

PENNSYLVANIA ASSOCIATION



OF RURAL AND SMALL SCHOOLS

PARSS Legislative Update

June 23, 2025

The State of the State Budget

With the end of the state fiscal year looming, expectations for an on-time state budget have plummeted. Pundits and other Capitol observers have been unusually pessimistic about a timely state budget for months.

Unfortunately, speculation has merged with reality. Last week, Senate Majority Leader Joe Pittman (R-Indiana) told the Capitol media corps that, “I see no practical way that a budget will be completed on June 30.”

Governor Shapiro was also not optimistic about getting to a resolution soon. “I think we understand the issues that need to be addressed,” he said. “I’m not suggesting we’ve agreed on the answers on how to address them.”

What are the obstacles holding up progress in the negotiations between the Senate, House, and Governor? One major issue identified by Pittman is the \$2 billion increase in state funding of Medicaid. Simultaneously, the state is facing a potential cut in federal Medicaid funding of more than \$2 billion.

You can read more of the Majority Leader's comments by [clicking here](#). Another key component of Governor Shapiro's budget was an infusion of mass transit state assistance. House Democrats with support from a handful of Republicans were able to move House Bill 1364 to the Senate. Prospects for Senate action will likely hit a traffic jam. For more details on HB 1364 [click here](#).

As (hopefully) budget details emerge we will keep you informed on education funding developments. Missing the June 30 state budget deadline has no immediate detrimental impact on school district funding.