

Commonwealth Foundation Sample Budget

Balance Sheet Guide 2024–25

REVENUE ESTIMATES

- Revenue estimates in the Commonwealth Foundation’s sample 2024–25 budget come from the Independent Fiscal Office’s (IFO) [Five Year Economic and Budget Outlook](#) and Gov. Josh Shapiro’s [Mid-Year Briefing](#).
 - The 2023–24 General Fund budget relies on approximately \$526 million in temporary additional federal funds for Medicaid (FMAP). This federal funding ended on December 31, 2023, with additional Medicaid costs borne by state revenues.
 - The IFO projects revenue of \$45.81 billion in FY 2024–25, 2.7 growth from the latest estimate for 2023–24, and increases of 1.6 percent and 2.8 percent in the two subsequent fiscal years.
 - The Mid-Year Briefing represents a deficit, with fund balance declining by \$1.1 billion in FY 2023–24, while the IFO projects deficits growing to \$4 billion by FY 2028–29. The sample budget uses slower spending growth to bring spending in line with revenues.

REVENUE CHANGES

- **Small businesses tax relief.** The sample budget includes a reduction in Personal Income Tax (PIT) revenue to account for legislation allowing small business owners to carry forward “net operating losses” (i.e., deductions exceeding taxable income) as corporations currently do.
- **Accelerated corporate tax rate reduction.** The sample budget includes a reduction in Corporate Net Income Tax (CNIT) revenue to accelerate the rate reductions enacted in 2022. This rate reduction will help spur economic growth and result in higher tax collections in future years.

ONGOING EXPENDITURES

- The sample budget provides for \$44.4 billion in ongoing general fund spending, capping growth at the rate permitted under the [Taxpayer Protection Act](#) (TPA) limit, on total general fund spending (state funds plus temporarily higher FMAP reimbursements, after supplementals).
- While this sample budget *doesn’t* represent a truly balanced budget—because ongoing spending still exceeds recurring revenues—it spends significantly less than the IFO projections. Such spending restraint would help bring the budget into balance before exhausting the fund balance—preventing future tax hikes.

2024-25 GENERAL FUND FINANCIAL STATEMENT

Commonwealth Foundation Sample Budget

(amounts in thousands)

	2023-24 Available	2024-25 Sample Budget	
1 BEGINNING BALANCE	\$8,084,871	\$6,262,282	
2 REVENUES:			
3 Revenue Estimate	\$44,610,600	\$45,813,000	2.7%
4 Revised Revenue Estimate.....	\$44,610,600	\$45,813,000	2.7%
5 Revenue Modifications and Transfers			
6 Small Business NOL.....		(\$138,000)	
7 Accelerated CNIT Reduction.....		(\$180,000)	
8 Total Revenue Modifications and Transfers	\$0	(\$318,000)	
9 Subtotal Revenue	\$44,610,600	\$45,495,000	2.0%
10 Refund Reserve	(\$1,495,000)	(\$1,445,000)	
11 Total Revenue	\$43,115,600	\$44,050,000	
12 Prior-Year Lapses.....	\$205,000	\$200,000	
13 Total Funds Available	\$51,405,471	\$50,512,282	-1.7%
14 EXPENDITURES:			
15 Appropriations.....	\$44,947,342	\$46,347,138	3.1%
16 Enhanced FMAP (Federal DHS Appropriations).....	\$526,069	\$0	
17 Ongoing General Fund Appropriations	\$45,473,411	\$46,347,138	1.9%
18 State Supplemental Appropriations.....	(\$449,962)	\$0	
19 Total GF Spending	\$45,023,449	\$46,347,138	2.9%
20 Total Offline Federal Stimulus (Includes Transfer to Pay off Debt).....		\$0	
21 Current Year Lapses.....	(\$50,000)	\$0	
22 Total State Expenditures	\$44,447,380	\$46,347,138	
23 Preliminary Balance.....	\$6,958,091	\$4,165,143	
24 Less: Transfer to Budget Stabilization Reserve Fund.....	-\$695,809	-\$416,514	
25 ENDING BALANCE	\$6,262,282	\$3,748,629	