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AUDITOR GENERAL

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News for Immediate Release

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Auditor General DePasquale Releases Statement on General Fund Borrowing, Dire State Budget Situation

YORK, PA – Auditor General Eugene DePasquale today released this statement following yesterday’s announcement that the state Treasury has released to the General Fund the full amount of a \$750 million loan from Treasury’s Short Term Investment Pool:

“All of us should be deeply concerned about the current situation with our state budget. Yesterday, Treasury released a short-term loan of \$750 million to the General Fund as a temporary solution to revenue shortfalls and to keep Pennsylvania’s state government functioning.

“Most worrisome is once the \$750 million loan is repaid by the mandatory Aug. 23 deadline Treasury forecasts the state’s general fund balance will fall below zero by Aug. 29 and hit negative \$1.6 billion by mid-September. This type of borrowing is like getting a bank loan to buy groceries and could prove calamitous for everyone in the commonwealth.

“Costs are already getting added to the state budget including \$141,000 in interest on the temporary loan. That is money that does not help a single Pennsylvania resident.

“Much is at risk: Funding for our schools, daycare for working families, health care for our most vulnerable citizens and protection of our air, water and land.

“Considering these dire conditions, I will monitor this situation and work with Treasurer Joe Torsella on potential options for the fiscal future of the commonwealth. It is important to note that both I and Treasurer Torsella must approve any debt taken on to address this shortfall. All – and I mean all – options will be on the table.

“And all options must be on the table. As Senate Appropriations Chair Pat Browne said in his budget newsletter recently: ‘In the absence of a timely revenue package, it is possible the commonwealth will be unable to secure a loan from an outside financial institution for short-term borrowing. If the commonwealth is unable to secure sufficient funding from the State Treasurer or a financial institution, it will become necessary to temporarily suspend commonwealth payments until there is sufficient revenue or to permanently suspend some payments if no revenue package is enacted.’”

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