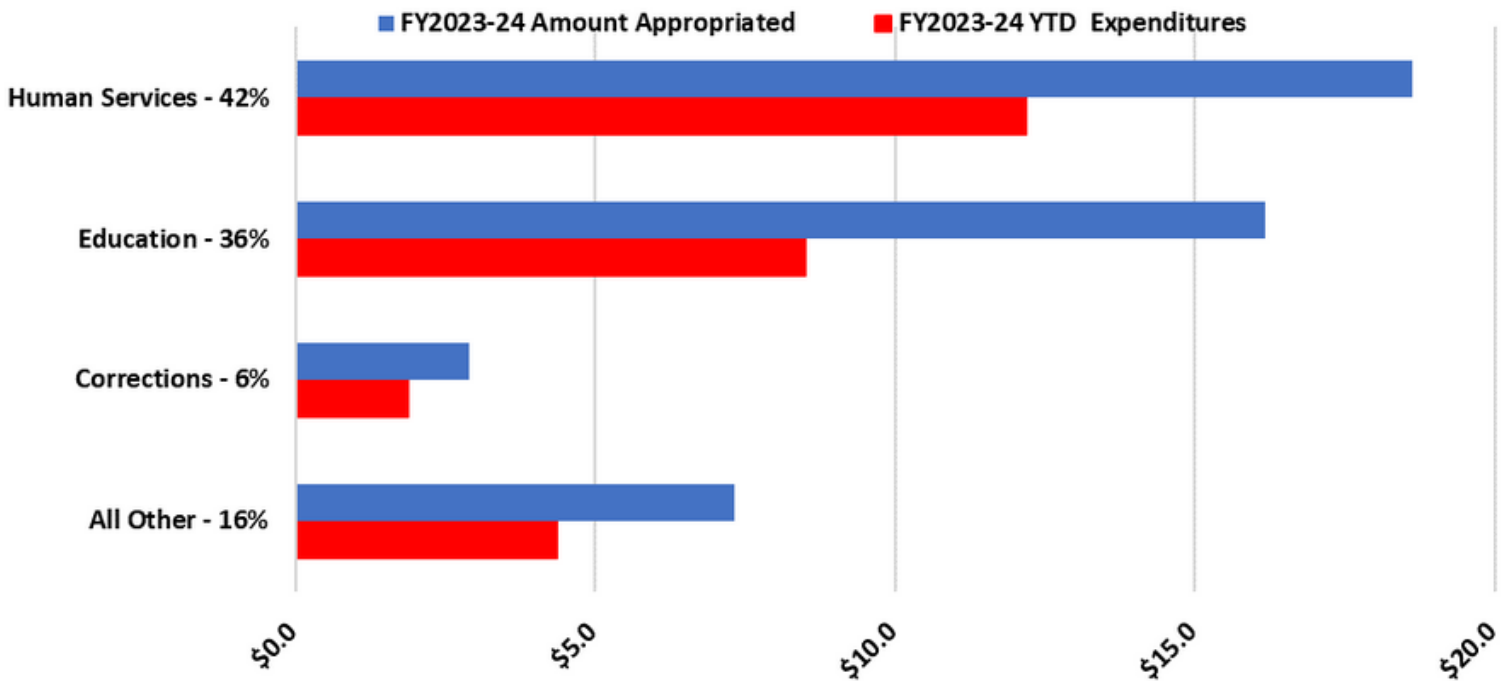
# Status of Appropriations



## FY2023-24 Budget - Top 3 Agencies (84% of Budget)

### Status of Appropriations as of January 2024

*Amounts in Billions*

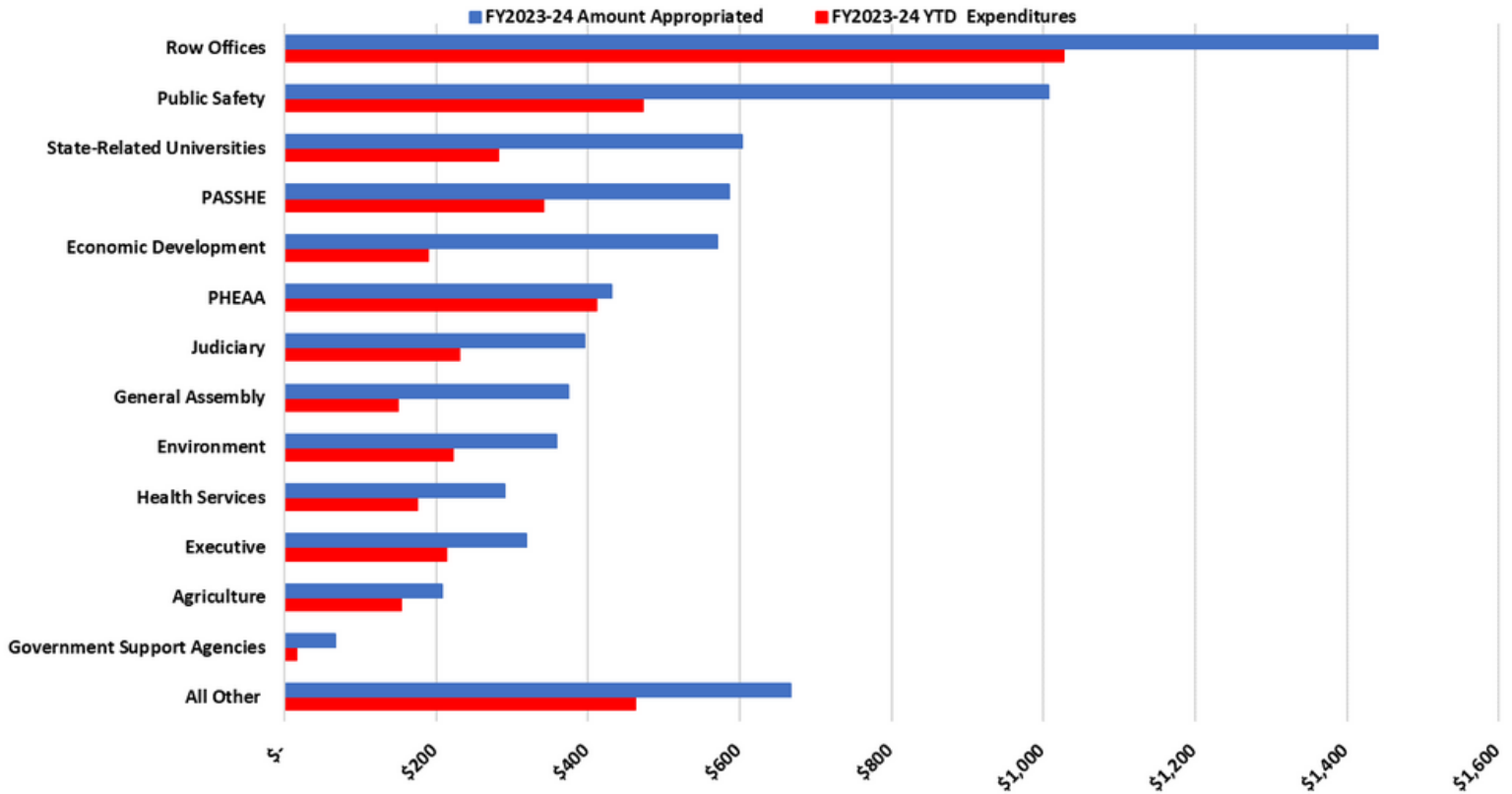


All Spending information from Commonwealth Accounting System, Status of Appropriations Report.

## FY2023-24 Budget - All Other Agencies (16% of Budget)

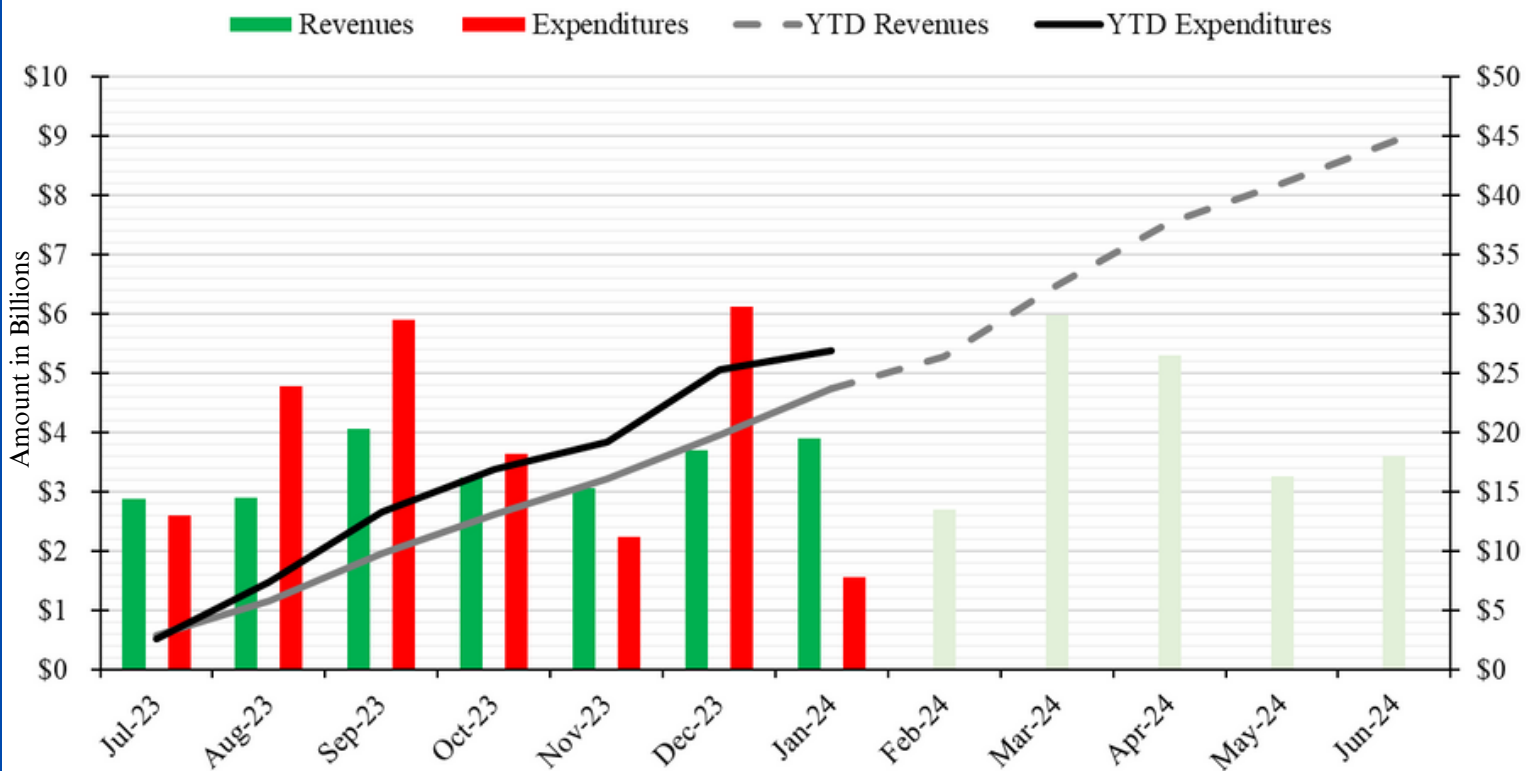
Status of Appropriations as of January 2024

Amounts in Millions



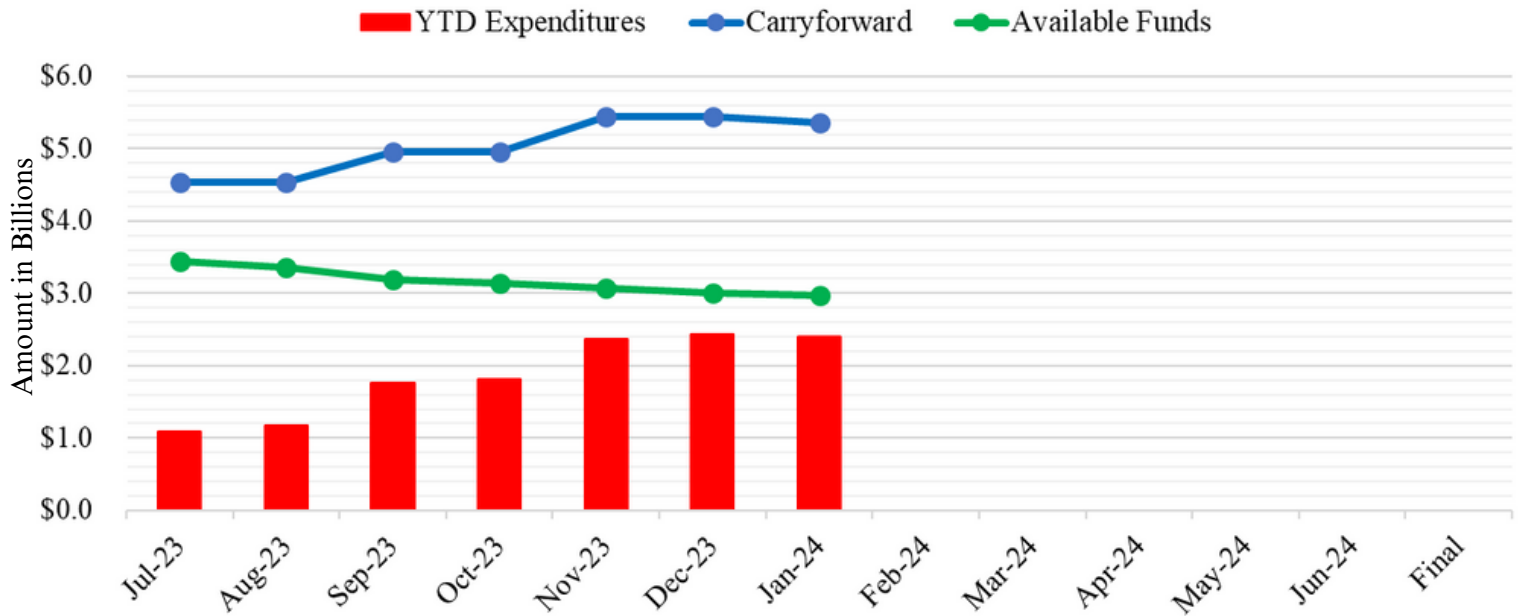
## 2023-24 GENERAL FUND

Expenditures and Revenues



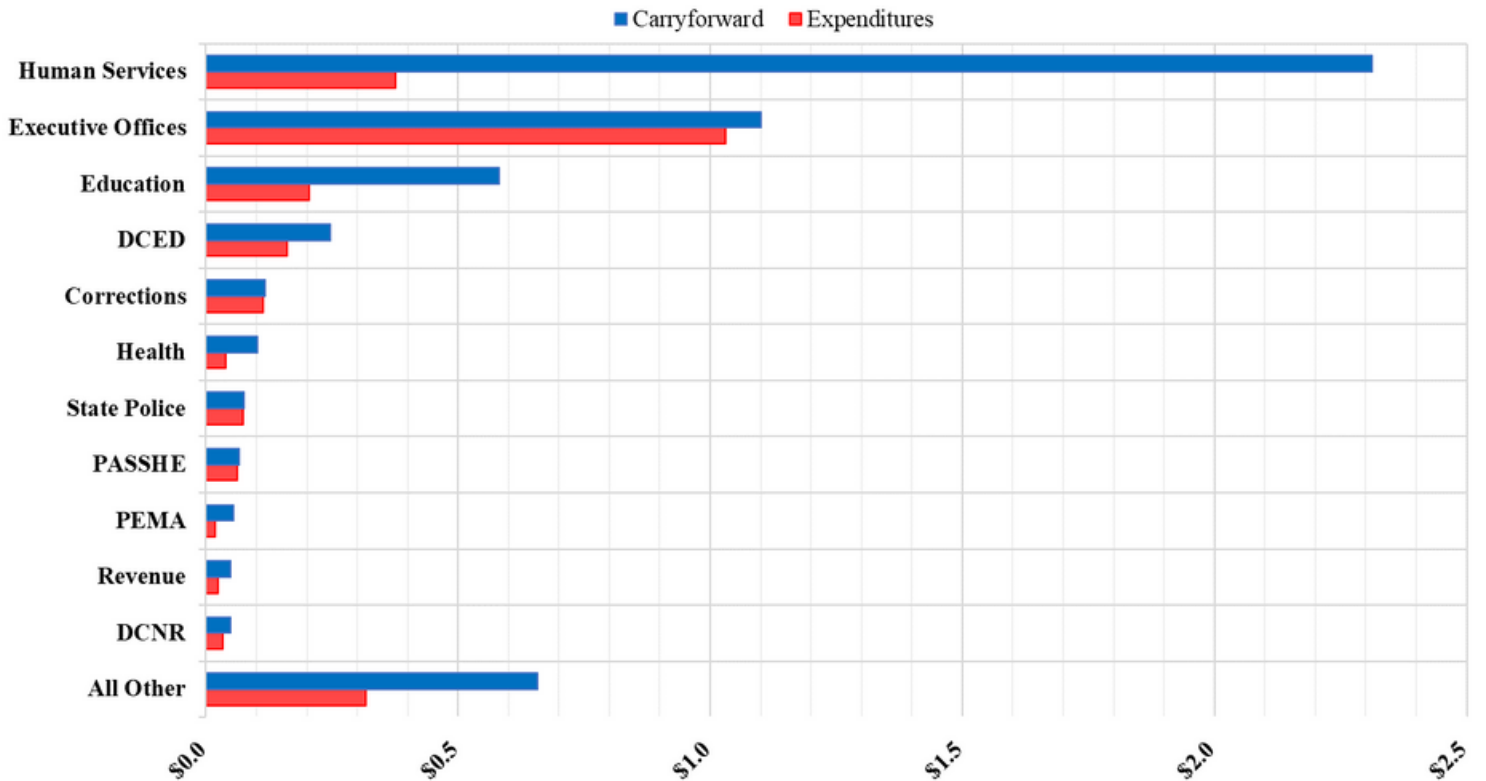


## PRIOR YEAR FUNDS FY2023-24 General Fund



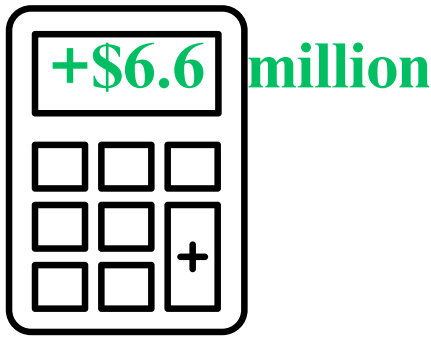
## PRIOR YEAR FUNDS - TOP 10 AGENCIES\* FY2023-24 as of January 2024

*Amounts in Billions*

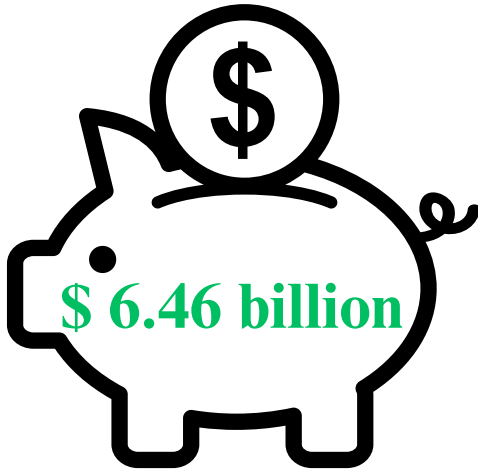


\*Under the Governor's jurisdiction

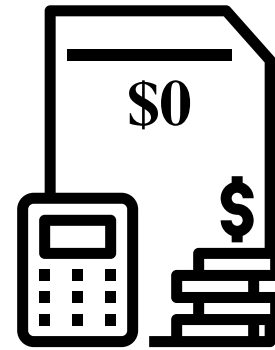
## YTD Revenue Performance



**Budget Surplus**



## Ledger 5 Expenditures



**Rainy Day Fund**



*49 Days of Sunshine*

## Budget Policy Update

### The Surplus, The Rainy Day Fund, and What it All Means

When Governor Shapiro delivered his second Budget Address on February 6, 2024, he sought to admonish the Republicans in the General Assembly for insisting on maintaining a General Fund surplus and robust Rainy Day Fund.

He also claimed his spending proposal will have “\$11 billion in surplus,” if adopted, at the end of Fiscal Year 2024-25. We must talk about the facts, not the facade, of the Governor's outrageous \$48.34 billion proposal.

When Republicans controlled the General Assembly, we fought hard against Governor Wolf’s impulse to spend the revenues almost as quickly as they came in. Rather than needlessly expanding government because we could, House Republicans had the foresight to save portions of those one-time dollars. As a result, Pennsylvania has a healthy surplus of \$6.4 billion in the General Fund and a robust Rainy Day Fund balance of \$6.12 billion.

Governor Shapiro would have you think the Commonwealth is abounding in riches and the cash is burning a hole in our pockets, but this is very misleading when the Commonwealth has a structural deficit, and the Governor’s proposed budget does nothing to address it.



# The Surplus, The Rainy Day Fund, and What it All Means (continued)

Currently, Pennsylvania has money in our checking, overdraft, and savings accounts, like most Pennsylvania families strive to do every month. The checking account is the General Fund, the overdraft account is the General Fund surplus, and the Rainy Day Fund is the savings account.

The role of the overdraft account is to protect you from unforeseen bills and keep up cash flow – it's not designed to pay your monthly mortgage. Your savings account protects you from economic disaster - it's not designed to pay your monthly mortgage.

This proposed budget treats all three like your checking account, which is designed to pay your monthly mortgage. We all know that emptying your savings account on monthly mortgage payments will ultimately lead to financial disaster. This is precisely what the Governor is proposing.

Any claims this spending will not negatively impact Pennsylvania's fiscal health is disingenuous and misleading, at best. The three major credit rating agencies warned Pennsylvania policymakers that spending our General Fund surplus and Rainy Day Funds on recurring costs will result in a credit downgrade.

Understanding the difference between the General Fund surplus and the RainyDay Fund is important. Governor Shapiro treats these funds the same way for a political talking point. In reality, this proposal would leave \$3.45 billion in the General Fund surplus and \$7.55 billion in the Rainy Day Fund.

As I explained, the Rainy Day Fund is our state savings account, and state law dictates that those funds not be used for recurring expenses. Of the new spending proposed by Governor Shapiro, \$2.5 billion is creating new or expanding current government programs. These aren't one-time costs, but programs you can be assured Shapiro will seek to fund year after year.

As President Ronald Reagan said, "Government programs, once launched, never disappear. Actually, a government bureau is the nearest thing to eternal life we'll ever see on this earth!" Yet, Governor Shapiro would have us think that if his proposal is adopted, his subsequent four budgets would only increase spending by 2% annually. We all know this isn't realistic.

In response to his taunts, yes, Governor, House Republicans are proud to have saved money. We will continue advocating for a healthy surplus and Rainy Day Fund. Rather than just spend, spend, spend, you should take a lesson from your own political career.

As a Montgomery County Commissioner, Josh Shapiro implemented zero-based budgeting. In fact, [in a 2016 article](#), Shapiro said, "I believe zero-based budgeting is the most important thing governments can do." He added, "From Harrisburg to D.C., the debate is always about taxes and spending, when what we should be doing is starting our budgets at zero, defining our core mission, and then funding it."

The article reported the process worked like this: "Instead of submitting their usual request for a percentage raise in their budgets, each had to write a paragraph detailing their core mission. Then Shapiro and Monson worked backwards with them from there, essentially starting at zero and figuring out how much it would take to meet the mission."

Let's do it, Governor. In Montgomery County, with the assistance of your now Budget Sectary, Uri Monson, you went from deficit spending to a balanced budget and created a real surplus. The question is, why can't we do that here? The answer is we can, but it will take leadership from the Governor to make it happen, leadership we have not seen so far.