

No State Budget **and** **Consequences Are Real**



State budgets are the intersection of finance and politics. Spreadsheets get overlaid with political leverage to determine a final outcome. In a few days, the state budget will be two months late. The first Basic Education Funding payment will not get to districts. Previously, the first Special Education Funding payment in July was cancelled.

Missed state aid means relying on fund balance to cover ongoing operating expenses or for less resourced entities short term borrowings to provide working capital.

Both chambers have been ping-ponging budget bills back and forth. The process will not produce an agreement and the rhetoric in Harrisburg is intensified after another volley from either chamber.

Are we any closer to ending the ongoing budget impasse? If you want to find a shred of optimism in the Governor Shapiro's press conference at the beginning of this week, perhaps there is a very dim light at the end of the tunnel.

The Governor told the Capitol media that, "There are real differences between the parties, and real tugs on the parties in different directions. But we have proven an ability to do that because we have found common ground." However, he also said "I think it's unfortunate that some in this building seemingly want to play politics now just to slow this process now, When they seek to slow this process down to hurt me politically, all it does is hurt the good people of Pennsylvania" he said. [You can read more here.](#)

The common ground may be the Governor indicating he is willing to consider using state dollars from the Public Transportation Trust Fund to fund operating expenses for transit agencies statewide. The consequences of the lack of a mass transit solution, especially for the Southeastern Transportation Authority (SEPTA), have derailed the budget negotiations from day one. Tapping the existing transit capital funds is a solution from Senate Republicans while House Democrats want to see a permanent funding source by using state sales tax revenue. Perhaps agreeing to a middle ground of using both funding sources could get the stalled negotiations moving again.

The intersection of mass transit and education met in Philadelphia this week. Fifty thousand Philadelphia students use SEPTA to get to and from school. With massive cuts proposed by SEPTA, getting to school could require longer bus times and less learning time.