



November 2023

Financial Brief

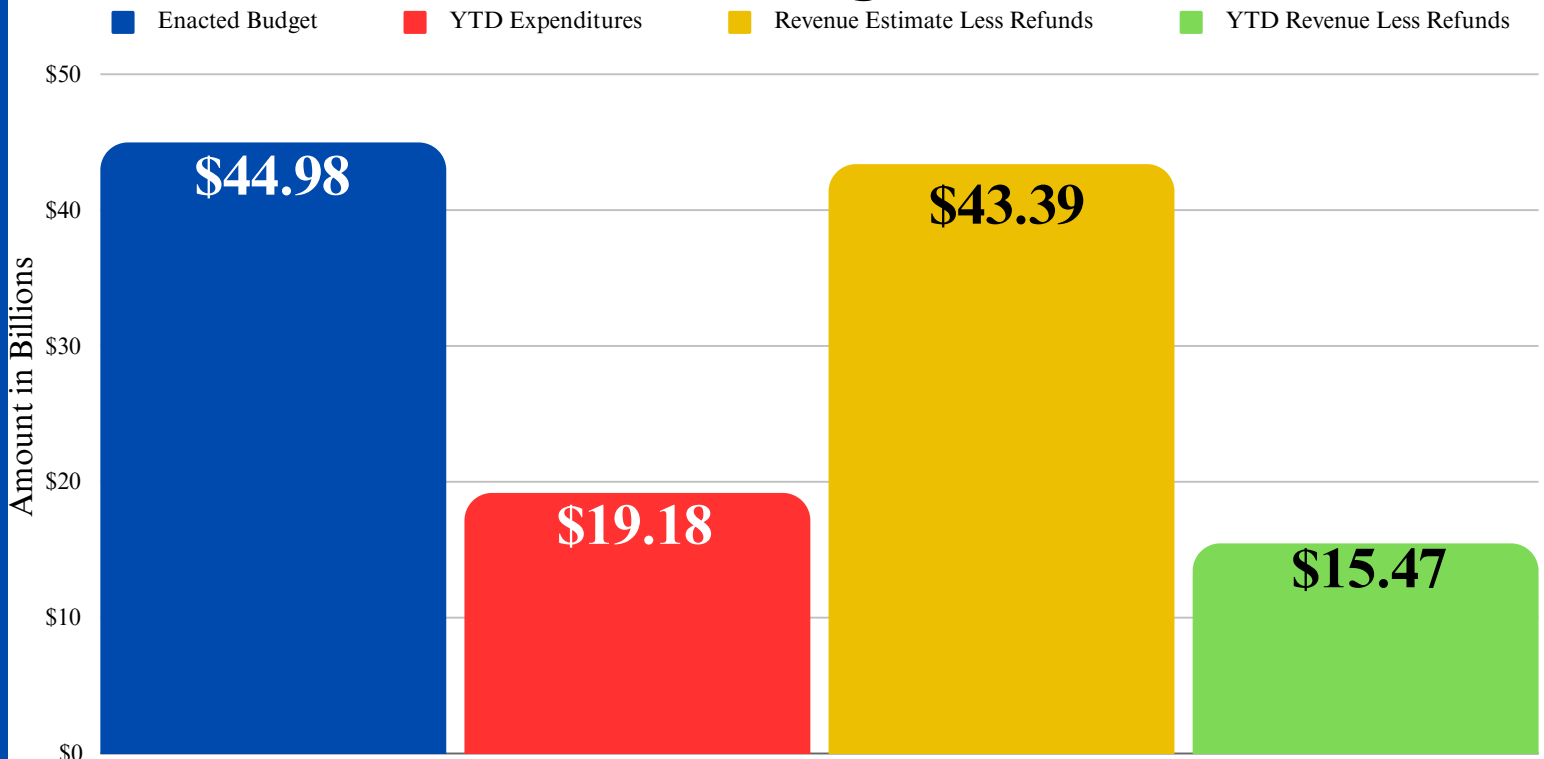
Message from Chairman Grove



As the current calendar year comes to a close, there is still no clear path to finishing the 2023-24 State Budget: our community colleges have not received state funding, additional “Level-Up” has yet to be distributed, and stipends for student teachers remain unfulfilled. This comes in addition to much talk, by both Republicans and Democrats, of expanding the Educational Improvement Tax Credit and the establishment of a new Lifeline Scholarship Program, yet neither program has received any new funding for the betterment of our students. Equally concerning is the fact that our two largest sources of tax revenue, Sales and Use and Personal Income, have fallen below year-to-date estimates. To date, the only notable tax revenue that is exceeding estimate is the Corporate Net Income Tax, while the efforts of House Republicans to curb spending and increase savings continue to add significant interest earnings for both the General Fund and Rainy Day Fund. As the calendar year turns to 2024, the General Assembly would do well to pay attention to our revenue shortfalls and implement prudent financial planning for the fiscal years to come. Unfortunately, all indications suggest that we will still be working on closing out the 2023-24 State Budget.

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	November 2023 Actual	November 2023 Estimate	\$ Amount over / (under) Estimate	2023-24 YTD Actual	2023-24 YTD Estimate	\$ Amount over / (under) Estimate
General Fund	<u>\$3,061,387</u>	<u>\$3,015,000</u>	<u>\$46,387</u>	<u>\$16,145,266</u>	<u>\$16,146,400</u>	<u>(\$1,134)</u>
Tax Revenue	<u>\$2,889,064</u>	<u>\$2,867,500</u>	<u>\$21,564</u>	<u>\$15,647,063</u>	<u>\$15,720,900</u>	<u>(\$73,837)</u>
Corporation Taxes	<u>\$257,493</u>	<u>\$193,200</u>	<u>\$64,293</u>	<u>\$1,812,539</u>	<u>\$1,678,700</u>	<u>\$133,839</u>
Accelerated Deposits	\$0	\$0	\$0	\$0	\$0	\$0
Corporate Net Income	\$255,217	\$188,800	\$66,417	\$1,764,324	\$1,641,100	\$123,224
Selective Business	\$2,275	\$4,400	(\$2,125)	\$48,215	\$37,600	\$10,615
Gross Receipts	\$1,598	\$2,900	(\$1,302)	\$19,540	\$16,200	\$3,340
Utility Property	\$141	\$0	\$141	\$2,306	\$1,200	\$1,106
Insurance Premiums	\$621	\$100	\$521	\$6,863	\$1,500	\$5,363
Financial Institutions	(\$84)	\$1,400	(\$1,484)	\$19,506	\$18,700	\$806
Bank Shares	(\$84)	\$100	(\$184)	\$11,886	\$9,400	\$2,486
Mutual Thrifts	\$0	\$1,300	(\$1,300)	\$7,620	\$9,300	(\$1,680)
Consumption Taxes	<u>\$1,241,858</u>	<u>\$1,269,700</u>	<u>(\$27,842)</u>	<u>\$6,580,318</u>	<u>\$6,733,200</u>	<u>(\$152,882)</u>
Sales and Use Tax	<u>\$1,115,324</u>	<u>\$1,134,900</u>	<u>(\$19,576)</u>	<u>\$6,001,773</u>	<u>\$6,127,100</u>	<u>(\$125,327)</u>
Non-Motor Vehicle	\$1,014,894	\$1,035,200	(\$20,306)	\$5,424,521	\$5,550,500	(\$125,979)
Motor Vehicle	\$100,430	\$99,700	\$730	\$577,252	\$576,600	\$652
Cigarette	\$71,032	\$78,400	(\$7,368)	\$324,219	\$339,800	(\$15,581)
Other Tobacco Products	\$12,436	\$13,700	(\$1,264)	\$61,748	\$67,900	(\$6,152)
Malt Beverage	\$1,892	\$1,800	\$92	\$9,181	\$10,000	(\$819)
Liquor	\$41,173	\$40,900	\$273	\$183,397	\$188,400	(\$5,003)
Other Taxes	<u>\$1,389,713</u>	<u>\$1,404,600</u>	<u>(\$14,887)</u>	<u>\$7,254,206</u>	<u>\$7,309,000</u>	<u>(\$54,794)</u>
Personal Income Tax	<u>\$1,193,680</u>	<u>\$1,206,700</u>	<u>(\$13,020)</u>	<u>\$6,269,346</u>	<u>\$6,359,400</u>	<u>(\$90,054)</u>
Withholding	\$1,128,694	\$1,150,400	(\$21,706)	\$5,233,751	\$5,254,500	(\$20,749)
Estimated	\$28,690	\$25,900	\$2,790	\$701,402	\$822,800	(\$121,398)
Annual	\$36,297	\$30,400	\$5,897	\$334,193	\$282,100	\$52,093
Realty Transfer	\$48,390	\$48,000	\$390	\$208,143	\$221,700	(\$13,557)
Inheritance	\$113,874	\$114,000	(\$126)	\$651,765	\$590,500	\$61,265
Gaming	\$33,564	\$35,200	(\$1,636)	\$139,203	\$146,400	(\$7,197)
Minor and Repealed	\$205	\$700	(\$495)	(\$14,252)	(\$9,000)	(\$5,252)
Non-Tax Revenue	<u>\$172,323</u>	<u>\$147,500</u>	<u>\$24,823</u>	<u>\$498,203</u>	<u>\$425,500</u>	<u>\$72,703</u>
Liquor Store Profits	\$100,000	\$100,000	\$0	\$100,000	\$100,000	\$0
Licenses and Fees	\$6,009	\$9,300	(\$3,291)	\$45,989	\$43,700	\$2,289
Miscellaneous	<u>\$60,419</u>	<u>\$31,900</u>	<u>\$28,519</u>	<u>\$320,549</u>	<u>\$250,100</u>	<u>\$70,449</u>
Treasury	\$60,466	\$34,000	\$26,466	\$321,319	\$236,100	\$85,219
Escheats	(\$2,307)	(\$6,000)	\$3,693	(\$34,313)	(\$27,000)	(\$7,313)
Other Misc & Transfers	\$2,261	\$3,900	(\$1,639)	\$33,542	\$41,000	(\$7,458)
Fines, Penalties, Interest	\$5,895	\$6,300	(\$405)	\$31,664	\$31,700	(\$36)

Fiscal Year 2023-24 General Fund Revenues

Compared to the Prior Year Collections

House Appropriations Committee (R)

Thousands of Dollars

Revenue Source	November 2022 Actual	November 2023 Actual	Month % Growth vs Prior Year	2022-23 YTD Actual	2023-24 YTD Actual	YTD % Growth vs Prior Year
General Fund	\$2,753,520	\$3,061,387	11.2%	\$15,657,491	\$16,145,266	3.1%
Tax Revenue	\$2,617,498	\$2,889,064	10.4%	\$15,366,256	\$15,647,063	1.8%
Corporation Taxes	\$181,017	\$257,493	42.2%	\$1,730,153	\$1,812,539	4.8%
Accelerated Deposits	(\$288)	\$0	(100.0%)	(\$3,441)	\$0	(100.0%)
Corporate Net Income	\$174,561	\$255,217	46.2%	\$1,666,093	\$1,764,324	5.9%
Selective Business	\$6,744	\$2,275	(66.3%)	\$67,501	\$48,215	(28.6%)
Gross Receipts	\$5,158	\$1,598	(69.0%)	\$24,559	\$19,540	(20.4%)
Utility Property	\$15	\$141	837.0%	\$3,270	\$2,306	(29.5%)
Insurance Premiums	\$72	\$621	765.3%	\$25,880	\$6,863	(73.5%)
Financial Institutions	\$1,499	(\$84)	(105.6%)	\$13,792	\$19,506	41.4%
Bank Shares	\$171	(\$84)	(149.2%)	\$5,863	\$11,886	102.7%
Mutual Thrifts	\$1,327	\$0	(100.0%)	\$7,929	\$7,620	(3.9%)
Consumption Taxes	\$1,255,669	\$1,241,858	(1.1%)	\$6,577,200	\$6,580,318	0.0%
Sales and Use Tax	\$1,119,778	\$1,115,324	(0.4%)	\$5,949,853	\$6,001,773	0.9%
Non-Motor Vehicle	\$1,017,123	\$1,014,894	(0.2%)	\$5,363,188	\$5,424,521	1.1%
Motor Vehicle	\$102,656	\$100,430	(2.2%)	\$586,664	\$577,252	(1.6%)
Cigarette	\$81,829	\$71,032	(13.2%)	\$370,937	\$324,219	(12.6%)
Other Tobacco Products	\$12,676	\$12,436	(1.9%)	\$63,869	\$61,748	(3.3%)
Malt Beverage	\$1,857	\$1,892	1.9%	\$9,990	\$9,181	(8.1%)
Liquor	\$39,529	\$41,173	4.2%	\$182,551	\$183,397	0.5%
Other Taxes	\$1,180,811	\$1,389,713	17.7%	\$7,058,904	\$7,254,206	2.8%
Personal Income Tax	\$994,093	\$1,193,680	20.1%	\$6,037,012	\$6,269,346	3.8%
Withholding	\$930,669	\$1,128,694	21.3%	\$4,827,665	\$5,233,751	8.4%
Estimated	\$27,080	\$28,690	5.9%	\$856,353	\$701,402	(18.1%)
Annual	\$36,344	\$36,297	(0.1%)	\$352,995	\$334,193	(5.3%)
Realty Transfer	\$46,122	\$48,390	4.9%	\$296,111	\$208,143	(29.7%)
Inheritance	\$109,284	\$113,874	4.2%	\$587,702	\$651,765	10.9%
Gaming	\$35,002	\$33,564	(4.1%)	\$145,384	\$139,203	(4.3%)
Minor and Repealed	(\$3,689)	\$205	(105.6%)	(\$7,306)	(\$14,252)	95.1%
Non-Tax Revenue	\$136,022	\$172,323	26.7%	\$291,235	\$498,203	71.1%
Liquor Store Profits	\$100,000	\$100,000	0.0%	\$100,000	\$100,000	0.0%
Licenses and Fees	\$8,852	\$6,009	(32.1%)	\$39,400	\$45,989	16.7%
Miscellaneous	\$20,386	\$60,419	196.4%	\$121,051	\$320,549	164.8%
Treasury	\$29,988	\$60,466	101.6%	\$126,847	\$321,319	153.3%
Escheats	\$0	(\$2,307)		\$3	(\$34,313)	(1208292.4%)
Other Misc & Transfers	(\$9,602)	\$2,261	(123.5%)	(\$5,799)	\$33,542	(678.5%)
Fines, Penalties, Interest	\$6,783	\$5,895	(13.1%)	\$30,784	\$31,664	2.9%

Revenues Explained

General Fund collections of \$3.06 billion in November were \$46.4 million over the official monthly estimate, led by significant revenue collections from the Corporate Net Income Tax. Year-to-Date (YTD) collections of \$16.15 billion, however, have fallen below the official estimate by \$1.1 million.

Monthly collections grew 11.2% over the collections of November 2022, and through the first five months of the 2023-24 fiscal year, collections of \$16.15 billion are 3.1% higher than they were at this time last fiscal year.







November 2023 monthly collections:

- **Total Tax Revenue** collections **exceeded the monthly estimate by \$21.6 million** but are **below the Year-to-Date estimate by \$73.8 million, or 0.5% estimate by \$73.8 million, or 0.5%.**
- **Total Corporation Taxes** were **above the monthly estimate by \$64.3 million**, led by **Corporate Net Income Tax** collections which **exceeded the monthly estimate by 35.2%, or \$66.4 million.**
- **Sales and Use Tax (SUT) non-motor vehicle** collections continued to **fall short of the monthly estimate by \$20.3 million** while **SUT motor vehicle** collections narrowly **exceeded estimate by \$730,000.**
- **Personal Income Tax (PIT) annual and PIT quarterly estimated collections exceeded the monthly estimate by \$5.9 million and \$2.8 million**, respectively. However, **PIT withholding was less than the monthly estimate by \$21.7 million.**
- **Realty Transfer Tax** collections again narrowly **exceeded estimate by \$390,000.**
- **Non-Tax Revenue** collections of \$172.3 million were **above estimate for the month by \$24.8 million**, led by continued strength of **interest earnings** which **exceeded estimate by \$26.5 million.**

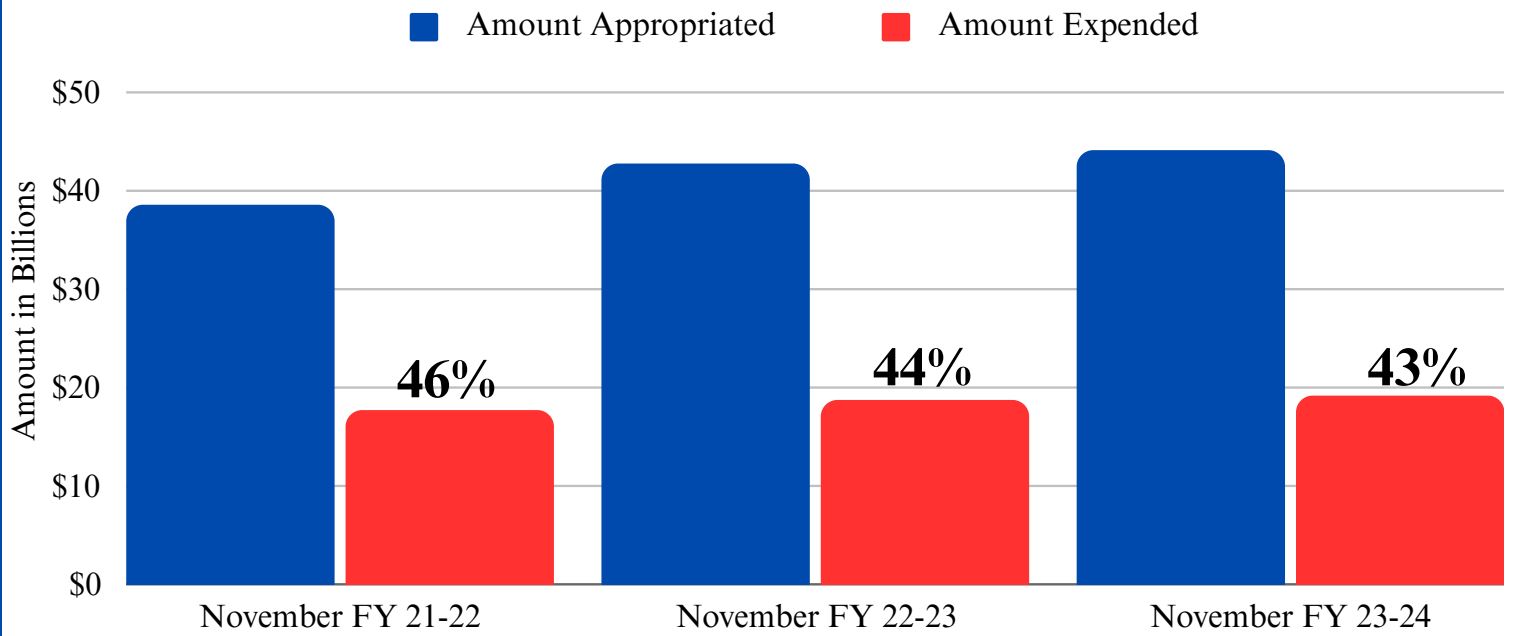
Fiscal Year-to-Date (YTD) collections through the month of November 2023:

- **Total Tax Revenue** collections of \$15.65 billion for the fiscal year through the month of November are **higher than the YTD collections of the prior fiscal year by \$280.8 million, or 1.8%.**
- **YTD Corporate Net Income Tax** collections of \$1.76 billion are **\$123.2 million above estimate, or 7.5%.**
- **YTD SUT non-motor vehicle** collections of \$5.42 billion are **above collection of the prior fiscal year by 1.1%** while **SUT motor vehicle** collections of \$577.3 million are **below collections of the prior fiscal year by 1.6%.**
- **PIT withholding** collections of \$5.23 billion are **above collections of the prior fiscal year by 8.4%**; however, **PIT annual and PIT estimated payments are below collections of the prior fiscal year by 5.3% and 18.1%, respectively.**
- **Realty Transfer Tax YTD** collections of \$208.1 million through the month of November remain **below estimate by \$13.6 million and are below collections of the prior fiscal year by 29.7%.**

November 2023 Revenue Collections

Total General Fund		Personal Income Tax	
Estimate: \$3.015 billion	Actual: \$3.061 billion 	Estimate: \$1.207 billion	Actual: \$1.194 billion 
Total Corporation Taxes		Sales Tax	
Estimate: \$193.2 billion	Actual: \$257.5 million 	Estimate: \$1.135 billion	Actual: \$1.115 billion 
Non-Tax Revenue		All Other Taxes	
Estimate: \$147.5 million	Actual: \$172.3 million 	Estimate: \$332.7 million	Actual: \$322.6 million 

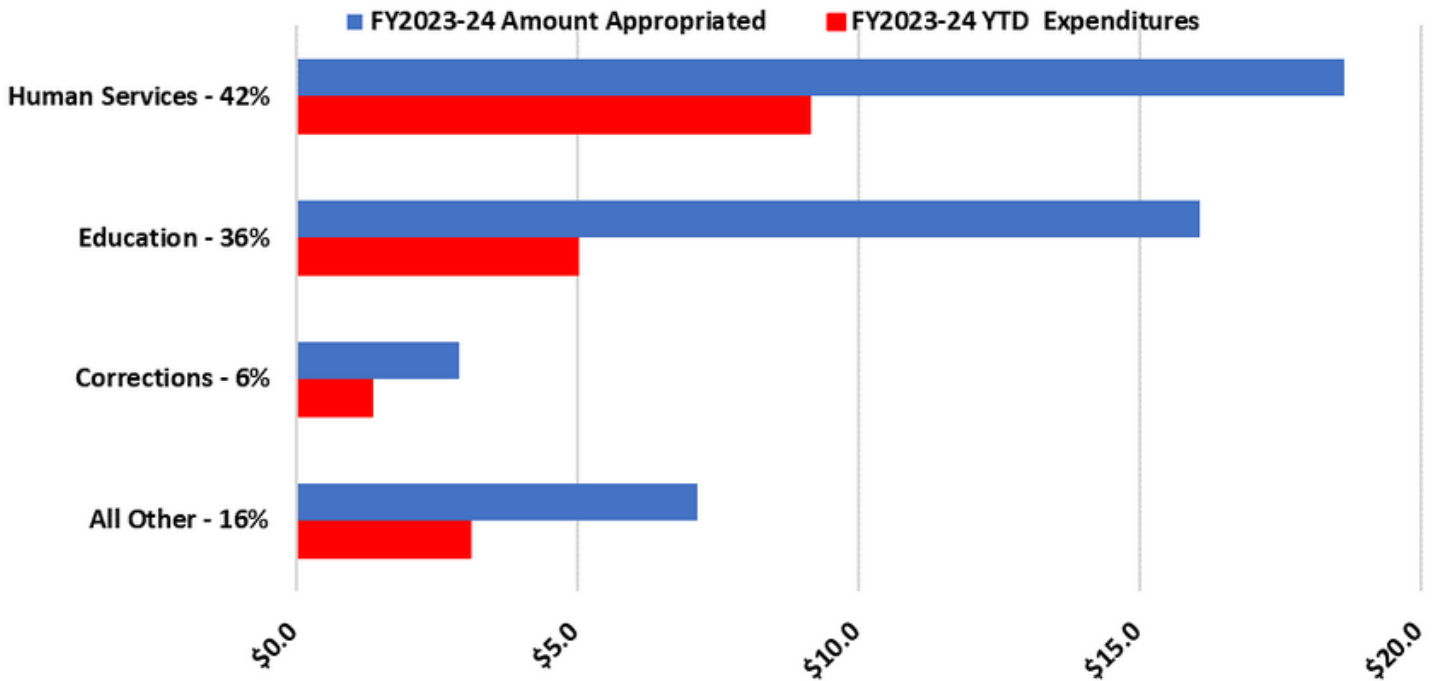
Status of Appropriations



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

Status of Appropriations as of November 2023

Amounts in Billions

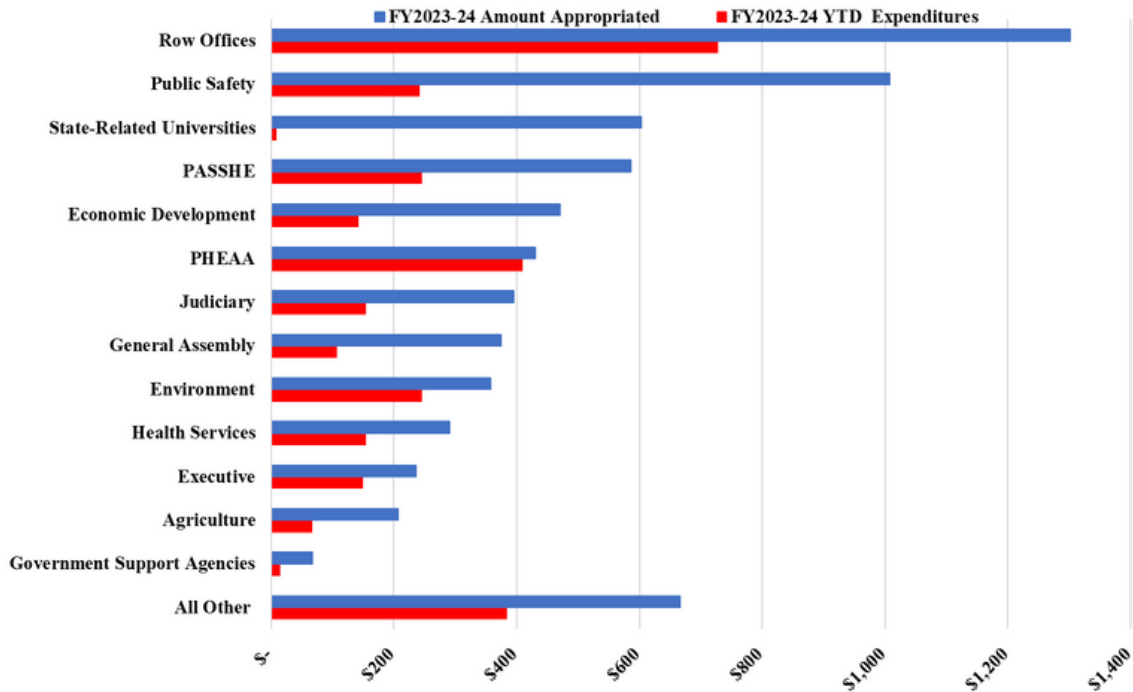


All Spending information from Commonwealth Accounting System, Status of Appropriations Report.

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

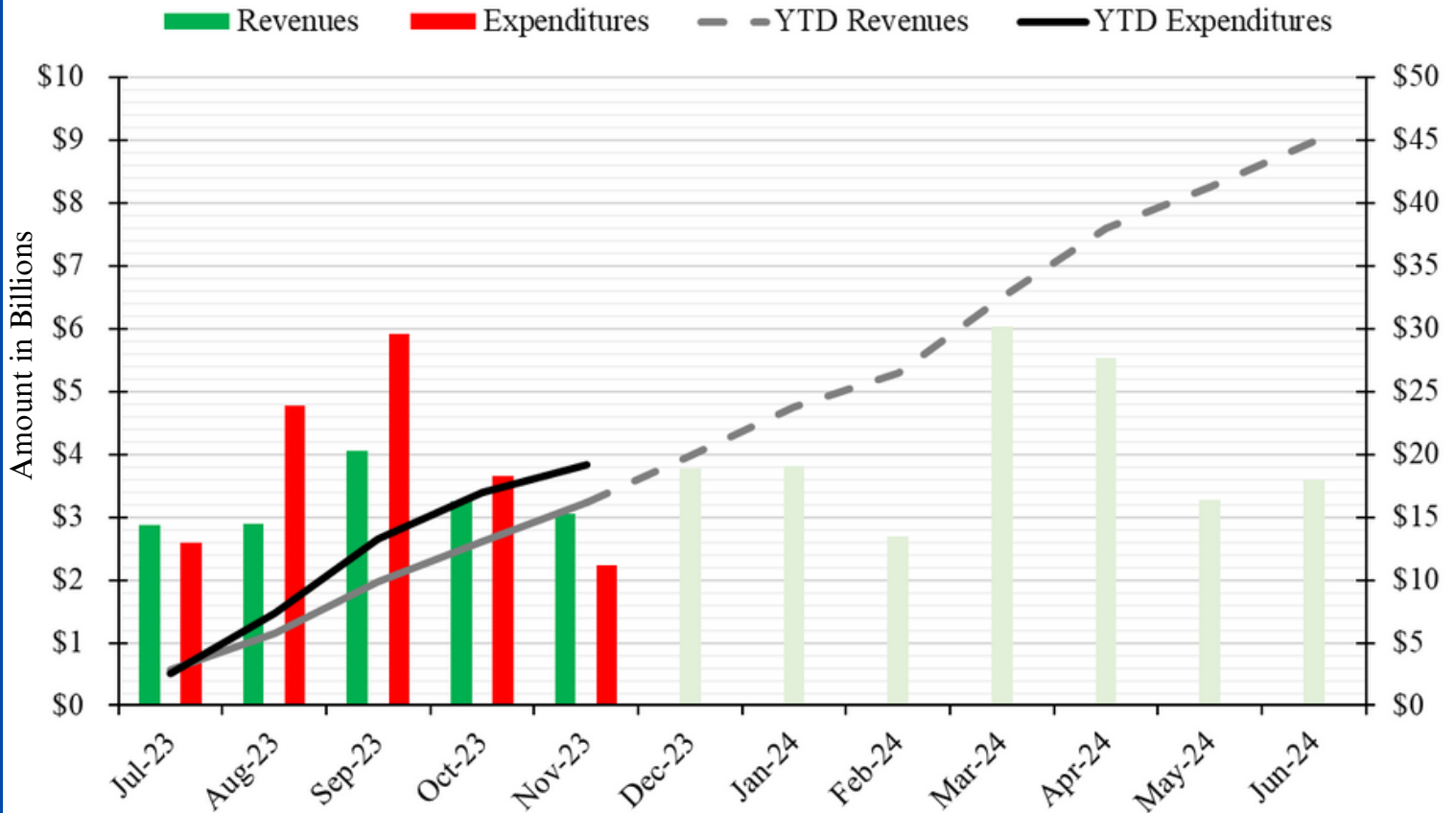
Status of Appropriations as of November 2023

Amounts in Millions



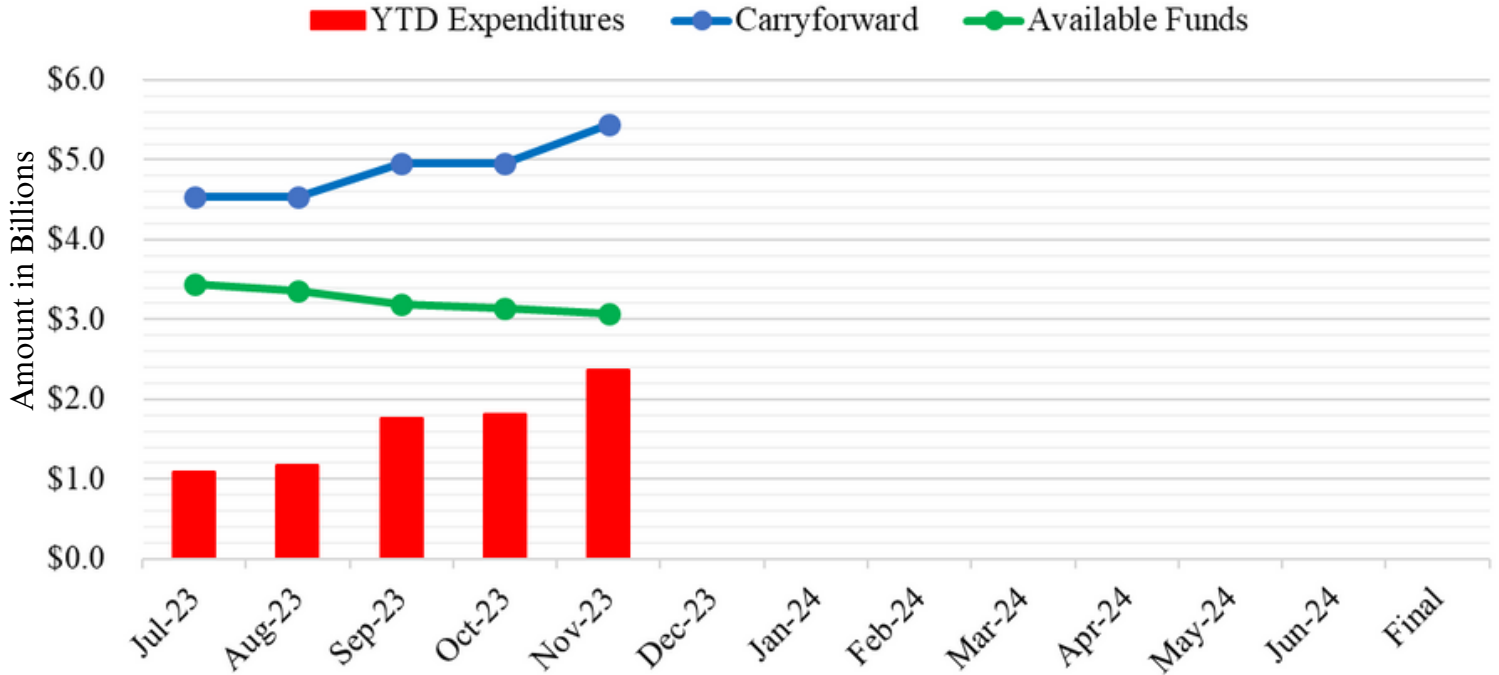
2023-24 GENERAL FUND

Expenditures and Revenues



PRIOR YEAR FUNDS

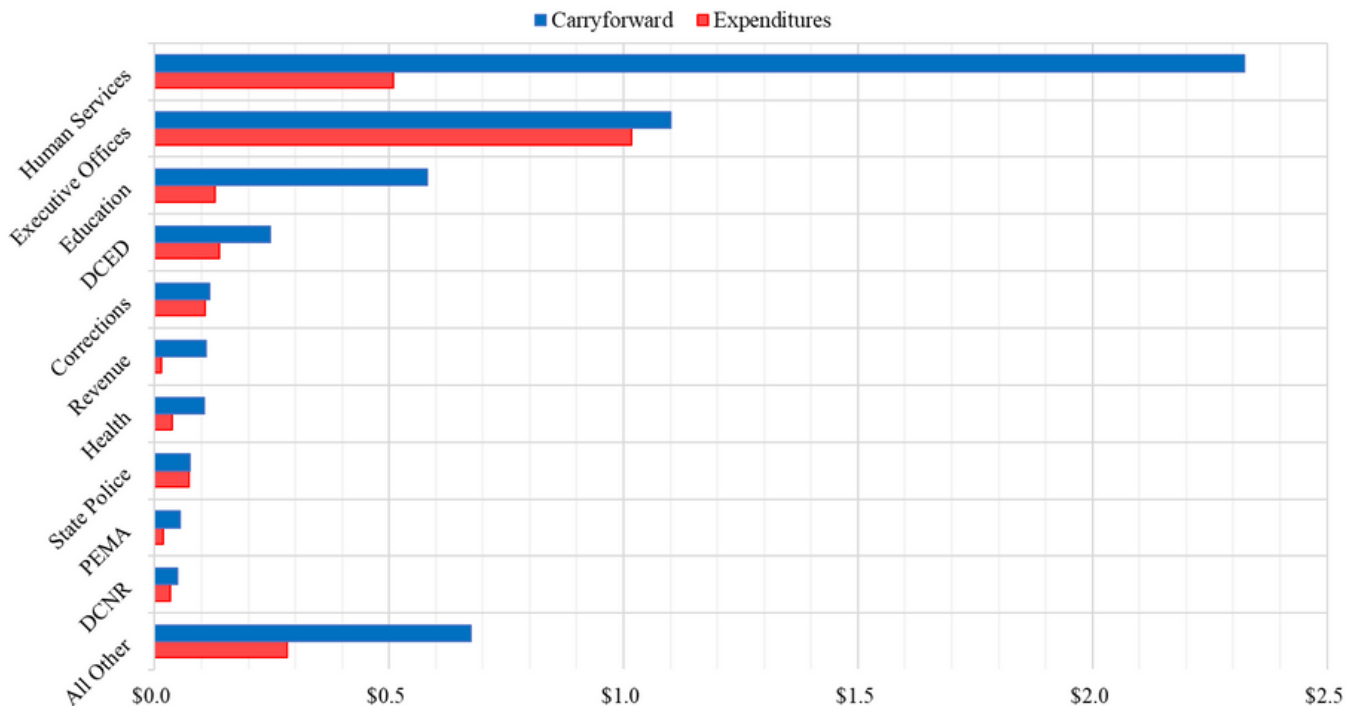
FY2023-24 General Fund



PRIOR YEAR FUNDS - TOP 10 AGENCIES*

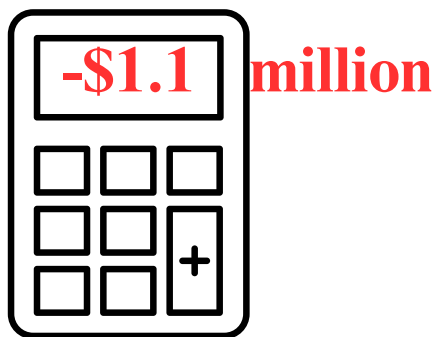
FY2023-24 as of November 2023

Amounts in Billions



*Under the Governor's jurisdiction

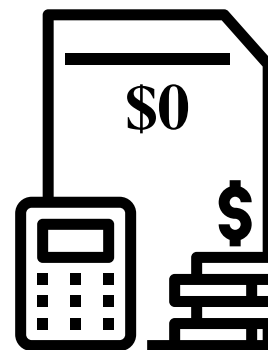
YTD Revenue Performance



Budget Surplus



Ledger 5 Expenditures



Rainy Day Fund



49 Days of Sunshine

Budget Policy Update

Work to Do

2023 is coming to a close, leaving the Governor and the General Assembly with roughly a year to finish the session strong and provide for the people of Pennsylvania.

Governor Shapiro took the reins of state government with a narrowly divided government promising to have a “get stuff done” attitude.

If only fixing a bridge was as easy as governing...

Shapiro seems destined to repeat the embarrassing situation Tom Wolf did in 2016 – delivering a new budget address while the current year's budget remains incomplete.

The real shame of the situation is that it doesn't have to be this way.

The question is, does the Governor have the courage and interest to lead?

Work to Do (continued)

First and foremost, let's start with finishing the budget. House Democrats continue to vote down every Republican proposal to help children in failing schools because the teachers' unions oppose the proposals.

It is important to note that the 2023-24 budget, once again, made historic investments in education. At the same time, House and Senate Republicans, along with Governor Shapiro, have called for alternatives for children stuck in failing schools. Whether through Lifeline Scholarships or expanding the EITC and OSTC tax credit programs, not a single cent would be taken from public education.

The Governor knows this, and it's time he used the bully pulpit of his office to share the truth.

We can come together, as we did in 2020, and work on the Program Integrity legislation. At that time, both Democrats and Republicans in the legislature joined with then Attorney General Shapiro to introduce legislation to reduce Medicaid fraud.

At the time, then AG Shapiro said there is likely \$3 billion in Medicaid fraud and shared a Grand Jury report full of suggestions to stop fraudulent activities. With a structural deficit looming, it is now more vital than ever to ensure ALL Pennsylvania taxpayer dollars are utilized in a sound manner.

Again, we need Governor Shapiro to lead by calling on the House Democrats to move legislation like HB 876, which requires anyone providing services under Medicaid in the Commonwealth to have either a National Provider Identification or receive a State Provider Identification number; HB 44, the Do Not Pay Initiative; and HB 1437, which establishes a state False Claims Act.

Finally, the Governor should come to his senses and reject the Regional Greenhouse Gas Initiative (RGGI) and spare Pennsylvanians \$600 million in new taxes.

The Pennsylvania Commonwealth Court's decision was clear – the General Assembly has to approve taxes. Shapiro's decision to appeal this ruling calls into question not just his intentions with RGGI, but other taxing schemes as well.

By appealing the RGGI decision, the Governor seeks to consolidate power as Governor Wolf did during the COVID-19 pandemic, and we all know the results of that. Extreme executive overreach that ultimately resulted in the passage of a Constitutional Amendment to restore balance in state government. Shapiro should learn from his predecessor's mistake.

Over the past few months, we have seen what working together can achieve. Our state-related universities received funding along with significant transparency reforms, emergency medical service providers saw a much-needed increase in their reimbursement rates, and our Rainy Day Fund received the full \$893 million transfer.

While 2023 is soon to be in the past, let's learn from the failed attempts by the Governor and House Democrats to unilaterally "address" the concerns of Pennsylvanians and work in a bipartisan manner to provide tangible, meaningful relief and resources. Together, we can make 2024 a better year for the citizens of this Commonwealth.