

Commonwealth Foundation Sample Budget

Balance Sheet Guide 2025–26

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. Shapiro’s [Mid-Year Briefing](#).
 - The IFO projects revenue of \$46.68 billion in FY 2025-26, 1.7 growth from its estimate for 2024-25, and increases of 2.2 percent and 1.8 percent in the two subsequent fiscal years. This revenue estimate is before tax refunds—estimated to be \$1.56 billion in 2025-26.
 - The Mid-Year Briefing shows a deficit of \$3.3 billion this fiscal year, with lapses offsetting \$250 million of that, drawing down \$3.1 billion from the General Fund balance. The IFO outlook projects the structural deficit growing to \$6.7 billion by FY 2029-30—exhausting the General Fund balance in 2025-2026, and (illegally) draining the Rainy Day Fund by 2027.
 - The sample budget uses slower spending growth to bring spending in line with available funds.

REVENUE CHANGES

- **Small businesses tax relief.** The sample budget shows 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.
- **Education Tax Credits.** The sample budget includes an increase in EITC and OSTC of \$100 million.

ONGOING EXPENDITURES

- The sample budget provides for \$48.33 billion in ongoing general fund spending, or 1.5 percent, to avoid spending any more than available revenue. This increase is lower than the rate permitted under the [Taxpayer Protection Act](#) (TPA)—the lesser of inflation + population growth, or personal income growth, over the last three years—because recent budget increases have greatly exceeded the TPA index, creating an unsustainable structural deficit.
- While this sample budget *doesn’t* represent a truly balanced budget—because spending still exceeds recurring revenues—it spends significantly less than the IFO projections, and grows spending with revenue.
- Such spending restraint would make it possible to balance the budget—with continued matching of spending to revenues—to protect taxpayers against tax hikes in 2026.

2024-25 GENERAL FUND FINANCIAL STATEMENT

Commonwealth Foundation Sample Budget

(amounts in thousands)

	2024-25 Available	2025-26 Sample Budget	
1 BEGINNING BALANCE	\$6,706,089	\$3,251,264	-51.5%
2 REVENUES:			
3 Revenue Estimate	\$45,894,000	\$46,676,000	1.7%
4 Revised Revenue Estimate.....	\$46,087,400	\$46,676,000	1.3%
5 Revenue Modifications and Transfers			
6 Small Business NOL.....		(\$138,000)	
7 Education Tax Credits.....		(\$100,000)	
8 Total Revenue Modifications and Transfers	\$0	(\$238,000)	
9 Subtotal Revenue	\$46,087,400	\$46,438,000	0.8%
10 Refund Reserve	(\$1,758,000)	(\$1,560,000)	
11 Total Revenue	\$44,329,400	\$44,878,000	1.2%
12 Prior-Year Lapses.....	\$250,000	\$200,000	
13 Total Funds Available	\$51,285,489	\$48,329,264	-5.8%
14 EXPENDITURES:			
15 Appropriations.....	\$47,598,974	\$48,329,264	1.5%
16 State Supplemental Appropriations.....	\$74,000	\$0	
17 Total GF Spending	\$47,672,974	\$48,329,264	1.4%
18 Current Year Lapses.....	\$0	\$0	
19 Total State Expenditures	\$47,672,974	\$48,329,264	
20 Preliminary Balance.....	\$3,612,515	\$0	
21 Less: Transfer to Budget Stabilization Reserve Fund.....	-\$361,252	\$0	
22 ENDING BALANCE	\$3,251,264	\$0	