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BREAKING

Budget proposal passes Pa. House; negotiators say more work necessary for final version

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Pennsylvania State Capitol building in Harrisburg.

The Associated Press file photo



HARRISBURG, Pa. – The state House Democratic majority introduced a \$50.6 billion budget proposal Monday, trimming nearly \$1 billion compared to the governor's offer and initiating the first formal movement on a general fund budget two weeks after the deadline.

The Republican Senate majority seeks deeper cuts and isn't in agreement with the proposal. Outstanding issues, including funding for mass transit and the taxation and regulation of skill games, remain unresolved.

Despite the continued differences over spending and revenues for fiscal 2026, leaders from all sides of the negotiating table maintained that talks have been productive and respectful and that a final product will take more work.

“The House will take a step today that makes some progress,” Gov. Josh Shapiro, a Democrat, told Capitol media ahead of a 105-97 House vote that advanced the budget proposal to the Senate. Three Republicans joined all 102 Democrats in supporting the measure.

“This is obviously not an agreed-to budget, but it can be part of that process, and we’re going to continue to meet regularly, as we have every single day, both our very able staff as well as myself and Leader (Matt) Bradford and Leader (Joe) Pittman,” Shapiro said, referring to the respective House and Senate majority leaders. “I’m feeling optimistic. We’re not there yet, but we’re going to keep at it and we’ll get there soon.”

Spending reductions floated in House Bill 1330, compared to the executive budget proposal, include approximately \$550 million less for Medicaid; \$101 million less in debt payments through the Treasury; \$48 million less in state park and state forest operations; \$30 million less for corrections, namely in the operation capital for state prisons; and about \$24 million less for education, largely taken from school food services.

An additional \$27 million would be reduced in spending on state police, \$16 million on well-plugging, and \$37 million on the executive offices.

House Democrats opted against reducing proposed spending on priority initiatives, including basic education funds shared by public schools; grant funding intended for schools found to have been inadequately funded in the past; grants to offset college tuition; children’s health insurance, or CHIP; and county election expenses.

Even with the proposed cuts to spending, expenditures would still grow by nearly \$2.8 billion compared to the \$47.9 billion budget for 2024-25.

“Pennsylvania is facing a multi-billion-dollar structural deficit that we must address this year to prevent a financial crisis and tax increases in the future. Better aligning revenues with expenditures remains our top priority,” according to a joint statement from Senate Republican leadership – Senate Majority Leader Joe Pittman, Senate President Pro Tempore Kim Ward and Senate Appropriations Committee Chair Scott Martin.

“We will continue to work with all parties to reach a final agreement on a spending plan that respects taxpayers, while allowing Pennsylvania to grow,” the statement reads.

Shapiro had offered in February a \$51.5 billion package in which spending outpaced revenues and a proposal to fill the resulting deficit with budgetary reserves and a transfer from Pennsylvania's Rainy Day Fund.

Republicans in the House and Senate immediately balked at the bottom line, warning that the commonwealth risked spending through its savings and that even with a flat-funded budget, remains on path for a structural deficit.

Formal negotiations began in June and extend far beyond the June 30 deadline, a marker missed more often than not across the past two decades.

Shapiro proposed two new revenue drivers in his budget plan but a movement to legalize marijuana for recreational use appears unlikely this year and efforts to tax skill games – digital video machines that proliferate in bars, social clubs and even gas stations – are challenged by disagreements among Republicans themselves over how large the tax should be.

House Majority Appropriations Chair Jordan Harris emphasized throughout the day Monday that lawmakers must act to reach compromise and approve a budget. He also emphasized actions already taken by House Democrats to enact certain budget initiatives such as a mass transit plan and highway infrastructure.

"It's July 14. We can't keep kicking this can down the road," Harris said. "Any more delay brings havoc to those schools and those school districts. It requires nonprofits to take out lines of credit so they continue to operate, that they will not be reimbursed because of this delay."

House Minority Leader Jesse Topper, R-Bedford, described the House's action as procedural and reiterated that the proposal wasn't agreed to by House Republicans. Like Shapiro and Harris, Topper declined to get into specifics about budget details, reflecting the secrecy of negotiations and the ongoing work needed to complete the process.

"I know everybody focuses on the timing and that's certainly important, but what's more important is that we have a quality budget that is sustainable not just this year, but years into the future, and sets Pennsylvania on a good course for economic growth and the potential to continue to grow our economy," Topper said.

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