COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

February 4, 2009

To the People of Pennsylvania:

Over the past six years, we have worked together to make Pennsylvania stronger by growing our economy, improving our schools, revitalizing our communities and restoring our environment. Now we are faced with a national recession the likes of which have not been seen since the 1930s. While the economic challenges we face are considerable and require painful decisions, the only prudent course of action is to protect our progress while making the essential investments that will position the commonwealth for our recovery.

The nation's economic crisis is having a terrible impact on many Pennsylvanians, and indeed our state budget reflects the fact that the United States economy has contracted. Yet the fact is that Pennsylvania has not been hurt as badly as many other states, and our relative standing is due in large measure to the decisions that we have made since 2003: We established a solid foundation of fiscal responsibility, we improved government efficiency to cut waste and save more than $1.5 billion a year, and we made wise investments that have made Pennsylvania a better place to grow up, live and do business.

In just the past year, we established Pennsylvania as a national leader in the emerging "green" economy, enacted a blueprint for providing adequate resources in all of our classrooms, and set in motion more than $1.5 billion worth of job-creating improvements in critical infrastructure.

We cannot afford to lose that momentum now.

The 2009-10 budget that I share with you today is both a reflection of our economically distressing times and a plan for getting back to prosperity. It avoids any increases in broad-based taxes and includes many difficult cuts to programs and services that I care about deeply, for the simple reason that there is absolutely no alternative.

Even as it establishes fiscal stability, this budget moves Pennsylvania forward – and that is essential. We must enact our own economic stimulus to help companies create new jobs. We must continue to invest in increasing student achievement in our schools. We must make college more affordable to produce the next generation of leaders in the workforce. And we must provide more working adults with access to health insurance at a reasonable cost.

As the recession takes its toll on Pennsylvania families, the cost of doing nothing far exceeds the price of these vital investments. Together, we can and must meet our economic challenges while improving the quality of life for our citizens and setting our sights on our long-term vitality.

Pursuant to Article VIII, Section 12 of the Constitution of Pennsylvania, and Section 613 of the Administrative Code of 1929 (71 P.S. Section 233), I am transmitting to your representatives in the General Assembly my proposed budget for Fiscal Year 2009-10.

Sincerely,

Edward G. Rendell

Edward G. Rendell

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Commonwealth of Pennsylvania

For the Fiscal Year Beginning

July 1, 2008

President | Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the Commonwealth of Pennsylvania for its annual budget for the fiscal year beginning July 1, 2008. This award is valid for a period of one year.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

Overview of Sections within the Budget

Preface

Includes the Governor's letter, Distinguished Budget Presentation Award, an overview of sections within the budget, table of contents and a reader's guide which explains the budget process, structure of the budget and various terms used in the budget.

A. Overview and Summaries

Provides an overview of program and financial goals and administration policies. It discusses the economic outlook, major operating funds and overall complement. It summarizes the budget for several major commonwealth funds including the General Fund, Motor License Fund, Lottery Fund, Tobacco Settlement Fund and Budget Stabilization Reserve (Rainy Day) Fund. It also provides summary information regarding Program Policy Direction and Budget Themes, Federal Block Grants, Public Information & Communications and selected other summaries.

B. Program Budget Summary

Provides a summary of the budget by major revenue source and provides information for each major program by component categories and subcategories (subdivisions of programs).

C. Summary by Fund

Provides a summary for the General Fund, the major operating fund of the commonwealth, and eleven selected special funds. Detailed data regarding revenues and a summary of expenditures for each individual fund is presented. Detailed expenditure and program information is found within Section E: Department Presentations.

D. Tax Expenditures

Provides information regarding tax expenditures for the General Fund, Motor License Fund and selected other funds. These are tax credits, deductions, exceptions and exclusions provided in law which result in a significant reduction in revenues that would otherwise be received at current tax rates.

E. Department Presentations

Provides detailed expenditure information by agency, program and funding source. Program performance measures including outcome/effectiveness indicators, output/activity indicators, efficiency measures and need/demand estimators for those programs administered by the agency are presented.

F. Capital Budget

Provides detailed information by agency regarding proposed capital budget projects. In addition, proposed funding sources and amounts needed to support the entire capital program for the next five years are listed.

G. Public Debt

Provides data on the debt obligations of the commonwealth used to fund capital programs, voter-approved bond referendums and certain disaster relief programs.

H. Other Special Funds

Provides a brief description and financial data for all commonwealth funds not given an expanded treatment in other sections of the budget.

I. Complement

Provides a summary by department of salaried complement on a full-time equivalent (FTE) basis. It also provides a brief description by agency and appropriation of the changes recommended in the budget.

J. Statistical Data

Provides historical data for various Pennsylvania economic indicators.

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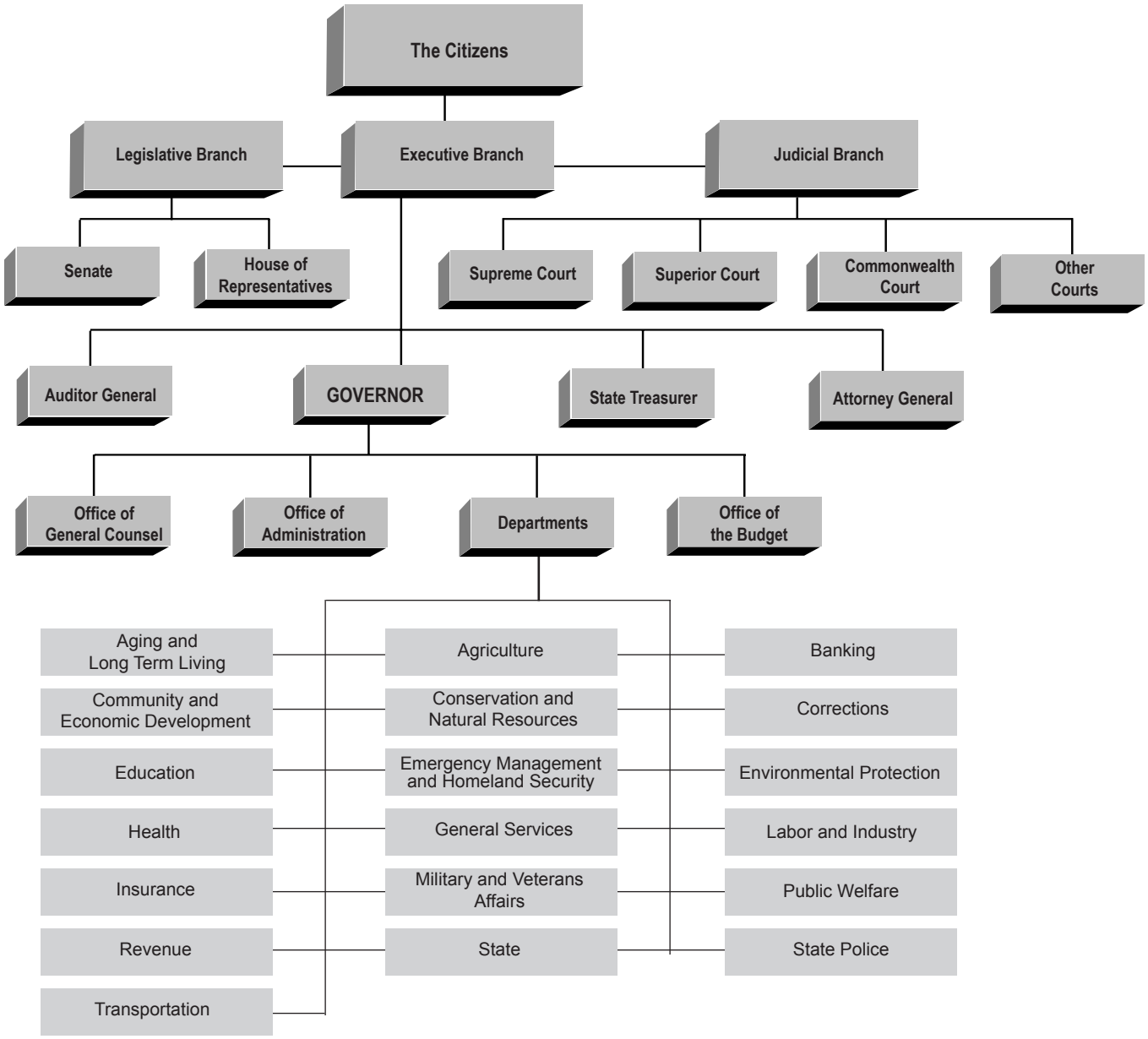
Reader's Guide

This section of the budget is intended to assist readers with interpreting and understanding the content of the Governor's annual recommended budget.

It contains an organization chart of the commonwealth, descriptions of the operating and capital budget processes, an explanation of the accounting basis, terms used in the budget process and a list of the most common abbreviations used to identify federal funds.

The government of the commonwealth is composed of three separate branches: Executive, Legislative and Judicial. The general organization chart of commonwealth government shown on the following page provides additional details.

Commonwealth of Pennsylvania
Organization Chart



AGENCIES

Higher Education Assistance
Housing Finance
Interstate Agencies

AUTHORITIES

Commonwealth Financing
Energy Development
Higher Education Facilities
Industrial Development
Infrastructure Investment
Minority Business Development
Public School Building

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Claims
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Ethics
Fish and Boat
Game
Harness Racing
Historical and Museum
Horse Racing
Human Relations
Juvenile Court Judges
Public Employee Retirement
Public Television Network
Public Utility
Securities
Turnpike

The Budget Process

The constitution requires that the Governor submit a budget annually to be adopted by the General Assembly for the ensuing fiscal year. The General Assembly may add, change or delete any items in the budget proposed by the Governor, but the Governor retains veto power over the individual appropriations passed by the General Assembly. The Governor may also reduce individual appropriations, but may not increase them. A gubernatorial veto can be overridden only by a two-thirds majority of each House of the General Assembly.

The Governor's Budget is developed with a focus on the results of government programs and provides information about program goals, objectives, accomplishments and effects.

The Governor's Budget is a statement of the commonwealth's program plan, the resources necessary to support that plan, a description of how resources are to be used, and an assessment of the effects of programs on people and the environment. This information is presented so that the levels of expenditure are associated with levels of government services and, ultimately, with the resulting effects on important public policy issues and concerns faced by the commonwealth.

PHASES OF THE BUDGET PROCESS

The state budget process can be divided into four stages: gubernatorial preparation and submission to the General Assembly; approval (involving the executive and legislative branches); execution; and program performance evaluation and financial audit.

PREPARATION

The preparation stage of the budget process begins nearly twelve months prior to the start of that fiscal year. The first step of the preparation stage is the distribution of the budget instructions by the Governor's Budget Office and program policy guidance by the Governor's Office. The program policy guidance defines major policy issues, spells out priorities and provides policy direction to the agencies for budget preparation.

Agency budget requests are submitted to the Governor's Budget Office beginning in early October. Agencies prepare and submit their requests electronically. The Agency Program Plan, the programmatic presentation of agency budget requests, and the appropriation level information are prepared and submitted in the format and manner specified in budget instructions issued annually by the Governor's Budget Office.

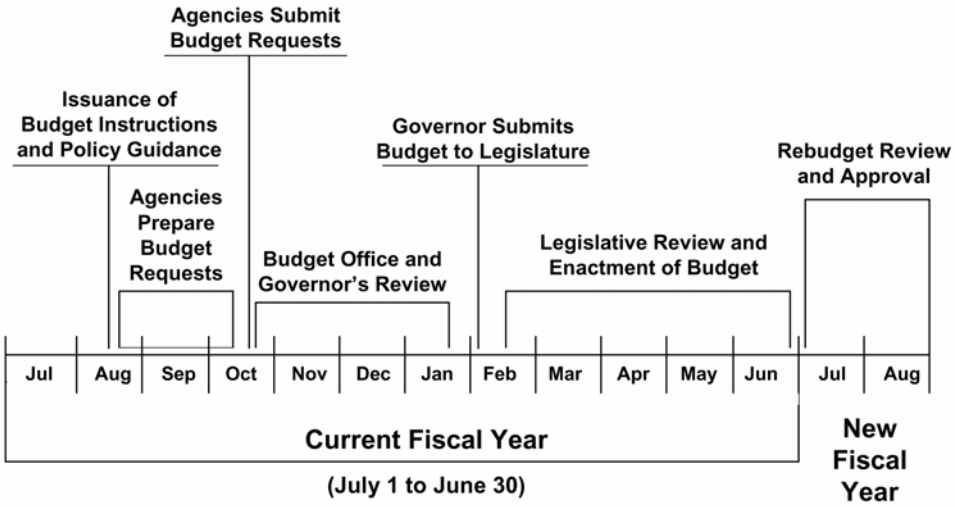
During December, the Governor apprises Legislative leaders of anticipated spending and revenue levels and major fiscal issues expected to be addressed in the upcoming budget.

The Secretary of the Budget and his staff review agency budget requests for accuracy and for adherence to the policy guidance. The Agency Program Plan and appropriation templates are used by the Governor's Budget Office to analyze the agency requests and prepare funding recommendations for the Secretary of the Budget and the Governor. Total agency requests must be brought into balance with total funds estimated to be available from existing sources and any new revenue sources that are recommended. The Secretary of the Budget makes recommendations to the Governor on the expenditure proposals contained in each agency budget request and, in conjunction with the Secretary of Revenue, provides revenue estimates. The Governor reviews these recommendations and makes final budget decisions. The Governor's Executive Budget document is then completed and submitted to a joint session of the General Assembly by the Governor through the budget address.

APPROVAL

Shortly after receiving the Governor's budget request, the Appropriations Committees of the House of Representatives and Senate hold public hearings to review individual agency requests for funds. The appropriations hearings provide the legislators with an opportunity to review the specific programmatic, financial and policy aspects of each agency's programs. The legislators' decisions on the budget are reflected in the annual General Appropriation Bill and individual appropriation bills. The General Appropriation Bill contains appropriations for the executive, legislative and judicial departments, public schools and for public debt. All other appropriations are made individually by separate special bills.

Budget Cycle in Pennsylvania



Appropriations made to institutions not under the absolute control of the commonwealth are considered nonpreferred appropriations and require a two-thirds vote of each House of the General Assembly for passage. The passage of the General Appropriation Bill and other appropriation bills by the General Assembly and the passage of any revenue measures which may be required to ensure a balanced budget constitute the legislative approval phase of the budget process.

At the time that the General Appropriation Bill and other appropriation bills are presented to the Governor for approval, the official revenue estimates for the budget year are established by the Governor. If the appropriations passed by the Legislature exceed the revenue estimates plus any available surplus, the Governor has the authority and duty either to veto entire appropriation bills or to reduce the amount of appropriations in order to produce a budget that is in balance with total resources available. The Governor also has the power to reduce or item veto any appropriation he thinks excessive or unnecessary even if the total appropriations passed by the legislators do not exceed estimated resources available. A Governor's item veto may be overridden by a two-thirds vote of each House of the General Assembly.

The signing of the appropriations bills and any revenue bills by the Governor is the last step in the approval stage of the budget process.

On occasion, additional appropriations are made subsequent to the enactment of the General Appropriation Act. These additional appropriations are made for a purpose for which either no appropriation was originally made or where the General Assembly deems it desirable or necessary that an original appropriation be increased in the current fiscal year period. These appropriations are made in supplemental appropriation bills that are passed in the same manner as regular appropriation bills.

EXECUTION

The Governor's Budget Office has the authority to request and approve agency spending plans, commonly referred to as rebudgets, and to establish authorized levels for agency's full-time equivalent (FTE) salaried complement, i.e., personnel. The rebudgets are based primarily on the enacted appropriations. The Governor's Budget Office electronically enters allocation amounts into the accounting system based upon the approved rebudget. Program managers and administrators are responsible for operating their programs within the resources that are available and for producing the results cited in the budget.

AUDIT

The last stage of the budget cycle, which occurs after the close of the fiscal year, encompasses audit and review of program and financial performance. The Governor's Budget Office informally reviews program and financial performance and performs formal evaluations of selected programs. In addition, the Auditor General performs a financial post audit.

The Capital Budget Process

The capital budget process in Pennsylvania is similar to the process for the operating budget. It has a preparation and submission to the General Assembly phase, an approval phase involving both the executive and legislative branches and an execution phase.

The preparation phase follows the operating budget preparation cycle for a fiscal year beginning July 1. When agencies submit the budget requests to the Secretary of the Budget beginning in early October, a capital budget request itemizing the projects the agencies want to undertake is also submitted. The requests are reviewed and recommendations developed based on the Governor's financial parameters and policies.

Final decisions on the capital budget are made by the Governor at the same time as the operating budget. The Governor's final recommendations are contained in a separate capital budget section in the Governor's Executive Budget document which is submitted to the General Assembly.

The recommendations in the budget document along with any additions or deletions made by the General Assembly are contained in a separate bill usually known as the Capital Budget Project Itemization Act. This bill, along with the Capital Budget Act which contains the maximum debt limitations for the next fiscal year beginning July 1, must be passed by both Houses of the General Assembly and presented to the Governor for signature. The Governor reviews the projects contained in the Capital Budget Project Itemization Act taking into consideration his priorities, the importance of the project and the impact on operating budgets. The Governor may approve the bill as is or item veto parts or all of the amounts contained in the bill. Any item veto may be overridden by a two-thirds vote of each House of the General Assembly.

The Governor's approval of the Capital Budget Project Itemization Act is the final stage of the capital budget approval process.

Each year, even if a capital project itemization bill is not passed, legislation establishing limitations on the debt to be incurred for capital projects is passed and signed into law. This legislation is known as the Capital Budget Act. The act establishes a debt ceiling for each major category of the capital program and remains in force for a single fiscal year.

After projects have been approved in an enacted Project Itemization Act, in order for a project to be activated, the Department of General Services must request that it be implemented. All requests for project activation are reviewed by the Governor's Budget Office for consistency with the Governor's priorities and policies. Projects approved by the Governor's Budget Office are scheduled for release — first for design and, when design is complete, then for construction. These releases are made in accordance with certain fiscal guidelines in order to keep the entire capital budget at affordable levels each year.

The Structure of the Budget

THE COMMONWEALTH PROGRAM PLAN

The budget presentation for each department or agency is shown on an appropriation basis and also on a programmatic basis. Program explanations, analyses and measures are shown by program subcategory within individual departments in Section E of the document. A summary presentation by commonwealth program in Section B shows program costs according to eight major program classifications. These program classifications are each defined in terms of broadly stated goals of state government. One of these commonwealth programs, Direction and Supportive Services, includes the costs of supporting administrative functions which affect the overall operations of the commonwealth. Debt Service includes the resources to meet the timely payment of commonwealth debt obligations. The remaining commonwealth programs are substantive in nature and deal with costs related to the following areas:

Protection of Persons and Property
Education
Health and Human Services
Economic Development
Transportation
Recreation and Cultural Enrichment

Each of the commonwealth programs is subdivided into program categories defined by goals that are more specific in nature. Program categories are broken down into program subcategories which are defined by program objectives. It is at the program subcategory level that program explanations, analyses and measures are shown by individual department. To clearly show the link between the commonwealth Program Plan and agency program subcategories, identical or similar titles have been used in both places. Debt Service is shown as a separate commonwealth program and is not merged with program expenditures so that direct program expenditures may be seen more clearly.

THE DEPARTMENTAL PRESENTATION

Recommendations for the continuation of current programs are shown within departmental program subcategories. Recommendations for major program changes are identified as departmental Program Revision Requests (PRRs) which provide explanations and justification for the change.

Beyond the budget year, four-year projections of financial data and program measures show the future implications of the budget recommendations and policies. Consequently, the five-year plan is a base line which represents the future program effort and financial resources needed to sustain the budgeted level of commitment.

To assist in understanding the individual agency presentations, descriptive information and detailed samples are shown in the following pages.

Summary By Fund And Appropriation

This part of the presentation identifies the state appropriations and those federal funds, augmentations and other funds which supplement the activities funded by that individual state appropriation for each department. The following key will help to identify individual items:

General Government Operations — A title which identifies a specific appropriation by the General Assembly or an executive authorization (EA) by the Governor to spend state monies.

For purposes of this presentation, state funds include the General; Motor License; Banking Department; Boat; Environmental Stewardship; Farm Products Show; Fish; Game; Keystone Recreation, Park and Conservation; Lottery; Racing and Tobacco Settlement Funds and the appropriations or executive authorizations made from those funds.

"(F)" identifies a federal appropriation by the General Assembly or an executive authorization by the Governor to spend federal monies. Medical Assistance is an example of federal funds.

The amounts shown as "federal funds" include appropriations to date as well as anticipated adjustments because of increases or decreases in the amount of funds to be received. Because of the manner in which federal funds are appropriated, they are deposited as General Fund revenues rather than augmentations. They are not, however, included in the revenue sections of the budget. Instead, they are shown with the state funds which they supplement.

For the sake of brevity and ease of identification, common abbreviations are used in the federal titles. The most common are listed at the end of this Reader's Guide.

"(A)" Identifies monies which augment a state appropriation. Institutional collections is an example of an augmentation.

"(EA)" After the title of an appropriation identifies an executive authorization made in the name of the Governor to spend monies previously appropriated through blanket action of the General Assembly. General Operations in the Farm Products Show Fund is an example of an executive authorization.

"(R)" Identifies funds which are in a restricted account and which may only be spent for very limited purposes related to the state appropriation. Receipts from snowmobile regulations are an example of a restricted account.

In some cases the budget may propose the shifting of appropriations between agencies, departmental reorganizations or the restructuring of appropriations within or between departments. Usually, for ease of comparison, all columns in the budget presentation are shown consistent with the recommendation in the budget year. This means, however, that the amounts shown in the actual and available columns may not be consistent with those shown in accounting reports and appropriations acts. When this occurs, explanations have been included within the agency presentations.

Program Presentation

Each program presentation provides a written and financial explanation of the activities of the program. These include:

Objective—A summary statement of the program's purpose in terms of desired accomplishments.

Narrative—Describes program services and activities.

Program Element—Is used within a program narrative to identify sub-program components.

Program Measures—Indicate the activities and outcomes funded by the program and the expected impact of the proposed budget on those activities and outcomes.

Program Recommendations—Identifies the increases or decreases over available year funding as presented in the summary by fund and appropriation.

Appropriations within this Program—Identifies state appropriations which support the activities within the program. Each appropriation appears in only one agency program.

Section H of this document provides brief descriptive and financial data for those special funds of the commonwealth not given an expanded treatment in other sections of the budget.

The Summary by Fund and Appropriation

A summary by fund and appropriation (SFA) is shown at the beginning of each agency presentation in Section E. The SFA identifies all state appropriations within the agency and those federal funds, augmentations and other funds which supplement the activities within the respective state appropriation.

General Fund *— The fund into which the general (non-earmarked) revenues of the state are deposited and from which monies are appropriated to pay the general expenses of the state.*

General Government — *A character of expenditure which is a classification of appropriations according to their general purpose. Other characters of expenditure are institutional, grants and subsidies, capital improvements and debt service.*

General Government Operations *— Identifies an appropriation by the General Assembly or an executive authorization (EA) by the Governor to spend state monies.*

"(F)" *Identifies a federal appropriation by the General Assembly or an executive authorization by the Governor to spend federal monies.*

"(A)" *Identifies other monies which augment a state appropriation.*

"(R)" *Identifies funds which are in a restricted account and which may only be spent for very limited purposes related to the state appropriation.*

Summary by Fund

GENERAL FUND:

General Government:

General Government Operations .....
(F) Surface Mine Conservation.....
(A) Department Services .....
Subtotal .....

Environmental Program Management .....
(F) Coastal Zone management.....
(F) Storm Water Permitting Initiative.....
(A) Safe Drinking Water Revolving Fund Administration .....
(R) Sewage Facilities Program Administration (EA) .....
Subtotal .....

Subtotal - State Funds .....
Subtotal - Federal Funds .....
Subtotal - Augmentations.....
Subtotal - Restricted Revenues .....
Total - General Government.....

Grants and Subsidies:

Flood Control Projects .....
Storm Water Management .....
Delaware River Master.....
Ohio River Basin Commission.....
Susquehanna River Basin Commission .....
Delaware River Basin Commission .....
Chesapeake Bay Commission .....
Total - Grants and Subsidies.....

STATE FUNDS .....
FEDERAL FUNDS.....
AUGMENTATIONS .....
RESTRICTED REVENUES.....

GENERAL FUND TOTAL .....

ENVIRONMENTAL STEWARDSHIP FUND:

Grants and Subsidies:

Watershed Protection and Restoration (EA) .....

ENVIRONMENTAL STEWARDSHIP FUND TOTAL .....

OTHER FUNDS:

GENERAL FUND:
Safe Drinking Water Account .....

ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND:
Acid Mine Drainage Abatement and Treatment (F) (EA).....

DEPARTMENT TOTAL - ALL FUNDS
GENERAL FUND.....
SPECIAL FUNDS .....
FEDERAL FUNDS.....
AUGMENTATIONS .....
RESTRICTED.....
OTHER FUNDS.....

TOTAL ALL FUNDS.....

COMMONWEALTH OF PENNSYLVANIA

Environmental Protection and Appropriation

	(Dollar Amounts in Thousands) 2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
	$ 14,800	**$ 15,000**	**$ 15,200**
	413	630	680
	154	75	75
	$ 15,367	$ 15,705	$ 15,955
	21,325	**21,424**	**21,524**
	4,700	4,700	4,700
	2,300	2,300	2,300
	91	85	85
	1,500	1,500	1,500
	$ 29,916	$ 30,003	$ 30,109
	$ 36,125	$ 36,424	$ 36,724
	7,413	7,630	7,680
	245	160	160
	1,500	1,500	1,500
	$ 45,283	$ 45,714	$ 46,064
	$ 2,793	**$ 3,000**	**$ 3,900**
	3,100	**3,200**	**3,300**
	94	**94**	**94**
	10	**14**	**16**
	490	**500**	**510**
	1,000	**1,000**	**1,000**
	190	**200**	**190**
	$ 7,677	$ 8,008	$ 9,010
	$ 43,802	$ 44,432	$ 45,734
	7,413	7,630	7,680
	245	160	160
	1,500	1,500	1,500
	$ 52,960	**$ 53,722**	**$ 55,074**
	$ 14,000	**$ 14,000**	**$ 14,000**
	$ 14,000	**$ 14,000**	**$ 14,000**
	$ 549	$ 658	$ 470
	$ 5,500	$ 5,500	$ 5,500
	$ 43,802	$ 44,432	$ 44,734
	14,000	14,000	14,000
	7,413	7,630	7,680
	245	160	160
	1,500	1,500	1,500
	6,049	6,158	5,970
	$ 73.009	**$ 73,880**	**$ 74,044**

__NOTE:__ In some cases the budget may propose the shifting of appropriations between agencies, departmental reorganizations or the restructuring of appropriations within or between departments. Usually, for ease of comparison, all columns in the budget presentation are shown consistent with the recommendation in the budget year. This means, however, that the amounts shown in the actual and available columns may not be consistent with those shown in accounting reports and appropriation acts. When this occurs, explanations have been included in the footnotes to the Summary by Fund and Appropriation.

Identifies one of a group of special funds which are presented fully in Section C: Summary by Fund. For purposes of this presentation, State funds include the General, Motor License, Banking Department, Boat, Environmental Stewardship, Farm Products Show, Fish, Game, Keystone Recreation, Park and Conservation, Lottery, Racing and Tobacco Settlement funds.

Identifies selected restricted accounts.

Identifies one of a group of special funds which are presented on a limited basis in Section H: Other Special Funds Appendix.

Program Presentation

Each Program Presentation provides a written and financial explanation of the activities of the program. Recommendations for the continuation of current programs at essentially current levels of commitment are shown within department program subcategories. Recommendations for major program changes are identified as department Program Revision Requests (PRRs) which provide explanations and justification for the change.

PROGRAM OBJECTIVE: To protect and improv
the health and safety of the citizens of the comm
or unnecessary radiation from natural and man-m
exposure and to manage water and mineral reso
destruction and depletion while allowing economi

Program: Environmental Protectio

This program encompasses the major program elements that help to protect the health and safety of the citizens of the commonwealth as well as the quality of their environment and economic health. These activities are all associated with the department's goals for Clean Air, Clean Water, Land Protection, Community Health and Safety and Sustainable Energy.

Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, authorized the beginning of the "Growing Greener" program. The goal of this program is to ensure citizens their rights to clean air, to pure water and to the preservation of the natural, scenic, historic and esthetic values of the environment. Expanded activities include the reclamation of abandoned mines, plugging of certain oil and gas wells, protection and restoration of watersheds, and improvements to drinking water and sewer systems.

Program Measures:

	2007-08	2008-09
Protection of Air Quality		
Air quality-staff hours per permit	193	172
Air quality permits in effect	1,666	1,800
Air emission inspections performed	10,656	11,000
Percentage of population in counties attaining the ambient ozone standard	67%	67%
Percentage of population in counties attaining the ambient PM-2.5 (fine particulate) standard	44%	44%

Program Recommendations:

This budge

	General Government Operations
$ 200	—to continue current program.
	Environmental Program Management
$ 100	—to continue current program.
	Flood
$ 1,000	—PRR—Rebuilding Pennsylvania's Infrastructure. To provide increased assistance to communities for flood control projects.
–100	—nonrecurring projects.
$ 900	*Appropriation Increase*

Appropriations within this Program:

	2007-08 Actual	2008-09 Available
GENERAL FUND:		
General Government Operations	$ 14,800	$ 15,000
Environmental Program Management	21,325	21,424
Flood Control Projects	2,793	3,000
Storm Water Management	3,100	3,200
Delaware River Master	94	94
Ohio River Basin Commission	10	14
Susquehanna River Basin Commission	490	500
Delaware River Basin Commission	1,000	1,000
Chesapeake Bay Commission	190	200

COMMONWEALTH OF PENNSYLVANIA

Program Recommendations *— Identifies the increases or decreases over the available year funds as presented in the Summary by Fund and Appropriation.*

General Government Operations *— Identifies a specific appropriation.*

PRR *— A Program Revision Request identifies a major program change and is explained in more depth in a presentation following the program.*

Appropriations within this Program *— Identifies all state appropriations which support the activities within the program. Each appropriation appears in only one agency program.*

Environmental Protection

e the quality of the air, water and environment for onwealth, to protect the people from dangerous ade sources, including occupational and medical urces in a way which ensures against their undue ic benefits from their use.

n and Management

CLEAN AIR

Program Element: Protection of Air Quality

Emissions of air contaminants are closely monitored and controlled by the department to protect public health as required by the Federal Clean Air Act, the Pennsylvania Air Pollution Control Act of 1960 and regulations adopted under the acts. Pollutants of primary concern include ground-level ozone, suspended particulates, sulfur and nitrogen oxides, volatile organic compounds and toxic air pollutants. Only 66 percent of the population of Pennsylvania lives in counties attaining the 8-hour National Ambient Air Quality Standard for ground-level ozone. Forty-four percent of the population lives in counties attaining the federal ambient standard for fine particulate pollution. Small particles and toxic air pollutants they carry with them can aggravate or cause respiratory ailments.

2009-10	2010-11	2011-12	2012-13	2013-14
172	172	172	172	172
2,000	2,350	2,600	2,850	2,850
11,000	11,000	11,000	11,000	11,000
67%	68%	100%	100%	100%
48%	48%	90%	90%	90%

t recommends the following changes: (Dollar Amounts in Thousands)

$	100	**Storm Water Management** —to continue current program.
$	2	**Ohio River Basin Commission** —to continue current program.
$	10	**Susquehanna River Basin Commission** —to continue current program.
$	–10	**Chesapeake Bay Commission** —nonrecurring projects.

(Dollar Amounts in Thousands)

2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
$ 15,200	$ 15,200	$ 15,200	$ 15,200	$ 15,200
21,524	21,524	21,524	21,524	21,524
3,900	3,900	3,900	3,900	3,900
3,300	3,300	3,300	3,300	3,300
94	94	94	94	94
16	16	16	16	16
510	510	510	510	510
1,000	1,000	1,000	1,000	1,000
190	190	190	190	190

Identifies the agency being presented.

***Objective** — A statement of the program's purpose in terms of desired accomplishments.*

***Program** — The agency program focuses upon objectives which can be measured in terms of quantifiable impact.*

***Program Element** — Used within a program narrative to identify sub-program components.*

***Narrative** — Describes program services and activities.*

***Program Measures** — Indicates the expected impact of the proposed budget on services, costs, etc., involved in the program.*

Basis of Budgeting For Control and Compliance

The commonwealth's budgets are prepared on a modified cash basis of accounting that is used to determine compliance with enacted budgets according to applicable commonwealth statutes and administrative procedures. For each commonwealth operating fund the total amount appropriated by the General Assembly for a fiscal year may not exceed the fiscal year's estimated revenues available for appropriation, as developed by the Governor, plus the unappropriated surplus fund balance (or less a deficit) of the preceding fiscal year, except for constitutionally authorized debt service payments.

Under the commonwealth's basis of budgeting, tax receipts, non-tax revenues, augmentations and all other receipts are recorded at the time cash is received. At fiscal year-end an adjustment is made to include in receipts certain revenues of the General Fund and the Motor License Fund estimated to be earned but not yet collected. Expenditures are recorded at the time payment requisitions and invoices are submitted for payment. Expenditures include appropriated amounts reserved for payment of contracts for the future delivery of goods and services to the commonwealth through an encumbrance process. Also, funds are retained at fiscal year-end to pay direct expenditures such as salaries, wages, travel and utility costs payable against a fiscal year's appropriation authority but expended in the subsequent fiscal year.

Budgetary control is exercised at the appropriation level (legislative spending authority level). Encumbrances and expenditures cannot exceed appropriated amounts. Appropriation transfers between departments and any supplemental appropriations require both executive and legislative branch approval. Uncommitted and unexpended appropriations return to the fund balance (lapse) at fiscal year-end and become available for appropriation in the subsequent fiscal year. Over-estimates of amounts required to meet current year obligations are lapsed in the subsequent year and under-estimates are paid from subsequent year appropriations.

Budgets are statutorily adopted each fiscal year for the General Fund and the following special revenue funds: Banking Department, Ben Franklin Technology Development Authority, Emergency Medical Services, Energy Conservation and Assistance, Hazardous Material Response, HOME Investment Trust, Milk Marketing, Motor License, and Workmen's Compensation Administration.

Budgets are also statutorily adopted for the administration of the State Employees' Retirement and Public School Employees' Retirement Funds and for portions of the State Stores, Tobacco Settlement and Tuition Account Guaranteed Savings Program Funds.

Not all special revenue funds are controlled by statutorily adopted budgets. Controls over spending in such special revenue funds are maintained by use of spending limits (executive authorizations) established by the Governor, within parameters established by the General Assembly.

The commonwealth also makes appropriations to authorize expenditures for various capital projects. Appropriations for capital projects normally remain in effect until the completion of each project unless modified or rescinded.

GAAP Basis of Accounting

In addition to the budgetary basis financial information maintained by the commonwealth to monitor and enforce budgetary control, special account balances, principally receivable and payable items, are maintained to provide and report information in conformity with generally accepted accounting principles applicable to state and local governments (GAAP). The use of GAAP requires a modified accrual basis of accounting for governmental fund types whereby revenues are recognized when they become both measurable and available to finance expenditures and whereby expenditures are generally recognized and recorded when a liability to make a payment, regardless of when the cash disbursement is to be made, is incurred. For proprietary and fiduciary fund types, GAAP requires a full accrual basis of accounting.

Revenues and expenditures reported in the commonwealth's basic financial statements prepared under GAAP differ from the budgetary basis for several reasons. Among other differences, the GAAP statements (i) generally recognize revenues when they become measurable and available rather than when cash is received, (ii) report expenditures when goods and services are received and a liability incurred rather than when cash is disbursed, (iii) include government-wide statements, representing aggregate governmental activities of the commonwealth, along with major fund statements, including aggregate nonmajor fund statements grouped by GAAP fund type rather than by commonwealth funds, and (iv) include activities of all funds in the reporting entity, including agencies and authorities usually considered as independent of the commonwealth for budgetary accounting and reporting purposes. Reported revenues and expenditures required to conform to GAAP accounting generally require including (i) sales/use, personal income, corporation and other tax revenue accruals, (ii) tax refunds payable and tax credits, and (iii) expenditures not covered by appropriations.

Significant Financial Policies

A summary of significant financial management policies of the commonwealth is presented below. More detail on the financial management policies and implementation is found in other sections of this document especially the Section A Overview and Summaries, Section F Capital Budget, Section G Public Debt and Section H Other Special Funds Appendix.

Accounting – As noted above, in addition to the budgetary basis financial information maintained by the commonwealth to monitor and enforce budgetary control, special account balances, principally receivable and payable items, are maintained to provide and report information in conformity with accounting principles generally accepted in the United States applicable to governments. The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting requirements for state and local governments.

Budget Stabilization Reserve Fund – Act 91 of 2002 provided for this fund effective July 1, 2002 to eventually establish a reserve fund amounting to 6 percent of the revenues of the General Fund. For the fiscal year beginning July 1, 2002 and in any fiscal year thereafter in which the Secretary of the Budget certifies that there is a surplus in the General Fund, 25 percent of the surplus is to be deposited by the end of the next succeeding quarter into this fund. In certain fiscal years legislation has provided for a transfer of an amount not equal to 25 percent for that fiscal year. For the most recent fiscal year ending June 30, 2008, no transfer was made to the Fund. Additional information is found in Section A.1 of this budget document.

Investments – Investment Pools – The Fiscal Code provides the Treasury Department with investment control over most commonwealth funds. The Treasury Department uses a variety of sophisticated internal investment pools that seek to provide preservation of principal, liquidity, diversification and income for commonwealth funds. All participating funds report amounts invested in such pools as temporary and/or long-term investments; the pools themselves are not financially reported.

Debt Issuances – The commonwealth constitution permits debt to be issued for (1) capital projects in approved capital budgets; (2) purposes approved by voter referendum and (3) response to disasters. The constitution limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five fiscal years. Voter approved and disaster relief debt are not subject to the constitutional debt limit. Capital projects addressing health, safety and public protection receive top priority for activation. Additional information on public debt and debt policies is found in the Section G Public Debt of this budget document.

Terms Used in the Budget Process

Accrual: The accounting recognition of revenue or expenditures/expense amounts prior to cash receipt of revenue or cash disbursements for expenditures/expenses. Accruals are based on the delivery of a good or completion of a service by a specific date for which related cash receipts or disbursements have not yet occurred. Accruals are typically posted at the end of an accounting period and are reversed during a subsequent accounting period.

Appropriation: Legislation requiring the Governor's approval authorizing an agency, department, board, commission or institution to spend a specified amount of money for a stated purpose or purposes during a particular period of time, usually one fiscal year.

Augmentation: Monies such as institutional billings or fees credited to a specific appropriation of state revenues. An augmentation can usually be spent for those purposes authorized for the appropriation it augments. Although augmentations usually are appropriated in general terms with no specific dollar limits, federal aid monies must be appropriated specifically.

Balanced Budget: A budget in which proposed expenditures equal actual and estimated revenues and surplus. The Constitution of Pennsylvania requires the Governor to submit a balanced budget and prohibits the General Assembly from appropriating monies in excess of actual and estimated revenues and surplus.

Budget: A statement of the state's program plan, the resources necessary to support that plan, a description of how and for what purposes the resources are to be used and a projection of the effects of the programs on people and the environment.

Capital Authorization: The appropriations and/or debt authorization enacted in an annual capital budget to fund any permitted capital program.

Capital Budget: The capital budget is that portion of the state budget that deals with projects for the construction, renovation, improvement, acquisition and original furniture and equipment of any building, structure, facility, land or land rights. Projects must have an estimated useful life in excess of five years and an estimated cost in excess of $100,000 or more if bond funds are used and $300,000 or more when current revenues are used. Those projects under these thresholds are not considered capital and are funded from operating budgets. Most of the capital budget projects in the past have been paid from monies obtained by the sale of bonds.

Character of Expenditure: A classification of appropriations according to their general purpose: general government, institutional, grants and subsidies, capital improvements and debt service.

Deficit: A fiscal operating result for an individual fund that may occur at the end of a fiscal year, whereby expenditures for a fiscal year exceed the actual revenues during the same period plus the prior year surplus. The deficit must be paid from the next year's revenues.

Encumbrance: That portion of an appropriation representing a commonwealth obligation or commitment pursuant to a contract, a purchase order, a grant or another known obligation but where an actual disbursement has not been made.

Executive Authorization: An authorization made in the name of the Governor to spend money from funds which had been previously appropriated through blanket action of the General Assembly. Usually this term is used in connection with the special funds. An example of this would be the operations of the Vocational Rehabilitation Fund.

Expenditure: An accounting entry indicating a disbursement has been made.

Federal Fiscal Year (FFY): A twelve-month period beginning October 1 and ending September 30 of the following calendar year which is used as the federal accounting and appropriation period. Referred to by the year in which the fiscal year ends. For example, October 1, 2008 to September 30, 2009 would be FFY 2009.

Federal Funds Appropriation: An appropriation of monies received from the federal government. All monies, regardless of source, deposited in the state treasury must be appropriated. Federal funds are appropriated for a specific time period.

Fiscal Year: A twelve-month period beginning July 1 and ending June 30 of the following calendar year which is used as the state's accounting and appropriation period. Referred to by the year in which the fiscal year begins, for example, July 1, 2008 to June 30, 2009 would be Fiscal Year 2008.

- Actual Year – *Includes all expenditures and encumbrances chargeable to that fiscal year as of June 30 of the previous year plus available balances held for certain commitments and any supplementals enacted after June 30. In the case of continuing appropriations, the actual figure will also include any available balances. For non-appropriated and non-executively authorized restricted receipts and restricted revenues, it reflects expenditures only.*
- Available (Current) Year – *For state funds, includes amounts appropriated to date and supplemental appropriations recommended in this budget. For non-appropriated and non-executively authorized restricted receipts and restricted revenues, the best estimate of expenditures currently available is used.*
- Budget Year – *Reflects the amounts being recommended by the Governor in this document for the next fiscal year.*
- Planning Years 1, 2, 3 and 4 – *Reflects only the cost of the budget year projected into the future and the implementation of legislatively mandated increases which may be effective in a future year.*

Fund: An independent fiscal and accounting entity comprising a source of money set aside by law for the purpose of carrying on specific activities in accordance with special regulations, restrictions or limitations. A fund is created by legislation. The General Fund is the fund from which most state programs are financed.

Fund Balance: The beginning balance is the ending balance brought forward from the previous year. The ending balance (positive or negative) is the sum of the beginning balance, revenues/receipts and lapses less expenditures within the fiscal year.

General Appropriation Act: A single piece of legislation containing numerous individual appropriations. The General Appropriation Act contains only appropriations for the executive, legislative and judicial departments of the commonwealth, for the public debt and for public schools. All other appropriations are made by separate acts, each concerning one subject.

General Fund: The fund into which the general (non-earmarked) revenues of the state are deposited and from which monies are appropriated to pay the general expenses of the state.

Goal: A goal is a desired state of affairs based upon current knowledge and values. It is timeless in the sense that as achievement approaches, goals tend to be restated at a higher level of aspiration or new goals are projected. Goals reflect the basic values of society and are therefore always culture bound and subjective.

Item Veto: The constitution of Pennsylvania empowers the Governor to disapprove part or all of any item or items of any bill making appropriations of money. The part or parts of the bill approved become law and the item or items disapproved become void. This power is known as the item veto.

Lapse: The return of unencumbered or unexpended monies from an appropriation or executive authorization to the fund from which the money was appropriated. Most appropriations are for one fiscal year and any unencumbered and unexpended monies usually lapse automatically at the end of that fiscal year.

Mandated Expenditures: Expenditures that are authorized and required by legislation, other than appropriation acts, or required by the state constitution. Such expenditures include payment of public debt.

Nonpreferred Appropriations: An appropriation to any charitable or educational institution not under the absolute control of the commonwealth which requires the affirmative vote of two-thirds of the members elected to each House of the General Assembly.

Objective: A statement of program purposes in terms of desired accomplishments measured by outcome indicators. Ideally accomplishments are intended effect (impact) upon individuals, the environment and institutions. The intended effect should be quantifiable and achievable within a specific time and stated resources, and contribute toward pursuing the goals of the commonwealth. Objectives are found at the program subcategory level.

Official Revenue Estimate: The estimate of revenues for the coming fiscal year determined by the Governor at the time he signs the General Appropriation Act. This revenue estimate is used to determine whether appropriations are in balance with available revenues.

Operating Budget: The operating budget is that portion of the state budget that deals with the general day to day activities and expenses of state government, paid out of revenues derived from taxes, fees for licenses and permits, etc.

Preferred Appropriation: An appropriation for the ordinary expenses of state government which only requires the approval of a majority of the Senators and Representatives elected to the General Assembly.

Program Budgeting: A method of budgeting that relates expenditures to government program accomplishments. Program budgeting generally includes the identification of programs and their objectives, a system of measuring and reporting program results and the allocation of funds with a consideration of program effectiveness.

Program Category: The first major subdivision of the commonwealth program. The program category is defined in terms of desired goals, e.g., clean air environment.

Program Performance Measure: A general term applied to any of the substantive measures found in the agency programs. Included are impacts, outcomes, output/activity indicators, efficiency measures and need and/or demand estimators.

Program Revision Request (PRR): A PRR is submitted to support new programs or major changes in existing programs. The PRR reflects the guidance provided by the Governor's Annual Program Policy Guidelines, results obtained from special analytic studies, and needs or demands considered relevant by the Governor.

Program Structure: The system used to organize goals and objectives within a logical framework so that activities of different organizational units designed to accomplish similar results can be reviewed for decision purposes within the appropriate program context. Program structure also provides the means for determining what information is required in order to identify the needs and demands on government and what information is required for the management and evaluation of program operations.

Program Subcategory: A subdivision of a program category. The subcategory focuses upon objectives which can be measured in terms of quantifiable impact. Program subcategories within agencies are called programs within the Governor's Budget.

Restricted Receipts: Monies received by a state fund (usually the General Fund) from a source outside of the state which may be used only for a specific purpose. The funds are held in a trust capacity for a period of time and then are disbursed to authorized recipients including other state agencies. Restricted receipts do not augment an appropriation. Usually the state makes no other appropriation for the purpose specified for the restricted receipt.

Restricted Revenue: Monies designated either by law or by administrative decision for specific purposes. The revenues are deposited in the General Fund or in certain special funds but reported separately. Restricted revenue accounts continue from one year to the next and finance a regular operation of state government. Disbursements from restricted revenue accounts must be accounted for as expenses of state government.

Revenue: Monies received from taxes, fees, fines, Federal grants, bond sales and other sources deposited in the state treasury and available as a source of funds to state government.

Special Fund: A fund in which revenues raised from special sources named by law are deposited (earmarked revenue). Such revenues can be spent only for purposes prescribed by law and for which the revenues were collected. Examples are: Motor License Fund, Game Fund and Boat Fund.

Surplus: A fiscal operating result that may occur in a fund at the end of a fiscal year, whereby expenditures are less than the fund's beginning balance, revenues/receipts and lapses during the same period. The surplus funds become available for appropriation during the following fiscal year.

Federal Funds Identification

The most common abbreviations used to identify federal funds in this document are:

ADA	Americans with Disabilities Act
ARC	Appalachian Regional Commission
BG	Block Grant
CCDFBG	Child Care and Development Fund Block Grant
COPS	Community Oriented Policing Services
CSBG	Community Services Block Grant
DCSI	Drug Control and Systems Improvement
DFSC	Safe and Drug Free Schools and Communities
DOE	Department of Energy
EDA	Economic Development Administration
EEOC	Equal Employment Opportunity Commission
EMAC	Emergency Management Assistance Compact
EMS	Emergency Medical Services
EPA	Environmental Protection Agency
EPCA	Energy Policy and Conservation Act
ESEA	Elementary and Secondary Education Act
FEMA	Federal Emergency Management Agency
FFY	Federal Fiscal Year (October 1 to September 30)
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
HIPAA	Health Insurance Portability and Accountability Act
HHS	Health and Human Services
HUD	Department of Housing and Urban Development
JAG	Justice Assistance Grants
LIHEABG	Low-Income Home Energy Assistance Block Grant
LSTA	Library Services and Technology Act
LWCF	Land and Water Conservation Fund
MA	Medical Assistance
MAGLOCLEN	Middle Atlantic Great Lakes Organized Crime Law Enforcement Network
MCH	Maternal and Child Health
MCHSBG	Maternal and Child Health Services Block Grant
MH/MR	Mental Health/Mental Retardation Services
MHSBG	Mental Health Services Block Grant
MR	Mental Retardation
NCHIP	National Criminal History Improvement Program
NEA	National Endowment for the Arts
NSF	National Science Foundation
OEP	Office of Emergency Preparedness
OSM	Office of Surface Mining
PHHSBG	Preventive Health and Health Services Block Grant
RSAT	Residential Substance Abuse Treatment
SABG	Substance Abuse Block Grant
SAFETEA	Safe, Accountable, Flexible and Efficient Transportation Equity Act
SCDBG	Small Communities Development Block Grant
SDA	Service Delivery Area
SSA	Social Security Act
SSBG	Social Services Block Grant
SSI	Supplemental Security Income
TANFBG	Temporary Assistance to Needy Families Block Grant
USFWS	United States Fish and Wildlife Service
VA	Veterans Administration
VOCA	Victims of Crime Act
WIA	Workforce Investment Act
WIC	Women, Infants and Children Program
YDC	Youth Development Center

OVERVIEW OF PROGRAM AND FINANCIAL GOALS AND POLICIES

Pennsylvania is going to reclaim its place as a leader among the states. The success of this state will be measured by the success of our communities. As such, the commonwealth will work to strengthen communities throughout Pennsylvania by working in partnership with localities to stimulate their economies and create new jobs, boost the performance of their public schools, improve access to quality health care, guarantee the highest level of protection for natural resources and provide for a safe and secure community. The revitalization of Pennsylvania's communities is the key to the revitalization of Pennsylvania. This Administration will allocate available state resources in the manner best suited to bring about the revival of our economy, the renewal of our communities and the rekindling of our belief that we can chart a better future for the next generation.

GOAL: CREATE JOBS AND BUILD A VITAL ECONOMY

Pennsylvania will craft innovative public/private partnerships and invest new capital in small and large communities seeking a competitive edge in the global economy. State Government resources will be strategically linked with private capital to support economic development opportunities that offer the greatest potential for new jobs that pay a family-sustaining wage. Pennsylvania will fashion new financial tools to attract businesses that increasingly link Pennsylvania's economy to the industries of the future.

GOAL: BUILD A WORLD CLASS PUBLIC EDUCATION SYSTEM

Pennsylvania will offer its children an invigorated public education system that delivers a high quality education to every child regardless of where that child lives. Driven by high standards of achievement for every child, this public education system will offer the supports necessary to prepare every child academically to succeed in college or his/her chosen career after graduation.

GOAL: INCREASE ACCESS TO HIGH QUALITY HEALTH CARE

Pennsylvania is home to some of the nation's finest health care facilities and caregivers. The state will employ innovative quality improvements, cost controls and financial strategies to bring down the cost of insurance and thereby free up resources to increase access to affordable high quality health care. These reforms will offer children, families and senior citizens the medical care necessary for healthy and independent lives.

GOAL: BOOST THE SKILLS OF OUR WORKERS

Pennsylvania's greatest untapped resource - its dedicated working men and women - must be prepared for the demanding new jobs that increasingly rely on new technologies to compete in the global economy. Pennsylvania's workforce training and development system will be streamlined and focused to give employers and workers the resources to take full advantage of every opportunity to boost the number of jobs and the wages of workers.

GOAL: PROTECT OUR NATURAL RESOURCES

The goal of building a vibrant economy in the commonwealth will be married with a commitment to the preservation and maintenance of Pennsylvania's natural resources. With an eye toward the future, Pennsylvania will support clean air and waterways, agricultural policies that protect our environment and sound land use policies that preserve open spaces.

GOAL: ENSURE THE SAFETY OF OUR CITIZENS

Every state in the union faces greater challenges in ensuring the safety of our communities. Public safety planning must be coordinated and comprehensive; linking traditional law enforcement activities and the new infrastructure necessary to address homeland security issues. Pennsylvania will develop new cross-agency and cross-jurisdictional partnerships to ensure that this state is able to deliver on the promise of safety in a thriving democracy.

GOAL: DELIVER GREATER VALUE AND EFFICIENCY IN GOVERNMENT

The role of government is to add value to efforts made by individuals, localities and organizations to enhance the quality of our lives. This government will identify new ways to mobilize resources to eliminate waste and redirect under-utilized resources to ensure maximum service to our citizens. Taxpayers will see greater efficiency and a higher return on the investment made to support the operation of this government.

ECONOMIC OUTLOOK

In constructing its tax revenue estimates, the Pennsylvania Department of Revenue and the Office of the Budget are assisted by economic forecasts provided by two main sources of forecast data: 1) IHS Global Insight, Inc. of Lexington, Massachusetts, and 2) Moody's Economy.com, Inc. of West Chester, Pennsylvania. Both of these firms are private economic forecasting and consulting firms that provide forecast data to the commonwealth and other customers. Various projections from IHS Global Insight's national forecast as well as a recent forecast produced by Moody's Economy.com were used to develop the revenue estimates in this document for the budget year and other future fiscal years. Analyses and discussion in this section, as well as the revenue estimates used in the budget, are based on a combination of data from each source and further analysis from the Department of Revenue and the Office of the Budget.

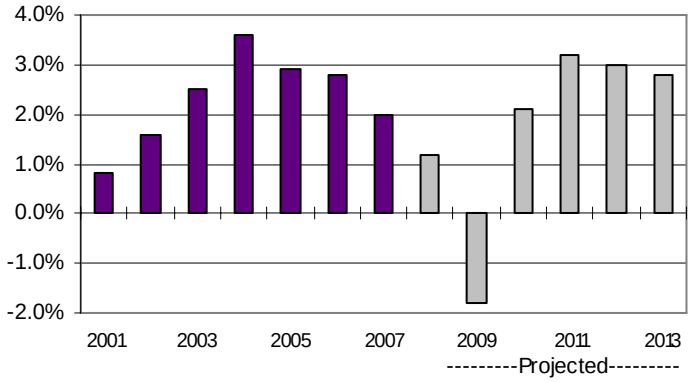
Recent Trends

During the most recent 73-month long period of economic expansion, the United States (U.S.) economy grew at an average annual rate of 2.6 percent. Chart 1 displays actual growth in real gross domestic product (GDP) from 2001 to 2007 and projected growth for 2008-2013.

Chart 1

REAL GROSS DOMESTIC PRODUCT

Annual Growth



By the fall of 2007, the U.S. economy was beginning to feel the first effects of the housing and financial crisis that was about to unfold. Housing construction and sales of new and existing houses began to slide precipitously. The deepening of the housing recession is estimated to have sliced 1.2 percent from overall economic growth in the latter part of 2006 and in 2007. In 2007 new home construction saw its largest decline in nearly three decades, off 24.8 percent from 2006 levels. The 2007 decline in new home construction was the second largest decline since 1980, when the new home market plunged 26 percent in the wake of double-digit inflation and 21 percent interest rates. The current housing slump has already surpassed the housing slump of 1990 and is rivaling the 1979-1980 housing crash. Existing home sale prices fell in 2007 for the first time on record, and building permits fell 25.2 percent. New home starts of 1.353 million in 2007 were nearly half the level of 2005, when there were more than 2.3 million new home starts. Since then, new housing starts have plunged to 904,300 units in 2008, a decline of 33 percent from 2007 levels.

Problems related to housing construction, housing sales and housing finance have spread to other areas of the economy, infecting the credit markets and ravaging Wall Street. The availability of easy and cheap credit since 2001 had led to a housing boom, aggressive consumer spending and rising debt levels. Home values increased by double digit rates seemingly every year and housing construction exploded. Historically low interest rates led to many mortgages that were approved for borrowers with less-than-perfect credit (also known as "subprime" mortgages), based on the assumption that home values would continue to rise. Subprime mortgages were peddled extensively in high-growth areas such as California, Arizona, Nevada, Florida and Texas. Invariably, the subprime mortgages were adjustable-rate mortgages, which were affordable to the borrowers only at the low introductory rates. As interest rates rose and mortgages began to reset at higher rates, many homeowners could no longer afford to make their payments. Defaults and foreclosures began to accelerate in late 2006 and continued through 2008.

As the economy – in particular, the housing market – slowed and sub-prime mortgages began resetting at higher rates, defaults and foreclosures soared nationally. Once-attractive asset-backed

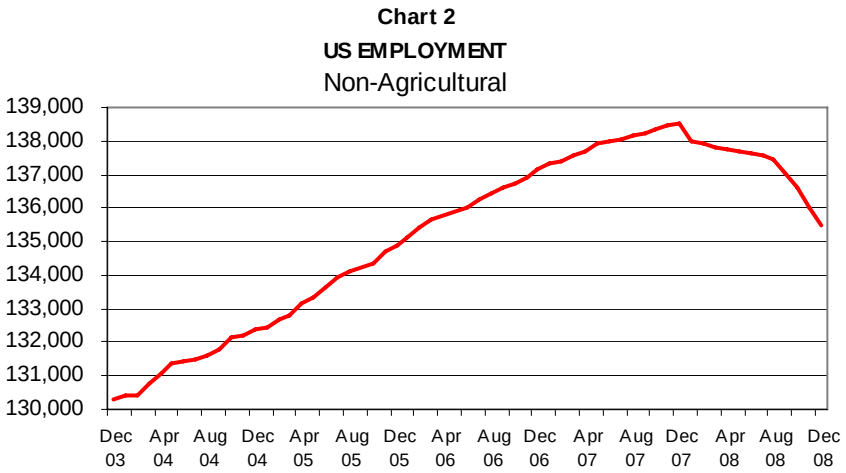
securities and mortgage-backed bonds began to lose value as the underlying cash flows from homeowners started to wane. Investment banks and the broader financial markets have been hardest hit by the bursting of the housing bubble, as they have been forced to write down more than $1 trillion dollars in losses, primarily based on the crashing values of these asset-backed housing securities. In response to mounting losses associated with housing, financial institutions have significantly tightened their lending standards and access to credit has virtually dried up for all but the most prime consumer and business borrowers. Unprecedented losses by financial institutions have resulted in either the merger, bankruptcy or government bailout of such venerable Wall Street firms as Bear Stearns, Merrill Lynch, Lehman Brothers and Wachovia. Similarly, major mortgage firms such as Countrywide, Washington Mutual, IndyMac and AIG Insurance have faced bankruptcy only to be sold at fire-sale prices or rescued by the U.S. government. Perhaps most important, housing finance giants Freddie Mac and Fannie Mae were placed in conservatorship by the U.S. government to prevent their collapse in September 2008. Combined, these two government-created firms have lent or underwritten more than $5.3 trillion of the estimated $12 trillion in U.S. mortgages – or roughly 45 percent of the mortgage market. These events, combined with the collapse of Lehman Brothers investment bank on September 15, 2008 and the federal rescue of AIG Insurance two days later sent the financial markets into a harrowing dive. By December 1, 2008, the National Bureau of Economic Research announced what was already painfully obvious – the U.S. economy had been in a recession since December 2007.

At 14 months, the current contraction already exceeds the average postwar recession length of 10 months. Assuming the current recession last until May 2009, it will be the longest recession since World War II. The recessions of 1973-75 and 1980-81 each lasted 16 months. Since most economists do not predict an end to the current recession before late 2009, the current contraction will likely be the longest recession since the Great Depression, which technically lasted 43 months. Further, the depth of this recession is much steeper than the two most recent recessions of 2001 and 1991. If forecasters are correct, peak-to-trough declines in real GDP could rival those of the 1973-75 and 1980-81 recessions, when the peak-to-trough declines in real GDP were 3.1 percent and 2.6 percent respectively. Unlike many other recessions, the current recession was not caused by a downturn in a few specific industries. It started with a housing bust and metastasized into a full-blown credit crisis that eventually destabilized the entire U.S. financial system.

The credit boom of this decade masked a troubling trend: Over the past decade, strong U.S. productivity growth has coincided with declining real incomes for most Americans. The credit crisis has likely dispelled the notion that the U.S. economy can expand while its manufacturing base dwindles. Before the current crisis, the presumption had been that innovation and productivity gains would create wealth and new jobs. Over the past 10 years, growth in real GDP has averaged 2.7 percent annually but according to many calculations, U.S. consumers have rung up nearly $3 trillion in excess borrowing and spending over the same period. Thus, the consumption that occurred over the past decade and that supported the economic expansion was not made possible by income growth but by consumer borrowing. Without this artificial boost to spending, real GDP would likely have been considerably lower. Similarly, the global economic boom was fueled by unsupported and out of control borrowing by consumers, businesses and nations. As such, the housing market was not the only sector of the global economy that was not in balance with its underlying fundamentals. Essentially, the entire economy was outspending its resources. Data from the federal Bureau of Labor Statistics supports this premise. Over the past 10 years, U.S. productivity has risen a total of 29.7 percent while real wages have only grown 2 percent. Real wages and salaries peaked in the U.S. in early 2003. Historically, real wages and productivity have gone up in tandem. Rampant borrowing and spending by consumers masked underlying problems in the economy. Excluding personal consumption, real economic growth averaged only 1.3 percent during the 10 years ending in 2007 – the slowest rate since the 1950's. Therefore, if consumption had not been artificially inflated with excess borrowing, the economy would have appeared much weaker.

From 2001 through 2007, the three main pillars of the U.S. economy were consumer spending, business investment and exports. Consumers continued spending following the bursting of the dot com bubble around 2000. They increased their spending following the terrorist attacks and recession

of 2001, straight through to the first two quarters of 2008. However, it appears that American consumers have finally been overwhelmed by the erosion of their financial base – the value of their homes – because consumer spending has fallen dramatically since the summer of 2008. It is estimated that households have lost more than $8 trillion in net worth since the fall of 2007 due to falling home equity and stock prices. That drop exceeds the $4.2 trillion decline after the 2000 stock market collapse. The result has been a dramatic drop in consumer spending. What started as a housing-led recession is now a full-scale consumer-led recession, which brings all of the textbook problems of prior recessions: decreased demand, the slashing of inventories and capital investment, layoffs and so on.



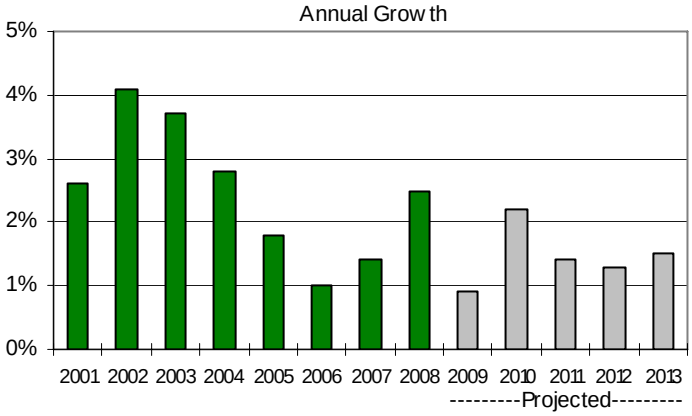
Following slow job growth from 2001 to 2003, more than 8.2 million jobs were created during the most recent economic expansion. Chart 2 shows that there was significant growth in U.S. employment from January 2004 to late 2007. Employment growth started to slow in the latter part of 2007 and more significantly during early 2008. By the summer of 2008, job losses began to occur more frequently. Monthly claims for unemployment compensation increased to 400,000 to 500,000 per month by the fall of 2008. All told, the U.S. economy lost 2.6 million jobs in 2008 – more than the number of jobs lost in the recession of 1973-75 or that of 1980-81. The U.S. unemployment rate rose steadily in 2008, reaching 7.2 percent in December. The rise in the unemployment rate accelerated in the second half of 2008.

Layoffs have hit nearly all sectors of the U.S. economy, from manufacturing and construction to financial services and retail sales. Some sectors have been particularly hard hit. Unemployment rates in the construction and mining trades were 12.1 percent by November 2008. The unemployment rate in manufacturing and production followed at 9.4 percent, including the loss of nearly 300,000 jobs in the auto industry. These losses are on top of the nearly 1.8 million manufacturing jobs lost between 2001 and 2007. However, a few sectors of the economy were still producing jobs, such as health care and education. These industries alone contributed 3.5 million new jobs during the most recent economic expansion. Despite the recession, health care and education employers have created 500,000 new jobs since December 2007 when the recession began. Data shows that employers who can add jobs during a recession are often the industry leaders in the next expansionary period. During the recession of 1991, employment in software engineering and computer programming continued to rise leading to the technology boom of the 1990s. During the recession of 2001, banks, mortgage brokers and real estate agencies added jobs, contributing to the housing boom.

Just as consumer spending is declining significantly, so too are U.S. exports which had remained strong through much of 2008. While the housing sector had been in recession since 2007 and consumer spending slowed in 2008, exports remained a boon to the economy. While the national economy expanded to grow at a rate of just over 1.0 percent for 2008, it is estimated that, excluding the net effect of exports and imports, the economy would have contracted at a rate of 0.6 percent over the same period. With business investment and consumer spending plunging, worldwide demand is also declining. This combination is proving devastating to U.S. manufacturers, as factory output has fallen at an annual rate of nearly 16 percent through the third quarter of 2008 – a rate not seen since the severe 1980-81 recession.

As the national economy slowed in late 2007, entering a recession in December, businesses again were looking to gains in productivity to soften the impact. Job growth slowed correspondingly as productivity posted year-over-year gains of 1.4 percent in 2007 and 2.5 percent in 2008. Chart 3 provides data on productivity gains from 2001 through 2008 and a forecast of productivity gains for 2009 through 2013. Gains in productivity recently achieved in 2007 and 2008 are still lower than the 3 percent to 4 percent annual gains seen during the "jobless recovery" of the 2002-04 period. The modest increases in productivity have helped to support minor growth in real GDP over the past year.

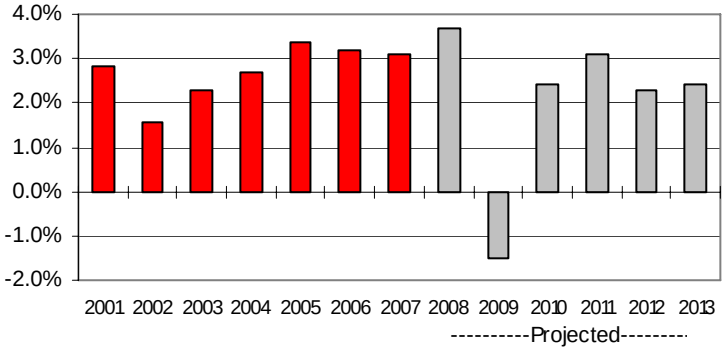
Chart 3
PRODUCTIVITY GAINS
Annual Growth



Gains in productivity, combined with declining wages, job losses and declines in consumer and business spending have rendered moot any discussion of inflation in the near term. However, rising energy prices in 2007 and early 2008 contributed greatly to the current recession. Every postwar recession has been preceded by a spike in oil prices, and the current recession is no different, as the price of a barrel of oil reached $150 by mid-2008. Led by surging energy costs, inflation peaked at 3.7 percent in 2008, as shown in Chart 4. The 2008 peak level of inflation was the highest rate since the 1991 recession, when it was 5.4 percent. Since the collapse of the credit and equity markets in the fall of 2008, consumption has declined, wages are depressed and oil prices have retreated consistently, hovering at around $40 per barrel.

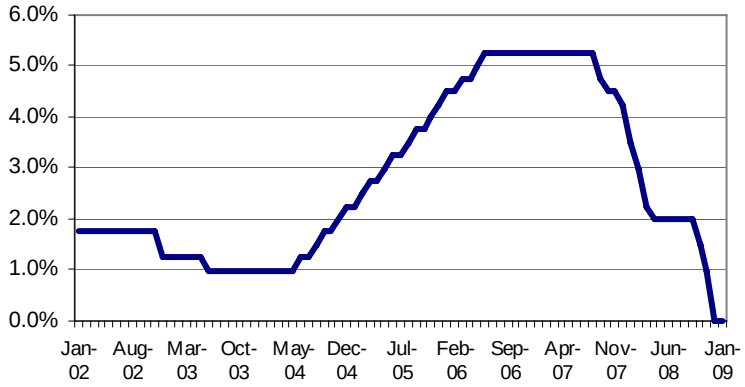
The Federal Reserve Board began to raise interest rates in June 2004. From that time through December 2006, the Federal Reserve implemented a total of 17 quarter-point rate hikes, which raised the federal funds rate from 1 percent to 5.25 percent. Much of this increase occurred during 2005, when the federal funds rate rose two full percentage points. Since that time, a slowing economy, lower job growth and a significant recession in the housing market led the Federal Reserve to restart its interest rate cuts in an attempt to keep the broader U.S. economy out of recession during 2007. That year, the Federal Reserve lowered the federal funds rate by a full percentage point late in the year. The Fed started with a half-point reduction in the federal funds rate in September, followed by quarter-point reductions in October and December. These reductions were combined with corresponding reductions in the discount rate – the rate the Federal Reserve charges to make direct loans to banks. Further, the Federal Reserve and the European Central Bank have injected hundreds of billion of dollars and euros into the world financial markets to try to ease liquidity constraints and avoid a recession. By January 2008, the Federal Reserve dramatically lowered the federal funds rate by three-quarters of a point, in response to the deepening housing recession, the continued credit crunch and plunging global financial markets. The same day, the Federal Reserve also lowered the discount rate by a corresponding three-quarters of a point. The surprise rate cut is the first monetary policy action taken by the Federal Open Markets Committee between

Chart 4
INFLATION-CONSUMER PRICE INDEX
Annual Growth



scheduled meetings since September 17, 2001. Chairman Ben Bernanke and the Federal Reserve continued to lower the federal funds rate throughout 2008, finally reaching "a target rate" of between 0.0 and 0.25 percent in December 2008, as shown in Chart 5. Further, the Federal Reserve has dramatically expanded its balance sheet to inject more than $2 trillion in liquidity into the financial markets in order to stem the credit crisis.

Chart 5
FEDERAL FUNDS RATE



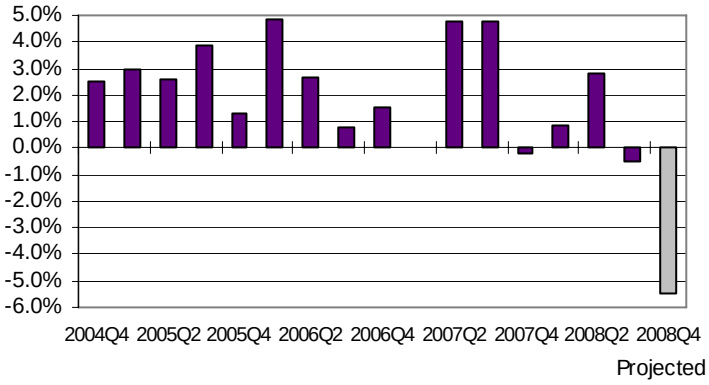
Current Conditions

The U.S. economy entered the current recessionary period in December 2007. The economic slowdown was triggered by a nationwide crash in the housing market, which caused a dramatic tightening of credit. This credit crunch sapped consumer spending power, leading to a rapid decline in consumer consumption. The slowdown in spending and the lack of available credit affected the business community, which responded by laying off workers. At the same time, the crises in housing and credit were quickly reflected in the financial markets, with investors ranging from multi-billion-dollar municipal pension funds to individual workers saving for retirement suffering huge losses in their investment portfolios. This sharp decline in the value of investments further reduced consumer spending, leading to more business closings and more layoffs in many sectors of the economy. So goes the textbook circular pattern of a classic recession in which various recessionary forces build strength, feeding off of each other as the economy slides downward. For all the talk of a new economic paradigm having developed over the past two decades, the underlying fundamentals of the U.S. economy remain jobs, income and wealth and consumer spending.

While overall real GDP growth for 2008 is expected to finish just over 1 percent for the year, as shown in Chart 1 earlier, an examination of real GDP on a quarterly basis reveals the sharp reversal the U.S. economy has undertaken since the fourth quarter of 2007. Discounting the short-term effects of the 2008 tax rebates, the U.S. economy has contracted in three of the past five quarters. The 0.5 percent contraction in the third quarter of 2008 will likely be followed by a 5 percent to 6 percent contraction in the fourth quarter of 2008.

Employment in the U.S. peaked in December 2007 just as the recession was beginning, as shown in Chart 2. Since that time, job losses have been growing. First, monthly job losses were measured in the tens of thousands monthly from December 2007 through August 2008. Beginning with the stunning crash of Lehman Brothers on September 15, 2008 and the bailout of insurance giant AIG a few days later, job losses ballooned upward at an alarming rate, averaging nearly 500,000 jobs lost per month from September through December 2008. During all of 2008, U.S. employers eliminated 2.6 million jobs, cutting 1.9 million in the last four months of the year alone. These staggering job losses pushed the

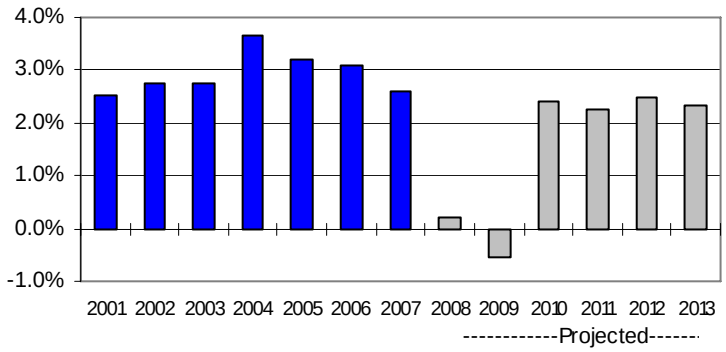
Chart 6
REAL GROSS DOMESTIC PRODUCT
Quarterly Growth



December 2008 unemployment figure to 7.2 percent, the highest figure since January 1993. As result, the labor markets have not been this gloomy since the 1980-81 recession, when unemployment hit 10.8 percent. Beyond job losses, hours worked are being reduced as well. During December, the average number of hours worked fell to 33.3 hours per week, down two-tenths of an hour to the lowest level since recordkeeping for this data began in 1964. The loss of jobs has been widespread throughout the economy but the manufacturing and construction sectors have been hardest hit. Since December 2007, more than 790,000 manufacturing jobs have been lost and construction jobs are down 899,000 from their peak in September 2006. Slumping retail sales have led to the loss of nearly 550,000 retail jobs since December 2007. Fully one-third of the retail job losses occurred at automobile dealerships as that industry has been particularly affected during this recession. The professional and business services sector lost nearly 500,000 jobs in 2008. Employment in the financial services area has fallen by 148,000 jobs in 2008. In fact, the only major economic sector adding jobs in 2008 was health care, which added 372,000 positions in the past 12 months.

Job losses, declines in household wealth and tighter credit are just a few of the factors adversely impacting consumer spending. Widely regarded as the main engine of the U.S. economy and accounting for fully two-thirds of GDP, consumer spending has been in a tailspin since the recession deepened in the summer of 2008. It is estimated that households have lost more than $8 trillion in net worth since the summer of 2007 due to falling home equity and stock prices. These stunning losses account for the large-scale retreat in consumer spending as shown in Chart 6, which shows the annual average growth in real personal consumption expenditures for the period 2001 though 2007, with forecasts for 2008 to 2013. With consumers no longer able to tap into growing equity in their homes and individual investors faced with a nearly 40 percent drop in the S&P 500 since September, consumer spending plunged during the third quarter of 2008, down 3.7 percent annually. This decline was the largest since 1980, when credit controls were imposed by the Carter Administration. Consumer spending is expected to be down for the fourth quarter of 2008as well: that figure will be released in early 2009. December retail sales have already been released; they were down 7.5 percent from the prior year, a foreboding sign. Further, the December decline in retail sales marked the sixth consecutive month of slumping retail sales. Consumer spending has never declined for three consecutive quarters since records were first kept in 1947. Yet, economists now expect the decline in consumer spending to continue during the first quarter of 2009. If this projection holds true, the peak-to-trough decline in consumer spending could be the largest of any postwar recession. The unusually heavy drag on the economy from consumer restraint is the largest factor contributing to the severity of the current recession. (Recall that the 2001 recession was tempered by the consumer's willingness to keep spending.)

Chart 6
REAL PERSONAL CONSUMPTION EXPENDITURES
Annual Growth



In response to this pullback in consumer spending, businesses began to cut back sharply on production. From August through October 2008, factory orders plunged 12 percent, a record three-month drop, and companies continue to slash capital spending, inventories and hiring. All of this retrenching, of course, compounds the adverse effects of the recession. Through November, orders for capital goods, excluding defense and aircraft, had dropped at a 28 percent annual rate from the third quarter. Automobile output is expected to have plunged 60 percent during the fourth quarter of 2008. Exports are also slumping; they are on a path to post their largest quarterly decline in 35 years. The World Bank expects global trade to decline by 2.1 percent in 2009, following a 27-year boom cycle. In fact, the current recession marks the first time in the postwar era that a simultaneous global

recession has occurred in the U.S., Europe and Japan. The nearly 40 percent drop in the S&P 500 index is the largest since 1937; according to Bloomberg News, financial firms have disclosed more than $1 trillion of write-downs and credit-market losses since 2007 linked to subprime mortgages.

Early data from 2009 shows that the U.S. housing market continues to implode. U.S. Commerce Department data indicates that housing starts fell 16 percent last month to an annual rate of 550,000. This level is the lowest since statistics were first kept in 1945. With excess supply and very weak demand, it is likely that housing starts will remain depressed for several years. During all of 2008, housing starts were down 33 percent from 2007 to 904,300, also the fewest since 1945. Housing starts declined in three of the four regions of the U.S., led by the Midwest, where housing starts were down 25 percent. Interestingly, housing starts actually rose 13 percent in the Northeast. Not only are fewer new homes being built, but more people in existing homes are losing their homes. Filings for foreclosures in December 2008 were 41 percent higher than in December 2007. The National Association of Realtors reports that at least 40 percent of the sales of existing homes are attributable to the sales of foreclosed properties.

Monetary policy efforts by the Federal Reserve to date have been aimed at the financial markets generally and the mortgage industry in particular. Reductions to the federal funds rate, as shown in Chart 5, have been extraordinary in scale and frequency. The Fed's December 16, 2008 announcement that it was lowering its target federal funds rate to a range of 0.0 to 0.25 percent is the lowest in the history of the Federal Reserve, which was founded in 1913. Additionally, the Fed has committed to buy large volumes of "tainted mortgages" in an effort to stabilize the mortgage industry.

Previously, the Federal Reserve had concentrated on interest rate reductions as its main monetary policy tool. Now the Fed has adopted a policy it calls "quantitative easing," which pumps massive volumes of money into the financial system, affecting the rates of interest on virtually all credit instruments. The implied goal of the Fed is to provide cheaper credit to all parts of the economy, starting with housing. While the federal funds rate cannot go below zero, the Fed has virtually unlimited power to stimulate the economy with monetary policy by buying up mortgage-backed securities, Fannie Mae and Freddie Mac corporate debt and other assets. On November 25, 2008, the Federal Reserve announced that it would begin buying up to $600 billion in mortgage debt and mortgage-backed securities from Fannie Mae, Freddie Mac and the Federal Home Loan Bank. This approach has already led to a reduction in mortgage rates for consumers. Additionally, the Fed has announced that it will start to pump nearly $200 billion into the student loan, auto loan, credit card and small-business loan industries in 2009 to further stimulate growth. Such actions have dramatically driven up the Fed's balance sheet, which currently stands at $2.2 trillion, up from $900 billion in September 2008. Expectations are that the Fed's balance sheet could reach $5 trillion by the end of 2009.

By using any and all means at its disposal, the Federal Reserve is trying to avoid a bout of deflation from occurring in the U.S. Such a situation occurred in the U.S. in the 1930s and in Japan in the 1990s. Deflation is characterized by slumping demand, rising unemployment and frozen credit which continue to impact each other in a vicious cycle. It is essentially inflation in reverse, with wages and prices moving downward in a coordinated pattern. Sustained declines in demand and falling prices force businesses to cut prices ever deeper.

When deflation occurs in an economy, the inflation rate drops below zero into negative percentages. Inflation data from 2008 strongly suggests that the U.S. economy is hovering on the brink of deflation. Since July 2008, the inflation has fallen from 5.6 percent to 1.1 percent. The December 2008 inflation rate declined from the previous December for the first time since 1955. The October and November CPI figures showed the largest single monthly drops in annual CPI growth rates during the postwar period. Inflation levels are expected to drop below zero in 2009 on the heels of steep declines in energy and commodity prices and the rapid decline in consumer demand during the second half of 2008.

The Forecast

Since peaking in 2004, growth in the national economy had been slowing annually. Starting in December 2007, the U.S. economy entered a recession. Discounting the effect of one-time stimulus/tax rebate checks issued in early 2008, quarterly growth in real GDP has been non-existent for the past year, as shown in Chart 5.

Real GDP is expected to have grown at a very subdued rate of 1.2 percent in 2008 – the lowest level of growth since 2001. The economy contracted 0.5 percent in the third quarter of 2008 and expectations are that the fourth quarter contraction in real GDP could reach 5 percent to 6 percent. Similar economic contraction is forecast for the first and second quarters of 2009, according to a combination of data from both IHS Global Insight and Moody's Economy.com economic forecasts.

Table 1
Forecast Change in
Key US Economic Indicators
Annual Percentage Growth*

Indicator	2007	2008p	2009p	2010p
Nominal GDP	4.8	3.5	-0.3	3.4
Real GDP	2.0	1.2	-1.8	2.1
Real Personal Consumption	2.8	0.2	-0.5	2.4
Corporate Profits (After Tax)	2.2	-14.5	1.2	9.2
Unemployment Rate (Rate)	4.6	5.8	8.2	8.6
CPI	3.1	3.7	-1.5	2.4
Federal Funds (Rate)	5.0	2.0	0.1	1.2

*Assumptions in this chart, as well as other assumptions, are incorporated in the 2009-10 fiscal year revenue estimates.

p=projected

Annual growth in real GDP is projected to be -1.8 percent in 2009, with significant contraction during the first two quarters, followed by minimal positive growth in the last two quarters of 2009. A combination of data from both forecasting sources is highlighted in Table 1. This table presents actual data for 2007 and forecasts for the 2008-2010 period for several national economic indicators. As noted, both real and nominal GDP growth have slowed significantly during 2008, but remained positive. The current forecast anticipates that the recession will deepen and that the economy will experience four straight quarters of negative growth from the fall of 2008 until summer 2009. Additionally, all of the major economies of the world are simultaneously in a recession for the first time in the postwar period. For that reason, there are no external forces to support growth. Economic forecasts now project the first decline in real world GDP in the postwar era. Modest growth is forecast for 2010 and beyond, but the economy will strain to get through 2009. The current 13-month recession is expected to last up to 24 months, making it the longest recession since the Great Depression and the second longest since 1910.

Declines in housing construction and housing finance led the economy into recession. Until the housing markets stabilize, the depths of the current recession will remain unknown. New housing starts plummeted in the later part of 2008, down 33 percent from the prior year, finishing at just 904,000 units, a record low since 1945. The economic forecast is for continued weakness in new housing starts through the second quarter of 2009. Total housing starts are expected to bottom out at 604,000 units in 2009, a 33 percent decline from the 2008 levels, which were already the worst on record. The rapid decline in housing starts reflects the combination of excess supply in the market, weak demand and a continuation of the credit crunch. The Federal Reserve's actions to inject massive amounts of liquidity into the financial system has driven the average 30-year mortgage rate to below 5 percent, but most of the benefit has been attained by those refinancing existing debt rather than by those purchasing new homes. Overall housing prices are expect to continue to decline through the first quarter of 2010.

Declining wealth from home values and losses in the stock market have erased an estimated $8 trillion in household wealth since 2007. Those losses, combined with declining real wages and increasing unemployment, have caused U.S. consumers to drastically reduce their spending since the middle of 2008, as shown in Chart 6. Real consumer spending is expected to decline for four straight quarters, starting with the third quarter of 2008. Real personal consumption is expected to decline 0.5

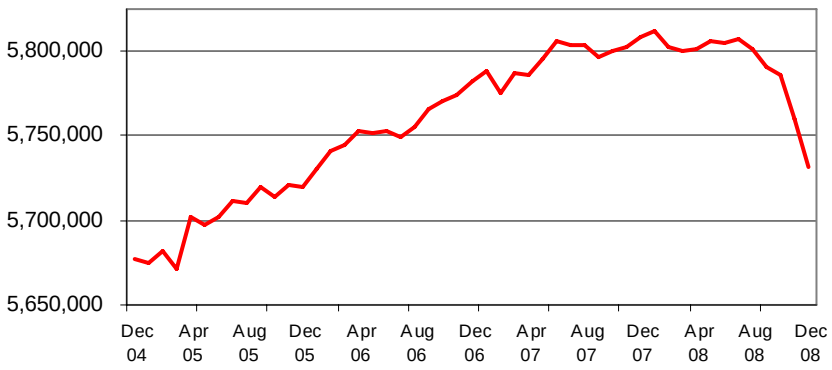
percent in 2009. A projected 2.3 percent peak-to-trough drop in real personal consumption is expected. This would be the largest such decline since the 1980 recession. According to economists, any turnaround in consumer spending in the spring of 2009 depends on the enactment of additional fiscal stimuli such as new tax cuts or rebates. One bright spot is that declining energy prices are expected to assist consumers and stretch their purchasing power. In addition, personal income growth is expected to return in 2009, despite rising unemployment. Growth in real personal income is expected to reach 2.3 percent in 2009, up from just 0.6 percent growth in 2008 as shown in Chart 9 below.

The U.S. economy is expected to continue to shed jobs in 2009. More than 2.6 million jobs were lost in 2008 and more losses are expected in 2009. Job losses are expected to average around 500,000 monthly in early 2009 before slowing in the later part of 2009. Total peak-to-trough job losses from December 2007 until 2010 are projected to be 5 million jobs. The U.S. unemployment rate in December 2008 was 7.2 percent; economists estimate it will reach close to 9.0 percent by the end of 2009 before job growth returns in 2010.

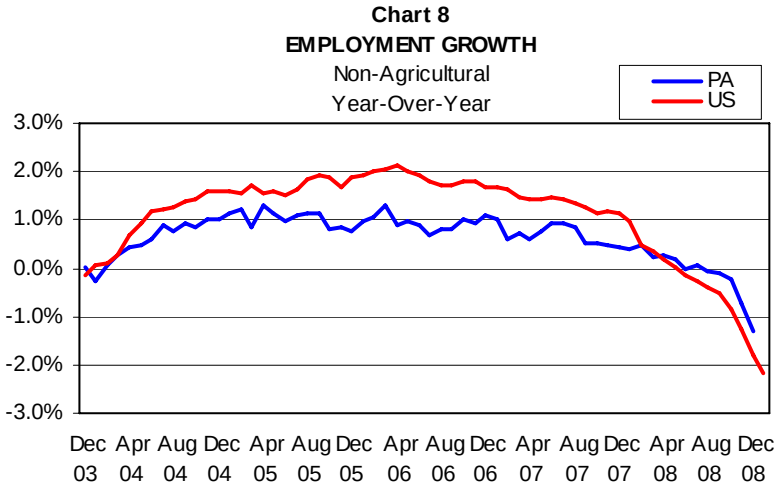
Pennsylvania Outlook

The commonwealth's economic performance is largely dependent upon job growth. Pennsylvania's labor market, specifically the non-agricultural sectors, started to grow significantly in January 2004. Despite this increased job creation, the state unemployment rate began to rise in 2004. Unemployment in Pennsylvania reached 5.7 percent in December 2004. This rising unemployment rate despite increased job creation was due to growth in the state's labor force during 2004, as more job seekers re-entered the expanding job market. At that time, growth in the state labor force was greater than the national average.

Chart 7
PENNSYLVANIA EMPLOYMENT
Non-Agricultural



Continued job creation, combined with somewhat slower growth in the overall labor force during 2005 and 2006, produced a decline in Pennsylvania's unemployment rate, to a low of 3.8 percent in March 2007. As the U.S. and state economies slowed in late 2007, employment in the commonwealth peaked in January 2008 at 5.811 million non-agricultural jobs. Since December 2007 and the start of the national recession, Pennsylvania has lost 76,200 jobs. The loss of jobs in Pennsylvania started slowly in early 2008 and was measured in a few thousand per month as shown in Chart 7. Beginning in the fall of 2008, job losses began to accelerate, with 26,000 jobs lost in November and 28,000 jobs lost in December. This reduction in jobs is the largest 12-month drop since the 1991 recession. However, Pennsylvania's 12-month job loss rate of -1.3 percent is still better than the national average of -1.9 percent. In December 2008, the commonwealth's unemployment rate was 6.7 percent, its highest level since March 1994. The national unemployment for December 2008 was 7.2 percent. Pennsylvania's unemployment rate has now been equal to or below the national average for 70 of the past 72 months.

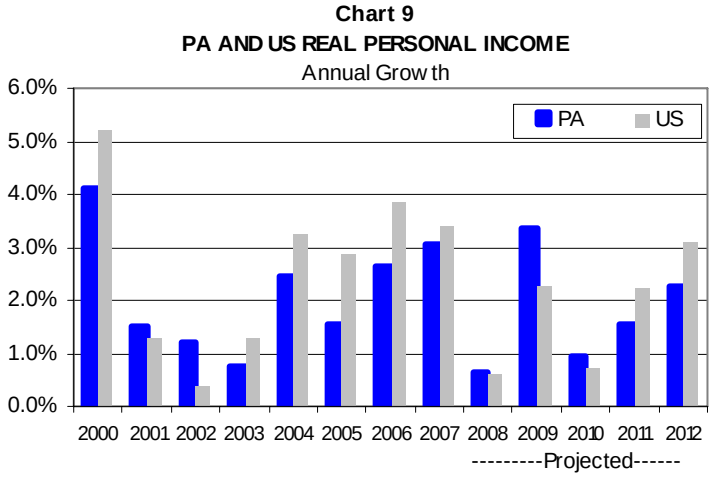


Despite the loss of more than 76,000 jobs, the commonwealth has still created 106,400 jobs since January 2003.

Pennsylvania's 2008 projected job losses were lower than the projected national average, and remained less steep than those of the surrounding states of New Jersey, Delaware and Ohio. As job losses were more subdued in Pennsylvania in 2008, the commonwealth moved up to 30th in the ranking of average annual state growth in employment (with the first being the best). Pennsylvania has traditionally been around 40th or below in this ranking, even during periods of strong job creation. The comparatively low ranking is somewhat deceptive though: While the state does not generally produce as many new jobs when the economy is going strong, the commonwealth also does not suffer as much as the rest of the country as a whole during periods of economic contraction as shown in Charts 8 and 9.

This pattern has been evident since the 1990s, following the significant diversification of the Pennsylvania economy in the previous 30 years. A reduced reliance upon manufacturing and mining employment has been part of this trend, along with the expansion of education and health care-related jobs in the commonwealth. Both of these sectors are less prone to recessions. Employment in the commonwealth saw job losses across all sectors in 2008 except for the educational and health services sectors which had job growth of 2.0 percent in 2008 and the government sector, which had job growth of 0.4 percent in 2008. Manufacturing and the construction sectors had the worst year-over-year rate of job losses in Pennsylvania in 2008, with manufacturing jobs down 3.9 and construction jobs down 3.6 percent. The information, trade and transportation, financial services, leisure and hospitality, and professional and business services sectors also saw job losses in 2008.

As job losses are expected to continue nationally through 2009, the slower rate of job losses in Pennsylvania is expected to push the commonwealth up to 14th among the 50 states in terms of annual job growth in 2009, according to estimates by IHS Global Insight. Annual employment growth in Pennsylvania is forecast at around -0.5 percent in 2009, while positive job growth is expected to return in 2010 at a rate of 0.6 percent annually. Slightly more robust job growth is forecast for the commonwealth after that, with growth of 1.1 percent in 2011 and 1.3 in 2012. As the national economy begins to recover in 2010, the rate of job growth in Pennsylvania is expected to again lag behind the national average from 2010 through 2012.



Housing construction continued to slow in Pennsylvania in 2008, down from a high of 45,000 new units in 2005 to just under 25,000 units in 2008. Economic forecasts project that housing starts will fall another 12 percent in 2009. Sales of new and existing homes also declined by 24 percent during 2008. Further, while

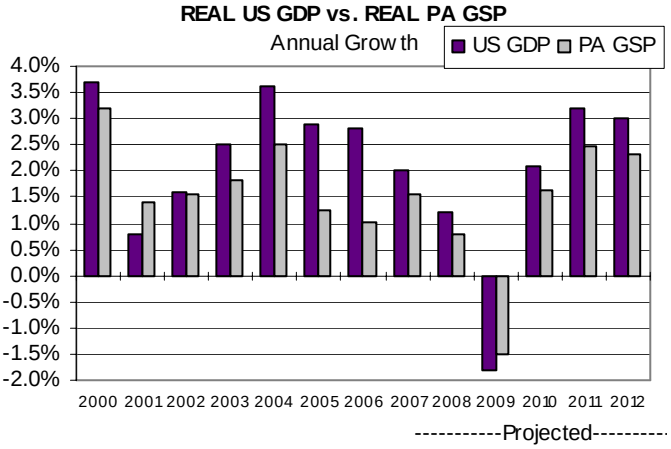
home prices have been falling dramatically throughout the nation, home price appreciation in Pennsylvania has simply stalled since 2007.

While the commonwealth has been less susceptible to the bursting of the housing bubble than the rest of the nation, the ensuing credit crunch is taking a toll on Pennsylvanians. Job losses and declining wealth have pushed many Pennsylvanians into foreclosure. The number of Pennsylvania homes repossessed nearly doubled in 2008. Additionally, more than 37,000 properties received foreclosure notices in 2008, a jump of 127 percent over 2007 levels. While these figures are disconcerting, Pennsylvania remains in better shape than many other states. At 0.68 percent of all homes owned, the commonwealth's 2008 foreclosure rate ranked just 33rd among the 50 states and the District of Columbia, according to figures compiled by the Associated Press.

The inverse relationship of the U.S. and the commonwealth growth in personal income has re-emerged during the current recession. Chart 9 plots actual and projected annual real personal income growth for Pennsylvania and the United States for the years 2000 through 2012. As shown, growth in Pennsylvania real personal income exceeded the national average during the 2001 recession and the subsequent "jobless-recovery" period through mid-2003. As the national economy gained traction in late 2003, personal income in the U.S. began to exceed the Pennsylvania average – although Pennsylvania's personal income growth remained strong and positive. As the recession of 2008 took hold and deepened, the rate of growth in real personal income plunged for the nation as a whole, as it did for the commonwealth. However, the decline in the rate of growth was less severe for Pennsylvania for the rest of the nation. Economists expect that the rate of growth in real personal income for Pennsylvanians will exceed the national average through 2010. This strong performance is partially the result of the diversification of the Pennsylvania economy and a stronger state labor market. Growth in less recession-prone industries such as health care, pharmaceuticals, education and government have aided the commonwealth.

Chart 10

REAL US GDP vs. REAL PA GSP



The short-term outlook for Pennsylvania is that its economy remains heavily dependent on the national economy. Economic growth in Pennsylvania has a high correlation with growth in the U.S. economy, as illustrated in Chart 10. As with trends in real personal income during expansionary periods, Pennsylvania's gross state product lags behind the rate of growth in U.S. gross domestic product. The greatest recent gap between the two rates of growth was in 2006. Since then, the commonwealth's rate of growth in gross state product has steadily gained on the rate of growth in U.S. gross domestic product. The commonwealth is expected to suffer less of an economic contraction than the U.S. in 2009, essentially out-performing the national economy. Beginning in 2010 through 2012, the gap between the two rates of growth is expected to widen as the national economy expands.

SUMMARY OF MAJOR OPERATING FUNDS

The total 2009-10 operating budget for the commonwealth is $61.7 billion. It includes nearly $26.6 billion in the General Fund, more than $2.7 billion in the Motor License Fund, $21.1 billion in Federal funds and $11.3 billion in fees and other special fund revenues. The amounts for the General Fund and Federal funds reflect the use of $2.4 billion in anticipated Federal Fiscal Relief funds that this budget proposes to use in lieu of General Fund monies.

The majority of the commonwealth's operating expenses are paid from the General Fund, Motor License Fund and Lottery Fund. The following provides an overview of major revenues and expenditures. More details regarding these funds may be found in Section C – Summary by Fund and Section E – Department Presentations.

General Fund

Revenue

The General Fund is the commonwealth's largest operating fund. It receives all tax revenue, non-tax revenue and federal grants and entitlements not specified by law to be deposited elsewhere. The General Assembly makes appropriations of specific amounts from tax revenue and certain non-tax revenue of the General Fund. These amounts are contained in this budget as General Fund Revenue Sources.

Tax revenue in the General Fund constitutes more than 97 percent of annual General Fund revenue. Four taxes account for the majority of General Fund tax revenue. The personal income tax, the sales and use tax, the corporate net income tax and the capital stock and franchise tax together provide approximately 81 percent of annual General Fund revenue. For non-tax revenue, the largest sources of revenue are profit transfers from the Pennsylvania Liquor Control Board, earnings of investments and the escheats or "unclaimed property" program.

Recent Revenue Trends: For the five fiscal years ending with 2007-08, total General Fund revenue grew by 22.3 percent, an annual rate of 5.2 percent. The rate of growth for revenue during the period has been affected by the enactment of several tax rate and tax base changes that have enhanced receipts. Without adjusting for tax rate and base changes, the major tax revenue sources experiencing the largest growth during this period were the personal income tax, corporate taxes and alcoholic beverage taxes. All had five-year total increases of more than 28 percent. Revenue from some tax sources declined over the period. Receipts from the cigarette tax fell by an average annual amount of 2.2 percent. Non-tax revenue sources during this period decreased by 18.8 percent overall or an average of 5.1 percent annually. Decreased liquor store profits transfers and reduced interest earnings accounted for most of the decrease during the period.

Receipts from the personal income tax in recent fiscal years have been steadily improving since the recession of 2001. Without adjusting for changes in the tax rate, personal income tax collections over the past five completed fiscal years have averaged 9.0 percent annual growth. An upward revision in the personal income tax rate enacted in December 2003 impacted the average annual growth rate calculated above. Prior to the increase in the tax rate, receipts from the personal income tax had experienced successive years of decline in 2002 and 2003 as Pennsylvania struggled to recover from the 2001 recession. However, the national economy has again entered a recession, and the annual growth in personal income tax receipts has slowed from the recent trends. Through December 2008, personal income tax receipts are 2.5 percent above 2007-08 collections through the same period. Personal income tax receipts for all of 2008-09 are projected to decrease by 1.4 percent below 2007-08 actual receipts. For fiscal year 2009-10, personal income tax receipts are anticipated to decline 0.1 percent below the Revised 2008-09 Estimate. Estimates for the personal income tax are developed from a regression equation that uses forecasts of wages, salaries, interest, dividends and rents.

The sales and use tax is levied on taxable property and services used by consumers and by businesses. Recently, annual growth rates for this tax have been modest when compared to pre-2001 recession levels. Sales and use tax receipts over the past five completed fiscal years have averaged 2.4 percent annual growth. The national economic recession has adversely impacted sales and use tax receipts which declined on a year-over-year basis in 2007-08 for the first time since 1990-91. Sales and use tax receipts through December 2008 are 1.7 percent below 2007-08 levels. Sales and use tax receipts for all of 2008-09 are projected to decrease by 2.6 percent below 2007-08 actual receipts. For 2009-10, the continuation of significantly reduced consumer spending is expected to produce a growth rate of 0.5 percent above the Revised 2008-09 Estimate. Estimates for the sales and use tax are developed from a regression equation that uses forecasts of national consumer expenditures on durable goods, business investment, and national consumption on new and used motor vehicles.

The largest General Fund tax on business is the corporate net income tax. Annual receipts from the corporate net income tax can vary significantly from year to year and may experience a year-over-year decline. This variability is due to fluctuations in corporate profitability, including losses, the availability and use of tax credits and net operating loss deductions, and the timing of estimated and final state tax payments based on when a corporation's tax year begins. Corporate tax receipts, including both the corporate net income tax and the capital stock and franchise tax, had experienced three consecutive years of negative year-over-year growth due in large part to the slow and fitful recovery from the 2001 recession. In addition, previously enacted tax rate reductions to the capital stock and franchise tax continue to be implemented which annually reduce the tax rate imposed until it will be entirely eliminated in 2011. Despite the effects of the 2001 recession and reductions in the tax rate, corporate tax receipts over the past five completed fiscal years have increased by total of 29.1 percent, as corporate profits rebounded starting in 2003-04. As result of the significant growth experienced in 2004-06 the average annual growth in corporate tax receipts was 6.6 percent for the five year period ending June 30, 2008. However, double digit annual growth in corporate receipts during the fiscal years 2004 through 2006 have given way to a very minor increase in fiscal year 2006-07 (3.3 percent) and a year-over-year decline (-1.6 percent) in corporate revenues during the past fiscal year. Current fiscal year-to-date corporate tax receipts are 12.0 percent below 2007-08 levels through December 2008 as the national economic recession has worsened. Corporate tax receipts for all of 2008-09 are projected to decrease by 9.2 percent below 2007-08 actual receipts. A continuation of the national economic recession is expected to adversely impact corporate receipts in 2009-10. Additionally, the effects of the continued rate reduction for the capital stock and franchise tax will likely result in a decline of 3.8 percent from this source of corporate taxes in 2008-09. These growth rates reflect improving economic conditions in Pennsylvania. Estimates for the corporate net income tax are developed from a regression equation that uses forecasts of national before-tax corporate profits.

Expenditures

The General Fund is the primary funding source for most state agencies and institutions. More than three quarters of every dollar is returned to individuals, local governments, institutions, school districts, among others, in the form of grants and subsidies. The remainder pays operating expenses and debt service.

The total General Fund budget proposed for 2009-10 is $26.6 billion. General Fund expenditure growth is projected to decrease 0.2 percent after accounting for the use of nearly $1.1 billion of anticipated Federal Fiscal Relief funds in 2008-09 and $2.4 billion in 2009-10, as well as lapses anticipated in 2008-09 through the implementation of a budgetary freeze. Major program expenditures occur in the areas of education, public health and welfare and state correctional institutions.

***PreK-12 (Basic) Education**:* The financial responsibility for public education in Pennsylvania is shared by the commonwealth and 501 local school districts. Funds provided by the commonwealth supplement funds raised locally. State aid to local school districts is provided through various school

subsidy payments for basic instruction, career and technical education, debt service, pupil transportation, employee retirement programs including social security and various special education programs.

The largest such subsidy is the Basic Education subsidy, which provides commonwealth aid to local school districts. This budget proposes nearly $5.53 billion for the Basic Education subsidy in 2009-10, an increase of more than 5.7 percent. This budget also proposes a $3.9 million increase, to $189 million, for the expansion of Early Intervention services. In total, funding for basic education increased by more than $262 million, to $9.9 billion.

***Higher Education**:* Higher education in Pennsylvania is provided through 277 degree-granting institutions, which include the 14 universities of the State System of Higher Education, four state-related universities, community colleges and various other independent institutions. The budget proposes over $2.0 billion for higher education institutions and students. This includes more than $473 million for student financial assistance.

Public Health and Welfare: The commonwealth provides support for its residents who are seeking to achieve and sustain independence. It also provides care, treatment and rehabilitation to persons with mental and physical disabilities and supports programs to prevent or reduce social, mental and physical disease and disabilities. For 2009-10, the total public health and human services expenditures from all sources is $26.9 billion; the amount from the General Fund will be $9.4 billion, which is a decrease of $185 million or nearly 2 percent. The State fund amount reflects the impact of an $800 million increase in projected Federal Fiscal Relief funds in 2009-10 due to an increase in the Federal Medical Assistance Percentage.

The largest component of the public health and welfare expenditures is the Medical Assistance program. In the last ten years, the program grew at an annual rate of 11 percent. Caseload growth is beginning to increase over the modest trend experienced in the last two years due to current economic conditions. Technological advances in medicine and general medical inflation, including increases in pharmaceutical prices, result in an increase in overall Medical Assistance expenditures in 2009-10. In an effort to continue to contain costs and operate efficiently, while maintaining the necessary services, this budget continues 2008-09 cost containment initiatives and proposes additional revenue and cost containment strategies. The combined effect of these efforts results in a modest increase in total funding from $15.8 billion in 2008-09 to $16.2 billion in the proposed 2009-10 budget. State funds are anticipated to decrease from $4.6 billion in 2008-09 to $4.3 billion in 2009-10, which is a decrease of $268 million or nearly 6 percent. The State fund amounts reflect the impact of an enhanced Federal match of $1.1 billion in 2008-09 and $1.9 billion in 2009-10.

Income maintenance, including cash assistance payments and child care services for families in transition to independence and self-sufficiency, totaled $2.8 billion from all sources for 2008-09. The 2009-10 budget proposes total resources of $2.7 billion. The commonwealth's General Fund share is increased from $1.18 billion to $1.21 billion. The budget provides a total of $793 million for child care services. This more than doubles the amount of child care funding since 2000-01.

The 2009-10 budget continues the policy of supporting independence for people with mental retardation and mental health disabilities. In June 2002, the state supported 5,098 institutional beds. By June 2009, that will be reduced to 3,095, a reduction of 39 percent. Over that period, the community budgets will have grown by $819 million in total funds, an increase of 47.7 percent.

***State Correctional Institutions**:* The 2009-10 budget proposed for the state correctional system is $1.8 billion. From 2005-06 to 2009-10, total costs have grown from $1.4 billion to $1.8 billion. This is due to the continuing rise in the inmate population in the state correctional system, which has grown from 43,206 inmates in 2005-06 to an estimated 51,083 inmates in 2009-10.

Motor License Fund

The Motor License Fund is one of the special revenue funds of the commonwealth and a major operating fund of the commonwealth. It is the fund that receives most of the revenues required by the Constitution of Pennsylvania to be used only for costs of construction, reconstruction, maintenance and repair of and safety on highways and bridges in the commonwealth and for the payment of debt service on obligations incurred for such purposes. The major sources of revenue to the Motor License Fund are from motor fuels taxes, vehicle registration fees, license and operators' license fees and excise taxes imposed on products used in motor transportation. Certain of these revenues are further restricted to specific highway uses and are not included in the Motor License Fund estimate of revenue.

Taxes on various fuels provided approximately 45 percent of total Motor License Fund revenues in 2007-08. Revenue from liquid fuels taxes has increased only slightly over the past five fiscal years. For the five-year period ending with 2007-08, liquid fuels tax revenues increased at an annual average rate of 0.2 percent. Current fiscal year-to-date liquid fuels receipts are 8.9 percent below 2007-08 levels through December 2008. For 2008-09 an decrease of 3.0 percent is projected while the budget for 2009-10 projects an increase in liquid fuels tax receipts of 1.4 percent over the revised estimate for 2008-09.

License and fee revenues represent the other major source of revenues for the Motor License Fund. Annual growth of receipts from these sources has also increased slowly. For the five-year period ending with 2007-08, license and fee revenues increased at an annual average of 0.8 percent. For 2008-09, an increase of 3.0 percent is projected and for 2009-10 a decrease of 2.4 percent is estimated.

Beginning in 2007-08, the commonwealth and the Pennsylvania Turnpike Commission reached an agreement for the Turnpike Commission to provide annual contributions for an expanded highway and bridge program and for local maintenance of roads and bridges. In 2007-08, the agreement called for the Turnpike Commission to provide $450 million, increasing to $500 million in 2008-09 and 2009-10.

The Budget for 2009-10 recommends $4.2 billion for construction, reconstruction and maintenance of highways and bridges in the commonwealth. Looking to the future, the department is researching highway systems technology in such areas as intelligent transportation systems, advanced maintenance technologies and high performance pavement markings. In addition, the department will provide quality services that are user-friendly and customer-focused and will remain responsive and accountable to the citizens of the commonwealth.

The Department of Transportation will continue to establish and maintain a first-rate infrastructure, which unites roads, rails, waterways, airports and information networks linking goods, services, people and ideas to our community, state and world markets.

Lottery Fund

The Lottery Fund is a special revenue fund that receives the proceeds of lottery sales. It provides funding for lottery prizes and for programs supporting older Pennsylvanians. These programs include assistance in the purchase of pharmaceuticals, property tax and rent assistance, community care programs and public transportation subsidies.

The largest program funded by the Lottery Fund is the Pharmaceutical Assistance Contract for the Elderly (PACE) program. This program provides pharmaceutical benefits to qualified older Pennsylvanians who face a growing burden from the cost of drugs required to maintain healthy and productive lives. Act 37 of 2003 expanded the income eligibility limits of the PACE program making

more than 100,000 additional individuals eligible for enrollment. The expansion was funded through a combination of Lottery revenue enhancements and cost containment initiatives in the PACE program.

Act 111 of 2006 created PACE Plus Medicare, which enables cardholders to take advantage of the features of both PACE and the new Federal Medicare Part D benefit. PACE Plus Medicare fills the coverage gaps encountered by cardholders in Medicare Part D, including deductibles, the donut hole phase of no Medicare coverage and copayment differentials between the Medicare Part D plan coverage and the PACE and PACENET copayments. PACE Plus pays the Medicare premiums for Part D coverage for PACE cardholders, while PACENET cardholders pay the Part D premiums. This budget proposes to revise the PACE pharmacy reimbursement methodology to include actual acquisition cost as the primary component of the reimbursement formula and to increase the dispensing fee. For additional details, see the Department of Aging and Long Term Living presentation in Section C.

The second largest program funded by the Lottery Fund is the Property Tax and Rent Rebate (PTRR) program within the Department of Revenue. This program allows older Pennsylvanians, surviving spouses over age 50 and permanently disabled citizens to lead fuller lives by restoring a portion of their income through property tax and rent rebate assistance.

Act 1 of Special Session No. 1 of 2006 dramatically expanded the current Property Tax / Rent Rebate program to give more Pennsylvanians a rebate while also increasing the amounts of the rebates. The expansion includes increasing the household income limit from $15,000 to $35,000 and increasing the maximum rebate from $500 to $650.

The PENNCARE program provides home and community-based services to older Pennsylvanians to enrich their lives and enable them to delay or avoid moving to a nursing home. For 2009-10, $244.9 million is provided for the PENNCARE appropriation. For additional details, see the Department of Aging and Long Term Living presentation.

Act 44 of 2007 provides a transfer to the Public Transportation Trust Fund for distribution to transit systems providing free rides to older Pennsylvanians.

The Lottery Fund sales estimates in 2009-10 and future fiscal years assume higher levels of prizes and commissions that will grow net ticket revenue and result in more money for programs supporting older Pennsylvanians.

Tobacco Settlement Fund

On December 17, 1999, Pennsylvania finalized its contractual agreement with the five major tobacco companies under the Master Settlement Agreement (MSA). The MSA provides a perpetual reimbursement to states for the costs incurred as a result of tobacco use.

The Tobacco Settlement Act 77 of 2001 established the Tobacco Settlement Fund as the special revenue fund that receives the proceeds from the MSA for the commonwealth. It provides funding for programs such as health care insurance for the uninsured, home and community-based care, tobacco use prevention and cessation, broad-based health research, medical care for workers with disabilities, contributions to the PACENET program and uncompensated care.

The fund also maintains an endowment component to preserve a portion of the receipts to ensure funds for future generations, sustain critical programs if tobacco allocations decrease and provide ongoing revenue if tobacco allocations cease. The initial payment from the MSA of $142 million was deposited into the endowment account. In addition, strategic contribution payments, earnings from investments and 8 percent of the annual payment from the MSA have been deposited into the endowment account.

The 2005-06 budget initiated a resource redirection to take into consideration the escalating cost of long-term care services for Pennsylvania seniors and persons with disabilities. At the same time, a significant new revenue stream, the Community Health Reinvestment Agreement with the Blue Cross/Blue Shield plans, became available for this fund's program of health insurance for the uninsured. The 2008-09 budget included the redirection of the strategic contribution payment, which began in April 2008, from the endowment account to the Tobacco Settlement Fund to fund long-term care services. This budget proposes to redirect the 8 percent annual payment from the endowment account to the Tobacco Settlement Fund and to continue to redirect the strategic contribution payment to fund health-related expenditures. For additional details on the programs funded from the Tobacco Settlement Fund, see the Health Investment Plan portion of the Tobacco Settlement Fund presentation in Section C. Agencies participating in Tobacco Settlement Fund programs include Aging and Long Term Living, Community and Economic Development, Health, Insurance and Public Welfare.

Rainy Day Fund

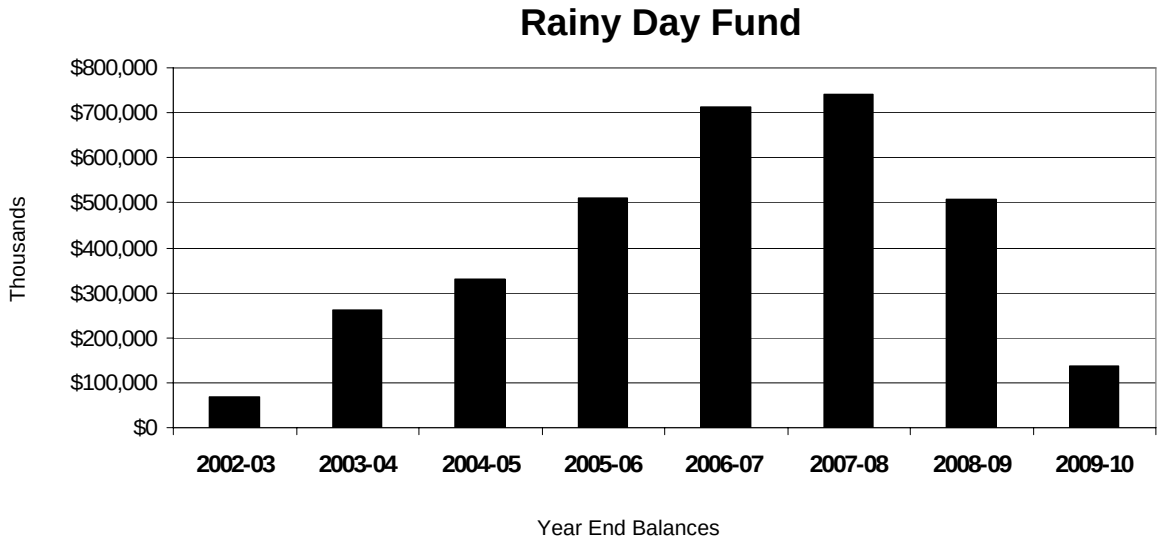
Act 91 of 2002 created the Budget Stabilization Reserve Fund to replace the Tax Stabilization Reserve Fund as the commonwealth's Rainy Day Fund. The purpose of the Rainy Day Fund is to provide financial assistance to counterbalance downturns in the economy that result in revenue shortfalls in order to promote greater continuity and predictability in the funding of vital government services.

The Budget Stabilization Reserve Fund is to receive an annual transfer of 25 percent of the General Fund's fiscal year ending balance. The transfer requirement is reduced to 10 percent of the General Fund's ending balance if the balance of the Budget Stabilization Reserve Fund equals or exceeds 6 percent of actual General Fund revenues received for the fiscal year. Appropriations out of the Budget Stabilization Reserve Fund require approval by two-thirds of the members of each house of the General Assembly.

At the close of the 2001-02 fiscal year, the balance of the former Tax Stabilization Reserve Fund was nearly $1.04 billion. In order to balance the 2001-02 and 2002-03 General Fund budgets, Act 91 of 2002 repealed the Tax Stabilization Reserve Fund and by law the entire balance was transferred to the General Fund. The General Appropriation Act of 2002 transferred $300 million from the General Fund as an initial deposit into the new Budget Stabilization Reserve Fund. Subsequently, the General Appropriation Act of 2003 repealed this transfer and the $300 million reverted back to the General Fund. In accordance with Act 91 of 2002, 25 percent of the General Fund's 2002-03 fiscal year ending balance, or $69.8 million, was transferred to the Rainy Day Fund after the close of the fiscal year.

The transfer from the 2003-04 General Fund balance to the Budget Stabilization Reserve Fund of $190 million exceeded the 25 percent statutory minimum and increased the balance in the Fund to more than $260 million, bringing it slightly higher than the balance in 1996-97. In accordance with Act 41 of 2005, the transfer from the General Fund balance for the fiscal year 2004-05 was 15 percent of the balance; the amount transferred was $64.4 million. Transfers of 25 percent of the General Fund balance amounted to $171.4 million in 2005-06 and $177 million in 2006-07. Act 53 of 2008 suspended the transfer of surplus funds to the Budget Stabilization Reserve Fund for 2007-08.

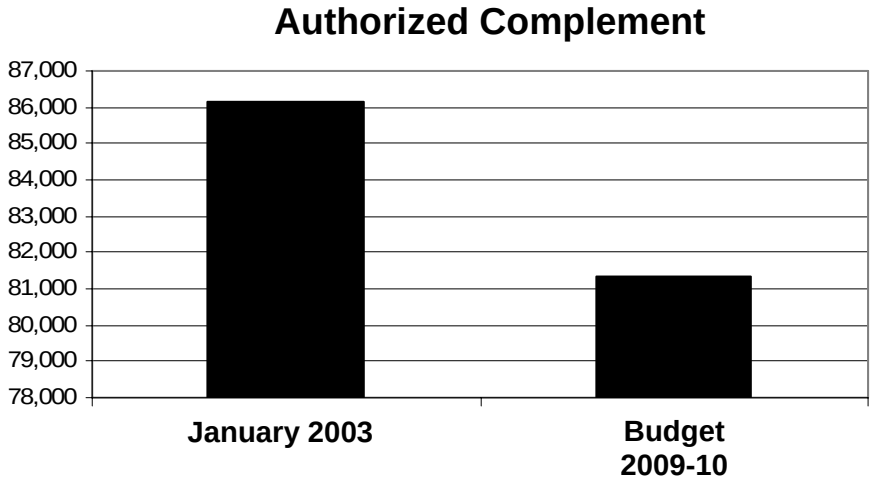
The downfall in the national economy has negatively impacted the commonweatlh's revenues. To counteract the revenue decline, a spending freeze of nearly a half billion dollars has been implemented during the 2008-09 fiscal year. Further, this budget proposes significant spending cuts for 2009-10 in order to balance expenditures with revenues. However, the utilization of a portion of the Rainy Day Fund is also required in order to maintain critical services in public safety, health and education. This budget proposes a transfer from the Budget Stabilization Reserve Fund to the General Fund of $250 million in 2008-09 and $375 million in 2009-10.



Complement

A major component of any budget is the size of its workforce or complement. In Pennsylvania, a complement level (the number of full-time equivalent (FTE) salaried positions) is authorized by appropriation for each agency under the Governor's jurisdiction. A summary of authorized salaried complement by department is included in Section I of this budget document.

The Rendell Administration has reduced commonwealth complement through disciplined complement management. The commonwealth's total authorized complement level was 86,125 positions when the Rendell Administration took office in January 2003. This level has been reduced thus far to 83,980 – a reduction of 2,145 positions. This budget proposes an additional reduction in the commonwealth's current authorized FTE salaried complement level in 2009-10 of 2,995 positions. Additions to several agency complements, primarily in support of public safety initiatives, will ensure the successful implementation of the Governor's plan for 2009-10, while retaining a net reduction of 4,767 positions since the administration took office.



In conjunction with this reduction in authorized position levels, filled positions have also been declining. The number of filled salaried positions in agencies under the Governor's jurisdiction was 81,657 when the Rendell Administration took office in January 2003. As of mid-January 2009, the number of filled salary positions was 78,994. This represents a reduction of 2,663 filled positions, or a reduction of more than 3 percent.

STATEMENTS

This section summarizes the budget for the General Fund and selected Special Funds. It includes seven year financial statements for each of these funds, a seven year summary by agency and fund, summaries by the seven commonwealth programs, and several summaries for the General Fund including income by major source and outgo by program.

Seven Year Financial Statements By Fund

The following financial statements are a summary of the General Fund and selected Special Fund revenues and expenditures for the 2007-08 actual year, 2008-09 available year, 2009-10 budget year, as well as future year estimates. Additional information on revenues and expenditures is detailed in subsequent tables and in Section C of this budget.

General Fund

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 530,914	$ 582,796	$ 7,575	$ 4,032	$ 20,886	$ 3,548	$ 11,414
Revenues	$ 27,928,062	$ 26,658,400	$ 27,314,100	$ 29,090,536	$ 30,855,403	$ 32,350,650	$ 33,504,593
Adjustments[a]	-907,870	-856,500	-1,130,000	-1,165,000	-1,180,000	-1,220,000	-1,260,000
Funds Available	$ 27,551,106	$ 26,384,696	$ 26,191,675	$ 27,929,568	$ 29,696,289	$ 31,134,198	$ 32,256,007
Expenditures	-26,968,310	-26,627,121	-26,562,643	-28,033,682	-29,691,558	-31,118,979	-32,230,129
Closing Balance	$ 582,796	$ -242,425	$ -370,968	$ -104,114	$ 4,731	$ 15,219	$ 25,878
Less Transfer to Budget Stabilization Reserve Fund	0	0	0	0	-1,183	-3,805	-6,470
Transfer from Budget Stabilization Reserve Fund	0	250,000	375,000	125,000	0	0	0
Ending Balance	$ 582,796	$ 7,575	$ 4,032	$ 20,886	$ 3,548	$ 11,414	$ 19,408

[a]Includes refunds, lapses and adjustments to beginning balances.

Seven Year Financial Statements By Fund

Motor License Fund[a]

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 96,632	$ 110,726	$ 52,266	$ 18,301	$ 12,340	$ 30,861	$ 34,930
Receipts	2,765,374	2,681,709	2,687,550	2,449,960	2,511,790	2,531,150	2,551,550
Funds Available	$ 2,862,006	$ 2,792,435	$ 2,739,816	$ 2,468,261	$ 2,524,130	$ 2,562,011	$ 2,586,480
Less Expenditures	-2,751,280	-2,740,169	-2,721,515	-2,455,921	-2,493,269	-2,527,081	-2,543,426
Ending Balance	$ 110,726	$ 52,266	$ 18,301	$ 12,340	$ 30,861	$ 34,930	$ 43,054

Banking Department Fund

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 30,461	$ 28,785	$ 12,746	$ 9,387	$ 6,128	$ 2,969	$ -90
Receipts	17,084	18,883	17,700	17,800	17,900	18,000	18,100
Funds Available	$ 47,545	$ 47,668	$ 30,446	$ 27,187	$ 24,028	$ 20,969	$ 18,010
Less Expenditures	-18,760	-34,922	-21,059	-21,059	-21,059	-21,059	-21,059
Ending Balance	$ 28,785	$ 12,746	$ 9,387	$ 6,128	$ 2,969	$ -90	$ -3,049

Boat Fund

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 18,876	$ 16,558	$ 12,434	$ 9,340	$ 7,246	$ 5,152	$ 3,058
Receipts	15,589	14,539	15,025	13,516	13,516	13,516	13,516
Funds Available	$ 34,465	$ 31,097	$ 27,459	$ 22,856	$ 20,762	$ 18,668	$ 16,574
Less Expenditures	-17,907	-18,663	-18,119	-15,610	-15,610	-15,610	-15,610
Ending Balance	$ 16,558	$ 12,434	$ 9,340	$ 7,246	$ 5,152	$ 3,058	$ 964

[a] Excludes restricted revenue.

Seven Year Financial Statements By Fund

Environmental Stewardship Fund[a]

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 951	$ 5,458	$ 2,581	$ 0	$ 0	$ 0	$ 0
Receipts	78,469	71,227	68,426	68,426	68,426	68,426	68,426
Funds Available	$ 79,420	$ 76,685	$ 71,007	$ 68,426	$ 68,426	$ 68,426	$ 68,426
Less Expenditures	-73,962	-74,104	-71,007	-68,426	-68,426	-68,426	-68,426
Ending Balance	$ 5,458	$ 2,581	$ 0	$ 0	$ 0	$ 0	$ 0

Farm Products Show Fund

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 1,083	$ 504	$ 145	$ 102	$ 267	$ 432	$ 597
Receipts	9,077	9,414	10,673	10,881	10,881	10,881	10,881
Funds Available	$ 10,160	$ 9,918	$ 10,818	$ 10,983	$ 11,148	$ 11,313	$ 11,478
Less Expenditures	-9,656	-9,773	-10,716	-10,716	-10,716	-10,716	-10,716
Ending Balance	$ 504	$ 145	$ 102	$ 267	$ 432	$ 597	$ 762

Fish Fund

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 24,400	$ 27,446	$ 23,119	$ 19,216	$ 15,313	$ 11,410	$ 7,507
Receipts	43,527	37,763	37,083	36,367	36,367	36,367	36,367
Funds Available	$ 67,927	$ 65,209	$ 60,202	$ 55,583	$ 51,680	$ 47,777	$ 43,874
Less Expenditures	-40,481	-42,090	-40,986	-40,270	-40,270	-40,270	-40,270
Ending Balance	$ 27,446	$ 23,119	$ 19,216	$ 15,313	$ 11,410	$ 7,507	$ 3,604

[a] Excludes restricted revenue.

Seven Year Financial Statements By Fund

Game Fund

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 36,346	$ 33,461	$ 25,070	$ 9,691	$ 3,603	$ -543	$ -4,689
Receipts	67,459	64,263	57,553	60,664	62,606	62,606	62,606
Funds Available	$ 103,805	$ 97,724	$ 82,623	$ 70,355	$ 66,209	$ 62,063	$ 57,917
Less Expenditures	-70,344	-72,654	-72,932	-66,752	-66,752	-66,752	-66,752
Ending Balance	$ 33,461	$ 25,070	$ 9,691	$ 3,603	$ -543	$ -4,689	$ -8,835

Keystone Recreation, Park and Conservation Fund

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 7,756	$ 9,754	$ 7,018	$ 0	$ 0	$ 0	$ 0
Receipts	84,347	60,422	45,412	61,718	74,759	86,247	95,988
Funds Available	$ 92,103	$ 70,176	$ 52,430	$ 61,718	$ 74,759	$ 86,247	$ 95,988
Less Expenditures	-82,349	-63,158	-52,430	-61,718	-74,759	-86,247	-95,988
Ending Balance	$ 9,754	$ 7,018	$ 0	$ 0	$ 0	$ 0	$ 0

Lottery Fund

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 476,515	$ 351,041	$ 124,792	$ 110,621	$ 207,067	$ 282,051	$ 360,790
Add Reserve From Prior Year	100,000	100,000	0	100,000	100,000	100,000	100,000
Receipts	1,559,909	1,466,816	1,726,837	1,787,810	1,797,286	1,827,701	1,869,748
Funds Available	$ 2,136,424	$ 1,917,857	$ 1,851,629	$ 1,998,431	$ 2,104,353	$ 2,209,752	$ 2,330,538
Less Expenditures	-1,685,383	-1,793,065	-1,641,008	-1,691,364	-1,722,302	-1,748,962	-1,780,386
Less Reserve for Current Year	-100,000	0	-100,000	-100,000	-100,000	-100,000	-100,000
Ending Balance	$ 351,041	$ 124,792	$ 110,621	$ 207,067	$ 282,051	$ 360,790	$ 450,152

Seven Year Financial Statements By Fund

Racing Fund

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 1,678	$ 3	$ 0	$ 0	$ 0	$ 0	$ 0
Receipts	15,653	17,618	17,373	17,373	17,373	17,373	17,373
Funds Available	$ 17,331	$ 17,621	$ 17,373	$ 17,373	$ 17,373	$ 17,373	$ 17,373
Less Expenditures	-17,328	-17,621	-17,373	-17,373	-17,373	-17,373	-17,373
Ending Balance	$ 3	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Tobacco Settlement Fund

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Beginning Balance	$ 376,984	$ 396,213	$ 398,527	$ 401,722	$ 403,993	$ 406,292	$ 408,613
Receipts	433,253	449,322	412,521	409,797	407,101	409,427	411,774
Funds Available	$ 810,237	$ 845,535	$ 811,048	$ 811,519	$ 811,094	$ 815,719	$ 820,387
Less Expenditures	-414,024	-447,008	-409,326	-407,526	-404,802	-407,106	-409,433
Ending Balance	$ 396,213	$ 398,527	$ 401,722	$ 403,993	$ 406,292	$ 408,613	$ 410,954

Seven Year Department Summary by Fund

The following is a summary by department of 2007-08 actual expenditures, the 2008-09 amounts available, the 2009-10 amounts budgeted and future year estimates for the General Fund and selected Special Funds.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Governor's Office							
General Fund	$ 7,559	$ 7,736	$ 7,274	$ 7,274	$ 7,274	$ 7,274	$ 7,274
Executive Offices							
General Fund	$ 258,747	$ 264,123	$ 233,800	$ 228,300	$ 228,399	$ 228,300	$ 228,300
Motor License Fund	27,468	22,968	24,393	24,393	24,393	24,393	24,393
Tobacco Settlement Fund	28,154	28,492	0	0	0	0	0
Department Total	$ 314,369	$ 315,583	$ 258,193	$ 252,693	$ 252,792	$ 252,693	$ 252,693
Lieutenant Governor							
General Fund	$ 1,523	$ 1,579	$ 1,500	$ 1,500	$ 1,493	$ 1,493	$ 1,493
Attorney General							
General Fund	$ 93,836	$ 94,509	$ 92,557	$ 92,457	$ 92,457	$ 92,457	$ 92,457
Auditor General							
General Fund	$ 54,018	$ 54,520	$ 50,996	$ 50,996	$ 50,996	$ 50,996	$ 50,996
Treasury							
General Fund	$ 923,352	$ 956,452	$ 993,190	$ 1,113,705	$ 1,253,576	$ 1,317,850	$ 1,328,453
Lottery Fund	50	50	50	50	50	50	50
Racing Fund	4	10	10	10	10	10	10
Environmental Stewardship Fund	25,986	29,294	29,988	39,902	48,480	48,471	48,444
Motor License Fund	35,009	35,982	36,826	36,571	35,044	28,856	25,201
Game Fund	0	5	5	5	5	5	5
Fish Fund	0	5	5	5	5	5	5
Banking Department Fund	0	5	5	5	5	5	5
Farm Products Show Fund	1	5	5	5	5	5	5
Boat Fund	0	5	5	5	5	5	5
Tobacco Settlement Fund	1	5	5	5	5	5	5
Keystone Recreation, Park and Conservation Fund	4	5	5	5	5	5	5
Department Total	$ 984,407	$ 1,021,823	$ 1,060,099	$ 1,190,273	$ 1,337,195	$ 1,395,272	$ 1,402,193
Aging and Long Term Living							
General Fund	$ 850,578	$ 1,097,307	$ 1,329,733	$ 1,329,733	$ 1,329,733	$ 1,329,733	$ 1,329,733
Lottery Fund	793,785	892,228	660,822	688,725	703,725	718,725	733,725
Tobacco Settlement Fund	181,460	213,150	198,542	194,976	191,022	192,079	193,148
Department Total	$ 1,825,823	$ 2,202,685	$ 2,189,097	$ 2,213,434	$ 2,224,480	$ 2,240,537	$ 2,256,606
Agriculture							
General Fund	$ 81,206	$ 82,154	$ 68,197	$ 68,197	$ 68,197	$ 68,197	$ 68,197
Racing Fund	17,136	17,369	17,118	17,118	17,118	17,118	17,118
Environmental Stewardship Fund	7,100	6,632	6,071	4,222	2,952	2,953	2,957
Motor License Fund	2,785	3,089	3,089	3,089	3,089	3,089	3,089
Farm Products Show Fund	6,655	6,908	7,146	7,146	7,146	7,146	7,146
Department Total	$ 114,882	$ 116,152	$ 101,621	$ 99,772	$ 98,502	$ 98,503	$ 98,507
Banking							
Banking Department Fund	$ 18,760	$ 21,917	$ 21,054	$ 21,054	$ 21,054	$ 21,054	$ 21,054
Civil Service Commission							
General Fund	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Community and Economic Development							
General Fund	$ 623,260	$ 630,017	$ 412,041	$ 431,679	$ 450,391	$ 450,375	$ 450,366
Tobacco Settlement Fund	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Department Total	$ 626,260	$ 633,017	$ 415,041	$ 434,679	$ 453,391	$ 453,375	$ 453,366
Conservation and Natural Resources							
General Fund	$ 116,486	$ 120,390	$ 113,482	$ 113,482	$ 113,482	$ 113,482	$ 113,482
Environmental Stewardship Fund	11,563	10,799	9,886	6,874	4,807	4,809	4,816
Motor License Fund	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Keystone Recreation, Park and Conservation Fund	53,249	41,050	34,075	40,113	48,590	56,058	62,389
Department Total	$ 182,298	$ 173,239	$ 158,443	$ 161,469	$ 167,879	$ 175,349	$ 181,687
Corrections							
General Fund	$ 1,600,181	$ 1,639,655	$ 1,803,355	$ 1,803,355	$ 1,803,355	$ 1,803,355	$ 1,803,355
Education							
General Fund	$ 11,059,668	$ 11,399,759	$ 11,569,037	$ 12,077,569	$ 12,082,326	$ 13,461,737	$ 14,562,695
Motor License Fund	905	1,130	1,127	1,127	1,127	1,127	1,127
Keystone Recreation, Park and Conservation Fund	18,446	13,893	11,534	13,577	16,446	18,974	21,116
Department Total	$ 11,079,019	$ 11,414,782	$ 11,581,698	$ 12,092,273	$ 12,099,899	$ 13,481,838	$ 14,584,938
Emergency Management and Homeland Security							
General Fund	$ 30,776	$ 28,792	$ 15,316	$ 15,316	$ 15,316	$ 15,316	$ 15,316
Environmental Protection							
General Fund	$ 222,459	$ 231,046	$ 212,813	$ 212,796	$ 212,796	$ 209,796	$ 207,796
Environmental Stewardship Fund	17,943	16,759	15,341	10,668	7,460	7,463	7,473
Motor License Fund	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Department Total	$ 244,402	$ 251,805	$ 232,154	$ 227,464	$ 224,256	$ 221,259	$ 219,269
Fish and Boat Commission							
General Fund	$ 16	$ 17	$ 17	$ 17	$ 17	$ 17	$ 17
Fish Fund	29,748	31,671	32,565	32,565	32,565	32,565	32,565
Boat Fund	14,189	13,437	13,045	12,045	12,045	12,045	12,045
Department Total	$ 43,953	$ 45,125	$ 45,627	$ 44,627	$ 44,627	$ 44,627	$ 44,627
Game Commission							
Game Fund	$ 58,219	$ 58,791	$ 59,449	$ 53,274	$ 53,274	$ 53,274	$ 53,274
General Services							
General Fund	$ 120,515	$ 125,729	$ 127,294	$ 127,453	$ 127,294	$ 127,453	$ 127,294
Motor License Fund	15,246	12,754	12,754	12,754	12,754	12,754	12,754
Department Total	$ 135,761	$ 138,483	$ 140,048	$ 140,207	$ 140,048	$ 140,207	$ 140,048
Health							
General Fund	$ 297,847	$ 291,892	$ 253,398	$ 253,398	$ 253,398	$ 253,398	$ 253,398
Tobacco Settlement Fund	98,539	99,724	100,290	101,142	101,736	102,338	102,945
Department Total	$ 396,386	$ 391,616	$ 353,688	$ 354,540	$ 355,134	$ 355,736	$ 356,343

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Higher Education Assistance Agency							
General Fund	$ 451,968	$ 472,873	$ 513,672	$ 513,672	$ 513,672	$ 513,672	$ 513,672
Historical and Museum Commission							
General Fund	$ 33,865	$ 33,768	$ 26,439	$ 26,439	$ 26,439	$ 26,439	$ 26,439
Keystone Recreation, Park and Conservation Fund.	10,650	8,210	6,815	8,023	9,718	11,211	12,478
Department Total	$ 44,515	$ 41,978	$ 33,254	$ 34,462	$ 36,157	$ 37,650	$ 38,917
Infrastructure Investment Authority							
Environmental Stewardship Fund	$ 11,370	$ 10,620	$ 9,722	$ 6,760	$ 4,727	$ 4,729	$ 4,736
Insurance							
General Fund	$ 101,290	$ 124,346	$ 122,944	$ 122,944	$ 122,944	$ 122,944	$ 122,944
Tobacco Settlement Fund	55,784	41,127	29,949	28,044	24,044	19,608	14,689
Department Total	$ 157,074	$ 165,473	$ 152,893	$ 150,988	$ 146,988	$ 142,552	$ 137,633
Labor and Industry							
General Fund	$ 122,775	$ 128,320	$ 105,094	$ 105,094	$ 105,094	$ 105,094	$ 105,094
Military and Veterans Affairs							
General Fund	$ 135,804	$ 130,629	$ 110,381	$ 111,742	$ 111,742	$ 111,742	$ 111,742
Probation and Parole							
General Fund	$ 109,382	$ 114,756	$ 122,714	$ 122,714	$ 122,714	$ 122,714	$ 122,714
Public Television Network							
General Fund	$ 13,498	$ 12,329	$ 0	$ 0	$ 0	$ 0	$ 0
Public Welfare							
General Fund	$ 8,616,884	$ 9,171,145	$ 9,645,909	$ 9,553,834	$ 9,553,834	$ 9,553,834	$ 9,553,834
Tobacco Settlement Fund	60,168	65,756	77,540	80,359	84,995	90,076	95,646
Department Total	$ 8,677,052	$ 9,236,901	$ 9,723,449	$ 9,634,193	$ 9,638,829	$ 9,643,910	$ 9,649,480
Revenue							
General Fund	$ 187,838	$ 195,877	$ 205,835	$ 207,361	$ 208,964	$ 210,646	$ 212,413
Lottery Fund	734,628	799,277	813,353	833,400	846,862	855,969	869,764
Racing Fund	188	241	244	244	244	244	244
Motor License Fund	26,527	26,611	26,973	26,973	26,973	26,973	26,973
Department Total	$ 949,181	$ 1,022,006	$ 1,046,405	$ 1,067,978	$ 1,083,043	$ 1,093,832	$ 1,109,394
Securities Commission							
General Fund	$ 2,354	$ 2,265	$ 1,713	$ 1,713	$ 1,713	$ 1,713	$ 1,713
State							
General Fund	$ 20,571	$ 14,091	$ 11,959	$ 11,959	$ 11,959	$ 11,969	$ 11,959
State Employees' Retirement System							
General Fund	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
State Police							
General Fund	$ 180,882	$ 186,434	$ 194,730	$ 194,730	$ 194,730	$ 194,730	$ 194,730
Motor License Fund	493,339	498,617	523,896	523,896	523,896	523,896	523,896
Department Total	$ 674,221	$ 685,051	$ 718,626	$ 718,626	$ 718,626	$ 718,626	$ 718,626
Tax Equalization Board							
General Fund	$ 1,519	$ 1,484	$ 1,298	$ 1,298	$ 1,298	$ 1,298	$ 1,298
Transportation							
General Fund	$ 13,862	$ 13,557	$ 27,941	$ 27,941	$ 27,941	$ 12,941	$ 12,941
Lottery Fund	76,900	77,850	80,186	82,592	85,069	87,621	90,250
Motor License Fund	2,145,001	2,221,727	2,087,457	1,822,118	1,860,993	1,900,993	1,920,993
Department Total	$ 2,235,763	$ 2,313,134	$ 2,195,584	$ 1,932,651	$ 1,974,003	$ 2,001,555	$ 2,024,184
Legislature							
General Fund	$ 334,129	$ 332,233	$ 309,293	$ 309,293	$ 309,293	$ 309,293	$ 309,293
Judiciary							
General Fund	$ 299,657	$ 307,141	$ 288,716	$ 288,716	$ 288,716	$ 288,716	$ 288,716
COMMONWEALTH TOTALS:							
General Fund	$ 26,968,310	$ 28,266,930	$ 28,972,643	$ 29,526,682	$ 29,691,558	$ 31,118,979	$ 32,230,129
Lottery Fund	1,605,363	1,769,405	1,554,411	1,604,767	1,635,706	1,662,365	1,693,789
Racing Fund	17,328	17,620	17,372	17,372	17,372	17,372	17,372
Motor License Fund	2,751,280	2,827,878	2,721,515	2,455,921	2,493,269	2,527,081	2,543,426
Game Fund	58,219	58,796	59,454	53,279	53,279	53,279	53,279
Fish Fund	29,748	31,676	32,570	32,570	32,570	32,570	32,570
Banking Department Fund	18,760	21,922	21,059	21,059	21,059	21,059	21,059
Farm Products Show Fund	6,656	6,913	7,151	7,151	7,151	7,151	7,151
Boat Fund	14,189	13,442	13,050	12,050	12,050	12,050	12,050
Keystone Recreation, Park and Conservation Fund	82,349	63,158	52,429	61,718	74,759	86,248	95,988
Tobacco Settlement Fund	427,106	451,254	409,326	407,526	404,802	407,106	409,433
Environmental Stewardship Fund	73,962	74,104	71,008	68,426	68,426	68,425	68,426
GRAND TOTAL	$ 32,053,270	$ 33,603,098	$ 33,931,988	$ 34,268,521	$ 34,512,001	$ 36,013,685	$ 37,184,672

General and Special Funds

This table shows a summary by Commonwealth Programs of 2007-08 expenditures, the 2008-09 amounts available, the 2009-10 amounts budgeted and future year estimates for the General Fund and selected Special Funds.

Seven Year Commonwealth Program Summary

(Dollar amounts in Thousands)

Commonwealth Program	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Direction and Supportive Services	$ 1,476,130	$ 1,501,118	$ 1,462,597	$ 1,477,903	$ 1,491,698	$ 1,501,065	$ 1,515,001
Protection of Persons and Property	3,624,768	3,702,010	3,795,216	3,788,033	3,779,555	3,772,133	3,765,218
Education	11,434,332	11,791,891	12,004,638	12,514,841	12,521,946	13,903,425	15,006,136
Health and Human Services	11,281,975	12,258,348	12,673,678	12,609,011	12,624,887	12,646,427	12,668,373
Economic Development	757,118	770,491	528,405	546,607	564,889	566,557	568,322
Transportation	2,101,305	2,176,229	2,065,671	1,802,738	1,844,090	1,871,642	1,894,271
Recreation and Cultural Enrichment	457,177	445,246	404,035	401,466	410,092	419,515	427,509
Debt Service	920,465	957,765	997,748	1,127,922	1,274,844	1,332,921	1,339,842
GENERAL FUND AND SPECIAL FUNDS TOTAL	$ 32,053,270	$ 33,603,098	$ 33,931,988	$ 34,268,521	$ 34,512,001	$ 36,013,685	$ 37,184,672

Distribution of the Commonwealth Dollar

GENERAL FUND AND SPECIAL FUNDS

2009-10 Fiscal Year

(Dollar Amounts in Thousands)

Health and Human Services	$12,673,678	37.4%
Education	$12,004,638	35.4%
Protection of Persons and Property	$3,795,216	11.1%
Transportation	$2,065,671	6.1%
Direction and Supportive Services	$1,462,597	4.3%
Debt Service	$997,748	2.9%
Economic Development	$528,405	1.6%
Recreation and Cultural Enrichment	$404,035	1.2%

TOTAL $33,931,988

This presentation shows the amount and portion of the total General Fund and selected special funds allocated to major program areas.

General Fund

This table shows a summary by Commonwealth Program of 2007-08 expenditures, the 2008-09 amounts available, the 2009-10 amounts budgeted and future year estimates.

Seven Year Commonwealth Program Summary

(Dollar amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Commonwealth Program							
Direction and Supportive Services	$ 877,621	$ 893,460	$ 867,595	$ 862,254	$ 862,187	$ 862,247	$ 862,088
Protection of Persons and Property	2,868,438	2,950,171	3,039,123	3,040,367	3,040,367	3,037,377	3,035,367
Education	11,418,258	11,779,393	11,994,074	12,502,606	12,507,363	13,886,774	14,987,732
Health and Human Services	9,903,123	10,692,590	11,341,584	11,249,509	11,249,509	11,249,509	11,249,509
Economic Development	742,748	756,871	515,683	536,847	557,162	558,828	560,586
Transportation	12,232	12,073	26,457	26,457	26,457	11,457	11,457
Recreation and Cultural Enrichment	275,282	277,763	245,103	245,103	245,103	245,103	245,103
Debt Service	870,608	904,609	943,024	1,063,539	1,203,410	1,267,684	1,278,287
GENERAL FUND TOTAL	$ 26,968,310	$ 28,266,930	$ 28,972,643	$ 29,526,682	$ 29,691,558	$ 31,118,979	$ 32,230,129

Distribution of the Commonwealth Dollar

GENERAL FUND

2009-10 Fiscal Year

Education **41.4¢**

Health and Human Services **39.1¢**

Protection of Persons and Property **10.5¢**

Debt Service **3.2¢**

Direction and Supportive Services **3.0¢**

Economic Development **1.8¢**

Other Programs **1.0¢**

This presentation shows the portion of each General Fund dollar spent in each major program area.

General Fund

The following is a summary by Commonwealth Program of the 2008-09 amounts available and the 2009-10 amounts budgeted and the percent each program represents of the General Fund.

Program Summary

(Dollar Amounts in Thousands)

	2008-09		2009-10	
Commonwealth Program				
Direction and Supportive Services	$ 893,460	3.2%	$ 867,595	3.0%
Protection of Persons and Property	2,950,171	10.4%	3,039,123	10.5%
Education	11,779,393	41.7%	11,994,074	41.4%
Health and Human Services	10,692,590	37.8%	11,341,584	39.1%
Economic Development	756,871	2.7%	515,683	1.8%
Other Programs	289,836	1.0%	271,560	1.0%
Debt Service	904,609	3.2%	943,024	3.2%
GENERAL FUND TOTAL	$ 28,266,930	100.0%	$ 28,972,643	100.0%

GENERAL FUND

2009-10 Fiscal Year

Income

(Dollar Amounts in Thousands)

TOTAL INCOME	$27,314,100
Refunds	–1,130,000
Budget Stabilization Reserve Fund	375,000
Beginning Balance	7,575
TOTAL	$26,566,675

Personal Income $10,754,700 **39.4%**

Sales $8,389,600 **30.7%**

Other Revenues $5,419,000 **19.8%**

Corporate Net Income $1,918,800 **7.0%**

Inheritance $813,600 **3.0%**

Other Business $18,400 **0.1%**

Outgo

(Dollar Amounts in Thousands)

TOTAL OUTGO	$ 28,972,643
Federal Fiscal Relief	–2,410,000
Plus Ending Surplus	4,032
TOTAL	$ 26,566,675

Education $11,994,074 **41.4%**

Health and Human Services $11,341,584 **39.1%**

Protection of Persons and Property $3,039,123 **10.5%**

Debt Service $943,024 **3.2%**

Direction and Supportive Services $867,595 **3.0%**

Economic Development $515,683 **1.8%**

Other Programs $271,560 **1.0%**

This presentation shows the amount and proportion for the major revenue sources and major program areas for the total General Fund.

USE OF THE GENERAL FUND DOLLAR

2009-10 Fiscal Year

Grants and Subsidies 77.5¢

Institutional 9.7¢

General Government 9.5¢

Debt Service Requirements 3.3¢

Over three quarters of each General Fund dollar is returned to individuals, local governments, institutions, school districts, etc. in the form of grants and subsidies.

2009-10 Fiscal and Program Policy Direction and Budget Themes

The 2009-10 Fiscal and Program Policy Direction section immediately following this page presents the fiscal and program policies that guided the development of the Governor's Executive budget. The revenue and expenditure recommendations included in this Budget seek to provide a solid fiscal foundation for the Governor to successfully address his vision, goals and program priorities for Pennsylvania.

This section summarizes the Governor's recommended budget initiatives within the following budget theme presentations: Federal Fiscal Relief; Making Government Work Smarter; Pennsylvania's Tax Structure Works for Businesses and Residents; Pennsylvania's Economic Stimulus; Education – Investing in Our Children, Preparing for the Future; Prescription for Pennsylvania; Preserving the Safety Net – Helping Pennsylvanians in Need; and Making Pennsylvania Safer. Theme topics vary from year to year based on the funding priorities established by the Governor and the recommended budget initiatives proposed in the budget. Themes may include program revision budget recommendations. If so, detailed program revision presentations, including discussion of the program revision and its associated program measures, funding recommendations and costs by appropriation can be found in Section E. Department Presentations within the agency responsible for leading the program revision implementation.

2009-10 Fiscal and Program Policy Direction

This section presents the fiscal and program policies that guided the development of the 2009-10 Governor's Executive Budget. The commonwealth is facing significant financial challenges in the current fiscal year, and these challenges are expected to continue in 2009-10. Two key budget development policy documents were issued by the Governor's Budget Office in August and September 2008 to assist agencies develop their 2009-10 budget requests – the annual budget instructions and a special budget policy guidance memorandum.

The 2009-10 Budget Instructions directed agencies to prepare budget requests consistent with the Governor's policy guidance and seek responses to the specific issues that the Governor wished to address in the 2009-10 Governor's Executive Budget. Agencies were to develop plans and policies designed to make government more efficient and effective. In addition, agency requests were to reflect each agency's ongoing critical evaluation of its current programs and activities and include proposed reductions, revisions, reorganizations and expansions in programs consistent with that critical evaluation. Agencies were to prepare 2009-10 budget requests building upon the administrative spending constraints and operational efficiencies initiated during the past six budget planning cycles and make every possible effort to eliminate nonessential spending and deliver essential services at reduced cost.

The budget instructions directed agencies to submit budget proposals to manage operations as efficiently as possible and reallocate positions within existing filled complement levels to support critical activities, rather than request resources to permit complement expansion. Vacant authorized positions should be examined for elimination. The budget instructions also directed agencies to strengthen the multi-year planning component of budget requests to realistically reflect future year consequences of actions proposed in their 2009-10 budget submissions. Expected trends in eligible populations served, mandated service levels and the potential for improved program and/or administrative efficiencies were among the factors agencies were to consider when preparing multi-year projections.

Special budget policy guidance was provided to agencies in September 2008 as part of the budget planning process. The September guidance noted that as the national economy has weakened, so has the revenue and spending outlook in many states. The decline of the housing sector along with a weak manufacturing sector and record oil prices combined to cause significant declines in state revenue. Due to the challenges and uncertainty ahead in 2009-10 and beyond, it would be critical that the commonwealth continue to plan in a cautious and fiscally sound manner. At best, revenue growth was expected to continue its slow course. The guidance also noted that although Pennsylvania did end 2007-08 with a small revenue surplus, revenues were in fact under estimate for three of the last four months of the fiscal year. And, as the guidance was being issued, revenues were 3.3 percent below estimate for the 2008-09 fiscal year.

The September guidance noted that the escalating costs of energy, growing state pension liabilities, increasing state correctional institution offender populations and an aging Pennsylvania population requiring more costly services would continue to place significant pressure on the commonwealth's budget. In addition, Pennsylvania's rising unemployment rate, trending upward along with national rates, would place additional pressure on state government programs and services.

Agencies were to request additional funding in their operating and administrative appropriations only at levels necessary to fund the cost of 2009-10

contractual wage and benefit increases. In addition, agencies requesting increases in non-operating and fixed asset expenditures were expected to identify offsetting efficiencies and economies or other personnel cost reductions sufficient to offset any requested increase in operating or fixed asset spending. Employee furloughs were to be avoided in 2009-10 – agencies were expected to develop a proactive complement management plan to ensure that no furloughs would be required and, if necessary, be ready to immediately implement that complement management plan in order to meet the 2009-10 budget guidance.

The September guidance stated that no significant new General Fund funding requests would be considered unless the proposed new or expanded program was required as part of a legislative or judicial mandate; or was requested in order to maintain current staff to caseload/population ratios; or was accompanied by an "efficiency" proposal resulting in an offsetting reduction in agency expenditures. In addition, agencies were not to propose new information technology projects unless the projects were approved through the "Community of Practice" process managed by the Office for Information Technology. The guidance also directed agencies to identify agency-specific projects and initiatives that have resulted in operating savings or projects in planning stages that could result in future operating savings. Agencies were to work with the Governor's Office of Management and Productivity to ensure successful implementation of management and productivity initiatives.

The 2009-10 budget planning process continued the Rendell administration's efforts to emphasize performance measurement goal-setting as the core component of budget planning. Agencies were directed to refine and improve program performance measures so that the agency, the Governor's Budget Office and the Governor's Policy Office could better assess agency program effectiveness, agency efficiency and agency base activity levels. The primary goal of the budget review process was to evaluate the impact of each agency's proposed expenditure levels on the achievement of its mission and programmatic goals, utilizing the most efficient methods possible.

The September guidance provided direction on the continued development and submission of program performance measures in agency budget requests. Agencies were to reexamine all current program performance measures and modify measures as appropriate. Agencies were directed to provide performance measures that would measure levels of organizational activity, qualitative and quantitative outcomes resulting from program activities and the efficiency with which resources are used to produce program outcomes. Agency were told that results-based plans and program performance data would be considered as decisions were made about statewide spending priorities and resource allocation between various agency budgets. The budget instructions noted that in 2009-10 a more comprehensive and streamlined approach to performance improvement would commence that would move state government from colleting individual performance measures to developing agency performance plans that better reflect each agency's goals, objectives and accomplishments.

The reader is referred to the Overview of Program and Financial Goals and Policies in this section for a summary of Governor Rendell's vision and goals for Pennsylvania. Specific budget recommendations for each program appropriation can be found in the agency Program Presentations in Section E. Department Presentations. The reader is also referred to the 2009-10 Budget in Brief, a separate booklet, for summary information on the 2009-10 Governor's Executive Budget, including recommended program changes and funding levels in pursuit of the administration's mission and goals for the commonwealth.

Federal Fiscal Relief

The nation is currently facing the most severe economic crisis in decades. The financial system is in turmoil, credit for private investment and consumer purchases has been frozen, and an extended period of employment growth has come to an abrupt end, replaced by dramatic job losses across all sectors of the economy.

At the time of this budget's publication, Congress was considering passage of the American Recovery and Reinvestment Act of 2009. This comprehensive stimulus proposal is part of a concerted, coast-to-coast effort by the federal government and the states to retain and restore jobs, protect essential public services, jump-start the economy and make priority investments in clean energy, infrastructure and education that will transform the nation.

Passage of the American Recovery and Reinvestment Act will mean a significant injection of federal funds for key state and local services in Pennsylvania. The proposal includes funding for the commonwealth and for local governments to prevent cuts in vital services and to make targeted investments in critical programs, including health care for low-income Pennsylvanians; elementary, secondary and higher education; and public safety.

The 2009-10 budget anticipates at least two major new funding streams from this fiscal stimulus: budget stabilization funds for the states to prevent cuts in education, public safety and other critical government programs; and increases in the federal government's matching funds for the Medical Assistance program. The budget also incorporates two additional anticipated federal funding increases for special education and child care services.

State Fiscal Stabilization: Education and Public Safety

As a key component of the American Recovery and Reinvestment Act, $79 billion will be made available for states and school districts to stabilize budgets and maintain critical programs. Pennsylvania currently anticipates a total allocation of $1.26 billion in federal funds in 2009-10 and an additional $1.26 billion in 2010-11.

Approximately 61 percent of Pennsylvania's total allocation from this fund, or $771 million per year, must be used to support elementary, secondary and higher education.

The remaining 39 percent – $986 million, or $493 million per year – will be used to offset critical funding increases in the Department of Corrections. These federal funds will help to prevent significant cuts in state funding for our educational institutions, local government programs and other important services. The commonwealth's allocation of $986 million over two years from this second funding stream is included in the 2009-10 budget.

Medicaid Funding

The federal government and the states share the cost of Medicaid – the joint state-federal health insurance program for low-income people and others in need, including children, seniors and persons with disabilities. In previous times of economic hardship, the federal government increased its share of the costs, recognizing that vulnerable Americans needed more assistance and that cutting these vital safety net programs would work against recovery efforts. To offset cuts to health benefits or eligibility in this economic downturn, the American Recovery and Reinvestment Act includes a separate allocation of $87 billion for state Medicaid programs.

The federal government currently pays approximately 54 percent of Pennsylvania's Medical Assistance costs; this share is expected to increase to between 62 percent and 66 percent, depending on state unemployment rates over the next two years. Federal Medical Assistance Percentage increases are also expected to provide additional support for Title IV-E foster care and adoption assistance programs. These enhancements are projected to increase federal reimbursements by approximately $4 billion over the 27-month adjustment period between October 2008 and December 2010. On an annualized basis, the budget anticipates $1.08 billion in additional federal support in 2008-09, $1.92 billion in 2009-10 and $1.0 billion in 2010-11 to be used to offset the cost of Medical Assistance programs.

Special Education

The federal stimulus measure is expected to provide significant additional grant funds for states under the Individuals with Disabilities Education Act to prevent cuts to other critical education programs and services. The 2009-10 budget includes approximately $20.5 million in federal funds from this special education stimulus measure.

Child Care

Additional federal funds are expected to be made available to the states under the Child Care Development Block Grant to provide child care services for children in low-income families while their parents go to work. The 2009-10 budget provides $5.7 million in federal funds for child care services.

Federal Fiscal Relief in the 2009-10 Executive Budget

(Dollar Amounts in Thousands)

	2008-09 Estimated	2009-10 Estimated	2010-11 Estimated
State Fiscal Stabilization			
For Department of Corrections (39% of Pennsylvania's allocation from the State Fiscal Stabilization Fund)		$493,000	$493,000
Medical Assistance Aid			
Temporary increase in the Federal Medical Assistance Percentage (FMAP)	$1,083,000	$1,917,000	$1,000,000
Special Education			
Increase in the federal share of special education costs (IDEA grants)		$20,500	$20,500
Child Care Services			
Additional child care support for low-income working families		$5,700	$5,700
TOTAL	**$1,083,000**	**$2,436,200**	**$1,519,200**

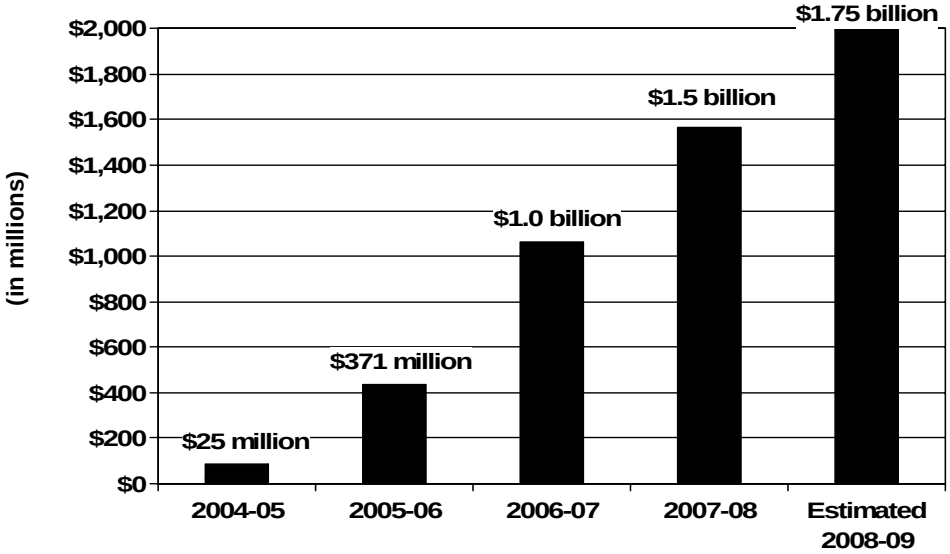
Making Government Work Smarter

The Rendell administration's response to the fallout from the global financial crisis has been swift and decisive. As soon as the state's revenues exhibited signs of weakness, the Governor took action to:

- Cut spending by $500 million;
- Order a hiring freeze, leaving more than 4,500 positions unfilled;
- Freeze wages for 13,600 managers and other non-union employees, saving $13.4 million;
- Prohibit the purchase of new vehicles, saving an estimated $40 million;
- Restrict out-of-state travel; and
- Reduce the state vehicle fleet by 1,000 vehicles.

As revenues continue to decline, agencies are being forced to make increasingly difficult choices regarding their needs and priorities. To help these agencies develop creative and innovative solutions to the complex problems they face, Governor Rendell established the Office of Strategic Services to coordinate enterprise-wide initiatives to reduce costs, identify new sources of revenues and enhance service levels. Formed from the merger of the Office of Management and Productivity and the Bureau of Management Consulting, this office has been tasked with taking a holistic view of the challenges faced by Pennsylvania state government and resolving issues.

Recurring Savings from Management and Productivity Initiatives



The role and responsibilities of the Office of Strategic Services vary widely from one project to the next. Office staff have drafted solicitations, evaluated bids, negotiated contracts and analyzed a wide range of financial and operational data in order to help agencies drive down costs. They have also been called upon to draft new policies when necessary. Office of Strategic Services personnel have also had a crucial role in redesigning and streamlining processes to improve efficiency and enhance customer service. Through the efforts of the Office of Strategic Services and thousands of other dedicated state employees, the Governor was able to honor the commitment he made in 2003 – to dramatically reduce the cost of government by achieving $1 billion in annual recurring savings during his first term.

Having achieved this goal, the Governor challenged his cabinet in early 2007 to identify an additional $500 million worth of efficiencies during his final four years in office. The Rendell administration responded by finding the necessary savings in 2007 and 2008 and is now on track to significantly exceed the revised target by the end of the Governor's second term. These efforts are helping to ensure that the state's revenues can be targeted to where they are most needed – to programs that provide educational opportunities or that benefit the commonwealth's residents most in need of assistance.

Negotiating Stronger Contracts

In the past, state agencies made uncoordinated purchasing decisions wasting millions of taxpayer dollars. Governor Rendell's Strategic Sourcing Initiative has coordinated commonwealth purchasing, enabling agencies to jointly leverage their purchasing power in order to negotiate better prices and contract terms. This program is not only generating savings, but has also resulted in a significant increase in opportunities for Pennsylvania's minority and women-owned businesses. Furthermore, many of the contracts that have arisen from this initiative are performance-based, which means that in addition to saving money, they force vendors to meet quality or timeliness standards. The Rendell administration's procurement reforms are saving money by:

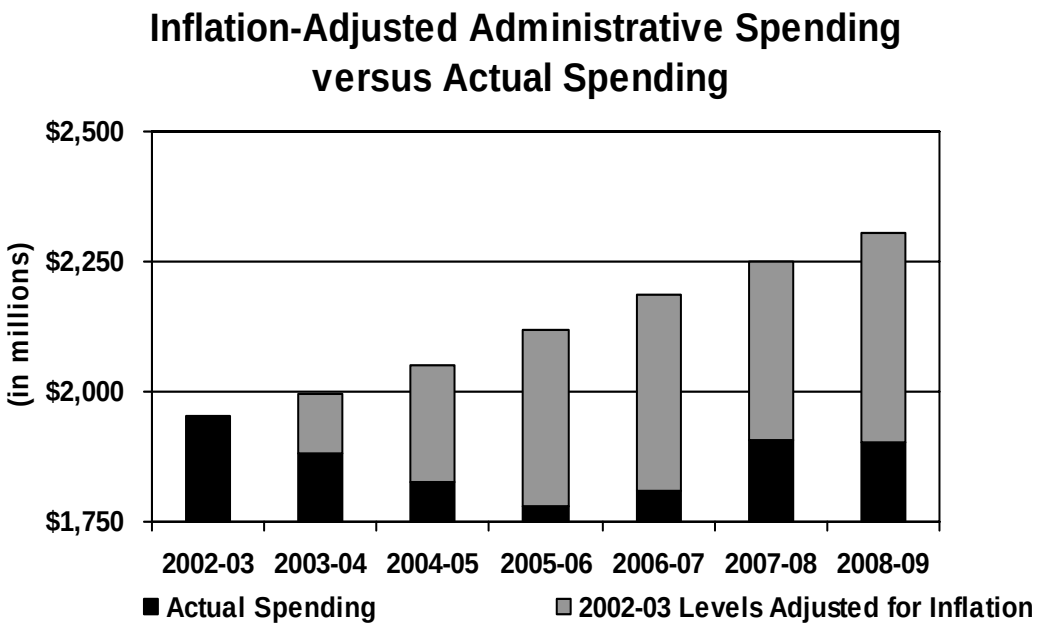
- Helping agencies buy together through the Strategic Sourcing Initiative ($271.8 million).
- Striking a three-year licensing deal that integrates and streamlines the sign-on process for the employees, residents and business partners who use the state's Web site and computer systems ($15.3 million).
- Replacing expensive contractors with state employees who possess the same essential skills ($1.7 million).

Improving Processes and Streamlining Operations

As revenues decline, it becomes increasingly important to ensure that every available cent be devoted to critical programs focused on residents, as opposed to the administrative aspects of government. By implementing common-sense initiatives and putting funds in budgetary reserve, commonwealth agencies are spending 1.5 percent less than they did in 2002-03. Had administrative expenses increased at the rate of inflation, taxpayers would have paid $293 million more in 2008-09 for operating state government.

Successful efforts to improve processes include:

- Overhauling our Retired Employees Health Program ($94 million);
- Issuing Supplemental Security Income checks by state employees ($30.5 million); and
- Avoiding change orders on major construction projects ($13.3 million).



Collecting Additional Revenue

One of Governor Rendell's priorities for his management and productivity improvement initiative has been to identify innovative ways to generate new revenue without raising taxes. Typically, this has been accomplished either by modernizing collection methods or by stepping up compliance and enforcement programs. For instance, the Rendell administration has increased collections by:

- Launching an Enhanced Veterans Reimbursement Initiative to maximize federal support for Pennsylvania's six state-owned homes for veterans. It is anticipated that this program will generate an estimated $25 million in federal funds each year.
- Recovering funds in cases where another responsible party has been identified after the state's Medical Assistance program has paid a claim. These Third Party Liability collections have increased by more than $20 million per year.
- Collecting a fee from offenders seeking to transfer their probation or parole supervision out-of-state. The proceeds of this fee are helping to offset the cost of providing these services.

Implementing Technological Solutions

Although many of the projects launched through the Governor's management and productivity initiative were completed in pursuit of additional cost savings, others were chosen primarily for their ability to improve the customer service experience for those obtaining services from state government. Examples of recent technology projects include:

- Establishing an online portal through which insurance companies can obtain or renew licenses and also submit policy forms and rate filings for the Insurance Department's review and approval. These and other business and consumer-directed enhancements are saving more than $340,000 per year.
- Installing data encryption software on state laptops as part of a comprehensive strategy to protect sensitive information regarding our citizens, employees and contractors. If equipment is lost or stolen, this technology will prevent unauthorized users from accessing the data.
- Enhancing and promoting the use of the Department of Revenue's electronic filing option for Pennsylvanians to submit their personal income tax returns. Electronic filing by taxpayers has increased by 40 percent since 2004, saving $960,000 in processing costs.

Saving Green

Management initiatives have shown that fiscal and environmental responsibility can go hand-in-hand. Pennsylvania's Procurement Code authorizes state and local governments to enter into guaranteed energy savings agreements, under which contractors make improvements to government facilities (typically lighting and climate control systems), and are paid out of the resulting savings in energy costs over as many as 15 years. The taxpayers are protected, because these agreements are structured in such a way that if the projected savings fail to materialize, the loss will be borne by the contractor. The 45 such projects that are now under way are estimated to yield $50 million in net savings over the life of the projects. To save both money and the environment, the Rendell administration is:

- Signing guaranteed energy-savings agreements to improve the energy utilization of state-owned buildings, saving $1.9 million to date.
- Installing energy-saving controllers on a variety of pieces of heating, cooling and refrigerating equipment. These devices save energy by establishing optimal run times for burners and compressors.
- Supplementing the improvements made through guaranteed energy-savings agreements by making other enhancements to state facilities. For instance, the State Police cut energy costs by more than $211,000 by installing more efficient lighting, roofing and climate-control systems at various locations.

The Rendell administration is on track to achieve $1.75 billion in annual recurring savings. These efforts have fundamentally changed the way the commonwealth provides services to its citizens. Building on that success, the administration has renewed its efforts to provide Pennsylvania taxpayers with additional savings and more efficient services so resources are directed to programs that can better serve Pennsylvanians and improve our quality of life.

Pennsylvania's Tax Structure Works for Businesses and Residents

Over the last six years, businesses and families have saved $5.9 billion through tax cuts and other policies that reduce the cost of doing business in Pennsylvania – including more than $4.2 billion in cumulative savings for businesses that create jobs and $1.7 billion in savings for Pennsylvania families. Despite the national recession, Governor Rendell has proposed a balanced budget for 2009-10 without any broad-based tax increases while keeping Pennsylvania's tax structure competitive with neighboring and other large states.

Total Savings Through Tax Cuts
(dollars in millions)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Business Tax Cuts	$20.3	$181.3	$386.9	$712.4	$1,239.4	$1,624.4	$1,977.9
Non-Business Tax Cuts	$60.1	$133.7	$154.3	$190.2	$205.5	$1,009.3	$1,009.7
TOTAL	**$80.4**	**$315.0**	**$541.2**	**$902.6**	**$1,444.9**	**$2,633.7**	**$2,987.6**

Business Tax Cuts – Includes capital stock and franchise tax; sales, research and development, education improvement, keystone innovation zone and other tax credits; and net operating loss expansion.

Non-business Tax Cuts – Includes special poverty exemption, inheritance tax recouple to federal estate tax, 529 deductions and all property tax relief.

Pennsylvania's Tax Structure is Competitive

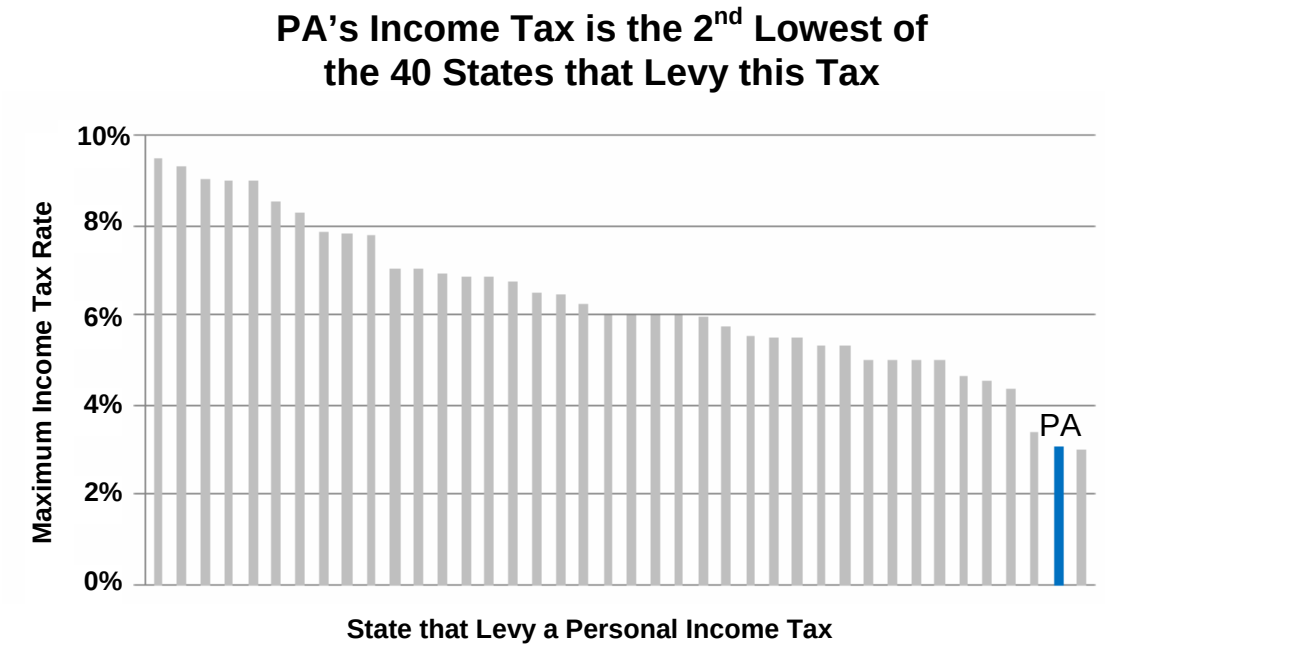
By virtually any measure, the level of taxes in Pennsylvania is in line with and in many cases is better than the tax climate in neighboring and competitor states:

- A 2007 study by the financial services firm Ernst & Young, in conjunction with the Council on State Taxation, showed that Pennsylvania businesses pay a smaller share of total state and local taxes than the national average and pay lower taxes than businesses in three of our six neighboring states.
- The non-partisan, business-funded Tax Foundation rates the commonwealth's business tax climate as more favorable than that of five of our six neighboring states – New York, New Jersey, Maryland, Ohio and West Virginia – and Pennsylvania's 2009 ranking is near the middle nationally, at 28th best out of 50 states.
- The Tax Foundation also says that the total state-local tax burden in Pennsylvania is lower than in New Jersey, New York, Maryland and Ohio – all of our neighboring states except Delaware and West Virginia.
- In 2007, Pennsylvania ranked 24th in the nation in annual per capita state taxes – with a lower burden of total state taxes than the national average. The commonwealth's per capita total tax burden is lower than that of Delaware, New Jersey, New York, Maryland and West Virginia.
- In 2007, Pennsylvania ranked 32nd in total state taxes as a percent of personal income – better than West Virginia, Delaware, New York and New Jersey.

Pennsylvania's Personal Income Tax is "One of the Best in the Nation"

With one of the lowest personal income tax rates in the nation – paid both by residents and by more than half of Pennsylvania's businesses – the commonwealth has been able to attract companies and provide state services at a relatively low cost to the taxpayer. At 3.07 percent, the commonwealth's personal income tax rate is the second lowest of the 40 states that levy this tax. Pennsylvania residents pay 11 percent less in per capita state income

taxes than the national average, and less than all of our neighboring states except West Virginia. The commonwealth's low rate led the business-backed Tax Foundation to call Pennsylvania's income tax "one of the best in the nation." In fact, Pennsylvania has the lowest tax rate in the nation of the 42 states that tax pass-through entities. In 2008-09, this equates to $1.1 billion in savings for these businesses.



Protecting Our Progress

The national recession is hitting Pennsylvania and all other states – requiring difficult budget cuts as well as strategies to enhance revenue. From the time Governor Rendell signed the 2008-09 budget into law in July, he has already made nearly half a billion dollars in budget cuts.

Even with additional cuts to contain the natural growth in the 2009-10 budget, the commonwealth still faces a budget shortfall for the coming fiscal year. While several other states are turning to increases in broad-based taxes to close their budget gaps, Governor Rendell has balanced the budget without such measures. Instead, the 2009-10 budget features a number of new revenue sources in order to avoid draconian service cuts while still keeping the commonwealth competitive, including:

- **Increasing the cigarette tax by 10 cents per pack.** Pennsylvania would join at least four other states in proposing cigarette tax increases. With this change, the commonwealth's cigarette tax would remain in the middle compared to the cigarette tax in our six neighboring states, and Pennsylvania's national ranking among all state cigarette taxes would increase just two spots, surpassing Iowa and Texas.
- **Levying a tax on other tobacco products.** Pennsylvania remains the only state in the nation that does not tax tobacco products such as smokeless tobacco and cigars. The 2009-10 budget would eliminate that anomaly.
- **Ensuring the public benefits from unprecedented natural gas production.** Pennsylvania has immense natural gas reserves – in an area known as the Marcellus Shale – that are now being tapped by private companies. These companies will extract an estimated 57 trillion cubic feet of gas from the Marcellus Shale over the next 25 years, and in the 2009-10 budget Pennsylvania joins the 28 other states that ensure that the public receives a share of the proceeds from the use of these resources.

Continuing Property Tax Relief for All Pennsylvania Homeowners

The 2009-10 budget marks the second year of historic property tax relief for all Pennsylvania homeowners. The Taxpayer Relief Act – signed into law in 2006 – has already eliminated school property taxes for more than 113,000 senior citizens. In the coming year, Pennsylvania homeowners, on average, will continue to receive nearly $200 in state-funded property tax relief – with even more savings for older adults who have the most urgent need.

Estimated Property Tax Relief

Type of Tax Relief	Amount of Tax Relief in 2009-10
Property tax relief for all homeowners from gaming revenue (wage tax relief in Philadelphia)	$612.9 million
Enhanced property tax rebates of up to $650 for senior citizens earning up to $35,000 a year	$143.4 million
Higher rebates for senior citizens with a high tax burden or those living in cities with a high tax burden	$30.6 million*
TOTAL	**$786.9 million**

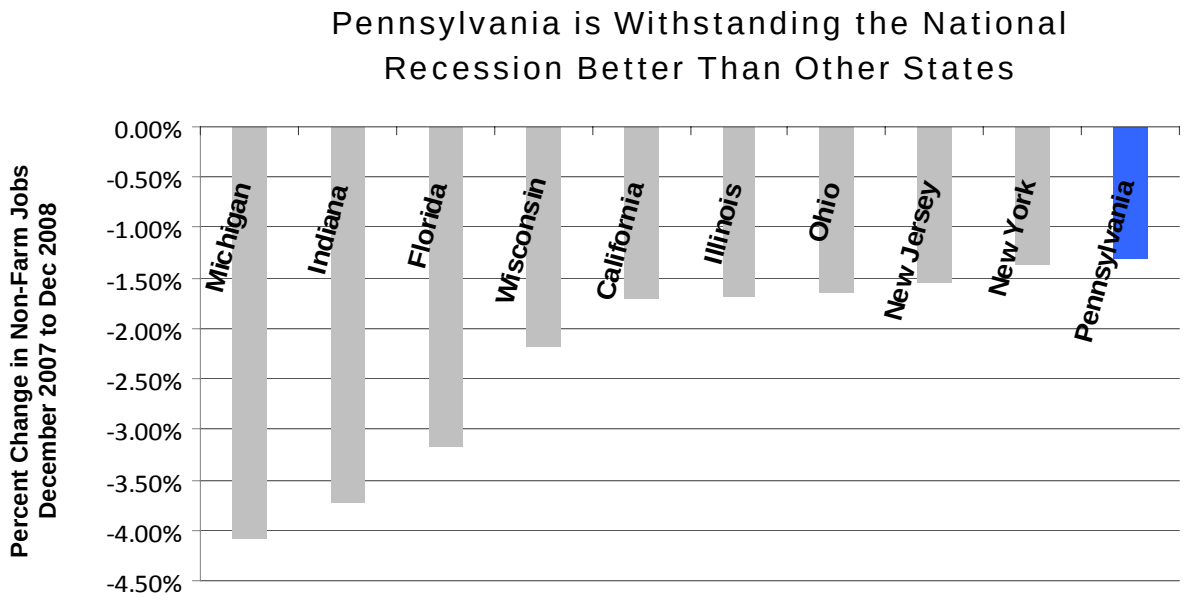
* Due to lower-than-projected utilization in 2008-09, only $12.7 million will need to be transferred from the Property Tax Relief Fund to the Lottery Fund.

Pennsylvania's favorable business and tax climate, along with property tax reductions that are the direct result of the successful implementation of expanded legalized gaming, have put the commonwealth in an even better position to attract and retain jobs. And the Governor's plan for Protecting Our Progress ensures that the economic gains Pennsylvania has made over the last six years will not be lost in the face of the current national economic challenges.

Pennsylvania's Economic Stimulus

Strategic investments in job growth, coordinated economic and community development initiatives, and targeted business tax cuts have strengthened Pennsylvania's economy in the past six years. Although Pennsylvanians are now feeling the impact of the national economic crisis in their daily lives, the crisis is less dire here than in many other states due in part to the impact of these pro-growth policies.

Despite recent job losses, Pennsylvania still has over 100,000 more jobs today than it did in January 2003 when Governor Rendell took office. The commonwealth's unemployment rate has been at or below the national level for 70 of the past 72 months. Since the national recession began in December 2007, Pennsylvania has held onto jobs better than many other large, competitor or neighboring states:



Just as Pennsylvania's success over the last six years and during the current economic uncertainty is no accident, so must the state continue to make smart investment choices to keep our economy moving. With a strong track record of investments in business growth, alternative energy and infrastructure, Pennsylvania is well-poised to stimulate the economy further during this crucial time. While the federal government will be a valuable partner, Pennsylvania cannot afford to simply follow federal leadership or depend on others for our economic growth strategies.

Protecting Our Progress

Since it was approved by the General Assembly in 2004, Pennsylvania's economic stimulus program has invested $3.2 billion and created new opportunities for economic success across the commonwealth. More than 2,800 projects have already been funded with Economic Stimulus program resources – helping Pennsylvania businesses to create and maintain a projected 288,000 new jobs. The rapid pace of investment through the Economic Stimulus program has had a significant impact on Pennsylvania's economy, leveraging more than $8.6 billion in additional economic activity.

The 2009-10 budget provides additional funding and important changes for several critical components of the Economic Stimulus program as part of Pennsylvania's efforts to respond to the national economic crisis:

- **Attracting More Businesses and Job Growth to Pennsylvania.** The 2009-10 budget includes an additional $100 million to get Pennsylvania sites shovel-ready for use by businesses moving into the commonwealth or expanding their operations. Sixty million dollars will be used to reinvigorate the successful Business in Our Sites Program that provides loans and grants for site acquisition and development for future use by businesses, and $40 million will be invested in water and wastewater

infrastructure projects related to economic development. No new funds are needed to make these important investments; instead, the Commonwealth Financing Authority will be asked to leverage existing assets to generate the necessary additional capital.

- **Responding to Companies' Needs for Working Capital.** Since 2004, Pennsylvania's Second Stage Loan Program has provided working capital to manufacturing, biotech and technology-related companies that are 2-7 years old. Recognizing the need for more flexibility to help additional Pennsylvania companies in this challenging economic environment, Governor Rendell's 2009-10 budget will reallocate under-utilized existing resources to dedicate an additional $100 million to the loan guarantee program while expanding it to reach companies in other fields and eliminating the time limitations.
- **Infrastructure Facilities Improvement Grant Program**. Every 1 million dollars of funding for this program creates approximately 2,000 new jobs, but the current pipeline of eligible projects is far greater than the supply of available resources. The 2009-10 budget includes a $10 million initiative for new infrastructure and facility improvement projects for this valuable engine of economic growth.

In addition, the 2009-10 budget **doubles capital funding for the commonwealth's public universities**. The State System of Higher Education's 14 campuses are located in communities across the state and educate 100,000 Pennsylvania students. Doubling the State System of Higher Education's $65 million capital allocation to a total of $130 million will put Pennsylvanians to work while improving educational facilities that will train the next generation of workers and entrepreneurs.

Rebuilding Pennsylvania

Across the nation, states face $2.2 trillion in costs to repair aging infrastructure and make essential upgrades. No state can meet this burden alone, but Pennsylvania is doing its part to keep the commonwealth competitive and ensure the public's safety by investing in infrastructure. The 2008-09 budget launched Governor Rendell's Rebuild Pennsylvania initiative with the approval of more than $1.5 billion to begin addressing overdue repairs to dangerous bridges and dams, as well as investing in necessary improvements to critical aviation and rail freight facilities. In the process, these investments will create tens of thousands of jobs for Pennsylvania workers. Rebuild PA resources approved last year include:

- $350 million for the accelerated repair of structurally deficient bridges;
- The H2O Fund, implemented through the Commonwealth Financing Authority, which will provide $800 million over the next 10 years for critical water, sewer, and flood-control projects, and repairs to unsafe, high-hazard dams; and
- Authorization of a $400 million bond issue to provide funds for PENNVEST to invest in public drinking water and wastewater systems, including innovative, cost-effective strategies such as nutrient trading.

The public's overwhelming support for stimulating our economy and improving the quality of life through infrastructure investment was heard loud and clear this past November, when nearly two-thirds of Pennsylvania voters approved the $400 million water and sewer upgrade bond referendum that is part of Rebuild PA. In fact, the majority of voters in 64 of Pennsylvania's 67 counties understood the importance of this investment – which will support an estimated 12,000 jobs here in the commonwealth.

The 2009-10 budget continues Pennsylvania's job-creating infrastructure investments with an additional $537 million for Rebuild PA projects. This includes $200 million for bridge repairs, an estimated $190 million for water, sewer, flood control and dam projects, $100 million for PENNVEST water and waste water projects, $27.5 million for rail and aviation projects, $15 million for rail freight assistance, and $4.5 million for flood control projects and program support.

One of the principles behind Governor Rendell's call for renewed infrastructure investment was the idea that Pennsylvania could put these resources to work quickly – making an immediate difference in communities and stimulating the economy. The state has lost no time working in putting last year's funding to work to improve our infrastructure and create jobs. Additional resources in the 2009-10 budget mean more jobs and more necessary infrastructure improvements.

Accelerating Needed Bridge Repairs

The 2008-09 budget included an additional $350 million to supplement the existing bridge program funding. This allows the Department of Transportation to speed the rebuilding of 411 structurally deficient bridges statewide. As of the end of December, the work is ahead of schedule: contracts to repair 145 bridges – four more than anticipated – have already been advertised and bids received and opened, and these projects are well on their way to generating more than $300 million in economic activity for construction and supporting 9,000 Pennsylvania jobs.

In addition to targeting funds to the bridges most in need of rebuilding, the Governor directed the Department of Transportation to accelerate the way government does business in order to start as quickly as possible. The Department has employed two innovative contracting strategies to achieve this goal:

- Design-build contracts save months of design time by combining the design services of a consultant with the work of a contractor in a single contract. A projected 83 of the 411 bridges funded in the 2008-09 Rebuild PA initiative will be design-build contracts.
- Group contracts combine a number of bridges into a single contract to cut administrative costs and achieve greater economies of scale – saving taxpayers money so that more infrastructure needs can be addressed with limited funds. A projected 187 bridges will be rebuilt through 54 group contracts this fiscal year.

The 2009-10 budget moves forward with the second year of bridge program acceleration with $200 million of additional resources. These funds will enable 367 structurally deficient bridges to be addressed – supporting 6,600 Pennsylvania jobs. In addition to the $200 million provided by Rebuild PA, the 2009-10 budget includes $1.9 billion in base Motor License funds for bridge and highway repair.

Rail and Aviation Infrastructure Support

Pennsylvania's infrastructure investment is making businesses and communities more competitive through expanded rail and air projects – work that makes companies more efficient and municipalities more attractive to economic growth.

Freight trains move one ton of freight an average of 423 miles on a single gallon of diesel fuel, and more companies are turning to rail to move their raw materials and finished products more economically. Pennsylvania has a strong record of making successful investments in rail freight programs that have enabled companies to locate or expand operations in the commonwealth. Rebuild PA increased the Rail Transportation Assistance Program by $10 million to $30 million in 2008-09, including $3 million for the preservation of railroad bridges. The remaining $7 million will be used to construct and reestablish rail lines, preserve existing rail lines, improve safety and add new capacity. In December 2008, the commonwealth announced funding for 20 rail projects using the expanded Rebuild PA resources, benefiting nearly two dozen counties from Allegheny to Clearfield to Luzerne. These projects will ensure safety in operations, provide efficient and more reliable service to businesses along the rail lines, create economic development opportunities across the commonwealth and help limit the number of long-haul trucks on our highways.

Rebuild PA will provide $22.5 million in 2009-10 for additional rail freight projects, bringing the total two-year funding increase to $32.5 million. In addition, the 2009-10 budget includes $15 million in state funds for rail freight assistance.

The 2008-09 Rebuild PA initiative also doubled the aviation grant program from $5 million to $10 million. The economic potential of Pennsylvania's small to medium-sized cities is increasingly being held back by a lack of passenger and freight airport capacity. State funding supports key projects that will be economic generators for both airports and the local communities they serve. New or updated aviation facilities, such as hangars and terminals, make airports attractive to commercial and corporate users looking to base or expand their operations. In December 2008, the commonwealth announced eight major aviation projects that will use all of the available 2008-09 resources. These projects will create new Pennsylvania jobs while improving the commonwealth's ability to attract more businesses and residents.

The 2009-10 budget provides a total of $10 million for new aviation facility projects.

Meeting Pennsylvania's Critical Water & Sewer Infrastructure Needs

Since enactment of the $800 million H2O program in July, guidelines have been developed and the program is open for business for all three categories of authorized water projects:

- $650 million for acquisition, construction, improvement, expansion or rehabilitation of water supply, sewage disposal or storm water management systems or combinations of systems. Funds can also be used for regionalization of two or more systems.
- $100 million for municipal flood-control projects, including channel improvements, compacted earth levees, concrete channels, concrete floodwalls, detention dams, and non-structural measures.
- $35 million for repair of high-hazard dams identified by the Pennsylvania Department of Environmental Protection as having deficiencies that if not corrected could cause a failure of the dam, with subsequent loss of lives or substantial property damage.

Applicants have until February 13, 2009, to submit applications for the first round of funding.

In addition, applications to PENNVEST for the $400 million authorized by the voters in November for water, sewer, storm water and nutrient-trading projects are due February 17, 2009. PENNVEST has been actively advertising and recruiting projects across the state. It has applications totaling about $320 million as of mid-January, with more anticipated before the deadline.

Protecting Homeowners – Pennsylvania's Flood-Prevention Program

Flooding has been a consistent problem in Pennsylvania because of the state's 82,000 miles of inland waterways and increased development of land along these waterways. Over the last 10 years, Pennsylvania received more than $500 million in claims payouts from the National Flood Insurance Program, the second-highest total in the nation prior to the Hurricane Katrina losses. While federal payments are welcome to help repair homes and businesses after a severe flood, more must be done to make our communities more flood-resistant. The 2008-09 Rebuild PA initiative is making flood-prone communities safer with an additional $3 million in flood-control funds.

The flood-control resources are already enabling 13 flood-protection projects and nine stream-improvement projects across the commonwealth in 2008-09, including:

- **Levee Certification –** After the levee failures and devastation caused by Hurricane Katrina, the Federal Emergency Management Agency began enforcing its requirements to certify levees. Several municipalities are on a two-year clock to complete the certification studies. Currently, the Department of Environmental Protection has earmarked $1.4 million to begin addressing this work, which will cost $250,000 to $500,000 per levee. There are 42 state levee systems in the commonwealth.

- **Shoup Run, Dudley Borough, Huntingdon County –** This project entails the removal of a severely deteriorated bridge that is on the verge of falling into the channel and blocking it, which would then flood the borough. Included in this project is the reconstruction of deteriorated channel walls in the vicinity of the bridge removal. This project is slated to begin in spring 2009, at an estimated cost of $200,000.

Pennsylvania Infrastructure Bank

The Pennsylvania Infrastructure Bank is a loan program that provides low-interest financing for highway, bridge, aviation, rail freight and public transportation projects. Since inception, the Infrastructure Bank has approved 150 loans worth $84.8 million to municipalities and local authorities, among other recipients. These loans have leveraged an additional $277.2 million of federal, state, local and private funds. As part of the Rebuild PA infrastructure initiative, the Infrastructure Bank has approved 20 loans for $10.6 million in the first half of the 2008-09 fiscal year.

Energy Independence: Leading the Way in the Renewable Energy Economy

Pennsylvania's economy is growing "green." Strategic investments in the alternative energy sector over the last five years have helped the commonwealth become a leader in renewable energy production and consumption. Governor Rendell and the legislature have taken steps to invest nearly $915 million to spur on Pennsylvania's alternative energy economy, both in funds distributed since 2003 and by passing laws to ensure that the commonwealth will be a national leader in this emerging section of the economy for years to come.

State investments since 2003 have funded 564 projects, which have created and retained more than 8,300 jobs. As a result, Pennsylvania is now home to some of the world's leading renewable energy companies and is on track to produce 18 percent of all energy sold in the state from clean renewable sources by 2021. Along the way to energy independence, the commonwealth has proven that investment in renewable energy is a powerful economic development strategy.

Growing the Green Economy

On July 9, 2008, Governor Rendell signed the Alternative Energy Investment Act into law. The law provides $650 million in funding and tax credits over the next several years for alternative energy projects, companies and technologies that will help make Pennsylvania a leading destination for green jobs and clean energy. As a result of this new groundbreaking law, Pennsylvania will invest:

- $270 million in economic development support for energy projects and companies through the Commonwealth Financing Authority,
- $220 million for consumers and small businesses to install energy efficiency, solar and green building projects,
- $50 million in tax credits for developing and building alternative energy projects,
- $40 million to provide heating assistance to low-income customers,
- $40 million to foster the development of early stage energy technology companies,
- $25 million for pollution-control technology, and
- $5 million to support an energy efficiency loan fund.

Over the past four years the Department of Community and Economic Development Technology Investment Office's programs and partners have invested approximately $37.8 million in more than 140 alternative energy and related projects, which leveraged $69.1 million in additional investment to enhance the commonwealth's alternative energy capabilities.

Moving Towards Independence From Foreign Oil

The PennSecurity Fuels Initiative is fostering economic development, energy independence and environmental protection through the use of alternative fuels by requiring all diesel fuel and gasoline sold in Pennsylvania to contain ethanol or biodiesel. By 2017, 1 billion gallons of home-grown biofuels will be produced and consumed in Pennsylvania – an amount equal to what the state will import from the Persian Gulf by that time.

Pennsylvania is already well on its way to increasing production of home-grown alternative fuels. In January, the commonwealth announced that Pennsylvania businesses are now producing 40 million gallons of biodiesel a year – the first key threshold under the law. As a result, every gallon of on-road diesel fuel sold in Pennsylvania must contain 2 percent biodiesel fuel within one year. At the law's full potential of 20 percent biodiesel and 10 percent ethanol, Pennsylvania will cut oil imports by billions of dollars a year.

To help build the market for alternative fuels, Pennsylvania launched the Biodiesel Production Incentive – which provides 75 cents per gallon for biodiesel produced and sold in Pennsylvania. The commonwealth has awarded $2.29 million in production incentives since July 1. By 2011, Pennsylvania will reach $15.9 million in biodiesel production incentives.

Diversifying Our Energy Supply

In 2004, Pennsylvania adopted Alternative Energy Portfolio Standards that require the companies that generate and distribute electricity to fill a portion of the commonwealth's energy needs using alternative sources like solar and wind power.

By 2021, Pennsylvania's electric generation and distribution companies will be expected to generate 18 percent of their retail electricity from alternative energy sources. Many electric companies are succeeding in making this important transition. In the year that ended on May 31, 2008 – the second year of the program's implementation:

- six Pennsylvania electric distribution companies met their alternative energy requirements, and
- 11 electric generation suppliers met their alternative energy targets.

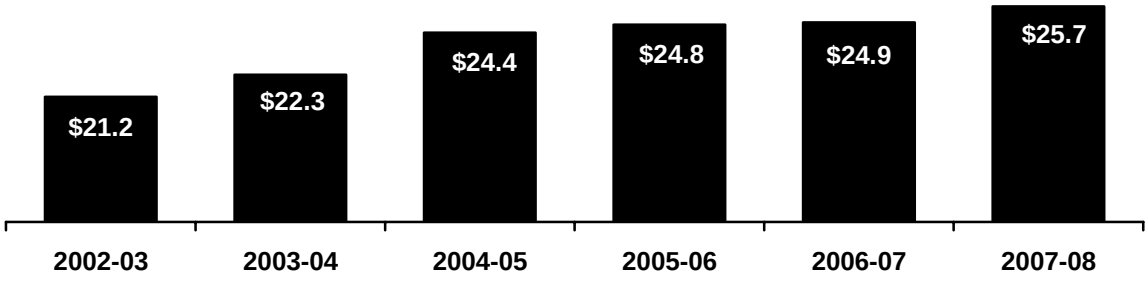
The companies that did not reach their targets contribute to a special fund used for projects that will increase the amount of electric energy from alternative energy resources.

In addition, Pennsylvania's largest electric distribution company, PECO, was the state's first utility to pursue five-year agreements to purchase alternative energy at a fixed price. These long-term agreements help increase private-sector investment in alternative energy by providing confidence in multi-year demand and financing to encourage new development.

Pennsylvania Grows Its Tourism Industry

The citizens of Pennsylvania have long been blessed with a commonwealth rich in abundant natural resources, filled with scenic beauty and home to world-class metropolitan areas. Increasingly, people outside of Pennsylvania are taking notice and making the commonwealth a prime destination. Pennsylvania's burgeoning tourism industry is becoming a major economic driver for the commonwealth, with travelers from throughout the United States, spending nearly $26 billion in Pennsylvania – an increase of 21 percent since 2002-03. International visitors contribute an additional $2 billion each year.

Total Spending by U.S. Travelers in Pennsylvania
(dollars in billions)



Based on data from D.K. Shifflet & Associates, Ltd

Spending by tourists on a variety of travel-related goods and services supports 610,000 Pennsylvania jobs in businesses that directly serve the traveling public, supply the goods and services used by travelers or benefit from the spending of tourism-related wages by employees of such companies. The commonwealth's tourism industry also generates more than $2.8 billion annually in state and local tax revenue that is then used for services that benefit all Pennsylvanians.

The Rendell administration has taken a regional approach to investing in and marketing Pennsylvania's tourism assets. These efforts are delivering results:

- Governor Rendell launched a new marketing plan for the 12-county **Pennsylvania Wilds** region of North-central Pennsylvania in 2003. This region encompasses more than 2 million acres of public lands set aside for public enjoyment. The results for North-central Pennsylvania have been dramatic. Visitation to the

Pennsylvania Wilds region increased from 3.5 million to 4.1 million people between 2004 and 2007, an 18 percent increase. This increase in visitors has helped fuel demand for hotel rooms in the region, up 8.8 percent since 2003, and has also helped to drive up the state's hotel tax revenues by more than $1 million over the same time period. Elk-viewing-area attendance increased an estimated 10-fold, and the number of visitors to the Elk Scenic Drive increased 25-fold between 2004 and 2008. A recent economic study of the Pine Creek Rail Trail revealed that it generates about $5.5 million annually for the local economy.

- Southwestern Pennsylvania's **Laurel Highlands** region is home to a large section of the 150-mile Great Allegheny Passage, part of a trail system that extends from Pittsburgh to Washington, D.C. The Great Allegheny Passage receives an estimated 350,000 visitors per year who contribute $10 million to the economies of trail towns located along its span. Administration investments continue to support trail town revitalization and projections are for more than $12 million to $15 million in economic impact for 2008.

- The **Schuylkill Highlands** region in the Southeast is home to a large segment of the Schuylkill River Trail, which will eventually span 130 miles from Schuylkill Haven to Philadelphia. Trail and riverboat concession use in the tidal Philadelphia-area Schuylkill River segment is estimated to have had a direct tourism impact of $1.3 million on the local economy in 2007.

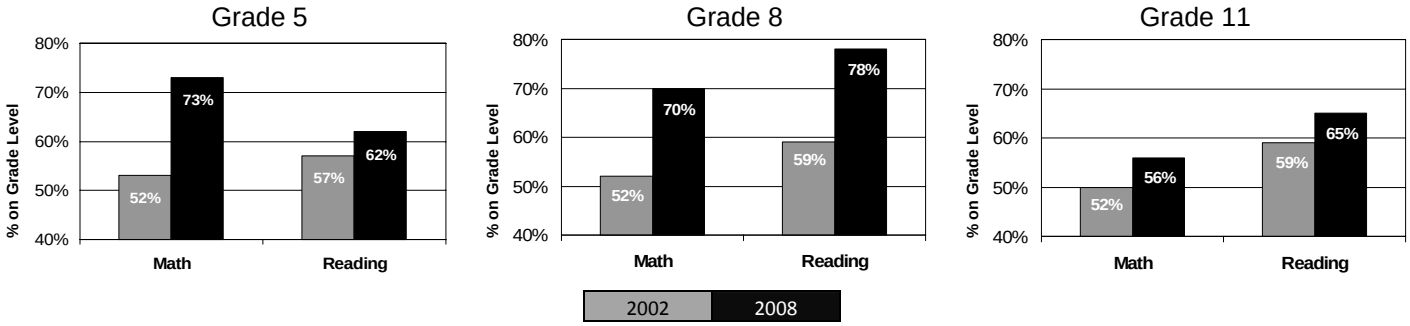
- For the first time, the ten counties of **Northeast Pennsylvania** will be pooling their resources and collaborating in a joint marketing effort. This will enable this region to develop road trips and create itineraries united under one brand that can compete with other destinations in key markets such as New York. This campaign will begin in 2009.

Education - Investing in Our Children, Preparing for the Future

Governor Rendell has made education a top priority for Pennsylvania – championing new investment and greater accountability as critical to the commonwealth's economic development strategy and in fulfillment of our moral imperative to ensure that today's students have the opportunity to succeed in the competitive, high-skills knowledge economy of the future.

Pennsylvania's investment in education is paying off with greater student achievement across the state in every grade and subject.

Nearly 30% More Students are On Grade Level Than in 2002



Beyond the dramatic overall achievement gains that have taken place since 2002, it is important to note that many of the most academically challenged school districts and student populations are making strong progress:

- 479 school districts have a majority of students on grade level compared to 375 districts in 2002.
- 72 districts have increased the number of students on grade level by at least 40 percent since 2002.
- 36,000 fewer students are "below basic" in math and 13,000 fewer students are scoring in the lowest level in reading in 2008 compared to 2002.

Pennsylvania is one of only nine states in the nation that made progress in elementary school math and reading achievement from 2003 to 2007, according to the National Assessment of Educational Progress, also known as "The Nation's Report Card."

We cannot afford to lose momentum now. The national economic crisis has put enormous pressure on state budgets, and Pennsylvania is no exception. But the commonwealth also has the opportunity to recognize educational investment as a core component of our economic recovery strategy.

As *New York Times* columnist and author Thomas L. Friedman wrote as the U.S. Congress worked to craft an economic stimulus package in January 2009: "A student who normally would not be interested in science but gets stimulated by a better teacher or more exposure to a lab… is potentially the next Steve Jobs or Bill Gates. They create good jobs for years. Perhaps more bridges can bail us out of a depression, but only more Bills and Steves can bail us into prosperity."

In fact, the better prepared Pennsylvania students are when they graduate from high school, the more likely they are to be employed, the more they will earn and generate in tax revenue, and the less the government will have to spend to support them.

Education translates into a far stronger workforce. An adult with a high school diploma was nearly 30 percent more likely to be employed in 2006 than a high school dropout. And a Pennsylvanian with a four-year college degree had even better odds of having a job: a 12 percent greater likelihood than the high school graduate and a stunning 45 percent better chance than the high school dropout. Over a lifetime, a college graduate will earn over $1 million more than his or her peer with only a high school diploma.

In addition, improving education strengthens communities and saves taxpayers money:

- 77 percent of Pennsylvanians with a bachelor's degree own their own home – and they are 13 percent more likely to be a homeowner than high school graduates with no or some college education.

- For every $1 in taxes paid by a Pennsylvania high school dropout, a high school graduate pays $1.42 and a worker with a four-year degree pays $2.55. The better educated Pennsylvania's workforce becomes, the less the tax burden will be on each individual worker.
- Only 4 percent of Pennsylvanians with a bachelor's degree received food stamps, Medicaid, housing subsidies, free or reduced-price school lunches, or similar government support – compared to 17 percent of high school graduates who do not go to college and 35 percent of high school dropouts.

Growing Pennsylvania's economy by developing a world-class education system starts with the first day of pre-kindergarten and lasts through the final day of high school and a student's transition to college or the workforce. Pennsylvania faces four essential challenges that it must meet in order to ensure that our students are prepared to compete in the global economy:

First, every student needs to attend a school that has adequate resources to get the student achievement results we demand. The commonwealth must ensure that schools have sufficient resources to meet this challenge and that taxpayer dollars are invested in the programs most likely to boost student learning.

Second, our schools need to continue transforming with the times so that when Pennsylvania students graduate from high school, they are ready for the high-tech, high-skills economy that will await them. The commonwealth must provide the accountability, leadership and resources needed to ensure that a Pennsylvania high school diploma is a ticket to post-secondary opportunity.

Third, Pennsylvania schools need to modernize the way they do business by increasing efficiency and accountability. School districts should streamline and consolidate their operations in order to get more resources into the classroom instead of the bureaucracy. And Pennsylvania should learn from its successful charter schools while enhancing the public's confidence in charter school funding and accountability.

Fourth, Pennsylvania needs to ensure that family finances never prevent a student from earning a college degree. Nearly three out of four Pennsylvania public four-year university students leave school with student loan debt – far more than in comparable states – and the average student's debt totals nearly $20,000 by the time they graduate. The commonwealth can make college affordable for *every* family – without raising taxes.

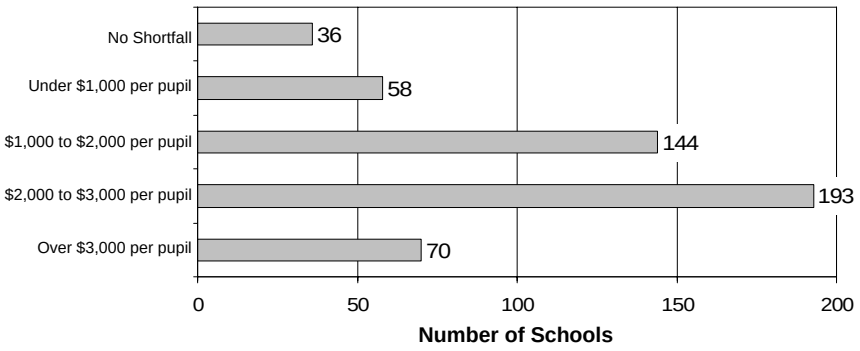
Investing in Student Success

In 2006, the Pennsylvania Legislature commissioned the commonwealth's first-ever study to determine the actual level of resources schools need in order to get students to achieve at grade level. The report concluded that Pennsylvania faced a $4 billion regular education funding shortfall.

With the 2013-14 federal mandate of getting all students to grade level just five years away, closing this shortfall must be an urgent priority. Pennsylvania has just two more years until the next increase in statewide academic targets that all schools are required to meet: 72 percent of all students on grade level in reading and 67 percent of students on grade level in math. If that standard were in place today, more than 1,500 schools and nearly half of school districts would receive a failing grade.

The evidence from the legislature's report shows that the vast majority of Pennsylvania school districts need additional funding in order to close their achievement gaps.

More Than Half of Pennsylvania School Districts Need $2,000 or More per Student to Close Their Achievement Gaps



To meet the state commitment to close closing this funding gap, in February 2008 Governor Rendell proposed a $2.6 billion, six-year plan. In July 2008, the legislature enacted a new school funding law that set an "adequacy target" for each school district based on the formula set forth in the legislature's report; delivered the first-year installment of the state's contribution; and stated in law that "…in order to enable students to attain applicable Federal and State academic standards, it is the goal of this Commonwealth to review and meet State funding targets by fiscal year 2013-2014."

With the academic pressures faced by school districts, it is clear that if the state does not do its part to close this gap, local property tax hikes will be the result. It would take an average increase in local property taxes of nearly 40 percent to generate the same investment as the state will contribute under the new funding formula by the time it is fully phased in. Alternatively, if the state pays its fair share, then communities can keep their own property tax increases to a bare minimum.

In these difficult economic times, it is more important than ever to prioritize the use of state resources to have the greatest possible impact. One of the key features of Pennsylvania's new school funding formula is that the law requires school districts to invest their new resources in a menu of proven academic programs and it gives the Department of Education the authority to reject the investment plans of academically challenged school districts.

As a result, the first year of Pennsylvania's new school funding formula is making it possible for:

- 500,250 students to get more time to learn – through tutoring, longer school days or an extended school year
- 2,700 students to benefit from smaller classes
- 7,500 children to participate in pre-kindergarten and full-day kindergarten
- 156,100 students to enroll in advanced courses and new curricula
- 251,000 students to have teachers who are receiving intensive training

The **2009-10 basic education subsidy includes a $300 million (5.7 percent) increase** to demonstrate the commonwealth is serious about meeting its commitment to provide adequate resources using the new funding formula, even during an extraordinarily difficult budget year. Because the proposed subsidy increase is less than the amount put forward in the original six-year plan, it will take an additional year to meet Pennsylvania's adequacy funding target.

In addition to a substantial increase in the basic education subsidy, the 2009-10 budget sustains Pennsylvania's progress by continuing to support other successful academic programs:

- **High-quality early childhood education.**
  - **$95.1 million for Pennsylvania Pre-K Counts**. School districts, Head Start programs and other community providers with proven track records of success provide high-quality pre-kindergarten to an additional 1,050 students to bring the total number of children served to 12,850 in 2009-10. Children from every part of the commonwealth have new opportunities for early learning as a result of this investment – with the greatest focus on children who are at risk of future academic failure. This program grows out of a successful public-private partnership of the same name supported by corporate, foundation and public-sector leaders.
  - **$39.5 million for the Head Start Supplemental Assistance program**. For the last five years, Pennsylvania has supplemented federal Head Start funding so the successful program can reach more families. The 2009-10 funding will make it possible to enroll 5,620 three- and four-year-olds.
- **$271.4 million for the Accountability Block Grant**. This initiative funds pre-kindergarten, full-day kindergarten, elementary school class-size reduction and other proven educational programs. The Accountability Block Grant is responsible for Pennsylvania's move from having just 35 percent of kindergartners in full-day programs in 2003 to 65 percent today. Beginning in the 2009-10 budget, Accountability Block Grant funding will be folded into each school district's basic education subsidy.
- **$65.1 million for the Education Assistance Program.** Pennsylvania's hallmark tutoring program is providing extra help to 172,000 struggling students in 175 school districts and Career and Technical Centers in the 2008-09 school year. Beginning in the 2009-10 budget, Education Assistance Program funding will be folded into school districts' basic education subsidies or, for vocational schools, the Career and Technical Education appropriation.

- **$13.6 million for Science: It's Elementary**. In 2000, a group of school districts in Southwestern Pennsylvania proved that American students can compete in science against anyone in the world if they are taught effectively starting in elementary school. Students from these districts and their university partners not only out-scored the rest of the U.S. in eighth-grade science, but they did as well as or better than students from every other nation in the world. In 2006-07, the commonwealth launched Science: It's Elementary to bring the same strategies for hands-on learning and intensive teacher training to other school districts across Pennsylvania. The 2009-10 budget will enable at least 65,000 students in 141 schools to become active science explorers.

Making the High School Diploma Count

Pennsylvania has made enormous progress in increasing student achievement over the last six years, and has enacted a long-term school funding plan to ensure that students have adequate resources in the classroom for years to come. But with ever-increasing demands from the high-skills global economy awaiting our students once they graduate, the commonwealth still faces a significant challenge: How do we make sure families, employers and college admissions officers can have confidence that a Pennsylvania high school diploma means our students are ready for the real world?

The truth is that right now, they can't. In fact, nearly 44 percent of Pennsylvania's high school seniors received diplomas in 2007 after failing the state's 11th-grade-level reading and math tests a year earlier. And one in three Pennsylvania high school graduates who enroll in a state-owned university or community college are not ready for a first-year college math or English course.

The bottom line is that tens of thousands of students are being sent into the workforce without the skills they need to succeed. And this problem is not limited to just a few school districts or any one part of the state: Nine out of ten Pennsylvania school districts have at least a 20 percent gap between the number of students who graduated and the number of graduated students scoring on grade level on the 11th-grade state reading and math tests.

Pennsylvania is taking action to give the high school diploma meaning by ensuring that all students demonstrate essential skills in English, math, science and social studies in order to graduate. In January 2007, the State Board of Education took the first step to adopt meaningful statewide high school graduation requirements starting with the class of 2014 – putting the commonwealth on track to join 26 other states that either have graduation requirements in place or are in the process of implementing them.

Pennsylvania's Plan for Ensuring that Every High School Diploma Counts

The State Board of Education proposed a menu of ways for students to show they are ready to graduate. The new requirements would start with the class of 2014 – this year's seventh graders.

Students could earn their high school diploma in any of four ways:

- By scoring Proficient or Advanced on the Pennsylvania System of School Assessment (PSSA) given in 11th grade; OR
- By passing six of 10 standardized final exams, called Graduation Competency Assessments; OR
- By passing local assessments of equal rigor; OR
- By taking Advanced Placement or International Baccalaureate exams.

Under Pennsylvania's plan, students would be able to earn their diploma by passing six standardized final exams as soon as they finish key high school courses – while the material is still fresh in their minds. Students who don't pass the first time would get extra help and have the chance to retake the tests as many times as necessary. Or school districts could use their own local assessments, as long as they are at least as rigorous as the state's assessment – among a number of other options on the proposed high school graduation menu.

To ensure that all high school students stay in school and are ready and able to graduate, Pennsylvania is providing more resources and support than ever before:

- Creating Classrooms for the Future. The 2009-10 budget includes $22 million to continue changing the way teachers teach and students learn in Pennsylvania high schools by putting a laptop on every student's desk and providing teachers with intensive training so they can effectively use the power of

the Internet to engage the Technology Generation and make learning come alive. By the end of the 2008-09 school year, the program will have reached two-thirds of all Pennsylvania high school classrooms and installed more than 140,000 laptops in English, math, science and social studies classrooms.

The effective use of technology enables students to develop strong critical-thinking skills in a manner that was previously impossible. For example, with the tools of technology on their desktops and through the modern approach to instruction taken by their teachers, students sift through information to decide what sources are reliable and unreliable; they analyze what they find to determine whether it is relevant to the task at hand; and they synthesize their coursework by using multimedia tools to express what they learned. An independent evaluation of the program's first two years concluded that:

- There were significant increases in the use of project- or problem-based learning.
- Teachers' attitudes changed, reflecting increased value for technology in the learning process, increases in effort and hours, and increased levels of preparation to teach their subjects well.
- Teachers spent significantly less time simply lecturing and more time working with students.
- Teachers increasingly engaged students in activities requiring higher-order thinking.
- The assignments given to students shifted away from worksheets and toward real-world, hands-on products.

- Helping More High School Students Earn College Credit. Pennsylvania high school students are earning college credits by taking 25,341 courses this year as a result of the commonwealth's Dual Enrollment program. The 2009-10 budget provides $10 million to maintain the program, with 22 percent directed toward low-income students – who otherwise might never even visit a college campus – to ensure that these students are not priced out of an experience that can change their lives.
- Improving the High School Curriculum. Additional supports are necessary to ensure that school districts have the resources they need to deliver a quality education that truly prepares all students for the real world after graduation. The 2009-10 budget will enable the Department of Education to continue developing the tools that school districts need:
  - A voluntary curriculum for high school English, math, science and social studies courses; and
  - Strategies for identifying students who need help and ways to effectively boost their academic skills.

Government Reform: Increasing Efficiency and Accountability in Public Education

Pennsylvanians want their elected officials to maximize the use of every taxpayer dollar to achieve the greatest impact on student learning. Accomplishing that goal in today's world requires real changes in the way schools do business. And the context of America's economic crisis and Pennsylvania's commitment to meeting our educational challenges creates a powerful sense of urgency for government reform in how school districts operate.

Bringing government reform to public education means taking the following steps in enacting the commonwealth's 2009-10 budget:

- **Reducing bureaucracy while preserving community schools**. Only 10 states in the nation have more school districts than Pennsylvania, while many of the highest-achieving states are organized into far fewer districts in order to achieve greater efficiency and improve the delivery of educational services. Right now, more than 40 percent of Pennsylvania's school districts currently educate fewer than 2,000 students and more than 80 percent of school districts educate fewer than 5,000 students, requiring significant bureaucracy while raising questions about the diversity of courses offered to students. The 2009-10 budget launches a process to investigate options for consolidation and alternative solutions.
- **Using the purchasing power of school districts to cut health care costs.** In many communities, the cost of health care is making it harder for school districts to do what matters most: invest in the classroom. School districts now spend a total of $1.9 billion on medical and prescription drug coverage. That means nearly $1 of every $5 in school property taxes goes to health care. Left on their own, school districts have

few options to bring these costs under control. But Pennsylvania can address this issue by creating a statewide school employee health benefit system that will leverage the purchasing power of all our school districts and potentially 250,000 school employees in a way that is fair to taxpayers, fair to students and fair to teachers.

- **Eliminating excuses when it comes to turning around failing schools.** When a school or school district has failed to meet its reading and math targets for five years in a row, the federal accountability law No Child Left Behind states that the status quo needs to change dramatically. But in Pennsylvania, existing state laws effectively block major overhauls – leaving students in failing schools for even longer. It is time to increase support to turn around these schools, while also ensuring that schools and school districts that still continue to fail are actually restructured – given new staff while protecting the rights of current teachers, provided a new curriculum, led by new leaders or converted to charter schools – as the federal law envisions.

- **Improving public confidence in charter schools.** There is no debate about the value of school choice in Pennsylvania: More than 70,000 students are enrolled in charter schools across the commonwealth, and the option of attending a charter school has become an intrinsic part of Pennsylvania's education system. With more than a decade of experience in charter education, the state now has the perspective to improve the charter law without threatening the innovative spirit that charter schools were designed to foster.

  Last year, charter schools collected $78 million in taxpayer funds to provide special education, but spent only $50 million on special education services. As a result, the most important charter law changes are: (1) to better protect students and taxpayers by ensuring that all funds a charter school receives for special education are used for that purpose and (2) to fix the way special education tuition is calculated for charter schools. In addition, cyber charter schools should be funded differently than bricks-and-mortar schools; cyber charter school funding should be based on the cost structure of the most effective and efficient cyber school, and cyber schools with excessive fund balances should have to return them to the taxpayers.

  At the same time, Pennsylvania should do a better job of learning from successful charter schools and implementing their best practices statewide. And to reduce bureaucracy, the Department of Education should make direct payment to charter schools that request this change, rather than requiring all 127 charter schools to submit invoices to 501 different school districts.

Making College Affordable for Working Families

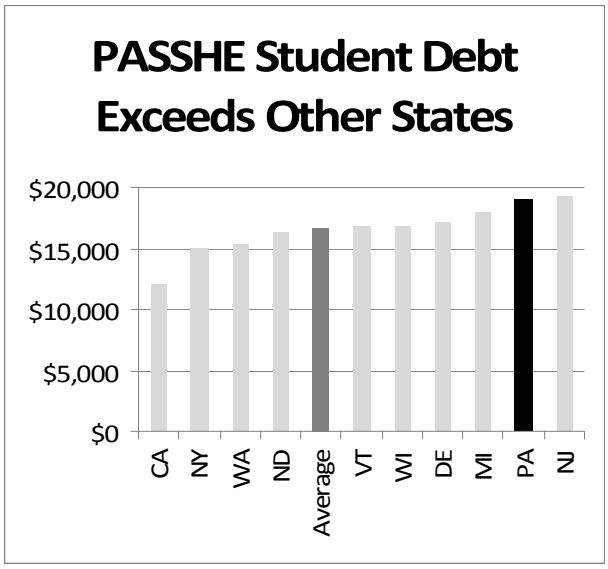
Far too often in Pennsylvania, students do not pursue a college degree because their families can't afford it, they leave school mid-way through because college becomes too expensive, or they graduate with so much debt that it is difficult to pursue a career while paying their bills. Meanwhile, Pennsylvania's future economic vitality depends on having a college-educated workforce prepared to lead in the high-skills global economy.

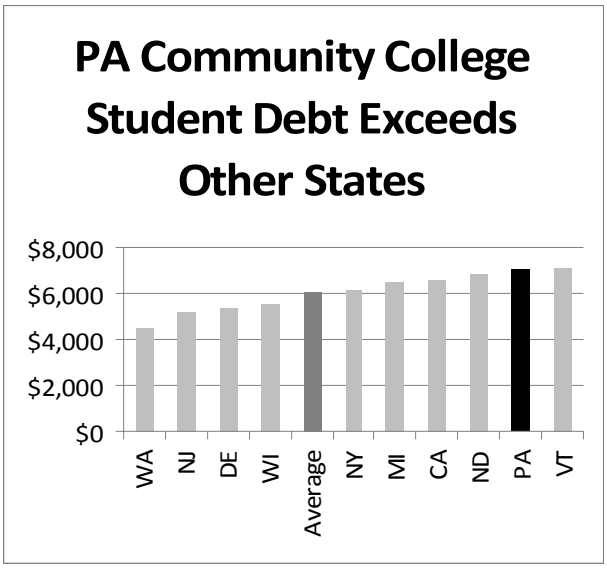
Just as every student needs to graduate from high school with the skills to succeed in college or the workforce, Pennsylvania also has to ensure that every student who is academically ready for college has the opportunity to attend. According to an independent report issued in 2006, a poll of Pennsylvanians found that "better than one in every ten young adults in the sample said they had wanted to attend a college or university but could not – and for these Pennsylvanians, cost was the most frequently mentioned problem."

The State System of Higher Education, in partnership with the Rendell administration, has worked hard over the last six years to keep tuition increases to a bare minimum. The last four tuition increases have been below the rate of inflation, and three of the last six have been lower than 3 percent. Nevertheless, State System of Higher Education students face significant financial hurdles: 74 percent leave school with student loan debt, and the average student's debt totals $19,047.

Community college students face similar challenges: A third of Pennsylvania community college students leave school with debt, averaging $7,020 per student. Given the importance of community colleges in providing a low-cost gateway to four-year degrees, this finding is especially troubling.

Students in comparison and competitor states do not have the same cost barriers:





In 2009-10, the administration proposes a dramatic increase in state grants for students at Pennsylvania's core public institutions – the 14 State System of Higher Education campuses and the 14 community colleges. To ensure the long-term affordability of higher education, the commonwealth will establish a dedicated revenue stream by legalizing a limited number of video poker machines at private clubs, taverns and other establishments.

In addition, the 2009-10 budget includes a $45 million increase in Pennsylvania Higher Education Assistance Agency (PHEAA) tuition grants. This increase will dedicate $10 million to provide grants to nearly 10,000 additional community college students while ensuring that other college and university students do not lose their grants as a result of a reduction in contributions to student grants by PHEAA. Enrollment at many community colleges has increased dramatically due to the national recession, and Governor Rendell's dedicated new PHEAA funding for community college students as well as a $5 million increase in community college operating support will keep tuition down at this difficult economic time.

The 2009-10 budget also doubles capital funding for the Pennsylvania State System of Higher Education to $130 million in 2009-10 – ensuring that college students will learn in facilities that prepare them for the high-tech world, while creating jobs across the commonwealth.

Investing in Our Children, Preparing for the Future

The 2009-10 budget represents a seventh year of historic investment in boosting achievement throughout Pennsylvania's public education system, coupled with stronger accountability and increased efficiency. The budget creates new opportunities for students from the first day of pre-kindergarten to the day they receive their college degree.

Prescription for Pennsylvania

Prescription for Pennsylvania is the commonwealth's plan to ensure access to affordable health insurance, expand the availability of health care, improve the quality of care and help bring health care costs under control for employers and workers.

When Governor Rendell proposed the **Prescription for Pennsylvania** in January 2007, Pennsylvania was already experiencing the impact of an inadequate health care system. Nearly 1 million Pennsylvanians had no health insurance. Avoidable health-care-associated infections were driving up costs and claiming the lives of thousands of Pennsylvanians. In addition, while many areas of the commonwealth lacked access to care, Pennsylvania lagged behind most states in fully utilizing its non-physician health care providers, such as certified nurse practitioners and physician assistants.

Many components of **Prescription for Pennsylvania** have already been successfully implemented and Pennsylvania has made strides in improving quality, expanding access to care and reducing costs by reducing avoidable health-care-associated infections and avoidable hospitalizations. Yet the commonwealth has failed to adopt some of the most crucial elements of this plan. In these tough economic times, it is even more important to implement the critical remaining components of **Prescription for Pennsylvania**, particularly making affordable health insurance available for those Pennsylvanians who are most affected by the ongoing economic situation.

The total number of employers providing health insurance continues to decline. Between 2001 and 2007, the number of Pennsylvania employers offering health care coverage decreased by 5.7 percent, compared with a 4.8 percent reduction for the nation as whole. In fact, more workers in Pennsylvania lost employer-provided health care coverage than in all but one other state in the nation. Evidence of the ongoing loss of employer-sponsored health care coverage can be found in the increasing number of Pennsylvanians applying for coverage through the commonwealth's adultBasic insurance program for eligible adults who have no other health insurance. In early January 2009, the waiting list for the adultBasic program reached an all-time high of 165,318 Pennsylvanians, a 65 percent increase over the past year.

Prescription for Pennsylvania has been hailed nationally for its comprehensive and pragmatic approach. Implementing the remaining components will protect our economic competitiveness and the well-being of Pennsylvania families by making health care affordable for all, expanding access and improving the quality of our health care system.

Pennsylvania Has Taken Several Essential First Steps in Health Care Reform

- **Pennsylvania is "Covering All Kids" to provide universal health insurance for the commonwealth's children.**

In 2006, the legislature passed Governor Rendell's Cover All Kids initiative, making Pennsylvania one of six states in the nation to ensure that all children have access to health care coverage. As a result, the number of children in Pennsylvania's Children's Health Insurance Program has risen by one-third – from 125,983 in January 2003 to 183,891 in January 2009.

Cover All Kids:

- Provides comprehensive health care coverage, including visits to doctors, hospitalization, prescription drugs, mental health and substance abuse services, vision, dental and home health care.
- Subsidizes coverage for children in families whose annual income is up to 300 percent of the federal poverty level ($66,150 for a family of four in 2009). Family premiums range, on average, between $43 and $69 per month per child.
- Offers at-cost coverage for children in families whose income exceeds 300 percent of the federal poverty level (on average, $172 per month per child).

- **Pennsylvania is ensuring that older adults have access to affordable prescription drugs.**

In November 2003, Governor Rendell signed into law a historic expansion of Pennsylvania's PACE and PACENET programs that provide affordable prescription medication for senior citizens.

In response to the federal government's decision to implement the Medicare Part D prescription drug plan – which created new challenges for older Pennsylvanians attempting to find affordable drug coverage – Pennsylvania established "PACE Plus Medicare," which guarantees that eligible seniors will not incur more costs than they otherwise would have paid when their prescriptions were covered by PACE and PACENET. PACE Plus Medicare also enables more senior citizens to sign up for prescription drug coverage.

Because of these expansions, more than 132,000 additional older Pennsylvanians no longer have to choose between paying for prescription drugs or paying for other necessities. The number of older adults benefiting from these three programs was 273,923 in 2002-03. That total is projected to rise to 375,000 in 2009-10 – an increase of 37 percent over the last six years.

- **Pennsylvania has adopted the most comprehensive plan in the nation for eliminating health-care-associated infections.**

Each year, many thousands of Pennsylvanians contract a health-care-associated infection – an infection that is contracted in a health care setting. These avoidable infections contribute to many fatalities and increase the average hospital stay by more than 15 days. Eliminating these infections saves lives and millions of dollars in unnecessary health care costs.

Act 52 of 2007 is Pennsylvania's first-ever law requiring that health care facilities report all incidents of health-care-associated infections and adopt plans to reduce them. The law mandates that hospitals, nursing homes and ambulatory surgical facilities adopt best practices that have been proven to reduce or eliminate these infections. Hospitals are required to develop and implement a Department of Health approved internal infection-control plan to reduce and prevent infections. The Department of Health is working with other state agencies to coordinate the implementation of this historic act. The Pennsylvania Health Care Cost Containment Council reported that for 2007, health-care-associated infections were 7.8 percent lower than in 2006, with 300 fewer deaths than in the previous year. This budget recommends $2.6 million for health-care-associated infection-reduction initiatives in 2009-10.

- **Pennsylvania is improving prevention and treatment of chronic diseases such as heart disease, diabetes and asthma.**

About 78 percent of all health care costs in Pennsylvania can be traced to the 20 percent of patients with chronic diseases. In addition, Pennsylvania has some of the highest hospitalization rates in the nation for chronic diseases because patients do not receive appropriate care.

Prescription for Pennsylvania aggressively addresses prevention, detection and treatment of chronic diseases. In February 2008, the Governor's Chronic Care Management, Reimbursement and Cost Containment Commission sent to the Governor its strategic plan to improve the delivery of health care to Pennsylvanians with chronic diseases, which he then approved for implementation. The plan calls for the design of the informational, technological and reimbursement infrastructure needed to support implementation of the chronic care model throughout Pennsylvania. This innovative approach combines the Wagner Chronic Care Model and the Patient-Centered Medical Home initiative.

The statewide chronic care initiative began in May 2008 and will continue on a regional basis through regional learning collaboratives for primary care providers that will help improve how they monitor, deliver and are reimbursed for chronic care management. In 2009, this regional initiative will include 500 primary care practitioners caring for 750,000 patients across the commonwealth.

This budget recommends $1.5 million for chronic care management in 2009-10. With this investment in chronic care, the commonwealth expects to leverage $35 million from private insurers for improved chronic care over three years.

- **Pennsylvania is leading the development of a statewide health information exchange to reduce medical errors and improve the quality of care for patients.**

A health information exchange will enable clinicians to have access to important medical details about the patients they treat and, with their patients' consent, share that information with other health care providers for treatment purposes. Giving clinicians access to data about their patients' care by other

providers will result in fewer medical errors and better continuity of care. Less time will be wasted waiting for patients' charts and processing referrals. In addition, reporting of vital statistics and diseases will be more efficient and complete.

In 2008, the Pennsylvania Health Information Exchange, or PHIX, was established by Executive Order. PHIX will provide the information technology architecture to support statewide interoperable electronic health records by sharing patient data that is captured at the point of care in a physician's office or hospital or available through other systems such as laboratories and pharmacies.

This budget includes $3.0 million to develop and begin implementation of a statewide information technology system that will enable health care providers to better coordinate patient care. Significant cost savings are likely from the use of an information exchange, but the benefits in improved patient safety and quality of care will be even more significant.

Pennsylvania's Medical Malpractice Reforms Are Working

In addition to the successful adoption of these elements of **Prescription for Pennsylvania**, commonwealth residents are benefiting from the implementation of other health care reforms since 2003.

The success of Pennsylvania's health care system depends on a continuing ability to recruit and retain world-class doctors and other medical professionals. When Governor Rendell took office in January 2003, medical malpractice posed a major threat to the well-being of health care in the commonwealth: Medical malpractice insurance premiums were increasing by as much as 50 percent per year, physicians were threatening to leave the state and insurance companies were not taking on new risks or writing new policies.

Over the last six years, the tide has turned. Initiatives implemented by the current and prior administrations, the General Assembly and the Supreme Court have had a substantial positive impact on the medical malpractice climate. These actions have cut down on frivolous lawsuits, limited excessive jury awards and increased mediation as a means of dispute resolution – all while protecting the rights of Pennsylvanians who turn to the courts for justice.

The commonwealth's strategy is working:

- There is not an exodus of doctors from Pennsylvania. In fact, Pennsylvania has about 2,000 more doctors today than it had in 2003.
- In the last four years, doctors in Pennsylvania have seen their malpractice premiums drop by $14,100 on average.
- Insurance rates are decreasing for the first layer of medical malpractice insurance that doctors are required to carry – the coverage administered by private insurance companies. In 2002 alone, the two largest insurers increased their premiums by 40 percent and 45 percent. In 2008, one insurer reduced base premiums by an average of 11 percent as compared to 2007 and the other insurer reduced rates by 6 percent.
- Rates are going down for the second layer of medical malpractice insurance, which is provided through the state's Medical Care Availability and Reduction of Error Fund, or Mcare. Each year, the Insurance Department sets the level of the next year's Mcare assessment. The assessment is a percentage of the amount that physicians and certain other health care providers are assessed for the court judgments, claim settlements and Mcare operating expenses that have been paid for that year. For 2008, the Mcare assessment was 20 percent – or approximately one-third of the 61 percent surcharge in 2000 and in 2001.
- The amount and number of claims payouts decreased for the fifth straight year. In 2008, Mcare paid less than half of what was paid in 2003.
- The number of statewide medical malpractice claims was 41 percent lower in 2007 than the base period of 2000 to 2002, before medical malpractice reforms were implemented.

One of the successful reforms that led to this dramatic improvement in the medical malpractice climate in Pennsylvania was the creation in 2003 of the Mcare Abatement program. Through a 25-cent-per-pack cigarette tax paid into the state's Health Care Provider Retention Account, the commonwealth funded the Mcare abatement program to reduce or eliminate the amounts that doctors, midwives, podiatrists and nursing homes are required to

pay in Mcare assessments. Between 2003 and 2007, health care providers received nearly $1 billion in Mcare payment relief as a result of the abatement program. Due to the commonwealth's efforts to support the abatement program and other medical malpractice cost-containment reforms, Pennsylvania continues to offer a supportive climate for retaining and attracting quality health care providers for our outstanding medical facilities.

Unfinished Business: Filling the Prescription for Pennsylvania

Hundreds of thousands of uninsured Pennsylvania adults face the very real fear that a sudden job loss or illness could lead to unnecessary personal suffering and possibly even bankruptcy. In addition, for the businesses and individuals struggling to make ends meet while continuing to pay hefty insurance premiums, continued lack of action in adopting the remaining **Prescription for Pennsylvania** components means ever-increasing health care costs.

- **An expanded adultBasic program will provide affordable basic health insurance for uninsured individuals.**

The vast majority of Pennsylvania's uninsured adults are employed: Most of the working uninsured have full-time jobs and many are employed by small businesses. Most earn low wages and do not have access to health insurance because of the high cost of premiums for both businesses and individuals. An expanded adultBasic program will begin to address these problems.

Health care coverage under the expanded adultBasic program will be offered through private insurance companies and will include coverage for prescription drugs. The proposal will increase the number of low-income Pennsylvanians with state-supported health care insurance by 50,000 – from approximately 40,000 at the end of fiscal year 2008-09 to an estimated 90,000 by the end of 2009-10.

The total state and federal cost for the expanded adultBasic program is projected to be $251.7 million in 2009-10. State funding for the program is derived from existing tobacco and community health reinvestment funds used to support the more-limited current adultBasic program, and $66.4 million from the Health Care Provider Retention Account over four years.

The program will also be funded with new federal matching funds and enrollee premiums.

The expanded program will begin providing health care coverage to new enrollees on July 1, 2009, assuming timely passage of state legislation and approval by the federal government for the use of federal matching funds. The expansion will sunset on June 30, 2013.

Expansion of Pennsylvania's adultBasic Program

(Dollar Amounts in Thousands)

	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated
State Funds				
adultBasic Tobacco Funds	$29,949	$28,044	$24,044	$19,608
Community Health Reinvestment	83,224	129,947	122,802	108,763
Transfer from HCPRA	0	0	19,323	47,085
Subtotal State Funds	113,173	157,991	166,169	175,456
Federal Funds	132,855	185,467	195,067	205,970
Individual Enrollee Share	5,683	8,264	8,674	9,111
TOTAL	**$251,711**	**$351,722**	**$369,910**	**$390,537**

- **Pennsylvania will pay down Mcare's Unfunded Liability – the "Claims Tail" – to preserve the recent improvements in the medical malpractice market**

The Mcare program is currently operated on a "pay-as-you-go" basis. As court judgments and claim settlements occur, Mcare makes annual payments to cover these claims obligations, which can often be several

years after the alleged malpractice incident. As a result, Mcare will continue to make claims payments for several decades, even if the fund is no longer responsible for providing medical malpractice coverage going forward.

To protect the substantial progress that has been seen in the medical malpractice climate and to further improve health care access for Pennsylvanians, the 2009-10 budget proposes to "pre-pay" the liability of the Mcare fund, with contributions derived from the following sources:

- A $280 million down payment from the Health Care Provider Retention Account;
- Continued redirection of $44 million per year in moving violation surcharge revenues from the Catastrophic Loss Benefits Continuation fund to the Mcare fund through December 2023, providing a total of $638 million in revenues;
- The current balance of the Mcare fund, which was approximately $104 million in December 2008; and
- Interest earnings on these contributions for the duration of the Mcare claims tail.

These sources will pay off Mcare's unfunded liability over the long term, allowing Mcare to terminate health care provider assessments once the fund is no longer providing prospective coverage.

In addition to expanding the adultBasic program and paying down the unfunded liability of the Mcare fund, the commonwealth needs to enact other important efforts to achieve comprehensive health care reform:

- **Protect individuals and small businesses from extraordinary spikes in health care premium costs through more effective regulation of the individual and small-group insurance market.** The **Prescription for Pennsylvania** calls for the strengthening of state oversight of health insurance companies and health maintenance organizations. This strengthened oversight will protect individuals and small employers from volatile premium increases, require insurers to establish a standard basic health care package for individuals and small businesses, and prohibit insurers from driving up the cost of insurance based on narrowly defined demographic characteristics. Insurers would also be required to use at least 85 percent of the premiums they collect from small businesses to pay for health care.

- **Eliminate duplicative and unnecessary capital expenditures for new technology, equipment and facilities that lead to high health care costs.** The **Prescription for Pennsylvania** calls for the development of a strategy to effectively control expensive health care expenditures and the establishment of criteria that ensure that future expensive capital expenditures will strategically address health care needs.

- **Modernize hospital regulations.** The **Prescription for Pennsylvania** calls for updating Pennsylvania's hospital regulations to reflect quality improvement practices, standardized admission and billing criteria, improved charity care transparency, elimination of avoidable emergency room use, and improved patients' rights and responsibilities and discharge planning. Modernizing Pennsylvania's hospital regulations will support the commonwealth's ongoing strategies to reduce health care costs while improving quality.

- **Modify PACE reimbursement rates and pharmaceutical dispensing fees**. Since the inception of the Pharmaceutical Assistance Contract for the Elderly Program, or PACE, the Average Wholesale Price has been the primary component of the reimbursement formula for participating pharmacies. Because recent studies have indicated that AWP bears little relationship to the actual cost of the drug paid by the retailer, this budget proposes to add Actual Acquisition Costs as the primary component, which is the final cost paid by the pharmacy after all discounts, rebates and charge-backs are subtracted.

  The 2009-10 budget also proposes increased dispensing fees that will offer incentives for pharmacists to consult with prescribing physicians about substituting equivalent generic for brand-name medications. The proposed dispensing fees are $5 for brand-name drugs and $10 for generic drugs.

  This initiative will generate approximately $41.6 million in savings in the first year of implementation.

Implementation of the remaining elements of **Prescription for Pennsylvania**, including an expansion of adultBasic and continuation of the commonwealth's successful efforts to control medical malpractice insurance costs, will make Pennsylvania a national leader in addressing the issues of health care cost, funding and quality.

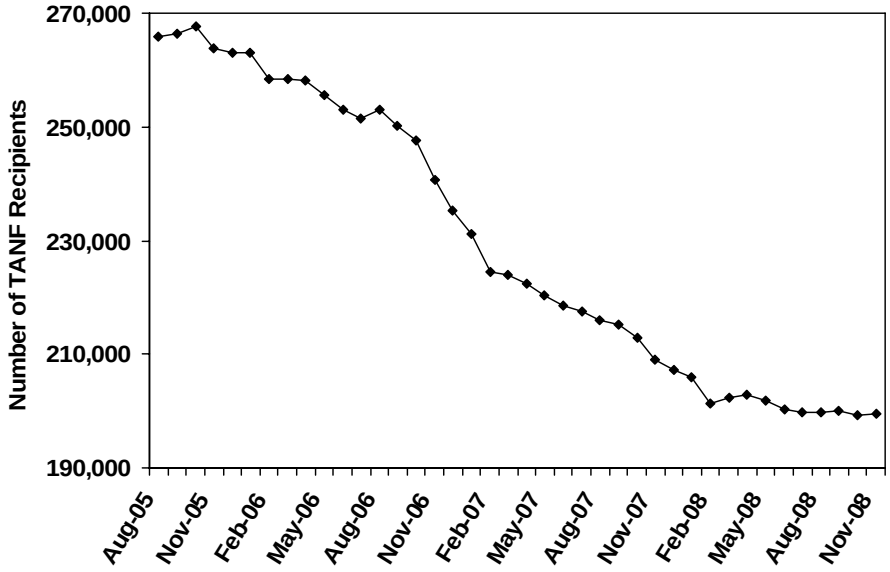
Preserving the Safety Net – Helping Pennsylvanians in Need

Helping Children, Seniors and Families Through Tough Economic Times

Although Pennsylvania's economy has fared better than the economies of many other states, the onset of the recession means that more Pennsylvanians need help putting food on the table, heating their homes and caring for their families. The commonwealth's social safety net needs to be in place to help Pennsylvania's children, families, seniors and other vulnerable adults survive tough economic times.

- **Food Stamps.** Today, the demand for food stamps is at an all-time high in Pennsylvania and in the nation. In December 2008, the number of children and adults eligible for food stamps in Pennsylvania totaled approximately 1.3 million people. This is a 9.3 percent increase from December 2007, when the recession officially started.
- **Heating Assistance.** A record number of low-income Pennsylvanians are relying on the Low Income Home Energy Assistance Program, or LIHEAP, to stay warm this winter. In the first two months of the program year, nearly 331,000 families have received cash grants – an increase of more than 122,000 families over the same period a year ago. In addition, almost 67,000 low-income families have avoided a heating emergency through the crisis grant program, an increase of more than 6,500 families from the previous program year. While these trends partially reflect increased funding and expanded eligibility limits, they also reflect the growing number of Pennsylvanians who need help to heat their homes.
- **Cash Assistance.** The number of people receiving Temporary Assistance for Needy Families cash assistance declined by about 25 percent since October 2005. This sustained reduction in the number of people receiving TANF cash grants reflects Pennsylvania's success in helping families achieve independence. The TANF caseload, however, has been holding steady at about 200,000 people since June 2008. This could be a sign that the tougher economy is starting to make it harder for low-income families to get and keep a job. If this turns out to be the case, Pennsylvania will probably start to see more need for assistance in the next year. Three out of six surrounding states – Delaware, Maryland and Ohio – have seen their TANF Cash Assistance caseloads rise between July 2007 and June 2008.

67,400 Fewer People Receive TANF Cash Assistance Today Than in 2005

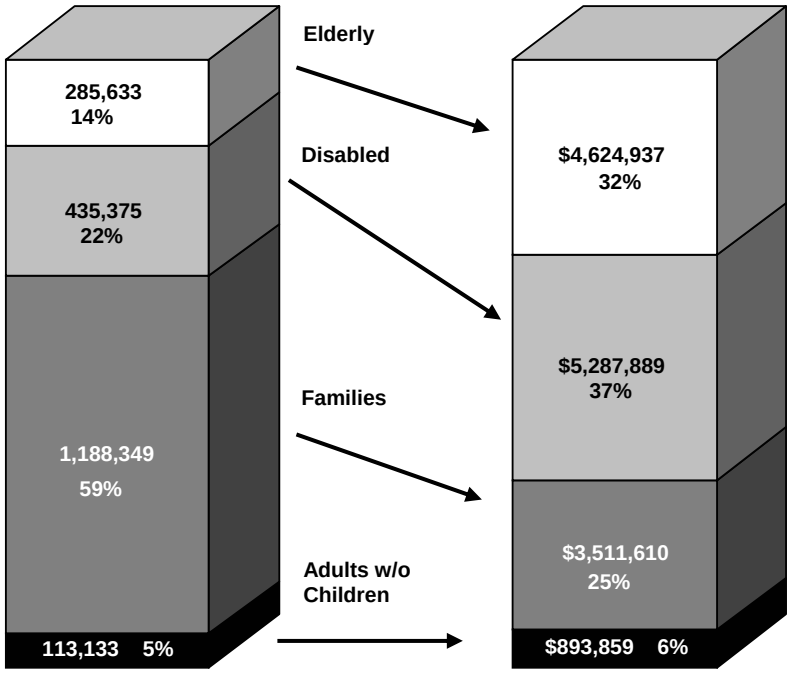


- **Medical Assistance.** Medical Assistance is a comprehensive source of medical and long-term living coverage for low-income families, seniors and persons with disabilities. Medical Assistance will provide health care and long-term care services to more than 2 million Pennsylvanians in 2009-10, a 3.2 percent increase over 2008-09. Persons with disabilities and older Pennsylvanians account for half of the increase in enrollment in the current budget year. Children account for an additional one-third of the increase. Chronically ill adults and other adults combined make up only about 17 percent of the increase.

Medicaid Expenditures and Enrollees by Category of Assistance

Fiscal Year 2009-10

(Dollar Amounts in Thousands)



Although the disabled and elderly are only 36% of the total Medical Assistance (MA) population, they account for 69% of the MA expenditures.

Federal Funding Changes

The sharp downturn in the national economy has put significant pressure on state budgets across the country. To help the state and local governments maintain vital services, at the time of this budget's publication the federal government was considering passage of the American Recovery and Reinvestment Act of 2009. A key component of this fiscal stimulus measure is a temporary increase in the Federal Medical Assistance Percentage match rate, and Pennsylvania anticipates approximately $4 billion in additional federal funds over the 27-month adjustment period to help meet increased demand for critical safety net services.

At the same time, a combination of federal funding changes and the need to identify replacement revenues has put additional pressure on the commonwealth's 2009-10 budget. Two major sources of federal revenue are coming to an end due to federal phase-outs. Under the Deficit Reduction Act, states' ability to assess their Medicaid managed care organizations will end September 30, 2009. Pennsylvania currently generates $200 million in revenues through a 5.5 percent assessment. In addition, Intergovernmental Transfers have come to an end. These

Intergovernmental Transfer dollars were primarily used to fund nursing homes and other long-term living services; they provided $65.6 million in the 2008-09 budget.

The Commonwealth Will Continue to Provide Vital Services to Pennsylvanians in Need

Governor Rendell is committed to helping Pennsylvania families and other people in need of assistance to survive these difficult economic times. The commonwealth is maintaining its commitment to ensure that all Pennsylvanians currently receiving services maintain those services. The Department of Public Welfare's 2009-10 budget provides an increase of $474.8 million in General Fund resources to maintain and expand programs for Pennsylvanians in need, representing a 5.2 percent increase over the previous year.

The Commonwealth Provides Vital Services to Children, Seniors and Other Pennsylvanians in Need

	People Served 2008-09*	People Served 2009-10*
Medical Assistance – Health Care for Low-Income Elderly, Disabled, Children, Adults and Chronically Ill Adults	1,960,514	2,022,491
Pharmaceutical Assistance Contract for the Elderly (PACE)/PACENET	360,000	375,000
Protection for Children at Risk due to Abuse, Neglect and Delinquency	283,745	286,983
Cash Assistance (TANF, General Assistance and State Blind Pension)	219,414	225,240
Child Care for Low-Income Families	246,579	253,054
Children's Health Insurance Program	183,356	206,836
Community Mental Retardation and Autism Services	48,991	50,051

*Some people may receive services in more than one category.

Maintaining the Safety Net Depends on Cost Containment

This budget includes broad-based cost-containment reforms and revenue replacement initiatives to fund needed services in critical programs. The commonwealth developed the cost-containment package with three guiding principles in mind:

1) Minimize the impact on seniors, children, families and other vulnerable individuals.
2) Apply cost reductions across all program areas.
3) Avoid program changes that could result in costly placements in institutional settings.

Cost-Containment Initiatives	Dollars in Millions	
	2009-10	**2010-11**
Replace Managed Care Assessment – *The department proposes to implement a 2 percent assessment on all managed care organizations in the state beginning January 1, 2010. This will replace the existing Medicaid MCO assessment, which the federal government will discontinue October 1, 2009.*	$200.0	$400.0
Implement Smart Pharmacy Program – *The department will assume responsibility for administering the pharmacy benefits currently managed by HealthChoices providers. This will simplify prescribing, dispensing and claims submission for providers, maintain consumer access to quality health care and enable the department to receive federal drug rebates, resulting in substantial savings in taxpayer dollars.*	$54.0	$146.0
Increase Behavioral Health Managed Care Efficiencies – *The department completed the statewide implementation of its behavioral health managed care program in 2008. Program modifications, including adjusting the level of county risk and contingency funds and tightening the treatment of reinvestment funds, will be implemented in 2009-10.*	$35.0	$10.0
Reduce Hospital Supplemental Payments – *The department will reduce supplemental payments to hospitals through across-the-board reductions in inpatient, outpatient, medical education and community access funds.*	$20.0	$20.0
Reduce Fraud and Abuse and Expand Third-Party Liability – *The department will implement a Medical Assistance false claims act, enhance the recipient restriction program, limit attorney fees, place a cap on past medical expenses that can be included in determining Medical Assistance eligibility and implement other initiatives.*	$15.7	$28.1
Increase Access Plus Efficiencies – *The department will continue to enhance disease management by covering an additional 21 conditions, including stroke, hypertension, gastrointestinal diseases and neurological disorders. It will also implement a pharmacy management initiative to reduce costs and improve therapeutic outcomes which includes strengthening utilization management.*	$4.4	$11.5
TOTAL	**$329.1**	**$615.6**

Restructuring the Long-Term Living System

The commonwealth is proposing a significant reorganization of the long-term living system to improve the efficiency of service delivery and the coordination of consumer services.

Governor Rendell has sought to better administer the commonwealth's long-term living system through the integration of programs managed by the Departments of Aging and Public Welfare. This budget proposes to combine these activities in a Department of Aging and Long Term Living to more efficiently coordinate Pennsylvania's efforts to balance the use of home and community-based and nursing facility services.

Pennsylvania has the third-oldest population of any state, and the fastest growing segment of this population is people over 85, the group most likely to use the long-term living system. One in five Pennsylvania residents is over the age of 60, and the number of "younger seniors" will continue to grow until at least 2030. In addition, an estimated 162,000 adult Pennsylvanians ages 18 to 64 need some level of long-term living support. Younger persons with disabilities often have different long-term medical and support needs than older Pennsylvanians.

The commonwealth's plan for long-term living services is based on three key principles:

- Consumers should have options to receive appropriate long-term living services in cost-effective settings that promote quality care.
- The long-term living system should be balanced so that home and community-based care, as well as institutional services, are accessible and available.
- Financial resources should be prudently managed and leveraged to help ensure that the commonwealth can help persons with disabilities maintain their independence and dignity and meet the future needs of Pennsylvania's aging population.

Establishing a single state entity for the administration of long-term living services will result in rebalancing long-term living resources by consolidating policy, financing, quality management and administration into one department. The consolidated department will help make it possible for persons with disabilities and seniors to live with dignity and independence in the setting they prefer. The department will improve the commonwealth's ability to offer cost-effective services to persons with disabilities and to seniors, who together are responsible for nearly two-thirds of Medical Assistance expenditures. In order to provide the necessary budgetary authority to offer quality services and manage costs, a total of $4.4 billion – including state, federal and other funds – will be transferred from the Department of Public Welfare to the Department of Aging and Long Term Living.

The 2009-10 budget proposes to provide home and community-based services for an additional 1,600 persons with disabilities and 2,000 additional older Pennsylvanians.

Expanding the Availability of Quality Early Childhood Services

Quality early childhood programs not only support families in their quest for self-sufficiency, they also support the development of children and their preparation for school and life success. The 2009-10 budget includes an additional $20.6 million in state funds to provide quality child care services to an additional 6,477 children of low-income families and for Keystone STARS providers to continue to improve service quality.

Infants, toddlers and preschoolers who are experiencing developmental delays participate in the Early Intervention program. Program services are intended to minimize developmental delays and reduce the need for special education and related services, and to assist families in meeting the special needs of their children. This budget provides funds to serve approximately 2,980 additional children in 2009-10.

Protecting Children and Preserving Families

Providing services to children and families in their homes and communities improves parenting skills and builds the long-term ability of the family to cope with stressful life circumstances. Under Governor Rendell's leadership, Pennsylvania has maintained a steady focus on improving the well-being of children. The commonwealth continues to support programs that prevent child abuse and neglect, enable children to stay in their own homes, and help low-income and at-risk children and families thrive. For the 2009-10 budget, the state is earmarking more than $25.5 million for the use of evidence-based in-home services, including proven approaches that focus on the whole family, not just the child. The state is also providing $21.7 million for outcomes-based services known as Pennsylvania Promising Practices.

The commonwealth is continuing to build on past successes to increase the availability of prevention and in-home services for at-risk children and families and reduce the need for out-of-home placements. Between 2003-04 and 2009-10, the number of children receiving in-home services is projected to increase by nearly 13,000. During the same period, the number of children in community residential programs and institutional care programs will decrease by more than 12.1 percent. For children who must be placed in residential programs, the priority will be to provide services close to the child's home. Services to children, youth and families will be provided in an integrated and consumer-friendly manner at the county and state levels.

In addition, Pennsylvania continues its commitment to connect children who need homes with loving families who want to adopt them. The 2009-10 budget includes an increase of $6.3 million to allow more children to be adopted and to continue to provide financial assistance to those who have already been adopted, for a total state investment of $27.3 million.

Pennsylvania is also working hard to protect the financial well-being of children in cases where parents do not live together due to divorce or other circumstances. The Department of Public Welfare operates one of the most successful child-support enforcement programs in the nation, with nearly $1.7 billion collected and distributed annually on behalf of approximately 640,000 children statewide. The federal government ranked Pennsylvania number one in its collections rate on the National Performance Indicators for collection of current and past due child support. In addition, Pennsylvania earned $25.6 million last year in performance bonus incentives from the federal government. The department collects nearly $7 in child support for every $1 spent on administrative costs and exceeds the federal average of $5 for every $1 spent. This budget will increase its investment in child support enforcement by $2 million.

Expanding Services for Individuals with Special Needs

Two years ago, Governor Rendell successfully launched a major initiative to reduce the number of persons with mental retardation on the waiting list for state services. The 2009-10 budget builds on that foundation by providing an additional $15.1 million for community mental retardation services. This budget will provide home and community-based services for 793 additional individuals, including 500 young people leaving the special education system. These funds will also be used to implement new management initiatives designed to improve Pennsylvania's response to individuals' changing needs. In addition, this budget includes an increase of $7.7 million to continue to provide home and community-based services for adults with autism and $4.2 million to support community-based mental health programs for persons discharged from state hospitals.

Preserving the Safety Net

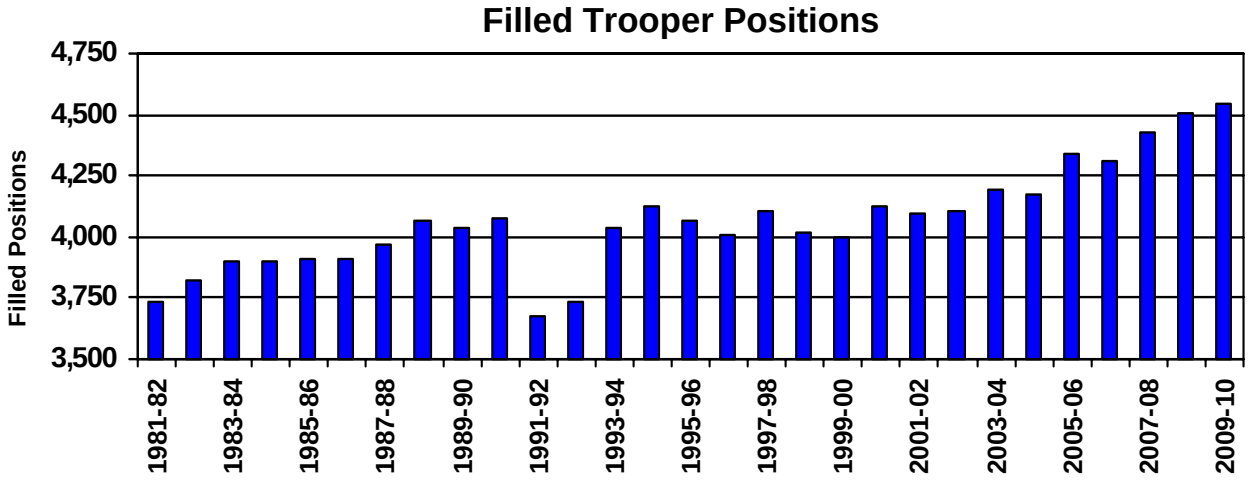
In times of high economic stress, Pennsylvanians need help. This budget reaffirms the commonwealth's commitment to preserving the safety net for Pennsylvania's most vulnerable citizens and ensures that children, the elderly, persons with disabilities and low-income families will have access to health care and other critical services.

Making Pennsylvania Safer

Even in these difficult and challenging economic times, Pennsylvania is committed to ensuring a comprehensive and proactive approach to keeping Pennsylvanians safe. This budget illustrates that commitment by continuing to fund State Police Troopers at a high level, fortifying our emergency preparedness functions, and providing the Department of Corrections and the Board of Probation and Parole with the tools necessary to reduce victimization and increase public safety.

Continuing Record Number of State Police Troopers

Governor Rendell has consistently recognized the vital services Pennsylvania's state troopers provide; under his leadership, the number of state troopers has reached levels historically higher than those in all previous administrations. The number of troopers is projected to exceed 4,500 in 2009-10. This budget provides an effective level of state troopers to keep communities safe, patrol the commonwealth's interstates, investigate firearm-related and drug crimes and ensure that sex offenders comply with their registration requirements under Pennsylvania's Megan's Law.



Expanding Capacity to Safely House Prisoners

Pennsylvania's offender population continues to increase. In light of the increases in Pennsylvania's prison population and to ensure continued compliance with national standards, this budget provides $19.6 million in funding to the Department of Corrections for more than 1,600 additional beds at 10 different institutions. This budget also provides $2 million for additional parole officers to effectively supervise parolees and to avoid repeat victimization after release on parole.

Providing Programs for Less-Violent Offenders to Successfully Re-enter Society and Ensuring that Violent Offenders Serve Longer Prison Terms

In September 2008, Governor Rendell signed comprehensive legislation that will reduce the recidivism rate, reduce crime and help to control the prison population by increasing access to drug treatment programs and providing incentives for less-serious offenders to complete programs that offer the tools they need to live crime-free in society. This legislation projects a total five-year cost savings of $84.5 million. In addition, the legislation helps to address the needs of less-serious offenders, whose admission rates have increased at a far greater pace over the last eight years than the admission rate of violent offenders. In 2000, less-violent offenders made up 28 percent of the prison population, while today that figure is nearly 40 percent.

In contrast to the majority of offenders, some offenders will continue to pose a threat to public safety if they are paroled before they possess the skills and competencies necessary to reintegrate into society. The Governor has proposed legislation that would change the sentencing structure for repeat violent offenders who use a deadly weapon in the commission of a crime by instituting certainty in sentencing. This proposed legislation will ensure a longer prison term and end the possibility of parole for these offenders. Specifically, the Governor's proposal would establish flat, determinate sentences for repeat violent offenders who use deadly weapons, to be followed by a five-year period of post-release supervision. Nearly 25 other states and the federal government have either eliminated or limited parole for certain classes of offenders.

Improving the Commonwealth's Preparedness for Disasters and Emergencies

Emergency Preparedness. An ongoing priority for the administration has been executing an all-hazards emergency preparedness strategy comprised of the four essential mission areas of prevention, protection, response and recovery. A comprehensive analysis of the commonwealth's preparedness capabilities has led to a continued effort to restructure emergency preparedness efforts within the commonwealth. This restructuring includes:

- Transitioning the Pennsylvania Emergency Management Agency into the Department of Emergency Management and Homeland Security – a Cabinet-level agency.
- Bolstering the Governor's Emergency Management Council with additional members and new responsibilities.
- Requiring the new Department of Emergency Management and Homeland Security to develop and implement a comprehensive Commonwealth Preparedness Strategic Plan.
- Requiring the Department of Emergency Management and Homeland Security to coordinate emergency management and response efforts across all state agencies.
- Implementing a more aggressive and fiscally responsible model for distributing federal and state funds.
- Continuing successful partnerships with local governments, the private sector and the federal government.
- Continuing the ReadyPA Citizen Preparedness Campaign and launching a statewide, multi-technology emergency alerting and notification system.
- Pursuing an update to the Pennsylvania Emergency Management Services Code. These statutory provisions must be amended to reflect national changes in emergency management and homeland security enacted since the attacks of September 11, 2001 and Hurricane Katrina in 2005.
- Continuing to institutionalize the National Incident Management System to enable all jurisdictions and disciplines providing public safety services across the commonwealth to work together to better respond to disasters and emergencies.

Pandemic Preparedness. The Department of Health, the Department of Emergency Management and Homeland Security and the Office of Administration will continue to monitor and prepare for the possible threat of a pandemic event caused by the H5N1 strain of avian influenza and any other emerging disease threat. The commonwealth's efforts on this subject are focused on three main activities:

- Preparing state employees and establishing necessary continuity of operations plans and policies and testing those plans;
- Ensuring that the commonwealth's health care, emergency management and other response partners are prepared by developing and testing more robust plans to address the issues of vaccine and antiviral distribution, community disease containment, health care system capacity, local government response, workforce planning, and citizen education and preparedness; and
- Working with critical industry partners to ensure that essential industry functions are sustained if a pandemic occurs.

Public safety is integral to a high quality of life and continues to be a priority for Governor Rendell. By reaching a historic level of law enforcement personnel, offering offenders the treatment and supervision necessary to prevent a return to prison, and enhancing the commonwealth's emergency preparedness and response capability, Pennsylvania continues to take proactive measures to improve the safety and security of its citizens.

Federal Block Grants

The federal government has two primary types of grants: categorical grants and block grants. The categorical grants are generally distributed for specific purposes. Block grants are distributed to state and local governments based on a distribution formula and are available for an activity that falls within the purposes of the federal authorizing legislation. Generally the block grants provide state and local governments greater flexibility than categorical grants.

The commonwealth implemented eight block grants based on the Federal Omnibus Reconciliation Act of 1981. Since that time, block grants have been added and revised based on changes in federal law. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created two new block grants: Temporary Assistance to Needy Families and the Child Care and Development Fund which replaced the Child Care Block Grant.

In addition, three programs have been included in this presentation because the federal government provides flexibility on the activities eligible for funding. These programs are: Workforce Investment, Innovative Education Program Strategies and Anti-Drug Abuse Programs. Beginning in 2005-06, the commonwealth receives funds from the new federal Justice Assistance Grants (JAG) in lieu of the Drug Control and System Improvement (DCSI) grants. However, carryover funds will continue to support some DCSI grants for a number of years.

The tables within this section provide information on the estimated amount to be received from the federal government and an estimated distribution of the funds by program within the block grant. Generally, the amounts shown for administrative costs represent the amount allowable by the federal government. The 2008-09 estimated block grant amounts reflect the current estimate of amounts available and, therefore, may be different from amounts appropriated.

The recommended distribution by program for 2009-10 is a preliminary proposal. Opportunities for public review and comment may result in modifications to the proposed distribution.

SUMMARY OF FEDERAL BLOCK GRANTS

This table shows a summary by federal block grant of 2007-08 expenditures, 2008-09 available and 2009-10 amounts budgeted as presented in the 2009-10 Governor's Executive Budget.

(Dollar Amounts in Thousands)

	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Community Services	$ 29,402	$ 29,402	$ 28,602
Innovative Education Program Strategies	4,213	4,213	100
Maternal and Child Health	34,287	33,900	31,000
Preventive Health and Health Services	6,285	6,682	6,507
Substance Abuse	67,850	68,972	68,750
Workforce Investment	256,223	256,300	256,254
Child Care and Development Fund	344,958	340,614	346,303
Low Income Home Energy Assistance	189,496	340,535	210,555
Mental Health Services	15,568	15,430	14,684
Social Services	112,270	108,425	108,425
Temporary Assistance to Needy Families	530,598	545,602	555,693
Anti-Drug Abuse	61,049	65,127	51,329
TOTAL	$ 1,652,199	$ 1,815,202	$ 1,678,202

Community Services

This block grant provides funds for community-based programs that offer health, nutrition, housing and employment related services to improve the standard of living of low-income persons. Programs consolidated into the block grant include Community Action, Senior Opportunities and Services, Community Food and Nutrition, Energy Conservation and Training, Evaluation and Technical Assistance.

Federal law requires that 90 percent of the funding be distributed to Community Action Agencies (CAAs). Five percent is allowed for administration and the remaining five percent is utilized for competitive projects. The 90 percent program monies are being granted to existing CAAs for operating costs and low-income energy assistance efforts, the Pennsylvania Directors' Association for Community Action and competitive grants are awarded in the areas of employment training, job preparedness, community conservation corps, community economic development, summer employment and youth programs, emergency assistance and homeless assistance.

The funds estimated for administration are based on the statutory limitation of five percent and will be utilized for program purposes if not needed for administration.

Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Community and Economic Development:			
CSBG — Administration	$ 1,402	$ 1,402	$ 1,402
Community Services Block Grant	28,000	28,000	27,200
TOTAL	$ 29,402	$ 29,402	$ 28,602

Innovative Education Programs

This program is authorized by Elementary and Secondary Education Act of 1965, as amended by Title V of the No Child Left Behind Act of 2001, to assist state and local education agencies in the reform of elementary and secondary education.

These funds may be used to support education reform efforts that are consistent with and support statewide education reform. Funding also enables state educational agencies and local educational agencies to implement promising educational reform programs based on scientifically based research and to provide a continuing source of innovation and educational improvement, including support programs to provide library services and instructional and media materials. This program also seeks to meet the educational needs of all students, including at-risk youth, and to develop and implement education programs to improve school, student and teacher performance, including professional development activities and class size reduction programs.

Federal law provides that the commonwealth must distribute at least 85 percent of the funds to local education agencies. The remaining 15 percent is available to the state for state administration and technical assistance.

(Dollar Amounts in Thousands)

Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Education:			
ESEA Title V — Administration/State.....	$ 779 [a]	$ 779 [a]	$ 0 [a]
School Districts:			
ESEA Title V — School Districts.....	$ 3,434	$ 3,434	$ 100 [a]
TOTAL.....	$ 4,213	$ 4,213	$ 100

[a] Includes carryover.

Maternal and Child Health

This block grant provides funds for planning, promoting and evaluating health care for pregnant women, mothers, infants and children with special health care needs. This is accomplished by providing health services for mothers and children who do not otherwise have access to adequate health care and nutritional resources. Administrative costs cannot exceed 10 percent. These personnel and operational costs are found in the Administration and Operation line item which also contains some programmatic costs. These include outreach, promotional costs, laboratory supplies and help line services.

(Dollar Amounts in Thousands)

Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Health:			
MCHSBG — Administration and Operation	$ 16,345	$ 15,958	$ 15,718
MCHSBG — Program Services	17,942	17,942	15,282
Subtotal	$ 34,287	$ 33,900	$ 31,000
Public Welfare:			
MCHSBG — Program Service Family Court (EA)	$ 42 [a]	$ 0	$ 0
TOTAL	$ 34,287	$ 33,900	$ 31,000

[a] Subgrant not added to total to avoid double counting.

Preventive Health and Health Services

This block grant provides funds for preventive health services. Programs include activities to affect improvements in health status through achievement of the National Year 2010 Health Objectives; programs for community and school based fluoridation; feasibility studies and planning for emergency medical services systems and the establishment, expansion and improvement of such systems; services to victims of sex offenders; and related planning, administration and educational activities. Funding also works toward eliminating disparities between the health status of the general population and that of identifiable subpopulations including geographical, racial, ethnic, gender or other groups. Administration is limited to 10 percent.

(Dollar Amounts in Thousands)

Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Health:			
PHHSBG — Administration and Operation	$ 2,728	$ 2,779	$ 2,849
PHHSBG — Block Program Services	3,407	3,753	3,508
Subtotal	$ 6,135	$ 6,532	$ 6,357
Public Welfare:			
PHHSBG — Domestic Violence	$ 150	$ 150	$ 150
TOTAL	$ 6,285	$ 6,682	$ 6,507

Substance Abuse

This block grant provides funds to establish and maintain programs to combat alcohol and drug abuse. These programs include individual substance abuse services, community services, drug and alcohol formula grants and alcoholism treatment and rehabilitation services.

(Dollar Amounts in Thousands)

Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Corrections:			
SABG — Drug and Alcohol Programs	$ 2,100	$ 2,100	$ 2,100
Health:			
SABG — Administration and Operation.....	$ 7,048	$ 7,848	$ 8,193
SABG — Drug and Alcohol Services.....	56,719	57,041	56,474
Subtotal	$ 63,767	$ 64,889	$ 64,667
Public Welfare:			
SABG — Homeless Services	1,983	1,983	1,983
TOTAL	$ 67,850	$ 68,972	$ 68,750

Workforce Investment

The Workforce Investment Act of 1998 authorized the Workforce Investment Block Grant. It has three main program components: Adult, Youth and Dislocated Workers. The purpose of the Adult program is to improve the quality of the workforce, reduce welfare dependency and enhance the productivity and competitiveness of the nation's economy by providing workforce investment activities that increase the employment, retention and earnings of participants, and increase occupational skill attainment by the participants. The youth program assists low-income youth between the ages of 14 and 21 to acquire the educational and occupational skills, training and support needed to achieve academic and employment success and successfully transition to careers and productive adulthood. The dislocated worker program shares the same overall purpose of the adult program with emphasis on reemployment of these workers.

The commonwealth distributes funds by formula to 23 local agencies called Local Workforce Investment Areas for the attainment of agreed-upon performance goals.

	(Dollar Amounts in Thousands)		
Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Executive Offices:			
Office of the Budget			
WIA — Program Accountability	$ 323	$ 400	$ 354
Labor and Industry:			
WIA — Administration	$ 11,000	$ 11,000	$ 11,000
WIA — Adult Employment & Training	60,000	60,000	60,000
WIA — Youth Employment & Training	52,000	52,000	52,000
WIA — Statewide Activities	23,000	23,000	23,000
WIA — Dislocated Workers	109,000	109,000	109,000
WIA — Veterans Employment and Training	900	900	900
Subtotal	$ 255,900	$ 255,900	$ 255,900
TOTAL	$ 256,223	$ 256,300	$ 256,254

Child Care and Development Fund

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created this block grant which provides funds to states for an integrated child care program. This program allows states flexibility in developing programs to provide child care to children of low-income working parents and parents trying to become independent of public assistance, to provide consumer education information to parents, to promote parental choice and to implement state health, safety, licensing and registration standards. States are not required to match discretionary funds, however, there are some maintenance of effort and state matching requirements.

(Dollar Amounts in Thousands)

Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Executive Offices:			
Office of Inspector General			
CCDFBG — Subsidized Day Care Fraud	$ 280	$ 1,000	$ 1,000
Public Welfare:			
CCDFBG — Administration	$ 13,480	$ 13,480	$ 13,480
CCDFBG — Cash Grants	5,064	0	0
CCDFBG — Family Centers	461	461	0
CCDFBG — Child Care Services	192,465	190,316	196,005
CCDFBG — School Age	1,260	1,260	1,260
CCDFBG — Child Care Assistance	129,343	131,492	134,558
CCDFBG — Nurse Family Partnership	2,605	2,605	0
Subtotal	$ 344,678	$ 339,614	$ 345,303
TOTAL	$ 344,958	$ 340,614	$ 346,303

Low-Income Home Energy Assistance

This block grant provides funds to assist eligible low-income individuals and families meet the cost of home energy through cash assistance and to alleviate crisis situations. The amounts below include weather-related contingency funding. The Department of Public Welfare's energy assistance program received $244,000 in supplemental funding from the Energy Conservation and Assistance Fund in 2007-08 and $238,000 in 2008-09.

(Dollar Amounts in Thousands)

Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Community and Economic Development:			
LIHEABG — Administration	$ 535	$ 535	$ 535
LIHEABG — Weatherization Program	24,000	30,000	30,000
LIHEABG — Weatherization Program (EA)	0	10,704 [a]	0
Subtotal	$ 24,535	$ 41,239	$ 30,535
Public Welfare:			
LIHEABG — Administration	$ 12,277	$ 20,000	$ 14,039
LIHEABG — Low-Income Families and Individuals	152,684	290,000	165,981
Subtotal	$ 164,961	$ 310,000	$ 180,020
TOTAL	$ 189,496	$ 340,535	$ 210,555

[a] Subgrant not added to total to avoid double counting.

Mental Health Services

This block grant provides funds for the provision of services to adults with serious mental illness or children with serious emotional disturbance. Services may be provided by a variety of community-based programs including community mental health programs, psychosocial rehabilitation programs, mental health peer support programs and mental health primary consumer directed programs.

(Dollar Amounts in Thousands)

Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Public Welfare:			
MHSBG — Administration	$ 183	$ 174	$ 273
MHSBG — Community Mental Health	15,385	15,256	14,411
TOTAL	$ 15,568	$ 15,430	$ 14,684

Social Services

Funds are provided to help individuals achieve or maintain self-sufficiency; to prevent, reduce or eliminate dependency; to prevent or remedy abuse and neglect of children and adults; and to prevent or reduce institutional care. Most services are delivered by local entities that receive grants or contract with the Department of Public Welfare. These federal allocations serve to augment state appropriations thereby increasing the total level of services provided.

In addition to funds received directly through the Social Services Block Grant, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 authorized transfers from the Temporary Assistance to Needy Families Block Grant.

The Omnibus Reconciliation Act of 1993 included a grant program to states under the Social Services Block Grant for the establishment of empowerment zones and enterprise communities. Federal funds were targeted to specific urban or rural areas in proven economic distress. Funds received by the state go directly to eligible communities. Pennsylvania's share of the one-time grant was $88,007,000 which was totally committed but is being spent over several years. The amounts shown below represent estimated carryover of commitments from the one-time grant. The program was transferred to the Department of Community and Economic Development in 1997-98.

(Dollar Amounts in Thousands)

Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Public Welfare:			
SSBG — Administration	$ 3,641	$ 3,641	$ 3,641
SSBG — County Assistance	6,262	6,262	6,262
SSBG — Basic Institutional Program	10,000	10,000	10,000
SSBG — Community Mental Health	10,366	10,366	10,366
SSBG — Community Mental Retardation	7,500	6,500	6,500
SSBG — Child Welfare	12,021	12,021	12,021
SSBG — Child Care	30,977	30,977	30,977
SSBG — Domestic Violence	5,705	5,705	5,705
SSBG — Rape Crisis	2,721	1,721	1,721
SSBG — Family Planning	3,845	2,000	2,000
SSBG — Legal Services	5,049	5,049	5,049
SSBG — Homeless Services	4,183	4,183	4,183
Subtotal	$ 102,270	$ 98,425	$ 98,425
Community and Economic Development:			
Enterprise Communities — SSBG	$ 10,000 [a]	$ 10,000 [a]	$ 10,000 [a]
TOTAL	$ 112,270	$ 108,425	$ 108,425

Temporary Assistance to Needy Families

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created a block grant that makes funds available to the states to operate the Temporary Assistance to Needy Families (TANF) program. Pennsylvania implemented the TANF program on March 3, 1997. Funds are available to provide temporary cash and other benefits to help needy families participating in activities designed to end the dependence on government benefits and to provide services for dependent and abused children. In addition, funds may be used for services designed to prevent future dependency. This block grant requires a state maintenance of effort and establishes mandatory work participation rates. States are allowed to transfer up to a total of 30 percent of their TANF funds to the Child Care and Development Fund and Social Services Block Grants. No more than 10 percent may be transferred to the Social Services Block Grant. These transfers are included in the Child Care and Development Fund and the Social Services Block Grant.

(Dollar Amounts in Thousands)

Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
Executive Offices:			
Office of Inspector General			
TANFBG — Program Accountability	$ 1,500	$ 1,500	$ 1,500
Education:			
TANFBG — Teenage Parenting Ed. (EA)	12,255 [a]	12,255 [a]	12,255 [a]
Labor and Industry:			
TANFBG — Youth Employment & Training	$ 15,000	$ 15,000	$ 15,000
Public Welfare:			
TANFBG — Administration	$ 4,980	$ 4,980	$ 4,980
TANFBG — Information Systems	9,327	12,107	9,327
TANFBG — Statewide	659	1,911	2,150
TANFBG — County Assistance	44,190	44,190	44,190
TANFBG — New Directions	137,189	137,951	136,202
TANFBG — Cash Grants	217,184	227,394	241,775
TANFBG — Alternatives to Abortion	1,000	1,000	1,000
TANFBG — Child Welfare	67,883	67,883	67,883
TANFBG — Child Care Services	2,000	2,000	0
TANFBG — Child Care Assistance	28,464	28,464	31,686
TANFBG — Nurse Family Partnership	1,222	1,222	0
Subtotal	$ 514,098	$ 529,102	$ 539,193
GRAND TOTAL ALL PROGRAMS	$ 530,598 [b]	$ 545,602 [b]	$ 555,693 [b]

[a] Subgrant not added to total to avoid double counting.

[b] Includes carryover funding.

Anti-Drug Abuse

Two grant programs initially authorized by the Anti-Drug Abuse Act of 1986, the Drug Control and System Improvement (DCSI) grant and the Safe and Drug Free Schools and Communities (DFSC) grant, are presented below.

In 2005-06, the federal government combined the Edward Byrne Memorial Formula Grant Program, which was the source of the Drug Control and System Improvement (DCSI) grants with the Local Law Enforcement Block Grant to create the Justice Assistance Grant (JAG) program. The new program continues the DCSI objectives of assisting state and local governments to implement a wide range of drug enforcement and correctional treatment projects as well as to provide victim services and juvenile and criminal justice system improvement initiatives throughout the commonwealth.

The objective of the Safe and Drug Free Schools and Communities program is to establish state and local programs for alcohol and drug abuse education and prevention, in addition to violence prevention, coordinated with related community efforts and resources. The allocation made to Pennsylvania is administered by the Department of Education and the Commission on Crime and Delinquency, with the majority of these funds going to local education agencies.

The commonwealth also receives funds from the Substance Abuse Block Grant. This program, along with funding recommendations, is described elsewhere in this section.

	(Dollar Amounts in Thousands)		
Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
DRUG CONTROL AND SYSTEM IMPROVEMENT FORMULA GRANT PROGRAM (DCSI)			
Executive Offices:			
Commonwealth Technology Services			
JAG — Electronic Reporting	$ 191 [a]	$ 200 [a]	$ 0
Commission on Crime and Delinquency			
DCSI — Administration	$ 604	$ 0	$ 0
DCSI — Program Grants	20,000	18,000	10,000
DCSI — Criminal History Records	10	10	10
Justice Assistance Grants	23,000	30,000	30,000
Justice Assistance Grants — Administration	1,154	1,391	1,239
Subtotal — Commission on Crime and Delinquency	$ 44,768	$ 49,401	$ 41,249
Subtotal — Executive Offices	$ 44,959	$ 49,601	$ 41,249
Corrections:			
DCSI — Hispanic Therapeutic Community	$ 50 [a]	$ 0	$ 0
JAG — Cognitive Behavior Therapy	80 [a]	80 [a]	0
Subtotal	$ 130	$ 80	$ 0
Probation and Parole:			
JAG — Client Identification	$ 120 [a]	$ 125 [a]	$ 0
JAG — Advanced Re-entry Training	130 [a]	0	0
JAG — Violations Sanctioning	0	84 [a]	0
JAG — Parole Guidelines Study	60 [a]	0	0
Subtotal	$ 310	$ 209	$ 0
Public Welfare:			
DCSI — Gender Specific Training	$ 82 [a]	$ 0	$ 0
Legislature:			
Commission on Sentencing			
JAG — Consolidated Project Grants	1,308 [a]	1,470 [a]	1,470 [a]
TOTAL	$ 44,768	$ 49,401	$ 41,249

Anti-Drug Abuse (continued)

Department / Appropriation	2007-08 Actual Block	2008-09 Available Block	2009-10 Recommended Block
	(Dollar Amounts in Thousands)		
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES (DFSC)			
Executive Offices:			
Commission on Crime and Delinquency			
DFSC — Special Programs	$ 4,500	$ 4,500	$ 4,500
Education:			
DFSC — Administration	$ 750	$ 850	$ 580
DFSC — School Districts	10,076	10,076	5,000
Subtotal	$ 10,826	$ 10,926	$ 5,580
Health:			
DFSC — Special Programs for Student Assistance	$ 1,125 [a]	$ 720 [a]	$ 0
Public Welfare:			
DFSC — Special Program — Juvenile Aftercare	$ 955	$ 300	$ 0
DFSC — Aftercare Support	150 [a]	120 [a]	0
Subtotal	$ 1,105	$ 420	$ 0
TOTAL	$ 16,281	$ 15,726	$ 10,080
GRAND TOTAL ALL PROGRAMS	$ 61,049	$ 65,127	$ 51,329

[a] Subgrants not added to total to avoid double counting.

Public Information and Communications

The Commonwealth spends funds on activities to provide government information to the news media and the general public and for other essential communications efforts. Funds are budgeted in over 30 agencies to provide public notification and information to the Commonwealth's public, news media, businesses, legislators and citizens regarding the bidding of contracts, issuance of rules and regulations, announcement of public hearings and the availability of services and financial aid. The amounts that are detailed below exclude those items that are strictly educational and materials that are offered for public sale such as the "Game News" and "Pennsylvania Angler and Boater".

	(Dollar Amounts in Thousands)	
	2008-09 Estimate	2009-10 Estimate
Governor's Office	$819	770
Executive Offices	380	358
Lt. Governor's Office	87	82
Aging and Long Term Living	266	233
Agriculture	1,114	1,058
Banking	409	393
Civil Service Commission	52	50
Community and Economic Development	474	461
Conservation and Natural Resources	352	345
Corrections	172	172
Education	533	470
Emergency Management Agency and Homeland Security	168	168
Environmental Protection	2,578	2,320
Fish and Boat Commission	283	283
Game Commission	301	301
General Services	108	101
Health	522	499
Historical and Museum Commission	135	126
Insurance	298	279
Labor and Industry	581	565
Liquor Control Board	293	293
Military and Veterans Affairs	348	343
Milk Marketing Board	8	78
Probation and Parole Board	149	149
Public Utility Commission	232	232
Public Welfare	491	466
Revenue	428	427
Securities Commission	66	57
State	365	343
State Police	280	297
Transportation	2,333	2,174
TOTAL	14,625	13,893

---- *Lottery sales promotion* - $32 million will be spent on advertising campaigns to promote lottery sales and to disseminate information on the various lottery programs including property tax and rent assistance for older Pennsylvanians during 2009-10. These expenditures are expected to generate approximately $3.41 billion in lottery revenues during 2009-10.

---- *Economic development* - A total of $19.99 million is budgeted in the General Fund to promote tourism and economic development. This will contribute to an estimated $24.5 billion in 2009-10 travel revenues to Pennsylvania and supports the State's aggressive effort to preserve and create jobs.

Commonwealth Program Budget

This section summarizes the budget by major revenue source and major program area of expenditure. This summary includes programs funded from the General Fund, the eleven budgeted special revenue funds, federal funds, and other revenues including augmentations, restricted receipts and revenues, and other special revenue funds.

Detailed supporting information is provided for each major program area of expenditure by component categories and subcategories (subdivisions of activities) which contribute to the commonwealth's total effort in that program. Detailed information on individual revenue sources may be found in the appropriate fund presentation in the Summary by Fund section of this document.

SUMMARY OF REVENUES AND EXPENDITURES FOR THE OPERATING PROGRAM

The following table is a seven year summary of the revenues and expenditures by Commonwealth Program for the operating budget. Balances are included only for State funds - General Fund and Special Funds - as Federal Funds and Other Funds revenues and expenditures are considered to be self-balancing.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
BEGINNING BALANCES							
General Fund	$ 530,914	$ 582,796	$ 7,575	$ 4,032	$ 20,886	$ 3,548	$ 11,414
Adjustment to Beginning Balance	$ 0	$ 2,500	$ 0	$ 0	$ 0	$ 0	$ 0
Adjusted Beginning Balance	$ 530,914	$ 585,296	$ 7,575	$ 4,032	$ 20,886	$ 3,548	$ 11,414
Special Funds	$ 1,171,682	$ 1,079,949	$ 658,698	$ 678,380	$ 755,957	$ 838,624	$ 910,716
REVENUES							
General Fund:							
Corporation Taxes	$ 5,457,670	$ 4,956,000	$ 4,769,800	$ 4,760,243	$ 4,837,426	$ 4,940,875	$ 4,995,675
Personal Income Tax	10,907,741	10,755,800	10,754,700	11,598,879	12,378,262	13,248,779	13,873,568
Sales and Use Taxes	8,496,554	8,274,500	8,389,600	8,971,327	9,213,818	9,707,428	9,890,595
All Other Revenues/Taxes	3,066,097	2,672,100	3,400,000	3,760,087	4,425,898	4,453,568	4,744,755
Less Refunds	-1,050,000	-1,125,000	-1,130,000	-1,165,000	-1,180,000	-1,220,000	-1,260,000
Total General Fund	$ 26,878,062	$ 25,533,400	$ 26,184,100	$ 27,925,536	$ 29,675,403	$ 31,130,650	$ 32,244,593
Special Funds	5,089,741	4,891,975	5,096,152	4,934,311	5,018,004	5,081,693	5,156,328
Federal Funds	17,733,800	18,628,695	18,739,059	18,665,222	18,671,136	18,685,797	18,485,330
Other Funds	5,257,644	6,291,602	6,343,441	6,195,623	6,120,026	6,098,657	5,951,903
Total Revenues and Balances	$ 56,661,843	$ 57,010,917	$ 57,029,025	$ 58,403,104	$ 60,261,412	$ 61,838,969	$ 62,760,284
PROGRAM EXPENDITURES							
Direction and Supportive Services	$ 1,719,918	$ 1,774,987	$ 1,742,940	$ 1,760,281	$ 1,772,576	$ 1,781,943	$ 1,797,379
Protection of Persons and Property	7,661,293	8,109,688	8,191,797	8,254,144	8,244,441	8,229,984	7,970,614
Education	13,566,778	14,575,364	14,793,009	15,303,212	15,300,317	16,681,796	17,784,507
Health and Human Services	25,076,041	26,556,212	26,929,391	26,816,362	26,838,077	26,864,944	26,892,124
Economic Development	2,634,762	2,598,414	2,281,162	2,279,287	2,250,422	2,247,090	2,148,855
Transportation	5,634,020	6,172,983	6,094,817	5,730,637	5,771,989	5,799,541	5,822,170
Recreation and Cultural Enrichment	726,453	753,466	667,912	619,273	610,749	620,172	628,166
Debt Service	938,446	973,645	1,006,641	1,136,815	1,283,737	1,341,814	1,348,735
Less General Fund Lapses	-142,130	-822,809	0	0	0	0	0
Less Special Fund Lapses	-69,588	-148,209	0	0	0	0	0
Total Operating Expenditures	$ 57,745,993	$ 60,543,741	$ 61,707,669	$ 61,900,011	$ 62,072,308	$ 63,567,284	$ 64,392,550
Adjustment to Expenditures	0	0	0	0	0	0	0
Federal Fiscal Relief Funds	0	-1,083,000	-2,410,000	-1,493,000	0	0	0
Transfer to Budget Stabilization Reserve Fund	0	0	0	0	-1,183	-3,805	-6,470
Transfer from Budget Stabilization Reserve Fund	0	250,000	375,000	125,000	0	0	0
ENDING BALANCES							
General Fund	$ 582,796	$ 7,575	$ 4,032	$ 20,886	$ 3,548	$ 11,414	$ 19,408
Special Funds	$ 979,949	$ 658,697	$ 578,379	$ 655,956	$ 738,623	$ 810,715	$ 897,605

Seven Year Summary of Commonwealth Programs

The following is a summary for the seven Commonwealth Programs of 2007-08 actual expenditures, 2008-09 amounts available, 2009-10 amounts budgeted and future year estimates for all the operating funds and capital bond authorizations as presented in the 2009-10 Governor's Executive Budget. A breakdown of each Commonwealth Program by Category and Subcategory is shown on subsequent pages.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Direction and Supportive Services							
General Fund	$ 877,621	$ 893,460	$ 867,595	$ 862,254	$ 862,187	$ 862,247	$ 862,088
Special Funds	598,509	607,658	595,002	615,649	629,511	638,818	652,913
Federal Funds	50,083	51,784	48,874	48,874	48,874	48,874	48,874
Other Funds	193,705	222,085	231,469	233,504	232,004	232,004	233,504
Total Operating	$ 1,719,918	$ 1,774,987	$ 1,742,940	$ 1,760,281	$ 1,772,576	$ 1,781,943	$ 1,797,379
Protection of Persons and Property							
General Fund	$ 2,868,438	$ 2,950,171	$ 3,039,123	$ 3,040,367	$ 3,040,367	$ 3,037,377	$ 3,035,367
Special Funds	756,330	751,839	756,093	747,666	739,188	734,756	729,851
Federal Funds	1,142,912	1,232,354	1,347,265	1,377,061	1,377,036	1,385,214	1,177,669
Other Funds	2,893,613	3,175,324	3,049,316	3,089,050	3,087,850	3,072,637	3,027,727
Total Operating	$ 7,661,293	$ 8,109,688	$ 8,191,797	$ 8,254,144	$ 8,244,441	$ 8,229,984	$ 7,970,614
Education							
General Fund	$ 11,435,486	$ 11,798,144	$ 12,011,780	$ 12,521,198	$ 12,526,884	$ 13,907,271	$ 15,009,254
Special Funds	16,074	12,498	10,564	12,235	14,583	16,651	18,404
Federal Funds	1,917,796	1,986,272	1,991,247	1,991,247	1,991,247	1,991,247	1,991,247
Other Funds	214,650	797,201	797,124	797,124	787,124	787,124	787,124
Total Operating	$ 13,584,006	$ 14,594,115	$ 14,810,715	$ 15,321,804	$ 15,319,838	$ 16,702,293	$ 17,806,029
Health and Human Services							
General Fund	$ 9,903,123	$ 10,692,590	$ 11,341,584	$ 11,249,509	$ 11,249,509	$ 11,249,509	$ 11,249,509
Special Funds	1,378,852	1,565,758	1,332,094	1,359,502	1,375,378	1,396,918	1,418,864
Federal Funds	12,207,040	12,835,906	12,945,899	12,842,266	12,848,205	12,854,688	12,861,766
Other Funds	1,587,026	1,461,958	1,309,814	1,365,085	1,364,985	1,363,829	1,361,985
Total Operating	$ 25,076,041	$ 26,556,212	$ 26,929,391	$ 26,816,362	$ 26,838,077	$ 26,864,944	$ 26,892,124
Economic Development							
General Fund	$ 725,520	$ 738,120	$ 497,977	$ 518,255	$ 537,641	$ 538,331	$ 539,064
Special Funds	14,370	13,620	12,722	9,760	7,727	7,729	7,736
Federal Funds	892,611	886,383	708,000	708,000	708,000	708,000	708,000
Other Funds	985,033	941,540	1,044,757	1,024,680	977,533	972,533	872,533
Total Operating	$ 2,617,534	$ 2,579,663	$ 2,263,456	$ 2,260,695	$ 2,230,901	$ 2,226,593	$ 2,127,333

Seven Year Summary of Commonwealth Programs

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Transportation							
General Fund	$ 12,232	$ 12,073	$ 26,457	$ 26,457	$ 26,457	$ 11,457	$ 11,457
Special Funds	2,089,073	2,164,156	2,039,214	1,776,281	1,817,633	1,860,185	1,882,814
Federal Funds	1,415,169	1,532,918	1,592,361	1,592,361	1,592,361	1,592,361	1,592,361
Other Funds	2,117,546	2,463,836	2,436,785	2,335,538	2,335,538	2,335,538	2,335,538
Total Operating	$ 5,634,020	$ 6,172,983	$ 6,094,817	$ 5,730,637	$ 5,771,989	$ 5,799,541	$ 5,822,170
Recreation and Cultural Enrichment							
General Fund	$ 275,282	$ 277,763	$ 245,103	$ 245,103	$ 245,103	$ 245,103	$ 245,103
Special Funds	181,895	167,483	158,932	156,363	164,989	174,412	182,406
Federal Funds	108,189	103,078	105,413	105,413	105,413	105,413	105,413
Other Funds	161,087	205,142	158,464	112,394	95,244	95,244	95,244
Total Operating	$ 726,453	$ 753,466	$ 667,912	$ 619,273	$ 610,749	$ 620,172	$ 628,166
Debt Service							
General Fund	$ 870,608	$ 904,609	$ 943,024	$ 1,063,539	$ 1,203,410	$ 1,267,684	$ 1,278,287
Special Funds	49,857	53,156	54,724	64,383	71,434	65,237	61,555
Federal Funds	0	0	0	0	0	0	0
Other Funds	17,981	15,880	8,893	8,893	8,893	8,893	8,893
Total Operating	$ 938,446	$ 973,645	$ 1,006,641	$ 1,136,815	$ 1,283,737	$ 1,341,814	$ 1,348,735
Capital Bond Authorizations	$ 0	$ 0	$ 567,091	$ 811,675	$ 804,609	$ 817,633	$ 893,908
Program Total	$ 938,446	$ 973,645	$ 1,573,732	$ 1,948,490	$ 2,088,346	$ 2,159,447	$ 2,242,643
COMMONWEALTH TOTALS							
General Fund	$ 26,968,310	$ 28,266,930	$ 28,972,643	$ 29,526,682	$ 29,691,558	$ 31,118,979	$ 32,230,129
Special Funds	5,084,960	5,336,168	4,959,345	4,741,839	4,820,443	4,894,706	4,954,543
Federal Funds	17,733,800	18,628,695	18,739,059	18,665,222	18,671,136	18,685,797	18,485,330
Other Funds	8,170,641	9,282,966	9,036,622	8,966,268	8,889,171	8,867,802	8,722,548
Total Operating	$ 57,957,711	$ 61,514,759	$ 61,707,669	$ 61,900,011	$ 62,072,308	$ 63,567,284	$ 64,392,550
Capital Bond Authorizations	$ 0	$ 0	$ 567,091	$ 811,675	$ 804,609	$ 817,633	$ 893,908
Program Total	$ 57,957,711	$ 61,514,759	$ 62,274,760	$ 62,711,686	$ 62,876,917	$ 64,384,917	$ 65,286,458

Direction and Supportive Services

The goal of this commonwealth program is to provide an efficient and effective administrative support system through which the goals and objectives of the commonwealth programs can be attained. This commonwealth program supports the administration's goal to Deliver Greater Value and Efficiency in Government through the activities of centralized agencies to support this goal. The Making Government Work Smarter theme in the Overview and Summaries section highlights the administration's achievements in increasing state government's efficiency.

Centralized functions affecting all agencies make up this program. Administrative costs specifically related to particular programs usually appear in a program subcategory to which they relate.

The agencies in this program include the Governor's Office, Executive Offices, Lieutenant Governor, Auditor General, Treasury, Civil Service Commission, Department of General Services, Department of Revenue, the State Employees' Retirement System and the Legislature.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Administrative and Support Services	**$ 213,700**	**$ 217,044**	**$ 178,929**	**$ 173,429**	**$ 173,521**	**$ 173,422**	**$ 173,422**
Executive Direction	208,886	212,083	174,483	168,983	169,075	168,976	168,976
Personnel Selection	1	1	1	1	1	1	1
State Retirement System	4	4	4	4	4	4	4
Legal Services	4,809	4,956	4,441	4,441	4,441	4,441	4,441
Fiscal Management	**$ 791,491**	**$ 812,246**	**$ 833,215**	**$ 853,862**	**$ 867,724**	**$ 877,031**	**$ 891,126**
Revenue Collection and Administration	674,580	694,780	720,980	741,627	755,489	764,796	778,891
Disbursement	62,893	62,946	61,239	61,239	61,239	61,239	61,239
Auditing	54,018	54,520	50,996	50,996	50,996	50,996	50,996
Physical Facilities and Commodities Management	**$ 135,761**	**$ 138,483**	**$ 140,048**	**$ 140,207**	**$ 140,048**	**$ 140,207**	**$ 140,048**
Facility, Property and Commodity Management	135,761	138,483	140,048	140,207	140,048	140,207	140,048
Legislative Processes	**$ 334,129**	**$ 332,233**	**$ 309,293**	**$ 309,293**	**$ 309,293**	**$ 309,293**	**$ 309,293**
Legislature	334,129	332,233	309,293	309,293	309,293	309,293	309,293
Interstate Relations	**$ 1,049**	**$ 1,112**	**$ 1,112**	**$ 1,112**	**$ 1,112**	**$ 1,112**	**$ 1,112**
Interstate Relations	1,049	1,112	1,112	1,112	1,112	1,112	1,112
PROGRAM TOTAL	**$ 1,476,130**	**$ 1,501,118**	**$ 1,462,597**	**$ 1,477,903**	**$ 1,491,698**	**$ 1,501,065**	**$ 1,515,001**

Protection of Persons and Property

The goal of this commonwealth program is to provide an environment and a social system in which the lives of individuals and the property of individuals and organizations are protected from natural and man-made disasters and from illegal and unfair actions. This commonwealth program supports the administration's goal to Ensure the Safety of Our Citizens as well as the goal to Protect Our Natural Resources. The Making Pennsylvania Safer theme in the Overview and Summaries section highlights the administration's achievements and continued emphasis in these areas.

This program deals with the substantive areas of consumer and environmental protection, certain regulatory activities, the criminal justice system and mitigation of the effects of disasters. Within these broad areas, the State Police, Department of Banking, Attorney General, Department of Corrections, Public Utility Commission, Liquor Control Board, Pennsylvania Emergency Management Agency and Homeland Security, Board of Probation and Parole, the Judiciary, Milk Marketing Board, Securities Commission, Department of State and the Insurance Department deal almost entirely with protection of persons and property. Several agencies such as the Executive Offices and the departments of Environmental Protection, Agriculture, Labor and Industry and Military and Veterans Affairs are more diversified and some of their activities are included in this program as well as in other commonwealth programs.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
General Administration and Support	**$ 79,967**	**$ 78,426**	**$ 59,061**	**$ 59,044**	**$ 59,044**	**$ 59,044**	**$ 59,044**
Criminal and Juvenile Justice Planning	59,076	56,796	39,531	39,531	39,531	39,531	39,531
Environmental Support Services	20,891	21,630	19,530	19,513	19,513	19,513	19,513
Public Protection and Law Enforcement	**$ 902,515**	**$ 916,465**	**$ 941,096**	**$ 940,996**	**$ 940,996**	**$ 940,996**	**$ 940,996**
State Police	674,221	685,051	718,626	718,626	718,626	718,626	718,626
Attorney General	93,836	94,509	92,557	92,457	92,457	92,457	92,457
Highway Safety Administration and Licensing	134,458	136,905	129,913	129,913	129,913	129,913	129,913
Control and Reduction of Crime	**$ 1,709,563**	**$ 1,754,411**	**$ 1,926,069**	**$ 1,926,069**	**$ 1,926,069**	**$ 1,926,069**	**$ 1,926,069**
Institutionalization of Offenders	1,600,181	1,639,655	1,803,355	1,803,355	1,803,355	1,803,355	1,803,355
Reintegration of Adult Offenders	109,382	114,756	122,714	122,714	122,714	122,714	122,714
Juvenile Crime Prevention	**$ 22,111**	**$ 21,948**	**$ 21,823**	**$ 21,823**	**$ 21,823**	**$ 21,823**	**$ 21,823**
Reintegration of Juvenile Delinquents	22,111	21,948	21,823	21,823	21,823	21,823	21,823
Adjudication of Defendents	**$ 299,657**	**$ 307,141**	**$ 288,716**	**$ 288,716**	**$ 288,716**	**$ 288,716**	**$ 288,716**
State Judicial System	299,657	307,141	288,716	288,716	288,716	288,716	288,716
Public Order and Community Safety	**$ 49,369**	**$ 43,461**	**$ 34,471**	**$ 35,832**	**$ 35,832**	**$ 35,832**	**$ 35,832**
Emergency Management	28,085	21,377	12,658	12,658	12,658	12,658	12,658
State Military Readiness	21,284	22,084	21,813	23,174	23,174	23,174	23,174
Protection From Natural Hazards and Disasters	**$ 223,511**	**$ 230,175**	**$ 212,624**	**$ 207,951**	**$ 204,743**	**$ 201,746**	**$ 199,756**
Environmental Protection and Management	223,511	230,175	212,624	207,951	204,743	201,746	199,756
Consumer Protection	**$ 293,391**	**$ 299,672**	**$ 268,014**	**$ 264,260**	**$ 258,990**	**$ 254,565**	**$ 249,640**
Consumer Protection	20,571	14,091	11,959	11,959	11,959	11,969	11,959
Financial Institution Regulation	18,760	21,917	21,054	21,054	21,054	21,054	21,054
Securities Industry Regulation	2,354	2,265	1,713	1,713	1,713	1,713	1,713
Insurance Industry Regulation	157,074	165,473	152,893	150,988	146,988	142,552	137,633

Protection of Persons and Property (continued)

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Horse Racing Regulation	16,899	17,117	16,856	16,856	16,856	16,856	16,856
Protection and Development of Agricultural Industries	77,733	78,809	63,539	61,690	60,420	60,421	60,425
Community and Occupational Safety and Stability	**$ 32,635**	**$ 37,732**	**$ 31,885**	**$ 31,885**	**$ 31,885**	**$ 31,885**	**$ 31,885**
Community and Occupational Safety and Stability	29,944	30,317	29,227	29,227	29,227	29,227	29,227
Fire Prevention and Safety	2,691	7,415	2,658	2,658	2,658	2,658	2,658
Prevention & Elimination of Discriminatory Practices	**$ 12,049**	**$ 12,579**	**$ 11,457**	**$ 11,457**	**$ 11,457**	**$ 11,457**	**$ 11,457**
Prevention & Elimination of Discriminatory Practices	12,049	12,579	11,457	11,457	11,457	11,457	11,457
PROGRAM TOTAL	**$ 3,624,768**	**$ 3,702,010**	**$ 3,795,216**	**$ 3,788,033**	**$ 3,779,555**	**$ 3,772,133**	**$ 3,765,218**

Education

The goal of this program is to ensure that funds for education are spent on proven practices that will boost student achievement. This program includes funding for pre-kindergarten, full-day kindergarten and class size reduction. In addition, this program funds basic education and special education programs and educational support such as tutoring, improving teacher practice and curricula and technology upgrades. This program also ensures high quality career and technical education and higher education experiences. This commonwealth program supports the administration's goal to Build a World Class Public Education System as well as the goal to Boost the Skills of Our Workers. The Education - Investing in Our Children, Preparing for the Future theme in the Overview and Summaries section highlights the administration's priorities in advancing the commonwealth's educational system.

This commonwealth program is financed primarily through the Department of Education. Other agencies providing support are the departments of Revenue, Public Welfare and Labor and Industry, and the Higher Education Assistance Agency and the Tax Equalization Board.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Educational Support Services	**$ 34,701**	**$ 35,759**	**$ 32,752**	**$ 32,752**	**$ 32,752**	**$ 32,752**	**$ 32,752**
Education Support Services	34,701	35,759	32,752	32,752	32,752	32,752	32,752
Basic Education	**$ 9,345,667**	**$ 9,665,850**	**$ 9,930,109**	**$ 10,439,527**	**$ 10,445,213**	**$ 11,825,600**	**$ 12,927,583**
PreK-12 Education	9,328,439	9,647,099	9,912,403	10,420,935	10,425,692	11,805,103	12,906,061
Public Utility Realty Payments	17,228	18,751	17,706	18,592	19,521	20,497	21,522
Higher Education	**$ 2,071,192**	**$ 2,109,033**	**$ 2,059,483**	**$ 2,061,154**	**$ 2,063,502**	**$ 2,065,570**	**$ 2,067,323**
Higher Education	1,619,224	1,636,160	1,545,811	1,547,482	1,549,830	1,551,898	1,553,651
Financial Assistance to Students	407,505	428,442	473,442	473,442	473,442	473,442	473,442
Financial Assistance to Institutions	44,463	44,431	40,230	40,230	40,230	40,230	40,230
PROGRAM TOTAL	**$ 11,451,560**	**$ 11,810,642**	**$ 12,022,344**	**$ 12,533,433**	**$ 12,541,467**	**$ 13,923,922**	**$ 15,027,658**

Health and Human Services

The goals of this program are to ensure access to quality medical care for all citizens, support people seeking self-sufficiency, provide military readiness and assistance to veterans and maximize opportunities for individuals and families to participate in society. This commonwealth program includes activities that support the administration's goal to Increase Access to High Quality Health Care. The Preserving the Safety Net - Helping Pennsylvanians in Need and the Prescription for Pennsylvania themes in the Overview and Summaries section highlights the administration's efforts to increase access to high quality health care.

This program addresses the following substantive areas: research; prevention and treatment of physical, mental health and mental retardation disorders; maternal and child health care; financial assistance for older Pennsylvanians, medically needy individuals and families in transition; and other programs to address the various issues individuals encounter in a complex society.

These activities are primarily the responsibility of the departments of Aging and Long Term Living, Health and Public Welfare with contributions by the departments of Agriculture, Labor and Industry, Military and Veterans Affairs, Revenue and Transportation.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Human Services Support	**$ 117,759**	**$ 124,757**	**$ 121,504**	**$ 121,504**	**$ 121,504**	**$ 121,504**	**$ 121,504**
Human Services Support	117,759	124,757	121,504	121,504	121,504	121,504	121,504
Social Development of Individuals	**$ 1,632,034**	**$ 1,749,246**	**$ 1,758,160**	**$ 1,758,160**	**$ 1,758,160**	**$ 1,758,160**	**$ 1,758,160**
Human Services	1,158,045	1,218,438	1,220,643	1,220,643	1,220,643	1,220,643	1,220,643
Child Development	473,989	530,808	537,517	537,517	537,517	537,517	537,517
Support of Older Pennsylvanians	**$ 2,070,723**	**$ 2,497,585**	**$ 2,483,997**	**$ 2,507,734**	**$ 2,518,380**	**$ 2,534,237**	**$ 2,550,006**
Long Term Living	1,519,268	1,861,193	1,950,443	1,949,536	1,945,412	1,946,298	1,947,193
Homeowners and Renters Assistance	244,900	294,900	294,900	294,300	293,900	293,700	293,400
Pharmaceutical Assistance	306,555	341,492	238,654	263,898	279,068	294,239	309,413
Income Maintenance	**$ 758,256**	**$ 801,090**	**$ 841,904**	**$ 841,904**	**$ 841,904**	**$ 841,904**	**$ 841,904**
Income Maintenance	741,909	784,519	828,043	828,043	828,043	828,043	828,043
Workers Compensation and Assistance	3,044	3,475	2,750	2,750	2,750	2,750	2,750
Military Compensation and Assistance	13,303	13,096	11,111	11,111	11,111	11,111	11,111
Physical Health Treatment	**$ 4,839,619**	**$ 5,123,739**	**$ 5,413,809**	**$ 5,325,405**	**$ 5,330,635**	**$ 5,336,318**	**$ 5,342,495**
Medical Assistance	4,321,766	4,616,448	4,961,438	4,872,182	4,876,818	4,881,899	4,887,469
Health Treatment Services	16,893	16,043	16,091	16,091	16,091	16,091	16,091
Health Support Services	53,063	56,681	53,311	53,311	53,311	53,311	53,311
Health Research	98,414	99,242	76,387	76,965	77,368	77,777	78,189
Emergency Food Assistance	20,250	20,226	21,226	21,226	21,226	21,226	21,226
Prevention and Treatment of Drug and Alcohol Abuse	42,602	42,602	41,750	41,750	41,750	41,750	41,750
Preventive Health	185,414	177,048	166,149	166,423	166,614	166,807	167,002
Veterans Homes and School	101,217	95,449	77,457	77,457	77,457	77,457	77,457
Mental Health	**$ 757,968**	**$ 781,329**	**$ 800,436**	**$ 800,436**	**$ 800,436**	**$ 800,436**	**$ 800,436**
Mental Health	757,968	781,329	800,436	800,436	800,436	800,436	800,436

Health and Human Services (continued)

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Mental Retardation	**$ 1,105,616**	**$ 1,180,602**	**$ 1,253,868**	**$ 1,253,868**	**$ 1,253,868**	**$ 1,253,868**	**$ 1,253,868**
Mental Retardation	1,105,616	1,180,602	1,253,868	1,253,868	1,253,868	1,253,868	1,253,868
PROGRAM TOTAL	**$ 11,281,975**	**$ 12,258,348**	**$ 12,673,678**	**$ 12,609,011**	**$ 12,624,887**	**$ 12,646,427**	**$ 12,668,373**

Economic Development

The goal of this program is to invest public resources to create jobs for Pennsylvanians. To do so, this program offers a variety of grants, loans and loan guarantees designed to stimulate economic investment, growth and expanded employment. This commonwealth program supports the administration's goal to Create Jobs and Build a Vital Economy as well as the goal to Boost the Skills of Our Workers. The Pennsylvania's Economic Stimulus theme in the Overview and Summaries section highlights the administration's efforts to stimulate Pennsylvania's economy.

This program works in tandem with numerous state authorities and agencies to aggregate and strategically invest resources to expand and retain Pennsylvania-based firms and attract new companies to the commonwealth that will offer Pennsylvania's communities stability, vitality and job opportunities. This program leverages workforce and community development resources that together with business investment enable Pennsylvania to compete on behalf of and for its business partners.

The total efforts of the Department of Community and Economic Development, the Pennsylvania Economic Development Financing Authority and the Infrastructure Investment Authority (PENNVEST) are devoted to this program. The Executive Offices, Auditor General, Housing Finance Agency, and the departments of Education, Labor and Industry and Revenue also contribute to this program.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Economic Development Support Services	**$ 107,841**	**$ 98,251**	**$ 61,110**	**$ 61,110**	**$ 61,110**	**$ 61,110**	**$ 61,110**
Economic Development Support Services	107,841	98,251	61,110	61,110	61,110	61,110	61,110
Commonwealth Economic Development	**$ 273,868**	**$ 290,837**	**$ 245,002**	**$ 264,128**	**$ 280,807**	**$ 280,793**	**$ 280,791**
Business and Job Development	185,048	204,592	180,772	202,860	221,572	221,556	221,547
Technology Development	77,450	75,625	54,508	54,508	54,508	54,508	54,508
Environmental Infrastructure	11,370	10,620	9,722	6,760	4,727	4,729	4,736
Workforce Investment	**$ 89,787**	**$ 94,528**	**$ 73,117**	**$ 73,117**	**$ 73,117**	**$ 73,117**	**$ 73,117**
Workforce Development	42,454	41,738	22,767	22,767	22,767	22,767	22,767
Vocational Rehabilitation	47,333	52,790	50,350	50,350	50,350	50,350	50,350
Community Development	**$ 268,394**	**$ 268,124**	**$ 131,470**	**$ 129,660**	**$ 130,334**	**$ 131,040**	**$ 131,782**
Community Development	255,921	254,549	118,651	116,201	116,201	116,201	116,201
Public Utility Realty Payments	12,473	13,575	12,819	13,459	14,133	14,839	15,581
PROGRAM TOTAL	**$ 739,890**	**$ 751,740**	**$ 510,699**	**$ 528,015**	**$ 545,368**	**$ 546,060**	**$ 546,800**

Transportation

The purpose of this program is to provide a system for the fast, convenient, efficient and safe movement of individuals and goods within the commonwealth that is interfaced with a national and international system of transportation. This commonwealth program supports the administration's goal to Create Jobs and Build a Vital Economy through the establishment of a first-rate infrastructure. The Pennsylvania's Economic Stimulus theme in the Overview and Summaries section highlights the administration's investments in its transportation infrastructure.

Transportation systems are developed to serve the needs of citizens, commerce and industry and are financed through the Department of Transportation.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Transportation Systems and Services	**$ 2,101,305**	**$ 2,176,229**	**$ 2,065,671**	**$ 1,802,738**	**$ 1,844,090**	**$ 1,871,642**	**$ 1,894,271**
Transportation Support Services	52,368	56,474	55,376	55,376	55,376	55,376	55,376
Highways and Bridges	1,714,054	1,784,081	1,668,652	1,403,313	1,442,188	1,482,188	1,502,188
Local Highway and Bridge Assistance	245,751	245,751	235,000	235,000	235,000	235,000	235,000
Intermodal Transportation	89,132	89,923	106,643	109,049	111,526	99,078	101,707
PROGRAM TOTAL	**$ 2,101,305**	**$ 2,176,229**	**$ 2,065,671**	**$ 1,802,738**	**$ 1,844,090**	**$ 1,871,642**	**$ 1,894,271**

Recreation and Cultural Enrichment

The goal of this program is to improve the quality of life in Pennsylvania's urban, suburban and rural communities. This program focuses resources on our recreational and cultural amenities ensuring that Pennsylvanians can fully enjoy the natural beauty of the commonwealth. This program also ensures that residents and visitors can explore the diversity of cultural traditions, the creativity of our artistic community and the bountiful history of our state and its prominence in forming the heritage of our nation. This commonwealth program supports the administration's goals to Protect Our Natural Resources and Create Jobs and Build a Vital Economy. The Pennsylvania's Economic Stimulus theme in the Overview and Summaries section highlight the administration's goals in these areas.

In working toward these broad commonwealth program goals, the Department of Conservation and Natural Resources undertakes a wide variety of activities in the development and provision of outdoor recreational opportunities. The Department of Education conducts a program to develop a system of local, county and regional public libraries, including the operation of the State Library at Harrisburg, and provides recreational opportunities through local school districts. The Historical and Museum Commission provides state and local museum assistance.

In addition, the Fish and Boat Commission, Game Commission, Public Television Network and Council on the Arts contribute to this commonwealth category.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Recreation	**$ 284,470**	**$ 277,155**	**$ 263,519**	**$ 259,370**	**$ 265,780**	**$ 273,250**	**$ 279,588**
Parks and Forests Management	182,298	173,239	158,443	161,469	167,879	175,349	181,687
Recreational Fishing and Boating	43,953	45,125	45,627	44,627	44,627	44,627	44,627
Wildlife Management	58,219	58,791	59,449	53,274	53,274	53,274	53,274
Cultural Enrichment	**$ 172,707**	**$ 168,091**	**$ 140,516**	**$ 142,096**	**$ 144,312**	**$ 146,265**	**$ 147,921**
State Historical Preservation	25,260	25,825	24,000	24,000	24,000	24,000	24,000
Local Museum Assistance	19,255	16,153	9,254	10,462	12,157	13,650	14,917
Development of Artists and Audiences	16,520	16,536	15,232	15,232	15,232	15,232	15,232
State Library Services	98,174	97,248	92,030	92,402	92,923	93,383	93,772
Public Television Services	13,498	12,329	0	0	0	0	0
PROGRAM TOTAL	**$ 457,177**	**$ 445,246**	**$ 404,035**	**$ 401,466**	**$ 410,092**	**$ 419,515**	**$ 427,509**

Debt Service

The goal of this commonwealth program is to provide sufficient financial resources necessary to meet the timely payment of commonwealth debt obligations. Debt financing is used by the commonwealth to finance its capital programs and voter-approved bond referenda and to fund certain disaster relief programs. Most long-term financing of the commonwealth is provided by the issuance of general obligation debt. Debt financing is utilized by all other commonwealth programs to support the goals of each of the commonwealth's program categories.

The agency that participates in this program is Treasury.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Debt Service	**$ 920,465**	**$ 957,765**	**$ 997,748**	**$ 1,127,922**	**$ 1,274,844**	**$ 1,332,921**	**$ 1,339,842**
Debt Service	920,465	957,765	997,748	1,127,922	1,274,844	1,332,921	1,339,842
PROGRAM TOTAL	**$ 920,465**	**$ 957,765**	**$ 997,748**	**$ 1,127,922**	**$ 1,274,844**	**$ 1,332,921**	**$ 1,339,842**

GENERAL FUND

The General Fund is the major operating fund of the commonwealth. It receives all tax receipts and other types of revenue not specified by law to be placed in special funds. Except for certain restricted receipts, the income of the General Fund is appropriated in specific amounts for the ordinary programs of government.

Pennsylvania's major sources of General Fund revenues are corporation taxes, consumption taxes, the Personal Income Tax and nontax revenues.

FINANCIAL STATEMENT

The following financial statement and accompanying notes are a summary of the General Fund revenues and expenditures for the 2007 08 actual year, 2008-09 available year and 2009-10 budget year. The financial statement excludes augmentations and Federal funds that are detailed in subsequent tables.

(Dollar Amounts in Thousands)

	2007-08 Actual		2008-09 Available		2009-10 Estimated	
Beginning Balance		$ 530,914		$ 582,796		$ 7,575
Adjustment to Beginning Balance		0		2,500		0
Adjusted Beginning Balance		$ 530,914		$ 585,296		$ 7,575
Revenue:						
Revenue Receipts	$ 27,928,062		$ 26,484,400		$ 26,484,400	
Proposed Revenue Changes	0		0		829,700	
Transfer from Oil and Gas Lease Fund	0		174,000		0	
Less Refunds	-1,050,000		-1,125,000		-1,130,000	
Total Revenue		$ 26,878,062		$ 25,533,400		$ 26,184,100
Prior Year Lapses		142,130		266,000 [a]		0
Funds Available		$ 27,551,106		$ 26,384,696		$ 26,191,675
Expenditures:						
Appropriations	$ 26,968,310		$ 28,266,930		$ 28,972,643	
Supplemental Appropriations	0		0		0	
Less Federal Fiscal Relief Funds:						
Increased Medical Assistance Percentage	0		-1,083,000 [b]		-1,917,000 [b]	
State Fiscal Stabilization Fund	0		0		-493,000 [b]	
Less Current Year Lapses	0		-556,809 [c]		0	
Total Expenditures		$ 26,968,310		$ 26,627,121		$ 26,562,643
Preliminary Balance		$ 582,796		$ -242,425		$ -370,968
Less Transfer to Budget Stabilization Reserve Fund		0 [d]		0		0
Transfer from Budget Stabilization Reserve Fund		0		250,000		375,000
Ending Balance		$ 582,796		$ 7,575		$ 4,032

[a] Includes the proposed lapse of $175 million from available balances in prior year appropriations to the Legislature.

[b] Federal Fiscal Relief funds will be appropriated in lieu of State General Funds for selected programs in this budget.

[c] Includes the proposed lapse of $36 million in current year appropriations to independent agencies.

[d] Act 53 of 2008 suspended the 25% transfer to the Budget Stabilization Reserve Fund for FY 2007-08.

NOTES ON FINANCIAL STATEMENT
(Dollar Amounts in Thousands)

PROPOSED TAX AND REVENUE MODIFICATIONS

		2008-09 Estimated
Non-Tax Revenue:		
Transfer from Oil and Gas Lease Fund.....	$	174,000
A transfer of the proceeds of the Marcellus Shale lease payments to the General Fund is proposed.		
Transfer from the Budget Stabilization Reserve Fund.....		250,000
A transfer to the General Fund of a portion of the balance in the Budget Stabilization Reserve Fund is proposed.		
TOTAL PROPOSED CHANGES IN FISCAL YEAR 2008-09	$	424,000

		2009-10 Estimated
Tax Revenue:		
Severance Tax.....	$	107,200
A new tax on the severance of natural gas within the commonwealth is proposed.		
Sales and Use Tax.....		74,900
The one percent discount for the timely remittance of sales tax collected by licensed vendors is proposed to be eliminated.		
Cigarette Tax.....		60,800
An increase in the cigarette tax equivalent to $0.10 per pack of 20 cigarettes is proposed.		
The elimination of the 18.52 percent of the cigarette tax transferred to the Health Care Provider Retention Account is proposed.		198,900
Other Tobacco Products Tax.....		37,900
A new tax on other tobacco products, including tobacco, cigars and cigarillos and loose tobacco is proposed.		
Non-Tax Revenue:		
Transfer from Health Care Provider Retention Account.....	$	350,000
A transfer to the General Fund of a portion of the balance in the Health Care Provider Retention Account is proposed.		
Transfer from the Budget Stabilization Reserve Fund.....		375,000
A transfer to the General Fund of a portion of the balance in the Budget Stabilization Reserve Fund is proposed.		
TOTAL PROPOSED CHANGES IN FISCAL YEAR 2009-10	$	1,204,700

NOTES ON FINANCIAL STATEMENT

(Dollar Amounts in Thousands)

SUPPLEMENTAL APPROPRIATIONS

	2008-09 Available
Public Welfare	
Payment to Federal Government Medicare Part D	$ 5,853
Medical Assistance - Outpatient	-13,772
Medical Assistance - Inpatient	13,884
Medical Assistance - Capitation	-4,715
Special Pharmaceutical Services	-1,250
Public Welfare Total	$ 0
TOTAL	**$ 0**

STATE FUNDS BY DEPARTMENT

The following is a summary, by department, of 2007-08 actual expenditures, the 2008-09 amounts available and the 2009-10 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2007-08 Actual	2008-09 Available	2009-10 Budget
Governor's Office	$ 7,559	$ 7,736	$ 7,274
Executive Offices	258,747	264,123	233,800
Lieutenant Governor's Office	1,523	1,579	1,500
Attorney General	93,836	94,509	92,557
Auditor General	54,018	54,520	50,996
Treasury	923,352	956,452	993,190
Aging and Long Term Living	850,578	1,097,307	1,329,733
Agriculture	81,206	82,154	68,197
Civil Service Commission	1	1	1
Community and Economic Development *	623,260	630,017	412,041
Conservation and Natural Resources	116,486	120,390	113,482
Corrections	1,600,181	1,639,655	1,803,355
Education**	11,059,668	11,399,759	11,569,037
Emergency Management and Homeland Security	30,776	28,792	15,316
Environmental Protection***	222,459	231,046	212,813
Fish and Boat Commission	16	17	17
General Services	120,515	125,729	127,294
Health	297,847	291,892	253,398
Higher Education Assistance Agency	451,968	472,873	513,672
Historical and Museum Commission	33,865	33,768	26,439
Insurance	101,290	124,346	122,944
Labor and Industry	122,775	128,320	105,094
Military and Veterans Affairs	135,804	130,629	110,381
Probation and Parole Board	109,382	114,756	122,714
Public Television Network	13,498	12,329	-
Public Welfare	8,616,884	9,171,145	9,645,909
Revenue****	187,838	195,877	205,835
Securities Commission	2,354	2,265	1,713
State	20,571	14,091	11,959
State Employees' Retirement System	4	4	4
State Police	180,882	186,434	194,730
Tax Equalization Board	1,519	1,484	1,298
Transportation	13,862	13,557	27,941
Legislature*****	334,129	332,233	309,293
Judiciary	299,657	307,141	288,716
GRAND TOTAL	$ 26,968,310	$ 28,266,930	$ 28,972,643

* Includes Pennsylvania Housing Finance Agency.

** Includes State System of Higher Education and Thaddeus Stevens College of Technology.

*** Includes Environmental Hearing Board.

**** Excludes refunds.

***** Includes Ethics Commission and Health Care Cost Containment Council.

FEDERAL FUNDS BY DEPARTMENT

The following is a summary of Federal funds, by department, of 2007-08 actual expenditures, the 2008-09 amounts available and the 2009-10 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2007-08 Actual	2008-09 Available	2009-10 Budget
Executive Offices	$ 170,899	$ 176,532	$ 170,489
Attorney General	16,305	17,829	18,754
Aging and Long Term Living	2,390,701	2,425,443	2,330,336
Agriculture	38,470	35,328	31,309
Community and Economic Development	98,224	165,546	91,703
Conservation and Natural Resources	71,423	64,480	63,723
Corrections	8,281	13,431	8,322
Education	1,923,910	1,992,309	2,002,394
Emergency Management and Homeland Security	285,551	305,560	239,553
Environmental Protection*	162,982	173,249	178,559
Health	434,415	496,057	534,101
Higher Education Assistance Agency	1,586	1,563	1,563
Historical and Museum Commission	3,371	2,347	2,318
Infrastructure Investment Authority	138,685	117,868	80,853
Insurance	219,419	253,376	281,925
Labor and Industry	754,837	707,474	644,946
Liquor Control Board	810	67	-
Military and Veterans Affairs	263,059	289,587	311,254
Probation and Parole Board	502	209	-
Public Utility Commission	2,927	2,564	3,389
Public Welfare	8,983,697	9,484,615	9,618,929
State	22,503	24,205	35,242
State Police	37,732	44,170	51,033
Transportation	86,810	88,001	87,501
Legislature	1,308	1,470	1,470
Judiciary	1,570	1,441	1,705
GRAND TOTAL	$ 16,119,977	$ 16,884,721	$ 16,791,371

* Includes Environmental Hearing Board.

AUGMENTATIONS BY DEPARTMENT

The following is a summary of augmentations, by department, of 2007-08 actual expenditures, the 2008-09 amounts available and the 2009-10 amounts budgeted as presented in the General Fund Budget.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget
Executive Offices	$ 83,370	$ 93,141	$ 89,017
Attorney General*	5,233	12,622	17,385
Auditor General	9,099	10,838	11,800
Treasury	6,201	7,639	7,574
Aging and Long Term Living	762,010	514,765	383,897
Agriculture	5,584	5,853	5,239
Civil Service Commission	16,172	16,747	16,241
Community and Economic Development*	12,321	6,513	7,084
Conservation and Natural Resources	63,249	57,086	49,978
Corrections	2,132	7,133	2,314
Education	9,067	11,710	8,399
Emergency Management and Homeland Security	3,093	81	101
Environmental Protection* **	24,452	23,893	24,937
General Services	19,221	22,455	38,523
Health*	4,820	6,760	6,729
Higher Education Assistance Agency	42,475	-	-
Historical and Museum Commission	606	416	346
Insurance*	2,782	4,292	4,235
Labor and Industry*	58,367	48,650	43,777
Military and Veterans Affairs	33,277	32,018	31,216
Probation and Parole Board	19,538	19,331	19,886
Public Utility Commission*	49,729	52,162	52,581
Public Welfare	494,845	603,665	562,559
Revenue	27,167	27,829	25,491
Securities Commission	7,011	7,607	7,727
State*	45,553	47,536	50,476
State Police*	61,689	56,144	56,865
Transportation*	6,839	3,800	-
Legislature	1	-	-
Judiciary*	57,942	62,216	58,110
GRAND TOTAL	$ 1,933,845	$ 1,762,902	$ 1,582,487

* Includes funds appropriated from restricted revenues.
** Includes Environmental Hearing Board.

Seven Year Summary of Revenues

The following tables include all General Fund revenues available for general appropriation. This data does not include special restricted receipts, receipts augmenting appropriations or federal funds.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
TAX REVENUE							
Corporation Taxes							
Corporate Net Income Tax	$ 2,417,657	$ 2,037,200	$ 1,918,800	$ 1,926,398	$ 2,048,315	$ 2,052,887	$ 1,994,858
Capital Stock and Franchise Taxes	1,019,942	801,300	578,400	305,000	110,100	73,000	43,100
Selective Business:							
Gross Receipts Tax	1,348,878	1,444,300	1,562,300	1,773,545	1,915,411	2,056,288	2,165,317
Public Utility Realty Tax	44,689	42,100	50,500	50,100	52,700	55,300	58,100
Insurance Premiums Tax	418,229	422,500	451,300	494,300	498,800	492,300	508,800
Financial Institutions Tax	191,839	191,100	190,100	191,600	191,900	190,000	203,400
Other Selective Business Taxes	16,435	17,500	18,400	19,300	20,200	21,100	22,100
Total — Corporation Taxes	$ 5,457,670	$ 4,956,000	$ 4,769,800	$ 4,760,243	$ 4,837,426	$ 4,940,875	$ 4,995,675
Consumption Taxes							
Sales and Use Tax	$ 8,496,554	$ 8,274,500	$ 8,389,600	$ 8,971,327	$ 9,213,818	$ 9,707,428	$ 9,890,595
Cigarette Tax	784,055	782,100	1,035,500	1,060,556	1,079,291	1,102,805	1,101,764
Other Tobacco Products Tax	0	0	37,900	53,400	56,500	59,700	63,300
Malt Beverage Tax	26,289	26,000	26,000	26,000	26,000	27,000	28,000
Liquor Tax	251,138	257,300	269,900	283,100	297,000	311,500	326,700
Total — Consumption Taxes	$ 9,558,036	$ 9,339,900	$ 9,758,900	$ 10,394,382	$ 10,672,608	$ 11,208,433	$ 11,410,359
Other Taxes							
Severance Tax	$ 0	$ 0	$ 107,200	$ 236,000	$ 353,500	$ 490,700	$ 631,900
Personal Income Tax	10,907,741	10,755,800	10,754,700	11,598,879	12,378,262	13,248,779	13,873,568
Realty Transfer Tax	429,540	320,200	237,500	329,900	403,800	468,900	524,100
Inheritance Tax	828,628	819,500	813,600	840,200	1,039,500	1,142,200	1,218,800
Minor and Repealed Taxes	111,569	10,700	10,800	10,900	11,000	11,000	11,000
Total — Other Taxes	$ 12,277,478	$ 11,906,200	$ 11,923,800	$ 13,015,879	$ 14,186,062	$ 15,361,579	$ 16,259,368
TOTAL TAX REVENUE	$ 27,293,184	$ 26,202,100	$ 26,452,500	$ 28,170,505	$ 29,696,096	$ 31,510,886	$ 32,665,402
NONTAX REVENUE							
State Stores Fund Transfer	$ 80,000	$ 125,000	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 81,000
Licenses, Fees and Miscellaneous:							
Licenses and Fees	122,422	129,700	120,900	120,900	120,900	120,900	121,900
Miscellaneous	383,904	170,100	629,200	687,632	926,907	607,364	604,791
Fines, Penalties and Interest:							
On Taxes	36,753	27,500	27,500	27,500	27,500	27,500	27,500
Other	11,799	4,000	4,000	4,000	4,000	4,000	4,000
TOTAL NONTAX REVENUES	$ 634,878	$ 456,300	$ 861,600	$ 920,032	$ 1,159,307	$ 839,764	$ 839,191
GENERAL FUND TOTAL	$ 27,928,062	$ 26,658,400	$ 27,314,100	$ 29,090,536	$ 30,855,403	$ 32,350,650	$ 33,504,593

Totals may not add due to rounding.

Adjustments to Revenue Estimate

On July 4, 2008, the Official Estimate for fiscal year 2008-09 was certified to be $28,784,400. The adjustments detailed below take into account actual revenue collections through the first six months of the fiscal year and projected collections for the remainder of the fiscal year based on current expectations for the economy and revenue trends.

(Dollar Amounts in Thousands)

	2008-09 Official Estimate	Adjustments	2008-09 Revised Estimate
TAX REVENUE			
Corporation Taxes			
Corporate Net Income Tax	$ 2,321,300	$ -284,100	$ 2,037,200
Capital Stock and Franchise Taxes	931,600	-130,300	801,300
Selective Business:			
Gross Receipts Tax	1,485,900	-41,600	1,444,300
Public Utility Realty Tax	50,200	-8,100	42,100
Insurance Premiums Tax	446,700	-24,200	422,500
Financial Institutions Tax	193,300	-2,200	191,100
Other Selective Business Taxes	19,200	-1,700	17,500
Total — Corporation Taxes	$ 5,448,200	$ -492,200	$ 4,956,000
Consumption Taxes			
Sales and Use Tax	$ 8,730,800	$ -456,300	$ 8,274,500
Cigarette Tax	787,400	-5,300	782,100
Malt Beverage Tax	26,000	0	26,000
Liquor Tax	263,600	-6,300	257,300
Total — Consumption Taxes	$ 9,807,800	$ -467,900	$ 9,339,900
Other Taxes			
Personal Income Tax	$ 11,489,400	$ -733,600	$ 10,755,800
Realty Transfer Tax	411,500	-91,300	320,200
Inheritance Tax	877,200	-57,700	819,500
Minor and Repealed Taxes	8,700	2,000	10,700
Total — Other Taxes	$ 12,786,800	$ -880,600	$ 11,906,200
TOTAL TAX REVENUE	$ 28,042,800	$ -1,840,700	$ 26,202,100
NONTAX REVENUE			
State Stores Fund Transfer	$ 125,000	$ 0	$ 125,000
Licenses Fees and Miscellaneous:			
Licenses and Fees	129,700	0	129,700
Miscellaneous	455,400	-459,300	-3,900
Fines, Penalties and Interest:			
On Taxes	27,500	0	27,500
Other	4,000	0	4,000
TOTAL NONTAX REVENUES	$ 741,600	$ -459,300	$ 282,300
GENERAL FUND SUBTOTAL	$ 28,784,400	$ -2,300,000	$ 26,484,400
Proposed Transfer from Oil and Gas Lease Fund	$ 0	$ 174,000	$ 174,000
GENERAL FUND TOTAL	$ 28,784,400	$ -2,126,000	$ 26,658,400

This section provides a brief description of the tax and non-tax State revenue sources for the General Fund. For more complete information refer to the ***Pennsylvania Tax Compendium*** prepared by the Department of Revenue.

Corporate Net Income Tax

Tax Base: This tax is paid by all domestic and foreign business corporations for the privilege of doing business, carrying on activities, or employing or owning capital or property in Pennsylvania and is levied on Federal taxable income with Pennsylvania modifications. When the entire business of any corporation is not transacted within Pennsylvania, taxable income usually is determined by a three factor apportionment formula, where the sales factor is given a weight of 70 percent.

Tax Rates:

January 1, 1995 and thereafter	9.99%
January 1, 1994 to December 31, 1994	11.99%
January 1, 1991 to December 31, 1993	12.25%
January 1, 1987 to December 31, 1990	8.50%
January 1, 1985 to December 31, 1986	9.50%
January 1, 1977 to December 31, 1984	10.50%

Reference: Purdon's Title 72 P.S. §7401—§7412.

Capital Stock and Franchise Taxes

Tax Base: The taxes are levied on the capital stock value of domestic and foreign corporations doing business or having property or capital employed in the State on that portion of the capital stock value apportionable to Pennsylvania under a statutory formula. The first $150,000 of capital stock value is exempt.

Tax Rates:

January 1, 2009 through December 31, 2009	1.89 mills (including $40 million transfer to the Hazardous sites Cleanup Fund for 2008-09). The rate declines by one mill per year until the tax is eliminated on January 1, 2011.
January 1, 2008 through December 31, 2008	2.89 mills.
January 1, 2007 through December 31, 2007	3.89 mills
January 1, 2006 through December 31, 2006	4.89 mills
January 1, 2005 through December 31, 2005	5.99 mills
January 1, 2004 through December 31, 2004	6.99 mills
January 1, 2002 through December 31, 2003	7.24 mills
January 1, 2001 through December 31, 2001	7.49 mills (including 0.25 mill for transfer semiannually to the Hazardous Sites Cleanup Fund referred to as the HSCF).
January 1, 2000 through December 31, 2000	8.99 mills (including 0.25 mill for transfer semiannually to HSCF).
January 1, 1999 to December 31, 1999	10.99 mills (including 0.25 mill for transfer semiannually to HSCF).
January 1, 1998 to December 31, 1998	11 mills plus a 0.99 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1992 to December 31, 1997	11 mills plus a 1.75 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1991 to December 31, 1991	11 mills plus a 2 mill surtax (including 0.5 mill for transfer semiannually to HSCF and 0.25 mill for transfer semiannually to the State Lottery Fund).
January 1, 1988 to December 31, 1990	9.5 mills (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1987 to December 31, 1987	9 mills.
Prior to January 1, 1987	10 mills.

Reference: Purdon's Title 72 P.S. §7601—§7606.

Gross Receipts Tax

Tax Base: This tax is levied on the gross receipts from business transacted within Pennsylvania by specified companies owned, operated or leased by corporations, associations or individuals. Beginning January 1, 2004, interstate and cellular telecommunications services are subject to the gross receipts tax. An exemption from the gross receipts tax for the resale of telecommunication services became effective January 1, 2000. Gross receipts of regulated gas companies from the sale of natural and artificial gas were exempted from the tax effective January 1, 2000. The tax on motor transportation companies was repealed effective January 1, 1998. In fiscal year 1998-99 through fiscal year 2002-03, 0.18 percent of total electric gross receipts was transferred to the Public Transportation Assistance Fund. Beginning with fiscal year 1993-94, 0.25 mill is transferred to the Alternative Fuels Incentive Grant Fund. The revenues shown for the General Fund are net of these transfers.

Tax Rates:	July 1, 1991 to Current	45 mills plus a 5 mill surtax (electric utilities pay 44 mills or a rate as adjusted by the revenue neutral reconciliation rate, which was permanently set at 15 mills for 2003 and thereafter). Beginning in 2004, an additional surcharge may apply in the event refunds for Public Utility Realty Tax Appeals exceed $5 million in the prior fiscal year.
	January 1, 1988 to June 30, 1991	44 mills.
	Prior to January 1, 1988	45 mills.

Reference: Purdon's Title 72 P.S. §8101—§8102; 72 P.S. §2183—§2194.

Public Utility Realty Tax

Tax Base: This tax is levied on the State taxable value of the property owned by utilities furnishing utility service and regulated by the Pennsylvania Public Utility Commission or similar regulatory body. The State taxable value is defined as the current market value of utility realty. Effective January 1, 2000, electric generation assets became subject to local real estate tax and were excluded from the Public Utility Realty Tax base.

Tax Rate: The tax rate is set each year upon determination by the Department of Revenue of the required distribution of the realty tax equivalent to local tax authorities. Revenue from an additional 7.6 mills is deposited in the General Fund. For tax year 2004 and thereafter, the Department of Revenue calculates a Gross Receipts Tax surcharge in the event that refunds for Public Utility Realty Tax appeals exceed $5 million in the prior fiscal year. No surcharge was required for tax year 2006. The surcharge for tax year 2007 was 1.2 mills and the surcharge for tax year 2008 was 2.8 mills. No surcharge is required for tax year 2009.

Reference: Purdon's Title 72 P.S. §8101-A—§8109-A.

Insurance Premiums Tax

Tax Base: This tax is levied on the gross premiums from all business transacted within the commonwealth during each calendar year by domestic and foreign insurance companies.

Tax Rates: The rate is 2 percent of gross premiums plus a retaliatory tax where applicable. Marine insurance companies pay a 5 percent tax on underwriting profits attributable to Pennsylvania in lieu of the gross premiums tax. A tax of 3 percent is imposed on policies written with surplus lines agents or other nonadmitted insurers.

Reference: Purdon's Title 72 P.S. §7901—§7906.

Financial Institutions Taxes

Tax Base: This category includes taxes levied on the taxable amount of the capital stock of banks, trust and domestic title insurance companies, and on the taxable net income of mutual thrift institutions.

Tax Rates: Since calendar year 1990 the tax rate for the Bank and Trust Company Shares Tax and Title Insurance Shares Tax has been 1.25 percent. For calendar year 1989 the rate was 10.77 percent. Before January 1, 1989, the rate for both taxes was 1.075 percent on the value of capital stock shares. The Mutual Thrift Institution Tax rate is 20 percent for tax years 1987 through 1990, 12.5 percent for tax year 1991 and 11.5 percent thereafter.

Reference: Purdon's Title 72 P.S. §7701—§7702. Bank and Trust Company Shares Tax
Purdon's Title 72 P.S. §8501—§8505. Mutual Thrift Institution Tax
Purdon's Title 72 P.S. §7801—§7806. Title Insurance Companies Shares Tax

Other Selective Business Taxes

Tax Base: Other selective business taxes include: State Personal Property Tax Act, Act of June 22, 1935, P.L. 414 as amended; Electric Cooperative Law of 1990, 15 Pa.C.S.A. §7301 et seq.; and Agricultural Cooperative Associations Corporate Tax, Act of May 23, 1945, P.L. 893.

Tax Rates: The Loans Tax rate is 4 mills on each dollar of taxable indebtedness. Electric cooperative corporations annually pay a fee of $10 for each 100 members. The rate for the Agricultural Cooperative Associations Corporate Tax is 4 percent on net income.

Reference: Purdon's Title 72 P.S. §3242—§3250-15. State Personal Property Tax
Purdon's Title 72 P.S. §3420-21—§3420-28. Agricultural Cooperative Associations
15 Pa.C.S.A. §7333 – Electric Cooperative Law Tax

Severance Tax on Natural Gas

Proposed Change: A new tax on the severance of natural gas within the commonwealth is proposed. The tax base is the value of the natural gas when severed. The rate is 5% of the value of the natural gas at the wellhead plus $0.047 per thousand cubic feet of natural gas severed. The tax is effective October 1, 2009.

Sales and Use Tax

Tax Base: The tax is levied on the sale at retail, including rental, of tangible personal property and certain services, or upon the use within Pennsylvania of tangible personal property, or taxable services purchased at retail if the tax was not paid at time of purchase. A tax on the occupancy of hotel rooms is imposed as part of the sales and use tax law. A transfer of 0.947 percent of revenues from this tax is deposited in the Public Transportation Assistance Fund. Beginning in fiscal year 2007-08, 4.4 percent of receipts are transferred annually to the Public Transportation Trust Fund. The revenues shown for the General Fund are net of these transfers.

Tax Rate: A bracket system based on 6 percent of purchase price for Sales and Use Tax and 6 percent of rent for Hotel Occupancy Tax. The current tax rate was enacted in 1968.

Reference: Purdon's Title 72 P.S. §7201 et seq.

Proposed Change: The one percent discount for the timely remittance of sales tax collected by licensed vendors is proposed to be eliminated effective July 1, 2009. Under current law, a licensed vendor is permitted a one percent discount as a credit against the gross amount of tax collected provided that a tax return, with full payment due the department, is postmarked on or before the due date.

Cigarette Tax

Tax Base: The tax is imposed and assessed on the sale or possession of cigarettes within Pennsylvania. Only one sale of the cigarette is taxable.

Tax Rates: The rate is 6.75 cents per cigarette. Beginning in January 2004, 18.52 percent of cigarette tax receipts is transferred to the Health Care Provider Retention Account. Beginning in fiscal year 2002-03, fixed annual amounts of $30.73 million and $20.485 million of Cigarette Tax receipts are transferred to the Children's Health Insurance Program (CHIP) and the Agricultural Conservation Easement Purchase (ACEP) Fund, respectively. Transfers of Cigarette Tax receipts to CHIP began in fiscal year 1992-93 at the rate of two thirty-firsts of receipts. After January 1, 1997, the transfer amount was increased to three thirty-firsts of receipts. Transfers of Cigarette Tax receipts to the ACEP Fund began in fiscal year 1993-94 at the rate of two thirty-firsts of receipts. The revenues shown for the General Fund are net of these transfers.

Reference: Purdon's Title 72 P.S. §8201 et seq.

Proposed Change: An increase in the cigarette tax is proposed to be effective August 1, 2009. The rate is proposed to increase 0.50 cents per cigarette from $1.35 per pack to $1.45 per pack. In addition, the 18.52 percent transfer to the Health Care Provider Retention Account is eliminated effective July 1, 2009.

Other Tobacco Products Tax

Proposed Change: A new tax on other tobacco products, including smokeless tobacco, cigars and cigarillos, and loose tobacco is proposed. The tax rate would be 36 cents per ounce for smokeless and loose tobacco and 36 cents per 10 sticks of cigars and cigarillos. The proposed tax would be effective October 1, 2009.

Malt Beverage Tax

Tax Base: The tax is levied on the manufacture, sale and use of malt or brewed beverage within the commonwealth by manufacturers, distributors and importers.

Tax Rates: The tax rate is two-thirds of a cent (2/3¢) per half pint of 8 fluid ounces or fraction thereof, and in larger quantities at the rate of one cent (1¢) per pint or 6 fluid ounces or fraction thereof.

Reference: Purdon's Title 72 P.S. §9001 et seq.

Liquor Tax

Tax Base: All liquor sold by the Pennsylvania Liquor Control Board.

Tax Rate: The rate is 18 percent of the net retail purchase price. The net retail purchase price includes the wholesale cost of the product, plus mark-up, handling charge and federal tax.

Reference: Purdon's Title 47 P.S. §794—§796.

Personal Income Tax

Tax Base: The tax is paid by all residents, resident trust and estates on eight separate classes of income: (1) compensation, (2) net profits, (3) interest, (4) dividends, (5) income from the disposition of property, (6) rents and royalties, (7) gambling and lottery winnings (except Pennsylvania Lottery winnings won after July 20, 1983), and (8) income from estates and trusts. The tax is also paid by non-resident individuals, estates and trusts on the following income from sources within the commonwealth: compensation for personal services performed in Pennsylvania unless the taxpayer is a resident of a state with which there is a reciprocal agreement; net profits from activity conducted in Pennsylvania; income from the rental, ownership or disposition of any real or personal property, and income from gambling activity in Pennsylvania except prizes of the Pennsylvania State Lottery. A loss in one class of income may not be offset against income in another class, nor may gains or losses be carried back or forward from year to year. A credit is available to those individuals receiving tax forgiveness under the special provisions for poverty. Beginning in 1999, a qualified single individual with eligibility income of $6,500 or less would receive 100 percent tax forgiveness. The eligibility income limit for each qualifying dependent of a claimant for tax forgiveness under the special tax provisions for poverty is $9,500 beginning in 2004. The amount of forgiveness declines by 10 percent for each $250 of income.

Tax Rates: For calendar and fiscal year filers whose year begins in the following periods:

2004 and thereafter	3.07%
1993 to 2003	2.80%
1992	2.95%
1991	2.60%
1987 to 1990	2.10%
1986	2.16%
1985	2.35%

Reference: Purdon's Title 72 P.S. §7301 et seq.

Realty Transfer Tax

Tax Base: The tax is levied on the value of the real estate transferred by a deed, instrument or other writing. Other taxable transfers include long-term leases greater than thirty years, transfers of real estate from industrial development authorities that will not be used primarily for industrial purposes, and "deemed" transfers of real estate because of the acquisition of companies which are in the business of holding or selling real estate. Beginning in July 1994, 15 percent of the revenues are transferred to the Keystone Recreation, Park and Conservation Fund. The transfer rate was reduced to 10 percent of revenues from January 2002 through June 2002, and to 7.5 percent from July 2002 through June 2003. The transfer rate returned to 15 percent for July 2003 through June 2006. The rate reduced to 2.1 percent for July 2006

through June 2007, and returned to 15 percent for July 2007 and thereafter. The revenues shown for the General Fund are net of this transfer.

Tax Rate: Rate of 1 percent of the value of the property transferred.

Reference: Purdon's Title 72 P.S. §8101-C—§8113-C.

Inheritance and Estate Taxes

Tax Base: The Inheritance Tax is imposed on the value of property transferred to beneficiaries of a deceased person and certain transfers made during the decedent's lifetime. The value of the transfer is established on the date of the decedent's death. The Estate Tax is levied when the Federal estate tax credit for State death taxes exceeds a decedent's Inheritance Tax liability. The Federal estate tax credit was phased out between 2002 and 2005; the credit is to be fully reinstated in 2011 under current law.

Tax Rates: Rates are based on the relationship of the decedent and the beneficiary. Transfers of non-jointly held property to spouses are taxed at a rate of 0 percent. Transfers to parents of decedents 21 years of age or younger are taxed at a rate of 0 percent (effective July 1, 2000). Transfers to lineal beneficiaries are taxed at 4.5 percent (effective July 1, 2000). Transfers to siblings of the decedents are subject to a 12 percent tax rate (effective July 1, 2000). Transfers to all other beneficiaries are taxed at 15 percent. The Estate Tax equals the Federal credit for State death taxes, less the Inheritance Tax paid.

Reference: Purdon's Title 72 P.S. §9101 et seq.

Minor and Repealed Taxes

Minor Taxes Include: Tax on Legal Documents, Act of April 6, 1830, P.L. 272 (Purdon's Title 72 P.S. §3171) and excess Vehicle Rental Tax, Act of June 16, 1994, P.L. 279 (Purdon's Title 72 P.S. §8601-A). The Spirituous and Vinous Liquors Tax, Acts of December 5, 1933, P.L. 38 (Special Session) and December 22, 1933, P.L. 91 (Special Session) (Purdon's Title 47 P.S. §745) was repealed effective July 1, 2001.

State Stores Fund Transfer

The State Stores Fund Transfer is an amount determined by the Liquor Control Board to be available for transfer to the General Fund to be used for general appropriation purposes as provided by Act No. 412-½ of July 18, 1935, P.L. 1316 (Purdon's Title 47 P.S. §744-907b).

Licenses, Fees and Miscellaneous Revenue

Licenses and fees include collections by commonwealth agencies that are not specifically required by law to be placed in special funds to support a specific purpose. Although amounts obtained from an individual class of license very often are sufficient only to cover regulatory costs, any additional money is available for general purposes. Many licenses and fees are required by laws designed to protect the public from indiscriminate and unsafe practices.

Miscellaneous revenues include all other income to be used for general appropriation purposes in the General Fund, except monies which are given to the commonwealth by individuals, or are provided by law to be deposited in the Judicial Computer System Augmentation Account in accordance with Act 1988-79 (Purdon's Title 42 Pa.C.S.A. §3733). Any fines, fees or costs which are allocated to counties and municipalities are not affected by this act.

Fines, Penalties and Interest

This revenue source includes penalties and interest collected in the enforcement of corporation taxes.

Also included are fines and penalties not required by law to be placed into a special fund for a specific purpose. Most of these fines and penalties collected by the various departments are an integral part of enforcement of the laws providing for licenses and fees.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
TAX REVENUE			
Corporate Net Income Tax	$ 2,417,657	$ 2,037,200	$ 1,918,800
Capital Stock and Franchise Taxes			
Capital Stock Taxes — Domestic	$ 335,000	$ 321,000	$ 231,700
Franchise Taxes — Foreign	684,942	480,300	346,700
SUBTOTAL	$ 1,019,942	$ 801,300	$ 578,400
Gross Receipts Tax			
Electric, Hydroelectric and Water Power	$ 782,175	$ 860,600	$ 930,900
Motor Transportation	742	800	800
Telephone and Telegraph	560,591	577,400	624,600
Transportation	5,370	5,500	6,000
SUBTOTAL	$ 1,348,878	$ 1,444,300	$ 1,562,300
Public Utility Realty Tax	$ 44,689	$ 42,100	$ 50,500
Insurance Premiums Tax			
Domestic Casualty	$ 92,034	$ 95,300	$ 101,800
Domestic Fire	15,951	14,000	14,900
Domestic Life and Previously Exempted Lines	73,335	68,600	73,300
Excess Insurance Brokers	25,664	27,000	28,900
Foreign Excess Casualty	5,127	9,100	9,700
Foreign Excess Fire	3,962	3,900	4,200
Foreign Life	190,006	189,700	202,500
Marine	134	100	100
Title Insurance	6,610	7,900	8,500
Unauthorized Insurance	5,406	6,900	7,400
SUBTOTAL	$ 418,229	$ 422,500	$ 451,300
Financial Institutions Taxes			
Federal Mutual Thrift Institutions	$ 1,420	$ 1,300	$ 1,300
National Banks	129,062	129,600	128,900
State Banks	30,745	28,500	28,300
State Mutual Thrift Institutions	14,221	14,400	14,400
Trust Companies	16,391	17,300	17,200
SUBTOTAL	$ 191,839	$ 191,100	$ 190,100
Other Selective Business Taxes			
Corporate Loans — Domestic	$ 10,269	$ 9,700	$ 10,200
Corporate Loans — Foreign	3,723	7,400	7,800
Miscellaneous Business Taxes	2,676	400	400
Corporation Taxes — Clearing Accounts Undistributed	-233	0	0
SUBTOTAL	$ 16,435	$ 17,500	$ 18,400
Sales and Use Tax			
Motor Vehicle	$ 1,100,815	$ 934,900	$ 919,004
Non-Motor Vehicle	7,395,739	7,339,600	7,470,596
SUBTOTAL	$ 8,496,554	$ 8,274,500	$ 8,389,600
Cigarette Tax	$ 784,055	$ 782,100	$ 1,035,500
Other Tobacco Products Tax	$ 0	$ 0	$ 37,900

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* Less than $500.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
Malt Beverage Tax	$ 26,289	$ 26,000	$ 26,000
Liquor Tax	$ 251,138	$ 257,300	$ 269,900
Severance Tax	$ 0	$ 0	$ 107,200
Personal Income Tax			
Non-Withholding	$ 3,096,803	$ 2,780,000	$ 2,615,200
Withholding	7,810,938	7,975,800	8,139,500
SUBTOTAL	$ 10,907,741	$ 10,755,800	$ 10,754,700
Realty Transfer Tax	$ 429,540	$ 320,200	$ 237,500
Inheritance Tax			
Nonresident Inheritance and Estate Tax	$ 5,419	$ 4,800	$ 4,700
Resident Inheritance and Estate Tax	823,209	814,700	808,900
SUBTOTAL	$ 828,628	$ 819,500	$ 813,600
Minor and Repealed Taxes			
Spirituous and Vinous Liquors Tax	$ 0	$ 0	$ 0
Unallocated EFT Payments	-8	0	0
Excess Vehicle Rental Tax	7,687	8,500	8,600
Job Creation Tax Credit	101,914	0	0
Payments of Intergrated Taxes (KITS)	547	600	600
Tax on Writs, Wills and Deeds	1,426	1,600	1,600
Clearing of Wage Garnishment Collections	3	0	0
SUBTOTAL	$ 111,568	$ 10,700	$ 10,800
TOTAL TAX REVENUE	$ 27,293,184	$ 26,202,100	$ 26,452,500
NONTAX REVENUES			
State Stores Fund Transfer	$ 80,000	$ 125,000	$ 80,000
Licenses, Fees and Miscellaneous			
Governor's Offices			
MISCELLANEOUS REVENUE			
Reimbursement for Aviation Invoices	$ 5	$ 0	$ 0
SUBTOTAL	$ 5	$ 0	$ 0
Executive Offices			
LICENSES AND FEES			
Attorney Continuing Legal Education	$ 0	$ 70	$ 64
MISCELLANEOUS REVENUE			
Miscellaneous	$ 29,248	22,644	22,644
Interest Transferred to Employee Benefits	-19,617	-15,188	-15,188
Access to Justice Account	-263	-204	-204
Refunds Of Expenditures Not Credited To Appropriations	572	443	443
SUBTOTAL	$ 9,940	$ 7,765	$ 7,759
Lieutenant Governor's Office			
LICENSES AND FEES			
Board Of Pardons Fees	$ 19	$ 20	$ 18
Board Of Pardons — Filing Fees	16	17	15

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* Less than $500.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
MISCELLANEOUS REVENUE			
Miscellaneous	$ *	$ *	$ *
SUBTOTAL	$ 35	$ 37	$ 33
Auditor General			
LICENSES AND FEES			
Filing Fees — Board of Arbitration of Claims	$ 2	$ 4	$ 4
SUBTOTAL	$ 2	$ 4	$ 4
Attorney General			
MISCELLANEOUS REVENUE			
Assessed Civil Penalties Payments	$ 224	$ 180	$ 180
Miscellaneous Interest Offset for Appropriation 611	-328	-119	-119
Miscellaneous	0	3	3
Refunds Of Expenditures Not Credited To Appropriations	20	16	16
SUBTOTAL	$ -84	$ 80	$ 80
Treasury Department			
MISCELLANEOUS REVENUE			
Allocation Of Treasury Costs	$ 3,690	$ 2,096	$ 1,813
Depository Adjustments	*	*	*
Dividend Income Reinvested - Long Term	620	721	305
Interest Transferred to Asbestos/Lead Account	-45	-36	-22
Interest Transferred to Hodge Trust Fund	-22	-3	-11
Interest on Average Collected Balance - WIC Program	5	2	3
Interest On Deposits	391	129	192
Interest On Securities — Liquor License Fund	108	235	53
Interest On Securities	154,752	-250,354	76,032
Miscellaneous	24	10	12
Redeposit Of Checks	3,507	7,201	1,723
Unclaimed Property — Reduction of Holding Period	0	0	0
Unclaimed Property — Contra Acct Paypal Fees	-11	-14	-15
Unclaimed Property — Contra Acct Other Holder Fees	-17	0	0
Unclaimed Property — Contra Acct Fin Inst. Fees	-2,805	0	0
Unclaimed Property — Admin Cost Reimbursement	0	-118	-123
Unclaimed Property — Claim Payments	-82,976	-98,650	-102,478
Unclaimed Property — Financial Institution Deposits	36,847	195,655	203,249
Unclaimed Property — Other Holder Deposits	174,703	34,527	35,867
SUBTOTAL	$ 288,771	$ -108,600	$ 216,600
Department of Agriculture			
LICENSES AND FEES			
Abattoir Licenses	$ *	$ *	$ *
Approved Inspectors Certificate And Registration Fees	3	3	3
Domestic Animal Dealers' Licenses	45	49	45
Eating & Drinking Licenses	1,942	2,116	1,946
Egg Certification Fees	12	14	12
Farm Products Inspection Fees	50	38	35
Garbage Feeders Licenses	*	*	*
Ice Cream Licenses	138	152	140
Lab Directors' Exam Fees	1	1	1
Livestock Branding Fees	*	*	*
Maple Syrup Program	*	*	*
Miscellaneous Licenses And Fees	13	14	13
Poultry Technician Licenses	4	4	4
Public Weighmasters' Liquid Fuel License — State Share	223	217	219

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* Less than $500.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
Registration Fee — Food Establishment	238	260	239
Rendering Plant Licenses	6	5	5
Veterinarian Diagnostic Laboratory Fees	473	510	469
Department of Agriculture (continued)			
MISCELLANEOUS REVENUE			
Miscellaneous	$ 9	$ 7	$ 7
Refunds Of Expenditures Not Credited To Appropriations	$ *	$ *	$ *
SUBTOTAL	$ 3,157	$ 3,390	$ 3,138
Civil Service Commission			
MISCELLANEOUS REVENUE			
Miscellaneous	$ *	$ 0	$ 0
Refunds of Expend Not Credited to Appropriations	*	$ 0	$ 0
SUBTOTAL	$ 0	$ 0	$ 0
Department of Community and Economic Development			
LICENSES AND FEES			
Municipal Indebtedness Fees	$ 224	$ 260	$ 249
MISCELLANEOUS REVENUE			
Interest From Grantees	1	2	2
Housing and Redevelopment Loan Repayments	0	0	0
Miscellaneous	677	677	677
General Principal Repayments	79	39	39
General Interest on Loans	4	2	3
HRA/EDS Interest Repayments	199	147	147
HRA/EDS Interest on Loans	20	14	14
ID/BID Principal Repayments	286	263	263
ID/BID Interest on Loans	98	101	101
PNHLA Prior Year In-Transit	0	1,045	1,045
Refunds of Expenditures Not Credited to Appropriations	88	93	93
SUBTOTAL	$ 1,676	$ 2,643	$ 2,633
Department of Conservation and Natural Resources			
MISCELLANEOUS REVENUE			
Camp Leases	$ 803	$ 629	$ 629
Ground Rents	16	12	12
Housing Rents	23	18	18
Minerals Sales	2	1	1
Miscellaneous	15	12	12
Sale of DEP Water Kits	0	1	1
Refunds Of Expenditures Not Credited To Appropriations	1	*	*
Transfer from Oil and Gas Fund	0	174,000	0
Rights-Of-Way	429	334	334
Sales Tax Escrow Account	857	2	2
Water Leases	6	5	5
SUBTOTAL	$ 2,152	$ 175,014	$ 1,014
Department of Corrections			
MISCELLANEOUS REVENUE			
Miscellaneous	$ 259	$ 39	$ 39
Refunds Of Expenditures Not Credited To Appropriations	11	8	8
Telephone Commissions	6,989	5,458	5,458
SUBTOTAL	$ 7,259	$ 5,505	$ 5,505

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* Less than $500.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
Department of Education			
LICENSES AND FEES			
Fees For GED Transcripts	$ 41	$ 47	$ 43
Fees For Licensing Private Schools	194	231	232
PDE Fees Transcripts — Closed Private Schools	*	*	*
Private Academic School Teacher Certification Fees	15	13	12
Fees For Licensing Private Driver Training Schools	101	109	100
Secondary Education Evaluation Fees	3	3	3
Teacher Certification Fees	1,685	1,714	1,576
Fingerprint and FBI Background Check Fees	337	174	127
MISCELLANEOUS REVENUE			
Miscellaneous	3	0	0
Refunds of Expenditures Not Credited to Appropriations	11	0	0
SUBTOTAL	$ 2,390	$ 2,291	$ 2,093
Department of Emergency Management and Homeland Security			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations	$ 508	$ 0	$ 0
SUBTOTAL	$ 508	$ 0	$ 0
Department of Environmental Protection			
LICENSES AND FEES			
Anthracite Miners' Examination and Certification Fees	$ *	$ *	$ *
Bituminous Miners' Examination and Certification Fees	4	4	3
Bituminous Shot Firers and Machine Runners Exam A	6	2	2
Blasters' Examination and Licensing Fees	2	1	1
Dams and Encroachment Fees	129	142	132
Examination and Certification Fees	5	5	5
Explosives Storage Permit Fees	69	75	70
Hazardous Waste Facility Annual Permit Administration Fees	38	42	36
Hazardous Waste Facility Permit Application Fees	29	31	29
Hazardous Waste Storage-Disposal Fac-Fee	38	41	38
Hazardous Waste Transporter License and Fees	45	45	42
Infectious and Chemical Waste Transport Fees	12	13	11
Municipal Waste Annual Permit Administration Fees	197	216	167
Municipal Waste Permit Application Fees	183	170	158
Residual Waste Permit Administration Fees	242	250	232
Residual Waste Permit Application/Modification Fees	98	89	83
Sewage Permit Fees	349	382	355
Submerged Land Fees	56	59	54
Water Bacteriological Examination Fees	15	16	15
Water Power and Supply Permit Fees	83	92	85
MISCELLANEOUS REVENUE			
Ground Rentals	$ 2	$ 1	$ 1
Interest on Loan Payments	2	1	1
Interest Payments — Mine Subsidence	1	*	*
Miscellaneous	54	41	41
Payment To Occupy Submerged Lands	300	219	219
Penalty Charges — Delinquent Interest	*	*	*
Refunds of Expenditures Not Credited to Appropriations	13	10	10
Repayment Of Loans — Water Facilities	71	56	56

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* Less than $500.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
Department of Environmental Protection (continued)			
MISCELLANEOUS REVENUE			
Rights-of-Way	$ 7	$ 6	$ 6
Royalties for Recovery Of Materials — Schuylkill River	88	69	69
Sales Tax Escrow Account	*	0	0
Sewage Treatment And Waterworks Application Fees	2	1	1
Surface Subsidence Assistance Loans — Repayments	14	6	6
SUBTOTAL	$ 2,154	$ 2,085	$ 1,928
Department of General Services			
MISCELLANEOUS REVENUE			
Allocation Of Purchasing Costs Job 7	$ 2,921	$ 2,946	$ 2,946
Miscellaneous	458	329	329
Real Estate Services	269	214	214
Refunds of Expenditures Not Credited to Appropriations	1	1	1
Rental Of State Property	125	135	136
Sale Of Publications	74	0	0
Sale Of State Property	11,726	11,449	11,449
Sale Of Unserviceable Property	252	201	201
Reading State Office Building	181	138	138
Scranton State Office Building	1,240	933	934
Altoona State Office Building	45	36	36
SUBTOTAL	$ 17,292	$ 16,382	$ 16,384
Department of Health			
LICENSES AND FEES			
Bathing Place Program — Application Fees	$ 1	$ 1	$ 1
Cre Certification Fees	15	16	14
Hospice Licensing Fees	38	40	37
Immunization Service Fees	21	12	11
Miscellaneous Licensure Fees	119	118	109
Nursing Home Licenses	353	371	341
Pediatric Extended Care Licensing Fees	3	5	4
Profit Making Hospital Licenses	211	225	207
Organized Camps Program Fees	5	5	4
Registration Fees — Hearing Aid Act	112	125	118
Registration Fees — Drugs Devices and Cosmetics Act	425	472	445
Vital Statistics Fees	6,235	6,931	6,373
Home Care Agency Licensure Fees	0	0	30
Wholesale Prescription Drug Distribution Licenses	69	78	75
MISCELLANEOUS REVENUE			
Interest Transferred to Share Loan Program	-1	-4	-4
Miscellaneous	59	51	51
Refunds of Expenditures Not Credited to Appropriations	2	5	5
SUBTOTAL	$ 7,667	$ 8,451	$ 7,821
Historical and Museum Commission			
MISCELLANEOUS REVENUE			
Miscellaneous	$ 0	$ 1	$ 1
Refunds of Expenditures Not Credited to Appropriations	17	18	18
SUBTOTAL	$ 17	$ 19	$ 19

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* Less than $500.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
Insurance Department			
LICENSES AND FEES			
Agents' Licenses	$ 25,964	$ 25,932	$ 23,845
Brokers' Licenses	9,000	8,138	7,483
Division of Companies Certification — Certificates and Filing Fees	2,128	2,170	1,995
Examination Fees and Expenses	2,687	3,147	2,893
Market Conduct Examination Fees	1,081	1,085	998
Miscellaneous Fees	450	380	349
Valuation of Policies Fees	3,393	3,689	3,392
MISCELLANEOUS REVENUE			
Contra to Revenue Code 001780-009696-102	$ -5	$ 0	$ 0
Miscellaneous	9,140	0	0
HCPRA Transfer	0	0	350,000
Refunds of Expenditures Not Credited to Appropriations	8	0	0
SUBTOTAL	$ 53,846	$ 44,541	$ 390,955
Department of Labor and Industry			
LICENSES AND FEES			
Accessibility	$ 54	$ 54	$ 50
Approval of Building Plan Fees	999	1,085	998
Approval of Elevator Plan Fees	591	624	574
Bedding And Upholstery Fees	736	760	698
Boiler Inspection Fees	4,509	4,666	4,290
Boiler Plan Fees	56	60	55
Elevator Inspection Fees	607	659	748
Employment Agency Licenses	24	30	28
Employment Agents' Registration Fees	3	4	4
Flammable Liquids Storage Fees	36	38	35
Industrial Board	59	71	65
Liquefied Petroleum Gas Plan Fees	5	4	4
Liquefied Petroleum Gas Registration Fees	208	217	200
Stuffed Toys Manufacturers' Registration Fees	69	73	67
UCC Certifications	79	85	78
MISCELLANEOUS REVENUE			
Miscellaneous	$ 2	$ 0	$ 0
Refunds of Expenditures Not Credited to Appropriations	157	0	0
SUBTOTAL	$ 8,194	$ 8,430	$ 7,894
Department of Military and Veterans Affairs			
MISCELLANEOUS REVENUE			
Miscellaneous	$ 51	$ 0	$ 0
Refunds of Expenditures Not Credited to Appropriations	$ 2	$ 8	$ 8
Telephone Commissions	1	1	1
SUBTOTAL	$ 54	$ 9	$ 9
Board of Probation and Parole			
MISCELLANEOUS REVENUE			
Miscellaneous	$ 2	$ 0	$ 0
Refunds of Expenditures Not Credited to Appropriations	*	$ 0	$ 0
SUBTOTAL	$ 2	$ 0	$ 0

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* Less than $500.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
Department of Public Welfare			
LICENSES AND FEES			
Private Mental Hospital Licenses	$ 33	$ 36	$ 33
MISCELLANEOUS REVENUE			
Miscellaneous	$ 17	13	13
Refunds of Expenditures Not Credited to Appropriations	7	5	5
Telephone Commissions	9	7	7
SUBTOTAL	$ 66	$ 61	$ 58
Department of Revenue			
LICENSES AND FEES			
Certification And Copy Fees	$ 74	$ 33	$ 30
Cigarette Permit Fees	356	456	419
Domestic Violence and Rape Crisis Program Fee	1,760	1,736	1,497
MISCELLANEOUS REVENUE			
Exempt Collections Per Act 1992-67	$ 17,999	14,400	14,400
District Justice Costs	7,631	5,884	5,884
Miscellaneous	-185	15	16
Distribution Due Absentee	221	178	178
Refunds of Expenditures Not Credited to Appropriations	8	8	8
SUBTOTAL	$ 27,864	$ 22,710	$ 22,432
Securities Commission			
LICENSES AND FEES			
Associated Persons — Initial	$ 94	$ 112	$ 114
Associated Persons — Renewal	347	414	419
Associated Persons — Transfer	2	3	3
Brokers, Dealers Registration Fees — Initial	67	75	72
Brokers, Dealers Registration Fees — Renewal	851	951	901
Costs — Examination, Auditing, Investigation, Prosecution — Except Takeover Costs	*	1	*
Investment Advisors' Filing Fees — Initial	30	34	33
Investment Advisors' Filing Fees — Renewal	176	197	187
Investment Advisors' — Notice Filings Initial	66	75	72
Investment Advisors' — Notice Filings Renewal	527	606	590
Mutual Funds — Increase in Amount of Filing	847	922	848
Mutual Funds — Initial Filing	502	543	499
Mutual Funds — Renewal Filing	3,365	3,798	3,492
506 RD Filings	1,556	1,628	1,497
Section 203 (D) — Increase in Amount of Filing	0	*	*
Section 203 (D) — Initial Filing	8	17	16
Section 203 (I) (O) (II) — Initial Filing	0	*	*
Section 203(P) — Initial Filing	0	*	*
Section 203(S) — Initial Filing	3	8	7
Section 203(T) — Filing	1	15	14
Section 205 — Security Registration and Amendment Fees	35	54	50
Section 206 — Increase in Amount of Filing	4	1	*
Section 206 — Qualification Filing — Initial	126	174	160
Securities Agents' Filing Fees — Initial	3,580	4,078	3,938
Securities Agents' Filing Fees — Renewal	12,370	14,227	13,867
Securities Agents' Filing Fees — Transfer	494	538	497
Takeover Disclosure Filing Fees + Sct Iv Rgtrn	0	6	6

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* Less than $500.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
MISCELLANEOUS REVENUE			
Miscellaneous	13,400	0	0
Refund of Expenditures not Credited to Approp	2	0	0
SUBTOTAL	$ 38,453	$ 28,477	$ 27,282
Department of State			
LICENSES AND FEES			
Charities Bureau Registration Fees	$ 2,172	$ 1,845	$ 1,696
Commission and Filing Fees — Bureau Of Elections	836	977	898
Commission and Filing Fees — Corporation Bureau	23,409	25,979	24,366
Commission Fees	58	43	50
Notary Public Commission Fees	943	1,031	918
MISCELLANEOUS REVENUE			
Prof.& Occupational Affairs Credit Card Transfers	-532	0	0
Interest Transferred to HAVA Program	-2,482	0	0
Refunds of Expenditures Not Credited to Appropriations	17	0	0
SUBTOTAL	$ 24,421	$ 29,875	$ 27,928
State Police			
MISCELLANEOUS REVENUE			
Act 64 - Contra Miscellaneous Revenue	$ -10	$ 0	$ 0
Miscellaneous	394	271	271
Reimbursement For Lost Property	2	1	1
Sales Tax Escrow Account	0	1	1
Refunds of Expenditures Not Credited to Appropriations	1,140	232	232
Telephone Commissions	*	1	1
SUBTOTAL	$ 1,526	$ 506	$ 506
Department of Transportation			
MISCELLANEOUS REVENUE			
Interest on Securities — Railroad Rehabilitation & Improve	$ -127	$ 0	$ 0
SUBTOTAL	$ -127	$ 0	$ 0
Other			
MISCELLANEOUS REVENUE			
Payments in Lieu of Taxes — SWIF	$ 7,333	$ 5,300	$ 8,000
Public Television - Refunds of Expend Not Credited to Approp	*	0	0
State Ethics Commission - Refunds of Expend Not Credited to Approp	1	0	0
Supreme Court	32	25	25
Transfers From Special Funds	1,720	44,800	0
SUBTOTAL	$ 9,086	$ 50,125	$ 8,025
Total Licenses, Fees and Miscellaneous	$ 506,326	$ 299,800	$ 750,100
Fines, Penalties and Interest on Taxes			
Corporation Net Income Tax	$ 15,112	$ 13,810	$ 13,810
Interest on Excise Taxes — Corporations (Department of Revenue)	20,422	12,761	12,761
Penalties on Excise Taxes — Corporations	1,219	929	929
SUBTOTAL	$ 36,753	$ 27,500	$ 27,500
Other Fines and Penalties			
Department of Agriculture			
Amusement Rides and Attractions — Fines	$ 2	$ 2	$ 3
General Food Fines	2	3	3
Harness Racing Fines and Penalties	137	186	180
Horse Racing Fines and Penalties	81	106	103
Miscellaneous Fines	2	2	2
Civil Penalties - Food Establishments	1	1	1
Weights & Mearsures Division - Fines	*	0	0

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* Less than $500.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
Department of Conservation and Natural Resources			
Miscellaneous Fines	1	2	2
Department of Environmental Protection			
Miscellaneous Fines	$ 0	$ *	$ *
Ethics Commission			
Violations-Act 1978-170	75	27	126
Gaming Control Board			
Miscellaneous Fines and Penalties	24	33	39
Department of General Services			
Traffic Violation Fines	12	0	0
Department of Health			
Non-Compliance Fines And Penalties	117	219	212
Department of Insurance			
Miscellaneous Fines	11,147	2,660	2,578
Department of Labor and Industry			
Minor Labor Law Fines	3	3	3
Miscellaneous Fines	70	107	103
Public Utility Commission			
Violation Of Order Fines	118	184	194
Department of Revenue			
Malt Liquor Fines and Penalties	4	13	13
Department of State			
Penalties and Fines - Charities Bureau	3	452	438
SUBTOTAL	$ 11,799	$ 4,000	$ 4,000
Total Fines, Penalties and Interest	$ 48,552	$ 31,500	$ 31,500
TOTAL NONTAX REVENUES	$ 634,878	$ 456,300	$ 861,600
TOTAL GENERAL FUND REVENUES	$ 27,928,062	$ 26,658,400	$ 27,314,100

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* Less than $500.

Revenue History

This table shows six years of actual General Fund revenues available for general appropriation. This data does not include special restricted receipts, receipts augmenting appropriations or federal funds.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual
TAX REVENUE						
Corporation Taxes						
Corporate Net Income Tax	$ 1,396,561	$ 1,677,998	$ 1,921,406	$ 2,301,968	$ 2,492,482	$ 2,417,657
Capital Stock and Franchise Taxes	896,329	984,295	1,025,904	1,080,874	999,954	1,019,942
Selective Business:						
Gross Receipts Tax	846,775	1,012,397	1,125,913	1,150,987	1,293,311	1,348,878
Public Utility Realty Tax	50,814	50,272	41,178	40,209	47,518	44,689
Insurance Premiums Tax	330,609	390,768	410,700	390,371	412,490	418,229
Financial Institutions Tax	214,434	217,550	208,924	204,657	213,645	191,839
Other Selective Business Taxes	15,413	17,825	17,695	21,039	16,893	16,435
Total — Corporation Taxes	$ 3,750,935	$ 4,351,105	$ 4,751,720	$ 5,190,105	$ 5,476,294	$ 5,457,670
Consumption Taxes						
Sales and Use Tax	$ 7,519,561	$ 7,728,542	$ 7,999,952	$ 8,334,249	$ 8,590,769	$ 8,496,554
Cigarette Tax	826,742	856,442	784,371	792,124	778,582	784,055
Malt Beverage Tax	26,726	26,201	24,904	26,158	25,171	26,289
Liquor Tax	193,181	195,179	212,501	223,036	239,494	251,138
Total — Consumption Taxes	$ 8,566,210	$ 8,806,364	$ 9,021,728	$ 9,375,567	$ 9,634,016	$ 9,558,036
Other Taxes						
Personal Income Tax	$ 7,105,885	$ 7,733,804	$ 8,746,793	$ 9,524,139	$ 10,261,619	$ 10,907,741
Realty Transfer Tax	362,561	400,590	472,539	552,450	570,994	429,540
Inheritance Tax	693,782	747,625	716,148	745,245	756,553	828,628
Minor and Repealed Taxes	17,747	6,629	3,593	-17,366	-15,461	111,569
Total — Other Taxes	$ 8,179,975	$ 8,888,648	$ 9,939,073	$ 10,804,468	$ 11,573,705	$ 12,277,478
TOTAL TAX REVENUE	$ 20,497,120	$ 22,046,117	$ 23,712,521	$ 25,370,140	$ 26,684,015	$ 27,293,184
NONTAX REVENUE						
State Stores Fund Transfer	$ 155,000	$ 50,000	$ 54,900	$ 80,000	$ 150,000	$ 80,000
Licenses, Fees and Miscellaneous:						
Licenses and Fees	96,410	105,176	121,131	115,836	119,587	122,422
Miscellaneous	531,002	591,701	387,994	252,798	454,037	383,904
Fines, Penalties and Interest:						
On Taxes	31,869	31,881	24,067	32,584	38,287	36,753
Other	3,050	3,203	7,927	2,938	3,410	11,799
TOTAL NONTAX REVENUES	$ 817,331	$ 781,961	$ 596,019	$ 484,156	$ 765,321	$ 634,878
GENERAL FUND TOTAL	$ 21,314,451	$ 22,828,078	$ 24,308,540	$ 25,854,296	$ 27,449,336	$ 27,928,062

Totals may not add due to rounding.

MOTOR LICENSE FUND

The Motor License Fund is a special revenue fund composed of monies received from liquid fuels taxes, licenses and fees on motor vehicles, aviation fuel tax revenues, federal aid for highway and aviation purposes, contributions from local subdivisions for highway projects and other miscellaneous highway revenues.

The fund provides for highway and bridge improvement, design, maintenance and purchase of rights-of-way, as well as aviation activities and Department of Transportation licensing and safety activities. It also finances State Police highway patrol operations and pays subsidies to local subdivisions for construction and maintenance of roads.

Financial Statement *

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Beginning Balance	$ 96,632	$ 110,726	$ 52,266
Revenue:			
Revenue Receipts	$ 2,667,931	$ 2,732,585	$ 2,687,550
Adjustment to Official Estimate	0	-149,275	0
Prior Year Lapses	97,443	98,399	0
Funds Available	$ 2,862,006	$ 2,792,435	$ 2,739,816
Expenditures:			
Appropriations	$ 2,751,280	$ 2,827,878	$ 2,721,515
Less Current Year Lapses	0	-87,709	0
Estimated Expenditures	$ -2,751,280	$ -2,740,169	$ -2,721,515
Ending Balance	$ 110,726	$ 52,266	$ 18,301

* Excludes restricted revenue.

Summary by Department

	(Dollar Amounts in Thousands) 2007-08 Actual	2008-09 Estimate	2009-10 Budget
Executive Offices			
General Government			
Office of the Budget	$ 6,005	$ 6,470	$ 6,066
Statewide Public Safety Radio System	17,562	16,498	15,881
IES Plant Maintenance	3,901	0	0
Commonwealth Technology Services	0	0	2,446
TOTAL STATE FUNDS	$ 27,468	$ 22,968	$ 24,393
Augmentations	$ 456	$ 802	$ 828
DEPARTMENT TOTAL	$ 27,924	$ 23,770	$ 25,221
Treasury Department			
General Government			
Administration of Refunding Liquid Fuel Tax	$ 455	$ 470	$ 490
Refunding Liquid Fuel Tax — Agricultural	3,103	3,800	3,800
Refunding Liquid Fuel Tax — State Share	1,320	1,000	1,000
Refunding Liquid Fuel Tax — Political Subdivisions	3,200	3,000	3,000
Refunding Liquid Fuel Tax — Volunteer Services	317	400	400
Refunding Liquid Fuel Tax - Snowmobiles and ATV's	1,000	1,000	1,000
Refunding Liquid Fuel Tax — Boat Fund	1,643	2,300	2,300
Replacement Checks (EA)	100	150	100
Subtotal	$ 11,138	$ 12,120	$ 12,090
Debt Service Requirements			
Capital Debt — Transportation Projects	$ 12,192	$ 12,099	$ 11,634
General Obligation Debt Service	11,679	11,713	13,052
Loan and Transfer Agent	0	50	50
Subtotal	$ 23,871	$ 23,862	$ 24,736
TOTAL STATE FUNDS	$ 35,009	$ 35,982	$ 36,826
Restricted Revenue	$ 17,876	$ 15,850	$ 8,873
DEPARTMENT TOTAL	$ 52,885	$ 51,832	$ 45,699
Department of Agriculture			
Weights and Measures	$ 2,785	$ 3,089	$ 3,089
DEPARTMENT TOTAL	$ 2,785	$ 3,089	$ 3,089
Department of Conservation and Natural Resources			
Dirt and Gravel Roads	$ 1,000	$ 1,000	$ 1,000
TOTAL STATE FUNDS	$ 1,000	$ 1,000	$ 1,000
Restricted Revenue	$ 4,000	$ 7,000	$ 7,000
DEPARTMENT TOTAL	$ 5,000	$ 8,000	$ 8,000
Department of Education			
Grants and Subsidies			
Safe Driving Course	$ 905	$ 1,130	$ 1,127
DEPARTMENT TOTAL	$ 905	$ 1,130	$ 1,127
Department of Environmental Protection			
Dirt and Gravel Roads	$ 4,000	$ 4,000	$ 4,000
DEPARTMENT TOTAL	$ 4,000	$ 4,000	$ 4,000

Summary by Department (continued)

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Department of General Services			
Tort Claims Payments	$ 15,000	$ 12,500	$ 12,500
Harristown Rental Charges (EA)	82	81	78
Harristown Utility and Municipal Charges (EA)	164	173	176
DEPARTMENT TOTAL	$ 15,246	$ 12,754	$ 12,754
Department of Revenue			
General Government			
Collections — Liquid Fuels Tax	$ 14,327	$ 14,611	$ 14,973
Refunding Liquid Fuels Tax	12,200	12,000	12,000
TOTAL STATE FUNDS	$ 26,527	$ 26,611	$ 26,973
Federal Funds	$ 125	$ 63	$ 98
DEPARTMENT TOTAL	$ 26,652	$ 26,674	$ 27,071
State Police			
General Government			
General Government Operations	$ 444,737	$ 453,283	$ 480,027
Law Enforcement Information Technology	27,463	23,359	19,709
Municipal Police Training	4,269	4,932	4,932
Patrol Vehicles	10,825	11,000	11,000
Automated Fingerprint Identification System	121	119	92
Commercial Vehicle Inspection	5,924	5,924	8,136
TOTAL STATE FUNDS	$ 493,339	$ 498,617	$ 523,896
Augmentations	$ 3,377	$ 2,000	$ 2,000
DEPARTMENT TOTAL	$ 496,716	$ 500,617	$ 525,896
Department of Transportation			
General Government			
General Government Operations	$ 50,668	$ 53,974	$ 52,876
Welcome Centers	2,974	3,091	3,045
Highway and Safety Improvement	140,000	135,000	121,125
Security Walls Pilot Project	2,072	0	0
Expanded Highway and Bridge Program	415,000	465,000	465,000
Highway Capital Projects (EA)	211,000	211,000	201,000
Highway Maintenance	798,238	834,100	775,339
Secondary Roads — Maintenance & Resurfacing (EA)	65,230	66,350	63,143
Smoother Roads and Priority Bridges	12,000	12,000	0
Bridge Preservation	18,000	0	0
Emergency Highway and Bridge Repairs	5,000	15,000	0
Reinvestment — Facilities	16,540	14,540	12,000
Safety Administration and Licensing	132,828	135,421	128,429
Refunding Collected Monies (EA)	1,700	2,500	2,500
Subtotal	$ 1,871,250	$ 1,947,976	$ 1,824,457

Summary by Department (continued)

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Grants and Subsidies			
Local Road Maintenance and Construction Payments	$ 205,751	$ 205,751	$ 195,000
Municipal Roads and Bridges	30,000	30,000	30,000
Maintenance and Construction of County Bridges	5,000	5,000	5,000
Supplemental Local Road Maintenance and Construction Payments	5,000	5,000	5,000
Payment to Turnpike Commission (EA)	28,000	28,000	28,000
Subtotal	$ 273,751	$ 273,751	$ 263,000
SUBTOTAL STATE FUNDS	$ 2,145,001	$ 2,221,727	$ 2,087,457
Federal Funds	$ 1,331,019	$ 1,447,583	$ 1,506,560
Augmentations	48,703	260,236	215,272
Restricted Revenue	895,203	940,586	875,701
DEPARTMENT TOTAL	$ 4,419,926	$ 4,870,132	$ 4,684,990
Fund Summary			
State Funds — Transportation	$ 2,145,001	$ 2,221,727	$ 2,087,457
State Funds — Other Departments	606,279	606,151	634,058
TOTAL STATE FUNDS	$ 2,751,280	$ 2,827,878	$ 2,721,515
Motor License Fund Total—All Funds			
State Funds	$ 2,751,280	$ 2,827,878	$ 2,721,515
Federal Funds	1,331,019	1,447,646	1,506,658
Augmentations	52,536	263,038	218,100
Restricted Revenue	917,079	963,436	891,574
FUND TOTAL	$ 5,051,914	$ 5,501,998	$ 5,337,847

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Liquid Fuels Taxes	$ 1,236,469	$ 1,198,960	$ 1,215,830	$ 1,222,630	$ 1,230,390	$ 1,239,160	$ 1,248,900
Motor Licenses and Fees	872,063	898,690	877,310	901,110	942,080	955,480	966,180
Other Motor License Fund Revenues	559,399	485,660	594,410	326,220	339,320	336,510	336,470
Subtotal	2,667,931	2,583,310	2,687,550	2,449,960	2,511,790	2,531,150	2,551,550
TOTAL MOTOR LICENSE FUND REVENUES	$ 2,667,931	$ 2,583,310	$ 2,687,550	$ 2,449,960	$ 2,511,790	$ 2,531,150	$ 2,551,550
Aviation Restricted Revenues	$ 9,694	$ 8,890	$ 9,400	$ 9,770	$ 9,900	$ 9,870	$ 9,860
Highway Bridge Improvement Restricted Revenues	$ 109,171	$ 110,650	$ 109,080	$ 108,700	$ 108,380	$ 108,100	$ 107,870
State Highway Transfer Restricted Revenues	$ 23,555	$ 23,850	$ 23,680	$ 23,810	$ 23,960	$ 24,140	$ 24,330
Oil Company Franchise Tax Restricted Revenues	$ 431,835	$ 437,340	$ 434,110	$ 436,540	$ 439,340	$ 442,490	$ 446,020
Supplemental Maintenance Restricted Revenues	$ 302,285	$ 306,140	$ 303,870	$ 305,580	$ 307,540	$ 309,750	$ 312,220

Adjustments to 2008-09 Revenue Estimate

On July 4, 2008, an official estimate for the 2008-09 fiscal year of $2,732,585 was certified. The revised estimate detailed below reflects actual revenue collections through the first six months of the fiscal year and expected collections for the balance of the fiscal year.

	2008-09 Official Estimate	Adjustments	2008-09 Revised Estimate
Liquid Fuels Taxes	$ 1,230,765	$ -31,805	$ 1,198,960
Motor Licenses and Fees	885,450	13,240	898,690
Other Motor License Fund Revenues	616,370	-130,710	485,660
TOTAL	$ 2,732,585	$ -149,275	$ 2,583,310

Revenue Sources

Liquid Fuels Taxes

Actual		Estimated	
2002-03.....	$ 1,105,459	2008-09.....	$ 1,198,960
2003-04.....	1,113,027	2009-10.....	1,215,830
2004-05.....	1,159,874	2010-11.....	1,222,630
2005-06.....	1,226,094	2011-12.....	1,230,390
2006-07.....	1,255,361	2012-13.....	1,239,160
2007-08.....	1,236,469	2013-14.....	1,248,900

Tax Base and Rates:

Liquid Fuels and Fuels Tax: The Liquid Fuels and Fuels Tax is based on the number of gallons of liquid fuels (primarily gasoline) and fuels (primarily diesel) used, sold or delivered within the commonwealth by distributors. All monies collected are placed in the Motor License Fund, except discounts and an amount equal to one-half cent per gallon which is placed in the Liquid Fuels Tax Fund. The present tax rate is 12 cents per gallon. Prior to October 1, 1997, liquid fuels and fuels were taxed separately under the Liquid Fuels Tax Act and the Fuels Use Tax Act respectively. Both acts were repealed effective October 1, 1997.

Alternative Fuels Tax: The Alternative Fuels Tax became effective October 1, 1997, and is imposed on fuels other than liquid fuels or fuels used to propel motor vehicles on public highways. The tax rate applied to each gasoline gallon equivalent of alternative fuel equals the current total of the liquid fuels and fuels tax and the oil company franchise tax applicable to one gallon of gasoline.

Motor Carriers Road Tax-International Fuel Tax Agreement: The Motor Carriers Road Tax is levied on motor carriers operating vehicles with a gross weight or registered gross weight in excess of 26,000 pounds. The tax is comprised of a 12 cents per gallon tax and an oil company franchise tax element based upon 153.5 mills of the average wholesale price for liquid fuels and 208.5 mills of the average wholesale price for fuels and is imposed on a cents-per-gallon equivalent basis. Previously, the tax rate was 115 mills. Prior to October 1, 1997, an additional tax of 6 cents per gallon was collected through the motor carriers road tax. This tax was repealed and replaced by a 55 mill addition to the oil company franchise tax rate, imposed on fuels effective October 1, 1997. The 55 mill portion of the tax rate is dedicated to the highway bridge restricted account. Credit against the tax is given for liquid fuels and fuels tax and oil company franchise tax paid at the pump or directly remitted. Credit is also given for tax paid on motor fuels purchased in Pennsylvania but consumed elsewhere.

The Motorbus Road Tax which imposed taxes on the amount of motor fuel used by bus companies in their operations on highways within the commonwealth was repealed, effective January 1, 1996, with the enactment of the International Fuel Tax Agreement (IFTA).

Identification markers are required to be issued annually upon a payment of $5 per vehicle for each vehicle subject to these taxes based in the commonwealth.

Interstate Bus Compact Fuels Tax. This tax which imposed a tax on fuels consumed by interstate buses was repealed, effective January 1, 1993, and replaced by the Motorbus Road Tax.

International Fuel Tax Agreement (IFTA). Effective January 1, 1996, Pennsylvania implemented IFTA. Under this agreement, qualified vehicles are subject to base state reporting and payment of fuel tax obligations. Qualified vehicles are those with two axles greater than 26,000 pounds, combinations greater than 26,000 pounds and those with three or more axles regardless of weight. Therefore, 17,001 to 26,000 pound vehicles, which previously were subject to the Motor Carriers Road Tax, are not subject under IFTA. Additionally, the Motorbus Road Tax was repealed and a bus meeting the qualified vehicle definition is subject to IFTA provisions. Identification markers remain at $5 per qualified vehicle. The underlying fuel tax rates are unaffected by IFTA.

Oil Company Franchise Tax. This tax is an excise tax on all fuels taxed pursuant to the Liquid Fuels and Fuels Tax and the Alternative Fuels Tax. The current tax rate is 153.5 mills for liquid fuels and alternative fuels and 208.5 mills for fuels and is imposed on a cents-per-gallon equivalent basis. The tax rate was increased by 38.5 mills effective May 1, 1997. The revenues from this rate increase are dedicated to specific highway maintenance purposes. Of the current tax rate, 57 mills is deposited as unrestricted Motor License Fund revenues. The balance of the tax rate represents revenues restricted to certain highway activities. These dedicated and restricted taxes are not included in the above estimates. Bus companies are entitled to a refund equal to 55 mills of the Oil Company Franchise Tax paid on fuels.

Revenue Sources (Continued)

Motor Licenses and Fees

Actual		Estimated	
2002-03.....	$ 828,821	2008-09.....	$ 898,690
2003-04.....	843,174	2009-10.....	877,310
2004-05.....	876,897	2010-11.....	901,110
2005-06.....	877,813	2011-12.....	942,080
2006-07.....	870,038	2012-13.....	955,480
2007-08.....	872,063	2013-14.....	966,180

The commonwealth receives revenue from the collection of fees levied for the registration and titling of motor vehicles and for the issuance of learners' permits, operators' licenses, certificates of title and transfers of registration. Various motor vehicle registration fees were increased as of either July 1, 1997, or January 1, 1998, by Act 3 of 1997.

Other Motor License Fund Revenues

Actual		Estimated	
2002-03.....	$ 64,487	2008-09.....	$ 485,660
2003-04.....	129,408	2009-10.....	594,410
2004-05.....	120,101	2010-11.....	326,220
2005-06.....	161,985	2011-12.....	339,320
2006-07.....	165,377	2012-13.....	336,510
2007-08.....	559,399	2013-14.....	336,470

Other Motor License Fund revenues include the following sources:

Fines — Aeronautics fines collected under the Liquid Fuels and Fuels Tax Act and certain Vehicle Code fines.

Miscellaneous Revenue — Interest on Motor License Fund deposits; investments and securities, the sale of unserviceable properties, maps, plans, inspection stickers; and the rental of state properties.

Gross Receipts Tax — This excise tax imposed upon the gross receipts of owners and operators of motor vehicles transporting property for hire on public highways was repealed effective January 1, 1998.

Beginning in July 1987, the total of all fines, fees and costs collected by any division of the Unified Judicial System which is in excess of the amount collected from such sources in 1986-87 is to be deposited in the Judicial Computer System Augmentation Account in accordance with Act 64 of 1987. Any fines, fees or costs which are allocated by law to counties and municipalities are not affected by this act.

In addition, the Motor License Fund receives payments from the Pennsylvania Turnpike Commission in accordance with Act 44 of 2007.

Revenue Detail

The following is a detailed list of all revenues available for Motor License Fund appropriations. Restricted receipts and revenues for the aviation, highway bridge improvement, state highway turnback programs and the Oil Company Franchise Tax restricted account are not included in these amounts.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
LIQUID FUELS TAXES			
Liquid Fuels Tax			
Liquid Fuels Tax	$ 590,304	$ 545,960	$ 567,190
Liquid Fuels Tax Interest	349	320	340
Liquid Fuels Tax Penalties	1,038	960	990
Subtotal	$ 591,691	$ 547,240	$ 568,520
Fuel Use Tax			
Fuel Use Tax	$ 157,123	$ 158,890	$ 157,630
Fuel Use Tax Interest	0	0	0
Fuel Use Tax Penalties	0	0	0
Subtotal	$ 157,123	$ 158,890	$ 157,630
Alternative Fuel Tax			
Alternative Fuel Tax	$ 1,089	$ 620	$ 630
Alternative Fuel Tax Penalties and Interest	15	0	0
Subtotal	$ 1,104	$ 620	$ 630
Motor Carriers Road Tax — International Fuel Tax Agreement			
Motor Carriers Road/IFTA — Fuels Tax	$ 37,876	$ 37,990	$ 38,180
Motor Carriers Road/IFTA— Registration Fees, Special Permit Fees and Fines	976	980	980
Subtotal	$ 38,852	$ 38,970	$ 39,160
Oil Company Franchise Tax	$ 447,699	$ 453,240	$ 449,890
TOTAL LIQUID FUELS TAXES	$ 1,236,469	$ 1,198,960	$ 1,215,830
MOTOR LICENSES AND FEES			
Operators' Licenses	$ 61,353	$ 62,670	$ 59,770
Other Fees Collected by Bureau of Motor Vehicles	32,063	32,170	33,280
Registration Fees Received From Other States/IRP	64,001	110,150	83,400
Special Hauling Permit Fees	20,312	20,710	21,610
Vehicle Registration and Titling	694,334	672,990	679,250
TOTAL MOTOR LICENSES AND FEES	$ 872,063	$ 898,690	$ 877,310
OTHER MOTOR LICENSE FUND REVENUES			
Fines and Penalties			
Department of Revenue			
Vehicle Code Fines	$ 28,492	$ 26,700	$ 26,700
Department of Transportation			
Vehicle Code Fines	5,906	5,530	10,530 [a]
Subtotal	$ 34,398	$ 32,230	$ 37,230

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Miscellaneous Revenues			
Treasury Department			
Interest on Deposits - Cash Advancement Accounts	$ 15	$ -20	$ 10
Interest Income Reinvested - Long Term	164	-220	110
Interest on Securities	51,053	-68,990	33,490
Interest on Securities - Liquid Fuels Tax Fund	435	-590	290
Redeposit of Checks	27	-40	20
Subtotal	$ 51,694	$ -69,860	$ 33,920
Department of General Services			
Rent of State Property	$ 69	$ 80	$ 90
Sale of Unserviceable Property	623	720	780
Subtotal	$ 692	$ 800	$ 870
Department of Transportation			
Fees for Reclaiming Abandoned Vehicles	$ 59	$ 60	$ 60
Highway Bridge Income	147	150	140
Highway Encroachment Permits	1,141	1,140	1,130
Interest Earned - Restricted Revenue	-457 [b]	-460 [b]	-450 [b]
Miscellaneous Revenues	49	50	50
Recovered Damages	30	30	30
Refunds of Expenditures Not Credited to Appropriations or Allocations	31	30	30
Sale of Inspection Stickers	21,446	21,360	21,230
Sale of Maps and Plans	169	170	170
Subtotal	$ 22,615	$ 22,530	$ 22,390
Department of Revenue			
Refunds of Expenditures Not Credited to Appropriations or Allocations	$ 0	$ -40	$ 0
Subtotal	$ 0	$ -40	$ 0
Pennsylvania Turnpike			
Annual Payments	$ 450,000	$ 500,000	$ 500,000
Subtotal	$ 450,000	$ 500,000	$ 500,000
TOTAL OTHER MOTOR LICENSE FUND REVENUES	$ 559,399	$ 485,660	$ 594,410
TOTAL MOTOR LICENSE FUND REVENUES	$ 2,667,931	$ 2,583,310	$ 2,687,550

[a] Includes fines imposed upon uninsured vehicles by utilizing enhanced enforcement technology on the Pennsylvania Turnpike.

[b] Amounts transferred to restricted revenue account.

Restricted Revenues Not Included in Department Total

Aviation Revenues

Actual		Estimated	
2002-03.....	$ 10,316	2008-09.....	$ 8,890
2003-04.....	11,543	2009-10.....	9,400
2004-05.....	11,158	2010-11.....	9,770
2005-06.....	10,574	2011-12.....	9,900
2006-07.....	11,748	2012-13.....	9,870
2007-08.....	9,694	2013-14.....	9,860

Aviation revenue includes taxes levied on aviation gasoline and jet fuel, and income earned at state-owned airports. Effective January 2, 1998, in accordance with Act 60 of 1997, ownership of these airports was transferred to a local authority. Therefore, starting with 1997-98, aviation revenues exclude state-owned airport revenue. Aviation gasoline and jet fuel tax rates are adjusted annually based on the change in the jet fuel price index. In accordance with Act 164 of 1984, the aviation gasoline rate is not to exceed 6.0 cents per gallon nor be less than 3.0 cents per gallon. The jet fuel tax is not to exceed 2.0 cents per gallon nor be less than 1.5 cents per gallon. The tax rate as of January 1, 2009, is 5.8 cents per gallon on aviation gasoline and 2.0 cents per gallon on jet fuel. Aviation restricted revenues are not included in Motor License Fund revenue totals.

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
AVIATION REVENUES			
Aviation Liquid Fuels Tax.....	$ 9,237	$ 9,100	$ 9,100
Interest.....	457	-210	300
TOTAL AVIATION REVENUES.....	$ 9,694	$ 8,890	$ 9,400

Highway Bridge Improvement Revenues

Actual		Estimated	
2002-03.....	$ 84,989	2008-09.....	$ 110,650
2003-04.....	85,135	2009-10.....	109,080
2004-05.....	96,956	2010-11.....	108,700
2005-06.....	115,339	2011-12.....	108,380
2006-07.....	118,025	2012-13.....	108,100
2007-08.....	109,171	2013-14.....	107,870

Highway bridge improvement revenues enacted by Act 56 of 1987, as amended by Act 3 of 1997, include the following: a 55 mill Oil Company Franchise Tax on fuel consumed in Pennsylvania by qualified vehicles; a portion of the registration fee for Pennsylvania based motor vehicles in classes 9-25; and temporary permit fees collected from out-of-state motor carriers for travel in Pennsylvania. Although repealed by Act 3 of 1997, nominal revenues are still received from the motor carrier surcharge.

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
HIGHWAY BRIDGE IMPROVEMENT REVENUES			
Registration Fee Portion-PA-Based Motor Vehicles.....	$ 13,839	$ 15,330	$ 14,520
Temporary Permit Fees.....	242	320	330
Oil Company Fanchise Tax.....	95,090	95,000	94,230
TOTAL HIGHWAY BRIDGE REVENUES.....	$ 109,171	$ 110,650	$ 109,080

Restricted Revenues Not Included in Department Total (continued)

State Highway Transfer Revenues

Actual		Estimated	
2002-03.....	$ 18,059	2008-09.....	$ 23,850
2003-04.....	18,009	2009-10.....	23,680
2004-05.....	20,068	2010-11.....	23,810
2005-06.....	23,433	2011-12.....	23,960
2006-07.....	24,360	2012-13.....	24,140
2007-08.....	23,555	2013-14.....	24,330

State highway transfer restricted revenues are provided by three mills of the Oil Company Franchise Tax. Act 32 of 1983 established a local highway turnback program funded by a restricted revenue account within the Motor License Fund.

Oil Company Franchise Tax Revenues

Actual		Estimated	
2002-03.....	$ 331,089	2008-09.....	$ 437,340
2003-04.....	330,161	2009-10.....	434,110
2004-05.....	367,952	2010-11.....	436,540
2005-06.....	429,607	2011-12.....	439,340
2006-07.....	446,540	2012-13.....	442,490
2007-08.....	431,835	2013-14.....	446,020

Oil Company Franchise Tax Restricted Account revenues are provided by 55 mills of the Oil Company Franchise Tax as a result of Act 26 of 1991. Revenues are restricted to the following purposes: 42 percent for maintenance, 17 percent for capital projects, 13 percent for bridges, 12 percent for municipalities, 14 percent for toll roads and 2 percent for county or forestry bridges.

Supplemental Maintenance Revenues

Actual		Estimated	
2002-03.....	$ 231,757	2008-09.....	$ 306,140
2003-04.....	231,113	2009-10.....	303,870
2004-05.....	257,541	2010-11.....	305,580
2005-06.....	300,728	2011-12.....	307,540
2006-07.....	312,580	2012-13.....	309,750
2007-08.....	302,285	2013-14.....	312,220

Supplemental Maintenance Restricted Account revenues are provided by 38.5 mills of the Oil Company Franchise Tax as a result of Act 3 of 1997. Revenues are restricted to the following purposes: 12 percent for municipalities and 88 percent for maintenance.

BANKING DEPARTMENT FUND

The Banking Department Fund is a special revenue fund composed of monies received from fees, assessments, charges and penalties collected or recovered from persons, firms, corporations or associations under the supervision of the Department of Banking. It provides for the administration of the Department of Banking and regulation of financial institutions.

Financial Statement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Beginning Balance	$ 30,461	$ 28,785	$ 12,746
Receipts:			
Revenue Estimate	$ 17,067	$ 17,534	$ 17,700
Prior Year Lapses	17	1,349	0
Total Receipts	$ 17,084	$ 18,883	$ 17,700
Funds Available	$ 47,545	$ 47,668	$ 30,446
Expenditures:			
Appropriated	$ 18,760	$ 21,922	$ 21,059
Less: Current Year Lapses	0	-2,000	0
Transfer to General Fund	0	15,000	0
Estimated Expenditures	-18,760	-34,922	-21,059
Ending Balance	$ 28,785	$ 12,746	$ 9,387

Summary by Department

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Treasury Department			
General Government			
Replacement Checks	$ 0	$ 5	$ 5
Banking Department			
General Government			
General Government Operations	$ 18,760	$ 21,917	$ 21,054
FUND TOTAL	$ 18,760	$ 21,922	$ 21,059

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Licenses and Fees.....	$ 14,760	$ 16,584	$ 16,500	$ 16,600	$ 16,700	$ 16,800	$ 16,900
Fines and Penalties.....	659	750	750	750	750	750	750
Miscellaneous.....	1,648	200	450	450	450	450	450
TOTAL BANKING DEPARTMENT FUND REVENUES.....	$ 17,067	$ 17,534	$ 17,700	$ 17,800	$ 17,900	$ 18,000	$ 18,100

Revenue Sources

Licenses and Fees

Actual		Estimated	
2002-03.....	$ 13,684	2008-09.....	$ 16,584
2003-04.....	14,032	2009-10.....	16,500
2004-05.....	13,945	2010-11.....	16,600
2005-06.....	15,782	2011-12.....	16,700
2006-07.....	15,843	2012-13.....	16,800
2007-08.....	14,760	2013-14.....	16,900

The commonwealth receives revenue from examination fees based on the actual costs of examining credit unions, savings associations, trust companies, check cashers, consumer discount companies, first mortgage companies, loan correspondents, money transmitters, pawnbrokers and second mortgage companies. Assessment fees, based on total assets, also are charged against all depository institutions (banks, credit unions, savings associations and trust companies). Depository institutions also pay application fees for new charters, branches and mergers. Annual license fees are paid by check cashers, collector-repossessors, consumer discount companies, mortgage companies, installment sellers, loan brokers, money transmitters, pawnbrokers and sales finance companies.

Fines and Penalties

Actual		Estimated	
2002-03.....	$ 229	2008-09.....	$ 750
2003-04.....	445	2009-10.....	750
2004-05.....	282	2010-11.....	750
2005-06.....	907	2011-12.....	750
2006-07.....	495	2012-13.....	750
2007-08.....	659	2013-14.....	750

The commonwealth receives fines and penalties collected from companies illegally doing business in the commonwealth, as well as from companies that file required financial reports beyond deadlines established by regulation.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2002-03.....	$ 530	2008-09.....	$ 200
2003-04.....	1,295	2009-10.....	450
2004-05.....	1,348	2010-11.....	450
2005-06.....	2,263	2011-12.....	450
2006-07.....	2,271	2012-13.....	450
2007-08.....	1,648	2013-14.....	450

Miscellaneous revenues are earned interest.

Revenue Detail

The following is a detailed list of all revenues available for Banking Department Fund appropriations and executive authorization.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Licenses and Fees*			
Bank — Application Fees	$ 135	$ 133	$ 133
Savings Associations — Examinations	89	37	41
Savings Associations — Overhead Assessments	39	34	34
Non Depository Examinations	1,273	1,025	1,025
Credit Unions — Overhead Assessments	672	700	700
Examinations — Credit Union	567	480	480
Examinations — Trust Companies	165	150	150
Overhead Assessments — Trust Companies	79	83	75
Total Assessment Charges — Banks	7,903	8,000	8,100
Licenses — Application Fees	3,827	5,940	5,760
Miscellaneous	11	2	2
TOTAL	$ 14,760	$ 16,584	$ 16,500
Fines and Penalties			
Banking Law — Fines and Penalties	$ 659	$ 750	$ 750
Miscellaneous Revenue			
Interest on Securities	$ 1,648	$ 200	$ 450
TOTAL REVENUES	$ 17,067	$ 17,534	$ 17,700

* Examination fees shown in previous years have been consolidated into Non Depository Examinations.

BOAT FUND

The Boat Fund is a special revenue fund composed of monies from license fees, fines, penalties, federal contributions and other sources under the Fish and Boat Law and from liquid fuels taxes transferred from the Motor License and Liquid Fuels Tax Funds. This fund provides for the administration and enforcement of programs relating to boats and boating activities.

Financial Statement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Beginning Balance	$ 18,876	$ 16,558	$ 12,434
Receipts:			
Revenue Estimate	$ 13,448	$ 14,534	$ 15,025
Prior Year Lapses	2,141	5	0
Total Receipts	$ 15,589	$ 14,539	$ 15,025
Funds Available	$ 34,465	$ 31,097	$ 27,459
Expenditures:			
Appropriated	$ 17,907	$ 18,663	$ 18,119
Estimated Expenditures	-17,907	-18,663	-18,119
Ending Balance	$ 16,558	$ 12,434	$ 9,340

Summary by Department

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Treasury Department			
General Government			
Replacement Checks	$ 0	$ 5	$ 5
Fish and Boat Commission			
General Government			
General Operations	$ 14,189	$ 13,437	$ 13,045
TOTAL STATE FUNDS	$ 14,189	$ 13,442	$ 13,050
Federal Funds	$ 3,708	$ 5,196	$ 5,044
Other Funds	10	25	25

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Licenses and Fees.....	$ 6,593	$ 6,999	$ 6,976	$ 6,976	$ 6,976	$ 6,976	$ 6,976
Fines and Penalties.....	241	250	250	250	250	250	250
Miscellaneous.....	2,896	2,064	2,730	2,730	2,730	2,730	2,730
TOTAL BOAT FUND REVENUES.....	$ 9,730	$ 9,313	$ 9,956	$ 9,956	$ 9,956	$ 9,956	$ 9,956
Augmentations.....	$ 3,718	$ 5,221	$ 5,069	$ 3,560	$ 3,560	$ 3,560	$ 3,560
TOTAL BOAT FUND RECEIPTS.....	$ 13,448	$ 14,534	$ 15,025	$ 13,516	$ 13,516	$ 13,516	$ 13,516

Revenue Sources

Licenses and Fees

Actual		Estimated	
2002-03.....	$ 5,109	2008-09.....	$ 6,999
2003-04.....	5,454	2009-10.....	6,976
2004-05.....	6,552	2010-11.....	6,976
2005-06.....	6,958	2011-12.....	6,976
2006-07.....	6,724	2012-13.....	6,976
2007-08.....	6,593	2013-14.....	6,976

The Boat Fund receives revenue from boat registration fees, which were increased with passage of Act 159 of 2004. For motorboats up to 16 feet in length, the annual registration fee is $26.00. For those between 16 and 20 feet, the fee is $39.00 per year. The annual fee for motorboats over 20 feet is $52.00. There is also a voluntary registration fee of $9.00 per year for all boats not equipped with motors. Other fees, such as duplicate registrations ($3.00 each) and commercial passenger boat registrations ($25.00 each), remain unchanged.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2002-03.....	$ 2,847	2008-09.....	$ 2,064
2003-04.....	3,204	2009-10.....	2,730
2004-05.....	3,123	2010-11.....	2,730
2005-06.....	3,650	2011-12.....	2,730
2006-07.....	3,824	2012-13.....	2,730
2007-08.....	2,896	2013-14.....	2,730

The Boat Fund receives a portion of the Liquid Fuels Tax transferred from the Motor License Fund and the Liquid Fuels Tax Fund for fuel used by motorboats on the waters of the commonwealth. In addition, a small amount of revenue is collected annually from other miscellaneous sources.

Revenue Detail

The following is a detailed list of all Boat Fund revenues available for appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Licenses and Fees			
Motor Boat Registration Fees.....	$ 5,914	$ 6,290	$ 6,290
Boat Mooring Permits — Walnut Creek Access.....	47	45	45
Boating Safety Curriculum Fees.....	165	160	160
Boat Capacity Plate Fees.....	9	4	6
Boat Titling Fees.....	458	500	475
TOTAL.....	$ 6,593	$ 6,999	$ 6,976
Fines and Penalties			
Motor Boat Fines.....	$ 241	$ 250	$ 250
TOTAL.....	$ 241	$ 250	$ 250
Miscellaneous Revenues			
Transfer from Motor License and Liquid Fuels Tax Funds.....	$ 1,714	$ 1,875	$ 2,091
Miscellaneous.....	81	72	77
Interest on Securities.....	1,045	50	500
Sale of Unserviceable Property.....	2	1	1
Sales Tax Agent Fee PFC Share.....	43	55	50
North East Marina.....	11	11	11
TOTAL.....	$ 2,896	$ 2,064	$ 2,730

ENVIRONMENTAL STEWARDSHIP FUND

The Environmental Stewardship Fund is a special revenue fund composed of monies from certain landfill fees. The fund provides for farmland preservation projects, open space protection, abandoned mine reclamation, watershed protection and restoration, water and sewer infrastructure and the improvement and conservation of commonwealth and community parks and recreational facilities.

Financial Statement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Beginning Balance	$ 951	$ 5,458	$ 2,581
Receipts:			
Revenue Estimate	$ 77,260	$ 69,727	$ 68,426
Prior Year Lapses	1,209	1,500	0
Total Receipts	$ 78,469	$ 71,227	$ 68,426
Funds Available	$ 79,420	$ 76,685	$ 71,007
Expenditures:			
Appropriated	$ 73,962	$ 74,104	$ 71,007
Estimated Expenditures	-73,962	-74,104	-71,007
Ending Balance	$ 5,458	$ 2,581	$ 0

Summary by Department

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Treasury Department			
Debt Service Requirements			
Debt Service for Growing Greener	$ 25,986	$ 29,294	$ 29,988
Department of Agriculture			
Grants and Subsidies			
Agricultural Conservation Easement Program	$ 7,100	$ 6,632	$ 6,071
Department of Conservation and Natural Resources			
General Government			
Parks & Forest Facility Rehabilitation	$ 2,109	$ 0	$ 0
Grants and Subsidies			
Community Conservation Grants	$ 8,572	$ 9,999	$ 9,086
Natural Diversity Conservation Grants	882	800	800
Subtotal	$ 9,454	$ 10,799	$ 9,886
DEPARTMENT TOTAL	$ 11,563	$ 10,799	$ 9,886
Department of Environmental Protection			
General Government			
Abandoned Mine Reclamation and Remediation	2,000	0	0
Grants and Subsidies			
Watershed Protection and Restoration	$ 14,943	$ 16,759	$ 15,341
Sewage and Drinking Water Grants	1,000	0	0
Subtotal	$ 15,943	$ 16,759	$ 15,341
DEPARTMENT TOTAL	$ 17,943	$ 16,759	$ 15,341
Infrastructure Investment Authority			
Grants and Subsidies			
Stormwater, Water and Sewer Grants	$ 11,370	$ 10,620	$ 9,722
TOTAL STATE FUNDS	$ 73,962	$ 74,104	$ 71,007

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Licenses and Fees.....	$ 74,285	$ 70,027	$ 67,926	$ 67,926	$ 67,926	$ 67,926	$ 67,926
Miscellaneous.....	2,975	-300	500	500	500	500	500
TOTAL ENVIRONMENTAL STEWARDSHIP FUND RECEIPTS.....	$ 77,260	$ 69,727	$ 68,426	$ 68,426	$ 68,426	$ 68,426	$ 68,426

Revenue Sources

Licenses and Fees

Actual		Estimated	
2002-03.....	$ 55,629	2008-09.....	$ 70,027
2003-04.....	90,078	2009-10.....	67,926
2004-05.....	71,051	2010-11.....	67,926
2005-06.....	81,554	2011-12.....	67,926
2006-07.....	78,454	2012-13.....	67,926
2007-08.....	74,285	2013-14.....	67,926

The Environmental Stewardship Fund originally received revenue from a 25 cent per ton, or 25 cent per three cubic yards, fee for all solid waste received at a landfill in the commonwealth. Act 90 of 2002 added an additional $4 per ton disposal fee for all solid waste disposed of at any municipal waste landfill. For fiscal year 2002-03, the first $50 million received from this fee was deposited into this special fund. In fiscal year 2003-04, and thereafter, all revenue from these fees is deposited in this special fund.

Miscellaneous Revenue

Actual		Estimated	
2002-03.....	$ 2,302	2008-09.....	$ -300
2003-04.....	4,892	2009-10.....	500
2004-05.....	4,333	2010-11.....	500
2005-06.....	5,725	2011-12.....	500
2006-07.....	5,576	2012-13.....	500
2007-08.....	2,975	2013-14.....	500

Miscellaneous revenues are earned interest.

Revenue Sources (continued)

Transfers from Other State Funds

Actual		Estimated	
2002-03.....	$ 30,000	2008-09.....	$ 0
2003-04.....	15,000	2009-10.....	0
2004-05.....	0	2010-11.....	0
2005-06.....	0	2011-12.....	0
2006-07.....	0	2012-13.....	0
2007-08.....	0	2013-14.....	0

The intent of Act 68 of 1999 was that an annual appropriation would be made from the General Fund for five years and that funds from the Hazardous Sites Cleanup Fund and Recycling Fund could be transferred annually for five years. Act 90 of 2002 replaced the General Fund appropriation with the $4 per ton waste disposal fee.

Revenue Detail

The following is a detailed list of all Environmental Stewardship Fund revenues available for appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Licenses and Fees			
Landfill Fees.....	$ 74,285	$ 70,027	$ 67,926
Miscellaneous Revenues			
Miscellaneous.....	$ 2,975	$ -300	$ 500
TOTAL RECEIPTS.....	$ 77,260	$ 69,727	$ 68,426

FARM PRODUCTS SHOW FUND

The Farm Products Show Fund is a special revenue fund made up of monies received from the leasing of space to exhibitors and from rental, entry fees and other monies received or collected by the Farm Products Show Commission. It also includes a transfer from the General Fund.

The fund is used for salaries and expenses of the Farm Products Show Commission, for maintenance of the Farm Show Building and for prizes and premiums.

Financial Statement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Beginning Balance	$ 1,083	$ 504	$ 145
Receipts:			
Revenue Estimate	$ 5,841	$ 6,492	$ 7,108
Transfer from General Fund	3,000	2,860	3,565
Prior Year Lapses	236	62	0
Total Receipts	$ 9,077	$ 9,414	$ 10,673
Funds Available	$ 10,160	$ 9,918	$ 10,818
Expenditures:			
Appropriated	$ 9,656	$ 9,773	$ 10,716
Less Current Year Lapses	0	0	0
Estimated Expenditures	9,656	9,773	10,716
Ending Balance	$ 504	$ 145	$ 102

Summary by Department

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Treasury Department			
General Government			
Replacement Checks	$ 1	$ 5	$ 5
Department of Agriculture			
General Government			
General Operations	$ 6,655	$ 6,908	$ 7,146
TOTAL STATE FUNDS	$ 6,656	$ 6,913	$ 7,151
Augmentations	$ 3,000	$ 2,860	$ 3,565
FUND TOTAL	$ 9,656	$ 9,773	$ 10,716

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Licenses and Fees.....	$ 271	$ 321	$ 571	$ 766	$ 766	$ 766	$ 766
Miscellaneous.....	5,570	6,171	6,537	6,550	6,550	6,550	6,550
TOTAL FARM PRODUCTS SHOW FUND REVENUES.....	$ 5,841	$ 6,492	$ 7,108	$ 7,316	$ 7,316	$ 7,316	$ 7,316
Augmentations.....	$ 3,000	$ 2,860	$ 3,565	$ 3,565	$ 3,565	$ 3,565	$ 3,565
TOTAL FARM PRODUCTS SHOW FUND RECEIPTS.....	$ 8,841	$ 9,352	$ 10,673	$ 10,881	$ 10,881	$ 10,881	$ 10,881

Revenue Sources

Licenses and Fees

Actual		Estimated	
2002-03.....	$ 255	2008-09.....	$ 321
2003-04.....	266	2009-10.....	571
2004-05.....	288	2010-11.....	766
2005-06.....	274	2011-12.....	766
2006-07.....	279	2012-13.....	766
2007-08.....	271	2013-14.....	766

The commonwealth receives all competitive exhibitor and commercial exhibitor fees and those fees from departments, boards and commissions of the state government having exhibits at the show.

Miscellaneous Revenues

Actual		Estimated	
2002-03.....	$ 4,939	2008-09.....	$ 6,171
2003-04.....	5,138	2009-10.....	6,537
2004-05.....	4,946	2010-11.....	6,550
2005-06.....	5,341	2011-12.....	6,550
2006-07.....	5,597	2012-13.....	6,550
2007-08.....	5,570	2013-14.....	6,550

Miscellaneous revenue is raised through the leasing of the State Farm Show Buildings for exhibitions, conventions or other purposes; collection of service charges, net proceeds and commissions from the sale of exhibits; sale of unserviceable property; collection of interest on securities and deposits; and fees from parking.

Revenue Detail

The following is a detailed list of all Farm Products Show Fund revenues available for appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Licenses and Fees			
Exhibit Fees — Competitive — Farm Show	$ 32	$ 32	$ 32
Exhibit — Commercial	$ 239	$ 289	$ 289
Branding / Advertisement	0	0	250
TOTAL	$ 271	$ 321	$ 571
Miscellaneous Revenue			
Concession Revenue	$ 999	$ 1,018	$ 1,033
Service Charges	776	773	786
Rentals	2,498	2,506	2,819
Miscellaneous Revenue	157	206	207
Interest on Securities, Deposits, Returned Checks	47	21	21
Parking Fees	1,093	1,647	1,671
TOTAL	$ 5,570	$ 6,171	$ 6,537
Augmentations			
Transfer from General Fund	$ 3,000	$ 2,860	$ 3,565
TOTAL	$ 3,000	$ 2,860	$ 3,565
TOTAL RECEIPTS	$ 8,841	$ 9,352	$ 10,673

FISH FUND

The Fish Fund is a special revenue fund composed of monies from fishing license fees, fines, penalties, federal contributions and other miscellaneous sources. It provides for the administration and enforcement of the fish laws and the protection and propagation of aquatic life.

Financial Statement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Beginning Balance	$ 24,400	$ 27,446	$ 23,119
Receipts:			
Revenue Estimate	$ 41,118	$ 37,758	$ 37,083
Prior Year Lapses	2,409	5	0
Total Receipts	$ 43,527	$ 37,763	$ 37,083
Funds Available	$ 67,927	$ 65,209	$ 60,202
Expenditures:			
Appropriated	$ 40,481	$ 42,090	$ 40,986
Estimated Expenditures	-40,481	-42,090	-40,986
Ending Balance	$ 27,446	$ 23,119	$ 19,216

Summary by Department

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Treasury Department			
General Government			
Replacement Checks	$ 0	$ 5	$ 5
Fish and Boat Commission			
General Government			
General Operations	$ 29,748	$ 31,671	$ 32,565
TOTAL STATE FUNDS	$ 29,748	$ 31,676	$ 32,570
Federal Funds	$ 10,015	$ 9,976	$ 8,146
Other Funds	718	438	270
FUND TOTAL	$ 40,481	$ 42,090	$ 40,986

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Licenses and Fees.....	$ 26,444	$ 25,407	$ 26,124	$ 26,124	$ 26,124	$ 26,124	$ 26,124
Fines and Penalties.....	470	470	440	440	440	440	440
Miscellaneous.....	3,471	1,467	2,103	2,103	2,103	2,103	2,103
TOTAL FISH FUND REVENUES.....	$ 30,385	$ 27,344	$ 28,667	$ 28,667	$ 28,667	$ 28,667	$ 28,667
Augmentations.....	$ 10,733	$ 10,414	$ 8,416	$ 7,700	$ 7,700	$ 7,700	$ 7,700
TOTAL FISH FUND RECEIPTS.....	$ 41,118	$ 37,758	$ 37,083	$ 36,367	$ 36,367	$ 36,367	$ 36,367

Revenue Sources

Licenses and Fees

Actual		Estimated	
2002-03.....	$ 18,723	2008-09.....	$ 25,407
2003-04.....	18,836	2009-10.....	26,124
2004-05.....	21,992	2010-11.....	26,124
2005-06.....	24,187	2011-12.....	26,124
2006-07.....	24,197	2012-13.....	26,124
2007-08.....	26,444	2013-14.....	26,124

The commonwealth issues resident fishing licenses to persons between the ages of 16 and 64 if the applicant can prove residency within the commonwealth for 60 days. Through the passage of Act 159 of 2004, the annual resident fees were increased to $21. The commonwealth also issues annual senior resident fishing licenses to persons 65 years of age and older for a fee of $10. An individual eligible for a senior resident license can purchase a lifetime license for a fee of $50. Act 159 of 2004 also increased nonresident fees to $51 and the tourist fishing license for three-days to $25 and seven-days to $33. Persons fishing for trout or salmon are required to buy an $8.00 stamp in addition to their regular fishing licenses. Other sources of revenue include the annual Lake Erie fishing permit or the special combination trout/salmon/Lake Erie permit.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2002-03.....	1,665	2008-09.....	$ 1,467
2003-04.....	2,475	2009-10.....	2,103
2004-05.....	2,139	2010-11.....	2,103
2005-06.....	3,057	2011-12.....	2,103
2006-07.....	3,684	2012-13.....	2,103
2007-08.....	3,471	2013-14.....	2,103

The commonwealth receives contributions for restocking of streams principally from persons or businesses that pollute, dam or interfere with fish propagation and survival. Monies are received from the Fish and Boat Commission publication, *Pennsylvania Angler & Boater*, from the sale of unserviceable and confiscated property, from the collection of interest on securities and from other miscellaneous sources.

Revenue Detail

The following is a detailed list of all Fish Fund revenues available for appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Licenses and Fees			
Resident Fishing Licenses.....	$ 16,215	$ 15,400	$ 16,000
Resident Senior Fishing Licenses.....	199	180	180
Nonresident Fishing Licenses.....	2,208	2,000	2,100
Tourist Fishing Licenses - 1 Day.....	165	160	160
Tourist Fishing Licenses - 3 Day.....	673	650	650
Tourist Fishing Licenses - 7 Day.....	251	230	230
Lake Erie Licenses.....	0	1	1
Fishing Lake Licenses.....	15	20	20
Miscellaneous Permits and Fees.....	160	130	150
1 Day Fishing Licenses.....	81	65	65
Resident Charter Boat/Fishing Guide Permit.....	31	30	25
Non-Resident Charter Boat/Fishing Guide Permit.....	16	18	15
PA National Guard Fishing License.....	1	1	1
Senior Lifetime Upgrade.....	41	36	40
Scientific Collector's Permits.....	27	20	20
Lifetime Fishing Licenses - Senior Resident.....	735	650	650
PALS Transaction Fee.....	707	980	980
H.R. Stackhouse Facilities User Fees.....	0	1	2
Trout/Salmon Stamp.....	4,919	4,835	4,835
TOTAL.....	$ 26,444	$ 25,407	$ 26,124
Fines and Penalties			
Fish Law Fines.....	$ 470	$ 470	$ 440
TOTAL.....	$ 470	$ 470	$ 440

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
Miscellaneous Revenue			
Sale of Publications	$ 25	$ 35	$ 30
Sale of Unserviceable Property	0	1	1
Miscellaneous Revenue	24	31	30
Interest on Securities and Deposits	1,479	-159	500
Rental of Fish and Boat Commission Property	52	45	45
Income from Sand and Gravel Dredging	916	925	925
Sale of Pennsylvania Angler & Boater	138	180	180
Sales Tax & Donations Collected	22	5	3
Pollution and Stream Disturbance Settlements	295	275	275
Sale of Recreational Fishing Promotional Items	5	9	9
Royalty Payments	5	10	10
Refunds of Expenditures	492	50	50
Sale of Patches	18	25	25
Sale of Timber	0	35	20
TOTAL	$ 3,471	$ 1,467	$ 2,103
TOTAL REVENUES	$ 30,385	$ 27,344	$ 28,667
Augmentations			
Sale of Automobiles and Other Vehicles	$ 37	$ 55	$ 55
Reimbursement for Services - Department of Transportation	139	96	96
Reimbursement for Services - DEP/EPA Projects	2	168	0
Department of Transportion Endangered/Threatened	0	79	79
Federal Reimbursement - Sport Fish Restoration	7,607	7,291	6,821
Federal Reimbursement - Commerce Department	319	124	167
Federal Reimbursement - Surface Mine Regulation	51	60	60
USFWS - Partner for Fish and Wildlife	0	815	0
Reimbursement for Services - Habitat Assessments	500	0	0
Wildlife Conservation and Restoration - Non-Game	240	27	25
Chesapeake Bay Program	0	71	71
Three River Ecological Center	40	40	40
State Wildlife Grant	1,798	1,588	1,002
TOTAL	$ 10,733	$ 10,414	$ 8,416
TOTAL RECEIPTS	$ 41,118	$ 37,758	$ 37,083

GAME FUND

The Game Fund is a special revenue fund composed of monies received from hunting license fees, sale of wood products, fines and penalties, interest, rents and federal contributions. It provides monies for the administration of the game laws and for the protection and propagation of game species.

Financial Statement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Beginning Balance	$ 36,346	$ 33,461	$ 25,070
Receipts:			
Revenue Estimate	$ 61,832	$ 59,657	$ 57,553
Prior Year Lapses	5,627	4,606	0
Total Receipts	$ 67,459	$ 64,263	$ 57,553
Funds Available	$ 103,805	$ 97,724	$ 82,623
Expenditures:			
Appropriated	$ 70,344	$ 72,654	$ 72,932
Estimated Expenditures	-70,344	-72,654	-72,932
Ending Balance	$ 33,461	$ 25,070	$ 9,691

Summary by Department

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Treasury Department			
General Government			
Replacement Checks	$ 0	$ 5	$ 5
Game Commission			
General Government			
General Operations	$ 58,019	$ 58,641	$ 59,299
Land Acquisition and Development	200	150	150
DEPARTMENT TOTAL	$ 58,219	$ 58,791	$ 59,449
TOTAL STATE FUNDS	$ 58,219	$ 58,796	$ 59,454
Federal Funds	$ 11,069	$ 12,522	$ 12,555
Other Funds	1,056	1,336	923
FUND TOTAL	$ 70,344	$ 72,654	$ 72,932

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2007-08 Actual	2008-09 Estimated	2009-2010 Budget	2010-2011 Estimated	2011-2012 Estimated	2012-13 Estimated	2013-14 Estimated
Licenses and Fees.....	$ 29,725	$ 27,852	$ 27,134	$ 29,250	$ 29,250	$ 29,250	$ 29,250
Fines and Penalties.....	1,112	978	1,005	1,000	1,000	1,000	1,000
Miscellaneous.....	18,870	16,969	15,936	16,936	18,878	18,878	18,878
TOTAL GAME FUND REVENUES.....	$ 49,707	$ 45,799	$ 44,075	$ 47,186	$ 49,128	$ 49,128	$ 49,128
Augmentations.....	$ 12,125	$ 13,858	$ 13,478	$ 13,478	$ 13,478	$ 13,478	$ 13,478
TOTAL GAME FUND RECEIPTS.....	$ 61,832	$ 59,657	$ 57,553	$ 60,664	$ 62,606	$ 62,606	$ 62,606

Revenue Sources

Licenses and Fees

Actual		Estimated	
2002-03.....	$ 30,288	2008-09.....	$ 27,852
2003-04.....	30,457	2009-10.....	27,134
2004-05.....	32,468	2010-11.....	29,250
2005-06.....	29,258	2011-12.....	29,250
2006-07.....	28,728	2012-13.....	29,250
2007-08.....	29,725	2013-14.....	29,250

Through the passage of Act 166 of 1998, new fees for licenses became effective July 1999. For resident hunting and resident furtaker licenses, the fees are: ages 17 to 64, $19.00; over age 65, $12.00; ages 12 to 16, $5.00. Resident senior lifetime hunting and furtaker licenses are $50.00 each; and a resident senior lifetime combination hunting and furtaking license is $100.00. A junior resident combination hunting and furtaker license is $8.00. Resident bear hunting and archery licenses are $15.00; a muzzleloading resident license, $10.00; and a resident antlerless deer license, $5.00. For nonresidents of the commonwealth, hunting licenses are: over age 17, $100.00; ages 12 to 16, $40.00. A junior nonresident combination hunting and furtaker license is $50.00. In addition, a license for a nonresident to hunt bear is $35.00; a license for a nonresident to hunt antlerless deer, $25.00; and a muzzleloading license for a nonresident, $20.00. Nonresidents are also able to purchase an adult furtaker license for $80.00; a junior furtaker license for $40.00; and a seven-day license to hunt small game for $30.00.

Fines and Penalties

Actual		Estimated	
2002-03.....	$ 1,509	2008-09.....	$ 978
2003-04.....	1,494	2009-10.....	1,005
2004-05.....	1,319	2010-11.....	1,000
2005-06.....	1,217	2011-12.....	1,000
2006-07.....	1,207	2012-13.....	1,000
2007-08.....	1,112	2013-14.....	1,000

The commonwealth receives revenue in the form of fines and penalties resulting from Game Law violations.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2002-03.....	$ 16,227	2008-09.....	$ 16,969
2003-04.....	12,856	2009-10.....	15,936
2004-05.....	23,434	2010-11.....	16,936
2005-06.....	24,495	2011-12.....	18,878
2006-07.....	24,578	2012-13.....	18,878
2007-08.....	18,870	2013-14.....	18,878

The commonwealth receives Game Fund revenue from various miscellaneous sources including the sale of wood products; interest on deposits and securities; monies from the sale of publications; funds from the sale of unserviceable property, skins and guns; monies from the rental of state property; gas and oil ground rentals and royalties; and other miscellaneous revenues.

Revenue Detail

The following is a detailed list of all Game Fund revenues available for appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Licenses and Fees			
Resident Hunting Licenses.....	$ 13,061	$ 12,800	$ 12,500
Resident Junior Hunting Licenses.....	214	235	225
Nonresident Hunting Licenses.....	5,803	5,500	5,200
Special Game Permits.....	191	175	175
Antlerless Deer Licenses.....	4,037	3,900	3,600
Archery Licenses.....	3,927	3,750	3,750
Landowner Hunting Licenses.....	6	5	5
Resident Senior Hunting Licenses.....	376	400	380
Muzzleloading Hunting Licenses.....	1,943	1,850	1,850
Right-of-Way Licenses.....	1,714	1,200	1,600
Resident Bear Licenses.....	1,997	1,900	1,900
Nonresident Bear Licenses.....	194	180	180
Hunting License Issuing Agents' Application Fees.....	12	14	5
Nonresident Junior Hunting License.....	106	100	75
Nonresident 7-Day Hunting License.....	74	60	60
Senior Resident - Lifetime Hunting License.....	169	160	120
Adult Resident Furtaker License.....	534	425	425
Junior Resident Furtaker License.....	2	2	2
Senior Resident Furtaker License.....	9	8	8
Nonresident Adult Furtaker License.....	31	21	21
Resident Special Wild Turkey.....	179	160	160
Non-Resident Special Wild Turkey.....	11	4	4
Junior Combination License.....	416	400	380
Nonresident Archery License.....	340	310	300
Nonresident Muzzleloading Hunting License.....	183	165	140
Nonresident Migratory Game Bird.....	26	20	20
Nonresident Anterless Deer License.....	571	620	600
Senior Resident - Lifetime Combination License.....	483	300	300
Nonresident Junior Combination License.....	38	40	30
Elk License & Bobcat Permit Applications.....	93	112	99
DMAP Harvest Permit.....	258	330	320
Resident Military Personnel Hunting.....	0	1	0
Migratory Game Bird License.....	227	205	200
TOTAL.....	$ 37,225	$ 35,352	$ 34,634
Restricted Revenue			
Transfer to General Habitat Improvement.....	-7,500	-7,500	-7,500
TOTAL.....	$ -7,500	$ -7,500	$ -7,500
Net Licenses and Fees			
TOTAL.....	$ 29,725	$ 27,852	$ 27,134

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Fines and Penalties			
Game Law Fines	$ 1,112	$ 978	$ 1,005
TOTAL	$ 1,112	$ 978	$ 1,005
Miscellaneous Revenue			
Sports Promotional Publications and Materials	$ 3	$ 3	$ 2
Wildlife Promotional Publications amd Material	310	275	275
Sale of Coal	772	750	700
Sale of Stone, Sand, Gravel & Limestone	0	15	10
Sale of Miscellaneous Mineral Permits	0	3	3
Sale of Wood Products	11,085	11,800	8,100
Sale of Skins and Guns	24	20	20
Rental of State Property	5	5	5
Miscellaneous Revenue	38	60	43
Interest on Securities	2,071	500	500
Gas and Oil Ground Rentals and Royalties	2,195	2,100	4,700
Refund of Expenditures Not Credited to Appropriations	0	20	3
Miscellaneous Revenue License Division	172	20	1
Sale of Game News	874	585	633
Sale of Grain and Hay	56	10	10
Sale of Nonusable Property	26	4	4
Sale of Maps	0	1	0
Wildlife Management Promotional Revenue	55	40	50
Sale of Wood Products - PR Tracts	731	500	400
Howard Nursery	128	70	70
Working Together For Wildlife - Non-Game Fund	108	150	75
Oil and Gas Recovery Support	182	20	300
Waterfowl Management Stamp Sales and Royalties	35	18	32
TOTAL	$ 18,870	$ 16,969	$ 15,936
TOTAL REVENUES	$ 49,707	$ 45,799	$ 44,075
Augmentations			
Sale of Automobiles	$ 104	$ 250	$ 100
Federal Reimbursement - Pittman Robinson Act	8,449	9,500	10,500
Endangered Species Program	20	31	25
Pennsylvania Conservation Corps	81	112	112
Federal Reimbursement - Surface Mine Regulation	83	90	90
Federal Reimbursement - WCRA/SWG	1,605	1,444	1,555
Federal Reimbursement - Chronic Wasting Disease	140	50	75
Federal Reimbursement - LIP	76	1,505	253
Federal Reimbursement - Other Wildlife Grants	695	50	59
Private Donations	93	75	65
Middlecreek Exhibit Donations	0	0	1
Reimbursement of Services	286	388	394
PennDot Reimbursement - Deer Roadkill	104	115	115
Reimbursement from PA Fish and Boat Commission	283	125	25
PennDot Reimbursement - Environmental Assessments	50	69	55
Hunter Education	50	47	47
Black Duck Banding	6	7	7
	$ 12,125	$ 13,858	$ 13,478
TOTAL RECEIPTS	$ 61,832	$ 59,657	$ 57,553

KEYSTONE RECREATION, PARK AND CONSERVATION FUND

The Keystone Recreation, Park and Conservation Fund is a special revenue fund composed of monies from the sale of specific bonds and certain tax revenues. This fund provides for increased acquisitions, improvements and expansions of commonwealth and community parks, recreation facilities, historic sites, zoos, public libraries, nature preserves and wildlife habitats.

Keystone Recreation, Park and Conservation Fund

Financial Statement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Beginning Balance	$ 7,756	$ 9,754	$ 7,018
Receipts:			
Revenue Estimate	$ 84,271	$ 60,422	$ 45,412
Prior Year Lapses	76	0	0
Total Receipts	$ 84,347	$ 60,422	$ 45,412
Funds Available	$ 92,103	$ 70,176	$ 52,430
Expenditures:			
Appropriated	$ 82,349	$ 63,158	$ 52,430
Estimated Expenditures	-82,349	-63,158	-52,430
Ending Balance	$ 9,754	$ 7,018	$ 0

Summary by Department

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Treasury			
Replacement Checks	$ 4	$ 5	$ 5
Department of Conservation and Natural Resources			
General Government			
Parks and Forest Facility Rehabilitation	$ 24,577	$ 18,946	$ 15,728
Grants and Subsidies			
Grants for Local Recreation	$ 20,480	$ 15,789	$ 13,106
Grants to Land Trusts	8,192	6,315	5,242
Subtotal	$ 28,672	$ 22,104	$ 18,348
DEPARTMENT TOTAL	$ 53,249	$ 41,050	$ 34,076
Department of Education			
Grants and Subsidies			
Local Libraries Rehabilitation and Development	$ 3,277	$ 2,525	$ 2,097
State System of Higher Education — Deferred Maintenance	15,169	11,368	9,437
DEPARTMENT TOTAL	$ 18,446	$ 13,893	$ 11,534
Historical and Museum Commission			
Grants and Subsidies			
Historic Site Development	$ 10,650	$ 8,210	$ 6,815
FUND TOTAL	$ 82,349	$ 63,158	$ 52,430

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Realty Transfer Tax.....	$ 77,200	$ 57,088	$ 41,912	$ 58,218	$ 71,259	$ 82,747	$ 92,488
Miscellaneous.....	7,071	3,334	3,500	3,500	3,500	3,500	3,500
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND RECEIPTS.....	$ 84,271	$ 60,422	$ 45,412	$ 61,718	$ 74,759	$ 86,247	$ 95,988

Revenue Sources

Realty Transfer Tax

Actual		Estimated	
2002-03.....	$ 28,465	2008-09.....	$ 57,088
2003-04.....	68,456	2009-10.....	41,912
2004-05.....	81,929	2010-11.....	58,218
2005-06.....	96,879	2011-12.....	71,259
2006-07.....	12,415	2012-13.....	82,747
2007-08.....	77,200	2013-14.....	92,488

Act 50 of 1993 approved the transfer of 15% of the revenues from the state Realty Transfer Tax to this fund. These monies are distributed to programs according to the formula contained in the act. Act 67 of 2006 decreased the transfer rate from 15% to 2.1% for the 2006-07 fiscal year.

Miscellaneous Revenues

Actual		Estimated	
2002-03.....	$ 2,349	2008-09.....	$ 3,334
2003-04.....	1,540	2009-10.....	3,500
2004-05.....	3,003	2010-11.....	3,500
2005-06.....	7,221	2011-12.....	3,500
2006-07.....	9,757	2012-13.....	3,500
2007-08.....	7,071	2013-14.....	3,500

Miscellaneous revenues are earned interest.

LOTTERY FUND

The Lottery Fund is a special revenue fund composed of monies received from lottery ticket sales. It provides for lottery prizes and for programs to support older Pennsylvanians including property tax and rent assistance, community care programs, mass transit fare subsidies and partial rebate of prescription drug costs.

Financial Statement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Beginning Balance	$ 476,515	$ 351,041	$ 124,792
Reserve from Previous Year	100,000	100,000	0
Total Beginning Balance	$ 576,515	$ 451,041	$ 124,792
Receipts:			
Gross Ticket Sales	$ 3,089,188	$ 3,158,893	$ 3,409,292
Less Field Paid Prizes and Commissions	-1,685,446	-1,741,361	-1,881,055
Transfers and Earnings	114,692	27,500	198,600
Net Revenue Estimate	$ 1,518,434	$ 1,445,032	$ 1,726,837
Prior Year Lapses	41,475	21,784	0
Total Receipts	$ 1,559,909	$ 1,466,816	$ 1,726,837
Funds Available	$ 2,136,424	$ 1,917,857	$ 1,851,629
Expenditures:			
Appropriated	$ 1,685,383	$ 1,851,565	$ 1,641,008
Current Year Lapses	-0	-58,500	-0
Estimated Expenditures	-1,685,383	-1,793,065	-1,641,008
Reserve for Current Year	$ -100,000	$ 0	$ -100,000
Ending Balance	$ 351,041	$ 124,792	$ 110,621

Summary by Department

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Treasury Department			
General Government			
Replacement Checks	$ 50	$ 50	$ 50
Department of Aging and Long-Term Living			
General Government			
General Government Operations	$ 8,231	$ 8,838	$ 7,794
Subtotal	$ 8,231	$ 8,838	$ 7,794
Grants and Subsidies			
PENNCARE	$ 235,987	$ 247,609	$ 244,852
Pre-Admission Assessment	10,293	11,657	10,823
Family Caregiver	12,103	12,103	12,103
Medical Assistance - Long-Term Care	248,771	298,771	175,000
Alzheimer's Outreach	0	250	250
Pharmaceutical Assistance Fund	278,400	313,000	210,000
Subtotal	$ 785,554	$ 883,390	$ 653,028
TOTAL STATE FUNDS	$ 793,785	$ 892,228	$ 660,822
Federal Funds	$ 122,188	$ 132,076	$ 135,310
Augmentations	798	8	8
DEPARTMENT TOTAL	$ 916,771	$ 1,024,312	$ 796,140
Department of Revenue			
General Government			
General Operations	$ 36,813	$ 37,710	$ 38,647
Lottery Advertising	32,000	32,000	32,000
Expanded Sales	27,936	19,177	18,889
On-line Vendor Commissions	52,312	53,354	31,973
Instant Vendor Commissions	25,933	22,994	25,977
Payment of Prize Money	314,734	339,142	370,967
Subtotal	$ 489,728	$ 504,377	$ 518,453
Grants and Subsidies			
Property Tax and Rent Assistance for Older Pennsylvanians	$ 244,900	$ 294,900	$ 294,900
Subtotal	$ 244,900	$ 294,900	$ 294,900
TOTAL STATE FUNDS	$ 734,628	$ 799,277	$ 813,353
Augmentations	182	180	180
DEPARTMENT TOTAL	$ 734,810	$ 799,457	$ 813,533

Summary by Department

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Department of Transportation			
Grants and Subsidies			
Transfer to Public Transportation Trust Fund	$ 80,020	$ 82,160	$ 86,597
Older Pennsylvanians Shared Rides	76,900	77,850	80,186
DEPARTMENT TOTAL	$ 156,920	$ 160,010	$ 166,783
TOTAL STATE FUNDS	$ 1,685,383	$ 1,851,565	$ 1,641,008
Federal Funds	$ 122,188	$ 132,076	$ 135,310
Other Funds	980	188	188
FUND TOTAL	$ 1,808,551	$ 1,983,829	$ 1,776,506

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Collections.....	$ 1,403,742	$ 1,417,532	$ 1,528,237	$ 1,583,410	$ 1,621,486	$ 1,651,881	$ 1,693,140
Gaming Fund Transfers……....	$ 100,000	$ 48,500	$ 196,100	$ 201,900	$ 173,300	$ 173,000	$ 173,000
Miscellaneous Revenue.....	14,692	-21,000	2,500	2,500	2,500	2,820	3,608
TOTAL LOTTERY FUND REVENUES.....	$ 1,518,434	$ 1,445,032	$ 1,726,837	$ 1,787,810	$ 1,797,286	$ 1,827,701	$ 1,869,748

Revenue Sources

Net Lottery Collections

Actual		Estimated	
2002-03.....	$ 1,057,046	2008-09.....	$ 1,417,532
2003-04.....	1,152,198	2009-10.....	1,528,237
2004-05.....	1,194,007	2010-11.....	1,583,410
2005-06.....	1,430,050	2011-12.....	1,621,486
2006-07.....	1,365,596	2012-13.....	1,651,881
2007-08.....	1,403,742	2013-14.....	1,693,140

Net lottery collections consist of the proceeds from lottery ticket sales less commissions and some prizes. Currently prizes of $2,500 or less for the on-line games and prizes of $500 or less for instant games can be paid by the ticket agents. The State Lottery is currently operating nine games. The "Daily Number" game introduced in March 1977, the “Big 4” game introduced in November 1980, the "Cash 5" game introduced in April 1992, "Match 6" started in January of 2004, and Mix and Match and Treasure Hunt began in 2007. Quinto was implemented in 2008. These games utilize computer sales terminals located across the commonwealth. The eighth and ninth games are Powerball and Powerplay which began in 2002 as multi-state games. On December 31, 2005, the Millionaire Raffle was introduced to be run periodically thereafter. Ticket prices are $1 for “Cash 5” which consists of 1 play to pick 5 of 39 numbers, $2 for "Match 6" which consists of 1 play to pick 6 numbers from 1 to 49 with an additional 12 quick picked numbers; $1 dollar for "Treasure Hunt" which is made up of 1 play to pick 5 of 30 numbers as an exclusively "mid-day" game, and "Mix & Match" with 1 play for $2 to pick five numbers between 1 and 19 in the positions predicted to be drawn, or as a computer randomly chosen quick pick. "Quinto" is $1 per play and has a mid-day and evening drawing with a five digit base and is similar in play to the "Daily Number" and "Big 4". “Daily Number” and “Big 4” game ticket prices range from $0.50 to $5. The “Instant Game” ticket prices range from $1 to $20. Powerball is played for $1 per play and Powerplay, which doubles winnings, can be added for $1 per play as well. The Millionaire Raffle features a ticket price of $20 for an eight digit raffle number with a limited number of ticket sales.

Powerball is a lotto game which is a combined large jackpot game and a cash game. It involves drawing five out of 49 numbers and one out of 42 numbers. Players win by matching one of nine ways. The Multi-State Lottery Association administers the Powerball game and is a non-profit government-benefit association entirely owned and operated by the member state lotteries. Powerball is a 50 percent prize payout game which means that 50 cents of every one dollar ticket is paid out in prizes. Florida joined the association as of January 2009, and their membership has the potential to boost jackpot values and, thereby, sales. The State Lottery keeps 50 percent as its share and then pays the remaining 50 percent in two parts: out in cash prizes directly to the players in its state, and a percentage share for the jackpot prize back to the association where it is held until there is a winner.

Net lottery collections as reported above correspond to the Lottery Fund revenue remitted to the commonwealth and reported in the commonwealth’s accounting system. Net lottery collections are derived by subtracting the commissions retained and prizes paid by local lottery agents from the total lottery ticket sales. The table below shows the calculation of the net revenue amount.

The Lottery Fund sales estimates in 2009-10 and future fiscal years assume higher levels of prizes and commissions that will grow net ticket revenue and result in more money for programs supporting older Pennsylvanians.

(Dollar Amounts in Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Ticket Sales.....	$ 3,089,188	$ 3,158,893	$ 3,409,292	$ 3,550,349	$ 3,669,012	$ 3,779,964	$ 3,911,601
Commissions.....	-159,048	-162,673	-175,699	-183,066	-189,332	-195,233	-202,189
Field Paid Prizes.....	-1,526,398	-1,578,688	-1,705,356	-1,783,873	-1,858,194	-1,932,850	-2,016,272
NET LOTTERY COLLECTIONS.....	$ 1,403,742	$ 1,417,532	$ 1,528,237	$ 1,583,410	$ 1,621,486	$ 1,651,881	$ 1,693,140

Revenue Sources (continued)

Gaming Fund Repayments

Actual		Estimated	
2002-03.....	$ 0	2008-09.....	$ 0
2003-04.....	0	2009-10.....	40,000
2004-05.....	0	2010-11.....	28,300
2005-06.....	0	2011-12.....	0
2006-07.....	100,000	2012-13.....	0
2007-08.....	100,000	2013-14.....	0

Under Act 1 of Special Session No. 1 of 2006 the Gaming Fund is required to repay the Lottery Fund for Property Tax and Rent Rebate program expansions under that Act which are initially paid by Lottery Fund moneys.

Gaming Fund Transfers

Actual		Estimated	
2002-03.....	$ 0	2008-09.....	$ 48,500
2003-04.....	0	2009-10.....	156,100
2004-05.....	0	2010-11.....	173,600
2005-06.....	0	2011-12.....	173,300
2006-07.....	0	2012-13.....	173,000
2007-08.....	0	2013-14.....	173,000

Under Act 1 of Special Session No. 1 of 2006 the Gaming Fund is required to completely pay for Property Tax and Rent Rebate program expansion costs under that Act beginning in 2009-10 and thereafter.

Miscellaneous Revenue

Actual		Estimated	
2002-03.....	$ 10,109	2008-09.....	$ -21,000
2003-04.....	18,304	2009-10.....	2,500
2004-05.....	17,909	2010-11.....	2,500
2005-06.....	29,459	2011-12.....	2,500
2006-07.....	33,056	2012-13.....	2,820
2007-08.....	14,692	2013-14.....	3,608

Miscellaneous revenue includes interest earned on securities, interest on deposits, premiums on sale of securities and refund of expenditures.

RACING FUND

The Racing Fund is a special revenue fund composed of monies received from taxes and license fees collected by the State Harness Racing Commission and the State Horse Racing Commission for the regulation of horse and harness racing. Any remaining balance is transferred to the General Fund in the subsequent fiscal year.

Financial Statement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Beginning Balance	$ 1,678	$ 3	$ 0
Receipts:			
Revenue Estimate	$ 14,843	$ 17,617	$ 17,372
Prior Year Lapses	810	0	0
Total Receipts	$ 15,653	$ 17,617	$ 17,372
Funds Available	$ 17,331	$ 17,620	$ 17,372
Expenditures:			
Appropriated	$ 17,328	$ 17,620	$ 17,372
Estimated Expenditures	-17,328	-17,620	-17,372
Ending Balance	$ 3	$ 0	$ 0

Summary by Department

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Treasury Department			
General Government			
Replacement Checks	$ 4	$ 10	$ 10
Department of Agriculture			
General Government			
State Racing Commissions	$ 12,088	$ 13,839	$ 13,547
Equine Toxicology and Research Laboratory	3,133	3,275	3,309
Payments to Pennsylvania Fairs—Administration	237	252	262
Subtotal	$ 15,458	$ 17,366	$ 17,118
Grants and Subsidies			
Transfer to the General Fund	1,678	3	0
TOTAL STATE FUNDS	$ 17,136	$ 17,369	$ 17,118
Augmentations	4	1	1
DEPARTMENT TOTAL	$ 17,140	$ 17,370	$ 17,119
Department of Revenue			
General Government			
Collections—Racing	$ 188	$ 241	$ 244
TOTAL STATE FUNDS	$ 17,328	$ 17,620	$ 17,372
Other Funds	4	1	1
FUND TOTAL	$ 17,332	$ 17,621	$ 17,373

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Tax Revenues.....	$ 10,384	$ 13,587	$ 13,242	$ 13,242	$ 13,242	$ 13,242	$ 13,242
Licenses and Fees.....	878	630	630	630	630	630	630
Miscellaneous Revenue.....	3,581	3,400	3,500	3,500	3,500	3,500	3,500
TOTAL RACING FUND REVENUES.....	$ 14,843	$ 17,617	$ 17,372	$ 17,372	$ 17,372	$ 17,372	$ 17,372

Revenue Sources

Tax Revenues

Actual		Estimated	
2002-03.....	$ 12,252	2008-09.....	$ 13,587
2003-04.....	11,656	2009-10.....	13,242
2004-05.....	11,402	2010-11.....	13,242
2005-06.....	11,684	2011-12.....	13,242
2006-07.....	11,253	2012-13.....	13,242
2007-08.....	10,384	2013-14.....	13,242

Act 93 of 1983 combined the Harness Racing Fund and the Horse Racing Fund into the Racing Fund. This act amended portions of the Race Horse Industry Reform Act. For licensed racing corporations annually conducting at least 100 days of racing or for two licensed corporations conducting their racing at the same facility with a minimum of 175 combined racing days, the previous sliding wagering tax rate was changed to 1.5 percent effective July 1, 1986, and thereafter. For licensed racing corporations not conducting the minimum number of racing days, the wagering rate was changed to 2.5 percent from July 1, 1984 to June 30, 1986, and 2 percent thereafter. Act 23 of 2000 changed the amount allocated from the State Racing Fund to the Pennsylvania Breeding Fund to 1 percent of the daily amount wagered for thoroughbred horse racing. Act 127 of 1988 permits off-track betting in the Commonwealth.

Licenses and Fees

Actual		Estimated	
2002-03.....	$ 383	2008-09.....	$ 630
2003-04.....	384	2009-10.....	630
2004-05.....	456	2010-11.....	630
2005-06.....	510	2011-12.....	630
2006-07.....	485	2012-13.....	630
2007-08.....	878	2013-14.....	630

Licenses and fees are revenues derived from the licensing of jockeys and such other persons participating in horse racing meets as prescribed by the State Racing Commissions.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2002-03.....	$ 3,758	2008-09.....	$ 3,400
2003-04.....	3,892	2009-10.....	3,500
2004-05.....	3,656	2010-11.....	3,500
2005-06.....	3,523	2011-12.....	3,500
2006-07.....	3,646	2012-13.....	3,500
2007-08.....	3,581	2013-14.....	3,500

Penalties and interest on taxes due, interest on securities and uncashed tickets comprise miscellaneous revenue.

Revenue Detail

The following is a detailed list of all revenues available for Racing Fund appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Tax Revenues			
State Admission Tax	$ 75	$ 70	$ 70
Wagering Tax	9,550	12,512	12,172
Breakage Tax	759	1,005	1,000
TOTAL	$ 10,384	$ 13,587	$ 13,242
Licenses and Fees			
License Fees	$ 878	$ 630	$ 630
Miscellaneous Revenues			
Uncashed Tickets	$ 3,017	$ 2,900	$ 3,000
Interest on Securities	564	500	500
TOTAL	$ 3,581	$ 3,400	$ 3,500
TOTAL REVENUES	$ 14,843	$ 17,617	$ 17,372

TOBACCO SETTLEMENT FUND

The Tobacco Settlement Fund is a special revenue fund composed of monies from all tobacco settlements under the Tobacco Master Settlement Agreement. It provides for smoking prevention and smoking cessation programs and other health related programs including home and community based care, venture capital for medical equipment, support for the uninsured, and catastrophic and uncompensated care.

Health Investment Plan

Act 77 of 2001 created the Tobacco Settlement Fund to receive the revenues from the Master Settlement Agreement that was reached with the five major tobacco companies on December 17, 1999. The Tobacco Settlement Fund provides funding for health care insurance for the uninsured, home and community-based services for seniors, tobacco use prevention and cessation, broad-based health research, medical care for workers with disabilities and hospital uncompensated care in accordance with the resource allocation plan set forth in Act 77 of 2001. The Tobacco Settlement Fund also maintains an endowment component to preserve a portion of the receipts to sustain critical programs if tobacco allocations decrease and provide ongoing revenue if tobacco allocations cease.

Beginning in 2005-06, the Governor and the General Assembly agreed to redirect 25 percent of the funds allocated to tobacco use prevention and cessation activities and 12.5 percent of the funds allocated to health care insurance for uninsured adults, along with Tobacco Fund interest and Endowment Account earnings, to fund the escalating cost of long-term care services for persons with disabilities and seniors. In 2007-08, the portion of the allocation redirected from the health care insurance for uninsured adults increased to 33 percent. This budget proposes to continue to redirect to long-term care these same percentages in 2009-10, with the reduction in adult health care funding being more than offset by the federal funds proposed as part of the expanded adultBasic program. In addition to redirecting interest and earnings, this budget proposes to also redirect the second of 10 annual Tobacco strategic contribution payments, which began in April 2008, and recommends redirecting 100 percent of the funding allocation for the Endowment Account to fund long-term care services.

In 2005, the commonwealth entered into the Annual Community Health Reinvestment Agreement with Pennsylvania's Blue Cross/Blue Shield plans. The Blue Cross/Blue Shield plans have agreed to an annual commitment of funds to provide affordable basic health care coverage for thousands of low-income and uninsured Pennsylvanians. The commonwealth receives 60 percent of the fund for statewide initiatives, and the plans maintain 40 percent of the funds for community-based initiatives. This budget projects that $83.2 million of the annual Community Health Reinvestment payment will be used to provide health insurance for adults in 2009-10.

Combining the Tobacco Funds of $409.3 million and the Community Health Reinvestment Funds of $83.2 million, this budget allocates a total of $492.5 million in 2009-10 for the following health care related activities:

Dollar Amounts in Millions

- **Health Care Insurance for the Uninsured: $154.9**
  Subsidize health care insurance coverage for uninsured adults with incomes under 200 percent of the federal poverty level upon implementation of an expanded adultBasic program, and for workers with disabilities with incomes under 250 percent of the federal poverty level.
- **Long-Term Living: $169.9**
  Provide home and community-based services and nursing home care for persons with disabilities and seniors based on their clinical need and personal preference.
- **Health Research: $68.0**
  Fund health-related research proposals from Pennsylvania-based researchers. The proposals must have been peer reviewed and approved using nationally accepted standards and review boards.
- **Tobacco Use Prevention and Cessation: $32.2**
  Fund community-based prevention and cessation programs that are based on best practices for effective intervention from the national Centers for Disease Control.
- **Hospital Uncompensated Care: $35.8**
  Support financially distressed hospitals in the provision of uncompensated care and care to Medical Assistance recipients.
- **Pharmaceutical Benefits for the Elderly: $28.7**
  Support the expansion of the pharmaceutical benefits for the elderly program implemented in 2001.
- **Life Sciences Greenhouses: $3.0**
  Continue support for the three Life Sciences Greenhouses that invest in companies focused on the research, development and commercialization of cutting-edge therapies and medical technologies.

TOTAL $492.5

Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on an expanded adultBasic program.

Financial Statement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Beginning Balance	$ 376,984	$ 396,213	$ 398,527
Receipts:			
Revenue Estimate	$ 433,253	$ 449,322	$ 412,521
Prior Year Lapses	0 *	0 *	0
Total Receipts	433,253	449,322	412,521
Funds Available	$ 810,237	$ 845,535	$ 811,048
Expenditures:			
Appropriated	$ 414,024	$ 447,008	$ 409,326
Current Year Lapse	0	0	0
Estimated Expenditures	414,024	447,008	409,326
Ending Balance	$ 396,213	$ 398,527	$ 401,722

* Excludes lapses redistributed within Home and Community-Based Services and Health Investment Insurance programs as prescribed under Act 77 of 2001.

Summary by Department

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Executive Offices			
General Government			
Transfer to Health Endowment Account (EA)	$ 28,154 [a]	$ 28,492 [a]	$ 0 [b]
DEPARTMENT TOTAL	$ 28,154	$ 28,492	$ 0
Treasury Department			
General Government			
Replacement Checks - Tobacco Settlement Fund (EA)	$ 1	$ 5	$ 5
DEPARTMENT TOTAL	$ 1	$ 5	$ 5
Department of Aging and Long Term Living			
Grants and Subsidies			
Home and Community-Based Services	$ 45,751 [c]	$ 46,300 [c]	$ 46,563
PACENET Transfer	28,155	28,492	28,654
Medical Assistance - Long-Term Care	104,810 [d]	134,112 [d]	123,325
TOTAL STATE FUNDS	$ 178,716	$ 208,904	$ 198,542
Federal Funds	$ 64,590	$ 58,080	$ 53,343
Augmentations	$ 6,769	$ 0	$ 0
DEPARTMENT TOTAL	$ 250,075	$ 266,984	$ 251,885
Department of Community and Economic Development			
Grants and Subsidies			
Tobacco Settlement Investment Board	$ 0 [e]	$ 0 [e]	$ 0 [e]
Life Sciences Greenhouses	3,000	3,000	3,000
DEPARTMENT TOTAL	$ 3,000	$ 3,000	$ 3,000
Department of Health			
Grants and Subsidies			
Health Research - Health Priorities (EA)	$ 63,347	$ 64,108	$ 64,472
Health Research - National Cancer Institute (EA)	3,519	3,562	3,582
Tobacco Use Prevention and Cessation (EA)	31,673	32,054	32,236 [f]
DEPARTMENT TOTAL	$ 98,539	$ 99,724	$ 100,290
Insurance Department			
General Government			
Adult Health Insurance Administration (EA)	$ 0	$ 0	$ 8,050 [g]
Grants and Subsidies			
Adult Health Insurance (EA)	$ 49,870 [h]	$ 41,127	$ 21,899 [g]
TOTAL STATE FUNDS	$ 49,870	$ 41,127	$ 29,949
Federal Funds	$ 0	$ 0	$ 132,855
DEPARTMENT TOTAL	$ 49,870	$ 41,127	$ 162,804

Summary by Department (continued)

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Department of Public Welfare			
Grants and Subsidies			
Medical Care for Workers with Disabilities (EA)	$ 20,551 [i]	$ 30,140	$ 41,722
Uncompensated Care (EA)	35,193	35,616	35,818
TOTAL STATE FUNDS	$ 55,744	$ 65,756	$ 77,540
Federal Funds	$ 71,109	$ 78,478	$ 93,777
DEPARTMENT TOTAL	$ 126,853	$ 144,234	$ 171,317
TOTAL STATE FUNDS	$ 414,024	$ 447,008	$ 409,326
Federal Funds	$ 135,699	$ 136,558	$ 279,975
Augmentations	6,769	0	0
FUND TOTAL	$ 556,492	$ 583,566	$ 689,301

[a] Funds are actually deposited to the Endowment Account for Long-Term Hope immediately upon receipt of settlement payments.

[b] This budget proposes redirecting the 8 percent Health Endowment Account for Long-Term Hope portion to support health-related expenditures.

[c] 2007-08 Actual includes $24,458,000 and 2008-09 Available includes $20,840,000 executively authorized in the Department of Public Welfare, and excludes redistributed lapses to avoid double counting.

[d] Authorized in the Department of Public Welfare.

[e] Excludes $813,000 in 2007-08; $903,000 in 2008-09; and $961,000 in 2009-10 appropriated to the Tobacco Settlement Investment Board (actually funded by the Health Endowment Account for Long-Term Hope).

[f] This budget proposes continuing Act 53 of 2008 provisions reducing the 12 percent Tobacco Use Prevention and Cessation program portion by 25 percent to support health-related expenditures.

[g] This budget proposes continuing Act 53 of 2008 provisions reducing the 30 percent Health Investment Insurance portion by 33.3 percent to support health-related expenditures.

[h] Authorized as $55,784,177, but excludes redistributed lapses and realignment of Health Investment Insurance funds to avoid double counting.

[i] Authorized as $24,975,000, but excludes redistributed lapses and realignment of Health Investment Insurance funds to avoid double counting.

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Tobacco Settlement Revenue.....	$ 382,003	$ 384,322	$ 387,521	$ 389,797	$ 392,101	$ 394,427	$ 396,774
Miscellaneous Revenue.....	51,250	65,000	25,000	20,000	15,000	15,000	15,000
TOTAL TOBACCO FUND REVENUES.....	$ 433,253	$ 449,322	$ 412,521	$ 409,797	$ 407,101	$ 409,427	$ 411,774

Revenue Sources

Tobacco Settlement Revenue

Actual		Estimated	
2002-03.....	$ 416,918	2008-09.....	$ 384,322
2003-04.....	370,857	2009-10.....	387,521
2004-05.....	366,258	2010-11.....	389,797
2005-06.....	336,227	2011-12.....	392,101
2006-07.....	351,928	2012-13.....	394,427
2007-08.....	382,003	2013-14.....	396,774

Tobacco Settlement revenue includes payments from all tobacco settlements under the Master Tobacco Settlement Agreement except for payments set aside in the Health Endowment Account for Long-Term Hope. Act 53 of 2008 redirects the 2008 strategic contribution payment from the Health Endowment Account for Long-Term Hope to the Tobacco Settlement Fund to support health-related expenditures. This budget proposes a similar redirection of the 2009 strategic contribution payment from the Health Endowment Account for Long-Term Hope to the Tobacco Settlement Fund to support health-related expenditures.

Miscellaneous Revenue

Actual		Estimated	
2002-03.....	$ 8,153	2008-09.....	$ 65,000
2003-04.....	0	2009-10.....	25,000
2004-05.....	26,454	2010-11.....	20,000
2005-06.....	62,778	2011-12.....	15,000
2006-07.....	14,755	2012-13.....	15,000
2007-08.....	51,250	2013-14.....	15,000

Miscellaneous Revenue includes investment earnings that would have otherwise been deposited to or retained in the Health Endowment Account for Long-Term Hope, but were specified for retention within the fund itself by Act 91 of 2002, Act 41 of 2005, Act 66 of 2006, Act 42 of 2007 and Act 53 of 2008. This budget proposes a similar retention of those earnings to support health-related expenditures.

Revenue Detail

The following is a detailed list of all Tobacco Settlement Fund revenues.

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimate	2009-10 Budget
Gross Settlements.....	$ 356,156	$ 358,178	$ 361,223
Strategic Contributions.....	25,847	26,144 [a]	26,298 [a]
NET TOBACCO SETTLEMENT REVENUE.....	$ 382,003	$ 384,322	$ 387,521

[a] This budget proposes to continue to redirect strategic contributions from the Health Endowment Account for Long-Term Hope to the Tobacco Settlement Fund.

Restricted Revenues

Health Endowment Account for Long-Term Hope Revenue

(Dollar Amounts in Thousands)

Actual		Estimated	
2002-03.....	$ 43,163	2008-09.....	$ 1,680
2003-04.....	82,631	2009-10.....	1,692
2004-05.....	37,723	2010-11.....	0
2005-06.....	32,844	2011-12.....	0
2006-07.....	120,018	2012-13.....	0
2007-08.....	17,320	2013-14.....	0

Except where otherwise directed by legislation, the Health Endowment Account for Long-Term Hope restricted revenue includes all interest earned in the Tobacco Settlement Fund, the initial payment of Tobacco Settlement funds, strategic contribution payments (beginning in 2007-08), eight percent of each annual payment and lapses from the appropriations in the fund except for moneys provided for the Home and Community-Based Care program and the Health Investment Insurance program, which are reallocated to their respective programs.

Tobacco Settlement Investment Board Account

(Dollar Amounts in Thousands)

Actual		Estimated	
2002-03.....	$ 326	2008-09.....	$ 903
2003-04.....	276	2009-10.....	961
2004-05.....	276	2010-11.....	961
2005-06.....	376	2011-12.....	961
2006-07.....	659	2012-13.....	961
2007-08.....	813	2013-14.....	961

The Tobacco Settlement Investment Board restricted revenue represents the approved expenses of the overseeing investment board to be paid from the investment earnings in the Health Endowment Account for Long-Term Hope. These funds are appropriated from the account.

Community Health Reinvestment Account

(Dollar Amounts in Thousands)

Actual		Estimated	
2002-03.....	$ 0	2008-09.....	$ 130,264
2003-04.....	0	2009-10.....	83,224
2004-05.....	0	2010-11.....	129,947
2005-06.....	59,159	2011-12.....	122,801
2006-07.....	94,963	2012-13.....	108,763
2007-08.....	109,041	2013-14.....	110,938

The account is used for the restricted receipt and disbursement of funds received in accordance with the Community Health Reinvestment Agreement entered into February 2, 2005 by the Insurance Department. The Community Health Reinvestment program disburses funds in the Insurance Department in support of basic health care for adults in accordance with Act 77 of 2001.

Restricted Revenues

Health Venture Investment Account

(Dollar Amounts in Thousands)

Actual		Estimated	
2002-03.....	$ 0	2008-09.....	$ 6,000
2003-04.....	0	2009-10.....	0
2004-05.....	0	2010-11.....	0
2005-06.....	0	2011-12.....	0
2006-07.....	0	2012-13.....	0
2007-08.....	0	2013-14.....	0

The Health Venture Investment account revenues were provided by a one-time appropriation of $60 million from the Tobacco Settlement Fund as a result of Act 77 of 2001 and the transfer of funds from the Machinery and Equipment Loan Fund as a result of Act 53 of 2008. Funds are invested in one or more limited partnerships that make venture capital investments by acquiring debt and equity interests in health care, biotechnology or in other health-related businesses that are expected to grow substantially in the future in accordance with Act 77 of 2001.

Biotechnology Commercialization Account

(Dollar Amounts in Thousands)

Actual		Estimated	
2002-03.....	$ 0	2008-09.....	$ 6,000
2003-04.....	0	2009-10.....	0
2004-05.....	0	2010-11.....	0
2005-06.....	0	2011-12.....	0
2006-07.....	0	2012-13.....	0
2007-08.....	0	2013-14.....	0

The Biotechnology Commercialization account revenues were provided by the transfer of funds from the Machinery and Equipment Loan Fund as a result of Act 53 of 2008. Funds are distributed equally to regional biotechnology research centers to continue support for the three Life Sciences Greenhouses that invest in companies focused on research, development and commercialization of cutting-edge therapies and medical technologies in accordance with Act 77 of 2001.

adultBasic Health Care Provider Retention Account

(Dollar Amounts in Thousands)

Actual		Estimated	
2002-03.....	$ 0	2008-09.....	$ 0
2003-04.....	0	2009-10.....	0
2004-05.....	0	2010-11.....	0
2005-06.....	0	2011-12.....	19,323
2006-07.....	0	2012-13.....	47,085
2007-08.....	0	2013-14.....	0

This budget proposes the establishment of a restricted receipt account for the receipt and disbursement of funds received from the Health Care Provider Retention Account for an expanded adultBasic program. The adultBasic Health Care Provider Retention Account will disburse funds in the Insurance Department in support of basic health care for eligible uninsured adults.

Tax Expenditures

Tax credits, deductions, exemptions and exclusions are provided in law which result in a significant reduction in revenues that would otherwise be received at current tax rates. These reductions are tax expenditures.

TAX EXPENDITURE ANALYSIS

The traditional budget process involves estimating commonwealth revenues and appropriating these moneys for numerous programs. The process is subject to intense scrutiny by interests inside and outside government. Constrained by available revenues, programs are initiated, expanded, limited, or deleted based on merit. To augment the traditional budget process, this budget includes an analysis of indirect expenditures that occur through special treatment within the tax structure. Various tax credits, deductions, exemptions, and exclusions are provided which result in reductions in revenue that would otherwise be received by the commonwealth at current tax rates. Cumulatively, they are referred to in this budget as "tax expenditures."

The commonwealth's tax structure contains many tax expenditures. Examples include items as diverse as the sales and use tax exemption for firewood to the S corporation exemption in the corporate net income tax. In general, they are characterized by the fact that they confer special treatment to specific taxpayers, specific activities, or specific goods or services. The tax expenditures listed in this budget are the accumulation of many prior legislative sessions, and the original intent of certain tax expenditures may no longer be valid or consistent with current policies. A comprehensive tax expenditure analysis permits an on-going evaluation of each tax expenditure.

Act 180 of 1992 revised the requirements for the Governor's Executive Budget tax expenditure analysis. This act stipulated that the tax expenditure data be revised and updated every two years. Therefore, consistent with this provision, tax expenditures presented in this and subsequent budget documents will be updated and revised biennially. Exceptions include tax expenditures initiated, deleted, or amended by statute, expenditures where improved data allow significant revisions, or items of significant policy interest.

The 2009-10 Governor's Executive Budget presents this tax expenditure analysis covering commonwealth taxes with annual receipts of at least $20 million. A complete list of covered taxes is shown in the Table of Contents. The intended purposes of the current analyses are to:

(1) Identify indirect sources of budgetary support for various activities

(2) Present estimated costs associated with each tax expenditure

(3) Present actual or estimated costs of administering each tax expenditure

(4) Present actual or estimated numbers and descriptions of benefiting taxpayers

(5) Allow for administration, legislative, and public scrutiny and facilitate discussion on each tax expenditure's merits

For the purposes of this document, "tax expenditure" is defined as a reduction in revenue that would otherwise be collected by the commonwealth as the result of an exemption, reduction, deduction, limitation, exclusion, tax deferral, discount, refund, commission, credit, special rate, or special treatment. This definition provides a general framework within which to determine whether to classify certain items as tax expenditures. To facilitate this classification process, six specific criteria have been adopted to augment the general definition of tax expenditure:

(1) Reduces state revenues

(2) Confers special treatment

(3) Is included in the defined tax base

(4) Is not subjected to equivalent alternative taxation

(5) Can be altered by a change in state law

(6) Is not an appropriation

Tax Expenditure Analysis (continued)

The following examples of several items not considered to be tax expenditures clarify the use of these criteria:

Purchases made by commonwealth agencies are not subject to sales and use tax. Were these transactions not exempted, tax revenues would increase but increased commonwealth expenses would offset revenues. Therefore, no net budgetary change occurs. This item is not a tax expenditure.

The exclusion of a sale for resale from sales and use tax is not considered a tax expenditure because the tax is imposed on each separate sale at retail of tangible personal property or services.

Financial institutions and insurance companies are exempted from corporate net income tax (CNIT) and capital stock / foreign franchise tax (CS/FT). However, these corporations are subject to alternative taxes: the bank and trust company shares tax, mutual thrift institutions tax, or insurance premiums tax. The exemption of these corporations from the CNIT and CS/FT is not in itself a tax expenditure; however, to the extent that those taxes may not impose proportionate tax burdens on the exempted companies, the overall tax structure may involve some indirect tax expenditure.

The pro rata exclusion of U.S. securities from the bank and trust company shares tax was a state legislative response to a federal prohibition against direct taxation of these obligations or income derived from them. As this cannot be altered by changing state law, this exclusion is not a tax expenditure.

There are three primary limitations on the tax expenditure estimates. First, estimated revenue foregone due to a tax expenditure should not be construed as the revenue that could be gained if the tax expenditure provision were to be rescinded in legislation. The impact of any particular piece of legislation will vary depending on how the bill is drafted, how its terms are defined, when it becomes effective, and how it relates to other parts of the tax law. In contrast, tax expenditure estimates are often based on concepts that are defined by the way that government statistics on the subject are made available to the Department. Furthermore, no attempt has been made to account for changes in taxpayer behavior that may occur because of tax law changes. For example, if the sales and use tax exemptions were rescinded for equipment and utilities directly used in manufacturing, it is possible that capital investment in manufacturing would be reduced and that these sales and use tax receipts would be less than the tax expenditure estimate.

A second limitation is that individual estimates are not additive. It is not always possible to estimate each tax expenditure with regard to interactions with other provisions of that tax or other taxes. For example, certain exempt items qualify under multiple tax expenditures. If gasoline were to be included in the sales and use tax base, agricultural, political subdivision, and manufacturing/processing use would continue to be exempt under other provisions. Therefore, no bottom line can be presented similar to that shown for total revenues or expenditures in the current Governor's Executive Budget.

Third, these estimates are, in many cases, necessarily derived from data completely independent of taxpayer returns. Minor differences in data collection techniques among the various data sources used could introduce a small element of error into the estimates. Thus, these estimates are intended to represent the magnitude of each tax expenditure, not to provide pinpoint accuracy.

All estimates appear in millions of dollars. The word "nominal" is used when the estimated impact is less than $100,000. Estimates of revenue loss or beneficiary count and description that are not available are represented by "NA." Costs incurred to administer tax expenditures are estimated by major tax category or, if available, by specific tax expenditure. Identified costs for a major tax category are provided at the beginning of the tax expenditure group. No administrative costs are reported for tax expenditures that provide incentives to implement or continue programs that replace or supplement efforts that would otherwise be the responsibility of state government.

This analysis is a general guide to tax expenditures in Pennsylvania. It is not intended to be a tax manual, and statements within it should not be construed as interpretations of the law or regulations.

CREDIT PROGRAMS

NEIGHBORHOOD ASSISTANCE PROGRAMS

Authorization: Article XIX-A of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: A tax credit is available to banks, thrift institutions, title insurance and trust companies, and insurance companies (other than foreign fire/casualty insurance companies), corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock/foreign franchise tax, and pass-through entities. In order to qualify, the business entity must engage in certain assistance programs in impoverished areas or contribute to neighborhood organizations which provide such activities. The credit is allowed for neighborhood assistance, job training, education for individuals, community services, economic development, or crime prevention in an impoverished area. The program must be approved by the Secretary of Community and Economic Development.

Several parameters of the program were amended by Act 55 of 2007. Pass-through entities will now be eligible for this credit. If the entity cannot use this credit, the entity may elect to transfer the credit to its shareholders, members or partners. Therefore, taxpayers may also apply the credit against personal income tax. The amount of credit that may be awarded to a taxpayer is 55 percent, increased from 50 percent, of the amount contributed by a business firm, or 75 percent, increased from 70 percent, of the amount contributed to special program priorities defined by the Department of Community and Economic Development in regulations. For private companies, the amount is 25 percent, increased from 20 percent, of the amount of qualified investment, or 35 percent, increased from 30 percent, of the amount invested in special program priorities. A credit equal to 75 percent of the contributions made by a business firm during a taxable year for comprehensive service projects with a five-year commitment may be awarded. A credit equal to 80 percent of the contributions made by a business firm during a taxable year for comprehensive service projects with a six-year commitment may be awarded. The amount of the credits awarded annually cannot exceed $500,000, for contributions or investments for single projects or $1,250,000 for contributions or investments to four or more projects.

Act 55 also provides that credits may now be sold or assigned to other taxpayers. The total amount of credits awarded to all taxpayers remains $18 million in a fiscal year. However, $2 million is to be allocated exclusively for pass-through entities. If the $2 million is not used, then the unused portion is to be available for other taxpayers.

The estimate for fiscal year 2007-08 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This program encourages taxpayers to contribute to neighborhood organizations and engage in activities that promote community economic development in impoverished areas.

Administrative Costs: Costs to administer the Neighborhood Assistance Program credits are borne by the Department of Community and Economic Development and the Department of Revenue. Estimated costs for both departments total $0.3 million per year.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 17.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0

Beneficiaries: Approximately 385 companies doing business in Pennsylvania benefit from this tax expenditure.

EMPLOYMENT INCENTIVE PAYMENTS

Authorization: Article XVII-A of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Any bank, thrift institution, title insurance and trust company, or insurance company, as well as any corporation or person subject to the corporate net income tax or the personal income tax, employing persons formerly receiving welfare benefits, may claim an employment incentive payment as credit against any tax liability in selected taxes. The credit is for a portion of wages paid to a qualifying employee in the first three years of employment. Employment incentive payment credits are available for employees hired up to December 31, 2009. Additional credit is available for financing associated day care costs. Total employment incentive payment credits authorized cannot exceed $25 million in any fiscal year. The estimate for fiscal year 2007-08 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This program provides tax relief to taxpayers that hire persons previously receiving aid to families with dependent children or classified as chronically or transitionally needy at the time of employment and reduces state aid payments to those individuals.

Administrative Costs: Costs to administer the Employment Incentive Payments Credit program are borne by the Department of Public Welfare, Department of Labor and Industry, and the Department of Revenue. Estimated costs for all departments total $0.2 million per year.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 25.0	$ 25.0	$ 25.0	$ --	$ --	$ --	$ --

Beneficiaries: Employers of approximately 6,000 qualifying employees in Pennsylvania are expected to benefit from this tax expenditure.

JOB CREATION TAX CREDIT

Authorization: Article XVIII-B of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: A tax credit is available to businesses and individuals creating and sustaining jobs. The tax credit equals $1,000 per job for each year in the approved term and may be applied to the corporate net income tax, capital stock/foreign franchise tax, insurance premiums tax, gross receipts tax, bank and trust company shares tax, mutual thrift institution tax, title insurance company shares tax, personal income tax, or any combination thereof. The total amount of funds for tax credits available in a year is $22.5 million. The estimate for fiscal year 2007-08 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This tax credit encourages job creation and preservation in the commonwealth.

Administrative Costs: Costs to administer the Job Creation Tax Credit are borne by the Department of Community and Economic Development and the Department of Revenue. Estimated costs for both departments total $0.2 million per year.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 20.0	$ 22.5	$ 22.5	$ 22.5	$ 22.5	$ 22.5	$ 22.5

Beneficiaries: Approximately 120 companies doing business in Pennsylvania benefit from this tax expenditure.

RESEARCH AND DEVELOPMENT TAX CREDIT

Authorization: Article XVII-B of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: A Research and Development Tax Credit is available for performing qualified research in Pennsylvania. Beginning in December 2007, total credits in any one fiscal year are capped at $40 million, with $8 million of the total earmarked exclusively for small businesses. For all credits issued, prior to December 2006 the credit equals 10 percent of the increase in qualified research expenses for the current taxable year over a base period. For credits issued beginning in December 2006, the credit equals 20 percent of the increase in qualified research expenses for the current taxable year over a base period for small businesses. The credit remains at 10 percent for businesses that are not small businesses. Starting in December 2004, unused credits may also be sold or assigned to other taxpayers. The credit may be applied against the corporate net income tax, capital stock/foreign franchise tax, personal income tax, or any combination thereof. Unused credits may be carried forward fifteen taxable years. Credits are available for tax years ending on or before December 31, 2015. The estimate for fiscal year 2007-08 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This tax credit is intended to encourage businesses in the commonwealth to conduct research, especially research of a technological or scientific nature.

Administrative Costs: Costs to administer the Research and Development Tax Credit are borne by the Department of Revenue and the Department of Community and Economic Development. Estimated costs for both departments total $0.2 million per year.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 40.0	$ 40.0	$ 40.0	$ 40.0	$ 40.0	$ 40.0	$ 40.0

Beneficiaries: Approximately 380 companies performing qualified research and development in Pennsylvania benefit from this tax expenditure.

KEYSTONE OPPORTUNITY ZONE

Authorization: Act of October 6, 1998 (P.L. 702, No. 92), as amended.

Description: The Department of Community and Economic Development has designated specific areas of deteriorated property as Keystone Opportunity Zones (KOZs), Keystone Opportunity Expansion Zones, and Keystone Opportunity Improvement Zones. The program was last amended by Act 51 of 2003. This Act added a lease-based option allowing companies relocating within Pennsylvania to qualify for zone benefits.

Economic activity occurring in these zones is exempt from most local taxation for a period of up to fifteen years beginning with the creation of the particular zone. In addition to benefiting from a limited state sales and use tax exemption, zone residents and qualified businesses are exempt from the following state taxes: personal income, corporate net income, capital stock/foreign franchise, bank shares, and mutual thrift institutions taxes. In addition, qualified businesses may receive credits against insurance premiums tax for jobs created in a zone. The tax expenditure is the value of all the credits and the state taxes waived within the zone.

Act 72 of 2008 granted KOZs that are set to expire within the next five to ten years the option of extending their associated benefits for seven to ten years. Act 72 of 2008 also allows the department of Community and Economic Development to designate up to fifteen additional KOZs beginning in January 1, 2010. Under this legislation, contractors, pursuant to a contract with a qualified business, landowner or lessee, may purchase, exempt from sales and use tax any tangible personal property or services for use in the zone by the qualified business.

Furthermore, the formula for calculating the taxable income of a corporation in a zone is now based only on the payroll and property factors under Act 72. The sales factor has been eliminated from the calculation.

Purpose: This program provides tax relief to economically distressed urban and rural communities in an attempt to revive these areas.

Administrative Costs: Costs to administer the Keystone Opportunity Zone program are borne by the Department of Revenue and the Department of Community and Economic Development. Estimated costs for both departments total $0.5 million annually.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 39.0	$ 35.9	$ 35.4	$ 32.8	$ 29.7	$ 29.3	$ 28.9

Beneficiaries: Qualified businesses and residents of the designated zones within this commonwealth benefit from this tax expenditure.

COAL WASTE REMOVAL AND ULTRACLEAN FUELS TAX CREDIT

Authorization: Article XVIII-A of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: A tax credit is available for qualifying capital expenditures on facilities producing fuels from coal, culm, or silt. The credit can be used against sales and use tax, corporate net income tax, and capital stock/foreign franchise tax. Unused credits may be sold or assigned to other taxpayers. The total cost of the credit is capped at $18 million per year.

Purpose: This tax credit provides an incentive for taxpayers to develop facilities dedicated to the production of synthetic fuels within this commonwealth while removing coal waste from the environment.

Administrative Costs: Costs to administer the Coal Waste Removal and Ultraclean Fuels Tax Credit are borne by the Department of Revenue and are considered to be nominal.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: A minimal number of corporate taxpayers are expected to benefit from this credit program.

EDUCATIONAL IMPROVEMENT TAX CREDIT

Authorization: Article XX-B of the Public School Code of 1949 (P.L. 30, No. 14), as amended.

Description: A tax credit is available to banks, thrift institutions, title insurance and trust companies, and insurance companies, as well as corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock/foreign franchise tax, that contribute to nonprofit scholarship organizations or educational improvement organizations approved by the Department of Community and Economic Development (DCED). A tax credit shall be granted to a business firm providing proof of a contribution to a scholarship organization or an educational improvement organization equal to 75 percent of the total amount contributed during the taxable year. The tax credit must be applied in the taxable year the contribution is made. Any unused portion of the tax credit may not be carried forward or back, nor is it refundable or transferable. A tax credit shall be granted equal to 90 percent of the total amount contributed if the business provides a written commitment to DCED to contribute the same amount for two consecutive tax years. A tax credit shall not exceed the tax liability of a business for any given taxable year.

Act 61 of 2008 increased the annual limit per taxpayer from $200,000 to $300,000 for scholarship and education improvement organizations and increased the annual credit limit for contributions to pre-kindergarten scholarship organizations from $100,000 to $150,000. Act 61 also provided that S corporations and other pass-through entities are eligible for the program.

Through fiscal year 2002-03, the total amount of tax credits approved for all taxpayers was limited to $30 million in a fiscal year, with $20 million for contributions to scholarship organizations, and $10 million for contributions to educational improvement organizations. Beginning in fiscal year 2003-04, the total amount of tax credits approved for all taxpayers cannot exceed $40 million in a fiscal year, with $26.7 million for contributions to scholarship organizations and $13.3 million for contributions to educational improvement organizations. Beginning in fiscal year 2004-05, an additional $5.0 million per fiscal year is available for contributions to pre-kindergarten scholarship organizations. Beginning in fiscal year 2005-06, the cap on credits awarded increased to $44 million per fiscal year, including $29.3 million for contributions to scholarship organizations and $14.7 million for contributions to educational improvement organizations. Beginning in fiscal year 2007-08, the cap on credits awarded increased to $75 million per fiscal year, including $44.7 million for scholarship organizations, $22.3 million for contributions to educational improvement organizations, and $8.0 million for contributions to pre kindergarten scholarship organizations. The estimate for fiscal year 2007-08 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This program encourages taxpayers to contribute to scholarship organizations or educational improvement organizations in order to promote expanded educational opportunities for students in the commonwealth.

Administrative Costs: Costs to administer the Educational Improvement Tax Credit program are primarily borne by the Department of Community and Economic Development along with the Department of Revenue and the Department of Education. Estimated costs for all departments total $0.2 million per year.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 73.7	$ 75.0	$ 75.0	$ 75.0	$ 75.0	$ 75.0	$ 75.0

Beneficiaries Approximately 1,600 companies and 630 scholarship organizations, educational improvement organizations, and pre-kindergarten scholarship organizations benefit from this tax expenditure.

KEYSTONE INNOVATION ZONE

Authorization: Act of February 12, 2004 (P.L. 99, No. 12).

Description: Act 12 of 2004 created the Keystone Innovation Zone (KIZ) program to foster growth in targeted industry segments, namely research and development and other high technology businesses. The zones are defined parcels and are operated by a partnership of business groups and institutions of higher education.

Qualified businesses operating in a zone are entitled to priority consideration for assistance under a number of state programs, as well as a tax credit. A KIZ company may apply to the Department of Community and Economic Development for a tax credit equal to 50 percent of the increase in its gross revenues from the previous year attributable to its activities in a zone. A KIZ company may not claim in excess of $100,000 in tax credit per year. No more than $25 million in tax credits may be awarded in any taxable year.

KIZ companies may apply KIZ tax credits against personal income tax, corporate net income tax, or capital stock/foreign franchise tax liabilities.

KIZ companies may apply for KIZ tax credits beginning September 15, 2006, based on expenses from the prior taxable year. The Department of Community and Economic Development began awarding credits during fiscal year 2006-07. The estimate for fiscal year 2007-08 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This tax credit provides a financial incentive to foster growth of research and development and other high technology businesses in affiliation with institutions of higher education.

Administrative Costs: Cost to administer the KIZ program, including the review and award of KIZ tax credits, are borne by the Department of Community and Economic Development. The Department of Revenue is responsible for applying credits to taxpayer accounts. Estimated costs for both departments total $0.2 million per year.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 6.9	$ 25.0	$ 25.0	$ 25.0	$ 25.0	$ 25.0	$ 25.0

Beneficiaries: Approximately 80 taxpayers will benefit from this expenditure.

FILM PRODUCTION TAX CREDIT

Authorization: Article XVII-D of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: A tax credit in the amount of 20 percent of qualified film production expenses was available for expenses incurred in Pennsylvania after June 30, 2004. The total amount of tax credits that could be awarded in any fiscal year was $10 million. Beginning in fiscal year 2006-07, the credit program was replaced with a grant program. Act 55 of 2007 created a new film tax credit in the amount of 25 percent of qualified film production expenses incurred in Pennsylvania after fiscal year 2006-07. The total amount of tax credits that can be awarded in any fiscal year is $75 million. The tax credit may be used to offset capital stock/foreign franchise tax, corporate net income tax, or personal income tax. To qualify, the expenses must have been incurred in the production of a film, television commercial, or certain television shows intended for a national audience. At least 60 percent of total production expenses must have been incurred in Pennsylvania.

The estimate for fiscal year 2007-08 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This tax credit provides an incentive for filmmakers to produce films and television shows in Pennsylvania.

Administrative Costs: The Department of Community and Economic Development will incur the costs of awarding, reviewing, and approving the sale or transfer of credit. Annual administrative costs are expected to total $0.1 million.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 74.9	$ 75.0	$ 75.0	$ 75.0	$ 75.0	$ 75.0	$ 75.0

Beneficiaries: A limited number of filmmakers that produce films and television shows in Pennsylvania will benefit from this expenditure.

FIRST CLASS CITIES ECONOMIC DEVELOPMENT DISTRICT

Authorization: Act of December 1, 2004 (P.L. 1750, No. 226).

Description: Act 226 of 2004 created the Economic Development District program to provide tax benefits for the construction and operation of a produce terminal in Philadelphia. Companies leasing space in this district may earn tax credits for business conducted within the district. Credits may be taken against personal income tax or corporate net income tax. These companies are also exempt from sales and use tax on otherwise taxable services or goods consumed exclusively within the district. If the City of Philadelphia and the School District of Philadelphia agree to waive the respective taxes for the district property through the life of the program, the district will be approved by the Department of Community and Economic Development. Tax benefits may not extend beyond December 31, 2018.

Purpose: To provide incentives for economic development in Philadelphia.

Administrative Costs: Costs to administer the Economic Development District program are borne by the Department of Community and Economic Development and the Department of Revenue. Estimated costs for both departments total $0.1 million per year.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 2.8	$ 2.9	$ 3.1	$ 3.2	$ 3.3	$ 3.4	$ 3.5

Beneficiaries: Approximately 50 companies are expected to locate in an EDD upon completion of the produce terminal.

ORGAN AND BONE MARROW DONOR TAX CREDIT

Authorization: Act 65 of July 2, 2006

Description: Act 65 of 2006 created the Organ and Bone Marrow Donor Tax Credit for business firms subject to personal income tax, corporate net income tax, capital stock/franchise tax, bank and trust company shares tax, title insurance companies shares tax, or mutual thrift institutions tax. The amount of the credit is equal to the employee compensation paid during the leave of absence, the cost of temporary replacement help, and any miscellaneous expenses authorized by regulation incurred with the leave of absence period. Credits cannot be applied against employer withholding tax under Article III. Credits can be carried forward for three taxable years; however, they cannot be carried back to previous taxable years, and they are not refundable. The credit against personal income tax may be passed through proportionately to the shareholders of S corporations, members of limited liability companies, or partners.

Purpose: The purpose of these provisions is to create a greater willingness to donate organs and/or bone marrow through employer tax credits and public education.

Administrative Costs: Costs to administer the Organ and Bone Marrow Tax Credit program are borne by the Department of Revenue. Estimated costs are expected to total $0.1 million per year.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.0	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: A minimal number of taxpayers will benefit from this tax expenditure.

ALTERNATIVE ENERGY PRODUCTION TAX CREDIT

Authorization: Act 1 of the Special Session of July 9, 2008

Description: Act 1 of the Special Session of 2008 created the Alternative Energy Production Tax Credit. Taxpayers that develop or construct energy production projects located within the commonwealth, which have a useful life of at least four years, may apply to the Department of Environmental Protection for a tax credit beginning in September 2009. The amount of the tax credit may be up to 15 percent of the amount paid for the development and construction of alternative energy production projects but may not exceed $1 million per taxpayer. Unused portions of the tax credit may be carried forward for up to five taxable years from the year in which the credit is awarded. Credits may not be carried back. Additionally, taxpayers may sell or assign unused portions of the tax credit upon approval by the Department of Revenue and the Department of Environmental Protection. The total amount of tax credit that can be awarded is from $2 million to $10 million per fiscal year depending on the fiscal year.

Purpose: The purpose of this tax credit is to create an incentive to develop alternative energy sources within the Commonwealth.

Administrative Costs: Costs to administer the Alternative Energy Production Tax Credit program are borne by the Department of Environmental Protection and the Department of Revenue.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ --	$ 5.0	$ 5.0	$ 5.0	$ 5.0	$ 7.0	$ 10.0

Beneficiaries: An unknown number of taxpayers will benefit from this tax expenditure.

STRATEGIC DEVELOPMENT AREAS

Authorization: Act 151 of November 20, 2006

Description: The Strategic Development Areas (SDA) program was established in 2006 to provide incentives for economic development in designated areas. Act 151 of 2006 created the program to provide tax relief and tax credits to qualified companies within the SDA. The designation would be effective for a 15-year period and must be approved by the political subdivision in which it is located. By waiving these taxes for a series of years, the program hopes to foster growth in those areas. The Department of Community and Economic Development administers the program for the commonwealth.

Among the state taxes waived by the program are corporate net income, capital stock/foreign franchise, and personal income. Insurance companies and certain regulated transportation companies may earn tax credits based on the number of jobs created in a zone. Businesses operating in a zone are exempted from paying sales and use taxes on items purchased for consumption in the area. At the local level, property taxes, earned income and net profit taxes, mercantile license tax, and local sales and use tax are waived for area businesses. Tax benefits may not extend beyond December 31, 2022.

Purpose: This program provides incentives for economic development in designated areas to foster growth.

Administrative Costs: Costs to administer the Strategic Development Areas program are borne by the Department of Community and Economic Development and the Department of Revenue. Estimated costs for both departments total $0.1 million per year.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: A minimal number of taxpayers are expected to benefit from this credit program.

RESOURCE ENHANCEMENT AND PROTECTION TAX CREDIT

Authorization: Article XVII-E of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 55 of 2007 created the Resource Enhancement and Protection (REAP) Tax Credit to encourage the development of riparian forest buffers and the remediation of legacy sediment on commonwealth farmland. Depending on the type of development, a taxpayer may receive a credit of up to 75 percent of cost of a project. A maximum of $150,000 in tax credits may be awarded per eligible applicant, and the total amount of credits awarded in one fiscal year cannot exceed $10 million. The tax credit may be used against personal income tax, corporate net income tax, capital stock/foreign franchise tax, bank shares tax, title insurance company premiums tax, insurance premiums tax, and mutual thrift institutions tax. Credits for legacy sediment cannot be issued prior to July 1, 2008. Credits will first be awarded in fiscal year 2007-08.

The estimate for fiscal year 2007-08 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This credit encourages private investment in the implementation of best management practices on agricultural operations, the planting of riparian forest buffers, and the remediation of legacy sediment.

Administrative Costs: Costs to administer the REAP Tax Credit are borne by the State Conservation Commission and the Department of Revenue. Estimated costs total $0.1 million per year.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 3.2	$ 10.0	$ 10.0	$ 10.0	$ 10.0	$ 10.0	$ 10.0

Beneficiaries: A minimal number of taxpayers will benefit from this tax expenditure.

CORPORATION TAXES

Administrative Costs: Costs to administer various tax expenditures associated with the corporation taxes cannot be separately identified. Tax expenditures are a significant factor associated with the need for more compliance audits and increased complexity of such audits as well as legal rulings, pronouncements, and bulletins. Tax expenditures also contribute significantly to the tax appeals process.

(Dollar Amounts in Millions)

Estimates: **Corporate Net Income Tax and Capital Stock/Foreign Franchise Tax:**

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 3.0	$ 3.0	$ 3.1	$ 3.2	$ 3.3	$ 3.4	$ 3.5

Selective Business Taxes:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

CORPORATE NET INCOME TAX

Authorization: Article IV of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The Pennsylvania corporate net income tax is imposed on domestic and foreign corporations for the privilege of doing business, carrying on activities, having capital or property employed or used, or owning property in Pennsylvania. Certain corporations are exempt from the tax.

The tax is based on federal taxable income before net operating loss deduction and special deductions (line 28 of page 1 of federal IRS form 1120) modified by additions and subtractions to arrive at Pennsylvania taxable income. Taxes based on income and certain tax items are added back to federal taxable income. The tax rate is 9.99 percent for tax years 1995 and thereafter.

Any deductions, exemptions, or types of special treatment that are reflected in line 28 on the IRS form 1120, and not modified or adjusted by Pennsylvania statute, are not included below.

NET OPERATING LOSS CARRYFORWARD

Description: Corporations may deduct from current taxable income the net losses from previous years to arrive at their tax liability.

Act 45 of 1998 increased the three-year carryforward period to ten years for tax years 1995 and thereafter. This act provided a phase-in schedule of net loss deductions making the first ten-year carryforward available in tax year 2005. Suspended losses from 1988 through 1994 could be used variously against 1995 through 1997 tax years. Act 4 of 1999 increased the annual cap on deductions to $2 million in each of the ten years following the loss, effective January 1, 1999. Act 89 of 2002 increased the ten-year carryforward period to twenty years for losses incurred in the 1998 taxable year and thereafter. Act 116 of 2006 increased the annual cap on deductions to $3 million or 12.5 percent of taxable income, whichever is greater, in each of the twenty years following the loss, effective January 1, 2007.

Purpose: This deduction reduces the tax burden for a period of time after an operating loss period thereby aiding a corporation that has returned to economic viability as measured by taxable income.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 303.0	$ 321.4	$ 339.2	$ 356.8	$ 374.4	$ 391.8	$ 408.7

Beneficiaries: Approximately 21,500 businesses per year benefit from this tax expenditure.

SALES FACTOR APPORTIONMENT WEIGHT

Description: Beginning in tax year 1995, corporations apportioned their net income using a three-factor formula (payroll, property, and sales) that double-weighted the sales factor. The sales factor in the numerator of the corporate net income tax apportionment formula was multiplied by two and the denominator was four. Act 4 of 1999 provided for the sales factor to be triple-weighted beginning in tax year 1999. Therefore, the sales factor in the numerator is multiplied by three and the denominator is five. Act 116 of 2006 provided for the sales factor to be weighted 70 percent of the total beginning in tax year 2007. Therefore, the sales factor in the numerator is multiplied by 70, the property and payroll factors are multiplied by 15, and the denominator is 100.

Purpose: Corporations with a higher percentage of property and payroll invested in Pennsylvania (compared to their percentage of sales in Pennsylvania) will have less taxable income apportioned to the commonwealth. Therefore, those corporations will have a reduced tax burden. This encourages business investment in Pennsylvania in the form of property and employment.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 190.0	$ 203.4	$ 207.8	$ 209.7	$ 211.6	$ 213.6	$ 215.7

Beneficiaries: More than 33,800 corporations are affected by this expenditure. Of those, 12,000 benefit (i.e., have their taxable income reduced) from the expenditure. The estimates shown above reflect the net impact and represent the change in corporate net income tax from corporations who have their taxable income reduced, as well as the impact on corporations that have their taxable income increased as a result of this tax expenditure.

NONPROFIT CORPORATIONS

Description: Nonprofit corporations are exempt from the corporate net income tax. Act 7 of 1997 provided that any nonprofit corporation or entity that is an exempt organization as defined by section 501 of Internal Revenue Code of 1986 (P.L. 99-514, 26 U.S.C.) is exempt from the corporate net income tax. Corporations organized as a nonprofit but not operating as a nonprofit are excluded from this exemption. Act 4 of 1999 provided that insurance and travel agency activities carried on by an auto club are subject to the corporate net income tax. The same act restored exempt status to homeowners associations and membership organizations. The estimates below are based on unrelated business income taxed by the federal government.

Purpose: This exemption provides tax relief to nonprofit corporations including religious, charitable, educational, and scientific organizations that are perceived as providing social benefits.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 42.0	$ 44.1	$ 46.4	$ 48.9	$ 51.4	$ 59.0	$ 56.9

Beneficiaries: Approximately 1,000 nonprofit corporations operating in Pennsylvania with unrelated business income benefit from this tax expenditure.

PENNSYLVANIA S CORPORATIONS

Description: Corporations with a valid Pennsylvania S corporation election in effect for the taxable year are subject to corporate net income tax only to the extent that they have net recognized built-in gains. Pennsylvania S corporation shareholders must include their distributive share of Pennsylvania S corporation income for Pennsylvania income tax purposes. The tax expenditure is the difference between what is paid by the shareholders under the personal income tax and what the corporations would have paid had they been fully subject to the corporate net income tax. Act 7 of 1997 provided conformity with the federal Small Business Job Protection Act of 1996 by allowing an increase in the number of shareholders from 35 to 75, effective January 1, 1997. Act 7 also permitted S corporations to have qualified subsidiaries. The subsidiary can be either an S or a C corporation. Act 4 of 1999 eliminated the 25 percent passive income test and waived the five-year waiting period with respect to corporations whose S election was terminated for exceeding the passive income limitation. Act 67 of 2006 requires a federal S corporation to be a PA S corporation unless it files an election. If a small corporation opts out, then its choice shall remain in effect for five years. The Act also links the Pennsylvania definition of an S corporation more closely to the federal law, permitting Pennsylvania S corporations to have as many as 100 unrelated shareholders (formerly 75).

Purpose: Sub-chapter S corporations are closely-held corporations and are believed to be major job creators. This provision allows tax treatment that is similar to that of the Internal Revenue Service and most other states for these businesses.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 896.6	$ 914.6	$ 918.5	$ 925.9	$ 933.9	$ 942.8	$ 952.1

Beneficiaries: Approximately 169,000 sub-chapter S corporations doing business in Pennsylvania could benefit from this tax expenditure.

LIMITED LIABILITY COMPANIES (LLCs)

Description: Limited liability companies (LLCs) are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. LLCs that are not taxed as corporations for federal purposes are exempt from the Pennsylvania corporate net income tax. Act 45 of 1998 clarified that LLCs and business trusts classified by the federal government as “disregarded entities” are not subject to the Pennsylvania corporate net income tax. Members of the LLC must include their share of the LLC’s income for Pennsylvania personal income tax purposes or corporate net income tax (if a corporate member). The tax expenditure is the difference between what is paid by the members under the personal income tax and corporate net income tax and what the LLC entities would have paid under the corporate net income tax. Act 124 of 1998 provided that a bank or banking organization may organize as an LLC for the sole purpose of marketing and selling title insurance. An insurance agency may also be organized as an LLC.

Purpose: LLCs are a preferred type of business entity for start-up companies. They combine the limited liability of a corporation with the flexibility of a partnership. This provision allows tax treatment that is similar to that of the Internal Revenue Service and most other states for these businesses.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 257.6	$ 271.0	$ 281.5	$ 292.5	$ 303.6	$ 314.7	$ 326.0

Beneficiaries: As many as 128,800 companies doing business in Pennsylvania benefit from this tax expenditure.

FICA TAX ON TIPS

Description: Eating and drinking establishments can claim a deduction from their Pennsylvania taxable income equal to the amount of FICA (Federal Insurance Contributions Act) tax on employees' tips.

Purpose: This deduction corrects for a change in federal law. In 1993, a credit for the amount of FICA tax paid on employees' tips was created in the Internal Revenue Code. Taxpayers taking the federal credit may not also take a deduction for tax paid. Pennsylvania does not permit the credit and instead allows this additional deduction from federal taxable income.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.9	$ 2.0	$ 2.0	$ 2.1	$ 2.1	$ 2.1	$ 2.2

Beneficiaries: Approximately 2,100 taxpayers representing eating and drinking establishments could benefit from this tax expenditure.

NON-PROFIT NONSTOCK COMMODITY OR STOCK EXCHANGE

Description: Act 40 of 2005 excluded non-profit nonstock commodity or stock exchanges from the definition of a corporation for corporate net income tax purposes. This provision applies retroactively to taxable years beginning after December 31, 1997.

Purpose: This exemption provides tax relief for non-profit nonstock commodity or stock exchanges.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: A minimal number of corporate taxpayers benefit from this tax expenditure.

POWDERED METALLURGY NEXUS

Description: Act 55 of 2007 created a nexus exemption for the out-of-state customers of Pennsylvania powdered metallurgy parts manufacturers. This nexus exemption applies retroactively to taxable years beginning after December 31, 2004, as well as taxable years to which there is an appeal prior to the effective date.

Purpose: This nexus exemption ensures that Pennsylvania powdered metallurgy parts manufacturers will not lose business due to a concern that out-of-state customers may be unduly subject to Pennsylvania taxation only for contracting with such a company.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.9	$ 0.3	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4

Beneficiaries: A minimal number of corporate taxpayers benefit from this tax expenditure.

CAPITAL STOCK/FOREIGN FRANCHISE TAX

Authorization: Article VI of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The capital stock tax is a property tax imposed on every domestic corporation with capital stock, every joint-stock association and limited partnership, and every other company organized or incorporated in Pennsylvania. The franchise tax is a privilege tax imposed on foreign corporations, joint-stock associations, limited partnerships, and other companies doing business and liable for taxation within Pennsylvania or having capital or property employed or used in Pennsylvania. Certain corporations are exempt from these taxes, and some corporations are afforded special treatment.

The capital stock/foreign franchise tax is based on capital stock value which is defined as one-half of the sum of the average net income capitalized at the rate of 9.5 percent plus 75 percent of the net worth, less $150,000. Act 67 of 2006 authorized the increase of the valuation deduction from $125,000 to $150,000. Act 89 of 2002 modified the Act 23 of 2000 phase-out schedule by reducing the 2001 rate to 7.24 mills in 2002, further reducing the rate to 6.99 mills in 2003, and by reducing the rate by 1 mill per year thereafter until the tax is eliminated. Act 89 of 2002 also suspended the automatic transfer of 0.25 mill of the tax to the Hazardous Sites Cleanup Fund (HSCF). Beginning in fiscal year 2002-03, the HSCF transfer will only occur if the balance in the HSCF is expected to fall below $5 million. Act 46 of 2003 further modified the phase-out schedule by setting the 2003 rate to 7.24 mills, the 2004 rate to 6.99 mills, and then reducing the rate by 1 mill per year thereafter until the tax is eliminated. Act 67 of 2006 modified the Act 46 of 2003 phase-out schedule by reducing the 2006 rate to 4.89 mills, and then reducing the rate by 1 mill per year until the tax is eliminated for all tax years beginning after December 31, 2010. Act 77 of 2007 amended the HSCF transfer, setting it at $40 million per fiscal year, beginning in fiscal year 2008-09. The estimates in this analysis include only the General Fund portion of the tax and reflect the current phase-out of the tax.

Various types of assets are exempt from tax. The valuation of capital stock is not affected by these exemptions, but the exemptions are reflected in apportionment formulas used to compute the percentage of the capital stock value base actually subject to tax.

NONPROFIT CORPORATIONS

Description: Nonprofit corporations are exempt from the capital stock/foreign franchise tax. Act 7 of 1997 provided that any nonprofit corporation or entity that is an exempt organization as defined by section 501 of Internal Revenue Code of 1986 (P.L. 99-514, 26 U.S.C.) is exempt. Act 4 of 1999 provided that insurance and travel agency activities carried on by an auto club are subject to the capital stock/foreign franchise tax. The same act restored exempt status to homeowners associations and membership organizations. The estimates below are based on unrelated business income taxed by the federal government.

Purpose: This exemption provides tax relief to nonprofit corporations including religious, charitable, educational, and scientific organizations that are perceived as providing social benefits.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 15.7	$ 12.7	$ 8.6	$ 4.1	$ 0.8	$ 0.1	Nominal

Beneficiaries: Approximately 2,300 nonprofit corporations benefit from this tax expenditure.

FAMILY FARM CORPORATIONS

Description: Family farm corporations are exempt from the capital stock/foreign franchise tax. A family farm corporation is one that devotes at least 75 percent of its assets to agriculture and at least 75 percent of its stock is owned by members of the same family.

Act 45 of 1998 specifically defined LLCs and business trusts as corporations for capital stock/foreign franchise tax purposes. As a result, LLCs and business trusts are eligible for the family farm exemption, if appropriate.

Purpose: This exemption provides tax relief to family farm corporations thereby recognizing the importance of family-owned farms.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.1	$ 0.1	$ 0.1	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 250 family farm corporations operating in Pennsylvania could benefit from this tax expenditure.

ASSETS USED IN MANUFACTURING, PROCESSING, AND RESEARCH AND DEVELOPMENT

Description: Corporations (except those which enjoy the right of eminent domain, i.e., utilities) organized for manufacturing, processing, or research and development purposes may claim an exemption for capital stock invested in such activities within Pennsylvania. Pollution control assets are included for these corporations. This exemption is reflected in computing the percentage of the capital stock value actually subject to tax and applies to both single-factor and three-factor apportionment.

Act 63 of 1999 modified the manufacturing exemption by disallowing the exemption provided for manufacturing, processing, or research and development activities from the numerator of the sales factor and expanding the exemption by excluding property and payroll attributable to manufacturing, processing, or research and development activities outside of the commonwealth from the numerator of the property and payroll factors.

Purpose: This exemption encourages investment in manufacturing, processing, and research and development activities that improves the commonwealth's economic position.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 207.1	$ 166.6	$ 113.8	$ 54.1	$ 10.3	$ 1.8	Nominal

Beneficiaries: Approximately 5,550 corporations operating in Pennsylvania benefit from this tax expenditure.

APPORTIONMENT FORMULA

Description: Corporations that have multistate operations have the option of using either a single-factor or a three-factor formula to compute the portion of the capital stock value that is subject to tax. The single-factor formula is based on the ratio of the book value of taxable assets to the book value of total assets. The three-factor formula is based on property, payroll, and sales within and without Pennsylvania. Historically, only domestic corporations were permitted to choose the single-factor apportionment method until the Pennsylvania Supreme Court ruled that foreign corporations must be allowed the same option.

Purpose: This option provides tax relief to those corporations with considerable tangible investment in the commonwealth and thereby encourages corporate investment in Pennsylvania.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 226.3	$ 183.9	$ 128.0	$ 62.8	$ 11.9	$ 2.1	Nominal

Beneficiaries: Approximately 7,300 corporations doing business in Pennsylvania benefit from this tax expenditure.

POLLUTION CONTROL DEVICES

Description: Equipment, machinery, facilities, and other tangible property used during the tax year within Pennsylvania for water or air pollution control or abatement devices utilized for the benefit of the general public are exempt from the capital stock/foreign franchise tax. This exemption is reflected as an exclusion from the numerator of the single asset apportionment fraction or the numerator of the property factor when the three-factor apportionment formula is used. However, for manufacturing, processing, or research and development corporations, these assets are included as exempt equipment and shown in the expenditure for assets used in manufacturing, processing, and research and development.

Purpose: This exemption provides tax relief to corporations required to install pollution control devices and encourages investment in pollution control assets.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.1	$ 0.1	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 20 companies doing business in Pennsylvania benefit from this tax expenditure.

DEDUCTION FROM THE FIXED FORMULA

Description: Act 67 establishes that for tax years beginning in 2007 and thereafter, corporations may deduct $150,000 from the capital stock value which is then subject to apportionment to determine the taxable base. The valuation deduction for tax years 1997 through 2006 was $125,000. The valuation deduction was $100,000 for tax years 1995 and 1996.

Purpose: This exemption provides a tax-free portion of capital stock value for corporations, particularly beneficial to new businesses realizing little or no profit during their early years.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 65.1	$ 53.0	$ 36.4	$ 17.3	$ 3.3	$ 0.6	Nominal

Beneficiaries: Approximately 216,000 corporations doing business in Pennsylvania benefit from this tax expenditure.

HOLDING COMPANIES

Description: Holding companies may elect, in lieu of a standard apportionment formula, a special apportionment formula that computes the taxable portion of capital stock value by taking 10 percent of the total capital stock value. The single-factor apportionment formula was used as the standard apportionment formula in the estimating process. Holding companies are corporations (1) which derive at least 90 percent of their income from stock or securities and the rendering of administrative or management services to subsidiary corporations and (2) whose assets are at least 60 percent comprised of securities or indebtedness of subsidiary corporations. Act 45 of 1998 clarified that limited liability companies and business trusts are eligible to receive holding company tax treatment.

Purpose: This special treatment is intended to provide tax relief to those holding companies with considerable intangible assets that otherwise are not exempt under the single assets apportionment fraction.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 209.6	$ 170.3	$ 118.6	$ 58.2	$ 11.1	$ 2.0	Nominal

Beneficiaries: Approximately 790 companies doing business in Pennsylvania benefit from this tax expenditure.

REGULATED INVESTMENT COMPANIES/REAL ESTATE INVESTMENT TRUSTS

Description: Regulated investment companies (RICs) are subject to special valuation for capital stock/foreign franchise tax purposes. Their tax is computed by adding the net asset value multiplied by $75 and divided by one million to the apportioned undistributed personal income multiplied by the personal income tax rate. Undistributed taxable personal income is apportioned to Pennsylvania by a fraction, the numerator of which is all income distributed during the taxable year to resident shareholders and the denominator of which is all income distributed to all shareholders.

There is a potential revenue loss from regulated investment companies and real estate investment trusts (REITs) organized as business trusts. These entities are not subject to capital stock/foreign franchise tax. No cost estimate is available.

There is also a potential revenue loss associated with corporations that conduct Pennsylvania business activity through an investment in business trust RICs, REITs, and certain other related entities. Generally, a corporation's interest in an entity that is not a corporation is considered to be a direct ownership interest in the assets of the entity rather than an intangible interest. Act 232 of 2002 created exceptions to this general rule for RICs, REITs, and certain other related entities that are organized as business trusts. No cost estimate is available.

Purpose: RICs are corporations that derive at least 90 percent of their income from dividends, interest, and gains on disposition of stock and securities. REITs are corporations that own real estate investments and must distribute at least 90 percent of their income as dividends. This special treatment provides tax relief to these companies thereby allowing them to earn higher rates of return on their investments that, in turn, are passed on to their shareholders. The higher earnings rates may result in higher investment in the economy that is channeled through these companies.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.3	$ 0.2	$ 0.2	$ 0.1	Nominal	Nominal	Nominal

Beneficiaries: At least 80 RICs, REITs, and other related entities doing business in Pennsylvania benefit from this tax expenditure. In addition, an unknown number of corporations may benefit from the provisions of Act 232 of 2002.

RESTRICTED PROFESSIONAL COMPANIES

Description: Restricted professional companies (RPCs) are limited liability companies (LLCs) performing restricted professional services. LLCs are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. Restricted professional services include chiropractic, dentistry, law, medicine and surgery, optometry, osteopathic medicine, podiatry medicine, public accounting, psychology, and veterinary medicine. These types of businesses give members the protection of limited liability for the neglect of another member. RPCs are exempt from the capital stock/foreign franchise tax. However, an annual fee of $380 per resident member is imposed under the Associations Code, $25 of which is credited to the Corporation Bureau's restricted account. Act 67 of 2006 eliminated single member restricted professional companies from being subject to the capital stock and franchise tax unless they are classified as a corporation for federal income tax purposes, effective for tax years beginning after December 31, 2005.

The cost estimates shown below only reflect the cost of the single member RPC exemption.

Purpose: RPCs perform valuable professional services for citizens of the commonwealth.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 6.6	$ 6.0	$ 5.1	$ 4.0	$ 2.7	$ 1.3	Nominal

Beneficiaries: Approximately 2,200 companies doing business in Pennsylvania benefit from this tax expenditure.

EXEMPTION FOR STUDENT LOAN ASSETS

Description: Act 45 of 1998 provided that student loan related assets owned or held by a trust or other entity formed for the securitization of student loans are exempt from capital stock/foreign franchise tax. This provision is effective for tax years beginning on or after January 1, 1998.

Purpose: This program exempts student loan related assets held by loan securitization trusts from the capital stock/foreign franchise tax to conform with the commonwealth public policy of promoting higher education.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: A minimal number of business trusts and other entities formed for the securitization of student loan assets benefit from this tax expenditure.

FINANCIAL INSTITUTION BUSINESS TRUSTS

Description: Act 23 of 2000 created an exemption from tax for a domestic or foreign business trust that is created or managed by an entity subject to bank shares or mutual thrifts tax, or an 80 percent affiliate thereof. The trust must also be created and managed to facilitate the securitization of intangible assets. For federal tax purposes it is classified as a partnership or disregarded entity. This exemption applies to taxable years beginning after December 31, 1999.

Purpose: This exemption acts as an incentive for these trusts to form and operate in the commonwealth.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

NON-PROFIT NONSTOCK COMMODITY OR STOCK EXCHANGE

Description: Non-profit nonstock commodity or stock exchanges are excluded from the definition of a corporation for capital stock/foreign franchise tax purposes. This provision applies to taxable years beginning after December 31, 1997.

Purpose: This exemption provides tax relief for non-profit nonstock commodity or stock exchanges.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: A minimal number of corporate taxpayers benefit from this tax expenditure.

POWDERED METALLURGY NEXUS

Description: Act 55 of 2007 created a nexus exemption for the out-of-state customers of Pennsylvania powdered metallurgy parts manufacturers. This nexus exemption applies retroactively to taxable years beginning after December 31, 2004, as well as taxable years to which there is an appeal prior to the effective date.

Purpose: This nexus exemption ensures that Pennsylvania powdered metallurgy parts manufacturers will not lose business due to a concern that out-of-state customers may be unduly subject to Pennsylvania taxation only for contracting with such a company.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.2	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: A minimal number of corporate taxpayers benefit from this tax expenditure.

GROSS RECEIPTS TAX

Authorization: Article XI of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The gross receipts tax is imposed on the following companies conducting business in Pennsylvania: pipeline, conduit, steamboat, canal, slack water navigation and transportation companies; freight or oil transporters; telephone and telegraph companies; express service, palace car or sleeping car companies; and electric light, water power and hydroelectric energy companies. Municipalities are entitled to exemptions.

A tax is levied at 50 mills on gross receipts from passengers, baggage, freight, and oil transported within the state; as well as intrastate and interstate telephone and telegraph messages transmitted on land line or cellular systems. A tax is levied at 44 mills on the sale of electric energy. The 44 mill tax rate on sales of electric energy was subject to change based on the revenue neutral reconciliation (RNR) tax rate calculated annually pursuant to Act 138 of 1996, which governs the restructuring of the electric utility industry in Pennsylvania. Act 89 of 2002 established the permanent RNR tax rate at 15 mills for tax years beginning January 1, 2003 and thereafter. The sale of natural gas was subject to the gross receipts tax before Act 4 of 1999 repealed these provisions, effective January 1, 2000.

MUNICIPALLY-OWNED PUBLIC UTILITIES

Description: Gross receipts of public utilities owned or operated by a municipality are exempt from tax to the extent the gross receipts are derived from business done inside the limits of the municipality. The figures for this expenditure are at the statutory utilities gross receipts tax rates applicable to the appropriate tax year.

Purpose: This tax relief encourages municipalities to develop and invest in public utility services and supplemental energy sources including cogeneration facilities. It also benefits residents to the extent the tax relief is reflected through lower utility rates.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 6.7	$ 7.1	$ 7.5	$ 7.8	$ 9.3	$ 9.9	$ 10.5

Beneficiaries: The 31 municipally-owned utilities operating in the commonwealth benefit from this tax expenditure.

NUCLEAR GENERATING FACILITY DAMAGE

Description: Gross receipts derived from the sale of electricity by an electric light company which are attributable to the recovery of purchased energy costs, clean-up costs, and investment write-off costs due to damage to a nuclear generating facility are exempt from tax.

Purpose: This tax relief alleviates the financial hardship faced by the public utility as a result of damage caused by an accident or natural disaster. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: 41 electric suppliers could potentially benefit from this tax expenditure.

ELECTRIC COOPERATIVES

Description: Gross receipts of electric cooperatives are exempt from the tax. The figures for this expenditure are at the statutory utility gross receipts tax rates applicable to the appropriate tax year.

Purpose: These cooperatives are nonprofit corporations organized to engage in rural electrification and are perceived to provide public benefit. This exemption permits this service to be rendered at a reduced cost to the rate payers.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 17.1	$ 18.3	$ 19.3	$ 20.0	$ 23.9	$ 25.4	$ 27.0

Beneficiaries: The 13 cooperatives in the commonwealth benefit from this tax expenditure.

PUBLIC UTILITY REALTY TAX

Authorization: Article XI-A of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The public utility realty tax (PURTA) is imposed on public utilities furnishing services under the jurisdiction of the Pennsylvania Public Utility Commission or a regulatory body of another state or the United States.

Act 4 of 1999 fundamentally overhauled PURTA for tax year 1998 and thereafter. The tax rate is annually calculated by the Department of Revenue in order to raise an amount of tax revenue equal to the realty tax equivalent. The commonwealth imposes this tax on public utility realty in lieu of local real estate taxes and distributes revenue to local taxing authorities based on the realty tax equivalent.

Beginning with PURTA tax year 1998, utilities are taxed on the basis of the property's fair market value, which is the local assessed value adjusted by the common level ratio. After December 31, 1999, assets used in the generation of electricity are excluded from the PURTA tax base and the realty tax equivalent.

For fiscal years prior to 2003-04, an additional 7.6 mills of the PURTA tax base was transferred to the Public Transportation Assistance Fund. Beginning in fiscal year 2003-04, the additional 7.6 mills of the PURTA tax base remains in the General Fund. The estimates in this portion of the analysis include the variable tax as well as the additional 7.6 mill levy.

PROPERTY SUBJECT TO LOCAL TAXATION

Description: Property subject to local real estate taxation under any law in effect on April 23, 1968, is excluded from the PURTA base.

Purpose: The Constitution of Pennsylvania was amended April 23, 1968, to provide for state taxation of public utility realty property; however, any law in effect which subjected real property of a public utility to local real estate taxation was left in full force. This provision prevents the double taxation of such property.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 3.7	$ 3.9	$ 4.1	$ 4.3	$ 4.5	$ 4.8	$ 5.0

Beneficiaries: The 445 public utilities could benefit from this tax expenditure.

EASEMENTS

Description: Easements or similar interests are excluded from the PURTA base. An easement is an interest in land owned by another entity that entitles the public utility company to limited use related to the provision of utility service.

Purpose: PURTA is intended as a tax on real property and not as a tax on property such as these rights.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 3.3	$ 3.5	$ 3.7	$ 3.8	$ 4.0	$ 4.2	$ 4.4

Beneficiaries: The 445 public utilities could benefit from this tax expenditure.

RAILROAD RIGHTS-OF-WAY

Description: Railroad rights-of-way and superstructures thereon are excluded from the PURTA base. Railroad rights-of-way are limited ownership of land to be used exclusively for the provision of rail transportation service.

Purpose: PURTA is intended as a tax on real property and not as a tax on property such as these rights. This tax relief may encourage the development of our railroad network that benefits the economy.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 7.2	$ 7.7	$ 8.1	$ 8.5	$ 8.9	$ 9.3	$ 9.8

Beneficiaries: The 75 railroad public utilities could benefit from this tax expenditure.

SEWAGE SERVICES

Description: Public utilities furnishing sewage services are exempt from tax.

Purpose: This provides tax relief to companies that are in the business of sewage treatment and encourages investment in sewage treatment facilities that provide public environmental benefits. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 6.4	$ 6.8	$ 7.1	$ 7.5	$ 7.8	$ 8.2	$ 8.6

Beneficiaries: The 71 public utilities that provide sewage services benefit from this tax expenditure.

MUNICIPALITIES

Description: Municipalities or municipal authorities furnishing electric, natural gas, telephone, or water public utility services are exempt from tax.

Purpose: The realty used for municipally-furnished utility services is public property used for public purposes. Moreover, taxing such property would result in the municipal government funding the realty tax equivalent distributed to local taxing authorities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 3.9	$ 4.2	$ 4.4	$ 4.6	$ 4.8	$ 5.1	$ 5.3

Beneficiaries: The 455 municipal authorities and the 35 municipal public utilities benefit from this tax expenditure.

ELECTRIC GENERATION FACILITIES

Description: After December 31, 1999, land and improvements indispensable to the generation of electricity are subject to local real estate tax and are excluded from the PURTA tax base and the realty tax equivalent.

Purpose: Electric generation facilities were removed from the PURTA tax base because electric generation is no longer regulated as a public utility function. The electric competition statute, Act 138 of 1996, changed the definition of public utility, and generation facilities can be owned by unregulated entities. This exemption allows a level playing field for participants in electricity supply.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 27.3	$ 29.0	$ 30.4	$ 31.9	$ 33.5	$ 35.1	$ 36.9

Beneficiaries: The 22 electric utilities owning generating assets in Pennsylvania benefit from this tax expenditure.

TRANSITION CREDIT

Description: During the transition years 1998 through 2001, the liability of a public utility under PURTA is limited to 250 percent of its immediate prior year's liability with any reduction in the liability capped at $100,000 per taxable year. The cost of the transition credit in current fiscal years depends on the calculation of the compensating adjustments for the affected tax years.

Purpose: The PURTA transition credit provides limited relief to taxpayers having a significant increase in their PURTA tax base as a result of Act 4 of 1999.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 85 taxpayers benefit from this tax expenditure.

INSURANCE PREMIUMS TAX

Authorization: Article IX of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The insurance premiums tax is imposed on domestic and foreign insurance companies that transact business in Pennsylvania. Certain types of insurance companies are exempt from the tax.

The tax is levied on gross premiums received from business done within Pennsylvania during each calendar year. A retaliatory tax is also imposed on taxable insurance companies incorporated in other states that impose a higher burden on Pennsylvania companies doing business there.

The basic tax rate is 2 percent of gross premiums plus any retaliatory tax. A 3 percent rate is imposed on insurance premiums for policies written with unlicensed insurers by a surplus lines agent. Marine insurance companies are subject to a 5 percent tax on their underwriting profits in lieu of the insurance premiums tax.

The estimates in this analysis include the full amount of revenues and the retaliatory charges that would be received from affected insurance companies.

MUTUAL BENEFICIAL ASSOCIATIONS

Description: Purely mutual beneficial associations, whose funds benefit members, families, or heirs and are made up entirely of member contributions and accumulated interest, are exempt from the insurance premiums tax. For the purpose of this tax expenditure, these associations are treated as life insurance companies.

Purpose: Mutual beneficial associations are charitable and benevolent organizations that provide life, accident, and health benefits for their members. The exemption indirectly benefits subscribers to the extent that it is reflected in reduced premiums.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 10.2	$ 10.6	$ 11.5	$ 11.9	$ 12.7	$ 13.4	$ 14.3

Beneficiaries: The 66 mutual beneficial associations doing business in Pennsylvania benefit from this tax expenditure.

NONPROFIT HOSPITAL AND MEDICAL CARE SERVICE ORGANIZATIONS

Description: Companies organized under the Nonprofit Hospital Plan Act (Act of June 21, 1937, P.L. 1948, No. 378) and the Nonprofit Medical, Osteopathic, Dental and Podiatry Service Corporation Act (Act of June 27, 1939, P.L. 1125, No. 399) are exempt from the insurance premiums tax. Those exempt include, for example, Capital Blue Cross, Hospital Service Association of Northeastern Pennsylvania, Highmark Inc., Geisinger Health Plan, and Inter-County Health Plan, Inc.

Purpose: These companies are deemed to be charitable and benevolent institutions that provide hospital and/or medical care to their subscribers. The exemption provides indirect tax relief to subscribers to the extent that it is reflected in lower premiums.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 113.9	$ 120.2	$ 126.5	$ 133.8	$ 141.7	$ 150.7	$ 160.0

Beneficiaries: The 12 nonprofit hospital and medical care service organizations doing business in Pennsylvania benefit from this tax expenditure.

EXTRAORDINARY MEDICAL BENEFIT

Description: An exemption is allowed for premiums collected by automobile insurance companies for optional extraordinary medical benefit coverage from $100,000 to $1,100,000. This exemption applies only to premiums collected in association with policies written after June 1, 1989.

Purpose: This exemption benefits private insurance companies that are required to provide the extraordinary medical coverage as a result of the repeal of Pennsylvania's Catastrophic Loss Trust Fund. This exemption also indirectly benefits subscribers to the extent that it is reflected in reduced premiums.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Beneficiaries: The 810 automobile insurance companies licensed to do business in Pennsylvania may benefit from this tax expenditure.

LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION CREDIT

Description: A tax credit is available to companies that are members of the Pennsylvania Life and Health Insurance Guaranty Association. These companies may offset a proportionate part of assessment payments made to the association against the insurance premiums tax. The credit is for the portion of the assessment that is unrecoverable through premiums and must be taken over five years.

Purpose: The Pennsylvania Life and Health Insurance Guaranty Association protects policyholders and claimants by providing for the payment of benefits and the continuation of coverage under life, health, and accident, and annuity policies under certain circumstances. Members are assessed to provide funds to carry out the purpose of the association. This credit provides relief to member companies by allowing them to recoup a portion of their assessment payments in the form of tax credits. This credit also provides indirect relief to subscribers to the extent that lower premium rates are maintained.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 498 life, accident, and health insurance companies doing business in Pennsylvania may benefit from this tax expenditure.

PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION (PP&CIGA) CREDIT

Description: A tax credit is available to companies that are members of the Pennsylvania Property and Casualty Insurance Guaranty Association (PP&CIGA). Companies may claim a credit for assessments paid to the association in a calendar year that exceed one percent of gross premiums collected from policyholders. The credit must be taken proportionately over five years, beginning the year after the assessment is paid. This tax credit was enacted as part of Act 23 of 2000 to allow member companies to recoup a portion of assessments paid to the association in the form of tax credits.

Purpose: The Pennsylvania Property and Casualty Insurance Guaranty Association protects policyholders and claimants by providing for the payment of benefits and claims for property and casualty policies under certain circumstances. Members are assessed to provide funds to carry out the purpose of the association. This credit also provides indirect relief to property and casualty policyholders to the extent that lower premium rates are maintained.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 9.0	$ 5.1	$ 6.4	$ 5.2	$ 6.7	$ 7.1	$ 7.6

Beneficiaries: Approximately 1,000 property and casualty insurers doing business in Pennsylvania benefit from this tax expenditure.

BANK AND TRUST COMPANY SHARES TAX

Authorization: Article VII of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The bank and trust company shares tax is imposed on every bank and trust company having capital stock and doing business in Pennsylvania.

This tax is imposed annually on the value of shares as of January 1. The value of shares is a six-year average calculated by dividing the total number of shares into the average of each of the previous six years' quarterly average value of shares adjusted to exclude the value of United States obligations. The tax rate on the dollar value of each taxable share of stock is 1.25 percent.

GOODWILL DEDUCTION

Description: Act 55 of 2007 allows for goodwill generated by a combination to be subtracted from a bank's book value of total equity capital when calculating its shares history.

Purpose: This deduction is intended to avoid the artificial inflation of a bank's tax liability simply because it has combined with another bank.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 12.6	$ 14.9	$ 18.5	$ 19.6	$ 21.8	$ 24.0	$ 10.9

Beneficiaries: Any Pennsylvania bank involved in combination activity could benefit from this tax expenditure.

MUTUAL THRIFT INSTITUTIONS TAX

Authorization: Article XV of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The mutual thrift institutions tax is imposed on the net income of savings institutions, savings banks without capital stock, savings and loan associations, and building and loan associations conducting business in Pennsylvania.

The tax is based on net income determined in accordance with generally accepted accounting principles with the following major exceptions: income earned from United States obligations or Pennsylvania state and local obligations is excluded; the interest expense associated with tax exempt interest income is disallowed as a deduction; and net operating losses from previous years may be carried forward for a maximum of three years. Taxable net income is apportioned to Pennsylvania by a three-factor formula comprised of payroll, receipts, and deposits.

The current tax rate is 11.5 percent.

NET OPERATING LOSS CARRYFORWARD

Description: Thrift institutions may deduct from current taxable income the net losses from previous taxable years. A net loss for a taxable year may be carried over three years and must be carried to the earliest allowable tax year. There is no carryback of losses to prior years.

Purpose: This deduction reduces the tax burden for a period of time after an operating loss period thereby aiding the thrift institution after it has attained economic health as measured by its taxable income.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 2.9	$ 3.2	$ 3.0	$ 2.9	$ 2.7	$ 2.7	$ 2.6

Beneficiaries: The 145 mutual thrift companies could benefit from this tax expenditure.

CREDIT UNIONS

Description: Credit unions are exempt from taxation. The tax expenditure is determined by applying the appropriate mutual thrift institutions tax rate to their net earnings.

Purpose: Credit unions are cooperative associations incorporated to promote thrift and to provide a source of credit for their members. This program provides tax relief to credit unions as well as their members to the extent that it is reflected in higher rates earned on savings and lower rates charged for loans.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 20.2	$ 21.2	$ 22.2	$ 23.2	$ 24.3	$ 25.5	$ 26.8

Beneficiaries: The 620 state and federal credit unions operating in Pennsylvania benefit from this tax expenditure.

SALES AND USE TAX

Authorization: Article II of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Administrative Costs: Costs incurred to administer the multiple tax expenditures associated with the sales and use tax cannot be separately identified. Tax expenditures are a significant factor associated with the need for more compliance audits and the increased complexity of compliance audits. These audits contribute significantly to the volume of appeals processed by the Department of Revenue.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 12.6	$ 12.8	$ 13.0	$ 13.2	$ 13.3	$ 13.5	$ 13.8

Beneficiaries: Information provided under the sales and use tax "Beneficiaries" heading represent an actual or estimated number and description of Pennsylvania residents, households, or businesses benefiting from that specific tax expenditure. An unreported number of non-Pennsylvania entities may also benefit from the tax expenditure.

GENERAL/PERSONAL EXPENDITURES

FOOD

Description: Generally food and beverages intended for human consumption are exempt from taxation. These foods may be purchased from a bakery, pastry shop, donut shop, delicatessen, grocery store, supermarket, farmer's market, convenience store, or vending machine. Sales of ready-to-eat foods are not exempt from tax and include the sale of meals, sandwiches, food from salad bars, hand-dipped or hand-served iced based products including ice cream and yogurt, hot soup, hot pizza and other hot food items, brewed coffee, and hot beverages. In addition, the exemption does not apply to soft drinks, alcoholic beverages, or food purchased from an establishment from which ready-to-eat food and beverages are sold.

Purpose: Food is considered to be a basic necessity of life. Additionally, this provision reduces the regressive nature of the tax and eases the tax burden on families who spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$1,225.3	$1,283.5	$1,344.5	$1,408.4	$1,475.3	$1,545.4	$1,618.9

Beneficiaries: Virtually all 4.9 million households benefit from this tax expenditure.

CANDY AND GUM

Description: The purchase at retail or use of candy and gum, regardless of where sold, is exempt from taxation.

Purpose: Candy and gum are considered to be food. Exempting candy and gum regardless of where sold provides for uniformity in the taxation of these items.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 92.0	$ 96.4	$ 101.0	$ 105.8	$ 110.8	$ 116.1	$ 121.6

Beneficiaries: NA

PERSONAL HYGIENE PRODUCTS

Description: The purchase at retail or use of disposable diapers, incontinence products, toilet paper, feminine hygiene products, toothpaste, toothbrushes, and dental floss are exempt from taxation.

Purpose: These products are considered essential for maintaining a basic standard of life.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 39.5	$ 41.4	$ 43.4	$ 45.4	$ 47.6	$ 49.9	$ 52.2

Beneficiaries: Virtually all 4.9 million households benefit from this tax expenditure.

NEWSPAPERS

Description: The purchase or use of newspapers or publications containing information of general interest and reports of current events that qualify as a “newspaper of general circulation qualified to carry a legal advertisement,” not including magazines, is exempt from taxation.

Purpose: The purpose of this tax exemption is to encourage citizens to be well informed.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 64.1	$ 67.1	$ 70.3	$ 73.6	$ 77.0	$ 80.6	$ 84.3

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

MAGAZINES

Description: The purchase at retail or use of subscriptions for magazines is exempt from taxation. A "magazine" is a periodical published at regular intervals not exceeding three months and circulated among the general public. The exclusion includes any printed advertising material circulated with the periodical. This tax expenditure became effective July 1, 1994, under Act 48 of 1994.

Purpose: The purpose of this tax exemption is to encourage citizens to be well informed.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 22.8	$ 23.4	$ 24.1	$ 24.7	$ 25.4	$ 26.1	$ 26.9

Beneficiaries: Approximately 2.5 million households benefit from this tax expenditure.

CLOTHING AND FOOTWEAR

Description: The purchase at retail or use of wearing apparel, footwear, and other articles of clothing worn on the human body is exempt from taxation. Additionally, the purchase at retail or use of clothing patterns and other items that are to be a component part of clothing is exempt from tax. Accessories, ornamental wear, formal day or evening apparel, furs, and sporting goods are taxable.

Purpose: Clothing and footwear are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who spend a disproportionate share of income purchasing these products.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 917.6	$ 961.3	$1,006.9	$1,054.8	$1,104.9	$1,157.4	$1,212.4

Beneficiaries: Virtually all 4.9 million households benefit from this tax expenditure.

PRESCRIPTION DRUGS AND ORTHOPEDIC EQUIPMENT

Description: The purchase at retail or use of prescription drugs and orthopedic equipment is exempt from taxation. Such equipment includes crutches, wheelchairs, false teeth and dental materials, eyeglasses, artificial limbs and eyes, hearing devices, braces, and supports. Also included are devices to alleviate a physical incapacity such as a hospital bed or dialysis machine.

Purpose: Prescription drugs and orthopedic equipment are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who must spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 426.9	$ 445.0	$ 463.9	$ 483.6	$ 504.2	$ 525.6	$ 547.9

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

NON-PRESCRIPTION DRUGS

Description: The purchase at retail or use of non-prescription drugs such as antiseptics, aspirin, milk of magnesia, castor oil, cold capsules, eyewashes, and vitamins is exempt from taxation.

Purpose: Non-prescription drugs are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 34.7	$ 36.1	$ 37.6	$ 39.2	$ 40.8	$ 42.5	$ 44.3

Beneficiaries: Virtually all 4.9 million households benefit from this tax expenditure.

LIQUOR OR MALT BEVERAGE PURCHASED FROM RETAIL DISPENSER

Description: Alcoholic beverages purchased in a drinking place or bar are exempt from taxation. Purchases from a state liquor store or a beer distributor are taxed, despite the wholesale nature of a portion of these sales. The estimates represent the difference in the tax that would be collected at the retail level and the tax presently collected on the bulk sale.

Purpose: Taxing container sales rather than per drink sales reduces overall administrative and reporting burdens for vendors and audit efforts by the Department of Revenue.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 142.8	$ 149.6	$ 156.7	$ 164.2	$ 172.0	$ 180.2	$ 188.7

Beneficiaries: Approximately 4.7 million people benefit from this tax expenditure.

CHARGES FOR RETURNABLE CONTAINERS

Description: Separately stated deposit charges for returnable containers are excluded from the purchase price and are exempt from taxation.

Purpose: Deposit charges usually represent a security in the event a container is not returned. For this reason, a true exchange of property is not considered to have occurred.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 7.5	$ 7.7	$ 7.9	$ 8.1	$ 8.3	$ 8.6	$ 8.8

Beneficiaries: Approximately 270,800 business establishments and an unknown number of households may benefit from this tax expenditure.

WRAPPING AND PACKING SUPPLIES

Description: The purchase or use of wrapping paper, twine, bags, cartons, tape, rope, labels, nonreturnable containers, and all other wrapping supplies which are incidental to the delivery of personal property is exempt from taxation. This exclusion applies to retailers only. A separately stated charge for wrapping or packaging is taxable.

Purpose: Exemption of these items prevents double taxation since the cost of wrapping supplies, as a final input of the product, is included in the price charged by the retailer.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 61,500 retail and wholesale establishments benefit from this tax expenditure.

CASKETS AND BURIAL VAULTS

Description: The purchase or use of caskets, burial vaults, markers, cremation urns, and tombstones for human graves, including foundations, is exempt from taxation.

Purpose: These items are considered to be the final basic necessity of life. Additionally, this exemption reduces the regressive nature of the tax and eases the burden on low-income families.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 19.0	$ 19.7	$ 20.4	$ 21.2	$ 22.0	$ 22.8	$ 23.7

Beneficiaries: As many as 128,400 households benefit from this tax expenditure annually.

FLAGS

Description: The purchase or use of Pennsylvania and United States flags is exempt from taxation.

Purpose: The exemption of flags may be based on the perception that governmental support of national and state symbols is a worthy public policy objective.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.8	$ 1.9	$ 1.9	$ 2.0	$ 2.1	$ 2.2	$ 2.2

Beneficiaries: Approximately 2.4 million households and numerous businesses and organizations benefit from this tax expenditure.

TEXTBOOKS

Description: The purchase or use of textbooks for use in schools, colleges, and universities is exempt from taxation. The purchase must be on behalf of or through schools recognized by the Department of Education as institutions of learning.

Purpose: The education of the commonwealth's citizens is a major policy objective of state government. This exemption helps to reduce the overall cost of obtaining an education.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 23.0	$ 24.1	$ 25.2	$ 26.4	$ 27.7	$ 29.0	$ 30.4

Beneficiaries: As many as 711,000 college students may benefit from this tax expenditure.

CATALOGS AND DIRECT MAIL ADVERTISING

Description: The purchase or use of a mail order catalog or direct mail advertising literature and materials is exempt from taxation. Effective July 1, 1998, this exemption was extended to the purchase or use of electoral literature or material and certain mailing lists.

Purpose: The purchase of these items may be perceived as incidental to the advertising service being provided.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 116.6	$ 120.1	$ 123.6	$ 127.3	$ 131.0	$ 134.9	$ 138.9

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

FOOD STAMP PURCHASES

Description: The purchase at retail or use of tangible personal property in accordance with the federal Food Stamp Act of 1977 is exempt from taxation. Primarily, exempt items are soft drinks, certain drink mixes, vegetable and fruit seeds and plants, and certain prepared cold foods.

Purpose: This provision is mandated by federal law for continued state participation in the federally funded food stamp program.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 4.5	$ 4.7	$ 5.0	$ 5.2	$ 5.4	$ 5.7	$ 5.9

Beneficiaries: Approximately 519,700 households benefit from this tax expenditure.

GRATUITIES

Description: Any amount paid, in excess of charges and tax, for service relating to the purchase of food or beverages or hotel or motel accommodations is an exempt gratuity.

Purpose: Gratuities or tips are not included in the cost of the meal or accommodation acquired by the purchaser but are considered costs of the accompanying non-taxable services.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 62.6	$ 65.5	$ 68.4	$ 71.5	$ 74.7	$ 78.1	$ 81.6

Beneficiaries: Approximately 4.4 million households and an unknown number of businesses benefit from this tax expenditure.

FUELS AND UTILITIES

COAL

Description: The purchase or use of coal is exempt from taxation.

Purpose: This exemption provides special tax treatment of coal versus alternative energy forms. Other major energy sources are exempt only when used directly by the purchaser for residential use. Encouragement of coal consumption may have been perceived as providing or preserving employment when mining was a major employer within the commonwealth.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 203.8	$ 213.3	$ 223.2	$ 233.6	$ 244.5	$ 255.8	$ 267.7

Beneficiaries: Approximately 120,500 households and 7,400 businesses benefit from this tax expenditure.

FIREWOOD

Description: The purchase or use of firewood cut into lengths for burning or wood pellets is exempt from taxation when used as fuel for cooking, or for heating water or residential dwellings.

Purpose: Alternative energy sources such as heating oil, natural gas, coal, and electricity are exempt when used for residential purposes. The extension of this exemption to firewood provides consistency among all major energy sources.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.5

Beneficiaries: Approximately 571,400 households that use firewood or wood pellets as their primary heat source benefit from this tax expenditure. Also, there are an estimated 856,000 households with usable, wood burning fireplaces that may benefit from this tax expenditure.

RESIDENTIAL UTILITIES

Description: As defined by law, "tangible personal property" specifies taxable items. Specifically omitted from this definition are electricity, steam, natural, manufactured and bottled gas and fuel oil, basic local telecommunications service when purchased directly by the user solely for his residential use, and charges for coin-operated telephone calls. Court decisions have expanded the electricity exemption to include purchases for residential use through an agent, where there is no commercial interest.

Purpose: Residential utilities are considered essential for maintaining a basic standard of life. Additionally, this provision reduces the regressive nature of the tax and reduces the tax burden on families who spend a disproportionate share of income on these services.

(Dollar Amounts in Millions)

Estimates:

Electric:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 381.3	$ 399.4	$ 418.3	$ 438.2	$ 459.1	$ 480.9	$ 503.7

Fuel Oil/Gas:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 262.8	$ 275.3	$ 288.3	$ 302.0	$ 316.4	$ 331.4	$ 347.2

Telephone:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 105.8	$ 110.9	$ 116.1	$ 121.7	$ 127.4	$ 133.5	$ 139.8

Beneficiaries: Approximately 4.3 million households (electricity), 3.8 million households (fuel oil/gas), and 4.7 million households (telephone) benefit from this tax expenditure.

WATER AND SEWAGE SERVICES

Description: The purchase at retail or use of water (including ice) or sewage services is exempt from taxation.

Purpose: Water is a basic necessity of life. Additionally, this provision reduces the regressive nature of the tax and reduces the tax burden on families who spend a disproportionate share of income on this product.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 126.3	$ 131.4	$ 136.8	$ 142.3	$ 148.1	$ 154.1	$ 160.4

Beneficiaries: Approximately 4.1 million households and about 303,300 businesses benefit from this tax expenditure.

GASOLINE AND MOTOR FUELS

Description: The purchase or use of gasoline and other motor fuels, taxed under the Liquid Fuels and Fuels Tax Act, is exempt from the sales and use tax.

Purpose: Because these items are already subject to fuels taxes, the legislature has provided for their exemption from the sales and use tax.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$1,079.4	$1,052.8	$1,075.1	$1,090.1	$1,101.3	$1,109.5	$ 1109.5

Beneficiaries: Approximately 4.4 million households and owners of more than 1.4 million heavy trucks, buses, etc., benefit from this tax expenditure.

MOTOR VEHICLES / VESSELS

COMMON CARRIERS

Description: Vehicles purchased by a public utility, engaged in business as a common carrier, to be used in rendering utility services are exempt from taxation. Since the enactment of the Federal Aviation Act, effective January 1, 1995, Pennsylvania has recognized contract carriers as common carriers. Household goods carriers and private carriers remain taxable.

Purpose: Without this exemption, the tax would be built into the rate base of public utility services and, ultimately, passed on to consumers. Therefore, this exemption reduces the overall cost of utility services that are considered to be basic necessities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 96.0	$ 101.8	$ 108.1	$ 114.7	$ 121.8	$ 129.2	$ 137.1

Beneficiaries: Approximately 7,200 common carriers could benefit from this tax expenditure.

COMMERCIAL VESSELS (Construction and Repair)

Description: The purchase or use of commercial vessels of fifty tons or larger is exempt from taxation if delivery is taken in Pennsylvania.

Purpose: This exclusion places Pennsylvania shipbuilders at a competitively neutral position relative to shipbuilders in those states allowing this exemption.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1

Beneficiaries: As many as 7 establishments may benefit from this tax expenditure.

COMMERCIAL VESSELS (Equipment and Maintenance)

Description: The purchase or use of fuel, supplies, equipment, ships or sea stores, and cleaning or maintenance supplies is exempt from taxation. This exemption applies to vessels of fifty tons or more designed for commercial use.

Purpose: Imposition of the tax at the point of sale would place Pennsylvania vendors at a competitive disadvantage relative to those vendors operating in other states that allow this exemption.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 2.2	$2.2 $	$ 2.2	$ 2.2	$ 2.2	$ 2.2	$ 2.2

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

MOTOR VEHICLES (Out-of-State Purchasers)

Description: The purchase or use of a motor vehicle by a non-resident, to be used outside Pennsylvania, which is registered in another state within twenty days of delivery is exempt from taxation. Delivery must be taken outside of Pennsylvania.

Purpose: The exemption protects the participation of Pennsylvania car dealers in the out-of-state market while preventing potential abuses of such an exemption by Pennsylvania residents.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

SCHOOL BUSES

Description: The purchase at retail or use of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state sales and use tax revenues, also decreases state educational subsidy costs.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 12.7	$ 12.8	$ 12.9	$ 13.0	$ 13.0	$ 13.1	$ 13.2

Beneficiaries: Approximately 900 private contractors and 5,750 schools benefit from this tax expenditure.

PRODUCTION EXPENDITURES

MANUFACTURING EXEMPTION (Manufacture and Processing)

Description: An exemption is provided for the purchase or use of machinery, equipment, parts and supplies or the use of services or utilities used directly in the manufacturing and processing of personal property. This exemption does not apply to motor vehicles, maintenance facilities, managerial or other nonoperational activities or materials, supplies, or equipment used relative to real estate, obtaining disinfecting or pest control services, or building maintenance and cleaning services.

Purpose: Exemption of manufacturing equipment and supplies prevents the multiple taxation that could occur in the production of a finished good for consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 875.8	$ 889.2	$ 902.8	$ 916.6	$ 930.7	$ 944.9	$ 959.3

Beneficiaries: Approximately 15,000 manufacturers and an unknown number of processors and remanufacturers benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Agriculture)

Description: An exemption is provided for the purchase or use of machinery, equipment, parts and supplies or the use of services or utilities used directly in farming, dairying, horticulture, floriculture, or aquaculture. This exemption does not apply to motor vehicles, maintenance facilities, managerial or other nonoperational activities or materials, supplies, or equipment used relative to real estate, obtaining disinfecting or pest control services, or building maintenance and cleaning services.

Purpose: Exemption of agricultural equipment and supplies prevents the multiple taxation that could occur in the production of an agricultural commodity for sale and consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 142.6	$ 147.6	$ 152.9	$ 158.4	$ 164.0	$ 169.8	$ 175.9

Beneficiaries: Approximately 58,000 farm operators benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Public Utility)

Description: An exemption is provided for the purchase or use of machinery, equipment, parts and supplies or the use of services or utilities used directly in producing, delivering, or rendering a public utility service. This exemption does not apply to motor vehicles (except those used as common carriers), maintenance facilities, managerial or other nonoperational activities or materials, supplies, or equipment used relative to real estate, obtaining disinfecting or pest control services, or building maintenance and cleaning services.

Purpose: Exemption of equipment and supplies used in producing and delivering a public utility service prevents the multiple taxation that could occur in providing the service. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 116.5	$ 123.8	$ 131.5	$ 139.7	$ 148.5	$ 157.7	$ 167.6

Beneficiaries: Approximately 6,200 public utilities could benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Foundations for Machinery and Equipment)

Description: Foundations for machinery and equipment used directly in manufacturing, farming, dairying, agriculture, horticulture, floriculture, aquaculture, processing or producing, and delivering or rendering a public utility service are exempt from taxation. Included for a public utility, are sand, gravel, crushed rock, concrete, or similar material used as bedding or surrounding pipe used directly to render sewer or water service.

Purpose: Exemption of foundations for manufacturing equipment prevents the multiple taxation that could occur in the production of a finished good for consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 2.2	$ 2.3	$ 2.4	$ 2.5	$ 2.6	$ 2.7	$ 2.9

Beneficiaries: Approximately 79,200 entities benefit from this tax expenditure.

CONTRACT FARMING

Description: The purchase or use of tangible personal property or services that are directly used in farming, dairying, or agriculture for the production of food are exempt from tax even if the purchaser is not the entity directly involved in the agricultural activity. This exemption applies to machinery, equipment, parts, supplies, and utilities used in the production of food.

Purpose: Exemption of agricultural equipment and supplies prevents the multiple taxation that could occur in the production of an agricultural food commodity for sale and consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 24.4	$ 24.7	$ 25.0	$ 25.3	$ 25.5	$ 25.8	$ 26.1

Beneficiaries: An unknown number of businesses engaged in contract farming benefit from this tax expenditure.

OTHER

AIRLINE CATERING

Description: Airline purchases of catered food and non-alcoholic beverages served to passengers in connection with the airline service are exempt from tax.

Purpose: This tax exemption lowers the cost of catered food and non-alcoholic beverages purchased by airlines, which may also reduce the cost of airline travel for consumers.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 2.6	$ 2.8	$ 3.0	$ 3.2	$ 3.4	$ 3.6	$ 3.9

Beneficiaries: Approximately 23 airlines may benefit from this expenditure.

COIN-OPERATED FOOD AND BEVERAGE VENDING MACHINES

Description: The tax on food and beverages dispensed from coin-operated vending machines is derived from total receipts collected from the machines rather than from the price of individual items sold.

Purpose: This provision eases reporting and administrative burdens on the vendor and reduces audit efforts required by the Department of Revenue.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.9	$ 2.0	$ 2.0	$ 2.1	$ 2.1	$ 2.2	$ 2.2

Beneficiaries: As many as 565 vending machine operators may benefit from this tax expenditure.

HOTEL-PERMANENT RESIDENT

Description: An exemption is provided, under the hotel occupancy tax, for a person occupying or having the right to occupy a room in a hotel, inn, tourist home, lodging house, rooming house, summer camp, apartment hotel, resort lodging, or cabin for 30 consecutive days or more. This exemption does not extend to prepared meals or other taxable items.

Purpose: Residency of this length is felt to approximate permanent dwelling rental, which is non-taxable as a basic necessity of life.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.4	$ 0.4	$ 0.4	$ 0.5	$ 0.5	$ 0.5	$ 0.5

Beneficiaries: Approximately 4,800 persons benefit from this tax expenditure.

COMMISSION

Description: A licensed vendor is permitted a 1 percent discount as a credit against the gross amount of tax collected provided that a tax return, with full payment due the department, is postmarked on or before the due date. Nearly all tax returns are due 20 days after the end of a collection period.

Purpose: This provision is intended to defray the vendor's cost of collecting and remitting the sales and use tax.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 70.4	$ 72.3	$ 74.9	$ 77.5	$ 80.0	$ 82.6	$ 85.3

Beneficiaries: Approximately 199,200 vendors benefit from this tax expenditure.

OUT-OF-STATE CREDIT

Description: A credit is allowed for the purchase of personal property or taxable services for use outside Pennsylvania equal to the sales tax paid in the applicable state. The state must grant substantially similar tax relief as provided by Pennsylvania.

Purpose: Allowing a credit for tax paid in another state prevents double taxation.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRADE-IN VALUE

Description: A deduction is allowed against the gross purchase price for the value of personal property actually taken in trade or exchange. The trade-in property does not have to be of like kind to the purchased property. The reduction in purchase price is considered to be the value of the trade-in.

Purpose: Tangible personal property taken as a trade-in is usually resold. Therefore, it is treated as a sale for resale.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 290.6	$ 294.3	$ 298.1	$ 301.0	$ 307.3	$ 313.6	$ 320.1

Beneficiaries: Approximately 90 purchasers of aircraft, 12,700 purchasers of computers, 11,500 purchasers of boats, and 640,800 purchasers of cars and trucks annually benefit from this tax expenditure.

ISOLATED SALES

Description: Infrequent personal property sales of a non-recurring nature by persons not in the business of selling such items are exempt from taxation. By regulation, exempt entity sales can occur no more than three times nor more than a total of seven days in a year. These sales may include the sale of a lawn mower to a neighbor, liquidation of an estate, sale of a used typewriter by an insurance company, or yard sale items. Motor vehicles and property that must be registered or licensed are not granted this exemption.

Purpose: The exclusion of isolated sales from taxation greatly reduces compliance and administration burdens for the seller and the commonwealth.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 63.9	$ 65.2	$ 67.5	$ 69.5	$ 71.8	$ 74.1	$ 76.6

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TEMPORARY USAGE

Description: Property purchased outside Pennsylvania by a nonresident and temporarily used in Pennsylvania for seven days or less or any length of time by a tourist or vacationer is exempt from taxation. If the property is consumed in the state it becomes taxable.

Purpose: Providing an exemption for temporary usage of taxable property in Pennsylvania does not discourage entry into the state by vacationers, tourists, or others who attend, or are involved in specific short term events or activities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

HORSES

Description: The sale of a horse is exempt from taxation if the seller is directed to deliver the horse to an out-of-state location. A horse may be temporarily delivered to a resident or agent prior to being delivered out-of-state.

Purpose: This exemption provides preferential treatment of horses relative to other tangible personal property by permitting temporary location in Pennsylvania before being delivered out-of-state.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 3.8	$ 3.8	$ 3.8	$ 3.8	$ 3.8	$ 3.8	$ 3.8

Beneficiaries: Approximately 2,100 Standard bred horse purchasers and an unknown number of purchasers of other types of horses benefit from this tax expenditure.

YOUTH SPORTS PROGRAMS

Description: The purchase of food and beverages from nonprofit associations which support sports programs for participants aged 18 or younger or for persons with a physical or mental handicap regardless of age is exempt from taxation.

Purpose: The exemption of these items encourages such organizations to support programs that provide activities beneficial to young people and the handicapped.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PURELY PUBLIC CHARITIES

Description: The sale of personal property or services to or for use by any institution of purely public charity as defined by Act 55 of 1997 is exempt from taxation. Act 45 of 1998 extended this exemption to include the purchase or use of certain machinery and equipment used in a construction contract with an exempt entity. The purchase or use may be made by a construction contractor or the exempt entity. Transactions unrelated to the trade or business of such organizations are taxable as are certain materials and supplies purchased for use in connection with real estate.

Purpose: These organizations provide public and charitable services that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates:

Charitable Organizations:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 126.8	$ 131.4	$ 136.3	$ 141.3	$ 146.4	$ 151.8	$ 157.4

Volunteer Firemen's Organizations:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 52.0	$ 54.2	$ 56.5	$ 58.9	$ 61.4	$ 64.0	$ 66.8

Nonprofit Educational Institutions:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 204.6	$ 214.1	$ 224.0	$ 234.4	$ 245.3	$ 256.6	$ 268.5

Religious Organizations:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 10.7	$ 11.1	$ 11.5	$ 11.9	$ 12.4	$ 12.8	$ 13.3

Health & Social Assistance Organizations:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 486.2	$ 496.4	$ 506.7	$ 517.3	$ 528.1	$ 539.2	$ 550.4

Beneficiaries: Approximately 30,700 organizations currently benefit from this tax expenditure.

EXEMPT GOVERNMENTAL UNITS

Description: The sale of tangible personal property or services to or for use by the federal government, the commonwealth or its instrumentalities, or political subdivisions is exempt from taxation. Act 45 of 1998 extended this exemption to include the purchase or use of certain machinery or equipment used in a construction contract with a governmental unit. The purchase or use may be by a contractor or governmental unit. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent the tax on local government expenditures and construction contractors.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 400.4	$ 413.6	$ 428.0	$ 443.6	$ 459.3	$ 475.9	$ 491.8

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

SUBSTITUTED TAX BASE

Description: The tax on tangible personal property purchased at least six months prior to the first taxable use in Pennsylvania may be based on the prevailing market price at the time of the taxable use. This substituted base would be in lieu of taxing the original purchase price.

Purpose: This alternative tax base permits taxpayers to pay tax relative to the current market value of such assets that most closely approximates current taxable value.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

OUT-OF-STATE PURCHASES

Description: Tangible personal property purchased and used outside the state by a nonresident who later brings the property into Pennsylvania while establishing a permanent residence or business is exempt from taxation. This property must be purchased more than six months prior to the first taxable use in Pennsylvania.

Purpose: This provision eases administrative costs for the commonwealth and compliance costs for the taxpayer and prevents a substantial tax liability from being imposed when a person moves to Pennsylvania.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

RAIL TRANSPORTATION EQUIPMENT

Description: The purchase or use of rail transportation equipment by a business in the movement of its own personal property is exempt from taxation.

Purpose: Exemption of rail equipment provides preferential treatment benefiting specific users of this transportation mode. Were these items not exempt, this additional cost may be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 18.5	$ 18.9	$ 19.4	$ 19.8	$ 20.3	$ 20.7	$ 21.2

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

FISH FEED

Description: The purchase or use of fish feed by sportsmen's clubs, fish cooperatives, or nurseries approved by the Pennsylvania Fish Commission is exempt from taxation.

Purpose: The exemption provides special treatment benefiting organizations that raise fish intended for human consumption.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 170 cooperative nurseries and an unknown number of other entities benefit from this tax expenditure.

TOURIST PROMOTION AGENCIES

Description: The purchase or use of supplies and materials by tourist promotion agencies for distribution to the public is exempt from taxation. To be permitted this exemption, an agency must receive grants from the state.

Purpose: Excluding supplies and materials used by tourist promotion agencies that receive state grants reduces the cost of performing promotional activities. The need for direct support to these agencies is decreased by providing this exemption.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5

Beneficiaries: All 50 tourist promotion agencies benefit from this tax expenditure.

TROUT

Description: The purchase or use of brook trout, brown trout, or rainbow trout is exempt from taxation.

Purpose: Special treatment is conferred to those involved in the raising or sale of trout intended for human consumption.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 51 entities benefit from this tax expenditure.

CONSTRUCTION OF MEMORIALS

Description: The purchase or use of materials used in the construction or erection of objects commemorating or memorializing historical events is exempt from taxation. These objects must be purchased by not-for-profit organizations and erected on publicly owned property.

Purpose: This exemption has been provided because these memorials are presumably erected for public benefit and gratification.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

STORAGE

Description: Charges for storage, other than for self-storage, of tangible personal property are exempt from taxation.

Purpose: Commercial storage services may be considered an integral part of the production and distribution of tangible personal property.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 108.2	$ 112.8	$ 117.7	$ 122.7	$ 128.0	$ 133.5	$ 139.2

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

STAIR LIFT DEVICES

Description: The purchase or use of property or services used in installing or repairing stair lift devices is exempt from taxation when the device is installed or used in the residence of a physically disabled person requiring the device to ascend or descend stairs. The physical disability must be certified by a physician.

Purpose: Stair lift devices could be considered essential for people with a physical disability that prevents them from ascending or descending stairs. This exemption reduces the regressive nature of the tax and eases the tax burden on people requiring the devices.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Beneficiaries: As many as 1.1 million residents who have difficulty ascending and descending stairs may benefit from this tax expenditure.

BAD DEBTS

Description: Sales tax vendors may apply for a refund equal to 100 percent of bad debts associated with sales tax paid to the state for sales written off by the vendor and deducted for federal income tax purposes because the vendor did not receive full payment from the purchaser. Act 55 of 2007 provided that the refund for sales tax remitted and attributable to bad debt is now expanded to private label credit cards. This change will apply to amounts deducted as bad debts on federal income tax returns required to be filed after January 1, 2008. No refund is granted for interest, finance charges, or expenses incurred in attempting to collect receivables.

Purpose: The bad debt refund provision lessens the economic impact experienced by vendors when they extend credit to customers for taxable purchases and subsequently incur uncollectible accounts receivable (bad debts).

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 3.0	$ 5.9	$ 6.3	$ 6.6	$ 7.0	$ 7.3	$ 7.4

Beneficiaries: Any of the 250,000 licensed vendors could benefit from this tax expenditure, if they extend credit or accept checks for payment.

UNIFORM COMMERCIAL CODE FILING FEES

Description: Separately stated Uniform Commercial Code (UCC) filing fees, copy requests, and certification fees paid to a state or local agency are exempt from tax.

Purpose: UCC filing legally identifies the lien holder for personal property collateral. These fees may be perceived as incidental to the purchase or use of the tangible personal property and, as such, are exempt from tax.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.8	$ 1.8	$ 1.9	$ 1.9	$ 2.0	$ 2.0	$ 2.1

Beneficiaries: As many as 79,500 entities benefit from this tax expenditure annually.

CALL CENTER CREDIT

Description: A tax credit is available to call centers for the sales and use tax paid on incoming and outgoing interstate telecommunications. The credit is equal to the gross receipts tax paid by a telephone company on the receipts derived from the incoming and outgoing interstate telecommunications. An eligible call center must be located in Pennsylvania, employ 150 or more employees who initiate or answer telephone calls using at least 200 phone lines, and utilize an automated call distribution system. The total amount of credits awarded is limited to $30 million per year. The tax credit is available for sales and use tax paid for periods on or after January 1, 2004. The estimate for fiscal year 2007-08 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This exemption retains jobs by providing an incentive for call centers to maintain and expand operations in Pennsylvania.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.6	$ 30.0	$ 30.0	$ 30.0	$ 30.0	$ 30.0	$ 30.0

Beneficiaries: Approximately 30 call centers located in Pennsylvania will benefit from this tax credit.

RENTAL OF FILMS FOR COMMERCIAL EXHIBITION

Description: The purchase at retail or use of motion picture films rented or licensed from a distributor for the purpose of commercial exhibition are exempt from taxation.

Purpose: This provision allows the entertainment services associated with these films to be delivered to the public at a reduced cost. Were these films not exempt, the additional cost would likely be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 33.0	$ 35.1	$ 37.2	$ 38.6	$ 40.1	$ 41.6	$ 43.2

Beneficiaries: Approximately 192 motion picture and video exhibition companies, 65 television broadcasting stations, and 13 cable and subscription programming companies benefit from this expenditure.

COPIES OF AN OFFICIAL DOCUMENT

Description: The sale at retail or use of copies of an official document sold by a government agency or court are exempt from taxation. Included in copies of official documents are any copies in tangible form, including compact discs, microfilm, and similar forms of electronic media. Examples of such documents include notes of court testimony, deposition transcripts, driving records, accident reports, birth and death certificates, deeds, divorce decrees, and other similar documents.

Purpose: This provision eases reporting and administrative burdens on state, county, and local governments, including courts and political subdivisions.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.6	$ 0.6

Beneficiaries: An unknown number of individuals and businesses benefit from this tax expenditure.

INVESTMENT METAL BULLION AND INVESTMENT COINS

Description: The purchase or use of investment metal bullion and investment coins are exempt from taxation. This exemption includes the purchase or use of precious metals, where the value of the metal is primarily a function of the metal content, or a coin, where the market value exceeds the face value. This exemption does not include jewelry, works of art made from coins, or medallions.

Purpose: These purchases are generally for investment purposes only and, as such, are exempt from tax.

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 2.2	$ 2.4	$ 2.7	$ 2.9	$ 3.2	$ 3.4	$ 3.7

Beneficiaries: An unknown number of individuals and businesses engaged in the purchase and sale of investment bullion and coins benefit from this tax expenditure.

SERVICES

Description: Expenditures for services are not taxable under the sales and use tax except when specifically taxed by law.

Purpose: Because the primary basis for the sales and use tax is tangible personal property, the majority of services are not taxed unless they are related to taxable property. Legislation adopted in 1991 imposed the tax on charges for selected business services. Act 7 of 1997 removed computer services from the list of taxable services.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
LODGING							
Recreational parks, camps & campgrounds	$ 45.0	$ 47.1	$ 49.3	$ 51.7	$ 54.1	$ 56.7	$ 59.3
PERSONAL SERVICES							
Dry-cleaning & laundry services	$ 54.7	$ 57.1	$ 59.6	$ 62.2	$ 65.0	$ 67.8	$ 70.8
Personal care services	114.3	119.8	125.4	131.4	137.6	144.2	151.0
Funeral parlors, crematories & death care services	46.0	48.2	50.5	52.9	55.4	58.0	60.8
Other: personal services.	48.1	50.3	52.7	55.1	57.6	60.3	63.1
BUSINESS SERVICES							
Advertising, public relations, & related services	$ 542.2	$ 558.2	$ 574.8	$ 591.8	$ 609.3	$ 627.4	$ 646.0
Services to buildings and dwellings	88.6	90.5	92.4	94.3	96.3	98.3	100.4
Consulting (scientific, environmental, & technical)	271.2	280.2	289.4	298.9	308.8	319.0	329.5
Scientific research & development services	165.2	172.4	179.9	187.8	196.0	204.5	213.5
Information services	50.9	52.7	54.6	56.5	58.5	60.6	62.8
Administrative services	449.4	465.7	482.5	500.0	518.1	536.8	556.2
COMPUTER SERVICES							
Custom programming, design & data processing	$ 325.9	$ 337.4	$ 349.3	$ 361.7	$ 374.5	$ 387.7	$ 401.4
AUTOMOTIVE SERVICES							
Parking lots & garages	$ 59.0	$ 61.7	$ 64.5	$ 67.4	$ 70.5	$ 73.8	$ 77.1
RECREATION SERVICES							
Spectator sports admissions (excludes schools)	$ 59.6	$ 62.4	$ 65.3	$ 68.3	$ 71.4	$ 74.7	$ 78.2
Theater, dance, music & performing arts admissions	97.7	99.8	102.0	104.2	106.5	108.8	111.2
Amusement, gambling & recreation industries	328.4	343.9	360.0	376.9	394.6	413.1	432.4
Museums, historical sites, zoos, and parks	18.7	19.6	20.6	21.5	22.6	23.6	24.8
HEALTH SERVICES							
Home health care, nursing care, & other ambulatory health care services	$ 895.2	$ 948.8	$ 1,001.6	$ 1,058.5	$ 1,122.1	$ 1,190.4	$ 1,261.7
Hospitals	1,368.1	1,449.9	1,530.6	1,617.5	1,714.8	1,819.1	1,928.1
Physician & dental services	1,085.7	1,150.6	1,214.7	1,283.7	1,360.8	1,443.7	1,530.1
Social assistance, including day care	260.4	272.8	285.8	299.3	313.6	328.5	344.1
PROFESSIONAL SERVICES							
Legal	$ 495.7	$ 512.8	$ 530.5	$ 548.9	$ 567.9	$ 587.5	$ 607.8
Architectural, engineering, & related services	279.8	288.6	297.7	307.1	316.7	326.7	337.0
Accounting, auditing and bookkeeping services	203.8	210.1	216.6	223.3	230.2	237.3	244.6
Specialized design	58.7	60.8	63.0	65.3	67.7	70.1	72.6
All other professional and technical services	178.1	184.5	191.1	197.9	204.9	212.2	219.8
TRANSPORTATION SERVICES							
Transit & ground transportation	$ 110.4	$ 115.1	$ 120.0	$ 125.1	$ 130.4	$ 136.0	$ 141.8
Air transportation	334.1	347.7	361.9	376.7	392.1	408.1	424.8
Truck transportation	154.9	164.3	174.2	184.8	196.0	207.8	220.4
Other transportation	151.6	159.4	167.5	176.1	185.1	194.6	204.6
MISCELLANEOUS SERVICES							
Basic television	$ 102.9	$ 108.1	$ 113.6	$ 119.3	$ 125.3	$ 131.6	$ 138.3
Tuition (college, vocational training & instruction)	537.4	563.9	591.7	620.9	651.5	683.7	717.4
Electrical, plumbing, heating & AC service fees	NA	NA	NA	NA	NA	NA	NA
Veterinary fees	33.3	34.7	36.3	37.9	39.6	41.3	43.2
Finance & insurance	416.7	442.8	472.3	501.9	532.8	562.0	591.1
Waste management and remediation services	114.0	116.6	119.2	121.9	124.7	127.5	130.4

Beneficiaries: Virtually all 4.9 million households and all 330,000 business establishments benefit from one or more of these service tax expenditures.

CIGARETTE TAX

Authorization: Article XII of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The cigarette tax is an excise tax, based on a rate of 6.75 cents per cigarette, levied on the sale or possession of cigarettes in Pennsylvania. Prior to January 7, 2004, the tax rate was 5.0 cents per cigarette. Only one sale of cigarettes, whether individual cigarettes, packages, cartons, or cases, is taxable. Beginning in fiscal year 2002-03, fixed annual amounts of $30.73 million and $20.485 million of cigarette tax receipts are transferred to the Children's Health Insurance Program (CHIP) and the Agricultural Conservation Easement Purchase (ACEP) Fund, respectively. Transfers of cigarette tax receipts to CHIP began in fiscal year 1992-93 at the rate of two thirty-firsts of receipts. After January 1, 1997, the transfer amount was increased to three thirty-firsts of receipts. Transfers of cigarette tax receipts to the ACEP fund began in fiscal year 1993-94 at the rate of two thirty-firsts of receipts. Beginning January 7, 2004, 18.52 percent of cigarette tax receipts are transferred to the Health Care Provider Retention Account (HCPRA). The analyses below reflect only the General Fund portion of the tax expenditures.

Administrative Costs: Costs to administer the cigarette tax expenditures are nominal.

STATE VETERANS HOMES

Description: Sales to retail dealers located in state veterans homes for resale to residents in such homes are exempt. Federal veterans hospitals are exempt under federal law.

Purpose: It is perceived to be good public policy to reduce taxes for veterans who have served their country and are now residing in a veteran's home or hospital.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Beneficiaries: Residents in six state veteran's homes benefit from this tax expenditure.

UNSTAMPED CIGARETTES (200 AND UNDER)

Description: Vacationers or tourists crossing state lines with one carton or less of unstamped cigarettes are not required to pay tax on those cigarettes. The carton (200 cigarettes) cannot be resold and must be for personal use only.

Purpose: Persons crossing state lines with one carton or less of cigarettes are presumed to possess such cigarettes for personal use rather than intentionally avoiding payment of the cigarette tax. This expenditure helps to relieve administration and enforcement burdens as well as promote tourism.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

COMMISSIONS ON SALES OF STAMPS

Description: Cigarette stamping agents are permitted a commission of 0.98 percent of the value of all cigarette tax stamps purchased from the Department of Revenue or its authorized agents to be affixed to cigarettes for sale within the commonwealth. Prior to January 7, 2004, the commission was equal to 1.25 percent. The commission does not apply to purchases of stamps by a cigarette-stamping agent in amounts of less than one hundred dollars ($100).

Purpose: This commission is paid to the cigarette-stamping agent as compensation for services and expenses incurred while acting as an agent of the commonwealth in affixing tax stamps.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 9.9	$ 9.8	$ 9.6	$ 9.4	$ 9.2	$ 9.0	$ 8.9

Beneficiaries: Approximately 120 cigarette stamping agents may benefit from this tax expenditure.

MALT BEVERAGE TAX

Authorization: Article XX of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The malt beverage tax is levied on malt and brewed beverages manufactured, sold, and used in Pennsylvania or manufactured outside of Pennsylvania but sold for importation and use in Pennsylvania. The tax is borne by the consumer, but manufacturers, distributors, and importers remit the tax to the commonwealth.

Administrative Costs: Costs to administer the malt beverage tax expenditures are nominal.

EMERGENCY TAX CREDIT

Description: The emergency tax credit provides manufacturers of malt or brewed beverages, whose annual production of malt or brewed beverages does not exceed 1.5 million barrels, a maximum annual credit of $200,000 for capital improvement expenditures. Prior to January 1, 2004, the tax credit was limited to manufacturers whose annual production of malt or brewed beverages did not exceed 300,000 barrels. This tax credit cannot exceed the amount of qualifying capital expenditures made during the emergency tax credit period (items of plant, equipment, and machinery intended for use in the manufacture and sale of malt or brewed beverages within the commonwealth). Under current law, the tax credit period expires after December 31, 2008. This tax credit may only be used during the emergency tax credit period.

Purpose: This credit grants a limited tax subsidy for capital improvements made by small brewers. This provision could help lower the risk of business failure and subsequent loss of employment opportunities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.0	$ 1.1	$ 1.1	--	--	--	--

Beneficiaries: Approximately 10 manufacturers of malt or brewed beverages may benefit from this tax expenditure.

LIQUOR TAX

Authorization: The Liquor Code, Act of June 29, 1987 (P.L. 32, No. 14) and the Emergency Liquor Sales Tax Act, Act of June 9, 1936 (Special Session, P.L. 13).

The liquor tax is imposed on all liquor sold by the Pennsylvania Liquor Control Board. The tax is assessed, since 1968, at the rate of 18 percent of the net price paid by the consumer.

The liquor tax contains no tax expenditures as defined for this tax expenditure analysis.

PERSONAL INCOME TAX

Authorization: Article III of the Tax Reform Code of 1971 (P.L. 6 No. 2), as amended.

The personal income tax is levied against the taxable income of resident and nonresident individuals, estates and trusts, partnerships, S corporations, business trusts, and limited liability companies that are not taxed as corporations for federal purposes. Pennsylvania taxes eight classes of income: (1) compensation; (2) net profits from the operation of a business, profession, or farm; (3) net gains on income less net losses from dispositions of property; (4) net gains on income from rents, royalties, patents, and copyrights; (5) dividends; (6) interest; (7) gambling and lottery winnings; and (8) net gains on income derived through estates or trusts.

Administrative Costs: Costs to administer the various tax expenditures associated with the personal income tax cannot be separately identified. The existence of tax expenditures may result in taxpayer uncertainties, which create an administrative burden on the department relative to additional compliance audits, letter rulings, pronouncements, and bulletins.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 3.6	$ 3.7	$ 3.8	$ 3.9	$ 4.0	$ 4.1	$ 4.2

EXCLUSIONS FROM INCOME

RETIREMENT INCOME

Description: Payments commonly recognized as old age or retirement benefits paid to persons retired from service after reaching a specific age or after a stated period of service are exempt from taxation.

Purpose: The exemption limits the impact of the tax on retired persons. It also prevents taxation of previously taxed employee contributions to retirement plans.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$1,963.0	$2,047.2	$2,135.0	$2,226.5	$2,322.0	$2,421.5	$2,525.3

Beneficiaries: As many as 2.0 million retired residents and their survivors benefit from this tax expenditure.

RETIREMENT CONTRIBUTIONS BY EMPLOYERS

Description: Payments made by employers for programs covering employee retirement and employer social security contributions are exempt from taxation.

Purpose: This provision lessens the burden of the tax on Pennsylvania wage earners and maintains fairness since the employee often does not have the right to possess the funds in the retirement plan except upon retirement or separation from the company after a set number of years of service.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 884.1	$ 919.6	$ 957.6	$ 997.4	$1,038.6	$1,080.3	$1,122.0

Beneficiaries: As many as 5.7 million employees benefit from this tax expenditure.

NONQUALIFIED DEFERRED COMPENSATION

Description: Following the federal constructive receipt rule, Act 40 of 2005 stipulated that deferrals to nonqualified deferred compensation plans are not includible in compensation. This change applies to appeals which arise prior to or after the effective date of this act, July 7, 2005, and applies to taxable years beginning after December 31, 2002.

Purpose: With certain significant exceptions, Pennsylvania's constructive receipt rules were generally made consistent with the federal constructive receipt rules used to determine when compensation is received by a cash basis taxpayer.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 16.2	$ 16.6	$ 17.1	$ 17.6	$ 18.2	$ 18.7	$ 19.3

Beneficiaries: Approximately 6,000 residents benefit from this tax expenditure.

HEALTH SAVINGS ACCOUNTS/ARCHER MEDICAL SAVINGS ACCOUNTS (ARCHER MSAs)

Description: Act 67 of 2006 provides a personal income tax exemption for contributions made to Health Savings Accounts and Archer Medical Accounts, consistent with the federal treatment of such accounts. Distributions that are not used for qualified medical expenses will be taxable as interest income. These changes will apply to tax years beginning after December 31, 2005.

Purpose: This provision reduces the cost and could improve the quality and availability of health care to Pennsylvanians.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 2.5	$ 2.8	$ 2.9	$ 3.1	$ 3.2	$ 3.4	$ 3.6

Beneficiaries: Individuals filing approximately 30,000 returns are estimated to benefit from this tax expenditure. This number is expected to rise over time.

EMPLOYEE BENEFIT PROGRAM EMPLOYER CONTRIBUTIONS

Description: Payments made by employers or labor unions for programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, group life insurance, and strike benefits are exempt from taxation. Effective January 1, 1998, this expenditure also includes personal use of employer provided property and services.

Purpose: This provision lessens the burden of the tax upon Pennsylvania wage earners, along with maintaining fairness, since these payments are not usually based on actual use by each wage earner.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$1,026.4	$1,064.2	$1,100.0	$1,154.5	$1,225.5	$1,301.1	$1,377.7

Beneficiaries: As many as 5.6 million employees benefit from this tax expenditure.

CAFETERIA PLANS

Description: Payments made by employers, on behalf of employees, into a qualifying cafeteria plan are exempt from taxation if the program does not discriminate in favor of highly compensated individuals. This exemption parallels the limited exemption treatment of employee benefit programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, or strike benefits. Effective January 1, 1998, this expenditure also includes payments made on behalf of employees for personal use of employer provided property and services.

Purpose: This provision lessens the burden of the tax upon Pennsylvania wage earners, along with maintaining fairness, since these payments are not usually based on actual use by each wage earner.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 80.7	$ 84.0	$ 87.4	$ 91.1	$ 94.8	$ 98.6	$ 102.4

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

LIFE INSURANCE PROCEEDS

Description: Amounts paid to beneficiaries or the estate of a decedent due to the death of the decedent are exempt from tax.

Purpose: Life insurance proceeds are not considered compensation for services rendered. Also, premiums are often paid with after-tax dollars.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 94.5	$ 67.6	$ 100.7	$ 104.0	$ 107.4	$ 110.9	$ 114.4

Beneficiaries: The death payment beneficiaries of approximately 206,800 life insurance policies benefit from this tax expenditure.

SICKNESS OR DISABILITY PROCEEDS

Description: Payments, other than regular wages or salary, received for periods of sickness or disability are excluded from compensation.

Purpose: These payments are excluded because they do not take the place of an employee's regular wages or salary. However, sick pay in the form of regular wages or salary is taxable.

(Dollar Amounts in Millions)

Estimates	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

UNEMPLOYMENT AND SUPPLEMENTAL UNEMPLOYMENT COMPENSATION

Description: Amounts received as unemployment compensation or supplemental unemployment compensation are excluded from taxable income.

Purpose: This exemption assists unemployed persons in providing the basic necessities of life.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 77.0	$ 77.2	$ 77.3	$ 78.6	$ 79.9	$ 81.2	$ 82.6

Beneficiaries: Approximately 571,000 people benefit from this tax expenditure.

WORKER'S COMPENSATION

Description: Disability, retirement, or other payments arising under workmen's compensation acts, occupational disease acts, and similar legislation are exempt from taxation.

Purpose: These benefits are not related to services rendered and are intended to provide income or subsistence during periods of disability when the taxpayer was injured on the job and also to pay workers' medical bills for injuries sustained on the job. These benefits more closely resemble insurance payments, which are not taxable.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 84.9	$ 86.6	$ 88.4	$ 90.2	$ 92.0	$ 93.8	$ 95.7

Beneficiaries: As many as 110,700 residents benefit from this tax expenditure.

STRIKE BENEFITS

Description: Amounts designated as strike benefits are exempt from tax.

Purpose: These benefits are not considered compensation for services rendered and are thus excluded from tax.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PUBLIC ASSISTANCE

Description: Public assistance payments from governmental entities are excluded from taxable income.

Purpose: This provision limits the impact of the tax on the poor and increases the effectiveness of state payments under this program.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 14.3	$ 14.7	$ 15.6	$ 16.1	$ 16.5	$ 17.0	$ 17.4

Beneficiaries: Approximately 315,500 people benefit from this tax expenditure.

SALE OF A PRINCIPAL RESIDENCE

Description: Beginning January 1, 1998, the gain from a sale of principal residence is excludable from income. Prior to January 1, 1998, this expenditure was a once in a lifetime exclusion of up to $100,000 for those 55 and over.

Purpose: A principal residence is typically sold to meet the changing needs of the taxpayer and not in an effort to recognize a capital gain.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 234.2	$ 242.4	$ 249.0	$ 255.4	$ 261.6	$ 267.3	$ 273.2

Beneficiaries: The owners of approximately 255,200 principal residences that are sold each year in Pennsylvania benefit from this tax expenditure.

COMPENSATION FOR MILITARY SERVICE

Description: Compensation for military service by a Pennsylvania resident in a combat zone is excludable from tax. Income received for military service outside the commonwealth (whether or not it is in a combat zone) while on active duty as a member of the armed forces is excludable from compensation. Income received for active state duty for emergency within or outside Pennsylvania is excludable from compensation.

Purpose: This provision reduces tax on members of the armed forces while on active duty in service of the country.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 84.1	$ 90.6	$ 97.5	$ 105.3	$ 114.0	$ 123.1	$ 132.7

Beneficiaries: Approximately 50,000 residents benefit from this tax expenditure.

SCHOLARSHIPS, GRANTS, FELLOWSHIPS, AND STIPENDS

Description: Scholarships, grants, fellowships, and stipends awarded on the basis of need or academic achievement for the purpose of encouraging or allowing the recipient to further their educational development are not taxable. Fellowships and stipends are taxable if they are awarded as compensation for past, present, or future services.

Purpose: Awards made on the basis of detached generosity are considered to be gifts and are not taxable as income.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 86.2	$ 89.7	$ 93.4	$ 97.3	$ 101.3	$ 105.3	$ 109.3

Beneficiaries: The recipients of approximately 151,200 state and federal grants and scholarships, 154,000 federal grants and scholarships, and an unknown number of private scholarships, grants, fellowships, and stipends benefit from this tax expenditure.

REIMBURSEMENTS FOR ACTUAL EXPENSES

Description: Payments by an employer to an employee to reimburse actual expenses incurred by the employee in the conduct of the employer's business are excludable from compensation.

Purpose: This provision ensures that employees incurring business expenses, for which they are later reimbursed in the actual amount of the expenses, are not taxed on the reimbursements. Such expenses and reimbursements are treated as if the employer had made the expenditure directly.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

UNREIMBURSED EXPENSES

Description: Unreimbursed expenditures made by employees are excludable from compensation if they are necessary to enable the taxpayer to properly perform the duties of employment, reasonable in amount, directly related to the taxpayer's occupation, and customary in the taxpayer's occupation.

Purpose: This provision enhances the fairness of the tax for those employees who incur expenses for the benefit of the employer, in order to properly perform a job, or to retain a rate of compensation.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 92.6	$ 97.4	$ 102.4	$ 107.6	$ 113.2	$ 119.0	$ 125.1

Beneficiaries: Individuals filing approximately 1.2 million returns benefit from this tax expenditure.

BUSINESS INCOME DEDUCTIONS

Description: Ordinary and reasonable expenses necessary to operate a business or profession may be deducted from the gross receipts of that business or profession. This expenditure does not measure the cost of sales and operations or wages and salaries deductions.

Purpose: Businesses and professions are taxed on "net" profits; therefore, expenses necessary to produce the income may be deducted before tax is computed.

(Dollar Amounts in Millions)

Estimates:

Depreciation:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 110.6	$ 117.2	$ 123.7	$ 130.5	$ 137.6	$ 144.5	$ 151.1

Other:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$1,277.1	$1,352.9	$1,428.6	$1,507.1	$1,588.6	$1,668.6	$1,744.3

Beneficiaries: Approximately 1.2 million businesses and professions benefit from this tax expenditure.

FOSTER CARE

Description: Payments received by foster parents are explicitly excluded from the definition of compensation.

Purpose: This exemption provides an incentive for families to bear the burden of caring for foster children.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 8.2	$ 8.0	$ 7.9	$ 7.8	$ 7.7	$ 7.7	$ 7.6

Beneficiaries: The foster parents of approximately 29,100 children benefit from this tax expenditure.

QUALIFIED TUITION PROGRAMS

Description: Act 67 of 2006 provides a personal income tax deduction for qualified tuition program contributions. Rollovers, undistributed earnings, and distributions used for qualified higher education expenses are not taxable. This applies to taxable years beginning after December 31, 2005.

Purpose: These provisions lessen the burden of tax on families saving for college education.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 18.7	$ 19.7	$ 20.8	$ 21.9	$ 23.5	$ 25.7	$ 28.3

Beneficiaries: At least 60,000 taxpayers benefit from this tax expenditure.

EXEMPTION FOR ELECTION OFFICIALS

Description: Compensation and other payments received by county election officials are exempt from taxation.

Purpose: This exemption provides an incentive to serve as a county election official.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.8	$ 0.8	$ 0.8`	$ 0.9	$ 0.9	$ 0.9	$ 0.9

Beneficiaries: As many as 104,400 election officials benefit from this tax expenditure.

PENNSYLVANIA LOTTERY WINNINGS

Description: Prizes of the Pennsylvania Lottery are exempt from the state personal income tax. Prior to fiscal year 1999-00, an amount equal to total Lottery prizes paid multiplied by the current PIT rate was transferred from the Lottery Fund to the General Fund. Since the General Fund was reimbursed for the exemption of Lottery prizes, this transfer was considered a Lottery expenditure. Act 4 of 1999 eliminated the transfer, creating an actual General Fund expenditure. Since Pennsylvania Lottery winnings paid (if they were reported on a taxpayer return) could be offset by lottery and other gambling losses on a taxpayer's return, an estimate of this expenditure is not available.

Purpose: This provision provides an additional benefit to individuals winning lottery prizes.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

STATE/LOCAL OBLIGATIONS

Description: State and local governments and authorities may issue bonds to raise funds in order to finance a variety of public projects, including infrastructure improvement or construction, and provide essential services. When a bond is issued, the issuer is obligated to repay the borrowed bond proceeds, at a specified rate of interest, by some future date. Interest paid on Pennsylvania government-issued municipal bonds is exempt from Pennsylvania state income taxes.

Purpose: Because of this tax exempt feature, investors will usually accept lower interest payments than on other types of borrowing, lowering the overall cost for the government bond issuer.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	60.6	62.7	62.6	75.3	77.5	77.5	77.5

Beneficiaries: Approximately 185,000 Pennsylvanians benefit from this expenditure.

CREDITS

SPECIAL POVERTY PROVISIONS (TAX FORGIVENESS)

Description: Special tax forgiveness provisions allow eligible claimants to reduce their tax liability depending on the amount of their eligibility income. For tax year 2008, a taxpayer with no dependents and with eligibility income of $8,750 or less will qualify for some amount of forgiveness. A married couple with no dependents and with eligibility income of $15,250 or less will also qualify for some amount of forgiveness. The eligibility income limits increase by $9,500 for each dependent.

Purpose: This provision provides tax relief for taxpayers with low incomes.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 302.8	$ 293.7	$ 284.9	$ 276.4	$ 268.1	$ 260.0	$ 252.2

Beneficiaries: Individuals filing approximately 1.3 million returns benefit from this tax expenditure.

OUT-OF-STATE CREDIT

Description: Pennsylvania residents who have income which is subject to both Pennsylvania personal income tax and the income or wage tax of another state (excluding compensation earned in states with reciprocal agreements) or country may claim the lesser of the actual tax paid to the other state or country, or the tax calculated using Pennsylvania taxable income earned in the other state or country, multiplied by the current Pennsylvania tax rate as a credit against the personal income tax.

Purpose: This provision prevents the double taxation of income earned by a Pennsylvania resident in another state or country.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 193.8	$ 199.3	$ 207.5	$ 216.4	$ 225.2	$ 234.5	$ 243.4

Beneficiaries: Individuals filing approximately 113,200 returns benefit from this tax expenditure.

VOLUNTEER RESPONDER RETENTION AND RECRUITMENT TAX CREDIT

Description: Act 66 of 2008 created a one-time tax credit awardable for the 2008 taxable year and available to a volunteer for a volunteer ambulance service, volunteer fire company, or volunteer rescue company. Eligibility and credit amount for the credit is determined by a points system and the number of months as an active volunteer. The maximum credit per volunteer is one hundred dollars, which will be awarded in order of applications received until the $4.5 million credit cap is met. Any unused credits may be carried forward for up to three years; however, they may not be sold, reassigned, carried back, or refunded.

Purpose: The purpose of the tax credit is to recruit and retain active volunteer responders.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.0	$ 4.5	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0

Beneficiaries: The 85,000 volunteer responders in Pennsylvania could benefit from the tax credit.

ESTIMATED TAXES

ESTIMATED TAXES FOR FIDUCIARIES

Description: Act 40 of 2005 states that fiduciaries are allowed to adopt the federal annualization rules for calculating estimated payments. This change may lower or eliminate one or more estimated payments. These provisions apply to payments made after June 30, 2006.

Purpose: The adoption of annualized federal rules for calculating estimated payments for estates and trusts allow fiduciaries to have consistent payments between state and federal laws.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.8	$ 0.9	$ 0.9	$ 0.9	$ 1.0	$ 1.0	$ 1.1

Beneficiaries: Approximately 34,000 fiduciaries are estimated to benefit from this tax expenditure.

ESTIMATED TAXES FOR FARMERS

Description: Individuals having an estimated gross income from farming which is at least two-thirds of their total gross income may file an estimated tax declaration any time on or before January 15 of the succeeding year. If such an individual files a final return and pays the entire tax due by March 1, the return may be considered the declaration due on or before January 15. The estimates measure the interest lost due to delayed estimated payments.

Purpose: This provision provides assistance to farmers by allowing more liberal estimated payment rules, enhancing the farmers' cash flow.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.4	$ 0.7	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6

Beneficiaries: Farmers operating approximately 58,000 farms benefit from this tax expenditure.

ESTIMATED PAYMENTS FOR SMALL AMOUNTS

Description: Individuals with taxable income of $8,000 or less not subject to withholding are not required to pay estimated taxes. The threshold was changed from $2,500 effective January 1, 2000.

Purpose: These provisions reduce paperwork for the Department of Revenue and taxpayers with small amounts of income not subject to withholding.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.8	$ 1.9	$ 2.1	$ 2.2	$ 2.3	$ 2.5	$ 2.7

Beneficiaries: Approximately 1.6 million Pennsylvania residents benefit from this tax expenditure.

REALTY TRANSFER TAX

Authorization: Article XI-C of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The realty transfer tax is a documentary stamp tax on the value of any interest in real estate transferred by deed. The tax rate is 1 percent of the value of the real estate transferred. Each party to a document is jointly and severally liable for the tax imposed, unless the party is an excluded party or the document evidences an excludable transaction. The excluded status of a party does not relieve the other parties to a transaction from the entire tax due. The amounts below represent the General Fund portion of the realty transfer tax expenditures only and do not include expenditures for the portion transferred to the Keystone Recreation, Park, and Conservation Fund pursuant to Act 50 of 1993, as amended by Act 89 of 2002. Prior to Act 89 of 2002, 15 percent of the state levied realty transfer tax was transferred to the Keystone Recreation, Park, and Conservation Fund. Act 89 of 2002 lowered the transfer to 10 percent for January 2002 through June 2002 and to 7.5 percent for July 2002 through June 2003. For July 2003 and thereafter the transfer rate returns to 15 percent. Act 67 of 2006 lowered the transfer rate to 2.1 percent for Fiscal Year 2006-07 only. For July 2007 and thereafter the rate will return to 15 percent.

Administrative Costs: Costs to administer the realty transfer tax expenditures are approximately $0.3 million annually.

TRANSFERS TO GOVERNMENTAL UNITS

Description: A transfer to the commonwealth, the federal government or their agencies, political subdivisions, or instrumentalities by gift, dedication, condemnation or in lieu of condemnation is exempt from taxation.

Purpose: This exemption provides tax relief to the grantor of property to a governmental entity. Without an exemption, the grantor would be required to pay the tax. The exemption may encourage donation of property to a governmental entity.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 3.6	$ 3.7	$ 4.0	$ 4.2	$ 4.4	$ 4.6	$ 4.8

Beneficiaries: Approximately 3,200 local governmental units could benefit from this tax expenditure.

PARTITION OF REALTY BY CO-TENANTS

Description: A partition of realty, passed by testate or intestate succession and held by co-tenants, into two or more distinctive portions with each party taking shares equal to their undivided interest, is an excluded transaction.

Purpose: Tax relief is given to the heirs to assist in the equitable settlement of the estate. Heirs to realty do not always want joint ownership in the realty willed to them as co-tenants. This exemption enables the parties to partition the realty into two or more distinct portions with each party taking shares equal to their undivided interest without incurring tax.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS AMONG FAMILY MEMBERS

Description: Transfers between husband and wife, parent and child or the spouse of such child, siblings and/ or the spouse of a sibling, and a grandparent and grandchild or the spouse of such a grandchild are exempt from taxation.

Purpose: This exemption reduces the tax burden on families by exempting transfers to family members.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 70.3	$ 71.1	$ 77.5	$ 81.5	$ 85.0	$ 88.3	$ 91.7

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS TO SHAREHOLDERS OR PARTNERS

Description: A transfer from a corporation or association to its shareholder or member, where the grantee owns stock or holds an interest in the same proportion as his interest in the real estate being conveyed, is an excluded transaction. The stock or interest must be held by the grantee for more than two years.

Purpose: This exemption recognizes that the grantee has an ownership interest in the realty conveyed to him in the same proportion as stock owned in the corporation or interest in the association.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.6	$ 1.7	$ 1.8	$ 1.9	$ 2.0	$ 2.1	$ 2.1

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS TO OR FROM A NONPROFIT INDUSTRIAL DEVELOPMENT AGENCY

Description: A transfer to a nonprofit industrial development agency or authority is an excluded transaction. A transfer from a nonprofit industrial development agency or authority to a grantee purchasing directly from it is an excluded transaction if (1) the grantee uses such real estate for the primary purpose of manufacturing, fabricating, compounding, processing, publishing, research and development, transportation, energy conversion, energy production, pollution control, warehousing, or agriculture and (2) the authority has full ownership interest in the real estate transferred.

Purpose: These exemptions encourage transfers of realty to nonprofit organizations for industrial development and from nonprofit organizations for use in various activities that may contribute to economic development in the commonwealth.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 3.6	$ 3.6	$ 3.9	$ 4.1	$ 4.3	$ 4.5	$ 4.7

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS BETWEEN RELIGIOUS ORGANIZATIONS

Description: A transfer between religious organizations or persons holding title for a religious organization, with both parties possessing tax-exempt status under the Internal Revenue Code, is an excluded transaction. The real estate cannot have been used by such transferor for commercial purposes.

Purpose: This exemption provides tax relief to religious organizations that are perceived to provide social benefits.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.4	$ 1.4	$ 1.5	$ 1.6	$ 1.7	$ 1.7	$ 1.8

Beneficiaries: Approximately 16,200 religious organizations could benefit from this tax expenditure.

TRANSFERS TO A CONSERVANCY

Description: A transfer to or from a conservancy that possesses a tax-exempt status pursuant to the Internal Revenue Code and which has as its primary purpose preservation of land for historic, recreational, scenic, agricultural, or open space opportunities is an excluded transaction.

Purpose: This exemption encourages the preservation of realty with historic, recreational, scenic, or agricultural value.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Beneficiaries: Approximately 66 land conservancies could benefit from this tax expenditure.

REAL ESTATE DEVOTED TO AGRICULTURE

Description: A transfer of real estate devoted to the business of agriculture to a family farm corporation or family farm partnership by a member of the same family is an excluded transaction. The family must own at least 75 percent of each class of stock in a family farm corporation. The family farm may also lease the farmland as long as it is used for farming.

Purpose: This exemption provides tax relief for the establishment or expansion of the family farm corporation or family farm partnership thereby recognizing the importance of the family-owned farm.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 3,975 family farm corporations or partnerships could benefit from this tax expenditure.

OWNERSHIP INTEREST IN REAL ESTATE COMPANY OR FAMILY FARM

Description: A transfer between members of the same family of an ownership interest in a real estate company, family farm corporation, or family farm partnership is an excluded transaction.

Purpose: A transfer of ownership interest between members of the same family is not considered a change in ownership of the business. This exemption encourages the preservation of family farm corporations, family farm partnerships, and family-owned real estate businesses by allowing transfers of ownership interests between members of the same family not to count toward the corporation becoming an acquired company.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 3,975 family farm corporations or partnerships and an unknown number of real estate companies could benefit from this tax expenditure.

TRANSFERS OF REALTY VALUED AT $100 OR LESS

Description: A transaction where the tax due is one dollar ($1.00) or less is an excluded transaction.

Purpose: The administrative costs of collecting the revenue from a transfer of realty valued at one hundred dollars or less are thought to be greater than the revenue.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PRODUCTION OR EXTRACTION OF COAL, OIL, NATURAL GAS, OR MINERALS

Description: Leases for the production or extraction of coal, oil, natural gas, or minerals and assignments thereof are excluded transactions.

Purpose: This exemption gives tax relief to the mining and extracting industries to produce and extract coal, oil, natural gas, and minerals at a lower cost.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 1,160 companies may benefit from this tax expenditure.

PUBLIC UTILITY EASEMENTS

Description: A transfer of an easement to a person furnishing public utility service is an excluded transaction if the easement is used in, or useful for, furnishing public utility services.

Purpose: Public utility easements are numerous and the majority of them are conveyed for a small consideration. The administrative costs of collecting the revenue from an easement to a provider of public utility services are thought to be greater than the revenue.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 445 public utilities could benefit from this tax expenditure.

STANDING TIMBER OR CROPS

Description: Standing timber and crops are not deemed to actually pass with the conveyance of realty when the instrument provides for severance and removal within an immediate ascertainable date.

Purpose: Timber and crops are personal property in this instance, the transfer of which is not subject to realty transfer tax.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

INHERITANCE TAX

Authorization: Article XXI of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Administrative Costs: Costs to administer the inheritance tax expenditures are approximately $0.3 million annually. Costs incurred to administer the multiple tax expenditures associated with inheritance tax cannot be separately identified.

FAMILY RELATED EXEMPTIONS AND EXCLUSIONS

PREFERENTIAL RATE FOR TRANSFERS TO LINEAL BENEFICIARIES

Description: Effective July 1, 2000, assets transferred to lineal beneficiaries are taxed at a 4.5 percent rate rather than the 15 percent rate for assets transferred to non-lineal heirs. Lineal beneficiaries include grandparents, parents, and lineal descendants (including adopted or step children). Prior to July 1, 2000, transfers to lineal beneficiaries were taxed at a rate of 6 percent.

Purpose: This provision reduces the tax burden on the immediate family members of the decedent.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 874.8	$ 921.9	$ 969.6	$1,018.8	$1,064.8	$1,112.2	$1,161.3

Beneficiaries: Approximately 34,200 estates benefit from this tax expenditure.

TRANSFERS OF PROPERTY TO SPOUSE

Description: Property passing to a spouse of a decedent is exempt from inheritance tax. This estimate is based on the difference between taxing all assets transferred between spouses at the lineal rate of 4.5 percent and the spousal rate of 0 percent.

Purpose: This provision prevents an undue tax burden on a surviving spouse especially when assets cannot be jointly owned. It allows spouses to maintain homes and other assets without being subject to inheritance tax.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$1,457.7	$1,522.1	$1,589.3	$1,659.4	$1,732.7	$1,809.2	$1,889.0

Beneficiaries: Approximately 32,000 estates benefit from this tax expenditure.

EXEMPTION FOR TRANSFERS OF PROPERTY FROM A CHILD TO PARENT

Description: Property passing from a child twenty-one years of age or younger to a parent is subject to a 0 percent tax rate. This estimate measures the difference between taxing child to parent transfers at the lineal rate of 4.5 percent and the child to parent rate of 0 percent.

Purpose: This provision reduces the tax burden on families receiving assets due to the untimely death of a child. The transfer of assets to parents was previously taxed as a lineal transfer. This rate change, authorized by Act 23 of 2000, is effective for decedents dying July 1, 2000 or later.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.5	$ 1.6	$ 1.7	$ 1.8	$ 1.9	$ 2.0	$ 2.1

Beneficiaries: Approximately 130 estates benefit from this tax expenditure.

PREFERENTIAL RATE FOR TRANSFERS TO SIBLINGS

Description: Effective July 1, 2000, assets transferred to siblings, defined as brothers or sisters with at least one parent in common, by blood or adoption, are taxed at a rate of 12 percent rather than the rate of 15 percent for assets transferred to non-lineal heirs. Prior to July 1, 2000, transfers to siblings were taxed at a rate of 15 percent.

Purpose: This provision reduces the tax burden on estates that transfer assets to a sibling of the decedent. It recognizes that a sibling is often a decedent's closest relative and that transfers to siblings should be taxed at a lower rate than transfers to unrelated beneficiaries.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 22.5	$ 23.7	$ 24.9	$ 26.2	$ 27.4	$ 28.6	$ 29.9

Beneficiaries: Approximately 5,400 estates benefit from this tax expenditure.

LIFE INSURANCE PROCEEDS

Description: Life insurance proceeds, whether or not payable to the estate of the decedent, are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on the insurance beneficiaries of the decedent, who are likely to be family members. A common reason for purchasing life insurance is to assist with the payment of inheritance and estate taxes.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 93.2	$ 98.5	$ 104.1	$ 110.1	$ 116.3	$ 123.0	$ 130.0

Beneficiaries: Estates of the decedents associated with approximately 190,000 life insurance policies benefit from this expenditure.

FEDERAL WAR RISK INSURANCE AND NATIONAL SERVICE LIFE INSURANCE PROCEEDS

Description: Proceeds of federal war risk insurance, national service life insurance, or other similar governmental insurance are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on beneficiaries of U.S. military personnel and dependents who receive increased insurance when stationed in an area where military conflict is possible.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.7	$ 0.7	NA	NA	NA	NA	NA

Beneficiaries: The families of fallen Pennsylvanians benefit from this tax expenditure.

FAMILY EXEMPTION

Description: A $3,500 family exemption from inheritance tax is permitted for the decedent's surviving spouse, children, or parents living in the decedent's household at the time of death.

Purpose: This provision allows a small tax-free transfer of property to immediate family members residing with the decedent. Smaller taxable estates benefit to a greater extent.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.5	$ 1.5	$ 1.6	$ 1.7	$ 1.8	$ 1.9	$ 1.9

Beneficiaries: Approximately 8,100 families benefit from this tax expenditure.

PERSONAL EXCLUSIONS AND DEDUCTIONS

EMPLOYMENT BENEFITS

Description: Employment benefits that the decedent did not have the right to possess, enjoy, assign, or anticipate before death are exempt from inheritance tax. Exempt benefits include pensions, stock-bonuses, profit-sharing plans, Keoghs, Individual Retirement Accounts, and other retirement plans. If the decedent did have the right to possess, enjoy, assign, or anticipate the benefits, they are exempt from Pennsylvania inheritance tax only to the same extent they are exempt from the federal estate tax.

Purpose: This provision limits inheritance tax on employment benefits to which the decedent did not have full rights. An individual is presumed to have full rights to these employment benefits after age 59 ½, the age at which someone may utilize at least a portion of these funds without penalty under the Internal Revenue Code.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 14.8	$ 15.9	$ 17.0	$ 18.2	$ 19.5	$ 20.8	$ 22.3

Beneficiaries: Estates of the approximately 7,000 decedents of working age and under 59½ at death may benefit from this tax expenditure.

ESTATE ADMINISTRATION EXPENSES

Description: Expenses for attorney fees, funeral and burial expenses, tombstones and grave markers, and other expenses incurred in administering the estate are deductible from the taxable estate.

Purpose: This provision allows for the deduction of reasonable and necessary expenses associated with managing the estate.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 64.5	$ 67.4	$ 70.3	$ 73.4	$ 76.7	$ 80.1	$ 83.6

Beneficiaries: Approximately 49,100 estates benefit from this tax expenditure.

DEBTS AND LIABILITIES OF THE DECEDENT

Description: A deduction from the gross estate is allowed for debts and liabilities of the decedent.

Purpose: This provision increases the fairness of the tax by insuring that property is included in the taxable estate based on its net value. For example, a mortgage is deducted from the value of real property to properly value the decedent's interest in that property.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 46.0	$ 48.0	$ 50.1	$ 52.3	$ 54.7	$ 57.1	$ 59.6

Beneficiaries: Approximately 34,700 estates benefit from this tax expenditure.

SOCIAL SECURITY DEATH PAYMENTS

Description: The lump-sum social security death benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The social security death benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0

Beneficiaries: As many as 56,000 estates may benefit from this tax expenditure.

RAILROAD RETIREMENT BURIAL BENEFITS

Description: The lump-sum railroad retirement burial benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The railroad retirement burial benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: An estimated 300 estates receive lump sum benefit payments from the U.S. Railroad Retirement Board.

ADVANCEMENTS

Description: Transfers made as an advancement of or on account of an intestate share or in satisfaction or partial satisfaction of a gift by will are exempt unless the gift was made within a year of death and gifts to the transferee exceeded $3,000 during that calendar year.

Purpose: Gifts, as long as they are not made within one year of the date of death, are exempt from inheritance tax. This provision provides that these advancements be treated as gifts that are not intended to avoid the tax.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 56,000 estates might benefit from this tax expenditure.

PROPERTY SUBJECT TO POWER OF APPOINTMENT

Description: Property left to a trust by the decedent (grantor) subject to a power of appointment (by a grantee), whether or not exercised and notwithstanding any blending of such property with property of the grantee, is exempt from inheritance tax in the estate of the grantee.

Purpose: Pennsylvania taxes the transfer of these assets subject to a power of appointment at the time the interest is created (when the grantor dies). The grantee may have a life interest in the estate with any remainder passing to some other person. This provision prevents taxation when the property is subsequently distributed upon the death of the grantee, having already been taxed in the estate of the grantor.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

NOMINAL OWNERSHIP OF PROPERTY

Description: Property held in the name of a decedent who held no beneficial interest in the property is exempt from inheritance tax.

Purpose: This provision prevents property in which the decedent had no real interest from being included in the taxable estate.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

BUSINESS RELATED EXCLUSIONS AND DEDUCTIONS

PREFERENTIAL VALUATION OF FARMLAND

Description: Farmland which was devoted to agricultural use for the three years preceding the death of the decedent, and is not less than ten contiguous acres or has an anticipated yearly gross income derived from agricultural use of $2,000 or more, is valued based on its current use rather than its highest use.

Purpose: This provision helps to maintain family farms since land currently devoted to agricultural use is often more valuable if developed.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

SMALL BUSINESS INTEREST TRANSFER EXTENDED PAYMENT SCHEDULE

Description: The inheritance tax due on the transfer of a qualified small business interest may be paid in twenty consecutive quarterly installments beginning nine months after the decedent's death. Each installment payment bears interest of 9 percent per annum.

Purpose: This provision helps protect small businesses upon the death of the owner from a sudden tax burden. Payments are spread out over time so that asset sales can be avoided.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PREFERENTIAL VALUATION OF AGRICULTURAL CONSERVATION EASEMENTS

Description: An agricultural conservation easement is a deed restriction landowners voluntarily place on their property to protect productive agricultural land. They are used to authorize a qualified conservation organization or public agency to monitor and enforce the restrictions set forth in the agreement. Act 67 of 2006 provided that the value of an agricultural conservation easement is set at 50 percent of what the land would otherwise be valued for purposes of inheritance tax assessments.

Purpose: This provision helps to maintain family farms and increase participation in the preservation of the commonwealth's farmland.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.2	$ 0.2	$ 0.3	$ 0.3	$ 0.4	$ 0.5	$ 0.6

Beneficiaries: The owners of 58,200 farms might benefit from this tax expenditure.

OTHER EXCLUSIONS

TRANSFERS TO GOVERNMENTS

Description: Intervivos transfers and bequests to governments are exempt from inheritance tax.

Purpose: This exemption is an indirect means of assistance to governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.7	$ 0.8	$ 0.8	$ 0.8	$ 0.9	$ 0.9	$ 1.0

Beneficiaries: Approximately 4,600 governmental units could benefit from this tax expenditure.

TRANSFERS TO CHARITABLE AND FRATERNAL ORGANIZATIONS

Description: Intervivos transfers and bequests to charitable and fraternal organizations are exempt from inheritance tax.

Purpose: Charitable and fraternal organizations provide public services that are believed to benefit citizens. This exemption represents an indirect means of assistance to these entities and may increase the money available for charitable purposes.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 114.7	$ 119.8	$ 125.1	$ 130.6	$ 136.4	$ 142.4	$ 148.7

Beneficiaries: An estimated 31,300 charitable and fraternal organizations might benefit from this tax expenditure.

LIQUID FUELS AND FUELS TAX

Authorization: Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes.

The Act of April 17, 1997 (P.L. 1531, No. 3) established a permanent trust fund tax of 12.0 cents per gallon imposed on all liquid fuels and fuels used or sold and delivered by distributors in the commonwealth. Prior to Act 3, liquid fuels were taxed under the provisions of the Act of May 21, 1931 (P.L. 149, No. 105), as amended, known as the Liquid Fuels Tax Act, and fuels were taxed under the Act of January 14, 1952 (P.L. 1965 No. 550), as amended, known as the Fuels Use Tax Act. Both of these acts were repealed effective October 1, 1997. Aviation gasoline and jet fuel are also taxed under the liquid fuels and fuels tax. However, separate tax rates are set for these fuels. Effective January 1, 2009, the tax rate for aviation gasoline is 5.8 cents per gallon, and the tax rate for jet fuels is 2.0 cents per gallon.

OIL COMPANY FRANCHISE TAX

Authorization: Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes.

The Act of April 17, 1997 (P.L. 1531, No. 3) of 1997 imposed a tax of 153.5 mills for all taxable liquid fuels and 208.5 mills for all taxable fuels on oil companies conducting business in Pennsylvania. The Oil Franchise tax is calculated annually by multiplying total gallons of fuels and liquid fuels by the average wholesale price established by the Department of Revenue. Minimum and maximum average wholesale prices are statutorily set at $0.90 and $1.25 per gallon, respectively. The tax rate for calendar year 2009 is 19.2 cents per gallon for liquid fuels and 26.1 cents per gallon for fuels. Receipts from 57 mills of the tax are deposited as unrestricted Motor License Fund revenue.

ALTERNATIVE FUELS TAX

Authorization: Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes.

The Act of April 17, 1997 (P.L. 1531, No. 3) imposed a tax on alternative fuels used to propel vehicles on public highways. Alternative fuels include natural gas, compressed natural gas, liquid propane gas and liquefied petroleum gas, alcohols, gasoline-alcohol mixtures containing at least 85 percent alcohol by volume, hydrogen, hythane, electricity, and any other fuel not taxable as liquid fuels or fuels. The tax rate applied to each gasoline gallon equivalent of alternative fuel equals the current liquid fuels tax and oil company franchise tax applicable to one gallon of gasoline.

Administrative Costs: Costs to administer the multiple tax expenditures associated with the liquid fuels and fuels, oil company franchise, and alternative fuels taxes cannot be separately identified. Tax expenditures are a significant factor associated with the need for more compliance audits and the increased complexity of such audits.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5

POLITICAL SUBDIVISIONS

Description: Fuels purchased by political subdivisions of the commonwealth are exempt from the tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates: ***Liquid Fuels:***

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 3.7	$ 3.8	$ 3.8	$ 3.8	$ 3.8	$ 3.8	$ 3.8

Jet Fuel & Aviation Gasoline:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 6.1	$ 6.3	$ 6.5	$ 6.6	$ 6.8	$ 7.0	$ 7.2

Oil Company Franchise:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 19.3	$ 19.7	$ 20.1	$ 20.2	$ 20.4	$ 20.5	$ 20.7

Beneficiaries: Approximately 3,100 governmental units benefit from these tax expenditures.

VOLUNTEER EMERGENCY VEHICLES

Description: Fuel purchased by a volunteer fire company, volunteer ambulance service, or volunteer rescue squad, and used solely in official vehicles, is exempt from the tax.

Purpose: Volunteer emergency organizations provide public services that are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

Estimates: ***Liquid Fuels:***

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6

Jet Fuel & Aviation Gasoline:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 2.1	$ 2.1	$ 2.2	$ 2.2	$ 2.3	$ 2.4	$ 2.4

Oil Company Franchise:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 5.4	$ 5.5	$ 5.7	$ 5.7	$ 5.7	$ 5.8	$ 5.8

Beneficiaries: Approximately 2,000 volunteer fire departments and an unknown number of other volunteer organizations benefit from these tax expenditures.

NONPROFIT NONPUBLIC SCHOOLS

Description: Fuel purchased by any nonprofit nonpublic school in which a commonwealth resident may legally fulfill compulsory school attendance requirements is granted an exemption from the tax.

Purpose: Since state government indirectly subsidizes transporting public school children, this exemption provides similar treatment to nonprofit nonpublic schools.

(Dollar Amounts in Millions)

Estimates: ***Liquid Fuels:***

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Jet Fuel & Aviation Gasoline:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 0.1	$ 0.1	$ 0.1	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Oil Company Franchise:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5

Beneficiaries: As many as 3,000 nonprofit nonpublic schools may benefit from these tax expenditures.

SECOND CLASS COUNTY PORT AUTHORITIES

Description: Purchases of fuel by second class county port authorities are exempt from the tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates: ***Liquid Fuels:***

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Jet Fuel & Aviation Gasoline:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Fuels:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Oil Company Franchise:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: One second class county port authority benefits from this tax expenditure.

ELECTRIC COOPERATIVES

Description: Fuel purchases for vehicles operated by electric cooperatives are exempt from the tax.

Purpose: These cooperatives are nonprofit corporations organized to engage in rural electrification and are perceived to provide a public benefit. This exemption permits this service to be rendered at a reduced cost.

(Dollar Amounts in Millions)

Estimates: ***Liquid Fuels:***

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Jet Fuel & Aviation Gasoline:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Oil Company Franchise:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: There are 14 electric cooperatives in the commonwealth that benefit from these tax expenditures.

AGRICULTURAL USE

Description: A full refund of tax paid is granted for fuel consumed in agricultural use relating to the actual production of farm products. Fuel used in farm machinery or equipment engaged in the production or harvesting of agricultural products is exempt from taxation under these provisions.

Purpose: This exemption allows farmers to provide agricultural products at a reduced cost.

(Dollar Amounts in Millions)

Estimates: ***Liquid Fuels:***

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0

Jet Fuel & Aviation Gasoline:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2007-08	2008-09	2009-10	2010-11	2010-11	2012-13	2013-14
$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.7	$ 0.7

Oil Company Franchise:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 2.8	$ 2.9	$ 2.9	$ 2.9	$ 2.9	$ 3.0	$ 3.0

Beneficiaries: Individuals operating approximately 58,200 farms benefit from these tax expenditures.

TRUCK REFRIGERATION UNITS

Description: A full refund of tax paid is granted for undyed diesel fuel used in truck refrigeration units when the tank that fuels the refrigeration unit is used solely for that purpose and is separate from that which powers the vehicle.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

Estimates: ***Liquid Fuels:***

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Fuels:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.8	$ 0.8

Oil Company Franchise:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 1.5	$ 1.5	$ 1.6	$ 1.6	$ 1.6	$ 1.6	$ 1.6

Beneficiaries: Approximately 250 entities benefit from these tax expenditures.

POWER TAKE-OFF

Description: A full refund of tax paid is granted for undyed fuel consumed in a power takeoff unit used to load or unload farm feed, feed products, lime, or limestone products for agricultural use at a farm. Tax paid will be refunded provided that the fuel usage is documented by an electronic monitoring device used in conjunction with an electronically controlled engine.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

Estimates: ***Liquid Fuels:***

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Oil Company Franchise:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Fewer than 20 taxpayers benefit from these tax expenditures.

DISCOUNT

Description: A distributor is permitted a variable percentage discount based on gross tax due provided the liquid fuels and fuels tax return and payment due are timely filed. Returns and payments are generally due on or before the 20th day of each month for the preceding month's sales.

Purpose: This discount is intended to defray the cost of preparing and remitting the liquid fuels and fuels tax reports and payments.

(Dollar Amounts in Millions)

Estimates: ***Liquid Fuels****:*

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 4.4	$ 4.4	$ 4.4	$ 4.4	$ 4.4	$ 4.4	$ 4.4

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 1.6	$ 1.6	$ 1.7	$ 1.7	$ 1.7	$ 1.8	$ 1.8

Beneficiaries: Approximately 715 distributors benefit from these tax expenditures.

FOREIGN DIPLOMATS

Description: Fuel purchased by foreign diplomats whose countries have entered into a treaty with the United States is exempt from payment of the tax.

Purpose: The commonwealth grants this exemption administratively at the request of the federal government.

(Dollar Amounts in Millions)

Estimates: ***Liquid Fuels****:*

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Jet Fuel & Aviation Gasoline:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Fuels:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Oil Company Franchise:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of foreign diplomats benefiting from these tax expenditures is unknown but presumed to be nominal.

BUSES

Description: A bus company is entitled to a refund equal to 55 mills of the oil company franchise tax imposed on fuels consumed by motorbuses within this commonwealth.

Purpose: Act 3 of 1997 repealed the 6 cent surtax imposed on all motor carriers and replaced it with a 55 mill increase in the oil company franchise tax imposed on fuels. Since buses were historically exempt from the surtax, they have been granted a refund for the 55 mill surtax replacement effective January 1, 1999.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.4	$ 0.4	$ 0.4	$ 0.5	$ 0.5	$ 0.5	$ 0.5

Beneficiaries: Approximately 100 bus companies benefit from this tax expenditure.

MOTOR CARRIERS ROAD TAX / IFTA

Authorization: Chapter 96 of Title 75 of the Pennsylvania Consolidated Statutes.

The motor carriers road tax is equal to the current Pennsylvania liquid fuels and fuels or alternative fuels tax rate per gallon plus the oil franchise tax currently in effect. Prior to October 1, 1997, an additional tax of 6 cents per gallon was collected through the motor carriers road tax. Effective October 1, 1997, this tax was repealed and replaced by a tax of 55 mills on each gallon of fuels and collected through the oil franchise tax. Effective January 1, 1996, under Act 75 of 1995, Pennsylvania implemented the provisions of the International Fuel Tax Agreement (IFTA). Under IFTA, fuel consumed in “qualified motor vehicles” is subject to taxation at current rates. A qualified motor vehicle is a motor vehicle, other than a recreational vehicle, which is used, designed, or maintained for transportation of persons or property and which has two axles and a registered gross weight exceeding 26,000 pounds, three axles or more regardless of weight, or used in combination when the registered gross weight exceeds 26,000 pounds. IFTA provisions do not distinguish taxable use by vehicle types, only by weight and axle configuration. Therefore, Act 75 of 1995 repealed the motorbus road tax effective January 1, 1996. The following estimates reflect the full tax rate imposed.

Administrative Costs: Costs to administer the multiple tax expenditures associated with motor carrier road tax/IFTA cannot be identified separately. Tax expenditures are not believed to be a significant factor associated with the need for more compliance audits and contribute minimally to the length of time necessary to complete such audits.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.9	$ 0.9	$ 0.9	$ 0.9	$ 1.0	$ 1.0	$ 1.0

POLITICAL SUBDIVISIONS

Description: Vehicles operated by political subdivisions are exempt from the requirements of the motor carriers road tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 14.2	$ 14.4	$ 14.6	$ 14.7	$ 14.9	$ 15.1	$ 15.2

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

FARM VEHICLES

Description: Qualified motor vehicles bearing a Pennsylvania farm truck registration operating under restricted use, and farm vehicles exempt from registration, are exempt from the motor carriers road tax.

Purpose: This exemption allows farmers to provide agricultural products at a reduced cost.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 4.2	$ 4.3	$ 4.3	$ 4.4	$ 4.4	$ 4.5	$ 4.5

Beneficiaries: Individuals operating approximately 58,200 farms benefit from this tax expenditure.

EMERGENCY VEHICLES

Description: Fire, rescue, ambulance, and select other emergency vehicles are exempt from the motor carriers road tax.

Purpose: Emergency organizations provide public services that are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 7.3	$ 7.4	$ 7.4	$ 7.5	$ 7.6	$ 7.7	$ 7.7

Beneficiaries: Approximately 2,500 fire departments and an unknown number of other organizations benefit from this tax expenditure.

SPECIAL MOBILE EQUIPMENT

Description: Vehicles not designed or used primarily for the transportation of persons or property and that only incidentally operate or move over a highway, such as ditch digging apparatus, well-boring apparatus, earth moving and road construction machinery, are exempt from the motor carriers road tax.

Purpose: Exemption is granted to these vehicles because of their specialized off-highway use.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 2,200 special mobile equipment vehicles benefit from this tax expenditure.

IMPLEMENTS OF HUSBANDRY

Description: A vehicle designed or adapted to be used exclusively for agricultural operations is exempt from the motor carriers road tax.

Purpose: This exemption allows the farmer to provide agricultural products at a reduced price.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 200 implements of husbandry vehicles benefit from this tax expenditure.

CHARITABLE AND RELIGIOUS ORGANIZATIONS

Description: Vehicles operated by charitable and religious organizations are exempt from the motor carriers road tax.

Purpose: These organizations provide services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 1.9	$ 1.9	$ 1.9	$ 1.9	$ 1.9	$ 1.9	$ 2.0

Beneficiaries: Approximately 27,000 charitable and religious organizations may benefit from this tax expenditure.

CHURCHES

Description: A motorbus owned by and registered to a church, exempt under section 1901 of Title 75, is exempt from the motor carriers road tax.

Purpose: These organizations provide services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: As many as 12,500 churches may benefit from this tax expenditure.

ELECTRIC COOPERATIVES

Description: Qualified motor vehicles operated by electric cooperatives are exempt from the motor carriers road tax.

Purpose: These cooperatives are nonprofit corporations organized to engage in rural electrification and are perceived to provide public benefit. This exemption permits this service to be rendered at a reduced cost to the rate payers.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: There are 14 cooperatives in the commonwealth that benefit from this tax expenditure.

VEHICLES NEEDING EMERGENCY REPAIRS

Description: A qualified motor vehicle needing emergency repairs, which was granted authorization from the Pennsylvania State Police to enter this commonwealth, is exempt from the motor carriers road tax.

Purpose: This exemption was granted due to the temporary emergency nature of the vehicle entering Pennsylvania for needed repairs.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of individuals benefiting from this tax expenditure is unknown.

VEHICLES SECURING REPAIRS OR RECONDITIONING

Description: Exemption from the motor carriers road tax is provided for unladen or towed motor vehicles or unladen trailers entering Pennsylvania solely for the purpose of securing repairs or reconditioning.

Purpose: This exemption was granted so as to not discourage vehicle owners from obtaining repairs or reconditioning of a vehicle from a Pennsylvania business.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this tax expenditure is unknown.

SCHOOL BUSES

Description: Buses designed to carry 11 or more passengers used for the transportation of preprimary, primary, or secondary school students to or from public, private, or parochial schools, or school-related activities or events are exempt from the motor carriers road tax.

Purpose: Since state government indirectly subsidizes transporting school children, this exemption decreases state educational subsidy costs.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 11.7	$ 11.9	$ 12.0	$ 12.2	$ 12.4	$ 12.6	$ 12.7

Beneficiaries: Approximately 5,700 schools benefit from this tax expenditure.

RECREATIONAL VEHICLES

Description: Qualified motor vehicles, such as motor homes, pickup trucks with attached campers, and buses when used exclusively for personal pleasure by individuals, are exempt from the motor carriers road tax.

Purpose: The motor carrier road tax/IFTA requirements are intended to apply to selected commercial vehicles. This provision exempts personal use only vehicles which would otherwise be subject to these taxing requirements.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this tax expenditure is unknown.

MOTOR VEHICLE CODE

Authorization: The Motor Vehicle Code, contained in Title 75 of the Act of June 17, 1976 (P.L. 162, No. 81), became effective July 1, 1977. This amended the Act of April 29, 1959 (P.L. 58, No. 32) known as The Vehicle Code. Contained in the Motor Vehicle Code are provisions for the titling, registration and licensing of vehicles, operation of vehicles, vehicle characteristics, and the administration and enforcement of the code.

Administrative Costs: Costs to administer the motor vehicle code tax expenditures are borne by the Department of Transportation and cannot be separately identified.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1

VEHICLE REGISTRATIONS

Description: Specific entities that request the authority to operate a motor vehicle are granted a full or partial exemption from the registration fee. Not shown below are exempt categories with unknown numbers of vehicles which include, for example, mobile/modular homes and off road construction vehicles.

Purpose: This exemption provides relief to the organizations or individuals cited below. Many of those cited are dependent upon charitable contributions or augmented incomes. This exemption is also an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates: ***Disabled/Severely Disabled Veterans:***

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Beneficiaries: The owners of approximately 8,000 vehicles benefit from this tax expenditure.

Charitable Organizations:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 1.1	$ 1.1	$ 1.2	$ 1.2	$ 1.2	$ 1.2	$ 1.2

Beneficiaries: The owners of approximately 15,900 vehicles benefit from this tax expenditure.

Former Prisoners of War:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 760 vehicles benefit from this tax expenditure.

Farm Trucks:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 3.3	$ 3.3	$ 3.3	$ 3.4	$ 3.4	$ 3.4	$ 3.5

Beneficiaries: The owners of approximately 10,700 farm trucks benefit from this tax expenditure.

Emergency Vehicles:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 6.4	$ 6.5	$ 6.6	$ 6.6	$ 6.7	$ 6.8	$ 6.8

Beneficiaries: Approximately 2,500 volunteer fire departments and an unknown number of other organizations benefit from this tax expenditure.

Fire Department Vehicles:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 2,500 fire departments benefit from this tax expenditure. Fire department plates were discontinued in August 2006 in favor of emergency vehicle plates.

Political Subdivisions:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 16.5	$ 16.7	$ 16.9	$ 17.0	$ 17.2	$ 17.4	$ 17.6

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

Older Pennsylvanians:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 5.6	$ 5.9	$ 6.2	$ 6.5	$ 6.8	$ 7.1	$ 7.5

Beneficiaries: Older Pennsylvanians owning approximately 167,200 vehicles benefit from this tax expenditure.

CARNIVAL TRUCKS/TRUCK TRACTORS

Description: Owners who document with the Department of Transportation that the truck or tractor is used exclusively for the purpose of transporting circus or carnival personnel, equipment, or machinery are granted a reduced registration fee.

Purpose: The reduced registration fee provides partial relief for those vehicles being used only between April 1 and September 30.

(Dollar Amounts in Millions)

Estimates:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 110 carnival vehicles benefit from this tax expenditure.

CERTIFICATES OF TITLE

Description: Ownership of a particular vehicle is recorded by the issuance of a certificate of title for which a fee is charged. Specific entities exempt from this title fee are political subdivisions, totally disabled veterans, emergency vehicles, and foreign nationals.

Purpose: This exemption provides relief to the organizations or individuals cited above. The General Assembly has provided an exemption for these entities due to their perceived special status.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Beneficiaries: The owners of approximately 8,500 vehicles benefit from this tax expenditure.

INSPECTION STICKERS

Description: All vehicles registered in Pennsylvania are required to have periodic safety inspections to insure their roadworthiness. A certificate of inspection is issued for a fee to show the vehicle meets specified safety standards. The commonwealth administratively grants an exemption from the certificate fee to vehicles operated by political subdivisions.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

BRIDGE PERMITS

Description: Bridges on state owned rights-of-way need periodic maintenance and construction work. Permits are issued, for a fee, by the state to perform such work. The commonwealth administratively grants an exemption from the permit fee to political subdivisions who are performing work for the state.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

HAULING PERMITS

Description: Permits, for which a fee is charged, are issued to firms that wish to haul loads that exceed the maximum size or weight specifications of certain highways and bridges. The commonwealth administratively grants an exemption from the permit fee to political subdivisions.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

POLICE ACCIDENT REPORTS

Description: Traffic accident reports are generated as a result of any accident where there is bodily injury or death or if one or more vehicles must be towed from the scene. A fee is charged to obtain a copy of the police accident report. The commonwealth administratively grants an exemption for paying an accident report fee to political subdivisions.

Purpose: This exemption provides local prosecuting officials an aid in law enforcement.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

The Racing Fund, a special revenue fund, is comprised of monies received from taxes, licenses and fees, and miscellaneous revenues collected by the State Racing Commissions derived from the regulation of harness and horse racing. Prior to December 30, 1983, thoroughbred racing tax revenues consisted of wagering, breakage, and admissions taxes. Harness racing tax revenues consisted of wagering and admissions taxes as assessed by the Race Horse Industry Reform Act (Act 135 of December 17, 1981). The Harness Racing Fund and the Horse Racing Fund were combined into the Racing Fund by Act 93 of 1983. This act also amended portions of the Race Horse Industry Reform Act relating to taxation.

Administrative Costs: Administrative costs associated with these tax expenditures are nominal.

WAGERING TAX

Authorization: Act of May 16, 1986 (P.L. 205, No. 63).

NEW CORPORATIONS

Description: Racing corporations licensed after May 16, 1986 are subject to a reduced wagering tax rate of 1 percent rather than the normal 1.5 percent rate for a period of four years.

Purpose: This provision may have been perceived as an incentive to promote the formation of new racing corporations.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Any racing corporation licensed after the cited date will benefit from this tax expenditure.

ADMISSIONS TAX

Authorization: Department of Revenue letter ruling with concurrence of counsel for Racing Commission.

DARK DAY SIMULCASTS

Description: The minimum admissions tax, currently 5 percent of 50 cents, is waived at events where no admission charge is levied and where simulcasts of races from other facilities are featured rather than live races.

Purpose: This provision may have been perceived as a way to promote simulcast attendance at commonwealth racing facilities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: All seven racing associations benefit from this tax expenditure.

UNEMPLOYMENT COMPENSATION INSURANCE TAX

Administrative Costs: The costs of administering the tax expenditure associated with the unemployment compensation insurance tax are nominal.

LIMITATION OF THE TAXABLE WAGE BASE

Authorization: Act of December 5, 1936 (2nd special session, 1937 P.L. 2897, No. 1), 4(x)(1), as amended, 43 P.S. 753(x)(1).

The purpose of the tax is to provide a fund from which compensation is paid to workers who have become unemployed through no fault of their own. Contributions are required to be made by all employers who pay wages to individuals working in Pennsylvania and whose services are covered under the unemployment compensation law. This tax may include employee contributions withheld by employers from each employee's gross wages. The Pennsylvania Unemployment Compensation Law is administered by the Department of Labor and Industry.

Description: The commonwealth's unemployment compensation law provides for a limitation of the taxable wage base to the first $8,000 of wages paid to each employee during a calendar year by an employer. Prior to 1984 the limitation on taxable remuneration had been $7,000. All state governments are required by the federal government to tax at least the first $7,000 of subject wages. Many states, including Pennsylvania, have chosen to keep their bases close to the federal minimum. The estimate represents the cost of this limitation as measured by the difference between contributions based on taxable wages and contributions based on total wages. In 1988, legislation was enacted which provides for a "trigger" mechanism to regulate employer and employee contributions. The trigger mechanism working in conjunction with the experience rating system would change tax rates in response to a change in the taxable wage base. The methodology used for this estimate does not incorporate the changes that would occur to the tax rates as a result of tax base changes. Projected tax rates were used to estimate contributions based on currently taxable wages. The same tax rates were used to estimate contributions based on total wages paid by contributory employers.

Purpose: The limitation on taxable wages limits growth in employer tax liabilities that would otherwise occur as wages rise.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$7,218.8	$7,270.7	$7,553.2	$7,916.6	$8,293.8	$8,677.9	$9,079.8

Beneficiaries: Pennsylvania's unemployment compensation tax system is legislatively designed to generate a sufficient amount of revenue to meet annual benefit payments and maintain an adequate reserve in the state's Unemployment Compensation Trust Fund. Since the tax rates are a function of taxable wages, an increase in the amount of taxable wages to total wages would result in a decrease in the assigned tax rates (trigger mechanism). Ultimately, this would maintain revenues at a level comparable to the current tax structure. This situation, however, involves special treatment for some employers compared to others based upon the level of wages paid to the employees. This special treatment (tax expenditure) would be different for every contributory employer in each major industry division and would have to be calculated on an individual employer basis. In general, under the current system, an employer with higher wage employees benefits by paying on a small portion of total wages. If the taxable wage base were total wages paid to employees, the employer with higher employee wages would have to pay a greater amount in taxes, even though the rate would be reduced significantly.

As of the first quarter of 2008 there were 271,088 contributory employers to the Unemployment Compensation Fund. The following is a breakdown of these employers according to major industry division[1]:

Natural Resources and Mining	2,644	Financial Activities	19,192
Construction	30,847	Professional and Business Services	47,732
Manufacturing	14,815	Education and Health Services	39,218
Trade	50,900	Leisure and Hospitality	26,092
Transportation, Warehousing, Utilities	7,374	Other Services	27,966
Information	3,181	Local Government	986

[1/]Based on NAICS industry classification. Data may not add to totals due to the unavailability of industry classification for some employers.

PUBLIC TRANSPORTATION ASSISTANCE FUND

Authorization: Article XXIII of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The Public Transportation Assistance Fund provides for the capital, asset maintenance, and certain other transportation needs of the commonwealth's public transit entities.

Fund revenues are derived from a motor vehicle lease tax; a motor vehicle rental fee; a fee on the sale of new tires; 0.44 percent of total sales and use tax receipts in lieu of the repealed periodicals tax; 0.09 percent of total sales and use tax receipts in lieu of the repealed lease tax on class four and above motor carriers; and 0.417 percent of sales and use tax in lieu of transfers from the public utility realty tax (PURTA) and the utilities gross receipts tax. By provisions of Act 46 of 2003, beginning in fiscal year 2003-04, revenues associated with the 7.6 mills of PURTA, previously transferred to this fund, will remain in the General Fund. Act 138 of 1996 (electric competition) provided for transfers from the utility gross receipts tax to the Public Transportation Assistance Fund beginning in fiscal year 1998-99. Act 46 of 2003 repealed this transfer effective for fiscal year 2003-04 and forward. Certain entities and transactions are exempt from these taxes and fees. With the exception of the fee on tires and the class 4 and above motor carrier tax expenditure, the remaining tax expenditures parallel those in the General Fund sales and use tax expenditures.

Administrative Costs: Administrative costs are believed to be nominal.

MOTOR VEHICLE LEASE TAX AND MOTOR VEHICLE RENTAL FEE

The commonwealth levies a 3 percent tax on the total price charged for each lease of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

A fee of $2 per day or portion of a day is imposed on each rental of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

COMMON CARRIERS

Description: Vehicles leased or rented by a public utility, engaged in business as a common carrier, to be used in rendering utility services, are exempt from taxation. Since the enactment of the Federal Aviation Act, effective January 1, 1995, Pennsylvania has recognized contract carriers as common carriers. Household goods carriers and private carriers remain taxable.

Purpose: Without this exemption, the tax would be built into the rate base of these types of public utility services and, ultimately, passed on to consumers. Therefore, this exemption reduces the overall cost of utility services that are considered to be basic necessities.

(Dollar Amounts in Millions)

Estimates:

Motor Vehicle Leases:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Motor Vehicle Rentals:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 7,200 common carriers could benefit from this tax expenditure.

SCHOOL BUSES

Description: The lease or rental of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children. For the purposes of this analysis, the majority of these contracts are assumed to be leases.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state Public Transportation Assistance Fund revenues, decreases state educational subsidy costs.

(Dollar Amounts in Millions)

Estimates: **Motor Vehicle Leases:**

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 2.5	$ 2.5	$ 2.5	$ 2.5	$ 2.5	$ 2.5	$ 2.5

Motor Vehicle Rentals:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 0.1	$ 0.1	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 5,700 schools may benefit from this tax expenditure.

MOTOR CARRIERS (CLASS 4 AND ABOVE)

Description: Motor carriers in vehicle classes 4 and above are exempt from the motor vehicle lease tax.

Purpose: This exemption benefits those entities engaged in commercial leasing. Presumably, many of these vehicles are operated as common carriers that are normally treated as a utility service.

(Dollar Amounts in Millions)

Estimates: **Motor Vehicle Leases:**

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The owners of 296,300 motor carrier vehicles (class 4 and above) benefit from this tax expenditure.

EXEMPT ORGANIZATIONS

Description: The lease or rental of personal property to or for use by any charitable organization, volunteer fireman's organization, nonprofit educational institution, or religious organization is exempt from taxation. Transactions unrelated to the trade or business of such organizations are taxable.

Purpose: These organizations provide public and charitable services that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates: **Motor Vehicle Leases:**

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Motor Vehicle Rentals:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 30,700 organizations may benefit from this tax expenditure.

EXEMPT GOVERNMENTAL UNITS

Description: The lease or rental of personal property to or for use by the federal government, the commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent local government tax expenditures.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates: **Motor Vehicle Leases:**

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 0.8	$ 0.8	$ 0.8	$ 0.8	$ 0.9	$ 0.9	$ 0.9

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.5	$ 0.5

Beneficiaries: Approximately 3,100 political subdivisions may benefit from this tax expenditure.

TIRE FEE

The commonwealth imposes a $1 fee per tire on each sale of new tires intended for highway use.

EXEMPT GOVERNMENTAL UNITS

Description: The sale of new tires to or for use by the federal government, the commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent only local government tax expenditures.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 3,100 political subdivisions may benefit from this tax expenditure.

GOVERNOR'S OFFICE

The Governor directs and coordinates the work of state government and guides the programs of the agencies in the direction that assures compliance with existing law, definable needs and administration goals.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
Governor's Office	**$ 7,559**	**$ 7,736**	**$ 7,274**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND	$ 7,559	$ 7,736	$ 7,274	$ 7,274	$ 7,274	$ 7,274	$ 7,274
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 7,559	$ 7,736	$ 7,274	$ 7,274	$ 7,274	$ 7,274	$ 7,274
ALL PROGRAMS:							
GENERAL FUND	$ 7,559	$ 7,736	$ 7,274	$ 7,274	$ 7,274	$ 7,274	$ 7,274
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
DEPARTMENT TOTAL	$ 7,559	$ 7,736	$ 7,274	$ 7,274	$ 7,274	$ 7,274	$ 7,274

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive program goals of the commonwealth can be accomplished.

Program: Executive Direction

The Pennsylvania Constitution vests the executive authority of the commonwealth in the Governor. It is the duty of the Governor to ensure that the laws of the commonwealth are faithfully executed. The Governor also oversees the publication of public information including bulletins of the work of state government. The Governor submits an annual budget to the General Assembly and performs all other functions required of this office as delegated by the State Constitution and in law.

This program also provides for the Governor's Residence. The Residence is used for state functions and to provide a domicile for the Governor and the First Family. The expenses for official functions, as well as those essential to managing a household, are paid from the Governor's Office appropriation. The maintenance of the Residence is primarily the responsibility of the Department of General Services. Equipment, supplies (except food) and housekeeping services are provided by the department.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		GENERAL FUND
		Governor's Office
$	–402	—nonrecurring 2008-09 budgetary freeze amount.
$	–60	—reduction in administrative costs.
$	–462	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Governor's Office	$ 7,559	$ 7,736	$ 7,274	$ 7,274	$ 7,274	$ 7,274	$ 7,274

EXECUTIVE OFFICES

To assist the Governor in the administration of state government, the Office of Administration performs the duties of a central management agency and coordinates through the Office of Information Technology the commonwealth's information technology strategies. The Office of the Budget performs the duties of a central financial management agency, prepares the annual Governor's Budget and Five Year Financial Plan based upon the Governor's priorities and analysis of program effectiveness, and provides comptroller services for the maintenance and management of all agency accounts in the commonwealth.

The Office of General Counsel provides legal counsel in matters affecting the operation of state agencies. The Juvenile Court Judges Commission provides technical and financial assistance to the juvenile probation staffs of the county courts. The Inspector General investigates suspected improper use of state resources and investigates and recovers funds disbursed as a result of fraud or overpayment of welfare benefits. The Commission on Crime and Delinquency provides the planning and technical assistance for the improvement of the criminal justice system as well as financial assistance to relieve the financial hardship of individuals who have been victimized by criminal acts.

The Human Relations Commission, the Commission for Women, the African American Affairs Commission, the Latino Affairs Commission and the Asian American Affairs Commission promote equal opportunities for all people in employment, housing, public accommodations and education.

The Governor's Advisory Council on Rural Affairs works to promote rural development in Pennsylvania. The Council on the Arts provides for encouragement and development of the arts in Pennsylvania. The Public Employee Retirement Commission monitors public employee retirement plans to assure their actuarial viability. The Office of Health Care Reform works to improve accessability, affordability and quality of health and long-term living services in Pennsylvania.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
Office of Administration	**$ 8,372**	**$ 10,770**	**$ 10,144**
(A)Benefit Administration	0	300	300
(A)Classification and Pay Services	2,888	2,888	2,888
(A)Workplace Support Division (SEAP)	2,452	2,519	2,670
(A)Temporary Clerical Pool	3,073	3,465	3,495
(A)Office of Strategic Services	2,485	2,573	2,573
(A)Executive Board/Directives Management	300	316	320
(A)CDL Drug and Alcohol Testing	0	300	300
(A)Labor Relations	2,029	1,600	1,100
(A)Managing for Government Responsiveness Training	36	211	100
(A)Group Life Insurance Program Commissions	88	88	88
(A)Leadership Development Institute	58	62	62
Subtotal	$ 21,781	$ 25,092	$ 24,040
Unemployment Compensation and Transition Costs	**0**	**0**	**5,500**
Medicare Part B Penalties	**519**	**535**	**450**
Commonwealth Technology Services	**63,055**	**61,942**	**58,225**
(F)Federated Identity Demonstration - JNET	167	0	0
(F)Facilitating Justice Information Sharing	0	347	0
(F)JAG - Electronic Reporting (EA)	191	200	0
(F)Juvenile Tracking System Development (EA)	328	169	0
(F)Juvenile Case Management System	170	0	0
(F)Geospatial Homeland Security (EA)	400	0	0
(F)Electronic Reporting Probation and Parole (EA)	282	282	0
(A)Integrated Enterprise System	30,408	40,947	40,007
(A)Project Management Resources	0	50	50
Subtotal	$ 95,001	$ 103,937	$ 98,282
Public Television Technology	**0**	**0**	**2,000**
Statewide Public Safety Radio System	**9,994**	**11,677**	**11,000**
(F)Public Safety Radio Geospatial Application Project (EA)	200	71	0
(F)Public Safety Interoperable Communications (EA)	34,156	33,707	33,252
Subtotal	$ 44,350	$ 45,455	$ 44,252
Office of Inspector General	**3,356**	**3,451**	**3,000**
(A)Reimbursements for Special Fund Investigations	1,111	1,111	1,111
Subtotal	$ 4,467	$ 4,562	$ 4,111
Inspector General - Welfare Fraud	**14,296**	**14,257**	**13,253**
(F)TANFBG - Program Accountability	1,500	1,500	1,500
(F)Food Stamps - Program Accountability	4,950	6,575	7,000
(F)Medical Assistance - Program Accountability	4,300	5,675	4,200
(F)CCDFBG - Subsidized Day Care Fraud	280	1,000	1,000
Subtotal	$ 25,326	$ 29,007	$ 26,953
Office of the Budget	**31,942**	**32,658**	**30,768**
(F)WIA - Program Accountability	323	400	354
(A)Support for Commonwealth Payroll Operations	6,804	7,531	7,531
(A)Support for PLCB Comptroller's Office	7,217	8,391	5,944
(A)Support for Comptroller Services	19,147	19,923	19,612
Subtotal	$ 65,433	$ 68,903	$ 64,209
Audit of the Auditor General	**0**	**99**	**0**
Office of Health Care Reform	**1,942** a	**2,052** b	**1,584**
(F)Aging and Disability Resource Center	500	135	0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
(F)Long-term Care Initiative	100	0	0
(F)Quality Assurance Improvement	100	0	0
(F)Real Choice - Housing Integration	750	190	0
(F)Medical Assistance Disabled Access	120	0	0
Subtotal	$ 3,512	$ 2,377	$ 1,584
Rx for PA - Chronic Care Management	**2,200**	**2,171**	**1,500**
Rx for PA - Health Information Exchange	**0**	**4,483**	**3,000**
Office of General Counsel	**4,809**	**4,956**	**4,441**
(A)CLE Registration Fees	64	64	64
Subtotal	$ 4,873	$ 5,020	$ 4,505
Governor's Advisory Council on Rural Affairs	**220**	**225**	**200**
Human Relations Commission	**10,905**	**11,395**	**10,340**
(F)EEOC - Special Project Grant	2,000	2,000	2,000
(F)HUD - Special Project Grant	1,500	1,500	1,500
(A)Miscellaneous Revenues	14	25	25
Subtotal	$ 14,419	$ 14,920	$ 13,865
Latino Affairs Commission	**243**	**260**	**245**
African American Affairs Commission	**347**	**352**	**331**
Asian American Affairs Commission	**230**	**238**	**224**
Council on the Arts	**1,295**	**1,311**	**1,232**
(F)NEA - Grants to the Arts - Administration	253	280 c	240
Subtotal	$ 1,548	$ 1,591	$ 1,472
Commission for Women	**324**	**334**	**317**
(A)State Tourism Funds	17	0	0
Subtotal	$ 341	$ 334	$ 317
Juvenile Court Judges Commission	**2,400**	**2,493**	**2,368**
Public Employee Retirement Commission	**786**	**776**	**692**
Commission on Crime and Delinquency	**4,605**	**4,856**	**4,200**
(F)Plan for Juvenile Justice	325	268	268
(F)DCSI - Administration	604	0	0
(F)DCSI - Program Grants	20,000	18,000	10,000
(F)Justice Assistance Grants	23,000	30,000	30,000
(F)Justice Assistance Grants - Administration	1,154	1,391	1,239
(F)DCSI - Criminal History Records	10	10	10
(F)Juvenile Justice - Title V	1,100	750	700
(F)Juvenile Justice - Title V - Administration	10	10	0
(F)Statistical Analysis Center	150	150	150
(F)Criminal Identification Technology	3,800	3,200	3,000
(F)Crime Victims Compensation Services	4,628	5,134	5,073
(F)Crime Victims Assistance	18,000	20,000	20,000
(F)Violence Against Women	6,000	5,500	5,500
(F)Violence Against Women - Administration	250	187	196
(F)Residential Substance Abuse Treatment Program	2,500	2,000	2,000
(F)DFSC - Special Programs	4,500	4,500	4,500
(F)Crime Victims Assistance (VOCA) - Admin/Operations	1,148	1,094	1,094
(F)Assault Services Program	0	0	1,500
(F)Incentive Grants Program	0	0	1,000
(F)Second Chance Act	0	0	3,000
(F)Juvenile Accountability Incentive Program	6,000	5,000	5,000
(F)Juvenile Accountability Incentive Program - Administration	130	100	76
(F)Combat Underage Drinking Program	800	800	800
(F)Pennsylvanians Against Underage Drinking	1,000	500	500
(F)Juvenile Justice and Delinquency Prevention	4,500	4,500	4,500
(F)Project Safe Neighborhoods	1,750	2,200	2,200

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
(F)Forensic Science Program	550	710	710
(F)Drug Court Coordination	200	0	0
(F)Integrated Justice Data Hubs	500	0	0
(F)Services for Human Trafficking Victims	295	0	0
(F)Victims' Rights Compliance Project	175	200	200
(F)Protection Orders	1,000	1,000	1,000
(F)Sexual Assault Services Program	2,000	0	0
(F)Statewide Automated Victim Information Notification	1,500	2,000	2,000
(F)Byrne Discretionary Grant Program	10,000	10,000	10,000
(F)Byrne National Initiatives	0	1,000	1,000
(F)Nickel Mine Shooting First Responders	100	70	0
(F)High Risk Youth Offender Reentry	0	1,000	1,000
(F)Justice and Mental Health Collaboration	0	250	250
(F)Adam Walsh Act Implementation	0	300	300
(A)PCCD - Special Projects	1	3	3
(A)Police on Patrol	5,178	0	0
Subtotal	$ 127,463	$ 126,683	$ 122,969
Evidence-Based Prevention and Intervention	**5,713**	**4,713**	**4,713**
(A)Resource Center	0	774	774
Subtotal	$ 5,713	$ 5,487	$ 5,487
Victims of Juvenile Crime	**3,462**	**3,389**	**3,356**
Weed and Seed Program	**3,185**	**3,127**	**3,127**
Subtotal - State Funds	$ 174,200	$ 182,520	$ 176,210
Subtotal - Federal Funds	170,249	175,855	169,812
Subtotal - Augmentations	83,370	93,141	89,017
Total - General Government	$ 427,819	$ 451,516	$ 435,039
Grants and Subsidies:			
Intermediate Punishment Programs	**$ 3,430**	**$ 3,561**	**$ 3,561**
Intermediate Punishment Drug and Alcohol Treatment	**17,900**	**17,574**	**17,574**
Drug Education and Law Enforcement	**2,791**	**1,500**	**0**
Research-Based Violence Prevention	**4,790**	**4,000**	**3,000**
Violence Reduction	**250**	**750**	**0**
Police on Patrol	**10,000**	**10,000**	**0**
Improvement of Juvenile Probation Services	**5,918**	**5,841**	**5,841**
Specialized Probation Services	**13,793**	**13,614**	**13,614**
Law Enforcement Activities	**7,500**	**6,212**	**0**
Safe Neighborhoods	**2,950**	**3,326**	**0**
Grants to the Arts	**15,225**	**15,225**	**14,000**
(F)NEA - Grants to the Arts	650	677	677
Subtotal - State Funds	$ 84,547	$ 81,603	$ 57,590
Subtotal - Federal Funds	650	677	677
Total - Grants and Subsidies	$ 85,197	$ 82,280	$ 58,267
STATE FUNDS	$ 258,747	$ 264,123	$ 233,800
FEDERAL FUNDS	170,899	176,532	170,489
AUGMENTATIONS	83,370	93,141	89,017
GENERAL FUND TOTAL	**$ 513,016**	**$ 533,796**	**$ 493,306**

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
MOTOR LICENSE FUND:			
General Government:			
Office of the Budget	**$ 6,005**	**$ 6,470**	**$ 6,066**
(A)Reimbursement for Comptroller Services	456	802	441
Subtotal	$ 6,461	$ 7,272	$ 6,507
Statewide Public Safety Radio System	**17,562**	**16,498**	**15,881**
Integrated Enterprise System Plant Maintenance	**3,901**	**0**	**0**
Commonwealth Technology Services	**0**	**0**	**2,446**
Subtotal	$ 3,901	$ 0	$ 2,446
Subtotal - State Funds	$ 27,468	$ 22,968	$ 24,393
Subtotal - Augmentations	456	802	441
Total - General Government	$ 27,924	$ 23,770	$ 24,834
STATE FUNDS	$ 27,468	$ 22,968	$ 24,393
AUGMENTATIONS	456	802	441
MOTOR LICENSE FUND TOTAL	**$ 27,924**	**$ 23,770**	**$ 24,834**
TOBACCO SETTLEMENT FUND:			
Grants and Subsidies:			
Transfer to Health Endowment Account (EA)	**$ 28,154** d	**$ 28,492** d	**$ 0**
OTHER FUNDS:			
GENERAL FUND:			
Victim/Witness Services	$ 8,372	$ 8,204	$ 8,483
Crime Victims Reimbursements	9,114	10,721	10,971
Constables Education and Training Account	2,171	2,430	2,388
Deputy Sheriffs Education and Training Account	2,849	4,711	4,309
Drug Abuse Resistance Education	9	5	9
Cash and Counseling	50	0	0
Firearms License to Carry Modernization Account	0	575	1,728
GENERAL FUND TOTAL	**$ 22,565**	**$ 26,646**	**$ 27,888**
SUBSTANCE ABUSE EDUCATION AND DEMAND REDUCTION FUND:			
Substance Abuse Education & Demand Reduction Programs	$ 6,350	$ 6,350	$ 6,350
Substance Abuse Education & Demand Reduction - Admin	150	150	150
SUBSTANCE ABUSE EDUCATION AND DEMAND REDUCTION FUND TOTAL	**$ 6,500**	**$ 6,500**	**$ 6,500**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 258,747	$ 264,123	$ 233,800
SPECIAL FUNDS	55,622	51,460	24,393
FEDERAL FUNDS	170,899	176,532	170,489
AUGMENTATIONS	83,826	93,943	89,458
OTHER FUNDS	29,065	33,146	34,388
TOTAL ALL FUNDS	**$ 598,159**	**$ 619,204**	**$ 552,528**

Summary by Fund and Appropriation

[a] Appropriated as $1,242,000 for Office of Health Care Reform and $700,000 for Rx for PA - Plan Implementation.

[b] Appropriated as $1,361,000 for Office of Health Care Reform and $691,000 for Rx for PA - Plan Implementation.

[c] Includes recommended supplemental appropriation of $40,000.

[d] Funds are actually deposited to the Endowment Account for Long-Term Hope immediately upon receipt of settlement payments.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND	$ 144,182	$ 151,308	$ 141,316	$ 135,816	$ 135,915	$ 135,816	$ 135,816
SPECIAL FUNDS	55,622	51,460	24,393	24,393	24,393	24,393	24,393
FEDERAL FUNDS	48,650	50,251	47,306	47,306	47,306	47,306	47,306
OTHER FUNDS	78,602	93,077	88,592	90,627	89,127	89,127	90,627
SUBCATEGORY TOTAL	$ 327,056	$ 346,096	$ 301,607	$ 298,142	$ 296,741	$ 296,642	$ 298,142
LEGAL SERVICES							
GENERAL FUND	$ 4,809	$ 4,956	$ 4,441	$ 4,441	$ 4,441	$ 4,441	$ 4,441
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	64	64	64	64	64	64	64
SUBCATEGORY TOTAL	$ 4,873	$ 5,020	$ 4,505	$ 4,505	$ 4,505	$ 4,505	$ 4,505
PREVENTION AND ELIMINATION OF DISCRIMINATORY PRACTICES							
GENERAL FUND	$ 12,049	$ 12,579	$ 11,457	$ 11,457	$ 11,457	$ 11,457	$ 11,457
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	3,500	3,500	3,500	3,500	3,500	3,500	3,500
OTHER FUNDS	31	25	25	25	25	25	25
SUBCATEGORY TOTAL	$ 15,580	$ 16,104	$ 14,982	$ 14,982	$ 14,982	$ 14,982	$ 14,982
DEVELOPMENT OF ARTISTS AND AUDIENCES							
GENERAL FUND	$ 16,520	$ 16,536	$ 15,232	$ 15,232	$ 15,232	$ 15,232	$ 15,232
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	903	957	917	917	917	917	917
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 17,423	$ 17,493	$ 16,149	$ 16,149	$ 16,149	$ 16,149	$ 16,149
CRIMINAL AND JUVENILE JUSTICE PLANNING AND COORDINATION							
GENERAL FUND	$ 59,076	$ 56,796	$ 39,531	$ 39,531	$ 39,531	$ 39,531	$ 39,531
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	117,846	121,824	118,766	118,766	118,766	118,766	118,766
OTHER FUNDS	34,194	33,923	35,165	35,165	35,165	35,165	35,165
SUBCATEGORY TOTAL	$ 211,116	$ 212,543	$ 193,462	$ 193,462	$ 193,462	$ 193,462	$ 193,462
REINTEGRATION OF JUVENILE DELINQUENTS							
GENERAL FUND	$ 22,111	$ 21,948	$ 21,823	$ 21,823	$ 21,823	$ 21,823	$ 21,823
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 22,111	$ 21,948	$ 21,823	$ 21,823	$ 21,823	$ 21,823	$ 21,823

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
ALL PROGRAMS:							
GENERAL FUND	$ 258,747	$ 264,123	$ 233,800	$ 228,300	$ 228,399	$ 228,300	$ 228,300
SPECIAL FUNDS	55,622	51,460	24,393	24,393	24,393	24,393	24,393
FEDERAL FUNDS	170,899	176,532	170,489	170,489	170,489	170,489	170,489
OTHER FUNDS	112,891	127,089	123,846	125,881	124,381	124,381	125,881
DEPARTMENT TOTAL	$ 598,159	$ 619,204	$ 552,528	$ 549,063	$ 547,662	$ 547,563	$ 549,063

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the commonwealth can be achieved.

Program: Executive Direction

The Executive Direction program provides administrative support and policy direction for implementing, maintaining and monitoring the substantive programs of the commonwealth.

Program Element: Administration

The Office of Administration provides administrative support and policy direction of centralized human resource services to all agencies under the Governor's jurisdiction. The Office of Administration provides leadership in transformation of human resource business systems and processes through implementation of the Enterprise Resource Planning initiative, Integrated Enterprise System (IES). The Office of Administration sustains positive working relationships with unions, negotiating and administering collective bargaining agreements between the commonwealth and the various unions representing state employees under the provision of the Public Employee Relations Act of 1970, as well as administering the classification, salary and benefits structures for all employees. The Office of Administration maximizes performance through attracting, developing, training and retaining human resources. The Office of Administration also assures a diverse workforce and workplace free from discrimination by administering the commonwealth's Equal Employment Opportunity (EEO) policy and programs.

The Office of Administration also provides overall direction and support for the Governor's cost saving, revenue enhancement and customer service initiatives through the Office of Strategic Services and the Statewide Public Safety Radio System (a two way wireless communications network for both voice and data, which includes a statewide web of radio towers and smaller cell sites linked together with fiber optics and microwave relays).

Program Element: Information Technology

The Office of Administration is responsible for developing and administering statewide policies and standards governing management and use of the commonwealth's information technology (IT) resources.

The Deputy Secretary for Information Technology/ State Chief Information Officer (CIO) is responsible for developing and administering statewide policies and standards governing the management and use of the commonwealth's IT resources. The deputy oversees enterprise-wide initiatives such as enterprise computing, shared services and Operation Secure Enterprise (OSE). OSE provides the intelligence and real-time monitoring necessary to safeguard the devices that manage and maintain commonwealth critical business resources and data.

A Communities of Practice (CoP) Deputy CIO monitors agency IT project performance, sets strategic direction, approves plans, addresses IT staff and budget issues and drives the CoP agencies toward consolidation, system integration and shared application and maintenance paradigms.

The Deputy CIO for the Health and Human Services Team supports agencies by providing project and contract management for selected projects. This deputy is responsible for identifying, supporting and furthering IT initiatives focused on health care cost containment such as Integrated Behavioral Health, electronic Health Records and Health Information Technology.

The Deputy CIO for Environment supports agencies within the Environmental Community of Practice (CoP) by providing project and contract management services. This Community of Practice consists of agencies working to preserve and maintain Pennsylvania's natural resources and natural habitats, maintain cultural and historical resources, protect the environment, and promote travel, tourism and recreation. In addition, they are charged with upholding state and federal laws that protect our air, land and waterways.

The Deputy CIO for the Public Safety Team manages the Justice Network (JNET), a secure, virtual system for sharing justice information by authorized users at the federal, state, county and local levels. This team also supports public safety agencies such as the Pennsylvania State Police, the Department of Corrections and Pennsylvania Commission on Crime and Delinquency by providing project oversight and contract management for selected projects.

The Deputy CIO for General Government Operations team and agency members are responsible for developing a coordinated approach for grants management within the commonwealth enterprise and providing information technology services for the Governor's Office, the Office of the Budget and Department of General Services. This team is also responsible for exploring a variety of ways to increase revenues and taking a comprehensive look at the way licensing across agencies can be provided in a more economical, expedient and customer friendly manner.

The Integrated Enterprise System serves to maintain, improve and grow the Enterprise Resource Planning (ERP) system to accommodate the administrative and operational requirements of the commonwealth and to promote standardization of business processes in an effective,

Program: Executive Direction (continued)

efficient manner. The Integrated Enterprise System team works directly with business owner agencies (Office of the Budget, Comptroller Operations, Department of General Services and the Office of Administration) to refine business processes and system operating efficiencies. In addition, IES supports the deployment of additional ERP modules like Plant Maintenance with the Pennsylvania Department of Transportation.

Program Element: Fraud Detection and Prevention

The purpose of the Office of Inspector General is to detect, deter and eradicate fraud and waste of state resources and misconduct by state employees; keep the Governor fully informed of problems and deficiencies in executive agencies; and help ensure that executive agencies operate efficiently, with integrity and in accordance with applicable laws and regulations. The Office of Inspector General is designed to maintain public confidence, integrity and efficiency in state government.

The Office of Inspector General's Welfare Fraud Investigations and Recovery Operation is responsible for conducting investigations into suspected welfare fraud and abuse as well as performing collection activities for welfare programs administered by the Department of Public Welfare. The collection activities involve the recovery of benefits provided due to clerical errors, omissions or inaccurate information supplied by applicants, and in the case of Medical Assistance, charges for services exceeding allowable amounts. In addition, the Office of Inspector General recovers the costs of benefits provided to recipients who are eligible for Supplemental Security Income, tort recoveries, unemployment compensation, workers' compensation and veterans' benefits.

Program Element: Commonwealth Budget and Accounting

The Office of the Budget assists the Governor in formulating fiscal policies and procedures and in preparing the commonwealth budget for delivery to the General Assembly. The establishment of authorized complement levels for those agencies within the scope of authority of the Governor is the responsibility of the Office of the Budget. The office also prepares fiscal notes and reviews proposed regulations as mandated by Act 149 of 1978.

In addition, the Office of the Budget provides accounting, auditing and financial advisory and supportive services to all commonwealth agencies and is responsible for the publishing of the Comprehensive Annual Financial Report (CAFR). The office also provides resources and support to IES.

Program Element: Rural Development

The Governor's Advisory Council on Rural Affairs is responsible for the development and implementation of plans that integrate private expertise and federal, state and local government efforts for the promotion of rural development in Pennsylvania. The council's responsibilities include assessing Pennsylvania's rural development needs, identifying the state's various available resources and compiling and analyzing data to produce insights into rural development.

Program Element: Public Employee Pensions

The Public Employee Retirement Commission, in accordance with Act 66 of 1981, is mandated to provide actuarial analyses to the General Assembly and the Governor in conjunction with their consideration of public pension legislation and to study and advise on public employee pension policy. Under Act 293 of 1972, the commission reviews actuarial valuation reports filed by county employee retirement plans. Under Act 205 of 1984, the commission regulates and enforces the actuarial funding standards governing municipal pension plans and certifies the cost data utilized in allocating General Municipal Pension System State Aid.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Office of Administration							
Payroll accuracy rate*	97.9%	98.0%	98.2%	98.4%	98.4%	98.4%	98.4%
Time required to review and approve agency requests for vacant position classification actions (days)*	23	23	23	23	23	23	23
Number of temporary clerical pool billable hours to agencies*	283,886	283,886	283,886	283,886	283,886	283,886	283,886
Time required to process requests for temporary clerical pool workers:*							
Clerks (Days)	2.74	2.74	2.74	2.74	2.74	2.74	2.74
Typists (Days)	8.38	8.38	8.38	8.38	8.38	8.38	8.38
Number of course offerings through the Electronic Management System at both the enterprise and agency level*	1,364	1,464	1,564	1,664	1,664	1,664	1,664
Completion rate for E-LMS courses:*							
Mandartory courses	75.0%	77.0%	79.0%	81.0%	83.0%	85.0%	87.0%
Optional courses	61.0%	63.0%	65.0%	67.0%	69.0%	71.0%	73.0%

Program: Executive Direction (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Investment in agency and enterprise safety programs:*							
Staff hours	1,879	1,879	1,879	1,879	1,879	1,879	1,879
Staff cost	$92,878	$97,522	$102,398	$107,518	$112,894	$118,538	$124,465
Costs associated with workers compensation claims:*							
Claims	3,064	3,064	6,005	5,885	5,768	5,652	5,539
Absentee hours	81,853	81,853	155,521	147,745	140,357	133,340	126,673
Total cost	$9,157,726	$9,157,726	$18,315,452	$16,315,452	$18,315,452	$18,315,452	$18,315,452
Commonwealth Technology Services							
Application availability to law enforcement and other government agencies (JNET)	98.8%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%
Percentage of IT departments consolidated against those identified for consolidation*	75.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Service Level Agreements maintained or increased based on quarterly reviews*	3	4	4	4	4	4	4
Dollars saved by leveraging existing IT infrastructures - Shared Infrastructure Services (SIS) initiative (in thousands)*	N/A	$17,000	$33,000	$38,000	$45,000	$48,000	$49,000
Percentage of cyber attacks/hack attempts neutralized*	98.0%	99.0%	99.2%	99.4%	99.6%	99.9%	99.9%
Percentage of virus events actively blocked*	99.7%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
Percentage of SPAM messages blocked*	94.0%	95.0%	96.0%	97.0%	98.0%	99.0%	99.0%
Office of Public Safety Radio Services							
Land mass coverage of the radio system*	93.0%	93.5%	95.6%	96.1%	96.3%	96.5%	96.6%
Statewide road coverage*	94.3%	94.8%	96.3%	96.5%	96.7%	96.9%	97.0%
Integrated county interoperability connections*	28	38	50	62	67	67	67
Registered radios on the network*	16,993	17,500	18,500	19,500	20,500	21,500	22,500
Average monthly number of Push-to-Talk transmissions*	3,406,888	3,500,000	4,095,000	4,791,150	5,605,646	6,558,605	7,673,568
Office of the Budget							
Total number of invoices processed*	1,471,951	1,538,004	1,570,000	1,600,000	1,600,000	1,600,000	1,600,000
Number of employee payments issued*	2,258,032	2,260,276	2,260,300	2,260,300	2,260,300	2,260,300	2,260,300
Average number of payments issued per processor*	24,839	25,000	25,000	25,000	25,000	25,000	25,000
Percentage of invoices paid within 30 days from receipt of invoice (baseline date in SAP)	85%	86%	87%	88%	89%	90%	90%
Audits and engagements - Percentage of comments/recommendations implemented	87%	88%	89%	90%	91%	92%	92%
Comptroller Operations Federal Accounting - Percentage of federal funds drawn within seven calendar days	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%
Office of Inspector General							
General investigations	243	212	212	212	212	212	212
Arrest investigations	14	12	12	12	12	12	12
Background investigations	210	165	165	175	175	170	170
Office of Inspector General - Welfare Fraud							
Collections, recovery, and recoupments (in thousands)	$41,207	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000
Fraud prevention: DPW referrals	22,948	23,000	23,000	23,000	23,000	23,000	23,000
Fraud prevention: investigations	21,392	22,000	22,000	22,000	22,000	22,000	22,000
Fraud prevention: ineligibility determination	10,762	11,000	11,000	11,000	11,000	11,000	11,000
Fraud investigations/prosecutions/ administrative disqualification hearings	5,445	6,000	6,000	6,000	6,000	6,000	6,000
Pharmacy reviews conducted	15	15	30	50	50	50	50
Durable medical/equipment reviews conducted	4	8	8	8	8	8	8

*New program measure.

Program: Executive Direction (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND
	Office of Administration
$ –530	—nonrecurring 2008-09 budgetary freeze amount.
–96	—reduction in administrative costs.
$ –626	*Appropriation Decrease*
	Unemployment Compensation and Transition Costs
$ 5,500	—unemployment and transition costs for staff affected by program eliminations.
	Medicare Part B Penalties
$ –85	—to continue current program.
	Commonwealth Technology Services
$ –4,876	—nonrecurring 2008-09 budgetary freeze amount.
905	—consolidation of agency information technology support services.
254	—to continue current program.
$ –3,717	*Appropriation Decrease*
	Public Television Technology
$ 2,000	—to support network infrastructure and other public television technologies.
	Statewide Public Safety Radio System
$ –526	—nonrecurring 2008-09 budgetary freeze amount.
–151	—reduction in administrative costs.
$ –677	*Appropriation Decrease*
	Office of Inspector General
$ –157	—nonrecurring 2008-09 budgetary freeze amount.
–294	—reduction in administrative costs.
$ –451	*Appropriation Decrease*
	Inspector General - Welfare Fraud
$ –877	—nonrecurring 2008-09 budgetary freeze amount.
–127	—reduction in administrative costs.
$ –1,004	*Appropriation Decrease*
	Office of the Budget
$ –1,591	—nonrecurring 2008-09 budgetary freeze amount.
–299	—reduction in administrative costs.
$ –1,890	*Appropriation Decrease*
	Audit of the Auditor General
$ –99	—triennial audit of the Department of the Auditor General.
	Office of Health Care Reform
$ –100	—nonrecurring 2008-09 budgetary freeze amount.
–368	—reduction in administrative costs.
$ –468	*Appropriation Decrease*
	Rx for PA - Chronic Care Management
$ –93	—nonrecurring 2008-09 budgetary freeze amount.
–578	—nonrecurring costs.
$ –671	*Appropriation Decrease*
	Rx for PA - Health Information Exchange
$ –950	—nonrecurring 2008-09 budgetary freeze amount.
–533	—nonrecurring projects.
$ –1,483	*Appropriation Decrease*
	Governor's Advisory Council on Rural Affairs
$ –11	—nonrecurring 2008-09 budgetary freeze amount.
–14	—reduction in administrative costs.
$ –25	*Appropriation Decrease*
	Public Employee Retirement Commission
$ –79	—nonrecurring 2008-09 budgetary freeze amount.
–5	—reduction in administrative costs.
$ –84	*Appropriation Decrease*
	Law Enforcement Activities
$ –6,212	—nonrecurring projects.
	MOTOR LICENSE FUND
	Office of the Budget
$ –404	—reduction in administrative costs.
	Statewide Public Safety Radio System
$ –617	—nonrecurring costs.
	Commonwealth Technology Services
$ 2,446	—consolidation of agency information technology support services.
	TOBACCO SETTLEMENT FUND
	Transfer to Health Endowment Account (EA)
$ –28,492	—nonrecurring transfer.

Program: Executive Direction (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Office of Administration	$ 8,372	$ 10,770	$ 10,144	$ 10,144	$ 10,144	$ 10,144	$ 10,144
Unemployment Compensation and Transition Costs	0	0	5,500	0	0	0	0
Medicare Part B Penalties	519	535	450	450	450	450	450
Commonwealth Technology Services	63,055	61,942	58,225	58,225	58,225	58,225	58,225
Public Television Technology	0	0	2,000	2,000	2,000	2,000	2,000
Statewide Public Safety Radio System	9,994	11,677	11,000	11,000	11,000	11,000	11,000
Office of Inspector General	3,356	3,451	3,000	3,000	3,000	3,000	3,000
Inspector General - Welfare Fraud	14,296	14,257	13,253	13,253	13,253	13,253	13,253
Office of the Budget	31,942	32,658	30,768	30,768	30,768	30,768	30,768
Audit of the Auditor General	0	99	0	0	99	0	0
Office of Health Care Reform	1,942	2,052	1,584	1,584	1,584	1,584	1,584
Rx for PA - Chronic Care Management	2,200	2,171	1,500	1,500	1,500	1,500	1,500
Rx for PA - Health Information Exchange	0	4,483	3,000	3,000	3,000	3,000	3,000
Governor's Advisory Council on Rural Affairs	220	225	200	200	200	200	200
Public Employee Retirement Commission	786	776	692	692	692	692	692
Law Enforcement Activities	7,500	6,212	0	0	0	0	0
TOTAL GENERAL FUND	$ 144,182	$ 151,308	$ 141,316	$ 135,816	$ 135,915	$ 135,816	$ 135,816
MOTOR LICENSE FUND:							
Office of the Budget	$ 6,005	$ 6,470	$ 6,066	$ 6,066	$ 6,066	$ 6,066	$ 6,066
Statewide Public Safety Radio System	17,562	16,498	15,881	15,881	15,881	15,881	15,881
Integrated Enterprise System Plant Maintenance	3,901	0	0	0	0	0	0
Commonwealth Technology Services	0	0	2,446	2,446	2,446	2,446	2,446
TOTAL MOTOR LICENSE FUND	$ 27,468	$ 22,968	$ 24,393	$ 24,393	$ 24,393	$ 24,393	$ 24,393
TOBACCO SETTLEMENT FUND:							
Transfer to Health Endowment Account (EA)	$ 28,154	$ 28,492	$ 0	$ 0	$ 0	$ 0	$ 0

PROGRAM OBJECTIVE: To provide legal advice to the Governor and the Cabinet, and to supervise, coordinate and administer legal services for the commonwealth.

Program: Legal Services

The Office of General Counsel (OGC) was created by Act 164 of 1980. The General Counsel serves as the chief legal advisor to the Governor, heads the Office of General Counsel, and appoints deputies general counsel, chief counsel and assistant counsel to assist in the performance of the responsibilities of OGC. OGC represents the commonwealth, the Governor, members of his Cabinet, and more than 30 agencies that conduct the business of the commonwealth. This includes rendering legal advice and representation concerning matters and issues arising in connection with the operation of executive agencies under the Governor's jurisdiction. OGC reviews and approves for form and legality all commonwealth deeds, leases, contracts, rules and regulations. OGC provides advice to the Governor on pending legislative matters and issues, and reviews for constitutionality and legality all legislation presented to the Governor for approval.

The Office of General Counsel is responsible for initiating appropriate actions or defending the commonwealth when the Attorney General declines to initiate appropriate proceedings or delegates that responsibility to OGC. Upon request by the Governor, OGC also has the authority to intervene in any action by or against an agency under the Governor's jurisdiction.

The General Counsel administers the operations of the Juvenile Court Judges Commission and supervises the legal representation for this agency as well as all other state agencies with legal staff assigned therein.

In addition, the General Counsel serves as a member of the Board of Commissioners on Uniform State Laws, the Department of Emergency Management and Homeland Security, the Joint Committee on Documents, the Board of Property, the Local Government Records Committee, the Medical Advisory Board, the Board of Finance and Revenue and the Civil Disorder Commission.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		Office of General Counsel
$	–491	—nonrecurring 2008-09 budgetary freeze amount.
	–24	—reduction in administrative costs.
$	–515	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Office of General Counsel	$ 4,809	$ 4,956	$ 4,441	$ 4,441	$ 4,441	$ 4,441	$ 4,441

PROGRAM OBJECTIVE: To ensure equal opportunities and participation for all individuals regardless of race, religion, color, creed, handicap or disability, ancestry, national origin, familial status, age or sex in all areas of employment, housing, credit, commercial property, public accommodations and education.

Program: Prevention and Elimination of Discriminatory Practices

The Human Relations Commission is responsible for identifying, preventing and eliminating illegal discriminatory practices as defined by the Pennsylvania Human Relations Act and the Pennsylvania Fair Educational Opportunities Act. The two principal methods used by the commission to secure compliance with the law are processing complaints of discrimination that might result in legal proceedings being initiated and providing technical assistance to organizations, businesses, governmental bodies and individuals to promote voluntary compliance. Processing formal complaints continues to be the major activity of the commission.

Substantial resources are also devoted to providing technical assistance to anyone who requests guidance in avoiding illegal discriminatory acts. The commission coordinates the state's response to racial and ethnic tensions and trains law enforcement officials and local government and community leaders on appropriate responses. The commission is also involved with major outreach programs to provide information to community leaders and public officials regarding the Pennsylvania Human Relations Act and its procedures.

The commission, in conjunction with the Pennsylvania Department of Education, is working with several urban school districts to improve the educational achievement of minority and disadvantaged students.

Federal funds are received for investigating complaints that are dual filed with the commission and with either the Equal Employment Opportunity Commission or the U.S. Department of Housing and Urban Development.

The commission's efforts to identify and remedy systemic discrimination continue in order to address the major problems of discrimination against whole classes of individuals. In addition, litigation remains a significant feature of the commission's workload.

The Latino Affairs Commission functions as an advocate for the Latino community. The commission advises the Governor on policies, procedures, legislation and regulations that impact the Latino community. The commission also assists Latino individuals in making the most of their talents and capabilities and works with local Latino communities in developing strategies and programs that enhance their social and economic status.

The African American Affairs Commission functions as the commonwealth's advocate for the African American community. The commission advises the Governor and legislative caucuses on policies, procedures, legislation and regulations that impact the African American community. The commission also provides information from state government directly to the African American community.

The Asian American Affairs Commission is an advocate agency for the Asian American residents of the commonwealth. It advises the Governor on policies, procedures, legislation and regulations that affect the growing Asian American community in Pennsylvania. The commission also serves as a resource to commonwealth departments and agencies on how to better serve the Asian American community.

The Commission for Women functions as the commonwealth's advocate for women and girls and is responsible for developing and implementing policies and programs that work to ensure equal opportunity. In addition to legislative advocacy, the commission monitors women's employment and educational needs, and promotes health care awareness and political participation. The commission's work includes the dissemination of information through its Web site and hotline, as well as the publication of periodicals and handbooks; news releases to press and broadcast media; and speeches to groups and media appearances.

Program: Prevention and Elimination of Discriminatory Practices (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Human Relations Commission							
Formal complaint investigation:							
Average complaints active	15,766	15,200	15,200	15,200	15,200	15,200	15,200
Complaints closed	4,847	4,300	4,300	4,300	4,300	4,300	4,300
Financial awards to complainants (thousands)	$10,385	$9,500	$9,500	$9,500	$9,500	$9,500	$9,500
Case settlement rate	36.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Commission for Women							
Web site visits for educational, employment and health care information	655,000	659,000	664,000	669,000	674,000	679,000	685,000
Number of attendees at annual PA Governor's Conference for Women*	5,500	5,500	6,000	5,500**	6,500	5,500**	7,000

* New program measure.

** Scheduled to be held at facilities with capacity of 5,500.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Human Relations Commission

$ –772	—nonrecurring 2008-09 budgetary freeze amount.
340	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
–623	—reduction in administrative costs.
$ –1,055	*Appropriation Decrease*

Latino Affairs Commission

$ –12	—nonrecurring 2008-09 budgetary freeze amount.
–3	—reduction in administrative costs.
$ –15	*Appropriation Decrease*

African American Affairs Commission

$ –17	—nonrecurring 2008-09 budgetary freeze amount.
–4	—reduction in administrative costs.
$ –21	*Appropriation Decrease*

Asian American Affairs Commission

$ –11	—nonrecurring 2008-09 budgetary freeze amount.
–3	—reduction in administrative costs.
$ –14	*Appropriation Decrease*

Commission for Women

$ –7	—nonrecurring 2008-09 budgetary freeze amount.
–10	—reduction in administrative costs.
$ –17	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Human Relations Commission	$ 10,905	$ 11,395	$ 10,340	$ 10,340	$ 10,340	$ 10,340	$ 10,340
Latino Affairs Commission	243	260	245	245	245	245	245
African American Affairs Commission	347	352	331	331	331	331	331
Asian American Affairs Commission	230	238	224	224	224	224	224
Commission for Women	324	334	317	317	317	317	317
TOTAL GENERAL FUND	$ 12,049	$ 12,579	$ 11,457	$ 11,457	$ 11,457	$ 11,457	$ 11,457

PROGRAM OBJECTIVE: To increase public exposure to quality artistic and cultural programs and to stimulate a climate that offers opportunities and encouragement to artists.

Program: Development of Artists and Audiences

The commonwealth encourages cultural development in the arts through the Pennsylvania Council on the Arts (PCA). The 19-member council supports the arts through grant programs, services and a network of community-based organizations funded by the PCA to provide funding and services. The organizations and artists served are geographically, culturally and ethnically diverse and range from small community organizations that engender and support local arts programs to world-renowned orchestras, museums, dance companies, theatres and festivals.

The council functions with input from more than 40 advisory review panels that provide an evaluation of applications and feedback on program structures.

The council supports and assists the arts in the commonwealth in several specific areas: 1) a grants program that responds to most applications and program initiatives either directly or through a decentralized network of 17 regional funding partners; 2) partnerships and initiatives developed by the council to seek opportunities and address issues affecting the arts that are beyond the capacity of a single arts institution; and 3) additional services directly provided by staff and through partnerships with state, regional and national service organizations.

Through programs such as Accessibility to the Arts for Individuals with Disabilities, Arts in Education Partnership, Pennsylvania Performing Arts on Tour, Local Government and Preserving Diverse Cultures, ethnically diverse organizations, artists and ensembles are encouraged to participate in the arts.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Attendance at supported events (in thousands)	20,700	20,950	21,200	21,450	21,700	21,950	22,200
Grant applications received/reviewed	2,575	2,620	2,650	2,675	2,700	2,725	2,750
Grant awards made	1,544	1,520	1,530	1,540	1,550	1,560	1,570

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		Council on the Arts
$	–66	—nonrecurring 2008-09 budgetary freeze amount.
	–13	—reduction in administrative costs.
$	–79	*Appropriation Decrease*

		Grants to the Arts
$	–647	—nonrecurring 2008-09 budgetary freeze amount.
	–578	—program reduction.
$	–1,225	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Council on the Arts	$ 1,295	$ 1,311	$ 1,232	$ 1,232	$ 1,232	$ 1,232	$ 1,232
Grants to the Arts	15,225	15,225	14,000	14,000	14,000	14,000	14,000
TOTAL GENERAL FUND	$ 16,520	$ 16,536	$ 15,232	$ 15,232	$ 15,232	$ 15,232	$ 15,232

PROGRAM OBJECTIVE: To provide criminal and juvenile justice system policy analysis, coordination and planning to improve criminal justice programs.

Program: Criminal and Juvenile Justice Planning and Coordination

Program Element: Planning and Coordination

The Pennsylvania Commission on Crime and Delinquency (PCCD) supports the criminal and juvenile justice systems by providing system-wide criminal statistical and analytical services and by fostering interagency coordination and cooperation, as well as by rendering training and technical assistance. Appointed task forces, advisory groups and planning committees, encompassing commission and non-commission members, advise the commission in addressing specific problem areas.

The commission also administers a mix of state and federal grant programs that are designed to provide support to local elements of the criminal and juvenile justice system and through selective financing of proposals, demonstrate new solutions to statewide problems.

The commission fosters the development of criminal justice policy by conducting research on timely criminal justice issues and has established a link to Pennsylvania's academic community through the formation of an evaluation advisory committee composed of leading criminal justice researchers. Integral to its role in criminal justice coordination and analysis of legislative issues, PCCD has formed a multi-agency correctional population projection committee that provides policymakers with accurate projections of the commonwealth's correctional population and conducts policy impact analysis. In the area of criminal justice record information, PCCD coordinates a multidisciplinary committee that analyzes criminal justice information and develops and implements strategies to improve the quality and value of the information.

The commission is the designated state agency to administer the federal Violence Against Women and Department of Justice Reauthorization Act of 2005. The program provides funding to Pennsylvania to develop a coordinated and integrated approach to improving the criminal justice system's response to violence against women.

Under the guidance of its gubernatorially appointed Juvenile Justice and Delinquency Prevention Advisory Committee, PCCD has responsibility for preparing and updating a comprehensive juvenile justice and delinquency prevention plan on behalf of the commonwealth. PCCD plays a central role in collaborative initiatives involving the Department of Public Welfare, the Juvenile Court Judges Commission, the Department of Education and other agencies in the development and implementation of policy and programming relative to juvenile justice and delinquency prevention—especially research-based, evidence-based prevention programs. The Research-Based Delinquency and Violence Prevention Program has supported these efforts since 1998-99. This program supports the implementation of intensive as well as non-intensive prevention/intervention models. PCCD is the state's focal point for promoting local efforts to implement risk-focused, community mobilization programming directed toward preventing delinquency, violence, substance abuse and other adolescent problem behaviors. PCCD administers the Communities That Care risk-focused prevention initiative, which includes training and technical assistance to communities. The commission administers the federal Juvenile Justice and Delinquency Prevention Act Formula Grant program, as well as the Juvenile Accountability Block Grant program—both of which provide funds that support treatment/intervention programs and juvenile justice system improvement projects. The commission also administers the Governor's portion of the commonwealth's federal Safe and Drug Free Schools and Communities Act funding allocation that is used to support projects and programs that prevent drug use/abuse and violence among children and youth. The commission administers federal Enforcing Underage Drinking Laws block grant funds, which support enforcement efforts and the Campus/Community Underage Drinking Prevention Coalition Project.

The commission provides training and technical assistance to county prison boards and local officials through the County Intermediate Punishment Act. This act provided counties with opportunities to develop various intermediate punishment programs for nonviolent offenders to alleviate overcrowding in the county prisons. In addition, PCCD administers the Drug and Alcohol Treatment-Based Restrictive Intermediate Punishment program, which provides support to counties for drug and alcohol assessment, evaluation and treatment services. The projects link drug and alcohol treatment with a combination of restrictive sanctions including residential rehabilitation centers, halfway houses, day reporting centers, work release centers, intensive supervision with electronic monitoring, house arrest with intensive supervision, and house arrest with electronic monitoring. Act 198 of 2002 (amended by Act 36 of 2006) established the Substance Abuse Education and Demand Reduction Fund. State funds are earmarked for research-based approaches to prevention, intervention, training, treatment and education services to reduce substance abuse and implement statewide programs to assist families in accessing such services. Monies for the fund are obtained through offender fines.

Through federal Byrne Memorial Justice Assistance Grant Act (JAG) formula grant funds administered by

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

PCCD, state and local units of government receive start-up monies for projects to improve the justice system. Major priorities for new local projects include juvenile justice initiatives, community-based criminal justice initiatives, corrections, community-based planning initiatives through County Criminal Justice Advisory Boards, new and expanded county criminal justice automation efforts, comprehensive victim services, training and evaluation activities.

PCCD administers a training program for deputy sheriffs, financed through a surcharge on fees levied by the sheriffs for legal services executed. A 760-hour basic training curriculum provides for certification of deputy sheriffs and biennial continuing education provides for re-certification. PCCD also provides training and certification for constables including 80-hour basic training, mandatory 20-hour annual continuing education and basic and annual firearms training. Constables training is funded through a surcharge on constable services.

PCCD provides statewide training and technical assistance for law enforcement personnel to implement community-based crime reduction strategies, coordinates statewide efforts promoting law enforcement's involvement in policing practices and sponsors an annual program to recognize citizen contributions to local crime reduction projects. PCCD also provides funds for School Resource Officers underwriting a statewide Law Enforcement Accreditation program, designed specifically for the multitude of mid-sized and smaller departments.

The commission administers the federal Residential Substance Abuse Treatment program. This program provides funding to develop and implement residential substance abuse treatment programs within state and local correctional facilities in which prisoners are incarcerated for a period of time sufficient to permit substance abuse treatment.

Through Act 30 of 2001, the powers and duties of PCCD were expanded to include the continuing development of comprehensive, community-based youth violence prevention plans, as well as the development and promotion of comprehensive targeted crime prevention efforts and a planning process for the revitalization of high-crime and distressed communities, such as those already underway with the Weed and Seed program.

The Weed and Seed program works in a partnership with members of the community in a target community to eliminate drug-related crime (the "Weed" effort) and to improve the community's social and economic vitality (the "Seed" effort). Through the Assistance Impact Delegation Revitalization Plans, each site has secured state resources to "Seed" progress in their communities. In 2008-09 $3.127 million was received in state funding for Neighborhood Economic Development, Micro Enterprises, Community Crime Prevention, Employment and Training, and Blight Reduction.

Program Element: Victim Services

PCCD uses county-based policy boards to define local victim service needs and develop cost-effective victim/witness service strategies. Technical and financial assistance is provided to community-based organizations and district attorney offices in all 67 counties to support comprehensive service to victims of all violent crimes with particular emphasis on services to victims of sexual assault, domestic violence and child abuse. In addition, the Victims of Juvenile Offenders program supports community-based services to assist victims of juvenile offenders through grants to district attorneys, juvenile probation offices and community-based victims' services providers in 66 of the state's 67 counties. Grants are made using court imposed costs authorized by Act 96 of 1984, as amended by Act 85 of 2002, the federal Victims of Crime Act of 1984 and a state appropriation for services for victims of juvenile offenders. Through these grants, the Office of Victims' Services was able to make funding available to organizations in each of the 67 counties, which then provided services to more than 382,000 victims of crime, witnesses and others. In addition, the commission is the state-administering agency for the S.T.O.P. (Services, Training, Officers, and Prosecution) Grant program authorized through the Violence Against Women Act. These funds support the efforts of teams in 46 counties comprised of law enforcement, prosecutors and victims' services programs. Act 86 of 2000 amended the Crime Victims Act by adding definitions for adult, juvenile and preadjudication disposition. The act provides victims of crimes committed by juvenile offenders with the same rights as victims of crimes committed by adult offenders, including receiving basic information pertaining to victims' assistance, obtaining access to information concerning disposition of cases and receiving reimbursement of losses. Act 85 of 2002 further amended the act to provide victims notification of an adult offender's release from a boot camp or facility and the right to witness the execution of an offender.

The Victims Compensation Assistance program was created by Act 139 of 1976 as a response to the financial losses incurred by victims of crime. The Office of Victims' Services is responsible for the administration of the program. Currently, individuals who are injured during a crime may be compensated for uninsured or unreimbursable medical expenses, counseling, relocation expenses, crime scene clean-up expenses and loss of earnings and monies that are stolen or defrauded from individuals on fixed incomes. In the case of a homicide, funeral expenses, within limits, and loss of support may be compensated to those who qualify. The program does not pay for pain and suffering nor does it pay for property loss, in most instances. The maximum award is $35,000, including $20,000 for loss of support and $15,000 for loss of earnings. Payments for counseling, crime-scene cleanup

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

and certain other costs are over and above the $35,000 maximum award. The Victims Compensation Assistance program is the payer of last resort for crime victims' losses, and the office is required to verify all aspects of each claim prior to payment.

Payments to victims are disbursed from a special nonlapsing restricted revenue account that receives its funding from a penalty assessment of at least $35 levied against certain offenders who plead guilty or nolo contendere, who are convicted of a crime or who are placed in a diversionary program. Juveniles, when there is a consent decree or an adjudication of delinquency, pay a penalty assessment of at least $25, which is also paid into the fund.

Payment funds are also provided by the federal Victims of Crime Act of 1984 which allocates federal reimbursements to states for compensation programs based on a formula of prior year payments to victims.

The passage of Act 45 of 2003 became effective on February 21, 2004. Prior to its passage, crime victims' restitution payments unclaimed by rightful owners for more than five years were presumed abandoned and deposited in the commonwealth's General Fund. The act directs the State Treasurer to deposit the unclaimed restitution payments in the Crime Victims Compensation Fund on or before June 30 of each year. For more detailed information on the services provided by the Office of Victims' Services, please see the related Annual Report, available at www.pccd.state.pa.us.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Planning and Coordination: Youth							
Percentage of youth served in intensive research-based programs with improved school attendance	20%	50%	60%	65%	70%	75%	75%
Percentage of youth participating in research-based programs with a demonstrated improvement related to the program's targeted behavioral outcome	30%	30%	40%	45%	50%	55%	60%
Planning and Coordination: Adult							
Active offenders sentenced to the Intermediate Punishment Program successfully completing their sentence (as determined by the Court)	82%	70%	70%	70%	70%	70%	70%
Average number of jail days saved per active offender through participation in the Intermediate Punishment Program	99	92	92	92	92	92	92
Active offenders in the program who will successfully complete the treatment-based Restrictive Intermediate Punishment portion of their sentence	60%	55%	56%	57%	58%	59%	60%
Average number of jail days saved per active offender through participation in treatment-based Restrictive Intermediate Punishment	343	340	340	340	340	340	340
Weed and Seed Program							
Youth in afterschool/summer programs in a Weed and Seed site	10,621	10,000	10,000	10,000	10,000	10,000	10,000
New businesses started in a Weed and Seed site	23	5	5	5	5	5	5
Community clean-ups in a Weed and Seed site	54	100	75	75	75	75	75
Victim Services							
Victims compensation claim processing time - new claims (weeks)	7.88	7.38	7.38	7.38	7.38	7.38	7.38
Victims compensation claims paid	4,766	4,861	4,958	5,057	5,158	5,262	5,367

The average Crime Victim's Compensation Program reimbursement per claim in 2007-08 was $2,428.54.

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Commission on Crime and Delinquency

$ –476	—nonrecurring 2008-09 budgetary freeze amount.
–180	—reduction in administrative costs.
$ –656	*Appropriation Decrease*

Victims of Juvenile Crime

$ –30	—nonrecurring 2008-09 budgetary freeze amount.
–3	—reduction in administrative costs.
$ –33	*Appropriation Decrease*

Drug Education and Law Enforcement

$ –1,500	—program elimination.

Research-Based Violence Prevention

$ –23	—nonrecurring 2008-09 budgetary freeze amount.
–977	—nonrecurring projects.
$ –1,000	*Appropriation Decrease*

Police on Patrol

$ –10,000	—nonrecurring costs.

Safe Neighborhoods

$ –3,326	—nonrecurring projects.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Commission on Crime and Delinquency	$ 4,605	$ 4,856	$ 4,200	$ 4,200	$ 4,200	$ 4,200	$ 4,200
Evidence-Based Prevention and Intervention	5,713	4,713	4,713	4,713	4,713	4,713	4,713
Victims of Juvenile Crime	3,462	3,389	3,356	3,356	3,356	3,356	3,356
Weed and Seed Program	3,185	3,127	3,127	3,127	3,127	3,127	3,127
Intermediate Punishment Programs	3,430	3,561	3,561	3,561	3,561	3,561	3,561
Intermediate Punishment Drug and Alcohol Treatment	17,900	17,574	17,574	17,574	17,574	17,574	17,574
Drug Education and Law Enforcement	2,791	1,500	0	0	0	0	0
Research-Based Violence Prevention	4,790	4,000	3,000	3,000	3,000	3,000	3,000
Violence Reduction	250	750	0	0	0	0	0
Police on Patrol	10,000	10,000	0	0	0	0	0
Safe Neighborhoods	2,950	3,326	0	0	0	0	0
TOTAL GENERAL FUND	$ 59,076	$ 56,796	$ 39,531	$ 39,531	$ 39,531	$ 39,531	$ 39,531

PROGRAM OBJECTIVE: To reduce the recurrence of juvenile delinquency through replacement of criminal behavior with socially acceptable behavior.

Program: Reintegration of Juvenile Delinquents

The Juvenile Court Judges Commission (JCJC) is responsible for the development and improvement of juvenile probation services throughout the commonwealth. These services focus on the provision of balanced attention to the protection of the community, the imposition of accountability for offenses committed and the development of competencies to enable children to become responsible and productive members of the community. The provision of statewide juvenile justice training, graduate education, research, statistical information, and the development and enhancement of specialized intensive probation and aftercare services for juveniles have significantly improved the quality of service within the commonwealth's juvenile justice system.

All 67 of the commonwealth's counties participated in the JCJC's grant-in-aid program in 2008-09, and adopted the JCJC's required Juvenile Court Standards, participated in JCJC-sponsored training programs and complied with all JCJC statistical reporting requirements. The grant-in-aid program is the only source of state funding for juvenile probation services. It supports the JCJC's major programs including training, graduate education and specialized projects, such as the provision of liability insurance for community service programs, and software to enable counties to participate in the JCJC's juvenile probation management information system.

The JCJC annually sponsors from 40 to 45 state-of-the-art-training programs for juvenile justice practitioners. In addition to the provision of training, the JCJC, in conjunction with Shippensburg University, provides the support to enable probation officers to receive Master of Science degrees in the Administration of Justice. By the end of 2009-10, 561 juvenile justice professionals will have earned graduate degrees through this program since its inception in 1982.

The JCJC continues to support the Specialized Probation Services program, including school-based probation, community-based probation, intensive probation and aftercare services including assistance for drug and alcohol abuse prevention and treatment. The commission provides support for 383 specialized probation officers pursuant to JCJC standards. Of these positions, 98 are for school-based probation, 179 are for community-based probation, 34 are for intensive probation, 45 are for aftercare services and 27 are specialized probation services supervisors. The JCJC will continue this program during 2009-10.

The JCJC's Drug and Alcohol initiative continues to be a priority. Fifty-one of the commonwealth's counties receive funds to support urinalysis drug testing techniques on those juveniles who are known or suspected drug users. Juveniles referred by the court are tested for one or more of the following drugs: THC, cocaine, barbiturates, amphetamines, opiates, PCP, benzodiazepines and alcohol.

Juvenile arrests for violent crimes (murder, forcible rape, robbery and aggravated assault) decreased from 5,743 in 2006 to 5,399 in 2007. The arrest rate per 100,000 juveniles decreased from to 418 in 2006 to 408 in 2007.

The JCJC participates in the commonwealth's Justice Network. The JCJC's primary role in the project is to assist in the design, development and implementation of the Juvenile Tracking System (JTS). The JTS is part of the statewide Integrated Criminal Justice System. The system electronically connects criminal justice agencies to facilitate information sharing.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Children referred to court	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Commitments as a percentage of referrals	10%	10%	10%	10%	10%	10%	10%
Children arrested for violent crime	5,743	5,700	5,700	5,700	5,700	5,700	5,700
Juvenile cases closed that received probation or other services	17,657	17,300	17,300	17,300	17,300	17,300	17,300
Percentage employed or engaged in an educational/vocational activity at case closing	83.6%	82.0%	82.0%	82.0%	82.0%	82.0%	82.0%
Juvenile offenders who completed supervision without a new offense resulting in a Consent Decree, adjudication of delinquency, or conviction	15,053	15,125	15,125	15,125	15,125	15,125	15,125

Program: Reintegration of Juvenile Delinquents (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		Juvenile Court Judges Commission
$	–23	—nonrecurring 2008-09 budgetary freeze amount.
	–102	—reduction in administrative costs.
$	–125	*Appropriation Decrease*

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Juvenile Court Judges Commission	$ 2,400	$ 2,493	$ 2,368	$ 2,368	$ 2,368	$ 2,368	$ 2,368
Improvement of Juvenile Probation Services	5,918	5,841	5,841	5,841	5,841	5,841	5,841
Specialized Probation Services	13,793	13,614	13,614	13,614	13,614	13,614	13,614
TOTAL GENERAL FUND	$ 22,111	$ 21,948	$ 21,823	$ 21,823	$ 21,823	$ 21,823	$ 21,823

LIEUTENANT GOVERNOR

The Lieutenant Governor serves as President of the Senate and Chairman of the Board of Pardons. In case of the death, conviction or impeachment, failure to qualify or resignation of the Governor, the Lieutenant Governor will become Governor for the remainder of the term. In case of the disability of the Governor, the powers, duties and emoluments of the office will transfer to the Lieutenant Governor until the disability is removed.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
Lieutenant Governor's Office	**$ 1,069**	**$ 1,130**	**$ 1,062**
Portrait - Former Lieutenant Governor	**0**	**0**	**7**
Board of Pardons	**454**	**449**	**431**
Total - General Government	$ 1,523	$ 1,579	$ 1,500
GENERAL FUND TOTAL	**$ 1,523**	**$ 1,579**	**$ 1,500**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND	$ 1,523	$ 1,579	$ 1,500	$ 1,500	$ 1,493	$ 1,493	$ 1,493
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 1,523	$ 1,579	$ 1,500	$ 1,500	$ 1,493	$ 1,493	$ 1,493
ALL PROGRAMS:							
GENERAL FUND	$ 1,523	$ 1,579	$ 1,500	$ 1,500	$ 1,493	$ 1,493	$ 1,493
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
DEPARTMENT TOTAL	$ 1,523	$ 1,579	$ 1,500	$ 1,500	$ 1,493	$ 1,493	$ 1,493

PROGRAM OBJECTIVE: To provide an effective administrative system through which substantive programs of the agency can be accomplished.

Program: Executive Direction

This program provides for the execution of duties relating to the Office of the Lieutenant Governor. These duties, as prescribed by the constitution, include presiding over the Senate; assuming the Office of the Governor for the remainder of the Governor's term, if necessary, as a result of the death, conviction or impeachment, failure to qualify or resignation of the Governor; and serving as Chairman of the Pennsylvania Board of Pardons which reviews applications for reprieve, commutation of sentences and pardons. Through statute, the Lieutenant Governor also serves as Chairman of the Local Government Advisory Committee, which advises the Governor's Center for Local Government Services and the administration on the needs and concerns of local government entities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Lieutenant Governor

$ –137	—nonrecurring 2008-09 budgetary freeze amount.
69	—to continue current program.
$ –68	*Appropriation Decrease*

Board of Pardons

$ –13	—nonrecurring 2008-09 budgetary freeze amount.
–5	—to continue current program.
$ –18	*Appropriation Decrease*

Portrait - Former Lieutenant Governor

$ 7	—to provide for a portrait of the former Lieutenant Governor.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Lieutenant Governor's Office	$ 1,069	$ 1,130	$ 1,062	$ 1,062	$ 1,062	$ 1,062	$ 1,062
Portrait - Former Lieutenant Governor	0	0	7	7	0	0	0
Board of Pardons	454	449	431	431	431	431	431
TOTAL GENERAL FUND	$ 1,523	$ 1,579	$ 1,500	$ 1,500	$ 1,493	$ 1,493	$ 1,493

ATTORNEY GENERAL

The state constitution provides that the Attorney General shall be the chief law enforcement officer of the commonwealth and shall exercise such powers and perform such duties as may be imposed by law.

The Commonwealth Attorneys Act establishes the Attorney General as the chief legal and law enforcement officer of the commonwealth and provides the following fundamental duties and responsibilities of the Office of Attorney General:

To be the commonwealth's chief law enforcement officer charged with responsibility for the prosecution of organized crime and public corruption. This law enforcement program includes a criminal investigations unit and drug law enforcement program as well as direction of statewide and multi-county investigating grand juries and a Medicaid Fraud Control Section.

To represent the commonwealth and all commonwealth agencies and, upon request, the Auditor General, State Treasurer and Public Utility Commission in any action brought by or against the commonwealth or its agencies; to furnish upon request legal advice to the Governor or the head of any commonwealth agency.

To review for form and legality all proposed rules and regulations for commonwealth agencies.

To review for form and legality all commonwealth deeds, leases and contracts to be executed by commonwealth agencies.

To collect, by suit or otherwise, all debts, taxes and accounts due the commonwealth which shall be referred to and placed with the Attorney General.

To administer the provisions relating to consumer protection as well as appoint the Advisory Committee.

To represent the commonwealth and its citizens in any action brought for violation of the Antitrust Laws of the United States and the commonwealth.

The Attorney General, in addition, serves as a member of the Board of Pardons, the Joint Committee on Documents, the Hazardous Substances Transportation Board, the Board of Finance and Revenue, the Pennsylvania Commission on Crime and Delinquency, the Civil Disorder Commission and the Municipal Police Officers' Education and Training Commission.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 44,958**	**$ 45,261**	**$ 42,545**
(F)Medicaid Fraud	4,371	4,415	4,482
(F)MAGLOCLEN	8,462	9,344	10,219
(A)Legal Fees Reimbursement	40	10	10
(A)Medicaid Fraud Reimbursements	0	5	5
(A)Investigative Costs Reimbursements	83	50	50
(A)Environmental Crimes Investigative Costs	4	10	10
(A)Public Protection Law Enforcement	16	3,000	4,000
(A)Continuing Legal Education	1	5	5
(A)Seized/Forfeited Property - U.S. Department of Justice	0	1,576	0
(A)Miscellaneous Revenue	0	6	6
Subtotal	$ 57,935	$ 63,682	$ 61,332
(R)Office of Consumer Advocate	5,069	5,205	5,124
Drug Law Enforcement	**26,043**	**26,219**	**26,219**
(F)High Intensity Drug Trafficking Areas	3,348	3,375	3,653
(F)Methamphetamine Control	124	195	100
(A)Seized/Forfeited Property - State Court Awarded	0	1,885	1,000
(A)Seized/Forfeited Property - U.S. Department of Justice	0	0	500
(A)Recovery of Narcotics Investigation Overtime Costs	20	50	50
Subtotal	$ 29,535	$ 31,724	$ 31,522
Local Drug Task Forces	**10,745**	**10,715**	**10,715**
Drug Strike Task Force	**2,215**	**2,230**	**2,230**
Witness Relocation Program	**437**	**437**	**437**
Joint Local-State Firearm Task Force	**5,000**	**5,000**	**5,000**
Violence Reduction Witness Relocation	**563**	**556**	**556**
Child Predator Interception Unit	**1,439**	**1,468**	**1,468**
(F)Child Sexual Predator Program	0	500	300
Subtotal	$ 1,439	$ 1,968	$ 1,768
Capital Appeals Case Unit	**624**	**647**	**647**
Charitable Nonprofit Conversions	**968**	**1,043**	**1,043**
Tobacco Law Enforcement	**694**	**785**	**785**
Cigarette Fire Safety and Firefighter Protection	**0**	**0**	**134**
Home Improvement Consumer Protection	**0**	**0**	**530**
(A)Home Improvement Contractor Fees	0	0	219
Subtotal	$ 0	$ 0	$ 749
Subtotal - State Funds	$ 93,686	$ 94,361	$ 92,309
Subtotal - Federal Funds	16,305	17,829	18,754
Subtotal - Augmentations	164	6,597	5,855
Subtotal - Restricted Revenues	5,069	5,205	5,124
Total - General Government	$ 115,224	$ 123,992	$ 122,042
Grants and Subsidies:			
County Trial Reimbursement	**$ 150**	**$ 148**	**$ 148**
(R)Reimbursement to Counties - Full Time District Attorney (EA)	0	820	6,406
Transfer to Straw Purchase Prevention Education Program	**0**	**0**	**100**
Subtotal - State Funds	$ 150	$ 148	$ 248
Subtotal - Restricted Revenues	0	820	6,406

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Total - Grants and Subsidies	$ 150	$ 968	$ 6,654
STATE FUNDS	$ 93,836	$ 94,509	$ 92,557
FEDERAL FUNDS	16,305	17,829	18,754
AUGMENTATIONS	164	6,597	5,855
RESTRICTED REVENUES	5,069	6,025	11,530
GENERAL FUND TOTAL	**$ 115,374**	**$ 124,960**	**$ 128,696**

OTHER FUNDS:

GENERAL FUND:			
Straw Purchase Prevention Education Program	$ 0	$ 0	$ 0 [a]
Seized/Forfeited Property - State Court Awarded	670	5,530	4,873
Seized/Forfeited Property - U.S. Department of Justice	418	2,138	917
Seized/Forfeited Property - PSP-OAG Agreement	897	0	0
OAG Investigative Funds - Outside Sources	3,838	4,430	4,653
Seized/Forfeited Property - U.S. Treasury Department	9	247	240
Public Protection Law Enforcement	2,420	5,491	4,691
Coroner's Education Board	66	0	65
Community Drug Abuse Prevention Program	282	390	458
Seized/Forfeited Propty- US Dept of Homeland Security	63	1,521	125
GENERAL FUND TOTAL	**$ 8,663**	**$ 19,747**	**$ 16,022**
STATE GAMING FUND:			
(R) Gaming Enforcement	$ 799	$ 914	$ 1,068
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 93,836	$ 94,509	$ 92,557
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	16,305	17,829	18,754
AUGMENTATIONS	164	6,597	5,855
RESTRICTED	5,069	6,025	11,530
OTHER FUNDS	9,462	20,661	17,090
TOTAL ALL FUNDS	**$ 124,836**	**$ 145,621**	**$ 145,786**

[a] Not added to the total to avoid double counting: 2009-10 Budget is $100,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND	$ 93,836	$ 94,509	$ 92,557	$ 92,457	$ 92,457	$ 92,457	$ 92,457
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	16,305	17,829	18,754	18,754	18,754	18,754	18,754
OTHER FUNDS	14,695	33,283	34,475	34,575	34,575	34,575	34,575
SUBCATEGORY TOTAL	$ 124,836	$ 145,621	$ 145,786	$ 145,786	$ 145,786	$ 145,786	$ 145,786
ALL PROGRAMS:							
GENERAL FUND	$ 93,836	$ 94,509	$ 92,557	$ 92,457	$ 92,457	$ 92,457	$ 92,457
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	16,305	17,829	18,754	18,754	18,754	18,754	18,754
OTHER FUNDS	14,695	33,283	34,475	34,575	34,575	34,575	34,575
DEPARTMENT TOTAL	$ 124,836	$ 145,621	$ 145,786	$ 145,786	$ 145,786	$ 145,786	$ 145,786

PROGRAM OBJECTIVE: To enforce the criminal laws of the commonwealth; to protect the interests of Pennsylvania citizens in areas of consumer protection, antitrust enforcement, operation of charitable trusts and organizations, and civil rights; and to provide legal services to commonwealth agencies.

Program: Public Protection and Law Enforcement

The Attorney General, as the chief law enforcement officer of the commonwealth, is charged with the responsibility for the investigation and prosecution of organized crime and public corruption. The agency investigates and prosecutes criminal activity in accordance with Sections 205 and 206 of the Commonwealth Attorneys Act and uses statewide investigative grand juries as appropriate. The Office of Attorney General works with the State Police to curtail drug abuse in the commonwealth by apprehending illegal drug traffickers. Act 166 of 1994 established a section of Insurance Fraud within the Office of Attorney General to prosecute and investigate insurance fraud. Responsibilities also include the investigation and prosecution of Medicaid fraud, environmental crimes and cases referred by district attorneys across the state that have a conflict of interest or lack the resources to prosecute certain crimes.

Other major activities of this program involve decreasing the incidence of fraud and deceptive business practices and securing recovery of damages to the commonwealth and its citizens encouraging free enterprise and competition; investigating and prosecuting consumer fraud, unfair trade practices, antitrust violations, civil rights violations and charitable scams; and providing for representation of the consumer in utility rate proceedings before the Public Utility Commission through the Office of the Consumer Advocate. The Consumer Advocate also represents the consumer in cases such as competition in the electric, gas and telecommunications industries, filings of alternative regulatory plans by telephone utilities, purchased gas cases and filings by major natural gas pipelines.

This program also provides legal services for governmental agencies of the commonwealth, as required by Section 204 of the Commonwealth Attorneys Act. Specifically, the Office of the Attorney General represents the commonwealth in any action brought by or against the commonwealth or its agencies, particularly tort claims.

Act 57 of 2005 amended the County Code to provide for full-time district attorneys under certain conditions. The salary to be paid the full-time district attorney is set at $1,000 less than a common pleas court judge in that county. The commonwealth annually reimburses counties for 65 percent of the salary for the full-time district attorney which began in calendar year 2006. Act 30 of 2007 established the Criminal Justice Enhancement Account, which provides funding sources for the commonwealth's share.

The Joint Local-State Firearm Task Force is comprised of the Philadelphia District Attorney's Office, the Philadelphia Police Department and the Office of Attorney General and is established to fight increasing gun violence in the Philadelphia area.

Act 42 of 2008, the Cigarette Fire Safety and Firefighter Protection Act, authorizes the office to file actions in state court when the act's requirements are violated. The Straw Purchase Prevention Education program, as created by Act 131 of 2008, authorizes the Attorney General to implement a program of outreach and education for the public and firearms dealers regarding straw purchases. Act 132 of 2008 established the Home Improvement Consumer Protection Act which requires home improvement contractors to register with the Bureau of Consumer Protection. The agency will investigate alleged violations regarding home improvement contractors.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Cases presented to the Statewide Investigating Grand Jury	85	50	50	50	50	50	50
Local drug task force arrests	6,888	6,000	6,000	6,000	6,000	6,000	6,000
Drug arrests resulting from Grand Jury presentments	263	200	200	200	200	200	200
Review of estates, charities, nonprofits, and health care conversions for compliance with rules and regulations	2,349	2,400	2,400	2,400	2,400	2,400	2,400
Consumer complaints concerning business practices investigated and mediated	47,663	40,000	40,000	40,000	40,000	40,000	40,000

Program: Public Protection and Law Enforcement (continued)

Program Measures: (continued)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Value of recoupment to consumers regarding business practices (in thousands)	$5,594	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000
Consumer complaints concerning business practices - health care industry	5,373	2,150	2,150	2,150	2,150	2,150	2,150

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

General Government Operations

$ –2,716 —funding reduction.

Cigarette Fire Safety and Firefighter Protection

$ 134 —implements Act 42 of 2008, the Cigarette Fire Safety and Firefighter Protection Act.

Home Improvement Consumer Protection

$ 530 —implements Act 132 of 2008, the Home Improvement Consumer Protection Act.

Transfer to Straw Purchase Prevention Education Program

$ 100 —implements Act 131of 2008, the Straw Purchase Prevention Education Program.

All other appropriations are recommended at the current year funding levels.

This budget also recommends the following for the Office of the Consumer Advocate and the Reimbursement to Counties - Full Time District Attorneys from their restricted accounts in the General Fund.

Office of the Consumer Advocate

$ –81 —funding reduction.

Reimbursement to Counties - Full Time District Attorney (EA)

$ 5,586 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 44,958	$ 45,261	$ 42,545	$ 42,545	$ 42,545	$ 42,545	$ 42,545
Drug Law Enforcement	26,043	26,219	26,219	26,219	26,219	26,219	26,219
Local Drug Task Forces	10,745	10,715	10,715	10,715	10,715	10,715	10,715
Drug Strike Task Force	2,215	2,230	2,230	2,230	2,230	2,230	2,230
Witness Relocation Program	437	437	437	437	437	437	437
Joint Local-State Firearm Task Force	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Violence Reduction Witness Relocation	563	556	556	556	556	556	556
Child Predator Interception Unit	1,439	1,468	1,468	1,468	1,468	1,468	1,468
Capital Appeals Case Unit	624	647	647	647	647	647	647
Charitable Nonprofit Conversions	968	1,043	1,043	1,043	1,043	1,043	1,043
Tobacco Law Enforcement	694	785	785	785	785	785	785
Cigarette Fire Safety and Firefighter Protection	0	0	134	134	134	134	134
Home Improvement Consumer Protection	0	0	530	530	530	530	530
County Trial Reimbursement	150	148	148	148	148	148	148
Transfer to Straw Purchase Prevention Education Program	0	0	100	0	0	0	0
TOTAL GENERAL FUND	$ 93,836	$ 94,509	$ 92,557	$ 92,457	$ 92,457	$ 92,457	$ 92,457

AUDITOR GENERAL

The Department of the Auditor General post-audits the affairs of state government agencies and certain local government agencies, officials and organizations. The objective is to ensure conformance with established legislative and administrative regulations and to assure that all money has been disbursed legally and properly. In addition, the Auditor General examines the accounts of revenue collecting agents to ensure that all money due the commonwealth was reported and transmitted properly.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
Auditor General's Office	**$ 51,560**	**$ 52,070**	**$ 48,946**
(A)Reimbursement Auditing Services	9,099	10,838	11,800
Subtotal	$ 60,659	$ 62,908	$ 60,746
Board of Claims	**1,958**	**2,050**	**2,050**
Computer Enhancements	**500**	**400**	**0**
Subtotal - State Funds	$ 54,018	$ 54,520	$ 50,996
Subtotal - Augmentations	9,099	10,838	11,800
Total - General Government	$ 63,117	$ 65,358	$ 62,796
STATE FUNDS	$ 54,018	$ 54,520	$ 50,996
AUGMENTATIONS	9,099	10,838	11,800
GENERAL FUND TOTAL	**$ 63,117**	**$ 65,358**	**$ 62,796**
OTHER FUNDS:			
MUNICIPAL PENSION AID FUND:			
Municipal Pension Aid	$ 214,817	$ 220,000	$ 223,000
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 54,018	$ 54,520	$ 50,996
SPECIAL FUNDS	0	0	0
AUGMENTATIONS	9,099	10,838	11,800
OTHER FUNDS	214,817	220,000	223,000
TOTAL ALL FUNDS	**$ 277,934**	**$ 285,358**	**$ 285,796**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
AUDITING							
GENERAL FUND	$ 54,018	$ 54,520	$ 50,996	$ 50,996	$ 50,996	$ 50,996	$ 50,996
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	9,099	10,838	11,800	11,800	11,800	11,800	11,800
SUBCATEGORY TOTAL	$ 63,117	$ 65,358	$ 62,796	$ 62,796	$ 62,796	$ 62,796	$ 62,796
MUNICIPAL PENSION SYSTEMS							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	214,817	220,000	223,000	223,000	223,000	223,000	223,000
SUBCATEGORY TOTAL	$ 214,817	$ 220,000	$ 223,000	$ 223,000	$ 223,000	$ 223,000	$ 223,000
ALL PROGRAMS:							
GENERAL FUND	$ 54,018	$ 54,520	$ 50,996	$ 50,996	$ 50,996	$ 50,996	$ 50,996
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	223,916	230,838	234,800	234,800	234,800	234,800	234,800
DEPARTMENT TOTAL	$ 277,934	$ 285,358	$ 285,796	$ 285,796	$ 285,796	$ 285,796	$ 285,796

PROGRAM OBJECTIVE: To ensure that all revenue to which the commonwealth is entitled is deposited in the State Treasury and that public money is disbursed legally and properly.

Program: Auditing

The Auditor General is required by the Fiscal Code to audit the financial affairs of state government and certain local government entities. The Auditor General is mandated to perform audits of any entity receiving funds from the commonwealth or any entity collecting funds that belong to the commonwealth. Each year, the department performs thousands of regular and special post-audits of commonwealth agencies, individuals, associations and corporations to ensure money is disbursed legally and properly. The Auditor General also examines accounts of revenue collecting agents to assure that all funds due the commonwealth have been reported and transmitted properly and that the commonwealth's financial statements conform to Generally Accepted Accounting Principles.

The Single Audit, which is a single financial/compliance audit of the commonwealth's federal aid programs, and an audit of the commonwealth's General Purpose Financial Statements are jointly performed each year by the Auditor General and an independent certified public accounting firm.

Special audits may be made when the Auditor General determines they appear to be necessary. Special audits must also be conducted when the Governor calls upon the Auditor General to do them.

The Fiscal Code also requires the Auditor General to audit public assistance payments to determine the eligibility of persons receiving public assistance grants. Recipients are subject to continuous audit. These audits serve to adjust grants to persons either ineligible or receiving overpayments or underpayments.

In addition to fiscal duties, by statute, the Auditor General serves as a member of the State Public School Building Authority and other major commonwealth boards and commissions.

The Board of Claims operates within this program as an independent judicial and administrative body with jurisdiction to hear and determine claims against the commonwealth that equal or exceed $300.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Auditor General's Office

$ –3,530	—funding reduction.
406	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
$ –3,124	*Appropriation Decrease*

Computer Enhancements

$ –400	—nonrecurring program.

The Board of Claims appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Auditor General's Office	$ 51,560	$ 52,070	$ 48,946	$ 48,946	$ 48,946	$ 48,946	$ 48,946
Board of Claims	1,958	2,050	2,050	2,050	2,050	2,050	2,050
Computer Enhancements	500	400	0	0	0	0	0
TOTAL GENERAL FUND	$ 54,018	$ 54,520	$ 50,996	$ 50,996	$ 50,996	$ 50,996	$ 50,996

PROGRAM OBJECTIVE: To assist municipal pension systems through review and audit of their pension funds.

Program: Municipal Pension Systems

In 1984, the General Assembly passed Act 205, known as the Municipal Pension Plan Funding Standard and Recovery Act. The enactment of this legislation was in response to the solvency problems facing many of the commonwealth's municipal pension systems. The act requires the submission of municipal pension plan actuarial reports to the Public Employee Retirement Commission every two years and establishes criteria for determination of actuarial soundness and the amount of state-financed support that will be provided. The Auditor General is responsible for audits of approximately 1,300 municipal pension funds for nonuniformed employees where municipalities choose to allocate state aid to those funds.

The Auditor General administers the Municipal Pension Systems Aid program, established by Act 205 to distribute funding to municipal pension plans for police officers and paid firefighters. The program is funded through the Municipal Pension Aid Fund, which receives all proceeds of the Foreign Casualty Insurance Premium Tax and a portion of the Foreign Fire Insurance Premium Tax.

The Auditor General is also responsible for distributing proceeds from the Foreign Fire Insurance Tax Fund to municipalities for payment to volunteer firefighter relief associations. Financial statements for the Municipal Pension Aid Fund and the Fire Insurance Tax Fund are presented in the Special Funds Appendix section of this budget.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	MUNICIPAL PENSION AID FUND
	Municipal Pension Aid
$ 3,000	—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
MUNICIPAL PENSION AID FUND:							
Municipal Pension Aid	$ 214,817	$ 220,000	$ 223,000	$ 223,000	$ 223,000	$ 223,000	$ 223,000

TREASURY DEPARTMENT

The Treasury Department is responsible for receiving all commonwealth monies and for depositing such monies in state depositories approved by the Board of Finance and Revenue, for managing all securities in its custody to the best advantage of the commonwealth, for preauditing all requisitions for the expenditures of funds and for disbursement of all state monies upon proper authorization to those entitled to receive payment.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
State Treasurer's Office	**$ 25,476**	**$ 25,987**	**$ 24,428**
(A)Expenses - Unemployment Compensation	4,594	5,364	5,601
(A)Administrative Services	1,435	1,965	1,749
Subtotal	$ 31,505	$ 33,316	$ 31,778
Escheats Administration	**15,764**	**15,906**	**15,906**
(A)Unclaimed Property Reference Fees	67	280	204
Computer Integration Program	**500**	**0**	**0**
Board of Finance and Revenue	**2,355**	**2,371**	**2,371**
Tuition Account Program Advertising	**2,500**	**987**	**987**
Intergovernmental Organizations	**1,049**	**1,112**	**1,112**
Publishing Monthly Statements	**25**	**25**	**15**
Replacement Checks	**3,500**	**4,000**	**4,000**
Subtotal - State Funds	$ 51,169	$ 50,388	$ 48,819
Subtotal - Augmentations	6,096	7,609	7,554
Total - General Government	$ 57,265	$ 57,997	$ 56,373
Grants and Subsidies:			
Law Enforcement & Emergency Response Personnel Death Benefit	**$ 1,600**	**$ 1,480**	**$ 1,362**
Debt Service:			
Loan and Transfer Agents	**$ 22**	**$ 74**	**$ 70**
General Obligation Debt Service	**870,561**	**904,510**	**942,939**
(A)Student Community Building Fees	105	30	20
Subtotal - State Funds	$ 870,583	$ 904,584	$ 943,009
Subtotal - Augmentations	105	30	20
Total - Debt Service	$ 870,688	$ 904,614	$ 943,029
STATE FUNDS	$ 923,352	$ 956,452	$ 993,190
AUGMENTATIONS	6,201	7,639	7,574
GENERAL FUND TOTAL	**$ 929,553**	**$ 964,091**	**$ 1,000,764**
MOTOR LICENSE FUND:			
General Government:			
Administration Refunding Liquid Fuels Tax	**$ 455**	**$ 470**	**$ 490**
Replacement Checks - Motor License Fund (EA)	**100**	**150**	**100**
Total - General Government	$ 555	$ 620	$ 590
Refunds:			
Refunding Liquid Fuels Taxes - Agriculture (EA)	**$ 3,103**	**$ 3,800**	**$ 3,800**
Refunding Liquid Fuels Taxes - State Share (EA)	**1,320**	**1,000**	**1,000**
Refunding Liquid Fuels Taxes - Political Subdivisions (EA)	**3,200**	**3,000**	**3,000**
Refunding Liquid Fuels Taxes - Volunteer Services (EA)	**317**	**400**	**400**
Refunding Liquid Fuels Taxes - Snowmobiles & ATV's (EA)	**1,000**	**1,000**	**1,000**
Refunding Liquid Fuels Taxes - Boat Fund (EA)	**1,643**	**2,300**	**2,300**
Total - Refunds	$ 10,583	$ 11,500	$ 11,500
Debt Service:			
Capital Debt Transportation Projects	**$ 12,192**	**$ 12,099**	**$ 11,634**
General Obligation Debt Service	**11,679**	**11,713**	**13,052**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
(R)Capital Bridge Debt Service (EA)	17,876	15,850	8,873
Loan and Transfer Agent	**0**	**50**	**50**
Subtotal - State Funds	$ 23,871	$ 23,862	$ 24,736
Subtotal - Restricted Revenues	17,876	15,850	8,873
Total - Debt Service	$ 41,747	$ 39,712	$ 33,609
STATE FUNDS	$ 35,009	$ 35,982	$ 36,826
RESTRICTED REVENUES	17,876	15,850	8,873
MOTOR LICENSE FUND TOTAL	**$ 52,885**	**$ 51,832**	**$ 45,699**
BANKING DEPARTMENT FUND:			
General Government:			
Replacement Checks-Banking Department Fund (EA)	**$ 0**	**$ 5**	**$ 5**
BOAT FUND:			
General Government:			
Replacement Checks-Boat Fund (EA)	**$ 0**	**$ 5**	**$ 5**
ENVIRONMENTAL STEWARDSHIP FUND:			
Debt Service:			
Debt Service for Growing Greener (EA)	**$ 25,986**	**$ 29,294**	**$ 29,988**
FARM PRODUCTS SHOW FUND:			
General Government:			
Replacement Checks-Farm Products Show Fund (EA)	**$ 1**	**$ 5**	**$ 5**
FISH FUND:			
General Government:			
Replacement Checks-Fish Fund (EA)	**$ 0**	**$ 5**	**$ 5**
GAME FUND:			
General Government:			
Replacement Checks-Game Fund (EA)	**$ 0**	**$ 5**	**$ 5**
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
General Government:			
Replacement Checks-Keystone Recreation,Park, Consv Fund (EA)	**$ 4**	**$ 5**	**$ 5**
LOTTERY FUND:			
General Government:			
Replacement Checks-Lottery Fund (EA)	**$ 50**	**$ 50**	**$ 50**
RACING FUND:			
General Government:			
Replacement Checks-Racing Fund (EA)	**$ 4**	**$ 10**	**$ 10**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
TOBACCO SETTLEMENT FUND:			
General Government:			
Replacement Checks - Tobacco Settlement Fund (EA)	**$ 1**	**$ 5**	**$ 5**
OTHER FUNDS:			
TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND:			
Tuition Account Program Bureau	$ 1,648	$ 3,701	$ 2,887
(A)Application Fees	573	573	530
TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND TOTAL	**$ 2,221**	**$ 4,274**	**$ 3,417**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 923,352	$ 956,452	$ 993,190
SPECIAL FUNDS	61,055	65,371	66,909
AUGMENTATIONS	6,201	7,639	7,574
RESTRICTED	17,876	15,850	8,873
OTHER FUNDS	2,221	4,274	3,417
TOTAL ALL FUNDS	**$ 1,010,705**	**$ 1,049,586**	**$ 1,079,963**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
DISBURSEMENT							
GENERAL FUND	$ 51,695	$ 50,731	$ 49,054	$ 49,054	$ 49,054	$ 49,054	$ 49,054
SPECIAL FUNDS	11,198	12,215	12,185	12,185	12,185	12,185	12,185
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	8,317	11,883	10,971	10,971	10,971	10,971	10,971
SUBCATEGORY TOTAL	$ 71,210	$ 74,829	$ 72,210	$ 72,210	$ 72,210	$ 72,210	$ 72,210
INTERSTATE RELATIONS							
GENERAL FUND	$ 1,049	$ 1,112	$ 1,112	$ 1,112	$ 1,112	$ 1,112	$ 1,112
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 1,049	$ 1,112	$ 1,112	$ 1,112	$ 1,112	$ 1,112	$ 1,112
DEBT SERVICE							
GENERAL FUND	$ 870,608	$ 904,609	$ 943,024	$ 1,063,539	$ 1,203,410	$ 1,267,684	$ 1,278,287
SPECIAL FUNDS	49,857	53,156	54,724	64,383	71,434	65,237	61,555
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	17,981	15,880	8,893	8,893	8,893	8,893	8,893
SUBCATEGORY TOTAL	$ 938,446	$ 973,645	$ 1,006,641	$ 1,136,815	$ 1,283,737	$ 1,341,814	$ 1,348,735
ALL PROGRAMS:							
GENERAL FUND	$ 923,352	$ 956,452	$ 993,190	$ 1,113,705	$ 1,253,576	$ 1,317,850	$ 1,328,453
SPECIAL FUNDS	61,055	65,371	66,909	76,568	83,619	77,422	73,740
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	26,298	27,763	19,864	19,864	19,864	19,864	19,864
DEPARTMENT TOTAL	$ 1,010,705	$ 1,049,586	$ 1,079,963	$ 1,210,137	$ 1,357,059	$ 1,415,136	$ 1,422,057

PROGRAM OBJECTIVE: To receive and safeguard the monies of the commonwealth, to manage the funds to the best advantage of the commonwealth and to ensure that all disbursements of funds are legal and proper.

Program: Disbursement

The Treasury Department is required by the Fiscal Code to receive and deposit all monies of the commonwealth; to invest in securities any commonwealth monies that accumulate beyond the daily needs of the various funds; to manage to the best possible advantage all securities in its custody; to pre-audit all requisitions for the expenditure of funds; and to disburse all state monies upon proper authorization to those entitled to receive payment. In this capacity, the department is responsible for the receipt, custody and disbursement of billions of dollars each year.

The Treasury Department also pre-audits disbursement records, maintains accounting controls and disburses all checks to recipients of public assistance. Thousands of checks are processed each working day for distribution to recipients. This processing includes pre-auditing, collating, authenticating and mailing the checks to individual recipients and banks. Hundreds of participating banks throughout the commonwealth distribute thousands of checks daily.

The State Treasurer is Chairman of the Board of Finance and Revenue and serves on various state boards and commissions including several public retirement boards.

The Board of Finance and Revenue operates within this program by reviewing and deciding appeals concerning settlements made between the commonwealth and persons, associations and corporations. The board also administers the program for refunding certain monies to which the commonwealth is not legally entitled.

Under the provisions of Act 101 of 1976, as amended by Act 161 of 1994 and Act 59 of 2005, the Treasury Department is required to pay death benefits, adjusted annually for inflation, to the surviving spouse or children of public safety workers, firefighters or law enforcement officers of the commonwealth killed in the performance of their duties and to reimburse political subdivisions for such payments made to survivors of local firefighters or law enforcement officers.

The Treasury Department administers the Tuition Account Program, which provides for two programs for postsecondary educational savings. The Tuition Account Guaranteed Savings Program Fund provides for the advance purchase of tuition credits for students who will attend institutions of higher education. Savings for higher education may also be made through the Tuition Account Investment Program Fund. A cash flow statement for each fund is included in the Special Funds Appendix.

The State Treasurer is responsible for the administration and enforcement of the commonwealth's abandoned and unclaimed property laws. Tangible and intangible property that has remained unclaimed for five or more years is reported and remitted to the Treasury Department by holders in possession of the property. The commonwealth maintains perpetual custody of the property until it is claimed by the rightful owner. Revenues generated by collection of unclaimed property cover the costs of paying claims.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Disbursements issued:							
Disbursements — checks	3,940,624	3,861,811	3,863,000	N/A	N/A	N/A	N/A
Disbursements — wires	6,791,988	6,870,800	6,872,000	N/A	N/A	N/A	N/A

Program: Disbursement (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

State Treasurer's Office

$ 176	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
–1,735	—funding reduction.
$ –1,559	*Appropriation Decrease*

Law Enforcement & Emergency Response Personnel Death Benefit

$ –118	—based on most recent projection of program requirements.

MOTOR LICENSE FUND

Administration Refunding Liquid Fuels Tax

$ 20	—to continue current program.

Replacement Checks - Motor License Fund (EA)

$ –50	—based on most recent projection of program requirements.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
State Treasurer's Office	$ 25,476	$ 25,987	$ 24,428	$ 24,428	$ 24,428	$ 24,428	$ 24,428
Escheats Administration	15,764	15,906	15,906	15,906	15,906	15,906	15,906
Computer Integration Program	500	0	0	0	0	0	0
Board of Finance and Revenue	2,355	2,371	2,371	2,371	2,371	2,371	2,371
Tuition Account Program Advertising	2,500	987	987	987	987	987	987
Replacement Checks	3,500	4,000	4,000	4,000	4,000	4,000	4,000
Law Enforcement & Emergency Response Personnel Death Benefit	1,600	1,480	1,362	1,362	1,362	1,362	1,362
TOTAL GENERAL FUND	$ 51,695	$ 50,731	$ 49,054	$ 49,054	$ 49,054	$ 49,054	$ 49,054
MOTOR LICENSE FUND:							
Administration Refunding Liquid Fuels Tax	$ 455	$ 470	$ 490	$ 490	$ 490	$ 490	$ 490
Replacement Checks – Motor License Fund (EA)	100	150	100	100	100	100	100
Refunding Liquid Fuels Taxes – Agriculture (EA)	3,103	3,800	3,800	3,800	3,800	3,800	3,800
Refunding Liquid Fuels Taxes – State Share (EA)	1,320	1,000	1,000	1,000	1,000	1,000	1,000
Refunding Liquid Fuels Taxes – Political Subdivisions (EA)	3,200	3,000	3,000	3,000	3,000	3,000	3,000
Refunding Liquid Fuels Taxes – Volunteer Services (EA)	317	400	400	400	400	400	400
Refunding Liquid Fuels Taxes – Snowmobiles & ATV's (EA)	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Refunding Liquid Fuels Taxes – Boat Fund (EA)	1,643	2,300	2,300	2,300	2,300	2,300	2,300
TOTAL MOTOR LICENSE FUND	$ 11,138	$ 12,120	$ 12,090	$ 12,090	$ 12,090	$ 12,090	$ 12,090
BANKING DEPARTMENT FUND:							
Replacement Checks-Banking Department Fund (EA)	$ 0	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
BOAT FUND:							
Replacement Checks-Boat Fund (EA)	$ 0	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
FARM PRODUCTS SHOW FUND:							
Replacement Checks-Farm Products Show Fund (EA)	$ 1	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5

Program: Disbursement (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
FISH FUND:							
Replacement Checks-Fish Fund (EA)	$ 0	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
GAME FUND:							
Replacement Checks-Game Fund (EA)	$ 1	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Replacement Checks-Keystone Recreation,Park, Consv Fund (EA)	$ 4	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
LOTTERY FUND:							
Replacement Checks-Lottery Fund (EA)	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50
RACING FUND:							
Replacement Checks-Racing Fund (EA)	$ 4	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10
TOBACCO SETTLEMENT FUND:							
Replacement Checks - Tobacco Settlement Fund (EA)	$ 1	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5

PROGRAM OBJECTIVE: To promote interstate cooperation and progress through participation in various associations and organizations both regionally and nationally.

Program: Interstate Relations

Pennsylvania helps promote interstate progress and cooperation through participation in various organizations, associations and commissions with other states and other units of government. As a member of the Council of State Governments, Education Commission of the States, National Conference of State Legislatures and the National Governors' Association, Pennsylvania helps coordinate ideas on programs, interstate progress, budgets, federal-state relations, education, labor, research, governmental techniques and general information with other states, the Congress and the federal Executive Branch.

The Governmental Accounting Standards Board is also included within this program. The board provides guidance and establishes standards to promote uniformity and comparability in governmental accounting and financial reporting.

The State and Local Legal Center provides for Pennsylvania's participation in a center to advance and defend the interests of state and local governments in matters involving federal preemption, state taxing and spending powers, the Tenth Amendment to the United States Constitution and other issues.

This program also covers Pennsylvania's cost of the Great Lakes Commission and the Council of Great Lakes Governors. These organizations were established to plan and promote a unified and balanced program for the development, use and conservation of Great Lakes Basin water resources.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Intergovernmental Organizations is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Intergovernmental Organizations	$ 1,049	$ 1,112	$ 1,112	$ 1,112	$ 1,112	$ 1,112	$ 1,112

PROGRAM OBJECTIVE: To provide for interest and principal requirements of notes and bonds issued by the commonwealth and other expenses related to debt service.

Program: Debt Service

The commonwealth, through the Treasury Department, is obligated to meet principal and interest requirements and other expenses related to debt service.

Long-term bonds are issued by the state to cover the cost of financing public improvements that represent such a heavy financial burden that they cannot be funded through current revenues. These bond issues have provided funds for the acquisition and development of public recreation and historic sites and facilities; payment for disaster recovery costs; economic revitalization efforts; low-cost loans for water supply and sewage treatment improvements; loans to volunteer fire companies; and a wide variety of construction and renovation projects for hospitals, higher education facilities, state parks, flood control, correctional institutions and various public buildings.

The commonwealth has saved substantial amounts of debt service interest payments through the issuance of refunding bonds to retire debt incurred in prior years when interest rates were considerably higher. The commonwealth continues to monitor its debt for additional refunding opportunities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

$ 38,415 —the net effect on principal and interest requirements and other costs relating to General Fund debt service.

MOTOR LICENSE FUND

$ 874 —the net effect on principal and interest requirements and other costs relating to Motor License Fund debt service.

ENVIRONMENTAL STEWARDSHIP FUND

$ 694 —the net effect on principal and interest requirements and other costs relating to Environmental Stewardship Fund debt service.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Publishing Monthly Statements	$ 25	$ 25	$ 15	$ 15	$ 15	$ 15	$ 15
Loan and Transfer Agents	22	74	70	70	70	70	70
General Obligation Debt Service	870,561	904,510	942,939	1,063,454	1,203,325	1,267,599	1,278,202
TOTAL GENERAL FUND	$ 870,608	$ 904,609	$ 943,024	$ 1,063,539	$ 1,203,410	$ 1,267,684	$ 1,278,287
MOTOR LICENSE FUND:							
Capital Debt Transportation Projects	$ 12,192	$ 12,099	$ 11,634	$ 11,379	$ 10,510	$ 4,322	$ 749
General Obligation Debt Service	11,679	11,713	13,052	13,052	12,394	12,394	12,312
Loan and Transfer Agent	0	50	50	50	50	50	50
TOTAL MOTOR LICENSE FUND	$ 23,871	$ 23,862	$ 24,736	$ 24,481	$ 22,954	$ 16,766	$ 13,111
ENVIRONMENTAL STEWARDSHIP FUND:							
Debt Service for Growing Greener (EA)	$ 25,986	$ 29,294	$ 29,988	$ 39,902	$ 48,480	$ 48,471	$ 48,444

DEPARTMENT OF AGING AND LONG TERM LIVING

This budget proposes to reorganize the commonwealth's long-term living system to improve the efficiency of service delivery and the coordination of services for persons with disabilities and older Pennsylvanians through the integration of programs managed by the Department of Aging and the Department of Public Welfare into a new Department of Aging and Long Term Living.

The mission of the Department of Aging and Long Term Living is to empower persons with disabilities and older Pennsylvanians to live with dignity and independence in the least restrictive setting.

The Department of Aging and Long Term Living coordinates the services and supports of the long-term living system for Pennsylvanians with disabilities and for older Pennsylvanians through the Area Agencies on Aging and service providers. The department provides home and community-based services that enable individuals with disabilities and seniors to remain in their homes and communities and provides nursing facility services for those with higher level needs. The department also manages the Pharmaceutical Assistance Contract for the Elderly program, which provides assistance for older Pennsylvanians to meet the cost of prescription drugs.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Goverment:			
Long-Term Living - Administration	**$ 4,026** a	**$ 5,454** b	**$ 5,500**
(F)Medical Assistance - Long-Term Living	6,578 c	7,453 d	7,945
Subtotal - State Funds	$ 4,026	$ 5,454	$ 5,500
Subtotal - Federal Funds	6,578	7,453	7,945
Total - General Government	$ 10,604	$ 12,907	$ 13,445
Grants and Subsidies:			
Long-Term Care	**$ 692,585** e	**$ 906,620** e	**$ 1,093,180**
(F)Medical Assistance - Long-Term Care	2,225,335 e	2,233,142 e	2,124,901
(A)Intergovernmental Transfer	366,145 e	102,127 e	29,944
(A)Nursing Home Assessment	370,347 e	387,147 e	353,000
Subtotal	$ 3,654,412	$ 3,629,036	$ 3,601,025
Services to Persons with Disabilities	**68,964** e	**90,365** e	**111,025**
(F)Medical Assistance - Services to Persons with Disabilities	94,989 e	114,465 e	123,619
(A)Intergovernmental Transfer	9,256 e	9,256 e	0
Subtotal	$ 173,209	$ 214,086	$ 234,644
Attendant Care	**84,753** e	**94,868** e	**120,028**
(F)Medical Assistance - Attendant Care	63,555 e	70,383 e	73,871
(A)Attendant Care Parking Fines	103 e	103 e	103
(A)Intergovernmental Transfer	15,282 e	15,282 e	0
(A)Attendant Care Patient Fee	877 e	850 e	850
Subtotal	$ 164,570	$ 181,486	$ 194,852
Alzheimer's Outreach	**250**	**0**	**0**
(F)Alzheimer's Demonstration Grant	244	0	0
Subtotal	$ 494	$ 0	$ 0
Subtotal - State Funds	$ 846,552	$ 1,091,853	$ 1,324,233
Subtotal - Federal Funds	2,384,123	2,417,990	2,322,391
Subtotal - Augmentations	762,010	514,765	383,897
Total - Grants and Subsidies	$ 3,992,685	$ 4,024,608	$ 4,030,521
STATE FUNDS	$ 850,578	$ 1,097,307	$ 1,329,733
FEDERAL FUNDS	2,390,701	2,425,443	2,330,336
AUGMENTATIONS	762,010	514,765	383,897
GENERAL FUND TOTAL	**$ 4,003,289**	**$ 4,037,515**	**$ 4,043,966**
LOTTERY FUND:			
General Government:			
General Government Operations	**$ 8,231** f	**$ 8,838** f	**$ 7,794**
(F)Programs for the Aging - Title III - Administration	1,817	1,817	1,817
(F)Programs for the Aging - Title V - Administration	173	173	173
(F)Medical Assistance - Administration	1,360	1,997	1,997
(A)Intergovernmental Transfer - Administration	190	0	0
(A)Day Care Licensure	8	8	8
Subtotal	$ 11,779	$ 12,833	$ 11,789
Subtotal - State Funds	$ 8,231	$ 8,838	$ 7,794

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Subtotal - Federal Funds	3,350	3,987	3,987
Subtotal - Augmentations	198	8	8
Total - General Government	$ 11,779	$ 12,833	$ 11,789
Grants and Subsidies:			
PENNCARE	**$ 235,987**	**$ 247,609**	**$ 244,852**
(F)Programs for the Aging - Title III	52,000	52,000	52,000
(F)Programs for the Aging - Nutrition	10,000	10,000	10,000
(F)Programs for the Aging - Title V - Employment	5,300	5,300	7,000
(F)Programs for the Aging - Title VII - Elder Rights Protection	4,700	4,700	4,700
(F)Medical Assistance - Attendant Care	11,993	15,192	17,192
(F)Medical Assistance Support	9,214	13,564 g	13,564
(F)Performance Measures Outcome Project	40	40	40
(F)Medical Assistance Nursing Home Transition Administration	700	700	700
(F)Evidence-Based Prevention for Older Adults	100	0	0
(F)Improving Legal Advocacy Services for Seniors	100	200	200
(F)Long Term Housing Supports	90	60	0
(A)Intergovernmental Transfer - MA Support	600	0	0
Subtotal	$ 330,824	$ 349,365	$ 350,248
Pre-Admission Assessment	**10,293**	**11,657**	**10,823**
(F)Pre-Admission Assessment	14,601	15,983	15,577
Subtotal	$ 24,894	$ 27,640	$ 26,400
Family Caregiver	**12,103**	**12,103**	**12,103**
(F)Programs for the Aging - Title III - Family Caregiver	10,000	10,000	10,000
Subtotal	$ 22,103	$ 22,103	$ 22,103
Alzheimer's Outreach	**0**	**250**	**250**
(F)Alzheimer's Demonstration Grant	0	350	350
Subtotal	$ 0	$ 600	$ 600
Pharmaceutical Assistance Fund	**278,400**	**313,000**	**210,000**
Medical Assistance - Long-Term Care	**248,771** e	**298,771** e	**175,000**
Subtotal - State Funds	$ 785,554	$ 883,390	$ 653,028
Subtotal - Federal Funds	118,838	128,089	131,323
Subtotal - Augmentations	600	0	0
Total - Grants and Subsidies	$ 904,992	$ 1,011,479	$ 784,351
STATE FUNDS	$ 793,785	$ 892,228	$ 660,822
FEDERAL FUNDS	122,188	132,076	135,310
AUGMENTATIONS	798	8	8
LOTTERY FUND TOTAL	**$ 916,771**	**$ 1,024,312**	**$ 796,140**

TOBACCO SETTLEMENT FUND:

Grants and Subsidies:			
Home and Community-Based Services (EA)	**$ 48,495** h	**$ 50,546** h	**$ 46,563**
(F)Medical Assistance - Community Services	64,590 i	58,080 i	53,343
(A)Intergovernmental Transfer - MA Support	6,769	0	0
Subtotal	$ 119,854	$ 108,626	$ 99,906
PACENET Transfer (EA)	**28,155**	**28,492**	**28,654**
Medical Assistance - Long-Term Care	**104,810** e	**134,112** e	**123,325**

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Subtotal - State Funds	$ 181,460	$ 213,150	$ 198,542
Subtotal - Federal Funds	64,590	58,080	53,343
Subtotal - Augmentations	6,769	0	0
Total - Grants and Subsidies	$ 252,819	$ 271,230	$ 251,885
STATE FUNDS	$ 181,460	$ 213,150	$ 198,542
FEDERAL FUNDS	64,590	58,080	53,343
AUGMENTATIONS	6,769	0	0
TOBACCO SETTLEMENT FUND TOTAL	**$ 252,819**	**$ 271,230**	**$ 251,885**

OTHER FUNDS:

PHARMACEUTICAL ASSISTANCE FUND:			
PACE Contracted Services (EA)	$ 0 [j]	$ 0 [j]	$ 12,046 [j]
Administration of PACE (EA)	1,050	1,012	1,070
PHARMACEUTICAL ASSISTANCE FUND TOTAL	**$ 1,050**	**$ 1,012**	**$ 13,116**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 850,578	$ 1,097,307	$ 1,329,733
SPECIAL FUNDS	975,245	1,105,378	859,364
FEDERAL FUNDS	2,577,479	2,615,599	2,518,989
AUGMENTATIONS	769,577	514,773	383,905
OTHER FUNDS	1,050	1,012	13,116
TOTAL ALL FUNDS	**$ 5,173,929**	**$ 5,334,069**	**$ 5,105,107**

[a] Includes $1,509,000 appropriated as a part of General Government Operations and $2,517,000 appropriated as a part of County Administration - Statewide in the Department of Public Welfare.

[b] Includes $2,160,000 appropriated as a part of General Government Operations and $3,294,000 appropriated as a part of County Administration - Statewide in the Department of Public Welfare.

[c] Includes $1,512,000 appropriated as a part of Medical Assistance - Administration and $5,066,000 appropriated as a part of Medical Assistance - Statewide in the Department of Public Welfare.

[d] Includes $2,167,000 appropriated as a part of Medical Assistance - Administration and $5,286,000 appropriated as a part of Medical Assistance - Statewide in the Department of Public Welfare.

[e] Appropriated in Department of Public Welfare.

[f] 2007-08 Actual and 2008-09 Available include $130,000 appropriated as Auditor General Audit Costs.

[g] Includes recommended supplemental appropriation of $4,350,000.

[h] 2007-08 Actual includes $29,777,000 and 2008-09 includes $25,086,000 authorized as Home and Community-Based Services (EA) in the Department of Public Welfare.

[i] 2007-08 Actual includes $35,178,000 and 2008-09 includes $29,940,000 authorized as Medical Assistance - Community Services (EA) in the Department of Public Welfare.

[j] Transfer to Pharmaceutical Assistance Fund not added to the total to avoid double counting: 2007-08 Actual is $278,400,000, 2008-09 Available is $313,000,000 and 2009-10 Budget is $210,000,000. PACENET Transfer (EA) also not added to the total to avoid double counting: 2007-08 Actual is $28,155,000, 2008-09 Available is $28,492,000 and 2009-10 Budget is $28,654,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
LONG TERM LIVING							
GENERAL FUND	$ 850,578	$ 1,097,307	$ 1,329,733	$ 1,329,733	$ 1,329,733	$ 1,329,733	$ 1,329,733
SPECIAL FUNDS	668,690	763,886	620,710	619,803	615,679	616,565	617,460
FEDERAL FUNDS	2,577,479	2,615,599	2,518,989	2,519,442	2,519,758	2,520,078	2,520,401
OTHER FUNDS	769,577	514,773	383,905	354,011	354,011	354,011	354,011
SUBCATEGORY TOTAL	$ 4,866,324	$ 4,991,565	$ 4,853,337	$ 4,822,989	$ 4,819,181	$ 4,820,387	$ 4,821,605
PHARMACEUTICAL ASSISTANCE							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	306,555	341,492	238,654	263,898	279,068	294,239	309,413
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	1,050	1,012	13,116	13,116	13,116	13,116	13,116
SUBCATEGORY TOTAL	$ 307,605	$ 342,504	$ 251,770	$ 277,014	$ 292,184	$ 307,355	$ 322,529
ALL PROGRAMS:							
GENERAL FUND	$ 850,578	$ 1,097,307	$ 1,329,733	$ 1,329,733	$ 1,329,733	$ 1,329,733	$ 1,329,733
SPECIAL FUNDS	975,245	1,105,378	859,364	883,701	894,747	910,804	926,873
FEDERAL FUNDS	2,577,479	2,615,599	2,518,989	2,519,442	2,519,758	2,520,078	2,520,401
OTHER FUNDS	770,627	515,785	397,021	367,127	367,127	367,127	367,127
DEPARTMENT TOTAL	$ 5,173,929	$ 5,334,069	$ 5,105,107	$ 5,100,003	$ 5,111,365	$ 5,127,742	$ 5,144,134

PROGRAM OBJECTIVE: To support a consumer-driven system that empowers persons with disabilities and older persons to live with dignity and independence in settings they prefer, to provide meaningful choice of long-term living services and to ensure that those services are delivered in a high-quality, cost-effective manner.

Program: Long-Term Living

The commonwealth's commitment to supporting people with disabilities and older Pennsylvanians is demonstrated by a growing continuum of services ranging from independent living with the support of home and community-based services through institutional care. Eligible individuals can access the system through a network of 52 Area Agencies on Aging (AAA) for seniors and service providers for adults with disabilities. These organizations can provide information to people who seek assistance in identifying the right resource and can also assist consumers and families in accessing more extensive supports and services for those with greater needs.

Program Element: Support Programs

Pennsylvania's rich array of preventive services includes more than 650 senior centers, nutrition and home delivered meals, transportation, job support and family caregiver support. Senior center and nutrition programs provide older Pennsylvanians with hot, nutritionally balanced meals. Transportation services arranged by the AAAs allow older Pennsylvanians to visit the doctor, shop or attend community events. Job placement services help older Pennsylvanians find unsubsidized private sector employment and offer job training and subsidized part-time community service employment. The Family Caregiver Support program assists families supporting frail elderly relatives in their homes through benefits counseling and, depending on income, financial assistance including supplies, services and home adaptations and devices. Transportation services are also available to people with disabilities for both medical and non-medical purposes.

Program Element: Home and Community-Based Services

For individuals who desire to receive services in the community, the department administers eight home and community-based Medicaid waiver programs in addition to several other programs including the OPTIONS program and the Living Independently for Elders (LIFE) program. Home and community-based services help consumers to live as independently as possible and avoid institutionalization.

The AAA network and service providers meet with individuals to provide information and access to these services. Assistance is provided to develop individual service plans and coordinate with an extensive network of providers. The department, in cooperation with the AAA and service providers, is responsible for ensuring that services are being provided in a consistent and efficient manner.

A variety of specialized services are provided to enable people with physical and/or cognitive disabilities, as well as people over 60, to live independently in the community. Attendant care, service coordination, peer counseling, non-medical transportation, community integration and independent living skills training are several of the community-based support services that are provided.

The Attendant Care program provides services to individuals who are between the ages of 18 and 59 and have physical disabilities. Personal assistance and attendant care services, such as bathing, dressing, grooming and other activities of daily living enable recipients to remain in or return to their own homes, rejoin the workforce and maintain independent lifestyles. Attendant care services are provided for adults age 60 and older with disabilities until a change in health status indicates a service level modification. People with certain physical disabilities, such as cerebral palsy and other disabilities (not including mental illness/mental retardation) are served in community residential settings and nursing facilities.

The home and community-based programs support people with developmental disabilities who may have limitations in performing activities of daily living, understanding and/or use of language, learning, mobility, self-direction and capacity for independent living. These services help consumers to function independently in the community. In past years, many consumers with developmental disabilities might have been served in nursing facilities but are now able to reside in the community with services and support.

Similar services are provided to people with cognitive disabilities such as, but not limited to, traumatic brain injury, who do not have other related disabilities. These services enable the consumers to function in the community as independently as possible after they have progressed beyond initial acute rehabilitation. People with cognitive disabilities may require a special mix of services to address short-term memory issues.

Frail older Pennsylvanians often require more extensive and personalized services to remain in their homes and communities and avoid relocating to an institutional setting such as a nursing facility or personal care home. A pre-admission screening program helps older Pennsylvanians and their families determine the most clinically appropriate environment and assist them in securing and managing intensive in-home services tailored to their needs. The

Program: Long-Term Living (continued)

department provides counseling to all consumers to apprise them of choices in the continuum of care from community services to personal care homes to nursing facilities. Transition counseling is also provided to assist consumers currently residing in nursing facilities who wish to return home, including arrangement of community supports so that their clinical needs can be safely met in the community. A continuum of services is available based on the functional and financial qualifications of the consumer, ranging from home-delivered meals to intensive in-home services for older Pennsylvanians who are clinically eligible for nursing facility care but who have chosen to stay at home. Persons with higher income or assets share in the cost of services.

Older Pennsylvanians who are in need of nursing facility level-of-care can receive services meeting those needs in the community through the federal Medicaid Home and Community-Based Waiver Program and LIFE, formerly the Long-Term Care Capitated Assistance program. These programs provide assistance with activities of daily living, as well as in-home nursing services, while incorporating the informal supports available through family and friends. Additionally, the LIFE program integrates Medicare funding with Medicaid funding to provide a fully coordinated and comprehensive service package to their enrollees.

Personal care and related services assist frail older adults with functional limitations such as eating, dressing and personal hygiene, either in their own homes or in adult daily living centers. Protective services are provided to older Pennsylvanians who are at imminent risk of abuse, neglect, exploitation or abandonment.

This budget proposes to increase the availability of home and community-based care for persons with disabilities and older Pennsylvanians as an alternative to nursing facility care. Home and community-based services promote independence and self-reliance, and maximize opportunities for family and community involvement. This budget also increases the coordination of care for older individuals who are eligible for both Medicare and Medical Assistance services.

Program Element: Nursing Facility Services

Institutional services are provided to eligible persons by nursing facilities that are certified, in accordance with established standards, to participate in the Medical Assistance program. Nursing facility care is available to Medical Assistance recipients who are determined nursing facility clinically eligible through a level of care assessment conducted by the AAAs. Nursing facility care involves daily medical treatment and rehabilitation services prescribed by a licensed physician. The services are provided by or under the supervision of licensed professional, nursing personnel or other professional health personnel.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Pennsylvanians 60 years and older	2,556,515	2,595,000	2,633,485	2,671,970	2,728,365	2,784,755	2,841,150
Pennsylvanians 85 years and older	277,951	284,648	291,345	298,045	302,140	306,235	310,335
Persons served in the community who are clinically nursing home eligible	30,861	30,675	29,765	29,765	29,765	29,765	29,765
Pre-Admission Assessment:							
Assessments/recertifications	93,445	100,013	106,823	106,825	106,825	106,825	106,825
Referrals to nursing homes	31,027	31,422	31,662	31,900	32,340	32,495	32,755
Referrals for community services	39,999	40,157	41,918	43,680	45,080	46,995	48,720
Persons receiving assistance:							
Congregate meals	144,255	143,905	145,639	147,375	147,375	147,375	147,375
Personal assistance services	1,657	1,721	1,782	1,845	1,845	1,845	1,845
Attendant care services	1,216	1,398	1,804	2,005	2,005	2,005	2,005
Home delivered meals	46,766	46,515	45,828	45,140	45,140	45,140	45,140
Home support services	7,780	7,530	7,117	6,700	6,700	6,700	6,700
Personal care services	15,154	15,016	14,734	14,450	14,450	14,450	14,450
Protective services	18,472	18,394	19,274	20,155	20,155	20,155	20,155
Families receiving caregiver support	7,926	7,958	7,946	7,935	7,935	7,935	7,935
Long-Term Care							
Recipients under age 60 receiving institutional care (annual unduplicated users)	7,337	7,298	7,259	7,210	7,155	7,100	7,050
Recipients over age 60 receiving institutional care (monthly average)	74,203	75,408	75,614	75,820	76,025	76,235	76,440
Percentage of long-term care recipients receiving institutional care	73.4%	72.6%	69.9%	69.2%	68.1%	67.0%	65.8%
Average monthly cost of nursing home care	$4,350	$4,437	$4,437	$4,437	$4,437	$4,437	$4,437

Program: Long-Term Living (continued)

Program Measures: (continued)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Recipients over age 60 receiving home and community-based waiver services	19,006	19,634	21,634	23,634	25,634	27,634	29,634
Average monthly cost of home and community-based waiver services (age 60 and over)	$1,690	$1,700	$1,706	$1,725	$1,728	$1,734	$1,740
Percentage of long-term care recipients receiving services in the community	26.4%	26.6%	27.4%	30.1%	30.7%	31.9%	33.0%
Recipients receiving services through the LIFE program	1,831	2,149	2,689	2,690	2,690	2,690	2,690
Other Long-Term Living Services							
Recipients under age 60 receiving Attendant Care services (Waiver and Act 150)	6,532	6,885	7,685	7,685	7,685	7,685	7,685
Persons with developmental disabilities served in the community	3,913	4,642	5,450	5,450	5,450	5,450	5,450

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Long-Term Living – Administration

$ 46	—to continue current program.

Long-Term Care

$ 3,027	—for projected increase in nursing home utilization.
14,025	—for utilization and per diem rate increases in the Long-Term Care Capitated Assistance program.
10,812	—to provide for increased utilization and cost per slot for home and community-based services.
11,516	—nonrecurring Intergovernmental Transfer funds.
–885	—for administrative and other cash flow impacts.
10,787	—reflects impact of decrease in available Tobacco Settlement funds.
123,771	—reflects impact of decrease in available Lottery Funds.
–8,449	—revision of federal financial participation from 54.52% to 54.81%.
–12,344	—nonrecurring prior year carryover funds.
34,147	—replacement of available Nursing Home Assessment revenue.
–11,300	—Initiative—Fraud and Abuse Prevention. Savings as a result of limiting the use of prior medical expenses in determining Medical Assistance eligibility and other initiatives.
9,578	—Initiative—Long-Term Living System Reform. To provide home and community-based services to 2,000 additional older Pennsylvanians.
1,875	—Initiative—Long-Term Living System Reform. To increase the coordination of care for older individuals who are eligible for both Medicare and Medical Assistance services.
$ 186,560	*Appropriation Increase*

Services to Persons with Disabilities

$ 4,446	—to continue current program.
6,821	—to annualize previous expansion of community services.
–8,408	—nonrecurring prior year carryover funds.
9,256	—nonrecurring Intergovernmental Transfer funds.
–725	—revision of federal financial participation from 54.52% to 54.81%.
9,270	—Initiative—Long-Term Living System Reform. To provide home and community-based services to 800 additional individuals with disabilities.
$ 20,660	*Appropriation Increase*

Attendant Care

$ 2,518	—to continue current program.
3,065	—to annualize previous expansion of community services.
–2,472	—to reflect prior year carryover funds.
–435	—revision of federal financial participation from 54.52% to 54.81%.
15,282	—nonrecurring Intergovernmental Transfer funds.
7,202	—Initiative—Long-Term Living System Reform. To provide home and community-based services to 800 additional individuals with disabilities.
$ 25,160	*Appropriation Increase*

LOTTERY FUND

General Government Operations

$ –100	—nonrecurring project.
–944	—reduction in administrative costs.
$ –1,044	*Appropriation Decrease*

Program: Long-Term Living (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

PENNCARE

$ 3,640	—to continue current attendant care services.
4,186	—to provide attendant care services to an additional 406 recipients.
–11,303	—nonrecurring projects.
720	—to provide additional services to reduce reliance on institutional long-term care and promote growth of high quality home and community-based services.
$ –2,757	*Appropriation Decrease*

Pre-Admission Assessment

$ –834	—nonrecurring projects.

Medical Assistance - Long-Term Care

$ –123,771	—decrease in Lottery funds available for transfer.

TOBACCO SETTLEMENT FUND

Home and Community-Based Services

$ –4,246	—nonrecurring reallocation of prior year funds.
263	—increase in funds available for transfer.
$ –3,983	*Appropriation Decrease*

Medical Assistance - Long-Term Care

$ –10,787	—decrease in Tobacco Settlement funds available for transfer.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Long-Term Living - Adminstration	$ 4,026	$ 5,454	$ 5,500	$ 5,500	$ 5,500	$ 5,500	$ 5,500
Long-Term Care	692,585	906,620	1,093,180	1,093,180	1,093,180	1,093,180	1,093,180
Services to Persons with Disabilities	68,964	90,365	111,025	111,025	111,025	111,025	111,025
Attendant Care	84,753	94,868	120,028	120,028	120,028	120,028	120,028
Alzheimer's Outreach	250	0	0	0	0	0	0
TOTAL GENERAL FUND	$ 850,578	$ 1,097,307	$ 1,329,733	$ 1,329,733	$ 1,329,733	$ 1,329,733	$ 1,329,733
LOTTERY FUND:							
General Government Operations	$ 8,231	$ 8,838	$ 7,794	$ 7,794	$ 7,794	$ 7,794	$ 7,794
PENNCARE	235,987	247,609	244,852	247,755	247,755	247,755	247,755
Pre-Admission Assessment	10,293	11,657	10,823	10,823	10,823	10,823	10,823
Family Caregiver	12,103	12,103	12,103	12,103	12,103	12,103	12,103
Alzheimer's Outreach	0	250	250	250	250	250	250
Medical Assistance - Long-Term Care	248,771	298,771	175,000	175,000	175,000	175,000	175,000
TOTAL LOTTERY FUND	$ 515,385	$ 579,228	$ 450,822	$ 453,725	$ 453,725	$ 453,725	$ 453,725
TOBACCO SETTLEMENT FUND:							
Home and Community-Based Services (EA)	$ 48,495	$ 50,546	$ 46,563	$ 46,959	$ 47,235	$ 47,514	$ 47,796
Medical Assistance - Long-Term Care	104,810	134,112	123,325	119,119	114,719	115,326	115,939
TOTAL TOBACCO SETTLEMENT FUND	$ 153,305	$ 184,658	$ 169,888	$ 166,078	$ 161,954	$ 162,840	$ 163,735

PROGRAM OBJECTIVE: To assist eligible older Pennsylvanians who experience difficulty meeting the cost of prescription drugs necessary to maintain healthy lives.

Program: Pharmaceutical Assistance

The pharmaceutical assistance program provides limited pharmaceutical assistance to qualified older Pennsylvanians who are 65 years of age and older and who face the burden of the cost of drugs required to maintain healthy, productive lives. The Pharmaceutical Assistance Contract for the Elderly (PACE) program is financed by Lottery Fund and Tobacco Settlement Fund revenues and administered by the Department of Aging and Long Term Living.

The PACE program has two components, PACE and PACENET. Act 37 of 2003 expanded the income eligibility limits for both components to enroll additional consumers. PACE, the traditional, comprehensive program, is for older Pennsylvanians whose annual income is at or below $14,500 for single persons and $17,700 for married persons. The PACE Needs Enhancement Tier (PACENET) program is available for older Pennsylvanians whose annual income is between $14,500 and $23,500 for single persons and between $17,700 and $31,500 for married persons. Act 69 of 2008 enacted the PACE and PACENET moratoriums, thereby permitting seniors to maintain their program enrollment through December 31, 2010, despite increases in their overall 2008 income due to Social Security cost of living increases.

The Medicare Prescription Drug, Improvement and Modernization Act (MMA) of 2003 created a new outpatient drug benefit, Medicare Part D. An interim Medicare Drug Discount Card and Transitional Assistance program began in June 2004. Low-income PACE enrollees, not enrolled in a Medicare HMO, were enrolled in the Transitional Assistance program permitting PACE to charge to the Medicare program up to $600 per year for each enrollee's pharmaceutical expenses in 2004 and 2005.

Medicare Part D drug coverage began in January 2006. In July, Act 111 of 2006 created PACE Plus Medicare, which enables cardholders to take advantage of the features of both PACE and Medicare Part D. With the goal of providing seamless coverage, PACE Plus fills the coverage gaps encountered by cardholders in Medicare Part D, including deductibles, the doughnut hole phase of no Medicare coverage, drugs excluded under MMA, drugs not on a plan's formulary and copayment differentials between the Part D plan coverage and the PACE and PACENET copayments. PACE Plus pays the Medicare premiums for Part D coverage for PACE cardholders, while PACENET cardholders must pay the Part D premiums. Act 111 of 2006 also eliminated the monthly deductible for PACENET cardholders. PACENET cardholders who forego Part D coverage are responsible for a monthly benchmark payment based on Part D premiums ($25.59 in 2008 and $29.23 in 2009). The benchmark premium payment remains lower than the prior $40 monthly PACENET deductible.

The PACE program acts as the enrollees' representative and facilitates PACE cardholder enrollment into the Extra Help/Low-Income Subsidy offering under Part D as well as collaborating with selected prescription drug plans to facilitate enrollment of cardholders into Part D. PACE covers all medications requiring a prescription in the commonwealth, as well as insulin, insulin syringes and needles, unless a manufacturer does not participate in the manufacturer's rebate program. PACE does not cover medications that can be purchased without a prescription. In addition, PACE prohibits payment for cosmetic drugs and for less-than-effective drugs without certification by a physician. PACE cardholders are responsible for a copayment of $6 for generic and $9 for brand-name prescriptions. PACENET cardholders are responsible for a copayment of $8 for generic and $15 for brand-name prescriptions.

In accordance with Act 111 of 2006, participating pharmacies are currently reimbursed at a discounted average wholesale price (AWP) of prescription drugs plus a dispensing fee, their usual and customary charge or the most current federal upper payment limit established in the Medicaid program for generic drugs plus a dispensing fee, whichever is less.

The budget proposes to add actual acquisition cost (AAC) as the primary component of the reimbursement formula for pharmacies. The AAC is the final cost paid by the pharmacy after all discounts, rebates and charge-backs are subtracted. The new reimbursement model also provides higher dispensing fees for brand name and generic medications.

The department is responsible for ensuring compliance with the program requirements. In addition to careful review of eligibility, including income verification by matching with Pennsylvania income tax returns, the department audits providers to detect and deter fraud and has established both a prospective and a retrospective drug utilization review system to monitor and correct misuse of drug therapies.

A prudent pharmaceutical purchasing program ensures that the program receives a discount from drug manufacturers. PACE pays for drug products from manufacturers who agree to pay a rebate for brand drugs pursuant to the determination established by section 1927(c) (1) of the Social Security Act and a rebate of 11 percent of the average manufacturer price for generic drugs purchased through the program. In addition, participating

Program: Pharmaceutical Assistance (continued)

manufacturers agree to pay an excessive pharmaceutical price inflation discount equivalent to the difference between the quarterly average manufacturer's price charged for a drug, excluding generics, and the average quarterly price charged for that drug one year earlier inflated by the Consumer Price Index-Urban.

The department serves as the administrative and fiscal agent for other commonwealth-sponsored drug reimbursement programs. Pharmaceutical claims for the Chronic Renal Disease, Cystic Fibrosis, Spina Bifida, Metabolic Conditions (including Maple Syrup Urine Disease) and the Phenylketonuria programs (all within the Department of Health) and the Special Pharmaceutical Benefits program (Department of Public Welfare) are processed through the PACE/PACENET system. The department also adjudicates claims for the State Worker's Insurance Fund (Department of Labor and Industry) and collects rebates for the Special Pharmaceutical Assistance and the Chronic Renal Disease programs.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Comprehensive PACE Program							
Older Pennsylvanians enrolled (average)	164,056	150,092	144,090	136,885	131,410	126,150	121,105
Total prescriptions per year	6,027,666	5,763,533	5,533,056	5,256,340	5,046,090	4,844,245	4,650,475
Average PACE cost per prescription	$26.26	$24.77	$24.77	$25.51	$26.28	$27.07	$27.88
PACE Needs Enhancement Tier (PACENET)							
Older Pennsylvanians enrolled (average)	149,587	171,572	190,445	200,920	211,970	223,630	235,930
Total prescriptions per year	5,146,268	6,382,478	7,084,550	7,474,200	7,885,280	8,318,975	8,776,515
Average PACENET cost per prescription	$27.27	$25.29	$25.29	$26.05	$26.83	$27.63	$28.46

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

LOTTERY FUND
Pharmaceutical Assistance Fund

$ –61,419	—nonrecurring 2008-09 excess appropriation authority.
–41,581	—Initiative—PACE Reimbursement Reform. Decrease in Lottery funds needed to support the PACE program as a result of revising the pharmacy reimbursement methodology.
$ –103,000	*Appropriation Decrease*

TOBACCO SETTLEMENT FUND
PACENET Transfer (EA)

$ 162	—increase in Tobacco Settlement funds available for transfer.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
LOTTERY FUND:							
Pharmaceutical Assistance Fund	$ 278,400	$ 313,000	$ 210,000	$ 235,000	$ 250,000	$ 265,000	$ 280,000
TOBACCO SETTLEMENT FUND:							
PACENET Transfer (EA)	$ 28,155	$ 28,492	$ 28,654	$ 28,898	$ 29,068	$ 29,239	$ 29,413

DEPARTMENT OF AGRICULTURE

The mission of the Department of Agriculture is to encourage and promote agriculture and related industries throughout the commonwealth.

The department's mission is accomplished through four major programs: consumer protection, property protection, farmland preservation and farmers and agribusiness development. The department provides a full range of services to farmers and consumers from Harrisburg and through seven regional offices located around the state.

The Department of Agriculture carries out activities to ensure wholesome and safe agricultural products for consumers; to expand existing and develop new domestic and foreign markets for Pennsylvania's farmers to compete in the global economy; to develop and encourage proper farming and conservation practices; to prevent, control and eradicate diseases among livestock, poultry and plants; to regulate the conduct of horse racing; and to improve the quality of life in rural Pennsylvania.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 29,696**	**$ 31,340**	**$ 29,636**
(F)Plant Pest Detection System	1,300	1,300	1,300
(F)Poultry Grading Service	59	59	59
(F)Medicated Feed Mill Inspection	35	35	35
(F)National School Lunch Administration	600	700	425
(F)Emergency Food Assistance	3,000	3,000	3,000
(F)Pesticide Control	1,000	1,000	1,000
(F)Agricultural Risk Protection	2,000	1,000	1,000
(F)Commodity Supplemental Food	1,500	1,500	1,500
(F)Organic Cost Distribution	180	180	180
(F)Animal Disease Control	2,000	2,000	2,000
(F)Food Establishment Inspections	300	300	300
(F)Integrated Pest Management	250	250	250
(F)Johnes Disease Herd Project	2,000	2,000	2,000
(F)Avian Influenza Surveillance	2,000	2,000	2,000
(F)Oral Rabies Vaccine	100	100	100
(F)Exotic Newcastle Disease Control	300	300	300
(F)Scrapie Disease Control	60	60	60
(F)Foot and Mouth Disease Monitoring	150	150	150
(F)Wildlife Services	800	800	800
(F)Animal Identification	2,000	2,000	2,000
(F)Specialty Crops	1,000	500	500
(F)Emerald Ash Borer Mitigation	3,000	3,000	500
(F)West Nile Virus Control (EA)	112	0	0
(F)Bioterrorism Preparedness (EA)	3,374	1,244	0
(A)Lime Inspection	28	28	28
(A)Feed Inspections and Registrations	549	528	537
(A)Milk Plant Inspections	22	22	22
(A)Mailing List Production	6	7	7
(A)Special Conferences and Projects	0	174	0
(A)Administrative Services	2,764	3,039	2,414
(A)Pesticide Regulation	873	982	800
(A)Training Rides and Attractions	23	34	34
(A)Food Site Inspection	70	0	69
(A)Nutrient Management Certification Fees	8	0	0
(A)Apiary Registration and Fees	9	11	10
(A)Biomass Energy	0	20	0
(A)Weights and Measures Inspection Services	15	15	15
(A)Food Employee Certification Fees	157	50	110
(A)Transfer from Fertilizer Account	60	51	51
(A)Consumer Fireworks License	410	280	280
(A)Transfer from Growing Greener Programs	76	63	0
(A)Taxidermy Permit Registrations	121	100	100
(A)Transfer from Motor License Fund	0 a	0 a	0 a
(A)Transfer from Other State Agencies	29	139	45
(A)Fruit and Vegetable Grading/Inspections	0	0	505
Subtotal	$ 62,036	$ 60,361	$ 54,122
Agricultural Excellence	**324**	**421**	**600**
Farmers' Market Food Coupons	**2,250**	**2,226**	**2,226**
(F)Farmers' Market Food Coupons	3,000	3,500	3,500
(F)Senior Farmers' Market Nutrition	2,200	2,200	2,200
Agricultural Conservation Easement Administration	**488**	**556**	**295**
(F)Farmland Protection	4,000	4,000	4,000
(A)Transfer From Environmental Stewardship Fund	101	103	212
Agricultural Research	**2,400**	**1,870**	**500**
Agricultural Promotion, Education, and Exports	**1,536**	**1,340**	**0**
(A)Farm Show Revenue	80	65	0
(A)Trade Show Booth Fee	159	130	0
(A)Conference Registration Fees	2	2	0
Hardwoods Research and Promotion	**780**	**760**	**0**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
(A)Hardwood Conference Fees	22	10	0
Farm Safety	**111**	**110**	**0**
Nutrient Management	**367**	**372**	**366**
Subtotal - State Funds	$ 37,952	$ 38,995	$ 33,623
Subtotal - Federal Funds	36,320	33,178	29,159
Subtotal - Augmentations	5,584	5,853	5,239
Total - General Government	$ 79,856	$ 78,026	$ 68,021
Grants and Subsidies:			
Animal Health Commission	**$ 6,675**	**$ 6,000**	**$ 4,850**
Animal Indemnities	**20**	**20**	**5**
Transfer to State Farm Products Show Fund	**3,000**	**2,961**	**3,565**
Payments to Pennsylvania Fairs	**4,000**	**3,900**	**2,000**
Livestock Show	**225**	**222**	**0**
Open Dairy Show	**225**	**222**	**0**
Junior Dairy Show	**50**	**49**	**0**
4-H Club Shows	**55**	**54**	**0**
State Food Purchase	**18,000**	**18,000**	**19,000**
Food Marketing and Research	**3,000**	**3,000**	**0**
Transition to Organic Farming	**0**	**500**	**0**
Product Promotion and Marketing	**850**	**839**	**0**
(F)Market Improvement	150	150	150
Future Farmers	**104**	**103**	**60**
Agriculture & Rural Youth	**110**	**109**	**0**
Transfer to Nutrient Management Fund	**3,280**	**3,277**	**3,100**
Transfer to the Conservation District Fund	**1,660**	**1,660**	**1,194**
Crop Insurance	**1,500**	**1,750**	**700**
(F)Crop Insurance	2,000	2,000	2,000
Farm-School Nutrition	**500**	**493**	**100**
Subtotal - State Funds	$ 43,254	$ 43,159	$ 34,574
Subtotal - Federal Funds	2,150	2,150	2,150
Total - Grants and Subsidies	$ 45,404	$ 45,309	$ 36,724
STATE FUNDS	$ 81,206	$ 82,154	$ 68,197
FEDERAL FUNDS	38,470	35,328	31,309
AUGMENTATIONS	5,584	5,853	5,239
GENERAL FUND TOTAL	**$ 125,260**	**$ 123,335**	**$ 104,745**
ENVIRONMENTAL STEWARDSHIP FUND:			
Grants and Subsidies:			
Transfer to Agricultural Conservation Easement Program (EA)	**$ 7,100**	**$ 6,632**	**$ 6,071**
FARM PRODUCTS SHOW FUND:			
General Government:			
General Operations (EA)	**$ 6,655**	**$ 6,908**	**$ 7,146**
(A)Transfer from General Fund	0 b	0 b	0 b
Subtotal - State Funds	$ 6,655	$ 6,908	$ 7,146
Total - General Government	$ 6,655	$ 6,908	$ 7,146
STATE FUNDS	$ 6,655	$ 6,908	$ 7,146
FARM PRODUCTS SHOW FUND TOTAL	**$ 6,655**	**$ 6,908**	**$ 7,146**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
MOTOR LICENSE FUND:			
General Government:			
Weights & Measures Administration	**$ 2,785**	**$ 3,089**	**$ 3,089**
RACING FUND:			
General Government:			
State Racing Commissions (EA)	**$ 12,088**	**$ 13,839**	**$ 13,547**
Equine Toxicology and Research Laboratory (EA)	**3,133**	**3,275**	**3,309**
(A)Reimbursements - Out of State Testing	4	1	1
Payments to Pennsylvania Fairs - Administration (EA)	**237**	**252**	**262**
Subtotal - State Funds	$ 15,458	$ 17,366	$ 17,118
Subtotal - Augmentations	4	1	1
Total - General Government	$ 15,462	$ 17,367	$ 17,119
Grants and Subsidies:			
Transfer to General Fund (EA)	**$ 1,678**	**$ 3**	**$ 0**
STATE FUNDS	$ 17,136	$ 17,369	$ 17,118
AUGMENTATIONS	4	1	1
RACING FUND TOTAL	**$ 17,140**	**$ 17,370**	**$ 17,119**
OTHER FUNDS:			
GENERAL FUND:			
Agriculture Farm Operations	$ 83	$ 23	$ 100
Dog Law Administration	7,838	10,359	10,175
Pesticide Regulation	3,163	3,581	3,591
Plant Pest Management	567	442	458
National School Lunch	55	60	60
Agronomic Regulatory Account	596	415	422
GENERAL FUND TOTAL	**$ 12,302**	**$ 14,880**	**$ 14,806**
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND:			
Purchase of County Easements (EA)	$ 36,437	$ 28,000	$ 28,000
Supplemental Agricultural Conservation Easement Purchase	0	200	0
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND TOTAL	**$ 36,437**	**$ 28,200**	**$ 28,000**
CONSERVATION DISTRICT FUND:			
Conservation District Grants (EA)	$ 1,660	$ 1,660	$ 1,194
NUTRIENT MANAGEMENT FUND:			
Planning, Loans, Grants, and Technical Assistance (EA)	$ 1,934	$ 748	$ 482
Nutrient Management - Administration (EA)	412	290	427
NUTRIENT MANAGEMENT FUND TOTAL	**$ 2,346**	**$ 1,038**	**$ 909**
GROWING GREENER BOND FUND:			
Purchase of Agricultural Easements	$ 26,607 c	$ 10,690 c	$ 5,000 c
RACING FUND:			
Sire Stakes Fund	$ 5,428	$ 12,961	$ 12,961
Breeders' Fund	16,085	18,415	18,415
PA Standardbred Breeders Development Fund	5,781	7,311	7,311
RACING FUND TOTAL	**$ 27,294**	**$ 38,687**	**$ 38,687**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 81,206	$ 82,154	$ 68,197
SPECIAL FUNDS	33,676	33,998	33,424
FEDERAL FUNDS	38,470	35,328	31,309
AUGMENTATIONS	5,588	5,854	5,240
OTHER FUNDS	106,646	95,155	88,596
TOTAL ALL FUNDS	**$ 265,586**	**$ 252,489**	**$ 226,766**

[a] Not added to the total to avoid double counting. See Motor License Fund section of this summary for dollar amount.

[b] Not added to the total to avoid double counting: 2007-08 Actual is $3,000,000, 2008-09 Available is $2,961,000 and 2009-10 Budget is $3,565,000.

[c] Appropriated as an $80,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year based on remaining monies available.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
PROTECTION AND DEVELOPMENT OF AGRICULTURAL INDUSTRIES							
GENERAL FUND	$ 60,956	$ 61,928	$ 46,971	$ 46,971	$ 46,971	$ 46,971	$ 46,971
SPECIAL FUNDS	16,777	16,881	16,568	14,719	13,449	13,450	13,454
FEDERAL FUNDS	25,910	22,268	18,249	18,249	18,249	18,249	18,249
OTHER FUNDS	84,936	62,321	55,148	50,148	50,148	50,148	50,148
SUBCATEGORY TOTAL	$ 188,579	$ 163,398	$ 136,936	$ 130,087	$ 128,817	$ 128,818	$ 128,822
HORSE RACING REGULATION							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	16,899	17,117	16,856	16,856	16,856	16,856	16,856
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	27,298	38,688	38,688	38,688	38,688	38,688	38,688
SUBCATEGORY TOTAL	$ 44,197	$ 55,805	$ 55,544	$ 55,544	$ 55,544	$ 55,544	$ 55,544
EMERGENCY FOOD ASSISTANCE							
GENERAL FUND	$ 20,250	$ 20,226	$ 21,226	$ 21,226	$ 21,226	$ 21,226	$ 21,226
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	12,560	13,060	13,060	13,060	13,060	13,060	13,060
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 32,810	$ 33,286	$ 34,286	$ 34,286	$ 34,286	$ 34,286	$ 34,286
ALL PROGRAMS:							
GENERAL FUND	$ 81,206	$ 82,154	$ 68,197	$ 68,197	$ 68,197	$ 68,197	$ 68,197
SPECIAL FUNDS	33,676	33,998	33,424	31,575	30,305	30,306	30,310
FEDERAL FUNDS	38,470	35,328	31,309	31,309	31,309	31,309	31,309
OTHER FUNDS	112,234	101,009	93,836	88,836	88,836	88,836	88,836
DEPARTMENT TOTAL	$ 265,586	$ 252,489	$ 226,766	$ 219,917	$ 218,647	$ 218,648	$ 218,652

PROGRAM OBJECTIVE: To strengthen the agricultural economy and related enterprises.

Program: Protection and Development of Agricultural Industries

Program Element: Protection and Development of Agricultural Industries

The stewardship and sustainability of the agricultural industry is integral to the competitiveness of Pennsylvania's overall economy and the quality of life of its citizens. The Department of Agriculture facilitates an environment in which small, medium and large farming operations can be profitable and related industries can thrive. The state's crop insurance program supports farmers as they manage crop loss risk. The Pennsylvania legislature began funding crop insurance after the devastating drought of 1999. The program provides funds if crop failures occur due to weather or other disaster-related conditions.

The Center for Dairy Excellence provides coordination of the Pennsylvania dairy industry's direction, leadership and resources to strengthen the industry and profitability of our dairy producers. The Center for Farm Transitions assists new farmers in getting started and existing farmers who wish to make changes to their operations.

This program also includes funding for the operations, maintenance and other costs of the Farm Show Complex in Harrisburg.

The Agricultural Land Preservation Program, through the Agricultural Conservation Easement Purchase Fund which was created by Act 64 of 1988, purchases easements on prime agriculture land to ensure its continued use for agricultural production. Funding comes from a dedicated portion of the cigarette tax that is directed to this program. Growing Greener reestablished permanent funding for the agricultural easements by providing a yearly percentage (14.8%) of the Environmental Stewardship Fund revenues.

Agricultural research grants provide for scientific research into plant and animal health. This research identifies prevention mechanisms for disease and proactive mechanisms for enhancement of the quality and quantity of agricultural products and industry technology.

The PennSecurity Fuels program will increase the use of biofuels in retail gasoline and diesel fuel. Every gallon of diesel fuel must include an increasing percentage of biodiesel as in-state production levels increase and reach defined thresholds. Additionally, gasoline must include at least 10 percent cellulosic ethanol once production reaches 350 million gallons annually. New investments of up to $5.3 million per year are being made available to biofuel producers through June 2011 to encourage the production of biodiesel and ethanol. Developing our alternative fuel sector provides companies with the confidence they need to invest and expand and creates new markets for Pennsylvania farmers.

Program Element: Consumer Commodity Inspections

The department is committed to protecting the health and safety of the consumer and assuring the availability of quality agriculture products to consumers through regulatory efforts.

Among the department's protection activities are efforts in food safety. In 2007-08 the Bureau of Food Safety and Laboratory Services conducted 45,922 total inspections; 2,910 wholesale inspections; licensed and inspected 28,913 permanent public eating and drinking places; 2,470 retail food stores, 2,915 temporary event eating and drinking establishments, and 3,943 frozen dessert operations, inspected 4,289 unlicensed retail (mostly schools) and 533 camps and summer food sites; and permitted and inspected approximately 341 seasonal farm labor camps and 210 shellfish facilities. In 2007-08 the bureau also issued 876 milk permits and inspected 834 dairy processing, manufacturing and distribution facilities. The bureau issues approved inspector permits, approved dairy sampler's licenses and dairy laboratory director's certificates. Dairy equipment, bulk milk tank and tanker inspections are also performed. The agency inspects egg processing plants, grocery stores and warehouses in relation to eggs, fruits and vegetables grading and is a third-party monitor for the PEQAP (Pennsylvania Egg Quality Assurance Program) in the state.

The department's focus in achieving compliance has been through training and education. Training classes have been given to restaurants, schools and camps. The department has developed a food safety training course curriculum, a booklet entitled "Food, Fundraising and You" and a School Food Service Food Safety booklet. A PA Food Code Training course is offered to agencies and local jurisdictions within the commonwealth.

The agency is responsible for the regulation and maintenance of uniform standards of legal weights and measures of commonwealth products. The Weight and Measures division of the Bureau of Ride and Measurement Standards performed nearly 92,274 inspections of devices at 19,019 locations in 2007 and provided oversight in the inspection of another 96,474 devices at 13,339 locations performed by county and city programs, for a state-wide total of 188,748 inspections at 32,358 locations. Devices inspected include fuel dispensers, small/medium/large capacity scales, vehicle tanks' meters, propane meters, timing devices, scanners, UPC systems, grain moisture meters and livestock scales. The Amusement Ride division completed over 6,628 Quality Assurance inspections at

Program: Protection and Development of Agricultural Industries (continued)

1,549 sites in 2007, overseeing the safety inspections of 7,601 rides and attractions performed by 1,412 certified ride inspectors. Additional activities guarantee the quality of animal feeds, fertilizers, liming materials, plant materials and pesticides. Act 53 of 1996 transferred the responsibility for enforcement of the Seasonal Farm Labor Act from the Department of Environmental Protection to the Department of Agriculture. Act 97 of 2001 updated the licensing and registration requirements relating to the sale and distribution of fertilizers, soil conditioners and plant growth substances in the commonwealth.

To protect the consumer and ensure the availability of quality agriculture products, the department regulates the sale of feed, fertilizer, lime and seeds by requiring certain label information and by sampling and analyzing products in its Harrisburg laboratories. During 2007-08, 2,304 agribusiness inspections were conducted, and 1,860 feed, fertilizer and lime samples were analyzed. In addition, 7,770 samples of seed were tested. The department inspects stone fruit trees for the plum pox virus to control the disease and reduce the potential harm to the fruit industry.

The department is improving the process to protect Pennsylvania's food production system from agro-terrorism. Fertilizer, feed and pesticide manufacturers, dealers and distributors will be advised on preventing the use of agricultural production tools for terrorist activities. An extensive training program for veterinarians and growers will be developed and implemented to recognize animal diseases or agents that may be used by bioterrorists.

The department inspects all ornamental nurseries and greenhouses periodically to determine the presence of new plant pests. This activity is intended to ensure correct diagnosis of the pest and to quarantine and/or prescribe proper treatment. During 2007 more than 4,000 dealer, nursery and greenhouse inspections were conducted, along with the issuance of more than 2,000 phytosanitory certificates for the exportation of plant material. The department also inspected 1,871 apiaries involving 10,101 colonies of bees owned by 1,115 beekeepers in 2007 for disease problems. The Pesticide Control Law provides for the regulation of the sale, use, handling, storage and transportation of pesticides. The department fulfils its statutory responsibilities by requiring registration of all pesticide products, testing and certification or registration of all private, commercial, and public pesticide applicators to insure minimum competency levels, licensing pesticide application business and dealers. The department periodically inspects those who manufacture, distribute, use or transport pesticides and investigates complaints about misuse. This program strives to provide for the optimum use of pesticides while minimizing their adverse effects on human life and the environment. Pesticide expenditures are reflected in this program as Other Funds.

The State Conservation Commission, whose chairmanship alternates each year between the Secretary of Agriculture and the Secretary of Environmental Protection, is the primary implementing authority for the Nutrient Management Act. The law is designed to minimize surface and ground water pollution from agricultural operations. The program provides support for plan reviews, grant applications for best management practices along with certification for nutrient management specialists. The hauler certification program for commercial manure haulers was implemented in early 2007. Act 55 of 2007 created the Resource Enhancement and Protection Program (REAP). REAP allows farmers and businesses to earn tax credits in exchange for best management practices on agricultural operations that will enhance farm production and protect natural resources.

Program Element: Animal Health

The department is committed to maintaining the health of domestic animals in order to protect human health, to protect the quantity, quality and safety of food of animal origin and to provide for the general welfare of domestic animals.

Pennsylvania agriculture is a national leader in livestock and poultry production. The Bureau of Animal Health and Diagnostic Services is responsible for the containment and eradication of livestock and poultry diseases that affect animal and human health or cause significant economic loss to agriculture.

The bureau provides services such as evaluating certificates of veterinary inspection for both interstate and intrastate movement to assure that animals in Pennsylvania have met necessary health requirements. The agency develops test programs for diseases such as brucellosis, bovine tuberculosis, pseudorabies, Johne's disease, scrapie, avian influenza and chronic wasting disease and provides quality asurance programs, including an annual diagnostic herd program for brucellosis-free herds; tuberculosis-free herds; the Avian Influenza Monitored Flock program; Johne's Disease National Status program; the Dairy Quality Assurance program; and the Chronic Wasting Disease Monitored Herd program.

The agency licenses and inspects domestic animal auctions. Promotion of animal health, public health and the production of safe animal origin products are achieved through on-farm testing enforcement of animal health regulations and ongoing communications with producers and health professionals.

The Pennsylvania Veterinary Laboratory (PVL) at the Department of Agriculture is one of three laboratories participating in the Pennsylvania Animal Diagnostic Laboratory System (PADLS). The other two laboratories are affiliated with the University of Pennsylvania and the Pennsylvania State University. The PVL is part of a nationwide network of state and federal laboratories

Program: Protection and Development of Agricultural Industries (continued)

dedicated to identifying and combating animal diseases. The laboratory provides animal health services to producers' domestic animals with emphasis on infectious, nutritional and toxic diseases.

The Bureau of Animal Health and PADLS have a joint application, known as PAHerds, which combines an animal tracking information system and a laboratory information system to allow entities to perform detailed analysis of animal disease and provides the capability to effectively locate and eradicate disease outbreaks.

The Bureau Director of Animal Health and Diagnostic Services is the State Veterinarian and is the Executive Director of the Animal Health and Diagnostic Commission. The commission coordinates and funds the PADLS, field investigations, research grants, quality assurance programs and disease surveillance programs designed to protect the livestock, poultry, wildlife, food chain and human population of Pennsylvania.

Included in this category is dog law enforcement. Primary functions include the investigation and prosecution of dangerous dog incidents, investigation of dog bites, enforcement of licensing and rabies vaccination requirements for dogs and kennels, control and regulation of the sale and transportation of dogs, annual kennel inspections, reimbursement of law enforcement agencies for the detention and disposition of stray dogs and reimbursement to owners of livestock and poultry for damage caused by dogs and coyotes.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Development of Pennsylvania's Agricultural Industry							
Dollar value of food and agricultural exports excluding hardwoods (in millions)	$1,758	$1,700	$1,750	$1,800	$1,850	$1,900	$1,950
Dollar value of Pennsylvania hardwood exports (in millions)	$1,126	$1,150	$1,200	$1,250	$1,300	$1,350	$1,350
Value of the loan portfolio for the PA Grows Program (in thousands)	$30,517	$31,127	$31,749	$32,000	$32,000	$32,000	$31,000
Number of vendors participating in the PA Preferred program *	1,700	2,200	2,250	2,300	2,400	2,400	2,400
Value of crop insurance protection policies (in millions)	$331	$336	$341	$346	$351	$356	$356
Farm acreage preserved	35,509	22,000	22,000	22,000	22,000	22,000	22,000
Occupancy rate at the farm show complex	39.5%	39.9%	40.7%	41.4%	42.0%	42.2%	42.2%
Farms participating in dairy profit teams program	115	125	125	130	130	135	135
Consumer Commodity Inspections							
Number of amusement rides inspected	8,050	8,106	8,111	8,116	8,121	8,126	8,150
Number of gasoline pumps certified	56,000	56,145	59,190	59,300	59,500	59,700	59,900
Number of restaurant inspection reports available online	23,950	24,500	25,000	25,500	26,000	26,500	27,000
Nutrient Management							
Number of farm acres covered by approved Nutrient Management Plans (in thousands)	686	685	600	600	600	600	600
Nutrient management plans approved	201	180	185	185	185	185	185
Animal Health							
Animal health diagnostic tests performed at the Pennsylvania veterinarian labs (in thousands)	328	340	340	340	340	340	340
Animal Health Inspections	617	600	625	650	700	750	775

Farm acreage preserved reduction due to depletion of Growing Greener Bond Fund monies.

* New program measure.

Program: Protection and Development of Agricultural Industries (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

General Government Operations

$ –1,332	—nonrecurring 2008-09 budgetary freeze amount.
–372	—reduction in administrative costs.
$ –1,704	*Appropriation Decrease*

Agricultural Excellence

$ –108	—nonrecurring 2008-09 budgetary freeze amount.
287	—to continue current program.
$ 179	*Appropriation Increase*

Agricultural Conservation Easement Administration

$ –43	—nonrecurring 2008-09 budgetary freeze amount.
–218	—reduction in administrative costs.
$ –261	*Appropriation Decrease*

Agricultural Research

$ –230	—nonrecurring 2008-09 budgetary freeze amount.
–1,140	—program reduction.
$ –1,370	*Appropriation Decrease*

Agricultural Promotion, Education and Exports

$ –1,340	—program elimination.

Hardwoods Research and Promotion

$ –760	—program elimination.

Farm Safety

$ –110	—program elimination.

Nutrient Management

$ –1	—nonrecurring 2008-09 budgetary freeze amount.
–5	—reduction in administrative costs.
$ –6	*Appropriation Decrease*

Animal Health Commission

$ –850	—nonrecurring 2008-09 budgetary freeze amount.
–300	—program reduction.
$ –1,150	*Appropriation Decrease*

Animal Indemnities

$ –10	—nonrecurring 2008-09 budgetary freeze amount.
–5	—program reduction.
$ –15	*Appropriation Decrease*

Transfer to State Farm Products Show Fund

$ –101	—nonrecurring 2008-09 budgetary freeze amount.
705	—to continue current program.
$ 604	*Appropriation Increase*

Payments to Pennsylvania Fairs

$ –283	—nonrecurring 2008-09 budgetary freeze amount.
–1,617	—program reduction.
$ –1,900	*Appropriation Decrease*

Livestock Show

$ –222	—elimination of General Fund support.

Open Dairy Show

$ –222	—elimination of General Fund support.

Junior Dairy Show

$ –49	—elimination of General Fund support.

4-H Club Shows

$ –54	—elimination of General Fund support.

Food Marketing and Research

$ –3,000	—program elimination.

Transition to Organic Farming

$ –500	—nonrecurring project.

Product Promotion and Marketing

$ –839	—program elimination.

Future Farmers

$ –20	—nonrecurring 2008-09 budgetary freeze amount.
–23	—program reduction.
$ –43	*Appropriation Decrease*

Agriculture & Rural Youth

$ –109	—program elimination.

Transfer to the Nutrient Management Fund

$ –139	—nonrecurring 2008-09 budgetary freeze amount.
–38	—nonrecurring projects.
$ –177	*Appropriation Decrease*

Transfer to the Conservation District Fund

$ –466	—nonrecurring projects.

Crop Insurance

$ –604	—nonrecurring 2008-09 budgetary freeze amount.
–491	—nonrecurring projects.
45	—to continue current program.
$ –1,050	*Appropriation Decrease*

Farm School Nutrition

$ –393	—program reduction.

ENVIRONMENTAL STEWARDSHIP FUND

Transfer to Agricultural Conservation Easement Purchase Fund (EA)

$ –561	—to continue current program.

Program: Protection and Development of Agricultural Industries (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

FARM PRODUCTS SHOW FUND
General Operations (EA)
$ 238 —to continue current program.

RACING FUND
Payments to Pennsylvania Fairs - Administration (EA)
$ 10 —to continue current program.

The Motor License Fund Weights & Measures Administration appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 29,696	$ 31,340	$ 29,636	$ 29,636	$ 29,636	$ 29,636	$ 29,636
Agricultural Excellence	324	421	600	600	600	600	600
Agricultural Conservation Easement Administration	488	556	295	295	295	295	295
Agricultural Research	2,400	1,870	500	500	500	500	500
Agricultural Promotion, Education, and Exports	1,536	1,340	0	0	0	0	0
Hardwoods Research and Promotion	780	760	0	0	0	0	0
Farm Safety	111	110	0	0	0	0	0
Nutrient Management	367	372	366	366	366	366	366
Animal Health Commission	6,675	6,000	4,850	4,850	4,850	4,850	4,850
Animal Indemnities	20	20	5	5	5	5	5
Transfer to State Farm Products Show Fund	3,000	2,961	3,565	3,565	3,565	3,565	3,565
Payments to Pennsylvania Fairs	4,000	3,900	2,000	2,000	2,000	2,000	2,000
Livestock Show	225	222	0	0	0	0	0
Open Dairy Show	225	222	0	0	0	0	0
Junior Dairy Show	50	49	0	0	0	0	0
4-H Club Shows	55	54	0	0	0	0	0
Food Marketing and Research	3,000	3,000	0	0	0	0	0
Transition to Organic Farming	0	500	0	0	0	0	0
Product Promotion and Marketing	850	839	0	0	0	0	0
Future Farmers	104	103	60	60	60	60	60
Agriculture & Rural Youth	110	109	0	0	0	0	0
Transfer to Nutrient Management Fund	3,280	3,277	3,100	3,100	3,100	3,100	3,100
Transfer to the Conservation District Fund	1,660	1,660	1,194	1,194	1,194	1,194	1,194
Crop Insurance	1,500	1,750	700	700	700	700	700
Farm-School Nutrition	500	493	100	100	100	100	100
TOTAL GENERAL FUND	$ 60,956	$ 61,928	$ 46,971	$ 46,971	$ 46,971	$ 46,971	$ 46,971

Program: Protection and Development of Agricultural Industries (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
ENVIRONMENTAL STEWARDSHIP FUND:							
Transfer to Agricultural Conservation Easement Purchase (EA)	$ 7,100	$ 6,632	$ 6,071	$ 4,222	$ 2,952	$ 2,953	$ 2,957
FARM PRODUCTS SHOW FUND:							
General Operations (EA)	$ 6,655	$ 6,908	$ 7,146	$ 7,146	$ 7,146	$ 7,146	$ 7,146
MOTOR LICENSE FUND:							
Weights & Measures Administration	$ 2,785	$ 3,089	$ 3,089	$ 3,089	$ 3,089	$ 3,089	$ 3,089
RACING FUND:							
Payments to Pennsylvania Fairs - Administration (EA)	$ 237	$ 252	$ 262	$ 262	$ 262	$ 262	$ 262

PROGRAM OBJECTIVE: To prevent consumer fraud in the racing industry.

Program: Horse Racing Regulation

Activities in this program area include the development and implementation of rules, regulations and procedures to ensure the public and harness and horse owners of honest, safe and competitive pari-mutuel harness and horse racing.

Horse racing in Pennsylvania is governed by Act 93 of 1983. This act merged the State Harness Racing Fund and the State Horse Racing Fund into the Racing Fund, adjusted the tax schedule and revised the distribution of funds in order to assist the racing industry by increasing the funds retained by the tracks.

The Racing Fund pays all expenses of the State Racing Commissions. After these obligations have been met, percentages of the amount wagered as specified by law are credited to the Breeder's Fund and to the Sire Stakes Fund. Act 23 of 2000 amended the Race Horse Industry Reform Act to increase the percentage credited to the Breeder's Fund from 0.7 percent to 1.0 percent of the amount wagered on thoroughbred races. The Sire Stakes Fund is credited with 1.5 percent of wagers on harness races. All remaining monies in the Racing Fund are then transferred to the General Fund in the subsequent fiscal year.

Act 71 of 2004 established the Race Horse Development Fund, which receives revenue generated by licensed gaming facilities. Proceeds are distributed to licensees conducting live horse racing. Track owners deposit 80 percent of the proceeds into a purse account. Thoroughbred tracks commit the remaining proceeds to the Breeder's Fund and a Horsemen's Organization Fund. Standardbred tracks commit proceeds to the Sire Stakes Fund, the PA Standardbred Fund and a Horsemen's Organizational Fund.

The Equine Toxicology and Research Laboratory tests for the presence of foreign substances in the blood and urine of race horses following all races to ensure that no foreign substances have been administered prior to a race.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Participant licenses issued: harness and horse racing	33,661	34,500	35,000	35,500	36,000	36,500	37,000
Investigations to ensure compliance with established rules and regulations: harness and horse racing	7,926	8,080	8,080	8,080	8,080	8,080	8,080
Licenses suspended for noncompliance of rules and regulations: harness and horse racing	602	548	548	548	548	548	548
Samples processed at the Equine Toxicology and Research Lab (in thousands)	41	50	55	60	65	70	75

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

RACING FUND

State Racing Commissions (EA)

$ –292 —nonrecurring payments.

Equine Toxicology and Research Laboratory (EA)

$ 34 —to continue current program.

Transfer to General Fund (EA)

$ –3 —decrease in funds available to transfer. Law requires June 30th ending surplus to be transferred to the General Fund.

Program: Horse Racing Regulation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
RACING FUND:							
State Racing Commissions (EA)	$ 12,088	$ 13,839	$ 13,547	$ 13,547	$ 13,547	$ 13,547	$ 13,547
Equine Toxicology and Research Laboratory (EA)	3,133	3,275	3,309	3,309	3,309	3,309	3,309
Transfer to General Fund (EA)	1,678	3	0	0	0	0	0
TOTAL STATE RACING FUND	$ 16,899	$ 17,117	$ 16,856	$ 16,856	$ 16,856	$ 16,856	$ 16,856

PROGRAM OBJECTIVE: To distribute surplus and donated food through institutions and counties or designated lead agencies to individuals and families who are dependent or disadvantaged to support minimum standards of living and economic independence.

Program: Emergency Food Assistance

The State Food Purchase Program provides state fund cash grants to counties or a designated lead agency for the purchase and distribution of food to needy individuals. Funding is allocated to each of the commonwealth's 67 county lead agencies based on unemployment and non-public assistance food stamp and medical assistance eligible individuals. County lead agencies are authorized to expend up to 8 percent of the grant for administrative costs.

Food acquired and donated by the United States Department of Agriculture (USDA) is distributed through the Emergency Food Assistance Program (TEFAP). TEFAP provides USDA commodities for household use, specifically for unemployed and low-income individuals who meet established eligibility criteria.

TEFAP commodities are allocated to each of the commonwealth's 67 lead agencies based on the number of eligible participants. TEFAP administrative monies, provided by the USDA, are allocated based on each county's relative share of unemployment and poverty statistics.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Improving Participant Access to Pennsylvania fruits and vegetables							
Dollar value of commodities distributed (in thousands)	$41,447	$41,550	$41,600	$41,650	$41,700	$41,750	$41,800
Persons receiving donated or surplus foods (in thousands)							
Traditional program	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TEFAP	2,915	2,700	2,700	2,700	2,700	2,700	2,700
State Food Purchase Program	2,810	2,600	2,600	2,600	2,600	2,600	2,600
Percentage of farmers' market coupons redeemed by							
WIC recipients	59%	60%	60%	60%	60%	60%	60%
Seniors	86%	87%	87%	87%	87%	87%	87%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Fund
State Food Purchase
$ 1,000 —increase in funding support.

The Farmers' Market Food Coupons appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Farmers' Market Food Coupons	$ 2,250	$ 2,226	$ 2,226	$ 2,226	$ 2,226	$ 2,226	$ 2,226
State Food Purchase	18,000	18,000	19,000	19,000	19,000	19,000	19,000
TOTAL GENERAL FUND	$ 20,250	$ 20,226	$ 21,226	$ 21,226	$ 21,226	$ 21,226	$ 21,226

DEPARTMENT OF BANKING

The mission of the Department of Banking is to ensure the safety and soundness of state-chartered deposit-taking institutions; to ensure compliance with state laws and regulations that impact other financial service entities; and to provide a regulatory environment that will facilitate development of a sound financial services industry that adequately meets the needs of industry and the public.

The Department of Banking protects the public through the supervision, regulation and examination of records, accounts and policies of state-chartered financial institutions.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
BANKING DEPARTMENT FUND:			
General Government:			
General Government Operations	**$ 18,760**	**$ 21,917**	**$ 21,054**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
REGULATION OF FINANCIAL INSTITUTIONS							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	18,760	21,917	21,054	21,054	21,054	21,054	21,054
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 18,760	$ 21,917	$ 21,054	$ 21,054	$ 21,054	$ 21,054	$ 21,054
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	18,760	21,917	21,054	21,054	21,054	21,054	21,054
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
DEPARTMENT TOTAL	$ 18,760	$ 21,917	$ 21,054	$ 21,054	$ 21,054	$ 21,054	$ 21,054

PROGRAM OBJECTIVE: To ensure the maintenance of an economically sound and competitive system of state-chartered financial institutions.

Program: Financial Institution Regulation

This program involves supervision, regulation and examination of the records, accounts and policies of state-chartered banking institutions, savings associations, credit unions and state-licensed sales finance companies, installment sellers, money transmitters, consumer discount companies, collector-repossessors, pawnbrokers, first and second mortgage lenders, bankers and brokers, brokers' agents and check cashers. In addition to these activities, the department responded to approximately 7,000 consumer inquiries during 2007-08.

As of June 30, 2008, there were 170 banking institutions under the department's supervision: 58 commercial banks, 40 bank and trust companies, 49 savings banks, one private bank, 21 non-depository trust companies and one foreign bank, which maintained a representative office in Pennsylvania. There were 66 credit unions and 8 savings associations chartered and supervised by the department. Also operating in the commonwealth were 103 bank holding companies.

The department renews non-depository institution licenses annually and issues new licenses upon review and approval of license applications. The 12,847 non-depository entities at the end of June 2008 included: 3,316 installment sellers; 3,764 first mortgage bankers and brokers; 3,348 second mortgage lenders, brokers and brokers' agents; 1,013 sales finance companies; and 432 consumer discount companies. The remaining 974 licenses were held by pawnbrokers, money transmitters, check cashers, limited loan brokers, loan correspondents and collector-repossessors, etc.

The Office of Financial Education was established in April 2004 to promote financial literacy and help consumers avoid financial abuse. This office has developed consumer education materials, trained teachers to incorporate financial education in the classroom, started a workplace pilot program and created a financial education website. The department provides Internet-based licensing and reporting of complaints toward institutions under the department's purview. In 2007, electronic filing of annual reports began.

Act 22 of 1998, as amended by Act 200 of 2002, requires the annual licensing, or for certain retail food stores, the registration and regulation of all check cashers doing business in Pennsylvania.

Act 89 of 2000 provides state-chartered commercial and savings banks with parity in activities permitted for national banks and federally chartered savings banks and savings associations. It also provides parity in activities permitted for state-chartered banks located in other states when the activity has been approved by the Federal Deposit Insurance Corporation (FDIC) (under Section 24 of the FDIC Act).

Act 55 of 2001, the Mortgage Bankers and Brokers and Consumer Equity Protection Act, provides the department with broad regulatory and enforcement authority over financial entities that make covered or "predatory loans" in the commonwealth; strengthens industry bonding requirements; authorizes the department to obtain criminal background information from applicants; and provides licensing exemption for religious organizations that meet certain requirements.

Act 186 of 2002, which amended the Motor Vehicle Sales Finance Act, provides increased exam and enforcement authority and additional consumer disclosures and permits incidental items relating to automobile sales to be financed under the Act.

Act 207 of 2002, commonly referred to as the Credit Union Parity Legislation, authorized state-chartered credit unions to engage in activities permitted by federally chartered credit unions subject to conditions of the department.

Act 209 of 2002, which amended the Department of Banking Code, authorized the department to receive criminal history record information from other state and federal agencies when evaluating initial applicants for departmental licensure; permitted the publishing of final orders for violation of departmental licensing statutes; clarified the department's ability to share examination and regulatory information with other state and federal securities and insurance regulatory agencies; and provided increased enforcement authority, injunctive authority, fining authority and clarification of departmental authority to promulgate regulations, statements of policy and interpretive letters.

Act 56 of 2008 (the "Mortgage Act"), created a consolidated mortgage loan industry licensing and regulatory model in Pennsylvania. The Mortgage Act combines the separate licenses required to conduct the first mortgage loan business and the secondary mortgage loan business under which both mortgage businesses can be conducted, and it requires the licensure of all "mortgage originators" employed by licensees under the Mortgage Act and the Consumer Discount Company Act.

Act 57 of 2008, which amended the Loan Interest and Protection Law (LIPL), increases the dollar threshold for LIPL coverage on residential mortgage loans from $50,000

Program: Financial Institution Regulation (continued)

to $217,873, which will be adjusted annually for inflation; eliminates the maximum interest rate under residential mortgage interest rates on business loans of any principal amount; and provides the department with enforcement authority under the LIPL.

Act 58 of 2008 allows the department to require licensees to use the Nationwide Mortgage Licensing System (NMLS) and pay licensing processing fees associated with the NMLS; permits the department to disclose whether a licensee is subject to an issued fine or order; expands the department's ability to request and receive criminal background history information regarding licensees; and creates a new statutory framework for protest hearings regarding depository institution applications and certain notices similar to those procedures applicable to federally-chartered depository institutions.

Act 117 of 2008, known as the Debt Management Services Act, requires the department to license and regulate providers of debt management services and debt settlement services.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Supervision of state-chartered:							
Banks	170	170	170	170	170	170	170
Savings and loan associations	8	8	8	8	8	8	8
Credit unions	66	66	66	66	66	66	66
Licenses issued to consumer credit agencies:							
First mortgage bankers/brokers	3,764	3,764	3,764	3,764	3,764	3,764	3,764
Second mortgage lenders/brokers/ broker's agents	3,348	3,348	3,348	3,348	3,348	3,348	3,348
Sales finance companies	1,013	1,013	1,013	1,013	1,013	1,013	1,013
Consumer discount companies	432	432	432	432	432	432	432
Pawnbrokers	56	56	56	56	56	56	56
Money transmitters	34	34	34	34	34	34	34
Collectors-repossessors	175	175	175	175	175	175	175
Installment sellers	3,316	3,316	3,316	3,316	3,316	3,316	3,316
Check cashers	709	709	709	709	709	709	709
License applications filed electronically							
Number	10,863	10,863	10,863	10,863	10,863	10,863	10,863
Percentage	90%	90%	90%	90%	90%	90%	90%
Annual reports filed electronically							
Number	3,500	3,600	3,800	3,800	3,800	3,800	3,800
Percentage	55%	80%	90%	90%	90%	90%	90%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	BANKING DEPARTMENT FUND
	General Government Operations
$ 189	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
–1,052	—reduction in administrative costs.
$ –863	*Appropriation Decrease*

Also, in accordance with Act 38A of 2008, $15,000,000 will be transfered from the Banking Department Fund to the General Fund in the 2008-09 fiscal year.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
BANKING DEPARTMENT FUND:							
General Government Operations	$ 18,760	$ 21,917	$ 21,054	$ 21,054	$ 21,054	$ 21,054	$ 21,054

CIVIL SERVICE COMMISSION

The mission of the Civil Service Commission is to provide greater efficiency and economy in the government of the commonwealth by establishing conditions of employment that will attract to the service of the commonwealth qualified persons of character and ability and appointing and promoting all persons on the basis of merit and fitness.

The Civil Service Commission administers the commonwealth's merit system. The responsibilities of the commission include recruitment of qualified candidates; evaluation of applicants' education and experience to determine if minimum requirements have been met; development and administration of examinations; and certification of eligible candidates to the appointing agencies.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 1**	**$ 1**	**$ 1**
(A)Fees From Agencies	15,260	15,802	15,266
(A)Special Merit System Services	912	945	975
Subtotal - State Funds	$ 1	$ 1	$ 1
Subtotal - Augmentations	16,172	16,747	16,241
Total - General Government	$ 16,173	$ 16,748	$ 16,242
STATE FUNDS	$ 1	$ 1	$ 1
AUGMENTATIONS	16,172	16,747	16,241
GENERAL FUND TOTAL	**$ 16,173**	**$ 16,748**	**$ 16,242**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
PERSONNEL SELECTION							
GENERAL FUND	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	16,172	16,747	16,241	16,241	16,241	16,241	16,241
SUBCATEGORY TOTAL	$ 16,173	$ 16,748	$ 16,242	$ 16,242	$ 16,242	$ 16,242	$ 16,242
ALL PROGRAMS:							
GENERAL FUND	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	16,172	16,747	16,241	16,241	16,241	16,241	16,241
DEPARTMENT TOTAL	$ 16,173	$ 16,748	$ 16,242	$ 16,242	$ 16,242	$ 16,242	$ 16,242

PROGRAM OBJECTIVE: To provide a sufficient number of qualified, available persons to meet agency merit system staffing needs.

Program: Personnel Selection

Through this program, the Civil Service Commission provides qualified persons to meet merit system staffing needs.

The commission ensures the commonwealth merit system is in full compliance with all state laws and regulations concerning employee selection procedures and the Federal Uniform Guidelines on Employee Selection Procedures. This includes job analysis and implementation of a program to identify and correct adverse impacts of examinations on protected groups.

Goals of the commission include identification and elimination of adverse impact, development of more valid examinations, identification and elimination of discrimination in the commonwealth's human resource system, increased efficiency in meeting personnel needs of state and local client agencies, and prompt and accurate resolution or adjudication of complaints, grievances and appeals.

In recent years, the commission has increased operating efficiency with the implementation of computerized examination, imaging and workflow, and applicant self-scheduling systems. These improvements have reduced the time required to apply for and take an exam, receive an examination score, and be placed on a candidate eligibility listing. These enhancements have increased the commission's ability to provide real-time candidate eligibility listings to client agencies seeking to fill vacancies.

The funds supporting this program are received from billing various General and Special Fund state and local client agencies.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Total eligibles on list	229,236	230,000	230,000	230,000	230,000	230,000	230,000
Persons scheduled for exams	153,970	154,000	154,000	154,000	154,000	154,000	154,000
Persons taking computerized exams	63,603	64,000	64,000	64,000	64,000	64,000	64,000
Certifications audited of eligible individuals for civil service positions	20,553	20,000	18,000	18,000	18,000	18,000	18,000
Test-taker satisfaction rating (based on a 5-point scale)	4.6	4.7	4.7	4.7	4.7	4.7	4.7
Appeal requests received and processed	493	500	500	500	500	500	500
Agency client satisfaction rating (based on a 5-point scale)	3.7	3.9	3.9	3.9	3.9	3.9	3.9
Annual cost of merit system per covered employee	$229	$235	$235	$235	$235	$235	$235

Program Recommendations:

This budget recommends the following changes in augmentations received from agency billings: (Dollar Amounts in Thousands)

		General Government Operations
$	186	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
	–692	—reduction in administrative costs.
$	–506	*Augmentation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

The mission of the Department of Community and Economic Development is to foster opportunities for businesses and communities to succeed and thrive in a global economy, thereby enabling Pennsylvanians to achieve a superior quality of life.

The Department of Community and Economic Development administers programs that recognize that community development and economic development are linked. This includes expanding and providing for more efficient delivery of local services; coordinating community and economic development resources to restore and maintain the vitality of our communities; advancing the economic well-being of communities through the maximization of community and economic development resources; and promoting housing and community revitalization in conjunction with economic development activities.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 19,874**	**$ 20,373**	**$ 19,800**
(F)ARC - Technical Assistance	300	235	178
(F)DOE - Weatherization Administration	535	535	535
(F)SCDBG - Administration	1,720	2,000	2,000
(F)CSBG - Administration	1,402	1,402	1,402
(F)LIHEABG - Administration	535	535	535
(F)Americorps Training and Technical Assistance	80	156	0
(F)Bioterrorism Preparedness Training (EA)	510	0	0
(A)Pennsylvania Industrial Development Authority	1,117	1,040	1,049
(A)Pennsylvania Economic Development Financing Authority	449	484	498
(A)Environmental Training Partnership	1,056	1,300	1,300
(A)Local Area Transportation	456	300	300
(A)Community Development Bank	84	86	89
(A)Economic Stimulus	1,574	1,783	2,308
(A)Centralia Mine Fire	87	0	0
(R)Small Business Advocate - Utilities	966	1,020	1,040
Office of Open Records	**0**	**1,010**	**1,342**
World Trade PA	**17,944** a	**14,075**	**8,986**
Interactive Marketing	**2,040**	**0**	**0**
Marketing to Attract Tourists	**15,521**	**16,909**	**9,985**
(F)National Scenic Byways Program	0	200	0
(A)Reimbursement for Travel Advertisements	422	500	500
Marketing to Attract Business	**3,491**	**2,906**	**1,800**
Cultural Expositions and Exhibitions	**6,345**	**6,300**	**0**
Marketing to Attract Film Business	**610**	**576**	**392**
Business Retention and Expansion	**3,226**	**3,184**	**2,951**
PennPORTS	**0**	**0**	**9,419**
PennPORTS Operations	**400**	**421**	**0**
PennPORTS-Port of Pittsburgh	**1,500**	**1,500**	**0**
PennPORTS-Port of Erie	**2,640**	**2,640**	**0**
PennPORTS-Delaware River Maritime Council	**966**	**966**	**0**
PennPORTS-Philadelphia Regional Port Authority Operations	**6,501**	**5,648**	**0**
PennPORTS-Philadelphia Regional Port Authority Debt Service	**4,543**	**4,525**	**0**
PennPORTS-Piers	**300**	**300**	**0**
PennPORTS-Navigational System	**400**	**400**	**0**
Goods Movement and Intermodal Coordination	**2,000**	**1,974**	**1,500**
Land Use Planning and Technical Assistance	**4,247**	**4,173**	**4,173**
Base Realignment and Closure	**1,026**	**272**	**0**
Subtotal - State Funds	$ 93,574	$ 88,152	$ 60,348
Subtotal - Federal Funds	5,082	5,063	4,650
Subtotal - Augmentations	5,245	5,493	6,044
Subtotal - Restricted Revenues	966	1,020	1,040
Total - General Government	$ 104,867	$ 99,728	$ 72,082
Grants and Subsidies:			
Transfer to Municipalities Financial Recovery Revolving Fund	**$ 1,500**	**$ 1,480**	**$ 1,480**
Transfer to Ben Franklin Tech. Development Authority Fund	**51,700**	**50,700**	**40,000**
Transfer to Industrial Sites Environmental Assessment Fund	**500**	**493**	**493**
Transfer to Commonwealth Financing Authority	**47,038**	**62,473**	**67,235**
Intergovernmental Cooperation Authority-2nd Class Cities	**900**	**666**	**600**
Opportunity Grant Program	**25,000**	**28,000**	**18,268**
Customized Job Training	**22,500**	**19,740**	**18,000**
Keystone Innovation Zones	**2,000**	**691**	**700**
Workforce Leadership Grants	**3,050**	**3,010**	**0**
Emergency Responder and Training	**5,548**	**5,500**	**0**
Infrastructure Development	**22,500**	**22,500**	**20,500**
Housing & Redevelopment Assistance	**34,000**	**33,558**	**34,000**

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
(F)DOE - Weatherization	18,000	18,000	16,536
(F)Emergency Shelter for the Homeless	75	75	75
(F)LIHEABG - Weatherization Program	24,000	30,000	30,000
(F)SCDBG - HUD Disaster Recovery	2,000	2,000	2,000
(F)CDBG Neighborhood Stabilization Program	0	60,000 b	0
(F)Centralia Recovery(EA)	300	300	0
(F)Homelessness Study Grant (EA)	0	74	0
(F)LIHEAP Weatherization (EA)	0	10,704	0
Accessible Housing	**3,000**	**2,961**	**2,221**
PHFA - Homeowners Emergency Mortgage Assistance	**11,000**	**11,000**	**11,000**
PHFA - Early Childhood Education Capital	**1,250**	**1,234**	**0**
Family Savings Accounts	**1,000**	**987**	**0**
(F)Assets for Independence	1,000	1,000	1,000
Shared Municipal Services	**2,400**	**2,369**	**2,000**
Local Government Resources and Development	**10,000**	**10,000**	**0**
New Communities	**18,000**	**17,766**	**15,000**
(F)Enterprise Communities - SSBG	10,000	10,000	10,000
Appalachian Regional Commission	**1,000**	**987**	**859**
Community Action Team (CAT)	**1,000**	**987**	**644**
Industrial Development Assistance	**4,326**	**4,096**	**3,112**
Local Development Districts	**6,140**	**6,034**	**4,584**
Small Business Development Centers	**7,376**	**7,302**	**5,547**
Tourist Promotion Assistance	**15,588** c	**16,372** d	**10,000**
Tourism - Accredited Zoos	**2,250**	**2,228**	**0**
Community Revitalization	**40,220**	**40,200**	**0**
Urban Development	**20,110**	**20,500**	**0**
Community and Business Assistance	**2,744**	**2,500**	**0**
Economic Growth & Development Assistance	**7,000**	**6,800**	**0**
Community & Municipal Facilities Assistance	**5,800**	**5,500**	**0**
Market Development	**500**	**100**	**0**
Rural Leadership Training	**186**	**207**	**250**
Flood Plain Management	**60**	**59**	**59**
(F)FEMA Technical Assistance	200	260	172
(F)FEMA - Mapping	100	70	70
Community Conservation and Employment	**44,000**	**44,610**	**24,913**
(F)Community Services Block Grant	28,000	28,000	27,200
(F)Supported Work Program (EA)	9,217	0	0
(A)Supported Work	2,710	0	0
(A)Reimbursement from Health	400	0	0
(A)Reimbursement from PPTN	3,000	0	0
Super Computer Center	**1,525**	**900**	**0**
Infrastructure Technical Assistance	**4,000**	**3,926**	**0**
Minority Business Development	**3,000**	**3,000**	**0**
Fay Penn	**600**	**600**	**0**
Tourist Product Development	**2,000**	**1,974**	**0**
Industrial Resource Centers	**15,200**	**15,149**	**11,508**
Early Intervention for Distressed Municipalities	**750**	**740**	**740**
(F)Dislocated Workforce Demo Grant	250	0	0
Manufacturing and Business Assistance	**1,000**	**1,000**	**0**
PENNTAP	**75**	**75**	**0**
Agile Manufacturing	**750**	**675**	**0**
Powdered Metals	**200**	**200**	**0**
Regional Development Initiative	**13,500**	**13,484**	**0**
Infrastructure & Facilities Improvement Grants	**20,000**	**27,000**	**35,500**
Digital & Robotic Technology	**2,500**	**2,000**	**0**
Film Grant Program	**5,000**	**0**	**0**
Cultural Activities	**4,000**	**3,832**	**0**
Economic Advancement	**18,000**	**17,800**	**9,910**
Community and Regional Development	**16,400**	**15,900**	**12,570**
Subtotal - State Funds	$ 529,686	$ 541,865	$ 351,693
Subtotal - Federal Funds	93,142	160,483	87,053

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Subtotal - Augmentations	6,110	0	0
Total - Grants and Subsidies	$ 628,938	$ 702,348	$ 438,746
STATE FUNDS	$ 623,260	$ 630,017	$ 412,041
FEDERAL FUNDS	98,224	165,546	91,703
AUGMENTATIONS	11,355	5,493	6,044
RESTRICTED REVENUES	966	1,020	1,040
GENERAL FUND TOTAL	**$ 733,805**	**$ 802,076**	**$ 510,828**
TOBACCO SETTLEMENT FUND:			
General Government:			
(R)Tobacco Settlement Investment Board	$ 0 e	$ 0 e	$ 0 e
Grants and Subsidies:			
Life Sciences Greenhouses	**$ 3,000**	**$ 3,000**	**$ 3,000**
STATE FUNDS	$ 3,000	$ 3,000	$ 3,000
TOBACCO SETTLEMENT FUND TOTAL	**$ 3,000**	**$ 3,000**	**$ 3,000**
OTHER FUNDS:			
GENERAL FUND:			
Industrial Sites Environmental Assessment Fund	$ 331	$ 500	$ 493
Industrialized Housing	340	369	400
GENERAL FUND TOTAL	**$ 671**	**$ 869**	**$ 893**
BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND:			
Ben Franklin Technology	$ 55,685	$ 80,077	$ 96,077
Assistive Technology (F)	500	0	0
Telecommunications Initiatives (F)	6,000	0	0
Telecommunications Infrastructure (F)	2,000	2,000	2,000
Telecommunication Projects (F)	500	500	0
Innovation Partnerships (F)	500	0	0
BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND TOTAL	**$ 65,185**	**$ 82,577**	**$ 98,077**
BROADBAND OUTREACH AND AGGREGATION FUND:			
Broadband Outreach Administration (EA)	$ 72	$ 55	$ 58
Broadband Outreach Grants (EA)	2,328	2,045	2,300
BROADBAND OUTREACH AND AGGREGATION FUND TOTAL	**$ 2,400**	**$ 2,100**	**$ 2,358**
GROWING GREENER BOND FUND:			
Main Street and Downtown Redevelopment	$ 15,234 f	$ 14,020 f	$ 12,000 f
Industrial Sites Reuse Program	1,658 g	4,888 g	5,000 g
GROWING GREENER BOND FUND TOTAL	**$ 16,892**	**$ 18,908**	**$ 17,000**
HOME INVESTMENT TRUST FUND:			
HOME Investment Partnership	$ 1,009	$ 1,009	$ 1,009
INDUSTRIAL DEVELOPMENT FUND:			
PA Industrial Development Authority	$ 1	$ 0	$ 0
INDUSTRIAL SITES CLEANUP FUND:			
Industrial Sites Cleanup - Administration (EA)	$ 229	$ 235	$ 288
Industrial Sites Cleanup - Projects (EA)	6,000	6,000	6,000
INDUSTRIAL SITES CLEANUP FUND TOTAL	**$ 6,229**	**$ 6,235**	**$ 6,288**
LOCAL GOVERNMENT CAPITAL PROJECT LOAN FUND:			
Local Government Capital Project Loans (EA)	$ 1,000	$ 1,000	$ 1,000

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
MACHINERY AND EQUIPMENT LOAN FUND:			
General Operations (EA)	$ 688	$ 569	$ 597
Machinery and Equipment Loans (EA)	38,000	40,000	40,000
Transfer to the Biotechnology Commercialization Account	0	6,000	0
Transfer to the Health Venture Account	0	6,000	0
MACHINERY AND EQUIPMENT LOAN FUND TOTAL	**$ 38,688**	**$ 52,569**	**$ 40,597**
MINORITY BUSINESS DEVELOPMENT FUND:			
General Operations (EA)	$ 302	$ 312	$ 237
Minority Business Development Loans (EA)	4,000	2,700	2,300
MINORITY BUSINESS DEVELOPMENT FUND TOTAL	**$ 4,302**	**$ 3,012**	**$ 2,537**
MUNICIPALITIES FINANCIAL RECOVERY REVOLVING AID FUND:			
Distressed Community Assistance (EA)	$ 3,800	$ 3,300	$ 3,450
SMALL BUSINESS FIRST FUND:			
Administration (EA)	$ 1,656	$ 1,661	$ 1,692
Loans (EA)	28,000	28,000	28,000
Pollution Prevention Loans (EA)	1,600	700	1,500
EDA - Loans (EA)	2,000	3,187	3,000
Community Economic Development Loans (EA)	5,000	5,000	5,000
SMALL BUSINESS FIRST FUND TOTAL	**$ 38,256**	**$ 38,548**	**$ 39,192**
TOBACCO SETTLEMENT FUND:			
Biotechnology Commercialization Account	$ 0	$ 0 [h]	$ 0
Health Venture Investment Account	0	0 [i]	0
TOBACCO SETTLEMENT FUND TOTAL	**$ 0**	**$ 0**	**$ 0**
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Underground Storage Tank Administration (EA)	$ 24	$ 24	$ 24
Upgrade Loans (EA)	1,000	1,000	1,000
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL	**$ 1,024**	**$ 1,024**	**$ 1,024**
WATER SUPPLY AND WASTE WATER TREATMENT FUND:			
Commonwealth Financing Authority - Public Projects	$ 49,368 [j]	$ 41,612 [j]	$ 39,600 [j]
Commonwealth Financing Authority - Private Projects	7,651 [j]	5,674 [j]	5,400 [j]
WATER SUPPLY AND WASTE WATER TREATMENT FUND TOTAL	**$ 57,019**	**$ 47,286**	**$ 45,000**
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Small Business Advocate - Workers' Compensation (R)	$ 174	$ 183	$ 190
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 623,260	$ 630,017	$ 412,041
SPECIAL FUNDS	3,000	3,000	3,000
FEDERAL FUNDS	98,224	165,546	91,703
AUGMENTATIONS	11,355	5,493	6,044
RESTRICTED	966	1,020	1,040
OTHER FUNDS	236,650	258,620	258,615
TOTAL ALL FUNDS	**$ 973,455**	**$ 1,063,696**	**$ 772,443**

Summary by Fund and Appropriation

[a] Appropriated as $5,944,000 for International Trade and $12,000,000 for World Trade PA.

[b] Includes recommended supplemental appropriation of $60,000,000.

[c] Appropriated as $5,000,000 for Regional Marketing Partnerships and $10,588,000 for Tourist Promotion Assisstance.

[d] Appropriated as $8,883,000 for Regional Marketing Partnerships and $7,489,000 for Tourist Promotion Assisstance.

[e] In all years, program funded by the Health Endowment Account for Long-Term Hope.

[f] Appropriated as $50,000,000 continuing executive authorization in 2005-06. Amount shown is estimate of program disbursements within the fiscal year.

[g] Appropriated as $10,000,000 continuing executive authorization in 2005-06. Amount shown is estimate of program disbursements within the fiscal year.

[h] Not added to the total to avoid double counting. 2008-09 Available is $6,000,000.

[i] Not added to the total to avoid double counting. 2008-09 Available is $6,000,000.

[j] Appropriated as $200,000,000 continuing executive authorization in 2005-06. Amount shown is estimate of program disbursements within the fiscal year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
COMMUNITY AND ECONOMIC DEVELOPMENT SUPPORT SERVICES							
GENERAL FUND	$ 107,841	$ 98,251	$ 61,110	$ 61,110	$ 61,110	$ 61,110	$ 61,110
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	4,037	4,602	4,115	4,115	4,115	4,115	4,115
OTHER FUNDS	67,462	60,970	59,632	52,121	10,121	10,121	10,121
SUBCATEGORY TOTAL	$ 179,340	$ 163,823	$ 124,857	$ 117,346	$ 75,346	$ 75,346	$ 75,346
BUSINESS AND JOB DEVELOPMENT							
GENERAL FUND	$ 185,048	$ 204,592	$ 180,772	$ 202,860	$ 221,572	$ 221,556	$ 221,547
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	300	330	242	242	242	242	242
OTHER FUNDS	88,831	101,888	90,131	90,131	90,131	90,131	90,131
SUBCATEGORY TOTAL	$ 274,179	$ 306,810	$ 271,145	$ 293,233	$ 311,945	$ 311,929	$ 311,920
TECHNOLOGY DEVELOPMENT							
GENERAL FUND	$ 74,450	$ 72,625	$ 51,508	$ 51,508	$ 51,508	$ 51,508	$ 51,508
SPECIAL FUNDS	3,000	3,000	3,000	3,000	3,000	3,000	3,000
FEDERAL FUNDS	250	0	0	0	0	0	0
OTHER FUNDS	65,185	82,577	98,077	82,053	82,053	82,053	82,053
SUBCATEGORY TOTAL	$ 142,885	$ 158,202	$ 152,585	$ 136,561	$ 136,561	$ 136,561	$ 136,561
COMMUNITY DEVELOPMENT							
GENERAL FUND	$ 255,921	$ 254,549	$ 118,651	$ 116,201	$ 116,201	$ 116,201	$ 116,201
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	93,637	160,614	87,346	87,346	87,346	87,346	87,346
OTHER FUNDS	27,493	19,698	17,859	11,006	5,859	5,859	5,859
SUBCATEGORY TOTAL	$ 377,051	$ 434,861	$ 223,856	$ 214,553	$ 209,406	$ 209,406	$ 209,406
ALL PROGRAMS:							
GENERAL FUND	$ 623,260	$ 630,017	$ 412,041	$ 431,679	$ 450,391	$ 450,375	$ 450,366
SPECIAL FUNDS	3,000	3,000	3,000	3,000	3,000	3,000	3,000
FEDERAL FUNDS	98,224	165,546	91,703	91,703	91,703	91,703	91,703
OTHER FUNDS	248,971	265,133	265,699	235,311	188,164	188,164	188,164
DEPARTMENT TOTAL	$ 973,455	$ 1,063,696	$ 772,443	$ 761,693	$ 733,258	$ 733,242	$ 733,233

PROGRAM OBJECTIVE: To utilize state economic development resources in a cohesive and cost-effective manner in order to assist in the job creation and retention process within the commonwealth.

Program: Community and Economic Development Support Services

The Department of Community and Economic Development works in partnership with hundreds of local, community and regional service providers to deliver resources to businesses, communities and individuals in need of assistance. Because of the complexity of the delivery system, the department plays a key role to ensure that the system delivers maximum effectiveness and efficiency. The department's role ensures that Pennsylvania's businesses and communities provide the opportunity for all residents to achieve a high quality of life.

The Governor's Action Team is the major component of the Support Services program. The team works directly with Pennsylvania companies to preserve and expand job opportunities and recruits out-of-state companies to locate or expand their operations in the commonwealth. The Governor's Action Team also serves as the Governor's interagency economic development group for individual projects that require the involvement of two or more agencies.

Marketing and local planning assistance efforts further supplement the daily operations of the department. Marketing promotes Pennsylvania to individuals as an attractive destination in order to maximize Pennsylvania's share of the tourism dollar as well as to companies and organizations as a preferred location with a good business climate and a vibrant place to live and work. Toward these ends, the department operates two separate extensive multi-media advertising campaigns. One targets economic development and the other targets tourism. The department also focuses on interactive marketing to highlight Pennsylvania's economy and quality of life.

The economic development marketing component includes efforts to increase foreign and domestic investments in Pennsylvania and to expand the markets for products of Pennsylvania firms overseas. Trade missions and trade shows provide venues for companies to develop their export potential and expand their export base. In collaboration with 23 contracted trade offices, small businesses are provided support to overcome the many legal, financial and logistical problems inherent in doing business internationally. The World Trade PA initiative, established in 2006, provides additional assistance to businesses that seek to enter and compete in international markets. Domestically, the current marketing program targets the promotion of Pennsylvania's Economic Stimulus Package, Energy Independence Strategy and water and sewer investments. Those programs total more than $3.4 billion in economic development funds, giving Pennsylvania a particular competitive advantage.

The tourism marketing component involves the Tourist Promotion Assistance (TPA) Grant program, which assists county and regional tourist promotion agencies in Pennsylvania by providing grants as matching assistance for advertising and promotion expenses. A key element of tourism marketing is the coordination of the commonwealth's tourism program with the TPA's efforts. Act 189 of 2002 further supports these efforts through the Pennsylvania Travel and Tourism Partnership which ensures the commonwealth's strategic tourism plan is continually evaluated and advanced. The Film Marketing Office is responsible for the attraction of film promotion companies. That office achieves its goals through incentives such as tax credits, online film database and one-on-one customer support.

Program: Community and Economic Development Support Services (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Traveler expenditures (in millions)	$26,820	$26,840	$24,500	$24,500	$24,500	$24,500	$24,500
Tourist Promotion Assistance							
Public/private funds leveraged (in thousands)	$69,102	$70,200	$54,000	$55,875	$57,375	$59,250	$61,500
Hotel rooms sold (in thousands)	26,940	26,950	20,325	20,730	21,375	21,900	22,425
Tax revenues generated (in thousands)	$1,500,000	$1,525,000	$1,400,500	$1,400,000	$1,300,500	$1,300,500	$1,400,000
Export sales facilitated (in thousands)	$364,780	$375,000	$437,500	$525,000	$551,250	$578,813	$639,588
Return on Investment: Export Sales Facilitated							
Ratio of export sales facilitated to DCED cost	68:1	56:1	49:1	59:1	62:1	65:1	72:1
Office of International Business Development (OIBD) businesses assisted	1,263	1,280	974	989	1,004	1,019	1,034
Foreign Direct Investments (FDI) investment projects completed	23	26	23	26	30	35	39

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

General Government Operations

$ –183	—nonrecurring 2008-09 budgetary freeze amount.
141	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
–531	—reduction in administrative costs.
$ –573	*Appropriation Decrease*

Office of Open Records

$ 332	—to continue current program.

World Trade PA

$ –5,089	—program reduction.

Marketing to Attract Tourists

$ –1,767	—nonrecurring projects.
–5,157	—program reduction.
$ –6,924	*Appropriation Decrease*

Marketing to Attract Business

$ –1,106	—program reduction.

Cultural Expositions and Exhibitions

$ –6,300	—nonrecurring projects.

Marketing to Attract Film Business

$ –184	—program reduction.

Base Realignment and Closure

$ –272	—program elimination.

Appalachian Regional Commission

$ –128	—nonrecurring 2008-09 budgetary freeze amount.

Industrial Development Assistance

$ –984	—program reduction.

Local Development Districts

$ –473	—program reduction.
–977	—nonrecurring projects.
$ –1,450	*Appropriation Decrease*

Tourist Promotion Assistance

$ –622	—to restructure the Tourist Promotion Assistance, Regional Marketing Partnerships and Marketing to Attract Business programs to provide for more efficient and effective local and regional tourism marketing efforts.
–5,750	—program reduction.
$ –6,372	*Appropriation Decrease*

Tourism – Accredited Zoos

$ –2,228	—nonrecurring projects.

Market Development

$ –100	—nonrecurring projects.

Rural Leadership Training

$ 43	—to continue current program.

Tourist Product Development

$ –1,974	—program elimination.

Cultural Activities

$ –3,832	—nonrecurring projects.

Program: Community and Economic Development Support Services (continued)

Appropriations within this Program:

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 19,874	$ 20,373	$ 19,800	$ 19,800	$ 19,800	$ 19,800	$ 19,800
Office of Open Records	0	1,010	1,342	1,342	1,342	1,342	1,342
World Trade PA	17,944	14,075	8,986	8,986	8,986	8,986	8,986
Interactive Marketing	2,040	0	0	0	0	0	0
Marketing to Attract Tourists	15,521	16,909	9,985	9,985	9,985	9,985	9,985
Marketing to Attract Business	3,491	2,906	1,800	1,800	1,800	1,800	1,800
Cultural Expositions and Exhibitions	6,345	6,300	0	0	0	0	0
Marketing to Attract Film Business	610	576	392	392	392	392	392
Base Realignment and Closure	1,026	272	0	0	0	0	0
Appalachian Regional Commission	1,000	987	859	859	859	859	859
Industrial Development Assistance	4,326	4,096	3,112	3,112	3,112	3,112	3,112
Local Development Districts	6,140	6,034	4,584	4,584	4,584	4,584	4,584
Tourist Promotion Assistance	15,588	16,372	10,000	10,000	10,000	10,000	10,000
Tourism - Accredited Zoos	2,250	2,228	0	0	0	0	0
Market Development	500	100	0	0	0	0	0
Rural Leadership Training	186	207	250	250	250	250	250
Tourist Product Development	2,000	1,974	0	0	0	0	0
Film Grant Program	5,000	0	0	0	0	0	0
Cultural Activities	4,000	3,832	0	0	0	0	0
TOTAL GENERAL FUND	$ 107,841	$ 98,251	$ 61,110	$ 61,110	$ 61,110	$ 61,110	$ 61,110

PROGRAM OBJECTIVE: To ensure that capital for the creation, location, retention and expansion of private business is available at each step of the business life cycle for all types and sizes of business and to make possible lower capital costs as an attraction for businesses to invest or re-invest in Pennsylvania.

Program: Business and Job Development

The department has a broad array of programs available to create the best possible climate for business start-ups and development. The newpa.com website links customers to general information, publications, specific program guidelines and the department's electronic Single Application for Assistance. The proprietary electronic single application process allows customers to apply for funds via the on-line application process.

Program Element: Economic Development

The Business Retention and Expansion Program (BREP) works with the commonwealth's 10 marketing regions to promote job retention, expansion and creation. BREP representatives contact Pennsylvania businesses to identify their needs in an effort to retain and improve their Pennsylvania operations. Information gathered is entered into a database to provide an efficient means for the development of customized action plans. The database also allows BREP to access, analyze and acquire in-depth information on Pennsylvania's community and economic assets.

The PennPorts office provides for the development of Pennsylvania's ports, which include the Erie Port, the Philadelphia Regional Port Authority and the Pittsburgh Port Commission. Funds are used to aid in the development of these assets, which not only generate port and shipping-related jobs but also assist Pennsylvania firms in the export of their products.

The PA Export Network, an integrated and customer-focused group of key export assistance partners, consolidates efforts and coordinates more effective export assistance initiatives to meet the needs of commonwealth companies. The Export Network links the regions to our overseas offices, which offer assistance to support the international trade activities of Pennsylvania businesses.

The Opportunity Grant program is a tool used by the Governor's Action Team and Business Assistance Office to secure job creation and economic development opportunities through the preservation and expansion of existing industries. The program also serves to attract economic development prospects to the commonwealth. The program's flexibility is the key to its usefulness. Eligible reimbursable costs may include job training, infrastructure improvements, land and building acquisition and/or improvement costs, machinery and equipment purchase, working capital, environmental assessment and remediation. Grants are based on the total project cost, private capital investment and job creation or retention.

The Small Business First Fund is a single multi-purpose fund that can make loans to small businesses for a wide range of needs. Eligible uses include funds for environmental needs like air quality, storage tank replacement, recycling and water quality, as well as defense conversion and hospitality industry projects. In addition, the Small Business First Fund provides financial assistance for export-related projects. Act 213 of 2002 expanded the definition of a small business to include agricultural producers. The department began the Community and Economic Development Loan program in 1999 for small businesses located in distressed areas that have social or economic disadvantage. Act 100 of 1998 allows the fund to provide pollution prevention loans. Act 213 of 2002 increased the maximum loan from $50,000 to $100,000.

The Infrastructure Development Program provides grants and loans to develop and improve business sites. Funds may be provided for specific infrastructure improvements necessary to complement planned industrial investment by private companies, to restore blighted land to productive use and to develop the restored land, or to develop local infrastructure at business sites. Local public and nonprofit sponsors may receive grants and loans on behalf of industrial, manufacturing, research and development, agriculture-related and export service enterprises for improvements such as energy facilities, fire and safety facilities, sewer and water systems, transportation and waste disposal facilities. Private real estate developers are also eligible if they develop sites for eligible private companies.

The Pennsylvania Industrial Development Authority (PIDA) was established in 1956 to make long-term, low-interest business loans for job creation or retention to firms engaged in manufacturing or industrial enterprises. PIDA funds may be used for land and buildings. Current policy targets PIDA funds to small and advanced technology businesses and areas of high unemployment. A qualified business may receive up to $2.25 million at interest rates that range from $4\,^{3}/_{4}$ percent to $5\,^{3}/_{4}$ percent, depending upon the unemployment rate in the county where the project is located.

The Machinery and Equipment Loan Fund (MELF), redefined in Act 213 of 2002, provides low-interest loans to manufacturing, industrial, medical, information technology, biotechnology mining companies and production agriculture. The loans are used to acquire and install new

Program: Business and Job Development (continued)

or used machinery and equipment. Interest rates are similar to PIDA and vary depending on the county and municipality unemployment levels. The applicant must agree to create or preserve jobs as a criterion of the program.

Job Creation Tax Credits, authorized by Act 23 of 2001, provide tax credits for each approved job created. Tax credits are also approved for businesses that agree to create jobs in the commonwealth within three years. Businesses must agree to create at least 25 new jobs or new jobs to equal at least 20 percent of the current workforce. Twenty-five percent of the tax credits allocated each year are reserved for businesses with less than 100 employees and may not be utilized until the jobs are actually created. Credits not fully utilized or recaptured from any fiscal year may be reissued by the department.

The Industrial Sites Reuse Program provides grants and low-interest loans to companies, private real estate developers, and municipalities that perform environmental site assessment and remediation work at former industrial sites. Funds are not available for companies that caused the environmental contamination on the property.

The Commonwealth Financing Authority (CFA), created by Act 22 of 2004, is authorized to issue debt to support a full cadre of new economic development programs and to capitalize some existing programs such as MELF. Programs include: Business in Our Sites, which creates shovel-ready sites for business expansion; the First Industries program, which offers grant, loan and loan guarantees through several different programs to support tourism and agricultural projects; PennWorks, which provides grants and loans for water and wastewater infrastructure development; the Second Stage Loan Guarantee program which provides guarantees for successful Pennsylvania businesses that seek working capital from banks; and the Tax Increment Financing Guarantee program which enables local governments to achieve more favorable borrowing terms and allows the debt to be repaid with future revenues. Act 22 also created Building PA, the New Pennsylvania Venture Guarantee program and the Venture Capital Investment program.

Act 1 of Special Session 1 of 2008, the Alternative Energy Investment Act, authorizes the CFA to issue a total of $500 million in debt service for alternative energy development programs. Of those funds, $335 million is designated as follows: $40 million to the Ben Franklin Technology Development Authority (BFTDA) for energy-related investments to support early-stage activities such as research, incubator support and investments in companies; $165 million to businesses, non-profit economic development organizations and political subdivisions for clean and alternative energy projects such as buildings, equipment and land development activities; $25 million to individuals and small businesses for high-performance, energy-efficient building projects; $25 million for geothermal and wind energy projects; and $80 million for alternative energy production projects that involve solar technologies. In addition, another $150 million will be available over seven years to help consumers and small businesses weatherize their homes and adopt conservation tools and offer tax credits to businesses that develop and build alternative energy projects in Pennsylvania.

H_2O PA, Act 63 of 2008, authorizes CFA to issue $800 million in debt to fund flood control projects, high hazard unsafe dam projects and water, sanitary sewer and storm sewer projects. CFA will administer the programs in conjunction with DCED, DEP and PENNVEST.

The Core Industries Stimulus program, also created by Act 22 of 2004, enhances the MELF loan program. It provides an additional $75 million in revolving loan funds to increase the maximum loan amount from $500,000 to $5 million. Information technology companies and licensed hospitals are now also eligible to receive funds, and $25 million will be targeted to aid hospitals with the purchase and installation of FDA-required pharmaceutical management technology.

The Infrastructure and Facilities Grant program established in Act 23 of 2004, awards multi-year grants to debt-issuing authorities toward the payment of debt service and related costs for economic development projects. Grant awards are calculated based on the expected sales tax, hotel occupancy tax or personal income tax to be generated by the identified project.

The Pennsylvania Race Horse Development and Gaming Act of 2004 established the Pennsylvania Local Share Account program at DCED. The purpose of the program is to distribute 2 percent of gross terminal revenues of certain licensed gaming facilities to support and enhance community and economic well-being.

Program Element: Workforce Development

The Customized Job Training (CJT) program provides grant funds to new and existing Pennsylvania companies for customized or advanced training for new, entry-level employees and for retention and upgrade of existing employees to accommodate new technologies. The Guaranteed Free Training (GFT) program, a major part of CJT, provides funds to Pennsylvania companies for basic skills and information technology training. The program guarantees training to meet the standards agreed to by the company and the training provider. The GFT program is critical to ensure that highly-skilled workers are available for Pennsylvania companies. The Job Enhancement Act of 2002 redefined CJT, expanded eligible programs and included private companies and local workforce investment boards as potential applicants.

The Workforce Leadership Grants program establishes integrated academic programs in three growing industry clusters: biotechnology/life sciences, information technology/optoelectronics and advanced manufacturing

Program: Business and Job Development (continued)

and materials. The program provides grants for an integrated and seamless educational program across secondary, two-year and four-year post secondary programs as a means to create a pipeline of skilled technical workers. Designed to help Pennsylvania's existing and emerging industries compete in a technology-based global economy, the grants are focused specifically on high-technology industry clusters which include biotechnology/life sciences, information technology/optoelectronics and advanced manufacturing/materials. All programs must include a nanotechnology component.

Program Element: Pennsylvania Economic Development Financing Authority (PEDFA)

The PEDFA provides taxable and tax-exempt bond financing for economic development projects. PEDFA provides funds to finance or refinance buildings, machinery and equipment and working capital. Applications must be submitted through an industrial development authority.

Program Element: Pennsylvania Minority Business Development Authority (PMBDA)

The PMBDA offers low-interest loans to minority-owned businesses for fixed assets, working capital and other financing needs. These efforts can be particularly crucial given the difficulty minority entrepreneurs experience when they try to secure adequate funds, especially working capital.

Program Element: Capital Access Program (PennCAP)

PennCAP is a loan guarantee program designed to help small-business borrowers that don't meet a bank's normal small business lending requirements. Eligible uses include land and building acquisition, machinery and equipment and working capital. Loans may be guaranteed up to $500,000. Rates and terms are negotiated with the participant bank. The PEDFA bond program provides the guarantee for bank loans, term loans or lines of credit.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Business Assistance							
Businesses assisted	10,096	10,587	10,010	10,195	10,380	10,658	10,658
Jobs created / pledged to be created	69,390	59,425	60,000	60,000	60,000	60,000	60,000
Jobs retained / pledged to be retained	91,978	93,000	88,000	91,000	94,000	96,000	96,000
Public funds leveraged (in thousands)	$585,990	$615,290	$599,000	$629,000	$660,000	$660,000	$660,000
Private funds leveraged (in thousands)	$6,104,013	$4,959,450	$4,700,000	$4,715,000	$4,708,000	$4,708,000	$4,708,000
Persons receiving job training	117,667	75,000	68,000	68,000	68,000	68,000	68,000
Opportunity Grants: projects assisted	108	122	80	85	85	85	85
Brownfield redevelopment projects assisted	74	57	60	63	67	70	70

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Business Retention and Expansion

$ –236	—nonrecurring 2008-09 budgetary freeze amount.
3	—to continue current program.
$ –233	*Appropriation Decrease*

PennPORTS

$ –6,981	—nonrecurring projects.

Goods Movement and Intermodal Coordination

$ –474	—program reduction.

Transfer to Commonwealth Financing Authority

$ 4,762	—to provide debt service for economic development bonds.

Intergovernmental Cooperation Authority-2nd Class Cities

$ –66	—nonrecurring 2008-09 budgetary freeze amount.

Opportunity Grant Program

$ –9,732	—program reduction.

Customized Job Training

$ –1,740	—program reduction.

Keystone Innovation Zones

$ 9	—to continue current program.

Workforce Leadership Grants

$ –3,010	—program reduction.

Emergency Responder and Training

$ –5,500	—nonrecurring projects.

Program: Business and Job Development (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

Infrastructure Development

$ –2,000	—program reduction.

Small Business Development Centers

$ –595	—nonrecurring projects.
–1,160	—program reduction.
$ –1,755	*Appropriation Decrease*

Minority Business Development

$ –3,000	—nonrecurring projects.

Fay Penn

$ –600	—nonrecurring projects.

Infrastructure & Facilities Improvement Grants

$ –1,500	—nonrecurring 2008-09 budgetary freeze amount.
10,000	—Initiative—Infrastructure and Facility Improvement. To provide multi-year grants for new infrastructure and facility improvement projects.
$ 8,500	*Appropriation Increase*

Digital & Robotic Technology

$ –2,000	—nonrecurring projects.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Business Retention and Expansion	$ 3,226	$ 3,184	$ 2,951	$ 2,951	$ 2,951	$ 2,951	$ 2,951
PennPORTS	0	0	9,419	9,419	9,419	9,419	9,419
PennPORTS Operations	400	421	0	0	0	0	0
PennPORTS-Port of Pittsburgh	1,500	1,500	0	0	0	0	0
PennPORTS-Port of Erie	2,640	2,640	0	0	0	0	0
PennPORTS-Delaware River Maritime Council	966	966	0	0	0	0	0
PennPORTS-Philadelphia Regional Port Authority Operations	6,501	5,648	0	0	0	0	0
PennPORTS-Philadelphia Regional Port Authority Debt Service	4,543	4,525	0	0	0	0	0
PennPORTS-Piers	300	300	0	0	0	0	0
PennPORTS-Navigational System	400	400	0	0	0	0	0
Goods Movement and Intermodal Coordination	2,000	1,974	1,500	1,500	1,500	1,500	1,500
Transfer to Industrial Sites Environmental Assessment Fund	500	493	493	493	493	493	493
Transfer to Commonwealth Financing Authority	47,038	62,473	67,235	89,323	108,035	108,019	108,010
Intergovernmental Cooperation Authority-2nd Class Cities	900	666	600	600	600	600	600
Opportunity Grant Program	25,000	28,000	18,268	18,268	18,268	18,268	18,268
Customized Job Training	22,500	19,740	18,000	18,000	18,000	18,000	18,000
Keystone Innovation Zones	2,000	691	700	700	700	700	700
Workforce Leadership Grants	3,050	3,010	0	0	0	0	0
Emergency Responder and Training	5,548	5,500	0	0	0	0	0
Infrastructure Development	22,500	22,500	20,500	20,500	20,500	20,500	20,500
Small Business Development Centers	7,376	7,302	5,547	5,547	5,547	5,547	5,547
Flood Plain Management	60	59	59	59	59	59	59
Minority Business Development	3,000	3,000	0	0	0	0	0
Fay Penn	600	600	0	0	0	0	0
Infrastructure & Facilities Improvement Grants	20,000	27,000	35,500	35,500	35,500	35,500	35,500
Digital & Robotic Technology	2,500	2,000	0	0	0	0	0
TOTAL GENERAL FUND	$ 185,048	$ 204,592	$ 180,772	$ 202,860	$ 221,572	$ 221,556	$ 221,547

PROGRAM OBJECTIVE: To promote the use of advanced technology in order to help Pennsylvania industries compete successfully in the national and international market places; to encourage research and development of new products and processes that will foster the start-up of new business within the commonwealth; and to fund research centers that will provide an incentive for indigenous business formation, as well as serving to attract investment in Pennsylvania.

Program: Technology Development

Technology-based economic development drives the development of new companies and technologies in the commonwealth. This enables businesses and individuals to develop the skills and opportunities necessary to remain competitive. Technology development allows Pennsylvania to build the infrastructure necessary to continue to grow new businesses and interconnect in a global marketplace.

The Ben Franklin Technology Development Authority (BFTDA) was established by Act 38 of 2001 to continue the promotion of advanced technology in Pennsylvania's traditional and emerging manufacturing industries, as well as small businesses. The Authority provides a vital vehicle for investment in economic, community and university-based innovation. In 2008-09, approximately $51 million has been allocated to the BFTDA. The financial and technical assistance provided by BFTDA includes: the Venture Investment program, which provides capital to venture partnerships that invest in Pennsylvania companies; the Technology Development Grant program, which helps to position groups or consortia of Pennsylvania companies at the cutting edge of emerging technologies and to establish a competitive advantage through advanced e-business systems; and the University Research Grant program, which promotes stronger synergy between university-based research and development and the transfer of technology in economic and workforce development.

Keystone Innovation Zone (KIZ) operational grants, also funded through the Authority, drive economic development partnering between universities and entrepreneurial organizations. The grant funds generate job growth through technology transfer and entrepreneurship. There are two companion programs to the KIZ program: the Keystone Innovation Grant (KIG) and the Keystone Innovation Starter Kit (KISK). KIG provides funds to encourage the technology transfer and commercialization of intellectual property between Pennsylvania's technology-oriented businesses and entrepreneurs and KIZ-participating institutions of higher education. KISK is designed to recruit new, top-level research faculty to Pennsylvania's academic medical centers and institutions of higher education to accelerate the development of a cluster of companies and employees in emerging and growing technology areas. BFTDA will also manage the deployment of energy funds to the Ben Franklin Technology Partners over the next several years.

The Broadband Outreach and Aggregation Fund, created by Act 183 of 2004, sustains activities to accelerate broadband deployment across the commonwealth for economic development purposes. The program provides grant funds for outreach, the use and procurement of broadband services, and seed grants to aggregate customer demand in communities with limited service.

The Pennsylvania Life Sciences Greenhouse Initiative, funded by Tobacco Settlement dollars, supports early-stage life sciences risk capital and is a catalyst for the development and creation of new life-sciences-related products and companies. Three regional organizations focus on increasing the formation and growth of Pennsylvania's life science companies.

The Industrial Resource Centers' focus is to improve the competitive ability of Pennsylvania's traditional and emerging manufacturing firms. This network of seven private, nonprofit economic development corporations located throughout the commonwealth assists small and medium-sized manufacturers with implementation of manufacturing technologies and sound management practices. The program has a two-fold strategy of implementing cost saving measures and enabling company growth to assist Pennsylvania manufacturers as they compete in a global economy.

The Pennsylvania Infrastructure Technical Alliance integrates university-based technology research with business and economic development. The alliance creates an environment that links Pennsylvania companies with students to create high-paying jobs and retain highly-educated students.

Program: Technology Development (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Technology Investment							
Businesses assisted	5,709	5,900	4,700	4,900	5,000	5,300	5,500
Jobs created	7,612	8,000	6,400	6,600	6,800	7,000	7,300
Jobs retained	13,604	14,100	11,100	11,500	11,900	12,300	12,800
Private funds leveraged (in thousands)	$615,582	$514,000	$438,000	$456,000	$492,000	$532,000	$575,000
Public funds leveraged (in thousands)	$547,974	$522,000	$411,000	$425,000	$440,000	$455,000	$471,000
New companies established	384	396	310	330	340	350	360

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Transfer to Ben Franklin Technology Development Authority Fund

$ –10,700 —program reduction.

Super Computer Center

$ –900 —nonrecurring projects.

Infrastructure Technical Assistance

$ –3,926 —nonrecurring projects.

Industrial Resource Centers

$ –137 —nonrecurring projects.
–3,504 —program reduction.
$ –3,641 *Appropriation Decrease*

Manufacturing and Business Assistance

$ –1,000 —nonrecurring projects.

PENNTAP

$ –75 —nonrecurring projects.

Agile Manufacturing

$ –675 —nonrecurring projects.

Powdered Metals

$ –200 —nonrecurring projects.

TOBACCO SETTLEMENT FUND

Life Sciences Greenhouses is recommended at the current funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Transfer to Ben Franklin Technical Development Authority Fund	$ 51,700	$ 50,700	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000
Super Computer Center	1,525	900	0	0	0	0	0
Infrastructure Technical Assistance	4,000	3,926	0	0	0	0	0
Industrial Resource Centers	15,200	15,149	11,508	11,508	11,508	11,508	11,508
Manufacturing and Business Assistance	1,000	1,000	0	0	0	0	0
PENNTAP	75	75	0	0	0	0	0
Agile Manufacturing	750	675	0	0	0	0	0
Powdered Metals	200	200	0	0	0	0	0
TOTAL GENERAL FUND	$ 74,450	$ 72,625	$ 51,508	$ 51,508	$ 51,508	$ 51,508	$ 51,508
TOBACCO SETTLEMENT FUND:							
Life Sciences Greenhouses	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000

PROGRAM OBJECTIVE: To enhance the total environment of Pennsylvania's communities through improvements in the areas of housing, community development, job training and human services.

Program: Community Development

Program Element: Housing and Redevelopment

The department administers one state and three federally-funded programs that target affordable housing for low- and moderate-income Pennsylvanians and the comprehensive revitalization of communities.

The state Housing and Redevelopment Assistance program provides grants to communities, redevelopment authorities and nonprofit organizations to improve blighted neighborhoods through redevelopment, to revitalize central business districts in aging communities and to provide low- and moderate-income housing. The program provides funds for projects that enhance reinvestment in and rebuilding of communities. Act 45 of 2005 established the Growing Greener Bond Fund, which allocates up to $5 million dollars to fund Brownfields remediation. The "Core Communities Housing" component of this program provides funds for counties on a formula basis to rehabilitate and develop housing on previously developed sites.

The federal HOME Investment Partnerships program provides funds to expand the supply of affordable housing for low-income families. A variety of options are available to meet this objective: incentives to develop and support rental housing and home ownership through acquisition, construction or rehabilitation; funds to finance relocation of displaced persons; rental assistance; and rehabilitation of substandard housing. Federal funds for both the Small Communities Development Block Grant and HOME are provided to recipients through the U.S. Department of Housing and Urban Development's Integrated Disbursement and Information System. Funds are appropriated to the department to administer the program.

The federal Weatherization Assistance program is designed to reduce energy costs and improve living conditions for low-income persons through the addition of energy-conservation measures to their homes. The U.S. Department of Energy component supports activities such as the installation of insulation, shell repairs and heating system improvements. The Low Income Housing Energy Assistance Block Grant funds home weatherization efforts but also supports a heating crisis program that operates during the winter in close coordination with the Department of Public Welfare's LIHEAP program.

Program Element: New Communities

The department's New Communities program provides funds for both planning and direct project grants to communities. Funds are targeted to projects that rebuild depressed inner city neighborhoods and rural areas. These projects help stabilize communities so that economic and social growth can occur.

The New Communities program includes the State Enterprise Zone, Main Street and Elm Street programs that provide flexibility to address community needs such as downtown revitalization, residential improvements or economic development. The state-funded Enterprise Zones receive grants for business development projects that stimulate private investment and create jobs in state-designated Enterprise Zones. These efforts are supported by the use of Enterprise Zone Tax Credits through the Neighborhood Assistance Act. This Act also includes three other components: The Neighborhood Assistance program, the Neighborhood Partnership program and the Special Program Priorities. The goal of these programs is to encourage investments by business firms in projects for affordable housing programs, community services, crime prevention, education, job training or neighborhood assistance in partnership with neighborhood organizations that provide such assistance.

The Main Street component of the New Communities program helps restore downtown commercial areas through a four-point approach: enhance the area's physical appearance; market the area to shoppers, businesses and tourists; create partnerships and a local organizational structure; and strengthen and diversify downtown businesses. The program helps restore the physical appearance of downtowns through Downtown Reinvestment grants and Anchor Buildings grants that reuse older buildings to draw tourists, shoppers, workers and others to downtown business districts. The Growing Greener Bond Fund, as part of Act 45 of 2005, allocates up to $50 million for main street and downtown redevelopment related to smart growth, to include improvements to existing water and wastewater infrastructures.

The Elm Street component of the New Communities program, established in Act 7 of 2004, is a Main Street companion to promote the revitalization of residential areas that are physically and programmatically connected to downtown improvement efforts. The program fosters the creation of local nonprofits to revitalize the neighborhood; the promotion of real estate and special events; the enhancement of the physical appearance of buildings; the development and implementation of a strategy for revitalization; and the maintenance of public spaces. The program also addresses threats of crime.

Program: Community Development (continued)

A related federal program under the New Communities program – the Empowerment Zone/ Enterprise Community program – provides a combination of grants and tax incentives to rebuild poor inner cities and rural distressed areas. Five Pennsylvania communities are involved in this federal effort: Philadelphia, Harrisburg, Pittsburgh, Lock Haven and Fayette County.

Program Element: Pennsylvania Housing Finance Agency

The Pennsylvania Housing Finance Agency (PHFA) operates programs to increase and protect the supply of safe and affordable multi-family rental and single family homeownership housing. These programs are financed with proceeds from the sale of securities to private investors.

The Single Family Homeownership program is the PHFA homebuyer assistance program which offers below-market-rate mortgage loans to first time buyers of single-family houses. Funds to operate the program come from the sale of mortgage revenue bonds. In 2008, PHFA provided mortgage financing for approximately 5,076 families totaling $508 million and has committed $10.4 million to revitalize distressed communities through the Homeownership Choice program. In addition, PHFA has committed $27.8 million in secondary funding and $31.6 million in tax credits to finance 33 developments totaling 1,814 units. The PHFA operates the Homeowners Emergency Mortgage Assistance Program (HEMAP), a program to protect distressed homeowners from foreclosure. HEMAP was established by Act 91 of 1983 and amended by Act 160 of 1998 to protect citizens who, through no fault of their own, are in danger of losing their homes to foreclosure. Eligible applicants receive assistance in an amount sufficient to bring mortgage payments current and may also receive continuing assistance for up to 24 months. HEMAP payments are loans upon which repayment begins and interest starts to accrue when the recipient is financially able to pay. Current law requires HEMAP loan recipients to repay their loans only when the recipient's housing expense (mortgage, taxes, utilities and insurance) does not exceed 40 percent of net household income (gross income minus federal, state and local income taxes).

PHFA has channeled more than $217 million of General Fund monies and $239.5 million of repayments into HEMAP to save more than 41,000 homes from foreclosure.

Program Element: Community Development

The federal Small Community Development Block Grant program provides assistance to expand low- and moderate-income housing opportunities, enhance economic development and job opportunities for low- and moderate-income individuals, repair public facilities such as water and sewer systems and improve public facilities that affect public health and safety.

Act 92 of 1998 established the Keystone Opportunity Zones (KOZ). The KOZs are community development initiatives to revive economically-distressed urban and rural communities. These zones are defined, limited areas in communities with greatly reduced or no tax burdens for residents and businesses located within the zones. Twelve zones are designated for this one-time program. Act 119 of 2000 extended the life of a KOZ from 12 to 15 years and authorized DCED to establish 12 smaller Keystone Opportunity Expansion Zones (KOEZ). The Act extended the expiration date of the program until 2013 and increased the eligible tax-exempt activity. Act 217 of 2002 provided for designation of subzones within KOZs and KOEZs to enable acreage that remained undesignated within the original limitation to be designated for state and local tax exemption. In accordance with the act, the Keystone Opportunity Improvement Zones (KOIZ) were designated by Executive Order in 2002.

The Land Use Planning and Technical Assistance program helps communities prepare, update and implement multi-municipal, municipal and county plans to address issues such as economic revitalization and expansion; municipal infrastructure, services and transportation needs; commercial and neighborhood rehabilitation efforts; land use controls; municipal capital improvement programs and budgets; and housing solutions. The program is coordinated by the Center for Local Government Services.

The Shared Municipal Services program helps communities improve operational efficiencies through cooperative activities. Typical projects include: combined police records administration; shared data processing operations; municipal insurance pools; shared public works operations; regional recreation activities; shared uniform code enforcement activities; purchase of vehicles and other inter-municipal projects that will reduce local government costs; and implementation of more efficient and coordinated local government services.

The Early Intervention program provides grants to municipal and county governments to develop and implement multi-year financial management plans. The plans enable governments with both short-term and long-term direction to address fiscal difficulties before they reach a crisis point. Communities declared financially distressed in accordance with the provisions of Act 157 of 1988 receive assistance in the form of grants, loans and extensive technical assistance through the development and implementation of a comprehensive recovery plan.

The Job Enhancement Act, as amended by Act 100 of 1998 and by Act 29 of 2005, established and further defined the Community Development Bank program. The participant banks make capital available for community development loans and provide technical assistance grants to promote the creation and ownership of community

Program: Community Development (continued)

development financial institutions within distressed communities.

The Local Government Capital Loan program provides low-interest loans for municipal facilities. The program gives small local governments that find conventional borrowing prohibitive an opportunity to secure needed funds for necessary equipment and buildings.

Program Element: Community Services

The Community Services Block Grant (CSBG) provides funds for community-based programs that offer health, nutrition, housing, employment/training and asset development services to improve the standard of living for low-income persons. Other CSBG efforts include economic development and revitalization projects that focus on neighborhood preservation and enhance the collaboration of services in communities.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Housing and Redevelopment							
Housing units assisted	5,397	5,400	5,400	5,400	5,400	5,400	5,400
Homes weatherized	14,463	11,000	11,000	11,000	11,000	11,000	11,000
Act 47: Designated distressed communities assisted	17	19	19	19	19	19	19
Main Street Program							
Main Street projects	71	71	60	60	60	60	60
Elm Street Program							
Elm Street projects	50	50	42	42	42	42	42
Early Intervention Program							
Local governments assisted	14	14	14	14	14	14	14
Land Use Planning and Technical Assistance							
Municipalities assisted	923	630	630	630	630	630	630
Shared Municipal Services							
Local governments assisted	1,185	750	637	642	646	650	654
Job Training and Human Services							
Persons participating in Community Services Block Grant	348,829	353,000	356,000	360,000	363,000	365,000	368,000
Housing Finance Agency							
Approved mortgage assistance loans	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Annual value of assistance loans recorded (in thousands)	$28,215	$28,215	$28,215	$28,215	$28,215	$28,215	$28,215

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Housing & Redevelopment Assistance

$ –1,500	—nonrecurring 2008-09 budgetary freeze amount.
1,942	—to continue current program.
$ 442	*Appropriation Increase*

Accessible Housing

$ –740	—program reduction.

PHFA Early Childhood Education Capital

$ –1,234	—funding elimination.

Family Savings Accounts

$ –987	—program elimination.

Shared Municipal Services

$ –369	—program reduction.

Local Government Resources and Development

$ –10,000	—nonrecurring projects.

New Communities

$ –2,766	—program reduction.

Program: Community Development (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

Community Action Team (CAT)
$ –343 —nonrecurring 2008-09 budgetary freeze amount.

Community Revitalization
$ –40,200 —nonrecurring projects.

Urban Development
$ –20,500 —nonrecurring projects.

Community and Business Assistance
$ –2,500 —nonrecurring projects.

Economic Growth & Development Assistance
$ –6,800 —nonrecurring projects.

Community & Municipal Facilities Assistance
$ –5,500 —nonrecurring projects.

Community Conservation and Employment
$ –6,248 —program reduction.
–13,449 —nonrecurring projects.
$ –19,697 *Appropriation Decrease*

Regional Development Initiative
$ –13,484 —nonrecurring projects.

Economic Advancement
$ –4,303 —program reduction.
–3,587 —nonrecurring projects.
$ –7,890 *Appropriation Decrease*

Community and Regional Development
$ –1,406 —nonrecurring projects.
–1,924 —program reduction.
$ –3,330 *Appropriation Decrease*

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Land Use Planning and Technical Assistance	$ 4,247	$ 4,173	$ 4,173	$ 4,173	$ 4,173	$ 4,173	$ 4,173
Transfer to Municipalities Financial Recovery Revolving Fund	1,500	1,480	1,480	1,480	1,480	1,480	1,480
Housing & Redevelopment Assistance	34,000	33,558	34,000	34,000	34,000	34,000	34,000
Accessible Housing	3,000	2,961	2,221	2,221	2,221	2,221	2,221
PHFA - Homeowners Emergency Mortgage Assistance	11,000	11,000	11,000	11,000	11,000	11,000	11,000
PHFA - Early Childhood Education Capital	1,250	1,234	0	0	0	0	0
Family Savings Accounts	1,000	987	0	0	0	0	0
Shared Municipal Services	2,400	2,369	2,000	2,000	2,000	2,000	2,000
Local Government Resources and Development	10,000	10,000	0	0	0	0	0
New Communities	18,000	17,766	15,000	15,000	15,000	15,000	15,000
Community Action Team (CAT)	1,000	987	644	644	644	644	644
Community Revitalization	40,220	40,200	0	0	0	0	0
Urban Development	20,110	20,500	0	0	0	0	0
Community and Business Assistance	2,744	2,500	0	0	0	0	0
Economic Growth & Development Assistance	7,000	6,800	0	0	0	0	0
Community & Municipal Facilities Assistance	5,800	5,500	0	0	0	0	0
Community Conservation and Employment	44,000	44,610	24,913	24,913	24,913	24,913	24,913
Early Intervention for Distressed Municipalities	750	740	740	740	740	740	740
Regional Development Initiative	13,500	13,484	0	0	0	0	0
Economic Advancement	18,000	17,800	9,910	9,910	9,910	9,910	9,910
Community and Regional Development	16,400	15,900	12,570	10,120	10,120	10,120	10,120
TOTAL GENERAL FUND	$ 255,921	$ 254,549	$ 118,651	$ 116,201	$ 116,201	$ 116,201	$ 116,201

Department of Conservation and Natural Resources

The mission of the Department of Conservation and Natural Resources is to promote sound stewardship of Pennsylvania's state park and state forest lands, provide education information and technical assistance regarding geologic and ecologic resources of the state and provide funding to help develop and acquire recreation lands and facilities, greenways, river corridors, and to conserve the state's natural and cultural heritage. The department is the state's lead land conservation and outdoor recreation agency and advocate for the wise management of natural resources on both public and private lands. The department's programs support the revitalization of communities, sustainable economic growth, outdoor and nature tourism and help improve the quality of life for all citizens.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 20,004**	**$ 21,770**	**$ 21,362**
(F)Topographic and Geologic Survey Grants	355	2,308	2,055
(F)Bituminous Coal Resources	150	150	150
(F)Intermodal Surface Transportation Act	5,000	5,000	5,000
(F)Land and Water Conservation Fund	12,000	12,000	12,000
(F)Economic Action Programs	100	100	0
(F)Flood Hazard Mapping - Luzerne County	507	507	0
(F)Flood Hazard Mapping	0	257	510
(F)Highlands Conservation Program	0	500	500
(F)July 2003 Summer Storm - Kinzua Viaduct (EA)	17,017	0	0
(A)Payment for Department Services	124	200	125
(A)Water Well Drillers	55	0	55
(A)Keystone Recreation, Park and Conservation Fund	3,000	2,053	1,704
(A)Internet Record Imaging System	361	230	360
(A)Purchasing Card Rebate	0	35	0
(A)Environmental Stewardship Fund Admin	289	346	285
(A)Private Donations	0	10	0
(A)PAMAP	4,100	0	0
Infrastructure Initiative Mapping	**0**	**2,369**	**0**
Subtotal	$ 63,062	$ 47,835	$ 44,106
State Parks Operations	**62,268**	**61,629**	**58,885**
(F)Recreational Trails	6,000	6,000	6,000
(F)PAMAP Geospatial Imaging (EA)	300	300	300
(F)Tropical Storm Ivan Disaster Assistance (EA)	9,623	9,623	9,623
(F)April 2005 Storms Disaster Assistance (EA)	3,296	9,660	9,660
(F)June 2006 Summer Floods - Disaster Assistance (EA)	7,100	7,100	7,100
(A)PCC Programs - Parks	14	10	10
(A)Reimbursement - Kings Gap Use	36	0	0
(A)State Parks User Fees	15,600	17,070	18,455
(A)Donations	3	5	5
(A)Reimbursement for Services	937	792	529
Subtotal	$ 105,177	$ 112,189	$ 110,567
State Forests Operations	**16,441**	**18,218**	**25,003**
(F)Forest Fire Protection and Control	2,000	2,000	2,000
(F)Forestry Incentives and Agriculture Conservation	175	175	175
(F)Forest Management and Processing	3,600	3,600	3,600
(F)Cooperative Forest Insect and Disease Control	250	250	0
(F)Aid to Volunteer Fire Companies	750	750	750
(F)Wetland Protection Fund	200	200	300
(A)Reimbursement for Services	550	450	550
(A)Reimbursement - Forest Fires	1,066	775	1,000
(A)Sale of Vehicles - Forests	66	50	50
(A)Private Donations	0	5	5
(A)Timber Sales	33,905	32,000	23,680
(A)PCC Programs - Forests	8	50	10
(A)Miscellaneous Tickets and Fines	16	5	5
Subtotal	$ 59,027	$ 58,528	$ 57,128
Forest Pest Management	**5,193**	**5,206**	**5,206**
(F)Forest Insect and Disease Control	3,000	4,000	4,000
(A)Reimbursement from Counties	3,119	3,000	3,150
Subtotal	$ 11,312	$ 12,206	$ 12,356
Subtotal - State Funds	$ 103,906	$ 109,192	$ 110,456
Subtotal - Federal Funds	71,423	64,480	63,723
Subtotal - Augmentations	63,249	57,086	49,978

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Total - General Government	$ 238,578	$ 230,758	$ 224,157
Grants and Subsidies:			
Heritage and Other Parks	**$ 9,610**	**$ 8,225**	**$ 0**
Annual Fixed Charges - Flood Lands	**55**	**58**	**65**
Annual Fixed Charges - Project 70	**35**	**35**	**35**
Annual Fixed Charges - Forest Lands	**2,480**	**2,480**	**2,526**
Annual Fixed Charges - Park Lands	**400**	**400**	**400**
Total - Grants and Subsidies	$ 12,580	$ 11,198	$ 3,026
STATE FUNDS	$ 116,486	$ 120,390	$ 113,482
FEDERAL FUNDS	71,423	64,480	63,723
AUGMENTATIONS	63,249	57,086	49,978
GENERAL FUND TOTAL	**$ 251,158**	**$ 241,956**	**$ 227,183**
ENVIRONMENTAL STEWARDSHIP FUND:			
General Government:			
Parks & Forest Facility Rehabilitation (EA)	**$ 2,109**	**$ 0**	**$ 0**
Grants and Subsidies:			
Community Conservation Grants (EA)	**$ 8,572**	**$ 9,999**	**$ 9,086**
Natural Diversity Conservation Grants (EA)	**882**	**800**	**800**
Total - Grants and Subsidies	$ 9,454	$ 10,799	$ 9,886
ENVIRONMENTAL STEWARDSHIP FUND TOTAL	**$ 11,563**	**$ 10,799**	**$ 9,886**
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
General Government:			
Park & Forest Facility Rehabilitation (EA)	**$ 24,577**	**$ 18,946**	**$ 15,727**
Grants and Subsidies:			
Grants for Local Recreation (EA)	**$ 20,480**	**$ 15,789**	**$ 13,106**
Grants to Land Trusts (EA)	**8,192**	**6,315**	**5,242**
Total - Grants and Subsidies	$ 28,672	$ 22,104	$ 18,348
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL	**$ 53,249**	**$ 41,050**	**$ 34,075**
MOTOR LICENSE FUND:			
General Government:			
Dirt and Gravel Roads	**$ 1,000**	**$ 1,000**	**$ 1,000**
Grants and Subsidies:			
(R)Forestry Bridges - Excise Tax (EA)	$ 4,000	$ 7,000	$ 7,000
STATE FUNDS	$ 1,000	$ 1,000	$ 1,000
RESTRICTED REVENUES	4,000	7,000	7,000
MOTOR LICENSE FUND TOTAL	**$ 5,000**	**$ 8,000**	**$ 8,000**
OTHER FUNDS:			
GENERAL FUND:			
Snowmobile & ATV Regulation	$ 4,246	$ 6,110	$ 6,946

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Forest Regeneration	2,956	9,207	3,271
Forestry Research	570	2,338	500
GENERAL FUND TOTAL	**$ 7,772**	**$ 17,655**	**$ 10,717**
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA)	$ 293	$ 147	$ 147
GROWING GREENER BOND FUND:			
Parks and Recreation Improvements (EA)	$ 5,138 [a]	$ 9,090 [a]	$ 13,564 [a]
State Parks and Forests Facility Projects (EA)	17,393 [a]	21,036 [a]	22,000 [a]
Open Space Conservation (EA)	28,680 [a]	29,577 [a]	4,808 [a]
GROWING GREENER BOND FUND TOTAL	**$ 51,211**	**$ 59,703**	**$ 40,372**
OIL AND GAS LEASE FUND:			
General Operations	$ 4,661	$ 19,480	$ 8,761
STATE GAMING FUND:			
Payments in Lieu of Taxes (EA)	$ 5,000	$ 5,000	$ 5,084
WILD RESOURCE CONSERVATION FUND:			
General Operations (EA)	$ 292	$ 290	$ 250
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 116,486	$ 120,390	$ 113,482
SPECIAL FUNDS	65,812	52,849	44,961
FEDERAL FUNDS	71,423	64,480	63,723
AUGMENTATIONS	63,249	57,086	49,978
RESTRICTED	4,000	7,000	7,000
OTHER FUNDS	69,229	102,275	65,331
TOTAL ALL FUNDS	**$ 390,199**	**$ 404,080**	**$ 344,475**

[a] Appropriated as a continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
PARKS AND FORESTS MANAGEMENT							
GENERAL FUND	$ 116,486	$ 120,390	$ 113,482	$ 113,482	$ 113,482	$ 113,482	$ 113,482
SPECIAL FUNDS	65,812	52,849	44,961	47,987	54,397	61,867	68,205
FEDERAL FUNDS	71,423	64,480	63,723	63,723	63,723	63,723	63,723
OTHER FUNDS	136,478	166,361	122,309	97,208	80,058	80,058	80,058
SUBCATEGORY TOTAL	$ 390,199	$ 404,080	$ 344,475	$ 322,400	$ 311,660	$ 319,130	$ 325,468
ALL PROGRAMS:							
GENERAL FUND	$ 116,486	$ 120,390	$ 113,482	$ 113,482	$ 113,482	$ 113,482	$ 113,482
SPECIAL FUNDS	65,812	52,849	44,961	47,987	54,397	61,867	68,205
FEDERAL FUNDS	71,423	64,480	63,723	63,723	63,723	63,723	63,723
OTHER FUNDS	136,478	166,361	122,309	97,208	80,058	80,058	80,058
DEPARTMENT TOTAL	$ 390,199	$ 404,080	$ 344,475	$ 322,400	$ 311,660	$ 319,130	$ 325,468

PROGRAM OBJECTIVE: To maintain and improve state parks; manage state forest lands to assure their long-term health, sustainability and economic use; provide information on ecological and geologic resources; and administer grant and technical assistance programs to benefit rivers conservation, trails and greenways, local recreation, regional heritage conservation and environmental education programs across the commonwealth.

Program: Parks and Forests Management

Program Element: Stewardship and Management of State Parks and Forests

The Department of Conservation and Natural Resources manages nearly 2.4 million acres of state park and forest lands that provide economic, recreational, ecological, geological and aesthetic values to the commonwealth. The commonwealth's 117 state parks offer a variety of outdoor recreation, environmental education and overnight accommodation options to visitors. As it manages these lands and facilities, the department endeavors to provide a high-quality visitor experience, demonstrate exemplary natural resource stewardship and provide opportunities for visitors to learn about Pennsylvania's natural heritage. In addition, the department maintains, restores and upgrades facilities, where needed, to provide quality visitor services, increase tourism and enhance revenue opportunities.

State forests are managed for sustainable timber harvest including fire suppression, insect and disease control, watershed protection and resource extraction and storage. State forests also offer outdoor recreation, environmental education and primitive camping options. The department educates the public about fire prevention and fights fires on public and private forestlands. The department also monitors forest lands for native and non-native invasive pests, including the gypsy moth, emerald ash borer and hemlock wooly adelgid, which threaten our trees.

The department's 2.1 million forest acres comprise one of the largest tracts of forest in North America certified by the Forest Stewardship Council as managed in an environmentally responsible manner. By tracking wood from forest to final product, certification enables consumers to support responsible forestry and provides forest owners with an incentive to maintain and improve forest management practices. The harvest of quality hardwood timber helps support the state's $5 billion forest products industry that employs nearly 100,000 people.

The department strives to incorporate sustainable building practices in its construction and renovation of facilities on state park and forest lands. This includes pursuing LEED (Leadership in Energy and Environmental Design Green Building Rating System®) certification for large new structures and adopting LEED standards for smaller structures. The LEED assessment framework includes site development, water savings, energy efficiency, materials selection and indoor environmental quality.

The department's biodiversity and conservation science programs support the management of state park and forests. One such program, the Pennsylvania Natural Heritage program, is the commonwealth's major program to inventory significant natural features, provide evaluation, rank species of special concern and compile natural features data.

Stewardship of Pennsylvania's state park and forest land at certain times includes acquiring lands that protect and enhance existing state parks and forests, forested watersheds and riparian corridors; conserve biologically important areas; or create connections with other public lands, open spaces and outdoor recreation and educational opportunities. Such acquisitions are carefully considered to ensure that the department can maintain its stewardship and management objectives.

Program Element: Statewide Land Conservation

The long-term sustainability of our natural resources is the responsibility of local communities, counties, state and federal agencies, nonprofit conservation organizations and private landowners. Land conservation is multifaceted, including developing greenway connectors between conserved lands and communities, protecting open space and ecologically and geologically significant lands, supporting Pennsylvania's private forest resource and encouraging more environmentally sensitive growth in developing areas.

The department helps local communities, counties, regional organizations, not-for-profit stakeholders, private landowners and other governmental entities manage growth on private lands and reduce the loss of open space by providing technical assistance, educational information and grant funding for research, planning, project development and land acquisition.

The department also provides management assistance to private forest landowners, who possess three-quarters of all forest land in the state. Conservation of these lands is important to the future health of the forests, protecting water quality and water supplies, providing recreational opportunities and maintaining the state's forest products industry.

Program: Parks and Forests Management (continued)

Program Element: Sustainable and Attractive Communities

The natural, heritage and recreational resources within a community contribute to the local economy and to the quality of life of its citizens. The department serves local communities with scientific data, technical assistance and grant programs focused on these resources.

The department supports regional, county and local planning efforts with ecological and geologic information, technical assistance and funding. The department's conservation science programs and topographic and geologic resources (digital maps, data and Geographic Information Systems) help communities make land use decisions that support sustainable development, such as identifying where unique plant or animal species should be protected or where sinkhole potential might affect a development site choice.

The department offers grants through the Community Conservation Partnerships program, the Wild Resource Conservation program, and through support of the PA Urban and Community Forestry Grants program. The Community Conservation Partnerships program combines state and federal funding sources and programs to provide technical assistance and matching grants for community recreation and recreational trails, snowmobile and ATV trails and parks, land conservation, river conservation and Rails-to-Trails. The Wild Resource Conservation program directs resources and education toward endangered and threatened species, awarding grants for projects that protect or study plants, birds, mammals, fish, reptiles, amphibians and other species. The PA Urban and Community Forestry Grants program offers grants to communities and municipalities for education about trees and natural resources, tree planting and maintenance programs and developing long-term tree-care programs.

Program Element: Outdoor Connections for Citizens and Visitors

While the outdoors is an important part of many Pennsylvanians' lives, some citizens have no connection to the outdoors. The department works to increase enthusiasm for nature, provide life-long conservation learning and generate stewardship activities with our park and forest lands, greenways, heritage areas and scores of community conservation and recreation partnerships.

The department is increasing awareness of outdoor opportunities such as swimming, hiking, camping, bicycling, horseback riding, wildlife watching, skiing, boating, fishing and hunting, while at the same time encouraging responsible park and forest stewardship. The department is coordinating with tourism partners to promote the state's parks, forests, trails, rivers, greenways and heritage areas; enhance its website; advertise through events, promotions and printed materials; improve signage; develop new overnight accommodations; offer environmental education and interpretive programs; and institute guided recreation programming in concert with interpretive programming.

One example of this approach is the "Get Outdoors PA" program, which the department piloted in western Pennsylvania in 2004 and expanded statewide in 2005. Get Outdoors PA offers visitors guided programs on various recreational activities like kayaking, canoeing, fishing, hiking and biking. Experienced trip leaders teach skills and expose visitors to state parks and forests. Get Outdoors PA will continue to add programs and partners in the coming years.

These various efforts are intended not only to improve visitor experiences and encourage repeat visitation but also to communicate stewardship messages to citizens and visitors and provide economic benefit to surrounding communities. The department's outreach to communities also extends to urban and suburban environmental education outreach and educational and recreational programming.

The Department of Conservation and Natural Resources receives funding from a number of sources to support program operations, including state general funds, federal funds, a variety of user fees, lease and concession charges and revenue distributions from state special funds. A portion of realty transfer tax revenues from the Keystone Recreation, Park and Conservation Fund is used to fund state park and forest rehabilitation, facilities repairs and upgrades and land acquisition, as well as community grants for parks, river, trail and other recreation projects. A portion of landfill fee revenues from the Environmental Stewardship Fund (Growing Greener I) is used to fund state park and forest rehabilitation and land acquisition and community grants for projects such as greenways, recreational trails, various conservation projects and grants to protect and conserve biological diversity. A portion of the revenues from the Growing Greener Bond Fund (Growing Greener II) is used to fund projects to improve state parks and forests, preserve natural areas and open spaces and enhance community parks and recreation areas.

Program: Parks and Forests Management (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Stewardship and Management of State Parks and Forests							
State park attendance	33,200,000	33,500,000	33,700,000	33,900,000	34,100,000	34,300,000	34,500,000
State park family campsite nights available to rent	1,596,012	1,591,000	1,592,000	1,593,000	1,594,000	1,595,000	1,596,000
State park family campsite nights rented	346,290	349,000	349,000	349,000	349,000	349,000	349,000
Percentage of available State Park family campsites rented during peak weekends	66%	65%	65%	65%	65%	65%	65%
State park family cabin nights available to rent	92,027	94,000	94,000	94,000	94,000	94,000	94,000
State park family cabin nights rented	55,811	56,000	57,000	58,000	58,000	58,000	58,000
Percentage of available state park family cabins rented during peak weekends	92%	92%	92%	92%	92%	92%	92%
LEED registered buildings under contruction or completed (parks and forest)	6	8	10	11	12	13	14
Sales of certified timber (millions of board feet sold)	61,700	65,000	65,000	65,000	65,000	65,000	65,000
Statewide Land Conservation							
Land conservation through acquisition and easement (acres)	12,854	15,000	10,000	8,000	8,000	8,000	8,000
Sustainable and Attractive Communities							
Total grant funds awarded	$56,900,000	$55,000,000	$55,000,000	$50,000,000	$50,000,000	$50,000,000	$50,000,000
Community Conservation Partnership grants awarded	393	375	375	350	350	350	350
Heritage Park Grants awarded	75	80	0	0	0	0	0
STATEMAP - Square miles mapped	734	530	468	400	400	400	400
PAMAP - Square miles flown for aerial photographs	15,035	12,900	0	0	0	0	0
PA Natural Heritage Program (website database searches)	47,026	50,000	50,000	50,000	50,000	50,000	50,000
Outdoor Connections for Citizens and Visitors							
Get Outdoor PA recreation programs conducted	1,783	2,000	2,100	2,200	2,300	2,400	2,500
Environmental Education and interpretive programming attendance	365,720	368,000	370,000	372,000	374,000	376,000	378,000

State Park information is reported by fiscal year. Peak season extends from Memorial Day to Labor Day.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ –227	—nonrecurring 2008-09 budgetary freeze amount.
–181	—reduction in administrative costs.
$ –408	*Appropriation Decrease*

Infrastructure Initiative Mapping

$ –2,369	—program elimination.

State Parks Operations

$ –1,991	—nonrecurring 2008-09 budgetary freeze amount.
–753	—reduction in administrative costs.
$ –2,744	*Appropriation Decrease*

State Forests Operations

$ 7,140	—increase in appropriated funds to offset a reduction of timber sale augmentations.
–355	—reduction in administrative costs.
$ 6,785	*Appropriation Increase*

Heritage and Other Parks

$ –8,225	—program elimination.

Annual Fixed Charges – Flood Lands

$ 7	—to continue current program.

Annual Fixed Charges – Forest Lands

$ 46	—to continue current program.

Program: Parks and Forests Management (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

ENVIRONMENTAL STEWARDSHIP FUND

Community Conservation Grants (EA)

$ –913 —nonrecurring projects.

KEYSTONE RECREATION, PARKS AND CONSERVATION FUND

Parks & Forest Faciltiy Rehabilitation (EA)

$ –3,219 —nonrecurring projects.

Grants for Local Recreation (EA)

$ –2,683 —nonrecurring projects.

Grants for Land Trusts (EA)

$ –1,073 —nonrecurring projects.

All other appropriations are recommended at the current year funding levels. Also, this budget proposes a transfer of $174,000,000 from the Oil and Gas Lease Fund to the General Fund in the 2008-09 fiscal year.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 20,004	$ 21,770	$ 21,362	$ 21,362	$ 21,362	$ 21,362	$ 21,362
Infrastructure Initiative Mapping	0	2,369	0	0	0	0	0
State Parks Operations	62,268	61,629	58,885	58,885	58,885	58,885	58,885
State Forests Operations	16,441	18,218	25,003	25,003	25,003	25,003	25,003
Forest Pest Management	5,193	5,206	5,206	5,206	5,206	5,206	5,206
Heritage and Other Parks	9,610	8,225	0	0	0	0	0
Annual Fixed Charges - Flood Lands	55	58	65	65	65	65	65
Annual Fixed Charges - Project 70	35	35	35	35	35	35	35
Annual Fixed Charges - Forest Lands	2,480	2,480	2,526	2,526	2,526	2,526	2,526
Annual Fixed Charges - Park Lands	400	400	400	400	400	400	400
TOTAL GENERAL FUND	$ 116,486	$ 120,390	$ 113,482	$ 113,482	$ 113,482	$ 113,482	$ 113,482
ENVIRONMENTAL STEWARDSHIP FUND:							
Parks & Forest Facility Rehabilitation (EA)	$ 2,109	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Community Conservation Grants (EA)	8,572	9,999	9,086	6,074	4,007	4009	4,016
Natural Diversity Conservation Grants (EA)	882	800	800	800	800	800	800
TOTAL ENVIRONMENTAL STEWARDSHIP FUND	$ 11,563	$ 10,799	$ 9,886	$ 6,874	$ 4,807	$ 4,809	$ 4,816
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Park & Forest Facility Rehabilitation (EA)	$ 24,577	$ 18,946	$ 15,727	$ 18,514	$ 22,426	$ 25,873	$ 28,795
Grants for Local Recreation (EA)	20,480	15,789	13,106	15,428	18,689	21,561	23,996
Grants to Land Trusts (EA)	8,192	6,315	5,242	6,171	7,475	8,624	9,598
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND	$ 53,249	$ 41,050	$ 34,075	$ 40,113	$ 48,590	$ 56,057	$ 62,389
MOTOR LICENSE FUND:							
Dirt and Gravel Road	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000

DEPARTMENT OF CORRECTIONS

The mission of the Department of Corrections is to protect the public by confining persons committed to the department's custody in safe, secure facilities and to provide opportunities for inmates to acquire the skills and values necessary to become productive law-abiding citizens, while respecting the rights of crime victims.

The department maintains a state system for the custody and rehabilitation of convicted criminals. Included within this system are residential programs and pre-release programs to provide inmates with supervision, counseling and treatment to enable them to satisfactorily adjust to society.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
Institutional:			
General Government Operations	**$ 36,614**	**$ 36,495**	**$ 34,813**
(A)County Training	29	210	210
(A)Augmentations from State Agencies	1	5	5
(A)Miscellaneous	133	0	0
Subtotal	$ 36,777	$ 36,710	$ 35,028
Medical Care	**204,338**	**214,197**	**231,689**
(A)Medical Co-payment	380	338	476
(A)Miscellaneous	1	0	0
Subtotal	$ 204,719	$ 214,535	$ 232,165
Inmate Education and Training	**45,555**	**45,463**	**47,878**
(F)Youth Offenders Education	1,200	1,200	1,500
(F)Correctional Education	1,575	1,523	1,607
Subtotal	$ 48,330	$ 48,186	$ 50,985
State Correctional Institutions	**1,313,674**	**1,343,500**	**1,488,975**
(F)SABG - Drug and Alcohol Programs	2,100	2,100	2,100
(F)DCSI - Hispanic Therapeutic Community (EA)	50	0	0
(F)JAG - Cognitive Behavior Therapy (EA)	80	80	0
(F)Reimbursement for Alien Inmates	1,157	6,488	1,315
(F)Volunteer Support	20	20	0
(F)RSAT - State Prisoners (EA)	700	700	450
(F)Inmate Reentry Program	400	300	0
(F)Changing Offender Behavior	349	250	800
(F)Prison Rape Elimination	650	370	300
(F)Automated Victim Notification (EA)	0	400	250
(A)Correctional Industries	0	5,000	0
(A)Commissary Reimbursement	329	0	0
(A)Community Service Centers	690	680	695
(A)Institutional Reimbursements	370	720	738
(A)Social Security	199	180	190
Subtotal	$ 1,320,768	$ 1,360,788	$ 1,495,813
Subtotal - State Funds	$ 1,600,181	$ 1,639,655	$ 1,803,355
Subtotal - Federal Funds	8,281	13,431	8,322
Subtotal - Augmentations	2,132	7,133	2,314
Total - Institutional	$ 1,610,594	$ 1,660,219	$ 1,813,991
STATE FUNDS	$ 1,600,181	$ 1,639,655	$ 1,803,355
FEDERAL FUNDS	8,281	13,431	8,322
AUGMENTATIONS	2,132	7,133	2,314
GENERAL FUND TOTAL	**$ 1,610,594**	**$ 1,660,219**	**$ 1,813,991**
OTHER FUNDS:			
LOCAL CRIMINAL JUSTICE FUND:			
County Grants (EA)	$ 1,127	$ 735	$ 471
MANUFACTURING FUND:			
General Operations (EA)	$ 60,200	$ 65,625 a	$ 71,950

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 1,600,181	$ 1,639,655	$ 1,803,355
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	8,281	13,431	8,322
AUGMENTATIONS	2,132	7,133	2,314
OTHER FUNDS	61,327	66,360	72,421
TOTAL ALL FUNDS	**$ 1,671,921**	**$ 1,726,579**	**$ 1,886,412**

[a] Not added to the total to avoid double counting: $5,000,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
INSTITUTIONALIZATION OF OFFENDERS							
GENERAL FUND	$ 1,600,181	$ 1,639,655	$ 1,803,355	$ 1,803,355	$ 1,803,355	$ 1,803,355	$ 1,803,355
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	8,281	13,431	8,322	6,656	6,506	6,456	6,456
OTHER FUNDS	63,459	73,493	74,735	74,735	74,735	74,735	74,735
SUBCATEGORY TOTAL	$ 1,671,921	$ 1,726,579	$ 1,886,412	$ 1,884,746	$ 1,884,596	$ 1,884,546	$ 1,884,546
ALL PROGRAMS:							
GENERAL FUND	$ 1,600,181	$ 1,639,655	$ 1,803,355	$ 1,803,355	$ 1,803,355	$ 1,803,355	$ 1,803,355
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	8,281	13,431	8,322	6,656	6,506	6,456	6,456
OTHER FUNDS	63,459	73,493	74,735	74,735	74,735	74,735	74,735
DEPARTMENT TOTAL	$ 1,671,921	$ 1,726,579	$ 1,886,412	$ 1,884,746	$ 1,884,596	$ 1,884,546	$ 1,884,546

PROGRAM OBJECTIVE: To decrease the recurrence of crime by replacing criminal behavior with socially acceptable behavior.

Program: Institutionalization of Offenders

The Department of Corrections protects the public by confining law offenders in state correctional institutions for the period of time specified by the courts and the Board of Probation and Parole. The department is charged with maintaining safe and humane prisons and providing opportunities to the inmate population for growth and change. Given that 90 percent of offenders incarcerated in the commonwealth's state prisons will eventually be released into the community, the Department of Corrections emphasizes programs that prepare inmates for responsible, crime-free community living. These re-entry programs include drug and alcohol treatment, education, work skills and community corrections.

The department seeks to provide sufficient and secure permanent housing space for the inmate population. The goal is to operate the state correctional system at or below operational bed capacity, which represents the optimal number of inmates that each facility can safely house. The department considers a number of factors when determining operational capacity including cell size and security level, availability of inmate employment or programming, support services and facility infrastructure. The state-administered correctional system includes 26 correctional institutions, 51 state-operated or contracted community corrections centers and a motivational boot camp. There were 46,369 inmates housed in the state system at the end of June 2008 and an operational capacity of 41,532. Operational bed capacity is expected to increase in 2009.

Program Element: Institutional Operations

In addition to protecting the public by separating offenders from society, the department emphasizes the safety and security of its staff, volunteers, inmates and visitors to the institutions. Security operations are improved through security assessments, training, structural improvements and use of technology such as biometrics and intrusion detection systems. The department's drug interdiction program has been recognized as a best practice by the American Correctional Association. The percentage of inmates testing positive for drug and alcohol use while in prison is 0.25 percent, which is one of the lowest rates in the country for state correctional systems. The department is fully accredited by the American Correctional Association. All inmates undergo a diagnostic and classification process to determine the inmate's appropriate security classification, medical needs and programs needed for re-entry into society as well as other needs and requirements.

Two of the largest support services needed to operate the institutions are food service and facility maintenance. Staff and inmates perform most of these functions, giving them an opportunity to learn a trade, while constructively occupying their time. Another large support service is health care services. A combination of staff and contractors provides health care services. Renal dialysis, geriatric services, infectious care treatment and other necessary services are offered. Approximately 18 percent of the inmate population requires mental health treatment. To address these needs, mental health services are provided, including special needs units in most institutions and licensed mental health units in six institutions.

Program Element: Inmate Programs and Re-entry

The department releases approximately 17,000 offenders per year with 75 percent exiting to parole supervision. Population projection models predict continued growth for the inmate population, with an increasing number of offenders with shorter sentences. Research has shown that inmate participation in appropriately structured interventions can reduce recidivism. The department provides programming which will enable inmates to leave prison better prepared to adjust to life in the community. A public safety reform package was enacted in Pennsylvania in 2008 to enhance inmate participation in treatment programs to reduce recidivism and reduce the growth of the nonviolent inmate population. In order to increase public safety, the Pennsylvania Board of Probation and Parole (PBPP) has implemented certain changes in parole procedures particularly affecting inmates classified as violent. Both the department and the PBPP continue to review changes to procedures for violent offenders. These changes may increase the length of incarceration for violent offenders.

Preparation for re-entry begins when an offender enters the department's diagnostic and classification centers. The centers conduct a comprehensive assessment of the individual's risk or probability of reoffense and needs or factors related to criminality - such as antisocial attitudes, poor problem solving and decision-making skills, substance abuse and low levels of education and vocational achievement. This assessment data is used by trained staff and shared with the PBPP, which may provide additional input to develop a meaningful correctional plan. The correctional plan details the recommended treatment and education programs for each individual offender and sets expectations for behavior and work performance throughout incarceration.

Act 112 of 2004 directed the state to create an intermediate punishment program. In this program eligible inmates, including those with less serious offenses, participate in structured alcohol and other drug treatment

Program: Institutionalization of Offenders (continued)

programs while in prison, followed by treatment in the community. The results from evaluations of programs in other states show a significant reduction in recidivism and drug relapse for offenders who have completed these programs. When this program is fully utilized, it will be able to serve approximately 1,500 inmates per year.

Treatment services are designed to modify the inmate's social behavior to a more acceptable level for institutional management and reduce criminal behavior when released, thus providing a basis for better community protection. All facilities provide alcohol and other drug treatment programs. Approximately 18,900 inmates are assessed as needing alcohol and other drug treatment, and approximately 3,500 inmates currently receive treatment services. Therapeutic communities provide more intensive alcohol and other drug programming, which is more effective in changing behavior. Approximately 1,905 inmates currently receive this intensive treatment. Other counseling services and programs are available. All facilities offer sex offender treatment, some with special sex offender units.

Educational programs offer inmates the opportunity to obtain high school diplomas or adult basic education skills. A Correctional Education Association study shows that attending educational courses in prison reduces the likelihood of recidivism by 23 percent. New inmates who do not have a high school diploma or GED are required to attend classes. A total of 11,407 inmates are in GED or adult basic education classes, and 1,322 inmates received diplomas within the last year.

Vocational training is dedicated to the development of marketable job skills so that inmates are more employable upon their release. A variety of vocational programs are offered, including plumbing, auto mechanics, barbering, electronics and machinist training. The department works with the Department of Labor and Industry to match its vocational offerings to jobs available in the community. Almost 80 percent of the vocational training programs offered in institutions provide inmates completing the program and passing examinations with industry-recognized credentials.

Work is another component of inmate programming. The department is continuing its efforts to have inmates perform meaningful work. Employment in institutional jobs and in correctional industries provides inmates with the opportunity to learn responsibility, good work habits and skills that can be used to find employment after release. Approximately 83 percent of inmates assessed as being able and eligible to work are working. Community work programs in which low-risk inmates perform community service projects outside the institutions are available at most institutions.

Program Element: Community Corrections

The last step in re-entry treatment is community corrections. Community corrections centers permit highly screened inmates, who meet established criteria, to live in halfway houses in the community. At these centers, inmates receive 24-hour supervision and can utilize counseling services while working or attending school. These centers provide programming reinforcement during the inmate's transition back to the community. The centers also offer alcohol and other drug treatment services, employment assistance, specialized counseling for hard–to-place offenders and other services. Community corrections placement is also available to some parolees as either an alternative to a return to prison or as a transition from prison to the community. In 2010, there will be approximately 4,800 offenders in the community corrections centers, and approximately 51 percent will be parolees.

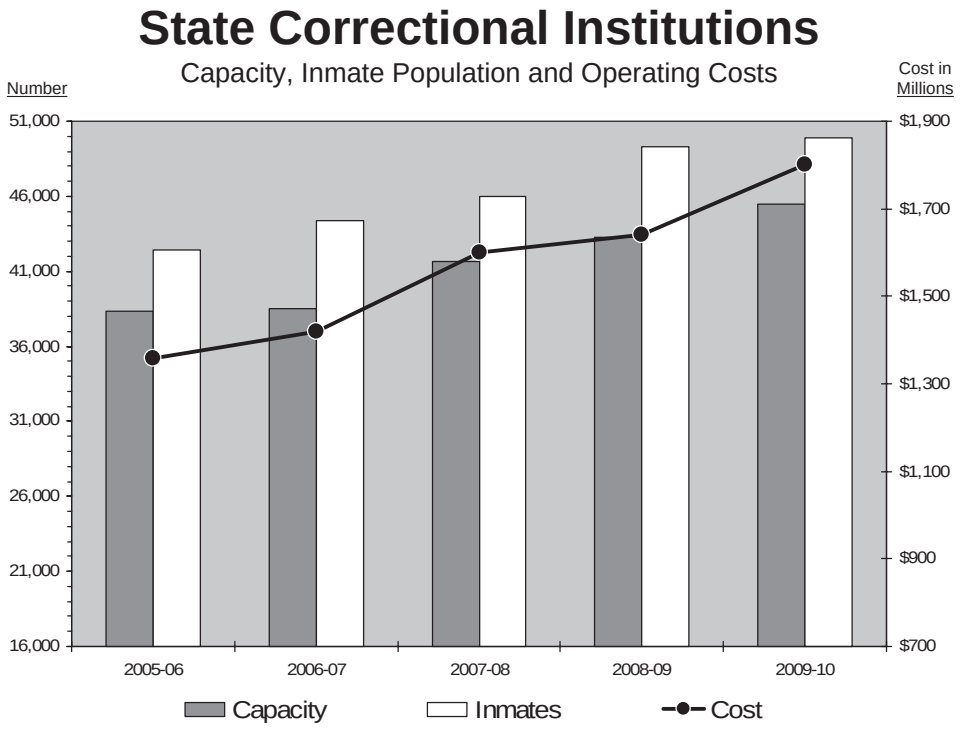
Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Total inmate population	46,028	49,133	51,083	53,485	55,885	58,285	60,685
Inmates in institutions	44,480	47,367	48,717	50,985	53,385	55,785	58,185
Inmates in Community Corrections Centers	1,548	1,766	2,366	2,500	2,500	2,500	2,500
Prison operational bed capacity	41,692	44,001	46,600	47,222	49,222	49,222	49,222
Inmates in excess of operational bed capacity	4,336	5,132	4,483	6,263	6,663	9,063	11,463
Inmates in state intermediate punishment program	668	1,024	1,159	1,245	1,275	1,275	1,275
Inmates employed or in educational programs	30,900	31,782	32,038	32,460	32,990	34,530	35,075
Hours worked in community work projects	568,556	698,434	733,355	770,000	809,000	849,000	891,000
Inmates enrolled in academic educational programs	11,234	11,407	11,407	11,407	11,460	11,900	11,900
Inmates enrolled in vocational programs	3,783	3,900	3,805	3,805	3,805	3,955	3,955
Inmates receiving high school diplomas/GED's	1,322	1,322	1,325	1,325	1,325	1,350	1,370
Inmates assessed as needing alcohol or other drug treatment services*	16,925	18,013	18,901	19,790	20,680	21,565	22,455

Program: Institutionalization of Offenders (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Inmates currently receiving alcohol or other drug treatment services	2,687	3,530	3,530	3,530	3,580	3,615	3,615
Inmates who have completed alcohol or other drug treatment services during the year	7,418	8,160	8,160	8,160	8,160	8,360	8,460
Percentage of inmates testing positive for drug and alcohol use while in prison (random test)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Monies collected from inmates to pay for victim restitution and other fines, fees, costs, penalties and reparations	$4,385,000	$4,604,000	$4,834,000	$5,076,000	$5,228,000	$5,385,000	$5,547,000
Cost per inmate per year (state funds)	$33,579	$33,114	$34,844	$33,395	$31,929	$30,587	$29,352
Cost per inmate per year for health care (state funds)	$4,439	$4,294	$4,624	$4,431	$4,237	$4,059	$3,895
Inmates to custody staff	5.0	5.3	5.3	5.5	5.7	5.7	5.9
Inmates to all Department of Corrections staff	3.0	3.1	3.2	3.3	3.4	3.5	3.6

*Substantially revised program measure.

Measures are recorded in December for 2007-08 and in June for 2008-09 and thereafter.



The cost of operating the state correctional institution system has increased from more than $1.3 billion in 2005-06 to more than $1.8 billion in 2009-10. During this timeframe, the inmate population is projected to increase from 42,446 to 49,883, and the operational capacity is projected to grow from 38,347 to an estimated 45,470.

Program: Institutionalization of Offenders (continued)

Population and Capacity Institutions	Population Dec 2008	Estimated Population Dec 2009	Capacity Dec 2008	Estimated Capacity Dec 2009
Albion	2,392	2,300	1,900	1,900
Cambridge Springs	1,043	1,033	1,033	1,033
Camp Hill	3,670	3,290	3,200	3,200
Chester	1,265	1,255	1,200	1,200
Coal Township	2,114	2,025	1,900	1,900
Cresson	1,600	1,650	1,450	1,450
Dallas	2,112	2,092	1,750	1,750
Fayette	2,049	2,045	2,018	1,914
Forest	2,252	2,130	2,047	2,125
Frackville	1,125	1,081	900	900
Graterford	3,371	3,122	2,800	2,800
Greene	1,895	1,914	1,823	1,823
Greensburg	1,022	1,040	800	950
Houtzdale	2,267	2,300	1,900	1,900
Huntingdon	2,161	2,168	1,700	1,700
Laurel Highlands	1,181	1,520	1,140	1,520
Mahanoy	2,375	2,300	1,900	1,900
Mercer	1,419	1,570	1,360	1,590
Muncy	1,443	1,431	1,242	1,472
Pine Grove	863	920	786	786
Pittsburgh	1,688	1,590	1,500	1,500
Quehanna Boot Camp	399	460	464	464
Retreat	1,180	1,110	1,108	1,108
Rockview	2,099	2,375	1,700	2,000
Smithfield	1,230	1,366	1,000	1,179
Somerset	2,358	2,300	1,900	1,900
Waymart	1,395	1,420	1,440	1,440
Community Centers	1,330	2,066	1,330	2,066
Other jurisdictions	9	10	0	0
Total	49,307	49,883	43,291	45,470

By June 2010, net operational capacity will increase to 46,600 after additional community corrections center beds and new housing units at five institutions have opened. Included in capacity are 819 contract beds in December 2008 and 1,237 contract beds in December 2009 that are available to house community corrections inmates.

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget
Albion			
State Funds	$ 55,392	$ 56,251	$ 61,149
Federal Funds	59	59	28
Augmentations	23	23	29
TOTAL	$ 55,474	$ 56,333	$ 61,206
Cambridge Springs			
State Funds	$ 30,061	$ 31,278	$ 36,749
Federal Funds	413	266	317
Augmentations	16	19	19
TOTAL	$ 30,490	$ 31,563	$ 37,085
Camp Hill			
State Funds	$ 98,928	$ 98,273	$ 106,273
Federal Funds	425	80	30
Augmentations	54	43	66
TOTAL	$ 99,407	$ 98,396	$ 106,369
Chester			
State Funds	$ 42,272	$ 42,836	$ 47,530
Federal Funds	32	32	2
Augmentations	11	12	17
TOTAL	$ 42,315	$ 42,880	$ 47,549
Coal Township			
State Funds	$ 52,370	$ 53,536	$ 58,419
Federal Funds	152	162	137
Augmentations	30	30	37
TOTAL	$ 52,552	$ 53,728	$ 58,593
Cresson			
State Funds	$ 50,009	$ 51,940	$ 56,784
Federal Funds	44	40	18
Augmentations	18	18	22
TOTAL	$ 50,071	$ 51,998	$ 56,824
Dallas			
State Funds	$ 67,135	$ 67,448	$ 69,424
Federal Funds	82	54	19
Augmentations	36	25	43
TOTAL	$ 67,253	$ 67,527	$ 69,486
Fayette			
State Funds	$ 63,957	$ 64,614	$ 71,029
Federal Funds	55	57	19
Augmentations	23	28	28
TOTAL	$ 64,035	$ 64,699	$ 71,076

	2007-08 Actual	2008-09 Available	2009-10 Budget
Forest			
State Funds	$ 55,370	$ 56,788	$ 65,350
Federal Funds	50	66	40
Augmentations	24	21	28
TOTAL	$ 55,444	$ 56,875	$ 65,418
Frackville			
State Funds	$ 39,624	$ 40,254	$ 42,981
Federal Funds	33	35	20
Augmentations	16	11	21
TOTAL	$ 39,673	$ 40,300	$ 43,022
Graterford			
State Funds	$ 112,716	$ 112,423	$ 123,088
Federal Funds	434	332	527
Augmentations	77	100	109
TOTAL	$ 113,227	$ 112,855	$ 123,724
Greene			
State Funds	$ 65,177	$ 64,932	$ 70,346
Federal Funds	51	53	21
Augmentations	20	21	24
TOTAL	$ 65,248	$ 65,006	$ 70,391
Greensburg			
State Funds	$ 37,305	$ 37,848	$ 42,722
Federal Funds	156	142	127
Augmentations	10	9	11
TOTAL	$ 37,471	$ 37,999	$ 42,860
Houtzdale			
State Funds	$ 55,881	$ 57,315	$ 63,834
Federal Funds	157	165	134
Augmentations	33	30	41
TOTAL	$ 56,071	$ 57,510	$ 64,009
Huntingdon			
State Funds	$ 59,322	$ 59,417	$ 64,095
Federal Funds	55	55	28
Augmentations	32	93	39
TOTAL	$ 59,409	$ 59,565	$ 64,162
Laurel Highlands			
State Funds	$ 48,581	$ 52,517	$ 59,406
Federal Funds	22	23	5
Augmentations	19	11	30
TOTAL	$ 48,622	$ 52,551	$ 59,441

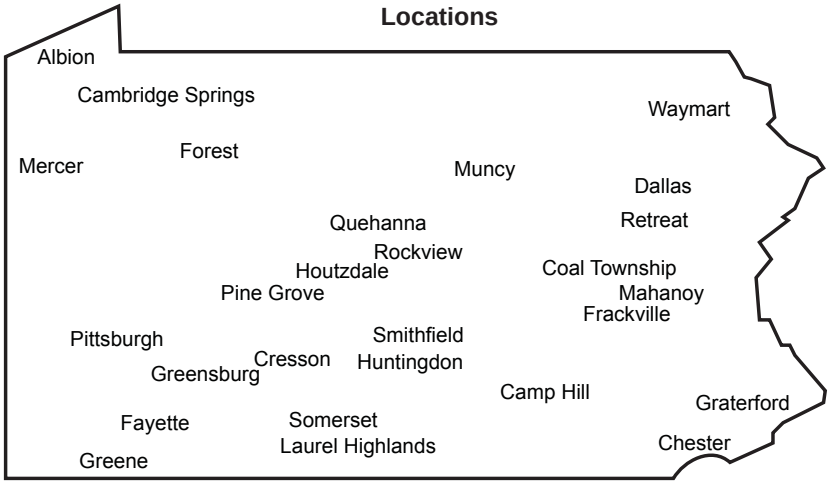
Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget
Mahanoy			
State Funds	$ 54,365	$ 55,525	$ 63,144
Federal Funds	51	53	22
Augmentations	39	28	55
TOTAL	$ 54,455	$ 55,606	$ 63,221
Mercer			
State Funds	$ 38,134	$ 40,005	$ 43,374
Federal Funds	39	38	26
Augmentations	34	29	39
TOTAL	$ 38,207	$ 40,072	$ 43,439
Muncy			
State Funds	$ 47,783	$ 51,167	$ 56,198
Federal Funds	181	147	131
Augmentations	40	25	57
TOTAL	$ 48,004	$ 51,339	$ 56,386
Pine Grove			
State Funds	$ 33,805	$ 34,956	$ 40,453
Federal Funds	121	120	120
Augmentations	9	8	10
TOTAL	$ 33,935	$ 35,084	$ 40,583
Pittsburgh			
State Funds	$ 40,205	$ 48,363	$ 53,660
Federal Funds	0	14	17
Augmentations	6	5	17
TOTAL	$ 40,211	$ 48,382	$ 53,694
Quehanna Boot Camp			
State Funds	$ 15,867	$ 16,730	$ 18,687
Federal Funds	18	20	8
Augmentations	5	5	7
TOTAL	$ 15,890	$ 16,755	$ 18,702
Retreat			
State Funds	$ 34,860	$ 37,897	$ 41,320
Federal Funds	54	55	38
Augmentations	20	14	24
TOTAL	$ 34,934	$ 37,966	$ 41,382
Rockview			
State Funds	$ 64,880	$ 66,276	$ 75,578
Federal Funds	173	154	124
Augmentations	67	388	368
TOTAL	$ 65,120	$ 66,818	$ 76,070
Smithfield			
State Funds	$ 43,502	$ 44,409	$ 50,921
Federal Funds	38	39	24
Augmentations	11	18	13
TOTAL	$ 43,551	$ 44,466	$ 50,958
Somerset			
State Funds	$ 56,760	$ 58,096	$ 62,784
Federal Funds	86	62	29
Augmentations	23	29	27
TOTAL	$ 56,869	$ 58,187	$ 62,840
Waymart			
State Funds	$ 65,347	$ 66,069	$ 71,616
Federal Funds	187	168	148
Augmentations	23	15	33
TOTAL	$ 65,557	$ 66,252	$ 71,797
Community Centers			
State Funds	$ 98,637	$ 93,752	$ 113,338
Federal Funds	681	1,681	4
Augmentations	690	5,680	695
TOTAL	$ 100,008	$ 101,113	$ 114,037
Training Academy			
State Funds	$ 6,548	$ 6,567	$ 6,366
Federal Funds	1	1	0
Augmentations	160	210	210
TOTAL	$ 6,709	$ 6,778	$ 6,576
Central Office			
State Funds	$ 65,278	$ 72,053	$ 66,627
Federal Funds	4,431	9,258	6,159
Augmentations	563	185	195
TOTAL	$ 70,272	$ 81,496	$ 72,981
Other jurisdictions			
State Funds	$ 110	$ 120	$ 110
Federal Funds	0	0	0
Augmentations	0	0	0
TOTAL	$ 110	$ 120	$ 110

Program: Institutionalization of Offenders (continued)

State Correctional Institutions
Locations



Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

General Government Operations

$ –1,407	—nonrecurring 2008-09 budgetary freeze amount.
–275	—reduction in administrative costs.
$ –1,682	*Appropriation Decrease*

Medical Care

$ 823	—Initiative—Capacity Expansion. To provide resources for medical care and treatment for offenders in new housing units.
15,509	—contracted medical services and pharmacy costs.
1,160	—to continue current program.
$ 17,492	*Appropriation Increase*

Inmate Education and Training

$ 2,415	—to continue current program.

State Correctional Institutions

$ 18,777	—Initiative—Capacity Expansion. To provide operational resources for more than 1,600 beds to address increases in the offender population.
11,894	—to increase capacity at community corrections centers by 800 beds.
114,804	—to continue current program.
$ 145,475	*Appropriation Increase*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 36,614	$ 36,495	$ 34,813	$ 34,813	$ 34,813	$ 34,813	$ 34,813
Medical Care	204,338	214,197	231,689	231,689	231,689	231,689	231,689
Inmate Education and Training	45,555	45,463	47,878	47,878	47,878	47,878	47,878
State Correctional Institutions	1,313,674	1,343,500	1,488,975	1,488,975	1,488,975	1,488,975	1,488,975
GENERAL FUND TOTAL	$ 1,600,181	$ 1,639,655	$ 1,803,355	$ 1,803,355	$ 1,803,355	$ 1,803,355	$ 1,803,355

DEPARTMENT OF EDUCATION

The mission of the department is to academically prepare children and adults to succeed in their chosen profession. The department seeks to ensure that the technical support, resources and physical plant are in place for all students, whether children or adults, to receive a high quality education.

The department establishes standards and measures aimed at continuous improvement of school curriculum. The department manages staff development and research dissemination systems to ensure that all educational institutions can select from proven practices to boost student achievement. Local school districts, school boards and other educational institutions receive technical assistance from the department via a network of Intermediate Units. The department supports the improvement of Pennsylvania's higher education and community colleges via educational programs, funding to support students and direct resources for facility development.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 28,222**	**$ 28,900**	**$ 27,454**
(F)Adult Basic Education - Administration	1,650	1,600	1,600
(F)Education of Exceptional Children	10,000	10,000	10,000
(F)Special Education - State Personnel Development	2,200	2,200	2,200
(F)ESEA - Title I - Administration	8,000	8,000	8,000
(F)State Approving Agency (VA)	1,200	1,200	1,400
(F)Food and Nutrition Service	5,563	6,453	6,453
(F)Migrant Education - Administration	600	600	600
(F)Vocational Education - Administration	3,910	3,910	3,910
(F)Improving Teacher Quality - Title II - Administration/State	5,400	5,400	5,400
(F)Byrd Scholarships	1,586	1,563	1,563
(F)ESEA - Title V - Administration/State	779	779	0
(F)Homeless Assistance	3,426	3,426	3,426
(F)Preschool Grant	1,000	1,000	174
(F)DFSC - Administration	750	850	580
(F)State Literacy Resource Centers	150	110	110
(F)School Health Education Programs	500	650	650
(F)Learn and Serve America - School Based	882	882	882
(F)Environmental Education Workshops	350	350	200
(F)Charter Schools Initiatives	7,000	8,000	7,000
(F)Educational Technology - Administration	1,200	1,200	500
(F)Advanced Placement Testing	206	206	197
(F)Medical Assistance - Nurses' Aide Training	300	300	300
(F)State and Community Highway Safety	1,200	1,200	1,300
(F)Reading First Initiative - Administration	11,000	11,000	6,000
(F)Title IV - 21st Century Community Learning Centers -Admin	1,805	3,000	3,000
(F)National Assessment of Educational Progress (NAEP)	137	200	200
(F)Drug and Violence Prevention Data	381	507	0
(F)Foreign Language Assistance	247	247	0
(F)Striving Readers	3,800	3,800	0
(F)WIA Incentive Grant	489	0	0
(F)Advanced Placement Initiative	1,444	1,444	0
(F)Statewide Longitudinal Data System	2,200	668	0
(F)School-Based Mental Health Services	348	0	0
(F)Refugee School Impact Development (EA)	375	434	375
(F)Migrant Education Coordination Program	87	100	150
(F)Partnerships in Character Education	0	750	0
(F)Child Nutrition Discretionary Grant (EA)	38	0	0
(F)Professional Development for the Arts	0	346	346
(F)College Access Challenge Grant Program	0	2,150	2,150
(F)School Improvement Grants	6,000	22,000	22,000
(F)Jacob Javits Gifted and Talented Students	0	0	394
(A)Management Services	6	5	5
(A)Environmental Education	261	261	261
(A)Approved Private Schools	291	301	314
(A)National Center for Educational Statistics	4	76	36
(A)Teenage Parenting	4,786	4,786	4,786
(A)EPSDT Administration	1,196	1,322	1,322
(A)Services to Nonpublic Schools-Administration	865	916	909
(A)Troops for Teachers	49	97	97
(A)School Facilities Initiatives	395	424	424
(A)International Educators Training	1	16	0
(A)National Assn. of State Boards of Education	0	15	0
(A)Environmental & Ecology Reading	0	10	0
Subtotal	$ 122,279	$ 143,654	$ 126,668
Office of Safe Schools Advocate	**387**	**395**	**175**
Information and Technology Improvement	**4,960**	**5,375**	**4,000**
(F)Medical Assistance - Information Technology Support	0	2,700	0
(F)Statewide Data Systems	0	0	3,000
PA Assessment	**31,619**	**54,400**	**54,400**

Summary by Fund and Appropriation

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
	(Dollar Amounts in Thousands)		
(F)Title VI-Part A State Assessments	13,264	12,668	12,668
Subtotal	$ 50,230	$ 75,538	$ 74,243
State Library	**4,884**	**4,846**	**2,396**
(F)LSTA - Library Development	1,950	1,950	7,210
(F)Brownsfield Economic Development Initiative	5,500	5,500	5,500
(F)Save America's Treasures (EA)	250	150	0
(A)Penalties and Reimbursements	4	3	3
(A)Photocopy Service	11	17	13
(A)Keystone Fund	68	74	79
(A)Library Restoration	0	4	0
(A)PA Humanities Council	0	20	20
(A)Thaddeus Stevens Support	3	3	0
(A)Joint State Government Commission	1	1	1
(A)Catalog Services	0	0	11
Subtotal	$ 12,671	$ 12,568	$ 15,233
Subtotal - State Funds	$ 70,072	$ 93,916	$ 88,425
Subtotal - Federal Funds	107,167	129,493	119,438
Subtotal - Augmentations	7,941	8,351	8,281
Total - General Government	$ 185,180	$ 231,760	$ 216,144
Institutional:			
Youth Development Centers - Education	**$ 11,463**	**$ 11,502**	**$ 11,787**
Scranton State School for the Deaf	**7,262**	**7,345**	**0**
(F)Individuals with Disabilities Education - Scranton	95	95	0
(F)School Milk Lunch	35	50	0
(F)ESEA - Scranton	260	452	0
(F)Life Long Learning	4	11	0
(F)Adult Basic Education	0	10	0
(A)Cafeteria and Other Fees	115	35	0
(A)Tuition Recovery	893	880	0
Subtotal	$ 8,664	$ 8,878	$ 0
Subtotal - State Funds	$ 18,725	$ 18,847	$ 11,787
Subtotal - Federal Funds	394	618	0
Subtotal - Augmentations	1,008	915	0
Total - Institutional	$ 20,127	$ 20,380	$ 11,787
Grants and Subsidies:			
Support of Public Schools:			
Basic Education Funding	**$ 5,294,112** a	**$ 5,564,396** a	**$ 5,864,396**
Dual Enrollment Payments	**10,000**	**10,000**	**10,000**
School Improvement Grants	**22,880**	**22,880**	**22,880**
Pre-K Counts	**75,000**	**86,412**	**95,053**
Head Start Supplemental Assistance	**40,000**	**39,480**	**39,480**
Technology Initiative	**1,290**	**1,273**	**0**
Science: It's Elementary	**13,500**	**14,500**	**13,625**
Science and Math Education Programs	**2,545**	**2,707**	**0**
Classrooms for the Future	**90,000**	**45,000**	**22,000**
Teacher Professional Development	**30,367**	**42,556**	**39,000**
(A)Governor's Institute-professional development	118	118	118
Urban and Minority Teacher Development	**3,000**	**500**	**0**
Rx for PA - Physical and Health Education	**30**	**30**	**0**
Adult and Family Literacy	**23,434**	**23,129**	**22,500**
(F)Adult Basic Education - Local	19,000	19,000	19,000
Career and Technical Education	**63,278** b	**64,009** b	**64,314**

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
(F)Vocational Education Act - Local	53,000	53,000	53,000
(A)New Choices / New Options	0	2,276	0
Authority Rentals and Sinking Fund Requirements	**318,368**	**326,500**	**335,000**
Pupil Transportation	**507,067**	**516,620**	**520,324**
Nonpublic and Charter School Pupil Transportation	**68,041**	**78,817**	**76,520**
Special Education	**1,010,038**	**1,026,815**	**1,026,815** c
(F)Individuals with Disabilities Education - Local	406,893	409,172	439,551 c
Special Education Transition	**0**	**0**	**5,497**
Early Intervention	**171,099**	**185,133**	**189,013**
(F)Individuals with Disabilities Education	14,283	14,978	16,000
Homebound Instruction	**718**	**748**	**748**
Tuition for Orphans and Children Placed in Private Homes	**53,649**	**55,805**	**57,116**
Payments in Lieu of Taxes	**169**	**179**	**187**
Education of Migrant Laborers' Children	**847**	**1,138**	**1,149**
PA Charter Schools for the Deaf and Blind	**34,540**	**36,053**	**36,801**
Special Education - Approved Private Schools	**94,335**	**96,100**	**98,098**
Approved Private Schools - Audit Resolution	**5,000**	**3,100**	**0**
Intermediate Units	**6,311**	**6,311**	**6,229**
School Food Services	**29,633**	**30,671**	**31,131**
(F)Food and Nutrition - Local	415,766	440,712	467,155
(F)Color Me Healthy (EA)	185	0	0
(A)Team Nutrition Training Grant	0	30	0
Rx for PA - School Food Services	**4,043**	**4,000**	**3,000**
School Employees' Social Security	**490,809**	**505,621**	**523,613**
School Employees' Retirement	**451,169**	**360,591**	**334,476**
School Entity Demonstration Projects	**17,200**	**11,000**	**0**
Education of Indigent Children	**25**	**20**	**20**
High School Reform	**11,000**	**10,857**	**10,734**
Subtotal	$ 9,852,742	$ 10,112,237	$ 10,444,543
(F)ESEA - Title V - School Districts	3,434	3,434	100
(F)ESEA - Title I - Local	625,000	625,000	625,000
(F)DFSC - School Districts	10,076	10,076	5,000
(F)Improving Teacher Quality - Title II - Local	142,000	152,000	152,000
(F)Educational Technology - Local	16,480	16,480	9,200
(F)Comprehensive School Reform - Local (EA)	491	0	0
(F)Reading First Initiative - Local	32,050	32,050	20,000
(F)Title V - Empowerment Schools	1,482	0	0
(F)Title IV 21st Century Community Learning Centers - Local	40,000	50,000	40,000
(F)Title III - Language Instruction for LEP & Immigrant Student	16,532	16,532	16,532
(F)Title VI - Rural & Low Income School - Local	559	646	1,300
(F)Adult Basic Education Services (EA)	6,000	6,000	6,000
Subtotal	$ 894,104	$ 912,218	$ 875,132
Other Grants and Subsidies:			
Education Mentoring	**1,200**	**0**	**0**
Lifelong Learning	**5,650**	**5,500**	**0**
Services to Nonpublic Schools	**86,487**	**89,082**	**89,002**
Textbooks, Materials and Equipment for Nonpublic Schools	**26,450**	**27,243**	**27,074**
Teen Pregnancy and Parenthood	**1,725**	**1,703**	**1,703**
(F)TANF - Teenage Parenting Education (EA)	12,255	12,255	12,255
(F)Teenage Parenting - Food Stamps	863	863	0
(F)Teenage Parenting - Food Stamps (EA)	0	0	863
Public Library Subsidy	**75,750**	**75,750**	**74,000**
Library Services for the Visually Impaired and Disabled	**2,965**	**2,976**	**2,926**
Recording for the Blind and Dyslexic	**70**	**69**	**69**
Library Access	**7,386**	**7,290**	**7,000**
Electronic Library Catalog	**3,842**	**3,792**	**3,542**
Ethnic Heritage	**165**	**163**	**0**
Governor's Schools of Excellence	**3,242**	**3,242**	**0**

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Job Training Programs	**5,300**	**3,975**	**0**
Reimbursement of Charter Schools	**161,261**	**226,936**	**253,906**
Safe and Alternative Schools	**23,326**	**23,023**	**21,023**
Alternative Education Demonstration Grants	**17,500**	**17,522**	**0**
Consolidation Incentives and Shared Services	**1,000** d	**987**	**2,487**
Subtotal	$ 436,437	$ 502,371	$ 495,850
Higher Education - Other Grants and Subsidies:			
Community Colleges	**229,359**	**236,240**	**241,240**
Transfer to Community College Capital Fund	**44,506**	**44,506**	**46,369**
Regional Community Colleges Services	**750**	**750**	**0**
Technical College Programs	**2,000**	**1,000**	**0**
Higher Education for the Disadvantaged	**9,320**	**9,199**	**8,599**
(A)Act 101 Partnership	0	20	0
Higher Education of Blind or Deaf Students	**54**	**53**	**53**
Higher Education Assistance	**20,017**	**20,569**	**0**
Engineering Equipment Grants	**150**	**74**	**0**
Dormitory Sprinklers	**250**	**247**	**0**
Community Education Councils	**2,186**	**2,186**	**0**
Medical College in NE PA	**0**	**4,000**	**0**
Postsecondary Education and Training	**0**	**1,492**	**0**
Thaddeus Stevens College of Technology	**10,930**	**10,750**	**8,550**
Subtotal	$ 319,522	$ 331,086	$ 304,811
State System of Higher Education:			
State Universities	**483,989**	**498,509**	**498,509**
Recruitment of the Disadvantaged	**452**	**446**	**446**
PA Center for Environmental Education (PCEE)	**368**	**368**	**368**
McKeever Center	**216**	**213**	**213**
Affirmative Action	**1,167**	**1,152**	**1,152**
Program Initiatives	**18,048**	**18,548**	**18,548**
Subtotal	$ 504,240	$ 519,236	$ 519,236
The Pennsylvania State University:			
General Support	**0**	**0**	**318,073**
Educational and General	**263,499**	**267,451**	**0**
Agricultural Research	**25,595**	**25,594**	**0**
Agricultural Extension Services	**30,384**	**30,384**	**0**
Recruitment of the Disadvantaged	**454**	**454**	**0**
Pennsylvania College of Technology	**12,909**	**13,103**	**0**
Pennsylvania College of Technology - Debt Service	**1,389**	**1,389**	**0**
Subtotal	$ 334,230	$ 338,375	$ 318,073
University of Pittsburgh:			
General Support	**0**	**0**	**160,490**
Educational and General	**164,312**	**166,777**	**0**
Student Life Initiatives	**435**	**435**	**0**
Recruitment of the Disadvantaged	**442**	**442**	**0**
Western Teen Suicide Center	**523**	**523**	**0**
Rural Education Outreach	**2,457**	**2,557**	**0**
Subtotal	$ 168,169	$ 170,734	$ 160,490
Temple University:			
General Support	**0**	**0**	**164,974**
Educational and General	**172,475**	**175,062**	**0**
Recruitment of the Disadvantaged	**442**	**442**	**0**

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Subtotal	$ 172,917	$ 175,504	$ 164,974
Lincoln University:			
General Support	**0**	**0**	**13,623**
Educational and General	**13,786**	**14,493**	**0**
Subtotal	$ 13,786	$ 14,493	$ 13,623
Non-State Related Universities and Colleges:			
Drexel University	**7,002**	**6,946**	**6,251**
University of Pennsylvania - Dental Clinics	**1,088**	**539**	**0** e
University of Pennsylvania - Medical Programs	**4,057**	**2,012**	**0** e
University of Pennsylvania - Veterinary Activities	**39,450**	**39,647**	**35,682**
University of Pennsylvania - Center for Infectious Disease	**3,216**	**3,190**	**2,871**
University of Pennsylvania - Cardiovascular Studies	**1,609**	**797**	**0** e
Phila. Health & Educ. Corp. - Medical Programs	**7,759**	**3,848**	**0** e
Phila. Health & Educ. Corp. - Operations & Maintenance	**1,727**	**857**	**0** e
Phila. Health & Educ. Cor - Recruitment of the Disadvantaged	**307**	**152**	**0** e
Philadelphia Health and Education Corporation	**2,011**	**997**	**0** e
Thomas Jefferson University - Doctor of Medicine Instruction	**5,592**	**2,773**	**0** e
Thomas Jefferson University - Operations & Maintenance	**4,260**	**2,112**	**0** e
Philadelphia College of Osteopathic Medicine	**6,576**	**6,523**	**5,871**
Lake Erie College of Osteopathic Medicine	**1,861**	**1,846**	**1,661**
Salus University	**1,693**	**1,679**	**1,511**
Philadelphia University of the Arts	**1,214**	**1,204**	**1,084**
Subtotal	$ 89,422	$ 75,122	$ 54,931
Non-State Related Institutions:			
Berean - Operations and Maintenance	**1,504**	**0**	**0**
Johnson Technical Institute	**194**	**192**	**173**
Williamson Free School of Mechanical Trades	**71**	**70**	**63**
Subtotal	$ 1,769	$ 262	$ 236
Subtotal - State Funds	$ 10,970,871	$ 11,286,996	$ 11,468,825
Subtotal - Federal Funds	1,816,349	1,862,198	1,882,956
Subtotal - Augmentations	118	2,444	118
Total - Grants and Subsidies	$ 12,787,338	$ 13,151,638	$ 13,351,899
STATE FUNDS	$ 11,059,668	$ 11,399,759	$ 11,569,037
FEDERAL FUNDS	1,923,910	1,992,309	2,002,394
AUGMENTATIONS	9,067	11,710	8,399
GENERAL FUND TOTAL	**$ 12,992,645**	**$ 13,403,778**	**$ 13,579,830**

MOTOR LICENSE FUND:

Grants and Subsidies:			
Safe Driving Course	**$ 905**	**$ 1,130**	**$ 1,127**

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
Grants and Subsidies:			
Local Libraries Rehabilitation and Development (EA)	**$ 3,277**	**$ 2,525**	**$ 2,097**
SSHE-Deferred Maintenance (EA)	**15,169**	**11,368**	**9,437**
Total - Grants and Subsidies	$ 18,446	$ 13,893	$ 11,534
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL	**$ 18,446**	**$ 13,893**	**$ 11,534**
OTHER FUNDS:			
GENERAL FUND:			
LSTA - Library Grants	$ 4,573	$ 7,000	$ 0 f
Private Licensed Schools	624	675	709
Empowerment School Districts	4,500	0	0
Medical Assistance Reimbursements	99,211	110,000	110,000
Approved Private Schools - Audit Resolution	74	0	0
GENERAL FUND TOTAL	**$ 108,982**	**$ 117,675**	**$ 110,709**
COMMUNITY COLLEGE CAPITAL FUND:			
Community College Capital	$ 0 g	$ 0 g	$ 0 g
EDUCATION TECHNOLOGY FUND:			
Broadband Technology Services (EA)	$ 9,790	$ 9,790	$ 9,790
Administration (EA)	210	313	210
EDUCATION TECHNOLOGY FUND TOTAL	**$ 10,000**	**$ 10,103**	**$ 10,000**
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Governor Casey Organ and Tissue Donation Awareness Fund (EA)	$ 225	$ 200	$ 200
PROPERTY TAX RELIEF FUND:			
Property Tax Relief Payments (EA)	$ 0	$ 612,900	$ 612,900
SCHOOL EMPLOYEES' RETIREMENT FUND:			
Administration	$ 40,811	$ 42,297	$ 43,227
Directed Commissions	233	1,000	1,000
(A)Health Insurance - Administration Reimbursement	842	897	957
(A)Health Options - Administration Reimbursement	282	369	2,886
SCHOOL EMPLOYEES' RETIREMENT FUND TOTAL	**$ 42,168**	**$ 44,563**	**$ 48,070**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 11,059,668	$ 11,399,759	$ 11,569,037
SPECIAL FUNDS	19,351	15,023	12,661
FEDERAL FUNDS	1,923,910	1,992,309	2,002,394
AUGMENTATIONS	9,067	11,710	8,399
OTHER FUNDS	161,375	785,441	781,879
TOTAL ALL FUNDS	**$ 13,173,371**	**$ 14,204,242**	**$ 14,374,370**

Summary by Fund and Appropriation

[a] 2007-08 Actual includes $275,000,000 appropriated as Pennsylvania Accountability Grants, $65,683,000 appropriated as Education Assistance Program and $2,000,000 appropriated as Basic Ed Formula Enhancements. 2008-09 Available includes $271,425,000 appropriated as Pennsylvania Accountability Grants, $64,829,000 appropriated as Education Assistance Program and $2,000,000 appropriated as Basic Ed Formula Enhancements.

[b] 2007-08 Actual includes $317,000 appropriated as Education Assistance Program and 2008-09 Available includes $313,000 appropriated as Education Assistance Program.

[c] 2009-10 Budget includes federal fiscal relief, which will provide increased support for special education.

[d] Appropriated as Shared Services.

[e] See Medical Assistance - Physician Practice Plans in the Department of Public Welfare Summary by Fund and Appropriation on page E33.5 for 2009-10 funding.

[f] See LSTA - Library Development (F) under State Library funding.

[g] Not added to the total to avoid double counting: 2007-08 Actual is $44,506,000, 2008-09 Available is $44,506,000, and 2009-10 Budget is $46,369,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND	$ 33,182	$ 34,275	$ 31,454	$ 31,454	$ 31,454	$ 31,454	$ 31,454
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	80,203	87,225	72,060	72,060	72,060	72,060	72,060
OTHER FUNDS	50,646	53,467	56,933	56,933	56,933	56,933	56,933
SUBCATEGORY TOTAL	$ 164,031	$ 174,967	$ 160,447	$ 160,447	$ 160,447	$ 160,447	$ 160,447
BASIC EDUCATION							
GENERAL FUND	$ 9,327,534	$ 9,645,969	$ 9,911,276	$ 10,419,808	$ 10,424,565	$ 11,803,976	$ 12,904,934
SPECIAL FUNDS	905	1,130	1,127	1,127	1,127	1,127	1,127
FEDERAL FUNDS	1,836,007	1,897,484	1,917,624	1,917,624	1,917,624	1,917,624	1,917,624
OTHER FUNDS	115,136	736,542	733,218	733,218	723,218	723,218	723,218
SUBCATEGORY TOTAL	$ 11,279,582	$ 12,281,125	$ 12,563,245	$ 13,071,777	$ 13,066,534	$ 14,445,945	$ 15,546,903
LIBRARY SERVICES							
GENERAL FUND	$ 94,897	$ 94,723	$ 89,933	$ 89,933	$ 89,933	$ 89,933	$ 89,933
SPECIAL FUNDS	3,277	2,525	2,097	2,469	2,990	3,450	3,839
FEDERAL FUNDS	7,700	7,600	12,710	12,710	12,710	12,710	12,710
OTHER FUNDS	4,660	7,122	127	127	127	127	127
SUBCATEGORY TOTAL	$ 110,534	$ 111,970	$ 104,867	$ 105,239	$ 105,760	$ 106,220	$ 106,609
HIGHER EDUCATION							
GENERAL FUND	$ 1,604,055	$ 1,624,792	$ 1,536,374	$ 1,536,374	$ 1,536,374	$ 1,536,374	$ 1,536,374
SPECIAL FUNDS	15,169	11,368	9,437	11,108	13,456	15,524	17,277
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	20	0	0	0	0	0
SUBCATEGORY TOTAL	$ 1,619,224	$ 1,636,180	$ 1,545,811	$ 1,547,482	$ 1,549,830	$ 1,551,898	$ 1,553,651
ALL PROGRAMS:							
GENERAL FUND	$ 11,059,668	$ 11,399,759	$ 11,569,037	$ 12,077,569	$ 12,082,326	$ 13,461,737	$ 14,562,695
SPECIAL FUNDS	19,351	15,023	12,661	14,704	17,573	20,101	22,243
FEDERAL FUNDS	1,923,910	1,992,309	2,002,394	2,002,394	2,002,394	2,002,394	2,002,394
OTHER FUNDS	170,442	797,151	790,278	790,278	780,278	780,278	780,278
DEPARTMENT TOTAL	$ 13,173,371	$ 14,204,242	$ 14,374,370	$ 14,884,945	$ 14,882,571	$ 16,264,510	$ 17,367,610

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the agency can be achieved.

Program: Education Support Services

Education Support Services provides for the administrative and overhead systems that support the operation of programs necessary for the achievement of Department of Education and commonwealth objectives. The success or failure of these supportive efforts can only be indirectly reflected by the effectiveness of the activities they support. The department seeks to minimize these administrative costs in relation to the costs of services provided. As part of its efforts to control administrative costs, the department continues to transfer mainframe applications to client servers that permit departmental employees to perform their responsibilities in a more efficient and effective manner.

In addition to providing operational support to the executive, budget, communications and legal offices of the department, this program also provides staff support to the State Board of Education and other administrative boards and commissions. These include boards for private, academic, business, trade and correspondence schools, and the Professional Standards and Practices Commission.

This program also includes non-General Fund support from the School Employees' Retirement Fund used for administration of the School Employees' Retirement System. The Pennsylvania School Employees' Retirement Board administers the School Employees' Retirement System and provides benefits for retired school employees and counseling and information services for active employees. The School Employees' Retirement Fund is shown in the Special Funds Appendix.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ –1,327	—nonrecurring 2008-09 budgetary freeze amount.
–119	—reduction in administrative costs.
$ –1,446	*Appropriation Decrease*

Information and Technology Improvement

$ –1,075	—nonrecurring 2008-09 budgetary freeze amount.
–300	—nonrecurring projects.
$ –1,375	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 28,222	$ 28,900	$ 27,454	$ 27,454	$ 27,454	$ 27,454	$ 27,454
Information and Technology Improvement	4,960	5,375	4,000	4,000	4,000	4,000	4,000
TOTAL GENERAL FUND	$ 33,182	$ 34,275	$ 31,454	$ 31,454	$ 31,454	$ 31,454	$ 31,454

PROGRAM OBJECTIVE: To provide students with the skills, attitudes and abilities needed for effective living in our complex society.

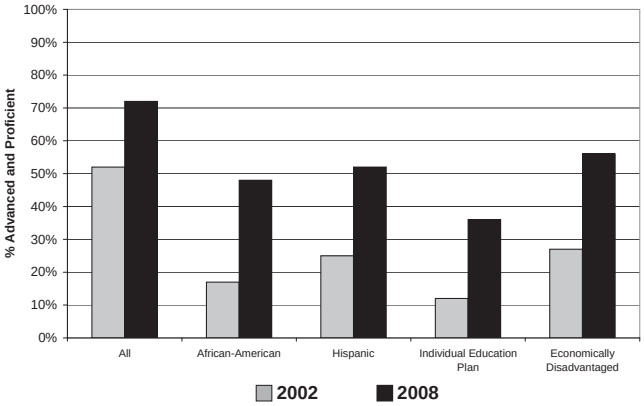
Program: PreK–12 Education (Basic Education)

Program Element: PreK-12 Education (Basic Education)

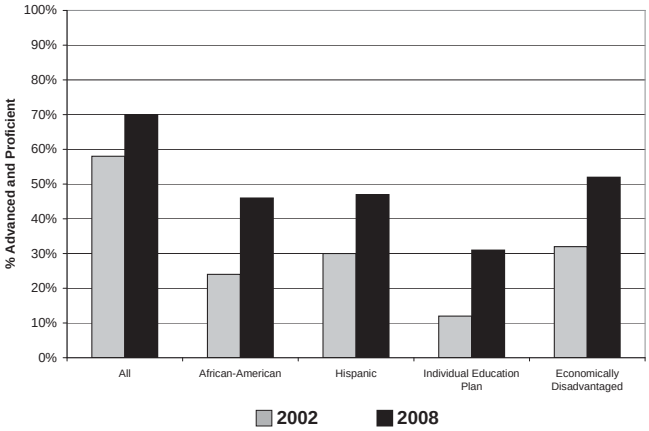
Pennsylvania's preK-12 education system is designed to provide every child in the commonwealth with the skills they need to be active citizens and future leaders in our global economy. In 2007-08, 71 percent of Pennsylvania's students met the state standards in math and 70 percent met the state standards in reading.

In every subject and grade – and for students of every race and income level – achievement has increased since 2001-02.

Percent of PA Students Meeting State Standards in Math 2002 vs. 2008



Percent of PA Students Meeting State Standards in Reading 2002 vs. 2008



Program Element: Basic Education Funding

The commonwealth and local school districts share the financing of public elementary and secondary education in Pennsylvania. There are 501 local school districts.

The Basic Education Funding appropriation is the largest subsidy the commonwealth provides as support to local school districts. The subsidy has two core principles:

- **Help communities achieve school funding adequacy**. Despite significant local tax burdens, too many school districts still cannot achieve an adequate level of school funding to meet their students' academic needs. Pennsylvania's new school funding formula helps move districts towards the adequacy targets set forth in the Legislature's Costing-Out Report.
- **Direct the most state resources to the communities with the greatest need**. Pennsylvania's school districts have dramatically different levels of local wealth and student need. Commonwealth resources are directed to all 501 school districts but are also targeted in order to ensure that students in all communities have the academic opportunities they deserve.

In order to increase academic achievement, school districts are encouraged to invest in early childhood education and other proven programs. The Department of Education supports school improvement through intensive training and other initiatives.

Program Element: Accountability Block Grants

In 2008-09 Pennsylvania's Education Block Grant provides $271.4 million for school districts to invest in education programs that are proven to help children learn. Of that amount, $14.8 million is dedicated to the Full-Day Kindergarten Supplement which is targeted to districts that establish or expand full-day kindergarten. Out of the remaining $256.6 million, districts, for the fifth year, are choosing to invest more than $3 out of every $4 in Block Grants in early childhood education that includes high-quality pre-kindergarten, full-day kindergarten and class-size reduction in kindergarten through third grade.

The 2009-10 budget includes $271.4 million for Accountability Block Grants. This funding will be folded into each school district's basic education subsidy.

Program Element: Early Childhood Learning

Early learning for Pennsylvania's youngest children is crucial for both their long-term and short-term success. The benefits of a strong foundation in early childhood education have been touted by the Federal Reserve Bank as one of the best economic development investments that a state can make. The benefits of such programming range from $4 to $7 for every $1 invested. In recognition of the importance of early childhood education to Pennsylvania's economic well-being, in 2006, the Departments of Education and Public Welfare launched a new initiative to assure a well-coordinated, integrated approach to early childhood development and learning. The departments established the Office of Child Development and Early Learning as

Program: PreK–12 Education (continued)

one office that is made up of both agencies. Some of the efforts of this office that are found in the Department of Education appropriations, include:

Pre-K Counts. From a beginning investment of $75 million in 2007-08, this program will grow in 2009-10 to provide high quality early childhood education to about 13,000 Pennsylvania children in a diversity of settings, ranging from school-based programs to Keystone STARS child care centers.

Head Start. By providing first-ever state funding for Head Start in 2004-05 and launching the Accountability Block Grant, Pennsylvania removed itself from the list of nine states in the nation that failed to provide funding for pre-school. In 2008-09, the state investment of $39.5 million is serving approximately 5,620 children.

Program Element: Science: It's Elementary

Science: It's Elementary for grades K through 6 provides resources for hands-on learning equipment and intensive teacher training to elementary schools that commit to upgrading their science curriculum. Requested funds go to ASSET Incorporated, an instructional materials resource center in Pittsburgh, which provides participating school districts with professional development, instructional materials (science kits) and reimbursement of costs for participation to support implementation of inquiry-based science instruction in grades K through 6. For 2008-09 the project was funded at $14.5 million, which supports implementation in a total of 132 districts, 141 schools, 2,700 teachers and at least 65,000 students for the Science: It's Elementary program in year three. The 130 districts returning from years one and two will receive module enrichment on the previous year's inquiry modules. The 73 districts from years two and three will receive a new module along with professional development. In year one of participation in the program, each classroom teacher receives (on a loan basis) one science kit and professional development materials necessary to teach that kit. In year two of participation in the program, each teacher receives two kits and the necessary professional development materials. In year three each receives three kits with professional development materials.

Program Element: Transforming Pennsylvania's High Schools

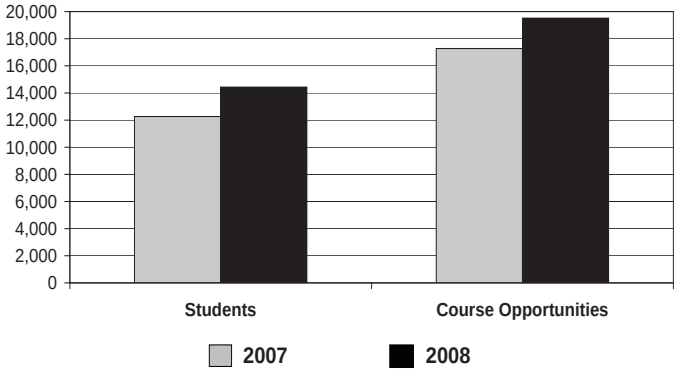
All Pennsylvania students must graduate from high school prepared to enter college and the high-skills workforce. According to a national report, only 44 percent of the commonwealth's high school freshmen graduate on time with a college-ready transcript.

Project 720. Project 720 – named for the number of days a student spends in high school from the beginning of 9th grade to the end of 12th grade – is helping transform Pennsylvania's high schools.

In 2008-09, Project 720 will provide grants to 75 high schools, Career and Technical Centers and charter high schools. As in 2007-08, participating high schools agreed to upgrade the high school experience, including requiring a college- and career-ready curriculum for every student. In 2009-10, Project 720 will provide approximately $10.7 million in grants.

Dual Enrollment. Fiscal year 2008-09 is the fourth year for state-supported Dual Enrollment in Pennsylvania. The commonwealth invested $10 million in this important program, which allows high school students to earn high school and college credits for courses taken through a college or university while they complete their high school graduation requirements. In 2008-09, Pennsylvania high school students are taking 25,341 college courses through this program.

Participation in Pennsylvania's Dual Enrollment Program



Career and Technical Education. Career and Technical Education, formerly known as Vocational Education, serves approximately 100,000 secondary students. Career and Technical Education provides a rigorous high school education to students while delivering skilled training in high-demand employment fields. Wherever possible, students earn real-world, industry-based certifications at the end of their programs. To upgrade Career and Technical Education, Pennsylvania launched a multi-million dollar program to enhance equipment and curriculum, as well as help boost the academic rigor and alignment to economic development needs in every Career and Technical Education program.

Program Element: Classrooms for the Future.

This initiative transforms the way high school teachers teach and how students learn by providing $200 million by the time implementation is complete to equip these schools' English, math, science and social studies classrooms with enhanced technology, laptop computers and other state-of-the-art resources, as well as to provide teachers and school leaders extensive training on how to best harness the power of technology to increase student achievement and ensure students are ready for college and the high-tech global job market. In 2008-09, 453 schools and 490,000 students will participate in the Classrooms for the Future program, and in 2009-10, 545,000 students are expected to participate.

Program: PreK–12 Education (continued)

Program Element: Tutoring

Pennsylvania provides tutoring support as a proven way to help students who are struggling in reading and math. The state funds local tutoring programs and holds tutoring providers accountable for student progress.

The Educational Assistance Program. Pennsylvania's state-funded tutoring initiative is targeted to struggling students in 175 school districts and career and technical centers where a school failed to make Adequate Yearly Progress in reading or math as required by the No Child Left Behind Act. The 2009-10 budget includes $65.1 million for the Educational Assistance Program. This funding will be folded into school districts' basic education subsidies or, for vocational schools, in the Career and Technical Education appropriation.

Program Element: Special Education

Special education serves approximately 272,000 school-aged students in Pennsylvania school districts, charter schools, intermediate units, approved private schools and private residential facilities (excluding gifted students).

The major special education appropriation provides support for programs for students with disabilities served by the public schools of the commonwealth. Public school special education programs are administered by all school districts and charter schools, where appropriate. These programs may be directly operated by the districts or contracted with other school districts, intermediate units or other providers. When appropriate public education is not available, Individualized Education Plan teams may determine a free, appropriate public education may only be provided by the department-approved private schools or other private agency.

Funds are also provided for Early Intervention and Approved Private Schools/Charter Schools for the Deaf and Blind.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Basic Education							
Targeted Investment							
Public school enrollment (preK-12)	1,797,520	1,785,190	1,771,720	1,761,820	1,754,740	1,751,540	1,748,037
State average spending per student	$11,200	$11,800	$12,400	$13,000	$13,600	$14,200	$14,800
State preK-12 spending per student	$4,500	$5,100	$5,400	$5,800	$5,900	$6,400	$6,900
Percentage of students in districts spending less than $8,500 per student	5%	0.1%	0%	0%	0%	0%	0%
Early Childhood Education							
Number of school districts offering pre-kindergarten	136	155	165	165	165	165	165
Number of students enrolled in pre-kindergarten (excluding Head Start)	15,493	29,822	32,351	32,351	32,351	32,351	32,351
Number of students in state-funded Head Start expansion	5,780	5,620	5,620	5,620	5,620	5,620	5,620
Number of school districts offering full-day kindergarten	448	440	480	500	500	500	500
Percentage of kindergarten students in full-day programs	61%	80%	95%	100%	100%	100%	100%
Number of students in PA Pre-K Counts program	10,945	11,800	12,850	12,850	12,850	12,850	12,850
Early Intervention							
Number of children participating in Early Intervention	41,637	44,976	46,083	46,083	46,083	46,083	46,083
Children on their 3rd birthday who transitioned from infant/toddler Early Intervention to preschool Early Intervention	6,796	7,200	7,449	7,449	7,449	7,449	7,449
Number of children who met their individual goals and no longer need Early Intervention prior to school age	1,101	1,273	1,382	1,382	1,382	1,382	1,382
Percentage of Early Intervention children included in typical early childhood educational settings such as home, child care or Head Start	59%	60%	62%	62%	62%	62%	62%
Percentage of children not participating in Special Education after participating in Early Intervention	23%	25%	25%	25%	25%	25%	25%

Program: PreK–12 Education (Basic Education) (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Secondary Education-Transforming Pennsylvania's High Schools							
Number of high schools participating in Project 720	161	175	200	225	250	275	300
Percentage of high schools participating in Project 720	30.0%	32.6%	37.2%	42.0%	46.6%	51.2%	55.9%
Percentage of high schools offering at least one Advanced Placement course	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Number of Advanced Placement tests given in high schools	54,019	57,019	58,519	60,019	61,519	63,019	64,519
Percentage of Advanced Placement tests with scores of "3"or higher demonstrating mastery of the course	67.9%	69.9%	70.9%	71.9%	72.9%	73.9%	74.9%
Secondary Education-Helping High School Students Earn College Credit							
Number of college-credit courses subsidized by the Dual Enrollment Program	19,519	25,341	25,341	25,341	25,341	25,341	25,341
Number of college-credit courses filled by students designated as low income	3,847	4,660	4,660	4,660	4,660	4,660	4,660
Percentage of courses passed with a grade of "C" or better	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
School Improvement							
Average percentage of students who are proficient in math among the lowest performing schools	45%	52%	60%	68%	76%	84%	100%
Average percentage of students who are proficient in reading among the lowest performing schools	46%	53%	61%	69%	77%	85%	100%
Accountability							
Percentage of students proficient/advanced in mathematics	71%	73%	76%	78%	81%	89%	100%
Percentage gains in mathematics proficiency from 5th to 8th grade-same students	1%	8%	9%	10%	11%	12%	13%
Percentage of students proficient/advanced in reading	69%	73%	76%	78%	81%	91%	100%
Percentage gains in reading proficiency from 5th to 8th grade-same students	14%	14%	15%	16%	17%	18%	19%
Percentage of schools making Adequate Yearly Progress	72%	78%	82%	87%	93%	95%	100%
Percentage of school districts making Adequate Yearly Progress	92%	94%	95%	96%	97%	98%	100%
Career & Technical (Vocational) Education							
Enrollment	91,543	88,885	89,329	89,776	90,225	90,676	91,129
Percentage of vocational education program completers	52.5%	51.8%	52.3%	52.8%	53.3%	53.8%	54.3%
Percentage of vocational education 11th graders proficient/advanced in math	31.7%	41.3%	56.0%	66.5%	78.0%	85.5%	100.0%
Percentage of vocational education 11th graders proficient/advanced in reading	41.6%	51.3%	63.5%	73.0%	82.5%	92.0%	100.0%
Skilled workforce - percentage of PA Skills Certificates awarded	51.4%	43.7%	44.6%	45.5%	46.4%	47.3%	48.2%
Special Education							
Pupils with disabilities enrolled in special education programs	271,107	271,000	270,500	270,000	269,500	269,000	268,500
Special education incidence rate	14.9%	14.9%	14.9%	14.8%	14.8%	14.8%	14.7%
Percentage of children with IEPs ages 6 through 21 spending most of their day in a regular classroom	52.8%	52.7%	52.7%	52.7%	52.7%	52.7%	52.7%

Program: PreK–12 Education (Basic Education) (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Classrooms for the Future							
Number of participating schools	354	453	453	453	453	453	453
Number of core content area teachers participating in the Classrooms for the Future program	12,100	20,000	22,500	25,485	25,485	25,485	25,485
Number of students participating in the Classrooms for the Future program	309,688	490,000	545,000	588,000	588,000	588,000	588,000
Number of computers for students in classrooms	99,822	140,000	159,000	178,000	178,000	178,000	178,000
Science: It's Elementary							
Number of students participating in Science: It's Elementary	57,962	65,000	65,000	65,000	65,000	65,000	65,000
Number of teachers statewide who received intensive training/inquiry-based science instruction through Science: It's Elementary	2,508	2,700	2,700	2,700	2,700	2,700	2,700
Other Education Programs							
Nonpublic school enrollment	266,060	258,207	250,585	243,188	236,009	229,042	222,281

Pre-kindergarten school district participation and the number of student enrollments include pre-kindergarten and K4 (kindergarten for 4-year-olds) in school districts only.

Student accountability projections for 2008-09 through 2013-14 are based on the rate of progress over the last four years as well as the No Child Left Behind goal of 100 percent proficient by 2014.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Office of Safe Schools Advocate
$ –220 —program reduction.

Youth Development Centers — Education
$ 285 —to continue current program.

Scranton State School for the Deaf
$ –7,345 —program restructuring.

Basic Education Funding
$ 300,000 —Initiative—Improving Student Achievement. To provide an increase for school district basic education programs to begin implementation of a funding approach to assist school districts in reaching a research–based adequate funding level necessary to ensure a quality education.

Pre-K Counts
$ 8,641 —Initiative—Improving Student Achievement. To provide additional resources to school districts, Head Start programs and other community providers to invest in proven pre-kindergarten programs.

Technology Initiative
$ –1,273 —program elimination.

Science: It's Elementary
$ –875 —nonrecurring 2008-09 budgetary freeze amount.

Science and Math Education Programs
$ –2,707 —nonrecurring projects.

Classrooms for the Future
$ –400 —nonrecurring 2008-09 budgetary freeze amount.
–22,600 —funding extension.
$ –23,000 *Appropriation Decrease*

Teacher Professional Development
$ –2,858 —nonrecurring 2008-09 budgetary freeze amount.
–698 —funding reduction.
$ –3,556 *Appropriation Decrease*

Urban and Minority Teacher Development
$ –500 —nonrecurring project.

Rx for PA–Physical and Health Education
$ –30 —program elimination.

Adult and Family Literacy
$ –129 —nonrecurring 2008-09 budgetary freeze amount.
–500 —funding reduction.
$ –629 *Appropriation Decrease*

Career and Technical Education
$ 305 —to continue current program.

Authority Rentals and Sinking Fund Requirements
$ 8,500 —to continue current program.

Pupil Transportation
$ 3,704 —to continue current program.

Program: PreK–12 Education (Basic Education) (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Nonpublic and Charter School Pupil Transportation
$ –1,250	—nonrecurring 2008-09 budgetary freeze amount.
–1,047	—to continue current program.
$ –2,297	*Appropriation Decrease*
	Special Education
$ 20,536	—Initiative—Improving Student Achievement. To provide a 2 percent increase for special education programs.
–20,536	—reduction to reflect federal fiscal relief.
$ 0	*Appropriation Change*
	Special Education Transition
$ 5,497	—transition costs for Scranton State School for the Deaf.
	Early Intervention
$ 3,880	—Initiative—Improving Student Achievement. To continue the new funding methodology that establishes a benchmark payment per child for program services and to expand early intervention services to 1,107 additional children from ages 3 through 5.
	Tuition for Orphans and Children Placed in Private Homes
$ 1,311	—to continue current program.
	Payments in Lieu of Taxes
$ 8	—to continue current program.
	Education of Migrant Laborers' Children
$ 11	—to continue current program.
	PA Charter Schools for the Deaf and Blind
$ 748	—to provide a 2.1% increase.
	Special Education–Approved Private Schools
$ 1,998	—to provide a 2.1% increase.
	Approved Private Schools–Audit Resolution
$ –3,100	—nonrecurring funding.
	Intermediate Units
$ –82	—nonrecurring project.
	School Food Services
$ –650	—nonrecurring 2008-09 budgetary freeze amount.
1,110	—to continue current program.
$ 460	*Appropriation Increase*
	Rx for PA–School Food Services
$ –600	—nonrecurring 2008-09 budgetary freeze amount.
–400	—to continue current program.
$ –1,000	*Appropriation Decrease*
	School Employees' Social Security
$ 17,992	—to continue current program.
	School Employees' Retirement
$ –26,115	—to provide the amount necessary to actuarily fulfill the obligation to current and future retirees and to keep growth in the state contribution amount at a manageable rate of change.
	School Entity Demonstration Projects
$ –11,000	—nonrecurring projects.
	High School Reform
$ –123	—nonrecurring 2008-09 budgetary freeze amount.
	Lifelong Learning
$ –5,500	—nonrecurring projects.
	Services to Nonpublic Schools
$ –80	—funding reduction.
	Textbooks, Materials and Equipment for Nonpublic Schools
$ –169	—funding reduction.
	Ethnic Heritage
$ –163	—program elimination.
	Governor's Schools of Excellence
$ –3,242	—elimination of state support.
	Job Training Programs
$ –3,975	—nonrecurring projects.
	Reimbursement of Charter Schools
$ 26,970	—to continue current program at the same reimbursement percentage to school districts.
	Safe and Alternative Schools
$ –1,500	—nonrecurring 2008-09 budgetary freeze amount.
–500	—funding reduction.
$ –2,000	*Appropriation Decrease*
	Alternative Education Demonstration Grants
$ –17,522	—nonrecurring projects.
	Consolidation Incentives and Shared Services
$ –500	—nonrecurring 2008-09 budgetary freeze amount.
2,000	—to continue current program.
$ 1,500	*Appropriation Increase*
	MOTOR LICENSE FUND
	Safe Driving Course
$ –3	—to continue current program.

All other appropriations are recommended at the current year funding levels.

Program: PreK–12 Education (Basic Education) (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Office of Safe Schools Advocate	$ 387	$ 395	$ 175	$ 175	$ 175	$ 175	$ 175
PA Assessment	31,619	54,400	54,400	54,400	54,400	54,400	54,400
Youth Development Centers - Education	11,463	11,502	11,787	11,787	11,787	11,787	11,787
Scranton State School for the Deaf	7,262	7,345	0	0	0	0	0
Basic Education Funding	5,294,112	5,564,396	5,864,396	6,351,396	6,351,396	7,007,396	7,781,396
Dual Enrollment Payments	10,000	10,000	10,000	10,000	10,000	10,000	10,000
School Improvement Grants	22,880	22,880	22,880	22,880	22,880	22,880	22,880
Pre-K Counts	75,000	86,412	95,053	95,053	95,053	95,053	95,053
Head Start Supplemental Assistance	40,000	39,480	39,480	39,480	39,480	39,480	39,480
Technology Initiative	1,290	1,273	0	0	0	0	0
Science: It's Elementary	13,500	14,500	13,625	13,625	13,625	13,625	13,625
Science and Math Education Programs	2,545	2,707	0	0	0	0	0
Classrooms for the Future	90,000	45,000	22,000	23,400	0	0	0
Teacher Professional Development	30,367	42,556	39,000	39,000	39,000	39,000	39,000
Urban and Minority Teacher Development	3,000	500	0	0	0	0	0
Rx for PA - Physical and Health Education	30	30	0	0	0	0	0
Adult and Family Literacy	23,434	23,129	22,500	22,500	22,500	22,500	22,500
Career and Technical Education	63,278	64,009	64,314	64,314	64,314	64,314	64,314
Authority Rentals and Sinking Fund Requirements	318,368	326,500	335,000	335,000	335,000	335,000	335,000
Pupil Transportation	507,067	516,620	520,324	520,324	520,324	520,324	520,324
Nonpublic and Charter School Pupil Transportation	68,041	78,817	76,520	76,520	76,520	76,520	76,520
Special Education	1,010,038	1,026,815	1,026,815	1,026,815	1,026,815	1,026,815	1,026,815
Special Education Transition	0	0	5,497	5,497	5,497	5,497	5,497
Early Intervention	171,099	185,133	189,013	189,013	189,013	189,013	189,013
Homebound Instruction	718	748	748	748	748	748	748
Tuition for Orphans and Children Placed in Private Homes	53,649	55,805	57,116	57,116	57,116	57,116	57,116
Payments in Lieu of Taxes	169	179	187	187	187	187	187
Education of Migrant Laborers' Children	847	1,138	1,149	1,149	1,149	1,149	1,149
PA Charter Schools for the Deaf and Blind	34,540	36,053	36,801	36,801	36,801	36,801	36,801
Special Education - Approved Private Schools	94,335	96,100	98,098	98,098	98,098	98,098	98,098
Approved Private Schools - Audit Resolution	5,000	3,100	0	0	0	0	0
Intermediate Units	6,311	6,311	6,229	6,229	6,229	6,229	6,229
School Food Services	29,633	30,671	31,131	31,131	31,131	31,131	31,131
Rx for PA - School Food Services	4,043	4,000	3,000	3,000	3,000	3,000	3,000
School Employees' Social Security	490,809	505,621	523,613	535,558	553,340	578,993	597,553
School Employees' Retirement	451,169	360,591	334,476	342,663	353,038	1,050,796	1,359,194
School Entity Demonstration Projects	17,200	11,000	0	0	0	0	0
Education of Indigent Children	25	20	20	20	20	20	20
High School Reform	11,000	10,857	10,734	10,734	10,734	10,734	10,734
Education Mentoring	1,200	0	0	0	0	0	0
Lifelong Learning	5,650	5,500	0	0	0	0	0
Services to Nonpublic Schools	86,487	89,082	89,002	89,002	89,002	89,002	89,002
Textbooks, Materials and Equipment for Nonpublic Schools	26,450	27,243	27,074	27,074	27,074	27,074	27,074
Teen Pregnancy and Parenthood	1,725	1,703	1,703	1,703	1,703	1,703	1,703
Ethnic Heritage	165	163	0	0	0	0	0
Governor's Schools of Excellence	3,242	3,242	0	0	0	0	0
Job Training Programs	5,300	3,975	0	0	0	0	0
Reimbursement of Charter Schools	161,261	226,936	253,906	253,906	253,906	253,906	253,906
Safe and Alternative Schools	23,326	23,023	21,023	21,023	21,023	21,023	21,023
Alternative Education Demonstration Grants	17,500	17,522	0	0	0	0	0
Consolidation Incentives and Shared Services	1,000	987	2,487	2,487	2,487	2,487	2.487
TOTAL GENERAL FUND	$ 9,327,534	$ 9,645,969	$ 9,911,276	$10,419,808	$10,424,565	$11,803,976	$12,904,934

Program: PreK–12 Education (Basic Education) (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
MOTOR LICENSE FUND:							
Safe Driving Course	$ 905	$ 1,130	$ 1,127	$ 1,127	$ 1,127	$ 1,127	$ 1,127

PROGRAM OBJECTIVE: To provide and improve library services to citizens of the commonwealth, special libraries, and government agencies and employees.

Program: Library Services

The proposed 2009-10 budget offers a variety of valued public library services to all Pennsylvanians.

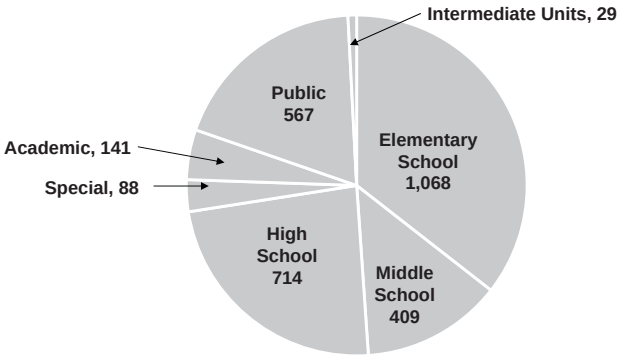
The Public Library Subsidy helps defray the cost of basic operations of local public libraries. This subsidy makes it possible for Pennsylvania's more than 600 public library outlets to meet the information, education and enrichment needs of our children, students and lifelong learners. Pennsylvania is a national leader in family-focused library programming.

The Public Library Subsidy also supports 29 district library centers that are charged with providing deep resources and specialized services to the local libraries and residents of their defined geographic areas. This funding also provides every Pennsylvanian with access to the vast and historic resources of the four major research libraries in the commonwealth: The State Library of Pennsylvania, the Carnegie Library of Pittsburgh, the Free Library of Philadelphia and the libraries of The Pennsylvania State University.

Library Access. Pennsylvania is committed to ensuring that all Pennsylvanians can easily access the library resources that exist not only in their own communities, but across the commonwealth through three specific initiatives. The Statewide Library Card program allows Pennsylvanians who live in a municipality that supports a public library to borrow from any equivalent public library across the commonwealth. The Interlibrary Delivery Service makes it affordable for all state supported libraries to participate in a statewide delivery service that moves library materials across the state in a timely and cost-effective way and encourages sharing of materials. The POWER (Pennsylvania Online World of Electronic Resources) Library provides vetted online magazine and reference databases for Pennsylvania residents to use in the library or remotely from home. This program is an exceptional resource for classroom students and teachers.

The Electronic Library Catalog, also known as the Access Pennsylvania Database program, gives Pennsylvanians online access to the library holdings of nearly 3,000 Pennsylvania school, public, college, university and special libraries. Once an item is found, it can be "ordered" from the library online. This is the largest online database of its type in North America. As part of the Electronic Library Catalog, Pennsylvanians have online access to professional reference librarians 24 hours a day, 7 days a week through the Ask Here PA program. Through the 81 participating libraries, Pennsylvanians have logged more than 42,000 sessions, of which approximately half have come from schools. A second tier of service is available for academic reference. Known as a "virtual reference" service, this program, launched in 2006, has become extraordinarily popular.

Number of Libraries in Access PA Database



Pennsylvania is fortunate to have two libraries providing invaluable services for the visually impaired and disabled. In partnership with National Library Services, recorded and Braille materials are sent by direct mail to students and residents of all ages who are blind or have a physical disability that prevents them from using regular print materials. Pennsylvania pioneered state-level library services to the blind over 100 years ago. In 2007, both of the Pennsylvania libraries for the blind and physically handicapped received national awards for their outreach and services.

The State Library appropriation supports the services and operations of the Office of Commonwealth Libraries and is a primary source of funding for the State Library. Located in Harrisburg, the State Library of Pennsylvania is a major resource library established by statute to provide reference service to all branches of state government, as well as to libraries and residents of the commonwealth. An extensive general and legal reference collection, comprehensive collections of Pennsylvania newspapers, Pennsylvania state and U.S. government publications and over 300 databases are available. The State Library is home to the Rare Collections Library, which is organized around the Assembly Collection, that was purchased beginning in 1745 by Ben Franklin when he was Clerk of the Assembly. The Collection includes newspapers from colonial times through 1860. The Rare Collections Library is the premier library environment in the nation incorporating systems and techniques to preserve historic, paper-based collections.

Program: Library Services (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Items accessed - State Library of Pennsylvania	215,495	217,650	174,120	174,120	174,120	174,120	174,120
Visits to public libraries (in thousands)	43,931	44,370	44,814	45,262	45,715	46,172	46,634
Materials borrowed from public libraries (in thousands)	66,657	67,324	67,997	68,677	69,364	70,057	70,758
Items borrowed from public library children's collections - included above (in thousands)	24,284	24,527	24,772	25,020	25,270	25,523	25,778
Materials borrowed from libraries for blind and physically handicapped - included above (in thousands)	1,917	1,946	1,975	2,005	2,035	2,066	2,087
POWER Library use - items examined (in thousands)	35,079	35,430	35,784	36,142	36,503	36,868	37,237
Items loaned under the statewide library ACCESS program	15,529	15,684	15,841	16,000	16,160	16,321	16,484
Online inquiries by consumers to professional reference librarians	43,539	43,974	44,414	44,858	45,307	45,760	46,218

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

State Library

$ –255	—nonrecurring 2008-09 budgetary freeze amount.
–2,195	—program reduction.
$ –2,450	*Appropriation Decrease*

Public Library Subsidy

$ –613	—nonrecurring 2008-09 budgetary freeze amount.
–1,137	—reduction in state support.
$ –1,750	*Appropriation Decrease*

Library Services for the Visually Impaired and Disabled

$ –50	—nonrecurring project.

Library Access

$ –290	—nonrecurring 2008-09 budgetary freeze amount.

Electronic Library Catalog

$ –250	—nonrecurring 2008-09 budgetary freeze amount.

KEYSTONE RECREATION, PARK AND CONSERVATION FUND

Local Libraries Rehabilitation and Development (EA)

$ –428	—nonrecurring projects.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
State Library	$ 4,884	$ 4,846	$ 2,396	$ 2,396	$ 2,396	$ 2,396	$ 2,396
Public Library Subsidy	75,750	75,750	74,000	74,000	74,000	74,000	74,000
Library Services for the Visually Impaired and Disabled	2,965	2,976	2,926	2,926	2,926	2,926	2,926
Recording for the Blind and Dyslexic	70	69	69	69	69	69	69
Library Access	7,386	7,290	7,000	7,000	7,000	7,000	7,000
Electronic Library Catalog	3,842	3,792	3,542	3,542	3,542	3,542	3,542
TOTAL GENERAL FUND	$ 94,897	$ 94,723	$ 89,933	$ 89,933	$ 89,933	$ 89,933	$ 89,933
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Local Libraries Rehab. and Development (Current Year) (EA)	$ 3,277	$ 2,525	$ 2,097	$ 2,469	$ 2,990	$ 3,450	$ 3,839

PROGRAM OBJECTIVE: To fulfill Pennsylvania's requirements for graduates of higher education programs, to respond to the demands of students for higher education and to support the public institutions providing those programs.

Program: Higher Education

Higher education in Pennsylvania is provided through 277 degree-granting institutions that include the universities of the State System of Higher Education, the state-related universities, the community colleges, the commonwealth's private colleges and universities, the state-affiliated Thaddeus Stevens College of Technology and specialized associate degree-granting institutions. Funding for these institutions is through direct grant appropriations and state-funded student grant programs administered by the Pennsylvania Higher Education Assistance Agency.

Table 1
Full-Time Enrollments
at State-Supported Institutions of Higher Education
(Actual and Projected)

Institutional Category	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
State System of Higher Education	103,356	104,677	105,725	106,901	107,830	108,910	109,757
Community Colleges	92,526	94,795	96,792	98,692	100,323	102,129	104,284
State-Related Universities	148,272	148,721	148,890	149,021	149,095	149,178	149,211
Non-State Related Universities & Colleges	48,607	49,300	49,999	50,391	51,081	51,775	52,491
TOTAL	392,761	397,493	401,406	405,005	408,329	411,992	415,743

Program Element: Institutional Support for Pennsylvania's Institutions of Higher Education

State System of Higher Education. Funding for the 14 universities of the State System of Higher Education is distributed through the office of the chancellor to the individual universities in accordance with a formula that consists of student enrollment, programs of the school and the operational cost of the individual campuses. Although each university has an individual mission, they all provide teacher education, a broad liberal arts curriculum and most offer the master degree level of study in their programs.

Community Colleges. The funding formula for the community colleges is stipulated in Act 46 of 2005 and updated Act 61 of 2008. Funding is shared by sponsoring counties or school districts, the students, through tuition payments, and the commonwealth. Commonwealth appropriations are based on a formula that ensures predictable base operating funding, provides a supplement for enrollment growth, provides a stipend for students enrolled in economic development programs that focus on high priority occupations and recognizes the capital costs of the colleges. The colleges offer two-year liberal arts curricula, two-year programs in technologies and other programs in career areas that culminate in an associate degree or certificate and non-degree programs. Community colleges play a major role in the commonwealth's workforce development initiative.

State-Related Universities. Funding for the four state-related universities — the Pennsylvania State University, the University of Pittsburgh, Temple University and Lincoln University — provides basic support for educational programs. The first three of these commonwealth universities are major research universities that provide programs up to the doctoral level in varied academic disciplines and professional schools in podiatry, medicine, dentistry and law. The fourth, Lincoln University, provides programs in numerous disciplines at the baccalaureate and master degree levels.

Impact: Number of Degrees Awarded

The state-supported universities and colleges graduated over 87,000 students in 2007-08 with degrees ranging from the two-year associate degree to doctoral and professional degrees. Pennsylvania degree graduates from both the public and private sectors totaled nearly 140,000.

Program: Higher Education (continued)

Table 2
Higher Education Degrees Awarded
by State-Supported and Private Institutions of Higher Education
(Actual and Projected)

Institutional Category	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
State-Supported:							
State System of Higher Education	22,593	22,985	23,341	23,647	23,907	24,178	24,427
Community Colleges	13,846	14,226	14,601	14,865	15,174	15,441	15,817
State-Related Universities	36,077	36,622	36,915	37,209	37,431	37,616	37,774
Non-State Related Universities & Colleges	15,078	15,546	15,703	15,598	15,785	15,941	16,107
Non-State-Supported:							
Private Universities & Colleges	52,364	53,673	55,015	56,390	57,800	59,245	60,726
TOTAL	139,958	143,052	145,575	147,709	150,097	152,421	154,851

Program Element: Increasing Access to Higher Education

In 2007, of 128,603 public high school graduates, 93,879, or approximately 73 percent, planned to attend an academic degree-granting post-secondary institution. This is a significant improvement over the past decade when only slightly more than half of Pennsylvania high school graduates indicated they planned to attend a post-secondary institution. Participation rates of non-traditional students and part-time students also continue to increase. To better serve the needs of all of Pennsylvania students, the Department of Education is overseeing a comprehensive transfer and articulation system to enable all students to easily transfer credits earned at a community college or State System of Higher Education institution to any of these 32 institutions, or to any state-related or independent institution that chooses to participate in the statewide transfer system. To date, an average of 47 courses for each of the 32 participating institutions have been established as transferable statewide, for a total of nearly 1500 course equivalencies that can be transferred and counted toward graduation across all participating institutions. This total is more than double the minimum number of courses required by the legislation.

Combined with higher education enrollment size, the diversity of enrollments by discipline will shape the future of higher education. It reflects the increased choices of career-oriented disciplines with higher employment rates such as business management, data processing, health professions and majors in the STEM fields — science, technology, engineering and math. Expanding access to these professions will be vital to ensuring the long-term economic health of the commonwealth.

Table 3
Full-Time Enrollments by Subject Area
at State-Supported Institutions of Higher Education
(Actual and Projected)

Subject Area	Number and Percent of Total	2007-08 Actual	2008-09 Projected	2009-10 Projected	2010-11 Projected	2011-12 Projected	2012-13 Projected	2013-14 Projected	Percent Change
Agricultural and Natural Resources	#	3,516	3,531	3,543	3,559	3,576	3,588	3,595	2.25%
	%	0.90%	0.89%	0.88%	0.88%	0.88%	0.87%	0.86%	
Arts and Letters	#	75,793	76,359	77,417	78,488	79,457	80,480	81,518	7.55%
	%	19.30%	19.21%	19.29%	19.38%	19.46%	19.53%	19.61%	
Business, Management and Data Processing	#	59,229	59,844	60,484	61,073	61,599	62,154	62,829	6.08%
	%	15.08%	15.06%	15.07%	15.08%	15.09%	15.09%	15.11%	
Communications and Related Technologies	#	14,080	14,149	14,212	14,207	14,259	14,312	14,369	2.05%
	%	3.58%	3.56%	3.54%	3.51%	3.49%	3.47%	3.46%	
Computer and Information Sciences	#	11,109	11,241	11,352	11,544	11,666	11,798	11,937	7.45%
	%	2.83%	2.83%	2.83%	2.85%	2.86%	2.86%	2.87%	
Education	#	33,056	33,573	33,948	34,430	34,638	34,955	35,184	6.44%
	%	8.42%	8.45%	8.46%	8.50%	8.48%	8.48%	8.46%	

Program: Higher Education (continued)

Table 3 (continued)
Full-Time Enrollments by Subject Area
at State-Supported Institutions of Higher Education
(Actual and Projected)

Subject Area	Number and Percent of Total	2007-08 Actual	2008-09 Projected	2009-10 Projected	2010-11 Projected	2011-12 Projected	2012-13 Projected	2013-14 Projected	Percent Change
Engineering, Architecture and Environmental Design	#	20,388	20,603	20,805	21,016	21,212	21,408	21,615	6.02%
	%	5.19%	5.18%	5.18%	5.19%	5.19%	5.20%	5.20%	
Engineering Technologies and Related Technologies	#	6,516	6,567	6,626	6,726	6,817	6,912	7,011	7.60%
	%	1.66%	1.65%	1.65%	1.66%	1.67%	1.68%	1.69%	
Health Professions, Health Sciences and Biological Sciences	#	65,888	66,398	67,022	67,419	67,897	68,405	69,054	4.81%
	%	16.78%	16.70%	16.70%	16.65%	16.63%	16.60%	16.61%	
Home Economics, Human Services and Public Affairs	#	30,655	31,187	31,563	31,666	31,956	32,293	32,588	6.31%
	%	7.81%	7.85%	7.86%	7.82%	7.83%	7.84%	7.84%	
Industrial, Repair, Construction and Transport Technologies	#	3,647	3,706	3,748	3,803	3,851	3,906	3,959	8.55%
	%	0.93%	0.93%	0.93%	0.94%	0.94%	0.95%	0.95%	
Law	#	5,339	5,524	5,564	5,629	5,663	5,701	5,742	7.55%
	%	1.36%	1.39%	1.39%	1.39%	1.39%	1.38%	1.38%	
Physical Sciences, Mathematics and Related Technologies	#	17,660	17,828	17,934	18,048	18,129	18,232	18,308	3.67%
	%	4.50%	4.49%	4.47%	4.46%	4.44%	4.43%	4.40%	
Social Sciences, Psychology, Area Studies and Foreign Languages	#	39,288	39,482	39,661	39,831	39,995	40,169	40,311	2.60%
	%	10.00%	9.93%	9.88%	9.83%	9.79%	9.75%	9.70%	
Multi-Interdisciplinary Studies/ Military Sciences	#	6,597	7,501	7,527	7,566	7,614	7,679	7,723	17.07%
	%	1.68%	1.89%	1.88%	1.87%	1.86%	1.86%	1.86%	
TOTAL		392,761	397,493	401,406	405,005	408,329	411,992	415,743	5.85%

Percentages in some columns may not total to 100.00% due to rounding.

Program Element: Support for Educationally Disadvantaged and Minority Students

The Higher Education Equal Opportunity Program, under Act 101 of 1971, provides grants to colleges for tutorial and counseling services for economically and educationally disadvantaged students to aid them in succeeding in college. In 2007-08, the 75 higher education institutions that receive Act 101 dollars reported serving over 11,973 students.

In 1996, the Pennsylvania Department of Education and the United States Department of Education, Office of Civil Rights, embarked on a cooperative agreement designed to assess and address the continued challenges in providing higher education opportunities for African American students in Pennsylvania. Funding is included in this program subcategory and in the capital budget to further assist with the cost of recruitment and retention of minority students, to provide for an affirmative action program at the universities of the State System of Higher Education and to continue infrastructure improvements at Cheyney and Lincoln Universities. Further funding is provided for a post-baccalaureate scholarship program directed at the achievement of a terminal professional degree for recent graduates of Cheyney University and Lincoln University. Funding for scholarships is made available through a program administered at these universities and disbursed through PHEAA.

Program Element: Research

An essential ingredient for a healthy economy and the creation of new jobs in any region is the existence of vigorous research universities. Regions with the most dynamic economies are those where research and development investments have been significant. The research university not only provides new ideas, technologies and products to industry, but also educates and motivates graduates to turn those ideas, technologies and products into industry and jobs.

While the University of Pittsburgh and Temple University are also major research universities, the Pennsylvania State University is the primary recipient of direct research funds designated by the commonwealth to support

Program: Higher Education (continued)

research in agriculture, engineering, biological and physical sciences, earth and mineral sciences, health and human services and other disciplines. Pennsylvania State University is the commonwealth's federally designated land-grant university, and as such has received funds designated for agricultural research since 1901.

The continued state support for organized research is a means of promoting a responsive position on the constantly changing needs of the commonwealth. In this regard, colleges and universities play a major role in the economic development of the commonwealth through the creation of a climate that attracts new high-technology industries to the state.

Program Element: Community Service

Public and community services are provided by all sectors of higher education and include short-term courses, workshops and programs in the arts. The bulk of commonwealth funding in this area supports the Cooperative Extension Service of the Pennsylvania State University. This service offers consultation to any state resident on agricultural or environmental issues. It operates the Agricultural Extension Computer Network with a computer in every county cooperative extension service office and offers a statewide network of information linked to the resources of the main campus.

Program Element: Support Services

The department provides leadership and support services to all sectors of higher education. Responsibilities include liaison with the national accrediting agencies, the State Board of Education, the State Board of Private Licensed Schools and other governing boards; policy review and development based on comprehensive planning and research; and implementation of the Higher Education Master Plan. The department also partners with other commonwealth agencies on workforce development strategies. Additionally, the department awards teaching certificates to those seeking certification in Pennsylvania.

Pennsylvania has been a national leader in education reform by introducing concepts of quality performance and accountability in basic and secondary education. This budget will continue these efforts through a combined effort of elementary, secondary, post-secondary and higher education, jointly with the United States Department of Education, to fulfill the initiatives of "No Child Left Behind."

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Access & Affordability							
Minority enrollment at public institutions.....	66,407	69,518	70,908	72,327	73,773	75,249	76,754
Outcomes							
Six-year graduation rate for full-time, first-time students at State System institutions.....	54.9%	56.6%	57.4%	58.3%	59.1%	60.0%	60.9%
Six-year graduation rate for full-time, first-time students at state-related institutions.....	64.8%	67.1%	68.2%	69.3%	70.4%	71.6%	72.8%
Three-year graduation rate for full-time, first-time students at community colleges.	13.9%	14.2%	14.3%	14.4%	14.5%	14.6%	14.7%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Community Colleges
$ 5,000 —to continue current program.

Transfer to Community College Capital Fund
$ 1,863 —to continue current program.

Regional Community Colleges Services
$ –750 —nonrecurring project.

Technical College Programs
$ –1,000 —program elimination.

Higher Education for the Disadvantaged
$ –600 —nonrecurring 2008-09 budgetary freeze amount.

Higher Education Assistance
$ –20,569 —nonrecurring projects.

Engineering Equipment Grants
$ –74 —nonrecurring grants.

Dormitory Sprinklers
$ –247 —funding elimination.

Program: Higher Education (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

Community Education Councils

$ –2,186 —program elimination.

Medical College in NE PA

$ –4,000 —nonrecurring project.

Post-Secondary Education and Training

$ –1,492 —program elimination.

Thaddeus Stevens College of Technology

$ –2,200 —nonrecurring project.

Pennsylvania State University

$ –20,302 —nonrecurring 2008-09 budgetary freeze amount.

University of Pittsburgh

$ –10,244 —nonrecurring 2008-09 budgetary freeze amount.

Temple University

$ –10,530 —nonrecurring 2008-09 budgetary freeze amount.

Lincoln University

$ –870 —nonrecurring 2008-09 budgetary freeze amount.

Non-state-related universities and colleges

$ –4,507 —nonrecurring 2008-09 budgetary freeze amount.

–2,442 —reduction in state support.

–13,242 —annualization of prior year initiative to enable university-affiliated physician practice plans to claim federal Medicaid funds in the Department of Public Welfare.

$ –20,191 *Appropriation Decrease*

Non-state-related institutions

$ –15 —nonrecurring 2008-09 budgetary freeze amount.

–11 —reduction in state support.

$ –26 *Appropriation Decrease*

KEYSTONE RECREATION, PARK AND CONSERVATION FUND

State System of Higher Education - Deferred Maintenance (EA)

$ –1,931 —program reduction.

All other appropriations are recommended at the current year funding level.

This budget also recommends $15,742,000 in federal Medicaid funding to support physician practice plans affiliated with the Philadelphia Health and Education Corporation, the University of Pennsylvania and Thomas Jefferson University. Please see the Medical Assistance subcategory within the Department of Public Welfare for additional information.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Community Colleges	$ 229,359	$ 236,240	$ 241,240	$ 241,240	$ 241,240	$ 241,240	$ 241,240
Transfer to Community College Capital Fund	44,506	44,506	46,369	46,369	46,369	46,369	46,369
Regional Community Colleges Services	750	750	0	0	0	0	0
Technical College Programs	2,000	1,000	0	0	0	0	0
Higher Education for the Disadvantaged	9,320	9,199	8,599	8,599	8,599	8,599	8,599
Higher Education of Blind or Deaf Students	54	53	53	53	53	53	53
Higher Education Assistance	20,017	20,569	0	0	0	0	0
Engineering Equipment Grants	150	74	0	0	0	0	0
Dormitory Sprinkers	250	247	0	0	0	0	0
Community Education Councils	2,186	2,186	0	0	0	0	0
Medical College in NE PA	0	4,000	0	0	0	0	0
Postsecondary Training and Education	0	1,492	0	0	0	0	0
Thaddeus Stevens College of Technology	10,930	10,750	8,550	8,550	8,550	8,550	8,550
State System of Higher Education	504,240	519,236	519,236	519,236	519,236	519,236	519,236
Pennsylvania State University	334,230	338,375	318,073	318,073	318,073	318,073	318,073
University of Pittsburgh	168,169	170,734	160,490	160,490	160,490	160,490	160,490
Temple University	172,917	175,504	164,974	164,974	164,974	164,974	164,974

Program: Higher Education (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND: (continued)							
Lincoln University	$ 13,786	$ 14,493	$ 13,623	$ 13,623	$ 13,623	$ 13,623	$ 13,623
Non-State-related Universities and Colleges	89,422	75,122	54,931	54,931	54,931	54,931	54,931
Non-State-related Institutions	1,769	262	236	236	236	236	236
TOTAL GENERAL FUND	$ 1,604,055	$ 1,624,792	$ 1,536,374	$ 1,536,374	$ 1,536,374	$ 1,536,374	$ 1,536,374
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
State System of Higher Education — Deferred Maintenance (EA)	$ 15,169	$ 11,368	$ 9,437	$ 11,108	$ 13,456	$ 15,524	$ 17,277

DEPARTMENT OF EMERGENCY MANAGEMENT AND HOMELAND SECURITY

This budget proposes to create a cabinet level department to be called the Department of Emergency Management and Homeland Security. Programs currently administered by the Pennsylvania Emergency Management Agency and the Office of Homeland Security will be combined into a single department.

The mission of Department of Emergency Management and Homeland Security is to develop and maintain a comprehensive plan and program for the civil defense of the commonwealth. Primarily the plan calls for the protection of life and property both prior to and in the event of natural and other disasters. The department, through the Office of the State Fire Commissioner, provides loans to volunteer fire, ambulance and rescue companies and coordinates state fire services. The Department of Emergency Management and Homeland Security also administers post-disaster aid to affected localities and citizens.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 7,117** a	**$ 7,177** b	**$ 6,763**
(F)Office of Homeland Security (EA)	600 c	1,350 c	0
(F)Civil Preparedness	6,847	22,000	23,870
(F)Hazardous Materials Planning and Training	405	405	692
(F)Flash Flood Project - Warning System	95	65	0
(F)Domestic Preparedness - First Responders (EA)	150,000	180,824 d	180,000
(F)Avian Flu / Pandemic Preparedness	12,500	12,500	0
(F)Bioterrorism Preparedness Training (EA)	53	0	0
(A)Nuclear Facility	75	74	74
(A)PA Public Television Network Project	3,000	0	0
Information Systems Management	**1,103**	**1,089**	**1,000**
Subtotal	$ 181,795	$ 225,484	$ 212,399
State Fire Commissioner	**2,181**	**2,155**	**2,155**
(F)Fire Prevention	66	66	66
(F)Assistance to Firefighters Grant Program	70	28	50
(A)Fire Academy Fees	18	5	25
(A)Arson Fines	0	2	2
Subtotal	$ 2,335	$ 2,256	$ 2,298
Security	**1,170**	**1,195**	**1,195**
Subtotal - State Funds	$ 11,571	$ 11,616	$ 11,113
Subtotal - Federal Funds	170,636	217,238	204,678
Subtotal - Augmentations	3,093	81	101
Total - General Government	$ 185,300	$ 228,935	$ 215,892
Grants and Subsidies:			
(F)July 2003 Storm Disaster - Hazard Mitigation (EA)	$ 750	$ 340	$ 0
(F)July 2003 Storm Disaster - Public Assistance (EA)	17,500	0	0
(F)August 2004 Storm Disaster - Hazard Mitigation (EA)	0	40	0
(F)August 2004 Storm Disaster - Public Assistance (EA)	55	0	0
(F)September 2004 Tropical Storm Frances-Hazard Mitigation (EA)	60	21	0
(F)September 2004 Tropical Storm Ivan - Hazard Mitigation (EA)	5,000	4,700	2,250
(F)September 2004 Tropical Storm Ivan - Public Assistance (EA)	2,600	3,255	2,200
April 2005 Storm Disaster - Public Assistance	**0**	**150**	**0**
(F)April 2005 Storm Disaster - Public Assistance (EA)	1,000	3,518	2,000
(F)April 2005 Storm Disaster - Hazard Mitigation (EA)	1,700	720	375
(F)September 2005 Hurricane Katrina - Disaster (EA)	50	0	0
June 2006 Flood Disaster - Public Assistance	**4,800**	**3,000**	**0**
(F)June 2006 Summer Storm - Public Assistance (EA)	30,000	25,103	17,500
(F)June 2006 Flood Disaster Hazard Mitigation (EA)	8,000	8,000	4,500
November 2006 Winter Storm Disaster - Public Assistance	**3,100**	**300**	**0**
(F)November 2006 Winter Storm Disaster - Public Assistance (EA)	9,000	5,625	3,750
(F)November 2006 Winter Storm - Hazard Mitigation (EA)	5,000	3,000	2,250
Summer 2008-Hurricane Gustav-EMAC	**0**	**2,500**	**0**
Hazard Mitigation	**4,500**	**0**	**700**
Volunteer Emergency Responder Assistance	**0**	**4,500**	**0**
Firefighters' Memorial Flag	**10**	**10**	**10**
Red Cross Extended Care Program	**500**	**750**	**493**
Regional Events Security	**6,295**	**5,966**	**3,000**
(F)Public Safety Interoperable Communication Grant Program (EA)	34,200	34,000	50
Subtotal - State Funds	$ 19,205	$ 17,176	$ 4,203
Subtotal - Federal Funds	114,915	88,322	34,875
Total - Grants and Subsidies	$ 134,120	$ 105,498	$ 39,078

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
STATE FUNDS	$ 30,776	$ 28,792	$ 15,316
FEDERAL FUNDS	285,551	305,560	239,553
AUGMENTATIONS	3,093	81	101
GENERAL FUND TOTAL	**$ 319,420**	**$ 334,433**	**$ 254,970**
OTHER FUNDS:			
GENERAL FUND:			
Emergency Management and Disaster Assistance	$ 1,636	$ 2,500	$ 0
Radiological Emergency Response Planning	701	1,000	1,000
Radiation Emergency Response Fund	710	750	750
GENERAL FUND TOTAL	**$ 3,047**	**$ 4,250**	**$ 1,750**
HAZARDOUS MATERIAL RESPONSE FUND:			
General Operations	$ 117	$ 117	$ 117
Hazardous Materials Response Team	417	417	417
Grants to Counties	824	824	824
Public and Facilities Owners Education	117	117	117
HAZARDOUS MATERIAL RESPONSE FUND TOTAL	**$ 1,475**	**$ 1,475**	**$ 1,475**
STATE GAMING FUND:			
Transfer to Volunteer Company Grants Program (EA)	$ 25,000	$ 25,000	$ 25,000
VOLUNTEER COMPANIES LOAN FUND:			
Volunteer Company Loans	$ 15,116	$ 17,500	$ 17,500
WIRELESS E-911 EMERGENCY SERVICES FUND:			
General Operations	$ 2,200	$ 2,200	$ 2,000
Wireless E-911 Emergency Services Grants	103,620	107,800	108,000
WIRELESS E-911 EMERGENCY SERVICES FUND TOTAL	**$ 105,820**	**$ 110,000**	**$ 110,000**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 30,776	$ 28,792	$ 15,316
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	285,551	305,560	239,553
AUGMENTATIONS	3,093	81	101
OTHER FUNDS	150,458	158,225	155,725
TOTAL ALL FUNDS	**$ 469,878**	**$ 492,658**	**$ 410,695**

[a] Appropriated as $430,000 for Avian Flu/Pandemic Preparedness and $6,687,000 for General Government Operations.

[b] Appropriated as $424,000 for Avian Flu/Pandemic Preparedness and $6,753,000 for General Government Operations.

[c] Appropriated in Executive Offices.

[d] Appropriated as $774,000 for Domestic Preparedness (F) and $180,050,000 for Domestic Preparedness-First Responders (EA).

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
EMERGENCY MANAGEMENT							
GENERAL FUND	$ 28,085	$ 21,377	$ 12,658	$ 12,658	$ 12,658	$ 12,658	$ 12,658
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	285,415	305,466	239,437	218,287	208,812	206,137	204,562
OTHER FUNDS	32,597	30,799	28,299	28,297	28,297	28,297	28,297
SUBCATEGORY TOTAL	$ 346,097	$ 357,642	$ 280,394	$ 259,242	$ 249,767	$ 247,092	$ 245,517
FIRE PREVENTION AND SAFETY							
GENERAL FUND	$ 2,691	$ 7,415	$ 2,658	$ 2,658	$ 2,658	$ 2,658	$ 2,658
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	136	94	116	116	116	116	116
OTHER FUNDS	120,954	127,507	127,527	127,527	127,527	127,527	127,527
SUBCATEGORY TOTAL	$ 123,781	$ 135,016	$ 130,301	$ 130,301	$ 130,301	$ 130,301	$ 130,301
ALL PROGRAMS:							
GENERAL FUND	$ 30,776	$ 28,792	$ 15,316	$ 15,316	$ 15,316	$ 15,316	$ 15,316
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	285,551	305,560	239,553	218,403	208,928	206,253	204,678
OTHER FUNDS	153,551	158,306	155,826	155,824	155,824	155,824	155,824
DEPARTMENT TOTAL	$ 469,878	$ 492,658	$ 410,695	$ 389,543	$ 380,068	$ 377,393	$ 375,818

PROGRAM OBJECTIVE: To develop and maintain a statewide emergency force capable of immediate and effective action in the event of natural, technological or other man-made disasters and rapid organizational expansion to assure civil preparedness for war or resource-based emergencies.

Program: Emergency Management

The Pennsylvania Emergency Management Agency (PEMA) was initially created in 1951 to address civil defense related public planning and preparedness. Over the past half century, PEMA's responsibilities have evolved, and the agency's mission has grown into a statewide, comprehensive, all-hazards mitigation, preparedness, response and recovery effort. PEMA's responsibilities and mission have grown further following the September 11, 2001 terrorist attack on the nation. In recognition of these expanding responsibilities and to ensure a coordinated effort by commonwealth agencies, this budget proposes merging PEMA with the Office of Homeland Security to create the Department of Emergency Management and Homeland Security. This newly created department will have several goals: oversee preparedness strategies and plans within the commonwealth; coordinate federal, state and local preparedness efforts; develop and nurture private and public sector relationships in order to enhance preparedness strategies; and provide for the identification and preservation of critical infrastructures within the commonwealth. The synergies of merging the two agencies into one department will also facilitate the collection, analysis and intelligence production and sharing functions, thus providing a direct conduit for dissecting and disseminating critical information vital to mitigating the impact of natural and man-made disasters.

Pennsylvania's public preparedness program is based on inter-governmental and intra-governmental coordination, communication and cooperation and a team approach involving state, county, municipal and federal elected leaders, emergency managers and first responders. At its core is a multi-agency training program which develops and maintains a statewide emergency force composed of state, county and local units jointly capable of prompt and effective action to protect life and property; alleviates human suffering and hardship resulting from natural and man-made disasters; and deploys rapidly when required in the event of war or other resource-based emergencies.

The department's responsibilities also include programs concerning prison/community safety, 911-program implementation and maintenance, statewide chemical and nuclear power safety and hazardous materials transportation, and individual emergency preparedness.

The commonwealth's civil preparedness and emergency response capability is provided through the maintenance of a statewide system to facilitate hazard assessment, emergency planning, warning and emergency communications. A satellite-based network that monitors actual rainfall amounts provides an early warning system for flooding. To facilitate rapid deployment of resources to protect life and property, an emergency response and command center has been developed. Training and education are provided to county and local entities on an ongoing basis to maintain their civil preparedness and emergency response readiness.

Counties are required to have an approved emergency program plan consisting of a statement of accomplishments, required financial needs, hazard vulnerability and goals indicating projected activity. Federal and state laws mandate conducting exercises to test and update existing emergency preparedness and response plans. This comprehensive exercise program is an extensive and integrated training and testing program that enhances and measures the ability of county and local forces to provide a comprehensive and coordinated first line of response to emergency conditions.

The department coordinates urban search and rescue capabilities for response to certain types of disasters. Regional rapid assessment teams are trained to provide assessment of needs in disaster areas. The department also coordinates nine regional counter-terrorism task forces and incident support teams. The department acts as the federally designated State Administrative Agency and is responsible for managing congressionally mandated and first responder preparedness support programs.

The department will be responsible for activities required by the U. S. Environmental Protection Agency under the Federal Superfund Amendments and Reauthorization Act. Federal Clean Air Act amendments include upgrading chemical emergency preparedness facility plans and planning and training activities for compliance with the Hazardous Materials Transportation Uniform Safety Act. Responsibilities for preparedness involve state and county governments and chemical manufacturers.

The Public Safety Emergency Telephone Act (Act 78) as amended by Act 56 of 2003 established the Wireless E-911 Emergency Services Fund, which provides for the collection of a one dollar per device monthly surcharge on wireless telephone customers to support a statewide integrated wireless E-911 system. The wireless surcharge funds are disbursed to public safety answering points to upgrade 911 technologies by providing 911 telecommunicators with location information for wireless 911 callers. In addition, Act

Program: Emergency Management (continued)

78 as amended by Act 72 of 2008 established the Voice over Internet Protocol (VoIP) Emergency Services Fund. The Act provides for the collection of a one dollar per month fee for each telephone number assigned by a voice over internet provider (VoIP) to a VoIP service customer that has outbound calling capability. VoIP 911 fees can be remitted to the county or to the commonwealth's VoIP 911 Emergency Services Fund. The fee is for the purpose of assisting counties with the implementation of an agency-approved plan adopted under Section 5 of Act 78.

A recent change in state law has enhanced Pennsylvania's preparedness and response capabilities. Act 42 of 2007 increased the amount of unused appropriated funds the Governor may redirect for disaster relief. This authority increased from $10 million to $20 million in any one year. These funds are used to provide public assistance, to enable the commonwealth, local communities and municipalities to resume normal function and to assist in the delivery of emergency services and assistance to the citizens of the commonwealth.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
County emergency plans developed	22	23	22	22	23	22	22
Emergency management and health preparedness training recipients	80,720	60,000	60,000	60,000	60,000	60,000	60,000
Participants in all hazard emergency exercises	16,490	10,000	10,000	10,000	10,000	10,000	10,000
Emergency exercises held	95	35	35	35	35	35	35
Incidents reported through PA Emergency Incident Reporting System (PEIRS)	11,265	10,000	10,200	10,500	10,800	11,100	11,100
Emergency management grants awarded	314	345	345	345	345	345	345
Emergency management grant funds disbursed (in thousands)	$103,514	$50,829	$56,685	$56,685	$56,685	$56,685	$56,685
Federal disaster funds disbursed (in thousands)	$68,446	$42,579	$65,000	$65,000	$65,000	$65,000	$65,000

Emergency management and health preparedness training recipients decrease in 2008-09 due to the large number of recipients meeting their on-line requirements in 2007-08 and only required to keep current on Tier 1 standards in 2008-09.

Participants in all hazard emergency exercises are anticipated to decrease in 2008-09 due to the creation of rotational schedules for combining exercises.

Emergency exercises held are anticipated to decrease in 2008-09 due to the creation of better rotational schedules for combining exercises.

Emergency management grant funds disbursed is anticipated to decrease in 2008-09 due to the federal Homeland Security Grant having not been fully awarded. Also, the federal Public Safety Interoperable Communications Grant was only granted for 2007-08.

Federal disaster funds disbursed are anticipated to decrease in 2008-09 due to completion of available projects from prior disasters. No new disasters have occurred for the last two years.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ –542	—nonrecurring 2008-09 budgetary freeze amount.
128	—to continue current program.
$ –414	*Appropriation Decrease*

Information Systems Management

$ –89	—to continue current program.

April 2005 Storm Disaster - Public Assistance

$ –150	—nonrecurring state match for federally funded projects.

June 2006 Flood Disaster - Public Assistance

$ –3,000	—nonrecurring state match for federally funded projects.

November 2006 Winter Storm Disaster - Public Assistance

$ –300	—nonrecurring state match for federally funded projects.

Summer 2008-Hurricane Gustav-EMAC

$ –2,500	—nonrecurring project.

Program: Emergency Management (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

Hazard Mitigation

$ 700 —state match for federally funded projects.

Regional Events Security

$ –2,966 —program reduction.

The Security appropriation is recommended at the current year funding level.

In addition, this budget recommends $850,000 in federal funds to integrate the Office of Homeland Security into the Department of Emergency Management and Homeland Security.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
General Government Operations	$ 7,117	$ 7,177	$ 6,763	$ 6,763	$ 6,763	$ 6,763	$ 6,763
Information Systems Management	1,103	1,089	1,000	1,000	1,000	1,000	1,000
Security	1,170	1,195	1,195	1,195	1,195	1,195	1,195
April 2005 Storm Disaster - Public Assistance	0	150	0	0	0	0	0
June 2006 Flood Disaster - Public Assistance	4,800	3,000	0	0	0	0	0
November 2006 Winter Storm Disaster - Public Assistance	3,100	300	0	0	0	0	0
Summer 2008-Hurricane Gustav-EMAC	0	2,500	0	0	0	0	0
Hazard Mitigation	4,500	0	700	700	700	700	700
Regional Events Security	6,295	5,966	3,000	3,000	3,000	3,000	3,000
TOTAL GENERAL FUND	$ 28,085	$ 21,377	$ 12,658	$ 12,658	$ 12,658	$ 12,658	$ 12,658

PROGRAM OBJECTIVE: To minimize the loss of life and property due to fire by developing and maintaining statewide municipal fire and emergency service capability.

Program: Fire Prevention and Safety

The State Fire Commissioner Act, Act 61 of 1995 places responsibility on the State Fire Commissioner for addressing the diverse training, operational and informational needs of the commonwealth's fire and emergency services community. The commissioner oversees the development and operation of the State Fire Academy's Resident and Local Level Training programs, the Volunteer Loan Assistance program, the Pennsylvania Fire Information Reporting System (PennFIRS), a public education/information program, and the administration of the firefighters' memorial flag program. Act 17 of 2003 established the Volunteer Fire Company and Volunteer Ambulance Service Grant programs which the commissioner's office manages. The State Fire Commissioner is responsible for coordinating federal, state and private fire safety funds; assisting state agencies in the development of plans related to fire safety; reviewing existing or proposed rules and regulations affecting the safety of commonwealth citizens; and providing a cost-effective fire-loss management system for the commonwealth.

Through contacts with government agencies, the business community, consumers and the fire service, the fire commissioner's office renders technical assistance; collects, reviews and disseminates pertinent information about fire death data and fire prevention and control techniques; and conducts statewide fire safety educational programs for the entire fire community.

The State Fire Academy (SFA) at Lewistown is the catalyst for training delivery to the state's fire and emergency response community. The Local Level Training program, a unique system involving the SFA, community colleges and county and local training facilities and organizations, provides a comprehensive curriculum of basic and mid-level fire, rescue, hazardous material, officer development and fire department management courses deliverable to firefighters through county and local fire department programs.

The SFA's Lewistown training facilities and staff support the Resident Training program of mid-level, advanced and specialty training in fire, rescue, hazardous material and officer development aimed at providing professional development opportunities for the state's firefighters, fire officers, the academy's cadre of field instructors and employees from other state agencies. The SFA also makes available a Firefighter Certification program that measures individual knowledge and skills against nationally accepted professional standards to assist firefighters in maximizing their training and experience credentials.

The Volunteer Loan Assistance program provides assistance to the volunteer fire fighting, ambulance and rescue community in the form of low-interest loans for the purpose of establishing or modernizing facilities to house apparatus and equipment, purchasing new or rehabilitating old apparatus, and purchasing protective, communications and accessory equipment. Funding for the loan program is reflected in the financial statement for the Volunteer Companies Loan Fund included in the Special Funds Appendix.

The most recent amendments to Act 17 of 2003, Volunteer Fire Company and Volunteer Ambulance Service Grant Program Act, extend this grant program through June 30, 2012. An annual transfer of $25 million from the State Gaming Fund to the Volunteer Company Grant program provides funds to be used for grants to volunteer fire companies and ambulance services to assist them in maintaining or improving their capability to provide fire, ambulance and rescue services.

Act 168 of 1990 provides for a flag to honor firefighters who have died in the line of duty and assigns the Office of the Pennsylvania State Fire Commissioner the responsibility to implement the provisions of the act. As part of its involvement in this program, the fire commissioner's office provides personal support and assistance to fire departments and surviving relatives immediately following such deaths and attempts to ascertain and use lessons-learned to reduce the number of firefighter deaths in the future.

Act 42 of 2008 established a new fund "Fire Prevention and Safety" within the Office of the Fire Commissioner. The fund will be credited with penalties levied under the act and will be used to support fire and safety prevention programs.

Program: Fire Prevention and Safety (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
State Fire Academy entry-level training graduates	11,370	11,000	11,000	11,000	11,000	11,000	11,000
State Fire Academy Certification program certified at firefighter or higher	2,925	4,200	4,300	4,300	4,300	4,300	4,300
Incidents reported through the PA Fire Information Reporting System	185,723	200,000	200,000	200,000	200,000	200,000	250,000
Volunteer company loans approved (in thousands)	$14,030	$16,000	$16,500	$17,000	$17,000	$17,000	$16,000
Volunteer company grants awarded	2,783	2,750	2,750	2,750	2,750	2,750	2,850

State Fire Academy Certifications are anticipated to increase in 2009-10 due to new requirements for firefighters.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Volunteer Emergency Responder Assistance

$ –4,500 —nonrecurring appropriation.

Red Cross Extended Care Program

$ –257 —nonrecurring project.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
State Fire Commissioner	$ 2,181	$ 2,155	$ 2,155	$ 2,155	$ 2,155	$ 2,155	$ 2,155
Volunteer Emergency Responder Assistance	0	4,500	0	0	0	0	0
Firefighters' Memorial Flag	10	10	10	10	10	10	10
Red Cross Extended Care Program	500	750	493	493	493	493	493
TOTAL GENERAL FUND	$ 2,691	$ 7,415	$ 2,658	$ 2,658	$ 2,658	$ 2,658	$ 2,658

Department of Environmental Protection

The mission of the Department of Environmental Protection is to protect Pennsylvania's air, land and water from pollution and to provide for the health and safety of its citizens through a cleaner environment. The department will work as partners with individuals, organizations, governments and businesses to prevent pollution and restore our natural resources.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 18,915**	**$ 19,596**	**$ 17,529**
(F)Surface Mine Conservation	413	630	680
(A)Reimbursement - EDP Services	8,681	8,792	9,055
(A)Department Services	154	75	75
(A)Purchasing Card Rebate	0	15	15
(A)Vehicle Sales	0	10	10
Subtotal	$ 28,163	$ 29,118	$ 27,364
Environmental Hearing Board	**1,976**	**2,034**	**2,001**
(A)Reimbursement for Services	2	1	1
Subtotal	$ 1,978	$ 2,035	$ 2,002
Environmental Program Management	**39,909**	**41,800**	**39,411**
(F)Coastal Zone Management	4,700	4,700	4,700
(F)Construction Management Assistance Grants - Administration	1,400	1,400	1,400
(F)Storm Water Permitting Initiative	2,300	2,300	2,300
(F)Safe Drinking Water Act - Management	5,500	5,500	5,500
(F)Water Pollution Control Grants - Management	3,500	5,500	5,500
(F)Air Pollution Control Grants - Management	2,400	2,700	2,700
(F)Surface Mine Conservation	5,000	6,500	6,500
(F)Wetland Protection Fund	840	840	840
(F)Diagnostic X-Ray Equipment Testing	340	340	380
(F)Water Quality Outreach Operator Training	200	200	200
(F)Water Quality Management Planning Grants	1,150	1,150	1,150
(F)Small Operators Assistance	2,000	2,000	2,000
(F)Wellhead Protection Fund	250	250	250
(F)Indoor Radon Abatement	500	500	500
(F)Non-Point Source Implementation	12,800	12,800	12,800
(F)Hydroelectric Power Conservation Fund	51	51	51
(F)Survey Studies	3,000	3,000	3,000
(F)National Dam Safety	150	150	150
(F)Training Reimbursement for Small Systems	3,500	3,500	3,500
(F)Abandoned Mine Reclamation (EA)	55,000	55,000	55,000
(F)Nuclear and Chemical Security (EA)	3,225	3,225	3,225
(F)Homeland Security Initiative (EA)	1,000	1,000	1,000
(F)State Energy Program	4,951	4,951	4,951
(F)Pollution Prevention	800	800	800
(F)Energy & Environmental Opportunities	0	1,200	1,200
(A)Payments - Department Services	29	14	14
(A)Vehicle Sales	17	5	5
(A)Reimbursement from Water Pollution Control Revolving Fund	80	3	3
(A)Reimbursement - PENNVEST	28	137	137
(A)Safe Drinking Water Revolving Fund Administration	91	85	85
(R)Sewage Facilities Program Administration (EA)	1,500	1,500	1,500
(R)Used Tire Pile Remediation (EA)	0	15	32
Subtotal	$ 156,211	$ 163,116	$ 160,784
Chesapeake Bay Agricultural Source Abatement	**3,410**	**3,366**	**3,121**
(F)Chesapeake Bay Pollution Abatement	6,200	6,200	6,200
Subtotal	$ 9,610	$ 9,566	$ 9,321
Environmental Protection Operations	**98,582**	**102,149**	**101,850**
(F)EPA Planning Grant - Administration	7,800	7,800	7,800
(F)Water Pollution Control Grants	4,800	5,500	6,000
(F)Air Pollution Control Grants	3,370	3,370	4,075
(F)Surface Mine Control and Reclamation	9,444	9,444	11,344
(F)Training & Education of Underground Coal Miners	1,700	1,700	1,700
(F)Construction Management Assistance Grants	350	350	350
(F)Safe Drinking Water	2,985	2,985	5,100

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
(F)Oil Pollution Spills Removal	1,000	1,000	1,000
(F)Emergency Disaster Relief (EA)	213	213	213
(F)Technical Assistance to Small Systems (EA)	650	1,000	1,000
(F)Assistance to State Programs (EA)	4,000	7,000	7,000
(F)Local Assistance and Source Water Protection (EA)	5,500	6,500	6,500
(A)Clean Air Fund	2,244	2,244	2,244
(A)Clean Water Fund	582	0	0
(A)Vehicle Sale	89	80	80
(A)Reimbursement from Water Pollution Control Revolving Fund	135	184	100
(A)Safe Drinking Water Account	200	200	200
(A)Solid Waste Abatement	500	500	500
(A)Reimbursement - PENNVEST	41	128	40
(A)Reimbursement - Department Services	98	55	55
(A)PADOT ISTEA Program	751	340	585
(A)Safe Drinking Water Revolving Fund	0	558	500
(A)Reimbursement - Laboratory Services	7,495	7,282	8,001
(A)Lab Accreditation	879	850	880
Subtotal	$ 153,408	$ 161,432	$ 167,117
Black Fly Control and Research	**7,750**	**6,810**	**6,810**
(A)County Contributions	856	820	820
Subtotal	$ 8,606	$ 7,630	$ 7,630
West Nile Virus Control	**7,617**	**6,928**	**7,093**
Subtotal	$ 7,617	$ 6,928	$ 7,093
Subtotal - State Funds	$ 178,159	$ 182,683	$ 177,815
Subtotal - Federal Funds	162,982	173,249	178,559
Subtotal - Augmentations	22,952	22,378	23,405
Subtotal - Restricted Revenues	1,500	1,515	1,532
Total - General Government	$ 365,593	$ 379,825	$ 381,311
Grants and Subsidies:			
Safe Water	**$ 12,000**	**$ 11,700**	**$ 0**
Flood Control Projects	**2,793**	**5,718**	**5,475**
Storm Water Management	**2,200**	**2,171**	**2,079**
Sewage Facilities Planning Grants	**1,950**	**1,925**	**1,843**
Sewage Facilities Enforcement Grants	**5,000**	**4,935**	**4,935**
Transfer to Hazardous Sites Cleanup Fund	**12,844**	**0**	**0**
Climate Change Initiatives	**300**	**300**	**0**
Consumer Energy Program	**0**	**7,500**	**15,000**
Transfer to Home Efficiency Loan Fund	**0**	**5,000**	**0**
Data Center Energy Conservation Projects	**0**	**2,500**	**0**
Delaware River Master	**94**	**94**	**94**
Ohio River Basin Commission	**14**	**14**	**14**
Susquehanna River Basin Commission	**1,232**	**1,032**	**701**
Interstate Commission on the Potomac River	**52**	**52**	**52**
Delaware River Basin Commission	**1,532**	**1,132**	**1,084**
Ohio River Valley Water Sanitation Commission	**170**	**170**	**170**
Chesapeake Bay Commission	**285**	**285**	**265**
Transfer to Conservation District Fund	**3,600**	**3,600**	**3,060**
Interstate Mining Commission	**34**	**38**	**37**
Sea Grant Program	**200**	**197**	**189**
Total - Grants and Subsidies	$ 44,300	$ 48,363	$ 34,998
STATE FUNDS	$ 222,459	$ 231,046	$ 212,813
FEDERAL FUNDS	162,982	173,249	178,559

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
AUGMENTATIONS	22,952	22,378	23,405
RESTRICTED REVENUES	1,500	1,515	1,532
GENERAL FUND TOTAL	**$ 409,893**	**$ 428,188**	**$ 416,309**
ENVIRONMENTAL STEWARDSHIP FUND:			
General Government:			
Abandoned Mine Reclamation and Remediation (EA)	**$ 2,000**	**$ 0**	**$ 0**
Grants and Subsidies:			
Watershed Protection and Restoration (EA)	**$ 14,943**	**$ 16,759**	**$ 15,341**
Sewage and Drinking Water Grants (EA)	**1,000**	**0**	**0**
Total - Grants and Subsidies	$ 15,943	$ 16,759	$ 15,341
ENVIRONMENTAL STEWARDSHIP FUND TOTAL	**$ 17,943**	**$ 16,759**	**$ 15,341**
MOTOR LICENSE FUND:			
General Government:			
Dirt and Gravel Road	**$ 4,000**	**$ 4,000**	**$ 4,000**
OTHER FUNDS:			
GENERAL FUND:			
Safe Drinking Water Account	$ 549	$ 658	$ 470
Radiation Protection Fund	6,535	9,312	9,868
Clean Water Fund	2,290	3,776	3,997
Solid Waste Abatement Fund	2,419	5,198	3,015
Well Plugging Account	1,043	1,000	1,813
Abandoned Well Plugging	1,117	165	500
Orphan Well Plugging	1,342	1,000	1,300
Alternative Fuels	2,375	12,163	12,081
Industrial Land Recycling	14	640	402
GENERAL FUND TOTAL	**$ 17,684**	**$ 33,912**	**$ 33,446**
ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND:			
Acid Mine Drainage Abatement and Treatment (F) (EA)	$ 8,833	$ 8,833	$ 5,500
CLEAN AIR FUND:			
Major Emission Facilities (EA)	$ 23,872	$ 24,053	$ 22,651
Mobile and Area Facilities (EA)	8,505	9,613	8,106
CLEAN AIR FUND TOTAL	**$ 32,377**	**$ 33,666**	**$ 30,757**
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND:			
General Operations (EA)	$ 3,424	$ 3,439	$ 3,104
Payment of Claims (EA)	2,000	2,000	2,000
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND TOTAL	**$ 5,424**	**$ 5,439**	**$ 5,104**
COAL LANDS IMPROVEMENT FUND:			
Coal Lands Restoration	$ 350	$ 350	$ 350
CONSERVATION DISTRICT FUND:			
Conservation District Grants (EA)	$ 3,600	$ 3,600	$ 3,100
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Energy Conservation	$ 163	$ 195	$ 0
ENERGY DEVELOPMENT FUND:			
Energy Development - Administration (EA)	$ 115	$ 105	$ 25
Energy Development Loans/Grants (EA)	1,328	250	250

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
ENERGY DEVELOPMENT FUND TOTAL	**$ 1,443**	**$ 355**	**$ 275**
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA)	$ 1,220	$ 915	$ 747
GROWING GREENER BOND FUND:			
Environmental Improvement Projects (EA)	$ 17,279 [a]	$ 21,140 [a]	$ 25,000 [a]
Acid Mine Drainage Abatement and Mine Cleanup (EA)	21,983 [a]	10,701 [a]	12,000 [a]
Authority Projects (EA)	1,950 [a]	4,319 [a]	6,600 [a]
GROWING GREENER BOND FUND TOTAL	**$ 41,212**	**$ 36,160**	**$ 43,600**
HAZARDOUS SITES CLEANUP FUND:			
General Operations (EA)	$ 23,179	$ 18,223	$ 19,257
Hazardous Sites Cleanup (EA)	12,594	22,000	22,500
Host Municipality Grants (EA)	55	55	30
Transfer to Industrial Sites Cleanup Fund (EA)	0	0	2,000
Small Business Pollution Prevention (EA)	500	1,000	2,000
Transfer-Industrial Sites Environmental Assessment Fund (EA)	0	2,000	2,000
HAZARDOUS SITES CLEANUP FUND TOTAL	**$ 36,328**	**$ 43,278**	**$ 47,787**
LOW LEVEL WASTE FUND:			
General Operations (EA)	$ 211	$ 352	$ 219
NON-COAL SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA)	$ 2,200	$ 2,200	$ 2,200
NUTRIENT MANAGEMENT FUND:			
Education, Research and Technical Assistance (EA)	$ 2,370	$ 1,596	$ 1,232
RECYCLING FUND:			
Recycling Coordinator Reimbursement (EA)	$ 1,300	$ 1,300	$ 1,300
Reimbursement for Municipal Inspection (EA)	821	821	375
Reimburse-Host Municipality Permit Applications Review (EA)	30	20	10
Administration of Recycling Program (EA)	849	896	501
County Planning Grants (EA)	1,000	1,000	1,000
Municipal Recycling Grants (EA)	31,500	31,500	15,000
Municipal Recycling Performance Program (EA)	22,500	23,000	23,000
Public Education/Technical Assistance (EA)	6,138	6,578	2,320
Small Business Pollution Prevention (EA)	1,003	100	0
RECYCLING FUND TOTAL	**$ 65,141**	**$ 65,215**	**$ 43,506**
REMINING ENVIRONMENTAL ENHANCEMENT FUND:			
Remining and Reclamation Incentives (EA)	$ 28	$ 0	$ 0
REMINING FINANCIAL ASSURANCE FUND:			
Remining Financial Assurance (EA)	$ 175	$ 125	$ 125
STORAGE TANK FUND:			
General Operations (EA)	$ 8,022	$ 8,120	$ 7,464
Underground Storage Tanks (F) (EA)	600	1,000	1,250
Leaking Underground Storage Tanks (F) (EA)	2,990	2,990	2,990
STORAGE TANK FUND TOTAL	**$ 11,612**	**$ 12,110**	**$ 11,704**
SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA)	$ 2,777	$ 2,770	$ 2,761
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Environmental Cleanup Program (EA)	$ 3,000	$ 5,500	$ 5,498
Pollution Prevention Program (EA)	305	1,000	1,000
Catastrophic Release Program	2,000	5,499	5,498
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL	**$ 5,305**	**$ 11,999**	**$ 11,996**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 222,459	$ 231,046	$ 212,813
SPECIAL FUNDS	21,943	20,759	19,341
FEDERAL FUNDS	162,982	173,249	178,559
AUGMENTATIONS	22,952	22,378	23,405
RESTRICTED	1,500	1,515	1,532
OTHER FUNDS	238,453	263,070	244,409
TOTAL ALL FUNDS	**$ 670,289**	**$ 712,017**	**$ 680,059**

[a] Appropriated as a $213,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
ENVIRONMENTAL SUPPORT SERVICES							
GENERAL FUND	$ 20,891	$ 21,630	$ 19,530	$ 19,513	$ 19,513	$ 19,513	$ 19,513
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	413	630	680	680	680	680	680
OTHER FUNDS	8,837	8,893	9,156	9,156	9,156	9,156	9,156
SUBCATEGORY TOTAL	$ 30,141	$ 31,153	$ 29,366	$ 29,349	$ 29,349	$ 29,349	$ 29,349
ENVIRONMENTAL PROTECTION AND MANAGEMENT							
GENERAL FUND	$ 201,568	$ 209,416	$ 193,283	$ 193,283	$ 193,283	$ 190,283	$ 188,283
SPECIAL FUNDS	21,943	20,759	19,341	14,668	11,460	11,463	11,473
FEDERAL FUNDS	162,569	172,619	177,879	177,879	177,879	177,879	177,879
OTHER FUNDS	254,068	278,070	260,190	259,099	245,722	216,785	216,785
SUBCATEGORY TOTAL	$ 640,148	$ 680,864	$ 650,693	$ 644,929	$ 628,344	$ 596,410	$ 594,420
ALL PROGRAMS:							
GENERAL FUND	$ 222,459	$ 231,046	$ 212,813	$ 212,796	$ 212,796	$ 209,796	$ 207,796
SPECIAL FUNDS	21,943	20,759	19,341	14,668	11,460	11,463	11,473
FEDERAL FUNDS	162,982	173,249	178,559	178,559	178,559	178,559	178,559
OTHER FUNDS	262,905	286,963	269,346	268,255	254,878	225,941	225,941
DEPARTMENT TOTAL	$ 670,289	$ 712,017	$ 680,059	$ 674,278	$ 657,693	$ 625,759	$ 623,769

PROGRAM OBJECTIVE: To provide administrative and technical support for the commonwealth's environmental protection programs.

Program: Environmental Support Services

This program provides the administrative and technical systems that direct and support the department's programs. It includes the executive and administrative offices, the Office of Chief Counsel, information and data processing systems, the Citizens Advisory Council and the Environmental Quality Board.

The Environmental Hearing Board's purpose is to safeguard the environmental rights of Pennsylvania's citizens through appeals of actions taken or instituted by the Department of Environmental Protection and/or the private sector. It is included here for presentation purposes.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ –1,854	—nonrecurring 2008-09 budgetary freeze amount.
–213	—reduction in administrative costs.
$ –2,067	*Appropriation Decrease*

Enviromnmental Hearing Board

$ –136	—nonrecurring 2008-09 budgetary freeze amount.
–3	—reduction in administrative costs.
106	—lease and moving cost related to the Pittsburgh State Office Building cost containment initiative.
$ –33	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 18,915	$ 19,596	$ 17,529	$ 17,529	$ 17,529	$ 17,529	$ 17,529
Environmental Hearing Board	1,976	2,034	2,001	1,984	1,984	1,984	1,984
TOTAL GENERAL FUND	$ 20,891	$ 21,630	$ 19,530	$ 19,513	$ 19,513	$ 19,513	$ 19,513

PROGRAM OBJECTIVE: To protect and improve the quality of the air, water and environment for the health and safety of the citizens of the commonwealth, to protect people from dangerous or unnecessary radiation from natural and man-made sources, including occupational and medical exposure and to manage water and mineral resources in a way that protects their undue destruction and depletion while allowing economic benefits from their use.

Program: Environmental Protection and Management

This program encompasses the major program elements that help to protect the health and safety of the citizens of the commonwealth as well as the quality of their environment and economic health. These activities are all associated with the department's goals for Clean Air, Clean Water, Land Protection, Community Health and Safety and Sustainable Energy.

Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, authorized the beginning of the "Growing Greener" program. The goal of this program is to ensure citizens their rights to clean air, to pure water and to the preservation of the natural, scenic, historic and esthetic values of the environment. In the Department of Environmental Protection, a number of program elements are affected: Water Quality Protection, Water Supply Management, Regulation of Mining and Watershed Conservation. Expanded activities include the reclamation of abandoned mines, plugging of certain oil and gas wells, protection and restoration of watersheds and improvements to drinking water and sewer systems. With the passage of Act 90 of 2002, the primary revenue source for the Environmental Stewardship Fund was restructured from a General Fund contribution to a $4 tipping fee per ton of solid waste disposed in Pennsylvania's municipal waste landfills. The first $50 million of revenue from the fee was deposited into the Environmental Stewardship Fund in 2002-03, with the fund receiving all revenue generated by the fee in 2003-04 and thereafter. The act provides a specific, dedicated source of funding for the Growing Greener program and extends the $4 tipping fee until 2012. The budget includes funds from the Growing Greener II bond initiative, approved by the voters May 17, 2005. Growing Greener II will provide the department with $230 million over six years to clean up rivers and streams, take on serious environmental problems at abandoned mines and contaminated industrial sites, and finance the deployment of advanced energy projects.

The Bureau of Laboratories provides analytical data for the department that determines and identifies pollution levels in samples from any part of the environment. Samples from streams and lakes, solid wastes, drinking water, industrial wastes and fish are analyzed for toxic chemicals. Milk, food, water and air are examined for radiation. Water from supply systems, beaches and sewage treatment plants is examined for bacteria and homeowners' water is examined for potability. With the passage of the Environmental Laboratory Accreditation Act (Act 90 of 2002), an accreditation program for environmental laboratories within the department was established to assure the quality of compliance data in all program areas.

CLEAN AIR

Program Element: Protection of Air Quality

Emissions of air contaminants are closely monitored and controlled by the department to protect public health as required by the Federal Clean Air Act, the Pennsylvania Air Pollution Control Act of 1960 and regulations adopted under the acts. Pollutants of primary concern include ground-level ozone, suspended particulates, sulfur and nitrogen oxides, volatile organic compounds and toxic air pollutants. Despite progress, significant challenges remain. Only 66 percent of the population of Pennsylvania lives in counties attaining the 8-hour National Ambient Air Quality Standard for ground-level ozone. Ozone, a bluish gas, irritates the eyes and upper respiratory system. Forty-four percent of the population lives in counties which meet the federal ambient standard for fine particulate pollution. Small particles and toxic air pollutants they carry with them can aggravate or cause respiratory ailments.

Many of the volatile organic compounds and heavy metals resulting from industrial processes and combustion sources are toxic air pollutants. Emissions of these pollutants must be controlled under Federal Maximum Achievable Control Technology requirements.

The department's 55 ambient (outside) monitors measure overall air quality. Sites are chosen primarily for their proximity to populated areas. Source monitoring, by both operators and mobile teams from the department, is used to check individual sources of emissions. Certain large facilities are required to install instruments that continuously monitor emissions.

Permits and inspections ensure that sources of emissions are designed, constructed and operated in accordance with air quality regulations. The department regulates more than 3,000 sources of air emissions. The department approves plans for new construction or modification of existing facilities and issues operating permits for major sources. The department is implementing an initiative to streamline the permit process. Inspections

Program: Environmental Protection and Management (continued)

and stack tests are conducted to assure that facilities conform to approved operating standards. The department uses compliance agreements and abatement orders to correct violations.

The department assists businesses with compliance with state rules for "area" sources such as auto body refinishing and works with other state and federal agencies and regional entities to obtain reductions from mobile sources of pollution.

The department reviews plans for the management and removal of asbestos in schools, regulates companies doing removal work and oversees the safe disposal of the asbestos.

The department provides multimedia assistance to businesses to promote pollution prevention and environmental management systems. These activities protect the environment and promote economic activity. In addition, the department provides small businesses with grants to hire consultants to assess pollution prevention opportunities and a loan program that small businesses can use for equipment that prevents pollution.

CLEAN WATER

Program Element: Protection of Water Quality

The department protects public health and safety and preserves natural aquatic systems for public use in Pennsylvania's watersheds by monitoring and assessing surface water quality, developing water quality standards, managing non-point sources of pollution, protecting coastal zone resources and regulating mining and oil and gas development.

Water quality assessments have been conducted for more than 82,300 miles of streams and 360 lakes in the commonwealth. A total of 67,883 assessed stream miles and 234 assessed lakes support the federal "fishable/swimmable" goal and the fish and aquatic life use designated in Pennsylvania's water quality standards. Each year, approximately 50 new stream miles and 10 lakes attain assessed water quality standards.

Water pollution sources are classified into two general categories: point and non-point sources. Point sources are those in which the polluting substances are conveyed into a body of water by a pipe or channel, such as sewage discharges, industrial waste discharges and storm or combined sewage drainage. Non-point sources are generally diffused discharges. Of the 16,121 miles identified as impaired by either point sources or non-point sources in the department's 2008 Water Quality Assessment, the broadest impacts were caused by non-point sources and remain abandoned mine drainage and agricultural runoff.

Over four years, funding from the Growing Greener II bond will help to restore or improve approximately 1,000 acres of wetlands, install or improve 1,100 miles of riparian buffers and improve 250 miles of streams affected by abandoned mine drainage.

Through its planning, permitting, surveillance, monitoring, enforcement and grant administration activities, the department carries out its duties and responsibilities for regulating water pollution control facilities and maintaining a statewide surface and groundwater quality monitoring program. The National Pollutant Discharge Elimination System, a delegated program under the Federal Clean Water Act, requires the commonwealth to permit and monitor point source discharges.

Under the Storm Water Management Act (Act 167 of 1978), the department ensures that municipalities develop management plans to address the quantity of and contaminants in stormwater runoff from development activities. Inadequate management of accelerated runoff from development increases flood flows, contributes to erosion and impairs stream water quality. Ninety-five percent of the commonwealth's 2,568 municipalities are designated as flood prone by the National Flood Insurance program. The department approves approximately 100 storm water management plans each year.

The department is implementing a significant effort to bring municipalities into compliance with federal combined sewer overflow discharge requirements. Approximately 90 percent of the commonwealth's municipalities are in compliance with the nine minimum controls specified by the department.

Under the Sewage Facilities Act (Act 537 of 1965), the department reviews plans from each municipality to meet current and future sewage treatment needs in coordination with their land use plans. These plans are the basis for permit decisions concerning local sewage systems. The department approves about 100 sewage facilities plans each year.

The department provides technical and financial support to Pennsylvania's 66 county conservation districts, which implement several of the water quality protection programs for the department, including erosion and sedimentation control, wetlands and stream encroachments, agricultural application of sewage sludge and dirt and gravel road maintenance.

The Clean Water State Revolving Fund (CWSRF) program provides low-interest loans to communities for construction of wastewater facilities. The department assists the Pennsylvania Infrastructure Investment Authority (PENNVEST) in implementing this program by establishing priorities for funding and managing and inspecting projects during construction. To date, more than 1,100 wastewater projects have been funded through the CWSRF.

Mining activities can degrade water quality through erosion and sediment runoff. The department requires applicants for mining permits to provide detailed

Program: Environmental Protection and Management (continued)

information about hydrology, geology and proposed operations, in order to demonstrate that the mining activity will not adversely impact water quality.

The department also regulates oil and gas development. Through a permitting system for drilling activity, inspection of drilling and storage sites, and monitoring and enforcement actions, the department works toward protecting the environment and balancing conflicting interests among the oil, gas and coal industries.

Program Element: Water Allocation

Under the Water Rights Act of 1939, the department protects aquatic life and downstream users by providing surface water allocation permits to water suppliers. These permits, which grant water rights to public water supply agencies, contain conditions designed to ensure adequate stream flows to protect other in-stream and downstream withdrawal uses and ensure implementation of effective water conservation practices. To date, more than 200 streams have been protected.

The department coordinates interstate management of water resources with other states through agreements covered by the Delaware River Basin Commission, the Susquehanna River Basin Commission, the Interstate Commission on the Potomac River Basin, the Ohio River Valley Water Sanitation Commission, the Chesapeake Bay Commission and the Great Lakes Commission.

The Water Resources Planning Act of 2002 requires the department to complete a State Water Plan. The plan will identify alternatives to assure adequate water supplies in watersheds where demands may exceed availability.

LAND PROTECTION

Program Element: Safe Waste Management

The department encourages waste reduction, promotes recycling and reuse of waste products and protects the public by providing for safe transportation and disposal of the remainder of the waste stream. Its principal programs concern municipal waste, residual waste and hazardous waste.

Act 101 of 1988, the Municipal Waste Planning and Recycling Act, requires mandatory recycling in 408 communities. In 1998, Pennsylvania met the goal set by Act 101 of 1988 by recycling more than 25 percent of its municipal waste. The goal was raised to 35 percent by 2003. Pennsylvanians recycled approximately 5 million tons in 2008. Act 175 of 2002 required the department to develop a plan to assist municipalities in making recycling programs under this act financially self-sufficient. This plan was completed in 2004 and is now used as technical assistance in the development of grant applications. Among the recommendations being implemented is creation of an independent Pennsylvania Recycling Markets Center to encourage the continued growth and economic health of Pennsylvania's recycling industries.

The department regulates new and existing landfills to ensure they are designed, constructed and operated with minimal risk to nearby residents and to the environment. Communities in which landfills or waste-to-energy facilities are located have taken an active role in permitting and inspecting these facilities to assure that they are operated properly.

Residual waste is non-hazardous material from industrial, mining, commercial and other similar operations. The department regulates more than 3,000 residual waste generators and treatment, storage and disposal facilities, 750 municipal waste facilities and more than 7,500 transporters. Approximately 2.7 million tons of this material is disposed in Pennsylvania's municipal waste landfills annually. The department performs permitting, closure and ongoing monitoring of residual waste management facilities. Act 93 of 1988 established a manifest system to track infectious (hospital) wastes from generation until disposal.

The department licenses hazardous waste transporters and provides permits to waste management facilities under the Solid Waste Management Act of 1980. In addition, the department tracks the movement of hazardous waste from generation to ultimate treatment or disposal through a manifest program run by the Department of Revenue. The department uses this information to identify discrepancies and take enforcement actions against violators.

Program Element: Protection of Land

The department protects land by regulating storage tanks and requiring reclamation at active mining and oil and gas operations. The Storage Tank and Spill Prevention Act, Act 32 of 1989, protects health, safety and the environment by preventing releases of dangerous materials from Pennsylvania's 43,000 regulated above ground and underground storage tanks. This is accomplished through a program of registration, permitting, compliance assistance and inspections. In addition, the department certifies storage tank installers and inspectors.

The Federal Surface Mining Control and Reclamation Act established a comprehensive set of performance standards for mining and reclamation of surface and underground coal mines, coal refuse disposal and coal preparation facilities. Pennsylvania is required to follow a mandatory enforcement and civil penalty program under this law and to inspect each mining operation violator monthly until reclamation is achieved. Industrial mineral mines are regulated under the Non-Coal Surface Mining Conservation and Reclamation Act of 1984 and related statutes. The department oversees more than 1,700 coal mines and 2,000 industrial mineral mines.

The department offers mine subsidence insurance to residential and small commercial property owners. This insurance program is financially self-supporting and directed by the Coal and Clay Mine Subsidence Insurance

Program: Environmental Protection and Management (continued)

Board. The growth in the number and value of policies has steadily increased since the program's inception in 1961. Today, more than 58,000 policies are in effect. A cash flow statement for this fund is included in the Special Funds Appendix.

The department regulates more than 100,000 oil and gas wells and gas storage reservoirs under the Oil and Gas Act of 1984, protecting the environment through permits, inspections and enforcement. The department processed 8,091 permits in 2008.

Program Element: Restoration of Land

The department protects health and the environment and promotes community development by restoring sites contaminated by hazardous substances or affected by historic mining or oil and gas development. Just under 12,000 sites in Pennsylvania are known to be contaminated by hazardous substances. Collectively, the department completed or certified cleanups at more than 844 contaminated sites in 2008.

The department's Land Recycling program, which promotes voluntary cleanups, was established by three statutes passed in 1995: Act 2, the Land Recycling and Environmental Remediation Standards Act; Act 3, the Economic Development Agency, Fiduciary and Lender Environmental Liability Act; and Act 4, the Industrial Sites Environmental Assessment Act. The program identifies risk-based standards for cleanups, simplifying the approval process and limiting future liability. In 1999, the department created the Brownfields Inventory Grant program to encourage cleanups through grants to local government and economic development agencies for brownfields inventories. In 2004, Pennsylvania became the first state in the nation to establish a "one-stop cleanup program" creating a one-stop shop for state and federal brownfield cleanup standards. Since 1995, the department has approved more than 1,500 cleanups, creating or retaining more than 39,000 jobs.

The department's Hazardous Sites Cleanup Program, authorized by the Hazardous Sites Cleanup Act (HSCA), Act 108 of 1988, provides funding to conduct cleanups where there is no known responsible party. HSCA also provides the department with enforcement authorities to force the persons who are responsible for releases of hazardous substances to conduct cleanup actions or repay cleanup funds spent by the department. HSCA funds are also used to pay Pennsylvania's share of cleanup costs for sites in the Federal Superfund program.

Chapter 9 of HSCA established the Hazardous Sites Cleanup Fund (HSCF), which has been utilized to finance thousands of contaminated site cleanups. A portion (one-half mill) of the Capital Stock and Franchise Tax (CSFT) was deposited annually into the HSCF as the primary funding source for the program. In 1999 this tax was reduced to one-quarter mill and in 2003 the tax was diverted from the HSCF to the General Fund.

The department's Storage Tank Cleanup program, authorized by the Pennsylvania Storage Tank and Spill Prevention Act, Act 32 of 1989, oversees a corrective action program for regulated above and underground storage tanks. More than 550 tank releases were remediated in 2008.

The department's multi-site remediation agreements ensure the investigation and cleanup of the remaining sites contaminated by hazardous materials.

The department resolves environmental degradation and health and safety problems resulting from inactive and abandoned coal mines. The Remining Operator Assistance program provides assistance and funding to coal operators who mine and reclaim abandoned mine lands by paying for the cost of data collection and permit application. The department also provides direct funding from the Federal Office of Surface Mining for the reclamation of abandoned mines, abatement and treatment of acid mine drainage, control of underground mine fires and refuse bank fires and control of surface subsidence from abandoned deep mines. More than 1,300 acres were reclaimed by the department and permitted operators. There are approximately 50,000 acres in the department's inventory of high-priority abandoned mine land, posing a threat to health, safety and general welfare.

The Oil and Gas Act of 1984 requires oil and gas well operators to plug non-producing wells and authorizes permit surcharges to support the department's orphaned and abandoned well plugging program. An unplugged abandoned well can be a hazard to the health and safety of people living near it and the environment. There are approximately 8,512 oil and gas wells in the department's abandoned or orphaned well inventory. The department plugged 212 orphan and abandoned wells in 2008.

SAFE AND HEALTHY COMMUNITIES

Program Element: Safe Drinking Water

The department implements the Pennsylvania Safe Drinking Water Act of 1984 and protects public health by regulating more than 2,100 community water systems serving 10.5 million residents and 7,400 non-community public water systems generally serving restaurants, industries, schools and motels, which must comply with standards. In 2008, 98 percent of the population was served by water supply systems that met all health-based standards. The department also provides consultative services and inspections for the 700,000 residential water supplies in Pennsylvania. There have been great strides made in reducing waterborne diseases.

As a result of amendments to the Federal Safe Drinking Water Act in 1996, the department is giving increased emphasis to source water protection, operator training and certification and capability enhancements for public water systems to address technical, managerial and financial issues. Community water systems have adopted

Program: Environmental Protection and Management (continued)

source water protection strategies covering approximately 20 percent of Pennsylvania's source water areas. The department has assessed nearly 14,000 drinking water sources for susceptibility to contamination. Source water assessments support the development of local, voluntary source water protection strategies.

The amendments also placed additional emphasis on water infrastructure financing programs like the Safe Drinking Water State Revolving Fund, which is jointly administered by the department and PENNVEST. To date, more than 181 drinking water projects have been completed through this program with another 700 projects funded through this program.

Program Element: Radiation Protection

The department protects citizens from exposure to dangerous levels of radiation through licensing and inspection of radiation source users. This includes registering radiation-producing equipment, licensing users of radioactive materials and inspecting facilities to assure compliance. The department inspects more than 10,000 users possessing approximately 30,000 x-ray units and 460 facilities utilizing accelerators and naturally occurring radioactive material. The department inspects almost 390 mammography x-ray facilities under a contract with the Federal Food and Drug Administration. This activity enhances the quality of mammograms and increases the likelihood of early detection of breast cancer.

The department also monitors the environment for radiation, primarily in the vicinity of nuclear power plants. Samples from ambient air, milk produced on local farms, surface waters, vegetation, fish and silt are collected and tested at regular intervals.

The department works with the Federal Nuclear Regulatory Commission (NRC) to provide routine inspection and oversight for all nuclear power generating facilities in the commonwealth. The department also inspects decommissioning and decontamination activities as well as active sites regulated by the NRC for occupational, public and environmental radiation exposures. Surveys and samples are taken to ensure the cleanup levels established for the site have been met.

The department conducts a program of public education and outreach to encourage voluntary measurement and remediation of naturally occurring radon gas in private dwellings and helps to identify effective solutions. The department certifies radon testing and mitigation firms and testing laboratories to ensure accurate test results and effective construction or remedial techniques. Approximately 23,000 buildings are discovered each year in Pennsylvania with unsafe levels of radon, with department-certified firms installing more than 4,000 mitigation systems, preventing 134 potential lung cancer deaths. Up to 40 percent of the buildings in Pennsylvania may have unsafe radon levels.

The department ensures safe disposal of low-level radioactive waste (LLRW), including contaminated soils, filters, gloves and clothing from industries, hospitals and university research centers. The Appalachian Low-Level Radioactive Waste Compact Act of 1985 and the Low-Level Radioactive Waste Disposal Act of 1988 committed Pennsylvania to establish a LLRW disposal facility. The department suspended the siting process in 1998 because of the dramatic reduction in the volume of LLRW being generated in the Appalachian Compact. The department has prepared a siting re-start plan and will monitor national LLRW disposal developments to ensure adequate disposal capacity. The department will also continue to promote LLRW volume reduction during the suspension period.

Program Element: Nuisance and Vector Control

The department provides surveillance and control to reduce the threat of West Nile Virus in cooperation with the Departments of Health and Agriculture. The department monitors mosquito populations, takes steps to control mosquitoes that may carry the virus and examines unknown vectors and reservoirs involved in the transmission of the virus. The department also provides information, outreach and funding to build a long-term infrastructure for county government. In 2008, 114,828 mosquito-breeding areas were sprayed to control the threat of West Nile Virus.

The department reduces the black fly population and gives relief to citizens and visitors of the commonwealth by treating 2,500 stream miles of the Susquehanna, Delaware and Allegheny rivers and their tributaries.

Program Element: Emergency Preparedness and Response

The department's emergency response personnel are available whenever there is an immediate threat to public health, safety or the environment. Each year, the department responds to more than 4,000 environmental releases. While the department's major focus is response to spills to land and water, the department also has significant involvement with air pollution incidents (fires or industrial-transportation-related releases) and leaking underground storage tanks. In addition, the department responds to a smaller number of incidents involving public water supply shortages or contamination, mining-related discharges, oil and gas production-related discharges and waterborne illness outbreaks. The department is developing plans to address any contingencies associated with fuel supply disruptions. In addition, the department is prepared to protect the citizens of Pennsylvania in the event of an accident involving radioactive materials at a power plant or other facility utilizing radioactive materials.

Program: Environmental Protection and Management (continued)

Program Element: Flood Protection and Dam Safety

The department's flood protection and stream improvement programs, in existence for more than 50 years, protect lives and property through the construction of physical structures such as dams, levees, flood walls, channels, culverts and bank stabilization works. Major flood protection projects are generally designed to protect communities from damages during the 100-year flood event.

The department regulates dams and reservoirs under the Dam Safety and Encroachments Act of 1978. The department reviews plans and specifications of dam permit applications and conducts inspections of new dams under construction as well as existing dams to determine their general condition. There are approximately 3,000 dams under active regulation in the commonwealth. Of this total, there are 780 high-hazard dams and 2,370 other dams that require inspection and monitoring. High-hazard dams are inspected annually to assure proper operation and maintenance because of the significant threat posed by their possible failure. Each year, more than 30 high-hazard dams are upgraded or repaired. In addition, the department regulates construction and maintenance of any obstructions, encroachments and changes to the course and current of streams, as well as the related flood plains.

Program Element: Mine Safety

The department protects the health and safety of miners through safety programs that reduce the possibility of accidents. Mine safety inspections include technical evaluations for explosive use, subsidence, map composition, electrical installations, cleaning plant safety, active refuse banks and safety zones. The department provides safety oversight for more than 3,800 mining operations, in addition to safety and emergency medical training and certifications for underground mine workers.

In the event of an emergency, the department responds in order to rescue the affected mine workers. Additionally, the department investigates all fatal and serious accidents that occur at Pennsylvania mines. A report is made outlining the cause of the accident and possible means of preventing a similar accident. Nearly 70,000 people were reached by the department's educational information on public mine safety and awareness.

Program Element: Explosives Safety

The department regulates the use, handling and storage of explosives in mining and non-mining situations alike. The department worked with the Pennsylvania State Police and the Pennsylvania Office of Homeland Security on regulations that will greatly enhance the security of explosives storage sites from terrorism and other threats.

The department reviews and issues approximately 1,800 licenses and permit applications for blasting activities annually. The department also conducts inspections at the sites where these activities occur. Additional training and public outreach on explosives is frequently provided. In addition, the department responds to approximately 50 incidents each year involving "orphaned" explosives that are found unsecured or improperly stored. Although blasting seldom results in damage to nearby structures, its effects, such as vibrations, often concern neighbors. The department investigates approximately 400 complaints from blasting activities annually.

SUSTAINABLE ENERGY

Program Element: Advanced Energy Development

The department promotes renewable and advanced energy development though grants, financing and technical support for projects that simultaneously protect the environment and support Pennsylvania's economy. Program goals include greater energy security through a distributed power infrastructure as well as the retention of energy dollars in the commonwealth.

The department's Energy Harvest grant program has provided $21 million for more than 90 advanced energy projects. In 2004, Governor Rendell reestablished the Pennsylvania Energy Development Authority, which has provided $21 million in grants, loans and loan guarantees for advanced energy projects.

Funding from the Growing Greener II bond is expected to leverage an additional ten trillion BTUs of electricity generation per year from renewable sources by 2009-10, and additional capacity from non-renewable advanced energy sources.

The department is also playing a lead role in initiatives to support statewide net metering and interconnection, the acquisition of credit for energy efficiency and renewable energy in the State Implementation Plan and other outreach efforts to promote advanced energy development. The department is collaborating with the Public Utility Commission to implement the Alternative Energy Portfolio Standards Act of 2004 and has promoted and helped to implement the commonwealth's 20 percent green electricity purchase.

In 2005, the department intervened in the Exelon-PSEG merger and negotiated a settlement to provide $27 million in funding over four years to PEDA and more than $200 million in benefits to Pennsylvania's electricity consumers.

The department promotes the use of coal bed and mine methane and coal refuse, which are advanced energy resources. Coal bed methane has long been considered a mining and safety problem but until recently it was

Program: Environmental Protection and Management (continued)

overlooked as a resource by the oil and gas industry. The department has issued approximately 63 coal bed and mine permits related to coal bed methane exploration, extraction or production. Coal refuse is generally reclaimed for power generation in cogeneration plants.

Program Element: Energy Conservation and Efficiency

The department provides technical support to more than 40,000 companies and other entities each year for the design and installation of technologies to promote energy conservation and efficiency. Many of these technologies originate as Federal Department of Energy Best Practices for the industrial sector. The State Energy Program (SEP) is a federal program that provides funding to promote energy efficiency and pollution prevention. SEP activities range from a Pollution Prevention/Energy Efficiency Conference that promotes technology transfer to the Governor's Green Government Council, which commits the commonwealth to set an example by taking the lead in reducing operating costs through energy efficiency, cleaner fleet vehicles and recycling.

Act 166 of 1992 provided for an Alternative Fuels Incentive Grant program, funded by a portion of the Utilities Gross Receipts Tax. The department awards grants to school districts, municipal authorities and other not-for-profit entities to fund a portion of the expenses to purchase or retrofit vehicles to use fuels other than gasoline as well as the equipment needed to refuel these vehicles.

During 2004, the department became a partner in the Federal Energy Star program. This program provides technical assistance to the commonwealth on energy efficient buildings and appliances. The Department of General Services launched a statewide initiative to benchmark the energy performance of state-owned buildings across the commonwealth.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Protection of Air Quality							
Percentage of population in counties attaining the ambient ozone standard	67%	67%	67%	68%	100%	100%	100%
Percentage of population in counties attaining the ambient PM-2.5 (fine particulate) standard	44%	44%	48%	48%	90%	90%	90%
Tons of hazardous air pollutants emitted	34,900	34,800	34,700	34,600	34,600	34,600	34,600
Tons of emissions avoided by pollution prevention activities encouraged by the department	12,000	12,100	12,700	12,700	12,700	12,700	12,700
Protection of Water Quality							
Cumulative miles of assessed streams attaining assessed water uses	68,000	70,000	71,000	71,000	71,200	71,300	71,300
Percentage of assessed stream miles that are impaired	19%	19%	19%	18%	18%	18%	18%
Annual miles of assessed (and reassessed) streams	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Acres of stream buffers installed	1,900	2,000	2,100	2,200	2,300	2,400	2,400
Acres of wetlands restored or enhanced	300	400	500	600	700	800	800
Percentage of erosion and sedimentation control permit appilcation processed within regulatory timeframes	60%	60%	70%	80%	80%	85%	85%
Water Allocation							
Percentage of direct water withdrawl sources protected by in-stream flow protection requirements	50%	50%	60%	60%	60%	60%	60%
Safe Waste Management							
Tons of municipal solid waste disposed per capita	1.17	1.18	1.18	1.18	1.17	1.16	1.16
Tons of municipal sold waste imported into Pennsylvania (in millions)	9.40	9.50	9.50	9.60	9.75	9.75	9.75
Tons of municipal sold waste recycled (in millions)	5.15	5.45	5.70	6.50	6.80	7.50	7.50
Tons of non-wastewater residual waste generated per million dollars of gross state product	40	38	36	35	34	32	32
Tons of hazardous waste generated per million dollars of gross state product	0.60	0.58	0.55	0.53	0.53	0.49	0.49

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Protection of Land							
Percentage of storage tanks with new releases	2.30%	2.15%	2.13%	2.11%	2.09%	2.07%	2.07%
Mine subsidence insurance policies in effect	56,900	60,000	62,500	64,500	66,500	68,500	68,500
Restoration of Land							
Cleanups completed at sites contaminated with hazardous substances	155	160	180	200	250	300	300
Cleanups completed at land recycling sites	180	190	190	200	200	200	200
Sites contaminated by hazardous substances known by the department	11,900	12,000	12,000	12,000	12,000	12,000	12,000
Leaking storage tank cleanups completed	400	400	400	400	400	400	400
Leaking storage tank sites known by the department	3,100	3,000	2,800	2,700	2,600	2,600	2,600
Fatalities related to abandoned mine lands	0	0	0	0	0	0	0
Acres of abandoned mine land reclaimed	1,400	1,430	1,430	1,430	1,430	1,430	1,430
Acres of high-priority abandoned mine land known by the department	52,800	52,800	52,800	52,800	52,800	52,800	52,800
Abandoned or orphaned oil and gas wells plugged	100	150	200	250	250	300	300
Abandoned or orphaned oil and gas wells known by the department	8,500	8,300	8,100	7,900	7,700	7,500	7,500
Safe Drinking Water							
People affected by documented waterborne disease outbreaks at public water systems	0	0	0	0	0	0	0
Percentage of population served by water supply systems that meet health-based standards	98%	98%	98%	98%	98%	98%	98%
Percentage of community water system source water areas with source water protection strategies in place	20%	24%	30%	35%	50%	60%	60%
Radiation Protection							
Potential lung cancer deaths prevented by mitigation of radon by certified installers	134	134	134	134	134	134	134
Buildings with radon mitigated by certified installers (both residential and commericial)	2,715	3,000	4,000	5,000	6,000	6,000	6,000
Nuisance and Vector Control							
New human infections with West Nile Virus	50	50	50	50	50	50	50
Breeding areas treated to control West Nile Virus	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Black fly complaints received	190	180	170	160	150	140	140
Stream miles treated to control black flies	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Emergency Preparedness and Response							
Gallons of liquid known to be contained or recovered in emergency responses	1,166,500	1,166,500	1,166,500	1,166,500	1,166,500	1,166,500	1,166,500
Emergency responses to environmental releases	4,440	4,300	4,000	3,900	3,800	3,700	3,700
Flood Protection and Dam Safety							
Lives lost due to dam failure	0	0	0	0	0	0	0
High-hazard dams upgraded or repaired	18	31	43	20	20	20	20
Mine Safety							
Lost time accidents per 200,000 employee hours of exposure	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Persons reached for public mine safety education through the “Stay Out - Stay Alive” program	70,000	80,000	100,000	120,000	130,000	140,000	140,000

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Advanced Energy Development							
Megawatt-hours generated from renewable energy resources and coal mine methane	1,360	2,000	3,000	3,500	4,000	5,500	5,500
Megawatt-hours generated from advanced non-renewable energy resources including waste coal	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Value of advanced energy development resulting from the department's activities (in thousands)	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000
Energy Conservation and Efficiency							
Megawatt-hours of electricity consumed per million dollars of gross state product	290	290	290	290	290	290	290
Entities provided assistance for energy efficiency by direct contact from department staff	6,400	6,400	7,000	8,000	9,000	10,000	10,000
Department-wide Totals							
Percentage of facilities with no health, safety or environmental violations	80%	85%	85%	85%	85%	85%	85%
Complaints received	6,100	6,100	6,100	6,100	6,100	6,100	6,100
Permit applications or requests for authorizations processed	40,000	41,000	44,000	44,000	44,000	44,000	44,000
Inspections completed	80,000	80,000	81,000	82,000	82,000	82,000	82,000
Enforcement matters executed	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Permits or authorizations required by regulated entities	230,000	230,000	240,000	250,000	250,000	260,000	260,000

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Environmental Program Management
$ –2,389 —reduction in administrative costs.

Chesapeake Bay Agricultural Source Abatement
$ –245 —reduction in administrative costs.

Environmental Protection Operations
$ –299 —reduction in administrative costs.

West Nile Virus Control
$ 165 —to continue current program.

Safe Water
$ –11,700 —nonrecurring projects.

Flood Control Projects
$ –243 —nonrecurring 2008-09 budgetary freeze amount.

Storm Water Management
$ –92 —nonrecurring 2008-09 budgetary freeze amount.

Sewage Facilities Planning Grants
$ –82 —nonrecurring 2008-09 budgetary freeze amount.

Climate Change Initiatives
$ –300 —nonrecurring projects.

Consumer Energy Program
$ 7,500 —Initiative—Consumer Energy Program. To provide loans, grants, reimbursements or rebates to individuals and small businesses for consumer energy conservations projects.

Transfer to Home Efficiency Loan Fund
$ –5,000 —nonrecurring transfer.

Data Center Energy Conservation Projects
$ –2,500 —nonrecurring projects.

Susquehanna River Basin Commission
$ –331 —nonrecurring projects.

Delaware River Basin Commission
$ –48 —nonrecurring 2008-09 budgetary freeze amount.

Chesapeake Bay Commission
$ –20 —nonrecurring costs.

Transfer to Conservation District Fund
$ –540 —nonrecurring projects.

Program: Environmental Protection and Management (continued)

Interstate Mining Commission

$ –1 —nonrecurring 2008-09 budgetary freeze amount.

Sea Grant Program

$ –8 —nonrecurring 2008-09 budgetary freeze amount.

ENVIRONMENTAL STEWARDSHIP FUND

Watershed Protection and Restoration (EA)

$ –2,196 —nonrecurring projects.

All other appropriations are recommended at the current year funding levels.

Also, in accordance with Act 38A of 2008, $15,000,000 will be transfered from the Recycling Fund to the General Fund in the 2008-09 fiscal year.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Environmental Program Management	$ 39,909	$ 41,800	$ 39,411	$ 39,411	$ 39,411	$ 39,411	$ 39,411
Chesapeake Bay Agricultural Source Abatement	3,410	3,366	3,121	3,121	3,121	3,121	3,121
Environmental Protection Operations	98,582	102,149	101,850	101,850	101,850	101,850	101,850
Black Fly Control and Research	7,750	6,810	6,810	6,810	6,810	6,810	6,810
West Nile Virus Control	7,617	6,928	7,093	7,093	7,093	7,093	7,093
Safe Water	12,000	11,700	0	0	0	0	0
Flood Control Projects	2,793	5,718	5,475	5,475	5,475	5,475	5,475
Storm Water Management	2,200	2,171	2,079	2,079	2,079	2,079	2,079
Sewage Facilities Planning Grants	1,950	1,925	1,843	1,843	1,843	1,843	1,843
Sewage Facilities Enforcement Grants	5,000	4,935	4,935	4,935	4,935	4,935	4,935
Transfer to Hazardous Sites Cleanup Fund	12,844	0	0	0	0	0	0
Climate Change Initiatives	300	300	0	0	0	0	0
Consumer Energy Program	0	7,500	15,000	15,000	15,000	12,000	10,000
Transfer to Home Efficiency Loan Fund	0	5,000	0	0	0	0	0
Data Center Energy Conservation Projects	0	2,500	0	0	0	0	0
Delaware River Master	94	94	94	94	94	94	94
Ohio River Basin Commission	14	14	14	14	14	14	14
Susquehanna River Basin Commission	1,232	1,032	701	701	701	701	701
Interstate Commission on the Potomac River	52	52	52	52	52	52	52
Delaware River Basin Commission	1,532	1,132	1,084	1,084	1,084	1,084	1,084
Ohio River Valley Water Sanitation Commission	170	170	170	170	170	170	170
Chesapeake Bay Commission	285	285	265	265	265	265	265
Transfer to Conservation District Fund	3,600	3,600	3,060	3,060	3,060	3,060	3,060
Interstate Mining Commission	34	38	37	37	37	37	37
Sea Grant Program	200	197	189	189	189	189	189
TOTAL GENERAL FUND	$ 201,568	$ 209,416	$ 192,283	$ 193,283	$ 193,283	$ 193,283	$ 193,283
ENVIRONMENTAL STEWARDSHIP FUND:							
Abandoned Mine Reclamation and Remediation (EA)	$ 2,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Watershed Protection and Restoration (EA)	14,943	16,759	14,563	14,563	14,563	14,563	14,563
Sewage and Drinking Water Grants (EA)	1,000	0	0	0	0	0	0
TOTAL ENVIRONMENTAL STEWARDSHIP FUND	$ 17,943	$ 16,759	$ 14,563	$ 14,563	$ 14,563	$ 14,563	$ 14,563
MOTOR LICENSE FUND:							
Dirt and Gravel Road	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000

FISH AND BOAT COMMISSION

The mission of the Fish and Boat Commission is to provide fishing and boating opportunities through the protection and management of aquatic resources.

Summary by Fund and Appropriation

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
	(Dollar Amounts in Thousands)		
GENERAL FUND:			
Grants and Subsidies:			
Atlantic States Marine Fisheries Commission	**$ 16**	**$ 17**	**$ 17**
BOAT FUND:			
General Government:			
General Operations (EA)	**$ 14,189**	**$ 13,437**	**$ 13,045**
(F)US Coast Guard Grant - Boating Safety	2,291	2,554	2,447
(F)Sport Fish Restoration	1,413	1,067	1,122
(F)Boating Infrastructure Grant (BIG) Program	0	1,550	1,450
(F)Clean Vessels	4	25	25
(A)Sale of Vehicles	10	25	25
Subtotal - State Funds	$ 14,189	$ 13,437	$ 13,045
Subtotal - Federal Funds	3,708	5,196	5,044
Subtotal - Augmentations	10	25	25
Total - General Government	$ 17,907	$ 18,658	$ 18,114
STATE FUNDS	$ 14,189	$ 13,437	$ 13,045
FEDERAL FUNDS	3,708	5,196	5,044
AUGMENTATIONS	10	25	25
BOAT FUND TOTAL	**$ 17,907**	**$ 18,658**	**$ 18,114**
FISH FUND:			
General Government:			
General Operations (EA)	**$ 29,748**	**$ 31,671**	**$ 32,565**
(F)Sport Fish Restoration	7,607	7,291	6,821
(F)Wildlife Conservation and Restoration - Non-Game	240	27	25
(F)Surface Mine Regulation	51	60	60
(F)NOAA	319	124	167
(F)USFWS - Partner for Fish & Wildlife	1,798	815	0
(F)State Wildlife Grant	0	1,588	1,002
(F)Chesapeake Bay Program	0	71	71
(A)Sale of Vehicles	37	55	55
(A)Reimbursement - DEP/EPA Projects	2	168	0
(A)Reimbursement for Services - PennDOT	139	96	96
(A)Transportation - Endangered/Threatened Species	0	79	79
(A)Transportation - Environmental Assessment	500	0	0
(A)Three River Ecological Center	40	40	40
Subtotal - State Funds	$ 29,748	$ 31,671	$ 32,565
Subtotal - Federal Funds	10,015	9,976	8,146
Subtotal - Augmentations	718	438	270
Total - General Government	$ 40,481	$ 42,085	$ 40,981
STATE FUNDS	$ 29,748	$ 31,671	$ 32,565
FEDERAL FUNDS	10,015	9,976	8,146
AUGMENTATIONS	718	438	270
FISH FUND TOTAL	**$ 40,481**	**$ 42,085**	**$ 40,981**
OTHER FUNDS:			
GROWING GREENER BOND FUND:			
Capital Improvement Projects	$ 399 a	$ 10,767 a	$ 15,905 a

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
STATE GAMING FUND:			
Payments in Lieu of Taxes (EA)	$ 40	$ 40	$ 40
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 16	$ 17	$ 17
SPECIAL FUNDS	43,937	45,108	45,610
FEDERAL FUNDS	13,723	15,172	13,190
AUGMENTATIONS	728	463	295
OTHER FUNDS	439	10,807	15,945
TOTAL ALL FUNDS	**$ 58,843**	**$ 71,567**	**$ 75,057**

[a] Appropriated as a $27,500,000 continuing executive authorization in 2005-06. Amount is an estimate of program disbursements within the fiscal year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
RECREATIONAL FISHING AND BOATING							
GENERAL FUND	$ 16	$ 17	$ 17	$ 17	$ 17	$ 17	$ 17
SPECIAL FUNDS	43,937	45,108	45,610	44,610	44,610	44,610	44,610
FEDERAL FUNDS	13,723	15,172	13,190	13,190	13,190	13,190	13,190
OTHER FUNDS	1,167	11,270	16,240	335	335	335	335
SUBCATEGORY TOTAL	$ 58,843	$ 71,567	$ 75,057	$ 58,152	$ 58,152	$ 58,152	$ 58,152
ALL PROGRAMS:							
GENERAL FUND	$ 16	$ 17	$ 17	$ 17	$ 17	$ 17	$ 17
SPECIAL FUNDS	43,937	45,108	45,610	44,610	44,610	44,610	44,610
FEDERAL FUNDS	13,723	15,172	13,190	13,190	13,190	13,190	13,190
OTHER FUNDS	1,167	11,270	16,240	335	335	335	335
DEPARTMENT TOTAL	$ 58,843	$ 71,567	$ 75,057	$ 58,152	$ 58,152	$ 58,152	$ 58,152

PROGRAM OBJECTIVE: To conserve aquatic resources including fish and wildlife populations, to provide recreational opportunities for fishing and boating on commonwealth waters, and to promote safe recreational use of these aquatic resources.

Program: Recreational Fishing and Boating

The Fish and Boat Commission is responsible for the enforcement of the fishing and boating laws and regulations, registration of boats, the state boating and water safety education programs, and the management and promotion of recreational boating. The Boating Advisory Board, a group of knowledgeable boaters appointed by the Governor, advises the commission on boating matters.

In addition to recreational boating, the commission is responsible for recreational fishing in the commonwealth. This includes fish propagation, stocking, fisheries, environmental services, the cooperative nurseries program, research and fish management. The commission also provides for the development, improvement and maintenance of facilities for lake and access areas. As water quality is a major factor in aquatic recreation, the commission's goals are to protect, conserve and enhance aquatic resources by monitoring the water quality of many streams, lakes and rivers in the commonwealth.

The Fish and Boat Commission is currently implementing an electronic licensing (point of sale) statewide system. The cost to implement the electronic point of sale system may increase the cost to issue a fishing license. However, while the cost per transaction to sell a license may increase, the agency expects that there will be savings derived from operational efficiencies. Also, critical customer information will be made more readily available to the commission.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Fishing licenses sold	905,806	900,000	900,000	900,000	900,000	900,000	900,000
Cost per fishing license sold	$0.58	$0.60	$0.65	$0.70	$0.75	$0.80	$0.85
Pounds of fish stocked in commonwealth streams and lakes	2,231,947	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Cost per pound of fish stocked in streams and lakes	$4.87	$4.85	$4.95	$5.05	$5.15	$5.25	$5.35
Actively registered boats	342,127	350,000	350,000	350,000	350,000	350,000	350,000
Warnings issued for violations of fishing and boating laws	33,396	33,000	34,000	34,000	34,000	34,000	34,000
Convictions for violations of fishing and boating laws	7,794	8,000	8,000	8,000	8,000	8,000	8,000

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

BOAT FUND
General Operations (EA)

$ –392 —nonrecurring projects.

FISH FUND
General Operations (EA)

$ 894 —to continue current program.

Program: Recreational Fishing and Boating (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Atlantic States Marine Fisheries Commission	$ 16	$ 17	$ 17	$ 17	$ 17	$ 17	$ 17
BOAT FUND:							
General Operations (EA)	$ 14,189	$ 13,437	$ 13,045	$ 12,045	$ 12,045	$ 12,045	$ 12,045
FISH FUND:							
General Operations (EA)	$ 29,748	$ 31,671	$ 32,565	$ 32,565	$ 32,565	$ 32,565	$ 32,565

GAME COMMISSION

The mission of the Game Commission is to protect, conserve and manage the diversity of wildlife and their habitats, provide wildlife related education and recreational opportunities for both consumptive and non-consumptive uses of wildlife, and maintain and promote Pennsylvania's hunting and trapping heritage.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GAME FUND:			
General Government:			
General Operations(EA)	**$ 58,019**	**$ 58,641**	**$ 59,299**
(F)Pittman-Robinson Act Reimbursements	8,449	9,500	10,500
(F)Endangered Species	20	31	25
(F)Surface Mine Regulatory Program	83	90	90
(F)USFWS - State Wildlife Grants	1,605	1,444	1,554
(F)Chronic Wasting Disease	140	50	75
(F)Federal Reimbursement - other Wildlife Grants	772	1,407	311
(A)Sale of Vehicles	104	250	100
(A)Pennsylvania Conservation Corps	81	112	112
(A)Donations	92	75	65
(A)Reimbursements	342	443	451
(A)Transportation Reimbursement - Animal Removal	104	115	115
(A)Penndot Reimbursement - Environmental Assessment	50	68	55
(A)Reimbursement from PFBC	283	273	25
Subtotal	$ 70,144	$ 72,499	$ 72,777
Land Acquisition and Development(EA)	**200**	**150**	**150**
Subtotal	$ 200	$ 150	$ 150
Subtotal - State Funds	$ 58,219	$ 58,791	$ 59,449
Subtotal - Federal Funds	11,069	12,522	12,555
Subtotal - Augmentations	1,056	1,336	923
Total - General Government	$ 70,344	$ 72,649	$ 72,927
STATE FUNDS	$ 58,219	$ 58,791	$ 59,449
FEDERAL FUNDS	11,069	12,522	12,555
AUGMENTATIONS	1,056	1,336	923
GAME FUND TOTAL	**$ 70,344**	**$ 72,649**	**$ 72,927**
OTHER FUNDS:			
GAME FUND:			
Resident License Fee-Natural Propagation of Wildlife	$ 6,299	$ 7,500	$ 7,500
GROWING GREENER BOND FUND:			
Capital Improvement Projects (EA)	$ 3,694 [a]	$ 5,197 [a]	$ 5,064 [a]
STATE GAMING FUND:			
Payments in Lieu of Taxes (EA)	$ 3,441	$ 3,450	$ 3,450
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 0	$ 0	$ 0
SPECIAL FUNDS	58,219	58,791	59,449
FEDERAL FUNDS	11,069	12,522	12,555
AUGMENTATIONS	1,056	1,336	923
OTHER FUNDS	13,434	16,147	16,014
TOTAL ALL FUNDS	**$ 83,778**	**$ 88,796**	**$ 88,941**

[a] Appropriated as a $20,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
WILDLIFE MANAGEMENT							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	58,219	58,791	59,449	53,274	53,274	53,274	53,274
FEDERAL FUNDS	11,069	12,522	12,555	12,555	12,555	12,555	12,555
OTHER FUNDS	14,490	17,483	16,937	11,873	11,873	11,873	11,873
SUBCATEGORY TOTAL	$ 83,778	$ 88,796	$ 88,941	$ 77,702	$ 77,702	$ 77,702	$ 77,702
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	58,219	58,791	59,449	53,274	53,274	53,274	53,274
FEDERAL FUNDS	11,069	12,522	12,555	12,555	12,555	12,555	12,555
OTHER FUNDS	14,490	17,483	16,937	11,873	11,873	11,873	11,873
DEPARTMENT TOTAL	$ 83,778	$ 88,796	$ 88,941	$ 77,702	$ 77,702	$ 77,702	$ 77,702

PROGRAM OBJECTIVE: To establish habitats and environments which will sustain wildlife populations for recreational uses and for the perpetuation of species.

Program: Wildlife Management

The main responsibility of the Game Commission is the perpetuation of the species of wildlife found in Pennsylvania. The commission achieves its mission through wildlife research, management of game habitat, operation of programs for endangered and threatened species and enforcement of the Game and Wildlife Code. Wildlife conservation officers enforce the provisions of the Game and Wildlife Code to protect the natural balance of the commonwealth's wildlife population.

The primary means of ensuring the propagation and preservation of wildlife is properly managing land and game habitats. The commission currently administers over 1.4 million acres of State Game Lands and is judiciously acquiring additional lands, including critically important wetlands. The commission also administers cooperative programs to encourage good land use management and habitat improvement by private landowners. Wildlife habitat assessment techniques are used to develop management plans. These assessments apply to all Pennsylvania State Game Lands, Farm Game Projects and other areas actively managed by the Game Commission.

All species receive mandated protection. However, those species considered game animals, such as deer, turkey and bear, receive the most attention. The number of antlerless deer licenses available for sale is based on the deer population projections. The optimal number of deer is based on acres of forested land in the commonwealth. Hunting, while recreational in nature, is a management tool as well. Future year projection numbers indicate the number of deer that need to be harvested to sustain the population. Also protected by the commission are endangered and threatened species such as river otters, osprey, peregrine falcons and bald and golden eagles.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Hunting licenses sold	924,448	925,000	925,000	925,000	925,000	925,000	925,000
Arrests for violation of game laws	6,441	7,000	7,000	7,000	7,000	7,000	7,000
Development of wildlife management plans	7	4	2	2	2	2	2

Wildlife management plans are developed jointly by the commission and interest groups to assess specific game or endangered animal species in the commonwealth. The number of plans completed annually is limited due to the amount of time required to study a specific animal population.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GAME FUND
General Operations (EA)

$ 658 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GAME FUND:							
General Operations(EA)	$ 58,019	$ 58,641	$ 59,299	$ 53,124	$ 53,124	$ 53,124	$ 53,124
Land Acquisition and Development(EA)	200	150	150	150	150	150	150
TOTAL GAME FUND	$ 58,219	$ 58,791	$ 59,449	$ 53,274	$ 53,274	$ 53,274	$ 53,274

GAMING CONTROL BOARD

The Gaming Control Board regulates the implementation and operation of limited slot machine gaming intended to generate new revenues that provide assistance to the commonwealth's horse racing industry, tax relief and economic development opportunities.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
OTHER FUNDS:			
STATE GAMING FUND:			
Administration - Gaming Control Board	$ 22,575	$ 22,184	$ 25,197
(R)General Operations	7,409	11,126	8,113
Local Law Enforcement Grants (EA)	5,000	5,000	5,000
STATE GAMING FUND TOTAL	**$ 34,984**	**$ 38,310**	**$ 38,310**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GAMING REGULATION							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	34,984	38,310	38,310	38,310	38,310	38,310	38,310
SUBCATEGORY TOTAL	$ 34,984	$ 38,310	$ 38,310	$ 38,310	$ 38,310	$ 38,310	$ 38,310
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	34,984	38,310	38,310	38,310	38,310	38,310	38,310
DEPARTMENT TOTAL	$ 34,984	$ 38,310	$ 38,310	$ 38,310	$ 38,310	$ 38,310	$ 38,310

PROGRAM OBJECTIVE: To provide a new revenue stream that supports property tax relief, wage tax reduction in Philadelphia, economic development and the commonwealth's horse racing industry through the implementation and oversight of limited slot machine gaming.

Program: Gaming Regulation

Act 71 of 2004, the Pennsylvania Race Horse Development Act, established the Gaming Control Board to regulate and oversee the implementation and operation of limited slot machine gaming intended to create new revenue to support property tax relief, wage tax reduction in Philadelphia, economic development and the commonwealth's horse racing industry.

The Gaming Control Board consists of seven members: three gubernatorial appointees, including the chairman of the board, and four legislative appointees. The Secretary of Revenue, the Secretary of Agriculture and the State Treasurer serve as ex officio members.

The board is charged with overseeing the operation of up to 14 gaming facilities and up to 61,000 slot machines.

The State Gaming Fund was established in the act to receive all license fees provided in the act and 34 percent of the gross terminal revenue (GTR) generated by licensed gaming facilities. These proceeds are disbursed on an annual basis as follows: (1) $1,500,000 or .001 multiplied by the GTR, whichever is greater, is allotted to the Compulsive and Problem Gambling Treatment Fund in the Department of Health, (2) Payments in Lieu of Taxes by the Department of Conservation and Natural Resources, the Fish and Boat Commission and the Game Commission, (3) $25 million to the Department of Emergency Management and Homeland Security for Volunteer Company Grants, (4) $5,000,000 for Local Law Enforcement Grants and (5) 4 percent of the GTR for local share distribution where gaming facilities are located. The remaining balance is used to fund property tax relief as provided in Act 1 of Special Session 1 of 2006.

Act 71 of 2004 establishes two new funds. The Gaming Economic Development and Tourism Fund, which is administered by the Department of Community and Economic Development, receives 5 percent of the GTR and provides for additional uses of gaming revenues as specified in Act 53 of 2007 and Act 63 of 2008. The second fund established by the act, the Race Horse Development Fund, receives a maximum of 12 percent of the GTR generated at each licensed facility.

Several state agencies provide support to the Gaming Control Board. The Department of Revenue has procured and is managing a centralized computer system, which calculates the state's share of GTR on a daily basis and monitors the operation of all licensed gaming machines. The Pennsylvania State Police and the Attorney General also have responsibilities under the act. The State Gaming Fund is shown in the Special Fund Appendix section of this budget.

Program Recommendations:

STATE GAMING FUND
General Operations

This budget recommends a total of $33.310 million for the operation of the Gaming Control Board for the 2009-10 fiscal year.

DEPARTMENT OF GENERAL SERVICES

The mission of the Department of General Services is to provide the highest quality services, support, commodities and facilities based on customer needs to get the best value for the taxpayers' money. The department strives to improve operational efficiency, reduce costs and burdens of doing business, and expand government contracting opportunities, while ensuring integrity and accountability in operations and activities.

The Department of General Services administers the leasing, purchasing, transportation, construction, repair and maintenance services for all agencies of the commonwealth.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 75,070** a	**$ 80,331** b	**$ 77,335**
(A)Federal Surplus Property	1,321	1,420	2,097
(A)State Surplus Property	188	333	210
(A)State Buildings Use	107	40	50
(A)Sound Equipment	31	40	40
(A)Employe Liability Self Insurance Program	279	312	408
(A)Newsroom Services	7	8	8
(A)Computer Services	0	151	159
(A)Plans Forefeiture	10	4	10
(A)Media Center Reimbursements	1,471	1,600	1,513
(A)Recycling Program	575	400	510
(A)Services Provided Other Agencies	126	0	0
(A)Metrology Services	60	60	60
(A)CoStar Program	326	287	350
(A)Capitol Police Services	96	80	96
(A)Centralized Procurement	13,620	12,723	12,230
(A)Management Fees	0	0	55
(A)Annex	595	462	358
Subtotal	$ 93,882	$ 98,251	$ 95,489
Rental and Municipal Charges	**19,819** c	**20,026** d	**20,741**
(A)Agency Rental Charges	137	140	141
(A)Real Estate Services	63	0	0
(A)Real Estate Lease Reimbursements	0	4,171	19,675
Subtotal	$ 20,019	$ 24,337	$ 40,557
Utility Costs	**21,736** e	**23,323** f	**26,450**
(A)ESCO Interest	0	0	140
(A)DGS Annex	0	0	172
(A)Agency Utility Charges	209	224	241
Subtotal	$ 21,945	$ 23,547	$ 27,003
Printing the Pennsylvania Manual	**0**	**159**	**0**
Asbestos Response	**150**	**148**	**148**
Excess Insurance Coverage	**2,470**	**489**	**1,367**
Subtotal - State Funds	$ 119,245	$ 124,476	$ 126,041
Subtotal - Augmentations	19,221	22,455	38,523
Total - General Government	$ 138,466	$ 146,931	$ 164,564
Grants and Subsidies:			
Capitol Fire Protection	**$ 1,270**	**$ 1,253**	**$ 1,253**
STATE FUNDS	$ 120,515	$ 125,729	$ 127,294
AUGMENTATIONS	19,221	22,455	38,523
GENERAL FUND TOTAL	**$ 139,736**	**$ 148,184**	**$ 165,817**
MOTOR LICENSE FUND:			
General Government:			
Harristown Rental Charges (EA)	**$ 82**	**$ 81**	**$ 78**
Harristown Utility and Municipal Charges (EA)	**164**	**173**	**176**
Total - General Government	$ 246	$ 254	$ 254

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Grants and Subsidies:			
Tort Claims Payments	**$ 15,000**	**$ 12,500**	**$ 12,500**
MOTOR LICENSE FUND TOTAL	**$ 15,246**	**$ 12,754**	**$ 12,754**

OTHER FUNDS:

GENERAL FUND:			
Temporary Fleet Vehicles	$ 305	$ 410	$ 415
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 120,515	$ 125,729	$ 127,294
SPECIAL FUNDS	15,246	12,754	12,754
AUGMENTATIONS	19,221	22,455	38,523
OTHER FUNDS	305	410	415
TOTAL ALL FUNDS	**$ 155,287**	**$ 161,348**	**$ 178,986**

[a] Appropriated as $70,040,000 for General Government Operations and $5,624,000 appropriated as part of Facilities Maintenance. Amount shown is net of transfer to Rental and Municipal Charges.

[b] Appropriated as $75,631,000 for General Government Operations and $5,422,000 appropriated as part of Facilities Maintenance. Amount shown is net of transfer to Rental and Municipal Charges.

[c] Appropriated as $6,837,000 for Harristown Rental Charges and $12,388,000 for Harristown Utility and Municipal Charges. Includes $594,000 appropriated as a part of General Government Operations.

[d] Appropriated as $6,702,000 for Harristown Rental Charges and $12,602,000 for Harristown Utility and Municipal Charges. Includes $722,000 appropriated as a part of General Government Operations.

[e] Includes $2,400,000 appropriated as part of Facilities Maintenance.

[f] Includes $2,600,000 appropriated as part of Facilities Maintenance.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
FACILITY, PROPERTY AND COMMODITY MANAGEMENT							
GENERAL FUND	$ 120,515	$ 125,729	$ 127,294	$ 127,453	$ 127,294	$ 127,453	$ 127,294
SPECIAL FUNDS	15,246	12,754	12,754	12,754	12,754	12,754	12,754
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	19,526	22,865	38,938	38,938	38,938	38,938	38,938
SUBCATEGORY TOTAL	$ 155,287	$ 161,348	$ 178,986	$ 179,145	$ 178,986	$ 179,145	$ 178,986
ALL PROGRAMS:							
GENERAL FUND	$ 120,515	$ 125,729	$ 127,294	$ 127,453	$ 127,294	$ 127,453	$ 127,294
SPECIAL FUNDS	15,246	12,754	12,754	12,754	12,754	12,754	12,754
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	19,526	22,865	38,938	38,938	38,938	38,938	38,938
DEPARTMENT TOTAL	$ 155,287	$ 161,348	$ 178,986	$ 179,145	$ 178,986	$ 179,145	$ 178,986

PROGRAM OBJECTIVE: To maintain the commonwealth's real property and facilities; to provide commonwealth agencies with quality commodities in a timely manner; and to settle tort claims in an equitable manner while reducing risks.

Program: Facility, Property and Commodity Management

The Department of General Services (DGS) oversees the procurement of goods and services, manages non-highway capital projects, oversees the commonwealth's minority and women-owned business program and is responsible for numerous core operations of state government, including management of the vehicle fleet, Capitol Police force and state buildings and facilities. DGS also serves as the state's real estate agent and insurance broker and oversees the Commonwealth Media Services.

Public Works

DGS's Public Works coordinates and oversees the design and construction of all non-highway capital construction projects for the commonwealth. Projects and related services include new construction, alteration and repair of commonwealth properties and capital improvement projects for all state agencies. Projects range from dams and sewage treatment plants to buildings such as prisons, offices and laboratories. General Services also administers the selection of architects and engineers, advertises projects for bid, obtains construction bids, executes construction contracts and manages budgets for construction projects.

Public Works maximizes performance through a series of measures designed to reduce change order rates, increase the number of construction projects completed on time and on budget and reduce the number of claims filed against the commonwealth.

Project priorities include the expanded use of competitive Request for Proposals or Best Value contracting to improve the timely delivery of quality multiple prime construction projects by qualified vendors and the development and annual update of the commonwealth's Five Year Capital Plan. The goal of the capital plan is to better manage limited dollars by developing a comprehensive and strategic approach to capital needs and to focus commonwealth resources to deliver projects quicker, on time and on budget.

Procurement

The Bureau of Procurement within General Services is responsible for purchasing or contracting for equipment and supplies for the commonwealth. In total, the bureau purchases more than $4 billion in goods and services for the commonwealth each year, ranging from office supplies to computers to vehicles. The department has adopted a private sector procurement methodology based on strategic sourcing. Purchasing is now negotiated on the collective volume of all agencies within the commonwealth, rather than as individual agencies. Savings thus far have amounted to more than $450 million.

Real Estate

The Bureau of Real Estate is responsible for the purchase, sale and lease of property and the portfolio management of property and space owned by the commonwealth. Serving as the commonwealth's real estate agency, the department's portfolio includes 1.5 billion square feet of owned space and 7.7 million square feet of leased space. The Leasing Division reviews, analyzes, negotiates and administers leases needed by the commonwealth. The Space Management Division analyzes space requests, prepares space allocations for departments, boards and commissions in state owned and leased facilities. The Land Management Division acquires real property for capital projects and disposes of real property owned by the commonwealth. This division performs all due diligence and recommends approval/disapproval of proposals involving real property. The division also prepares the surplus property plan and administers all leases, licenses and easements involving commonwealth property.

A program priority for the Bureau of Real Estate includes the Downtown Location Initiative to help revitalize Pennsylvania's downtown communities. DGS implemented an original set of guidelines pursuant to the Downtown Location Law and later modified and strengthened those guidelines based upon the authority granted in the Governor's Executive Order 2004-2, which authorizes DGS to take all steps necessary to ensure that the objectives of the Downtown Location Law are met.

Torts

The department handles approximately 7,800 tort claims each year, in conjunction with the Attorney General's Office, brought against the commonwealth, its officials and employees. Act 151 of 1986 reaffirmed the commonwealth's use of sovereign immunity as a defense against tort claims, but established criteria for limited amounts of liability in nine specific areas: vehicle liability, medical professional liability, personal property, commonwealth real estate, potholes and other dangerous conditions. These include care, custody and control of domestic animals, liquor store sales, National Guard activities and toxoids and vaccines. The department investigates claims in the pre-litigation stage, while the Office of Attorney General defends against those claims in litigation.

Program: Facility, Property and Commodity Management (continued)

Facilities and Energy Management

The department is responsible for the management and maintenance of 23 state-owned buildings of the Capitol complex and Harristown, several regional state office buildings, as well as two executive residences. These facilities contain nearly 8.1 million square feet of office space, with 117 acres of grounds, parking area and roadways. Additionally, in July of 2006, the Department of Public Welfare transferred jurisdiction and responsibility for the Harrisburg State Hospital complex to General Services. This property consists of 53 buildings on 135 acres of land.

A comprehensive energy management program for the commonwealth to conserve and reduce energy usage in commonwealth facilities has been implemented. Energy usage is measured and monitored in these buildings and is compared to usage in the previous year. The department also works with counties, schools and municipalities to give them advice and expertise on the Guaranteed Energy Savings Act programs.

Vehicles

The Bureau of Vehicle Management maintains and oversees the commonwealth automotive fleet. Among its responsibilities is the maintenance of title and registration files on all commonwealth-owned vehicles for compliance with specifications and maintenance and repair on commonwealth owned, leased and temporary vehicles.

The bureau has been spearheading the commonwealth's use of alternative fuel sources through the planned installation of biodiesel and ethanol tanks at the commonwealth garage. Unlike gasoline, ethanol and biodiesel are renewable and are more environmentally friendly. Currently, the commonwealth fleet includes 1,403 alternative fuel and 54 hybrid vehicles with the number set to increase each year.

Minority & Women Business Opportunities

The Bureau of Minority and Women Business Opportunities is focused on significantly increasing the opportunities for minority and women business owners in commonwealth contracts. Duties of the bureau include the administration of the commonwealth's certification program, training and outreach for women and minority businesses and enforcement. In addition, General Services administers the statewide contract compliance program that ensures that suppliers and contractors are not discriminatory.

Commonwealth Media Services

Commonwealth Media Services provides audio, video, photographic multi-media and broadcast services required by state agencies. Services are available on a continuous basis in the event of emergencies. News conferencing facilities are maintained at the Capitol Media Center. In addition, a full range of creative audio-video services are incorporated into the production of 200 documentaries, educational, promotional, training and public service programs annually.

Federal and State Surplus

The Bureau of Supplies and Surplus Operations administers both federal and state surplus property programs. Federal surplus property is donated to state agencies, local municipalities, nonprofit organizations and law enforcement entities for a nominal service charge. During 2007-08, federal property originally valued at $17 million was distributed to eligible organizations. The main mission of the State Surplus Division is reutilization within commonwealth and local agencies. Thereafter, goods are sold to the public through on-site auctions and Internet-based sales. This division also conducts private sales of PennDOT heavy equipment to municipalities in compliance with Title 4 of the PA Code. Revenue generated from state surplus property was $5.75 million for 2007-08.

Capitol Police

The Pennsylvania Capitol Police is responsible for protecting and serving state employees, public officials and visitors to the Capitol Complex and outlying areas, including Harrisburg, Pittsburgh, Philadelphia and Scranton. This mission is accomplished with security guards and sworn police officers. The Pennsylvania Capitol Police is a state and internationally accredited law enforcement agency, receiving certifications by the Commission on Accreditation for Law Enforcement Agencies and the Pennsylvania Law Enforcement Accreditation Commission. Capitol Police Officers are certified police officers with the Municipal Police Officers Education and Training Commission.

Publications

The Bureau of Publications provides web graphics, graphic design, desktop publishing and printing services to all state agencies and commissions. Projects include annual reports, brochures, newsletters, logos, stationery and book covers. The printing operation provides lithographic offset and digital printing services as well as booklet making, binding, cutting, folding, drilling, padding and mailing. The State Sign Shop delivers signage, engraving and banner services. The bureau also produces the Pennsylvania Manual and the Commonwealth Telephone Directory.

Program: Facility, Property and Commodity Management (continued)

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Public Works							
Capital and agency projects completed - annually	71	100	100	100	100	100	100
Capital and agency projects in design and/ or construction	385	425	400	400	400	400	400
Capital and agency projects value (in thousands)	$1,160,500	$1,190,000	$1,120,000	$1,120,000	$1,120,000	$1,120,000	$1,120,000
Capital and agency projects completed within 10% of schedule date	89%	90%	90%	90%	90%	90%	90%
Public Works construction awards less than 10% above allocation	79%	95%	95%	95%	95%	95%	95%
Percentage of change orders approved for payment	5.7%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Procurement							
Total dollar value of commonwealth spending - commodities (in thousands)	$4,500,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000
Percentage of contract spending processed by Bureau of Procurement	28%	29%	30%	32%	34%	35%	35%
Enterprise wide annual procurement related savings (in thousands)	$264,593	$324,000	$366,000	$408,000	$450,000	$500,000	$500,000
Percentage return on investment for procurement services	253%	310%	315%	320%	325%	330%	330%
Real Estate							
Total square footage of state-owned space (in thousands)	1,506,500	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Percentage of state-owned space occupied	95%	95%	95%	95%	95%	95%	95%
Total commonwealth spending for leases renewed or initiated (in thousands)	$111,900	$101,460	$100,960	$100,450	$99,950	$99,950	$99,950
Leases located in downtown areas as a percentage of new or renewed contracts	90%	90%	90%	90%	90%	90%	90%
Torts							
Tort claims filed	6,790	7,900	8,100	8,200	8,200	8,300	8,300
Claims settled per year	3,014	2,400	2,400	2,400	2,400	2,400	2,400
Average cost per settlement	$486	$459	$459	$459	$459	$459	$459
Tort claims pending	6,818	5,900	5,400	4,900	4,400	4,200	4,200
Tort claims closed (includes settlements, judgements and denials)	6,804	8,400	8,600	8,700	8,600	8,600	8,600
Energy							
BTU's consumed in buildings maintained by General Services (in thousands)	705,774,000	618,483,000	568,720,000	568,720,000	568,720,000	568,720,000	568,720,000
Average BTU's consumed per sq. ft. (in thousands)	101.4	88.8	81.7	81.7	81.7	81.7	81.7
Vehicles							
Vehicles in fleet	16,307	15,807	15,307	15,307	15,307	15,307	15,307
Total cost per active vehicle	$4,274	$4,274	$4,274	$4,274	$4,274	$4,274	$4,274
Minority and Women Owned Businesses							
Commonwealth spending awarded to minority/women business enterprises	10%	11%	14%	14%	14%	14%	14%
State Surplus Property							
Units sold/recycled (in thousands)	13,699	12,100	12,400	12,600	12,900	13,100	13,100
State surplus property distributed (in thousands)	$6,281	$5,658	$5,712	$5,770	$5,828	$5,886	$5,886

Program: Facility, Property and Commodity Management (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

General Government Operations

$ –2,996	—reduction in administrative costs.

Rental and Municipal Charges

$ 297	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
418	—increased lease costs.
$ 715	*Appropriation Increase*

Utility Costs

$ 3,127	—projected increase in utility costs.

Printing the Pennsylvania Manual

$ –159	—biennial cost.

Excess Insurance Coverage

$ 878	—prepayment of insurance premium.

MOTOR LICENSE FUND

Harristown Rental Charges (EA)

$ –3	—decreased pro rata share of charges.

Harristown Utility and Municipal Charges (EA)

$ 3	—projected increase in utility costs.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 75,070	$ 80,331	$ 77,335	$ 77,335	$ 77,335	$ 77,335	$ 77,335
Rental and Municipal Charges	19,819	20,026	20,741	20,741	20,741	20,741	20,741
Utility Costs	21,736	23,323	26,450	26,450	26,450	26,450	26,450
Printing the Pennsylvania Manual	0	159	0	159	0	159	0
Asbestos Response	150	148	148	148	148	148	148
Excess Insurance Coverage	2,470	489	1,367	1,367	1,367	1,367	1,367
Capitol Fire Protection	1,270	1,253	1,253	1,253	1,253	1,253	1,253
TOTAL GENERAL FUND	$ 120,515	$ 125,729	$ 127,294	$ 127,453	$ 127,294	$ 127,453	$ 127,294
MOTOR LICENSE FUND:							
Harristown Rental Charges (EA)	$ 82	$ 81	$ 78	$ 78	$ 78	$ 78	$ 78
Harristown Utility and Municipal Charges (EA)	164	173	176	176	176	176	176
Tort Claims Payments	15,000	12,500	12,500	12,500	12,500	12,500	12,500
TOTAL MOTOR LICENSE FUND	$ 15,246	$ 12,754	$ 12,754	$ 12,754	$ 12,754	$ 12,754	$ 12,754

DEPARTMENT OF HEALTH

The mission of the Department of Health is identified through its slogan, "....in pursuit of good health" and all of its activities are defined by its core functions: health needs assessment, resource development, assuring access to health care, promoting health and disease prevention, assuring quality and providing leadership in the area of health planning and policy development.

The department works in active partnership with providers and consumers of health care services to assess, analyze and report on health threats; promote healthy behavior; reduce illness, injury, disability and premature death; support research; and assure the quality and availability of health care services.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 27,253**	**$ 28,111**	**$ 26,859**
(F)WIC Administration and Operation	13,791	13,714	14,887
(F)Health Assessment	495	535	535
(F)PHHSBG - Administration and Operation	2,728	2,779	2,849
(F)SABG - Administration and Operation	7,048	7,848	8,193
(F)MCHSBG - Administration and Operation	16,345	15,958	15,718
(F)Adult Blood Lead Epidemiology	85	21	21
(F)EMS for Children	125	155	155
(F)TB - Administration and Operation	754	793	793
(F)Trauma Planning	0	60	60
(F)Lead - Administration and Operation	832	1,172	1,488
(F)AIDS Health Education - Administration and Operation	4,028	4,110	4,110
(F)Primary Care Cooperative Agreements	260	343	343
(F)HIV / AIDS Surveillance	1,252	1,383	1,383
(F)HIV Care - Administration and Operation	1,285	3,637	3,637
(F)Crash Outcomes Data Evaluation	52	54	54
(F)Substance Abuse Special Projects- Administration & Operation	362	457	575
(F)Rural Access to Emergency Devices	103	160	160
(F)Cancer Prevention and Control	5,212	5,298	6,335
(F)Environmental Public Health Tracking	761	1,050	1,050
(F)Health Equity	88	225	225
(F)Public Health Emergency Preparedness and Response (EA)	54,087	70,637	70,473
(F)Learning Management System (EA)	60	75	75
(A)Data Center Services	1	5	10
(A)Departmental Services	17	0	0
(A)Reporting Pathology Protocols	36	30	0
(A)PEBTF - Reimbursement for Influenza Vaccine	0	600	600
(A)Learning Management System	30	0	0
(A)Avian Flu Rapid Response	6	0	0
Subtotal	$ 137,096	$ 159,210	$ 160,588
Rx for PA - Health Literacy	**500**	**500**	**0**
Organ Donation	**109**	**108**	**103**
Diabetes Programs	**426**	**420**	**348**
(F)Diabetes Control	673	691	807
Subtotal	$ 1,099	$ 1,111	$ 1,155
Quality Assurance	**17,308**	**19,063**	**19,284**
(F)Medicare - Health Service Agency Certification	8,162	9,961	9,961
(F)Medicaid Certification	5,549	6,354	6,438
(A)Publication Fees	56	58	56
Subtotal	$ 31,075	$ 35,436	$ 35,739
Smoke-Free PA Enforcement	**0**	**2,000**	**1,692**
Rx for PA - Health Care Associated Infections	**4,000** a	**4,559**	**2,602**
Vital Statistics	**6,984**	**7,285**	**6,909**
(F)Cooperative Health Statistics	1,179	1,616	1,425
(F)Health Statistics	52	57	156
(A)Reimbursement for Microfilming	77	70	77
(A)Vital-Chek Surcharge	343	363	344
(R)County Coroner/ Medical Examiner Distribution (EA)	1,128	1,128	1,138
(R)Vital Statistics Improvement Administration (EA)	348	1,717	1,726
Subtotal	$ 10,111	$ 12,236	$ 11,775
State Laboratory	**4,002**	**4,448**	**4,566**
(F)Clinical Laboratory Improvement	496	638	638
(F)Epidemiology and Laboratory Surveillance and Response	1,417	1,532	1,452

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
(A)Blood Lead Testing	11	11	11
(A)Blood Lead Specimen Testing	15	18	15
(A)Erythrocyte Protoporphyrin Testing	6	6	6
(A)Alcohol Proficiency Testing	57	57	57
(A)Drug Abuse Proficiency	141	142	141
(A)Licensure for Clinical Laboratories	263	265	263
(A)Low Volume Proficiency Testing	147	155	147
(A)Training Course Fees	12	10	12
Subtotal	$ 6,567	$ 7,282	$ 7,308
State Health Care Centers	**23,682**	**24,198**	**24,223**
(F)Disease Control Immunization	10,040	11,571	11,571
(F)PHHSBG - Block Program Services	3,407	3,753	3,508
(F)Preventive Health Special Projects	3,947	5,334	4,937
(F)Steps to a Healthier US	2,118	2,138	1,835
(F)Sexual Violence Prevention and Education	4,032	3,368	2,090
(F)Refugee Health Program	0	3,000	3,000
Subtotal	$ 47,226	$ 53,362	$ 51,164
Antiviral Stockpile	**14,056**	**5,501**	**0**
Sexually Transmitted Disease Screening and Treatment	**2,460**	**2,428**	**2,403**
(F)Survey and Follow-Up - Sexually Transmitted Diseases	2,648	2,823	2,823
Subtotal	$ 5,108	$ 5,251	$ 5,226
Subtotal - State Funds	$ 100,780	$ 98,621	$ 88,989
Subtotal - Federal Funds	153,473	183,300	183,760
Subtotal - Augmentations	1,218	1,790	1,739
Subtotal - Restricted Revenues	1,476	2,845	2,864
Total - General Government	$ 256,947	$ 286,556	$ 277,352
Grants and Subsidies:			
PA Injury Reporting and Intervention System	**$ 1,300**	**$ 1,283**	**$ 0**
Rx for PA - Health Equity Strategies	**500**	**493**	**200**
Primary Health Care Practitioner	**4,630**	**4,570**	**4,376**
(F)Loan Repayment Program	205	312	312
(F)Rural Hospital Flexibility Program	366	558	558
(F)Medical Assistance - Primary Health Care	800	0	0
(F)Compassion Capital Fund	0	526	0
(F)Nursing Workforce Diversity	0	413	0
Subtotal	$ 6,001	$ 6,379	$ 5,246
Rx for PA - Primary Care Access	**1,284**	**3,500**	**3,150**
Newborn Screening	**4,000**	**4,000**	**4,893**
Expanded Cervical Cancer Screening	**0**	**750**	**750**
Cancer Control Programs	**2,085**	**2,058**	**1,703**
Breast and Cervical Cancer Screenings	**1,700**	**1,678**	**1,678**
AIDS Programs	**10,000**	**10,000**	**10,000**
(F)AIDS Health Education	1,740	1,640	1,640
(F)HIV Care	10,418	10,818	10,818
(F)Housing Opportunities for People with AIDS	1,725	1,868	1,880
Subtotal	$ 23,883	$ 24,326	$ 24,338
Regional Cancer Institutes	**2,400**	**2,400**	**0**
Rural Cancer Outreach	**200**	**197**	**0**
School District Health Services	**38,842**	**38,842**	**38,000**
Local Health Departments	**29,887**	**29,942**	**28,062**
Local Health - Environmental	**8,036**	**8,111**	**7,638**

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Maternal and Child Health	**8,055**	**2,473**	**2,793**
(F)MCH Lead Poisoning Prevention and Abatement	1,730	1,975	1,877
(F)MCHSBG - Program Services	17,942	17,942	15,282
(F)Women, Infants and Children (WIC)	179,287	209,466 b	249,454
(F)Abstinence Education	0	1,694	2,583
(F)Traumatic Brain Injury	125	115	380
(F)Environmental Assessment - Child Lead Poisoning	234	234	237
(F)Family Health Special Projects	349	659	3,284
(F)Screening Newborns	219	648	1,054
(F)Newborn Hearing Screening and Intervention	442	274	380
Subtotal	$ 208,383	$ 235,480	$ 277,324
Assistance to Drug and Alcohol Programs	**42,602**	**42,602**	**41,750**
(F)SABG - Drug and Alcohol Services	56,719	57,041	56,474
(F)Substance Abuse Special Project Grants	7,317	5,655	3,929
(F)DFSC - Special Programs for Student Assistance (EA)	1,125	720	0
(A)State Stores Fund Transfer	2,121	2,121	2,121
(A)Community Restitution Payments	5	4	5
Subtotal	$ 109,889	$ 108,143	$ 104,279
Tuberculosis Screening and Treatment	**1,009**	**996**	**996**
(F)Tuberculosis Control Program	199	199	199
Subtotal	$ 1,208	$ 1,195	$ 1,195
Renal Dialysis	**6,009**	**5,509**	**6,741**
Services for Children with Special Needs	**1,645**	**1,645**	**1,580**
Adult Cystic Fibrosis	**685**	**676**	**676**
Cooley's Anemia	**155**	**153**	**153**
Arthritis Outreach and Education	**400**	**381**	**315**
Hemophilia	**1,428**	**1,409**	**1,409**
Lupus	**294**	**285**	**236**
Sickle Cell	**2,006**	**1,909**	**1,784**
Regional Poison Control Centers	**1,204**	**1,202**	**1,007**
Trauma Program Coordination	**400**	**398**	**0**
Trauma Center Certification	**50**	**0**	**0**
Rural Trauma Preparedness and Outreach	**200**	**196**	**0**
Epilepsy Support Services	**600**	**593**	**491**
Keystone State Games	**220**	**217**	**0**
Bio-Technology Research	**5,325**	**5,178**	**0**
Tourette Syndrome	**58**	**100**	**83**
Emergency Care Research	**1,000**	**1,000**	**0**
Newborn Hearing Screening	**500**	**493**	**472**
Osteoporosis Prevention and Education	**95**	**94**	**78**
Health Research and Services	**13,500**	**13,400**	**0**
Charcot-Marie-Tooth Syndrome Awareness Program	**250**	**248**	**0**
Children's Hospital of Pittsburgh	**451**	**445**	**0**
Fox Chase Institute for Cancer Research	**776**	**766**	**689**
The Wistar Institute - Research: Operation and Maintenance	**214**	**211**	**190**
The Wistar Institute - Research: AIDS Research	**92**	**91**	**82**
Central Penn Oncology Group	**130**	**128**	**115**
Lancaster - Cleft Palate Clinic	**150**	**58**	**52**
Burn Foundation	**418**	**413**	**372**
The Children's Institute, Pittsburgh	**970**	**957**	**861**
Children's Hospital of Philadelphia	**451**	**445**	**401**
Phila. Health & Educ Corp - Pediatric Outpatient & Inpatient	**712**	**703**	**633**
Phila. Health & Educ Corp-Med-Handicapped Children's Clinic	**149**	**73**	**0** c

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Subtotal - State Funds	$ 197,067	$ 193,271	$ 164,409
Subtotal - Federal Funds	280,942	312,757	350,341
Subtotal - Augmentations	2,126	2,125	2,126
Total - Grants and Subsidies	$ 480,135	$ 508,153	$ 516,876
STATE FUNDS	$ 297,847	$ 291,892	$ 253,398
FEDERAL FUNDS	434,415	496,057	534,101
AUGMENTATIONS	3,344	3,915	3,865
RESTRICTED REVENUES	1,476	2,845	2,864
GENERAL FUND TOTAL	**$ 737,082**	**$ 794,709**	**$ 794,228**
TOBACCO SETTLEMENT FUND:			
Grants and Subsidies:			
Tobacco Use Prevention and Cessation (EA)	**$ 31,673**	**$ 32,054**	**$ 32,236**
Health Research - Health Priorities (EA)	**63,347**	**64,108**	**64,472**
Health Research - National Cancer Institute (EA)	**3,519**	**3,562**	**3,582**
Total - Grants and Subsidies	$ 98,539	$ 99,724	$ 100,290
TOBACCO SETTLEMENT FUND TOTAL	**$ 98,539**	**$ 99,724**	**$ 100,290**
OTHER FUNDS:			
COMPULSIVE GAMBLING TREATMENT FUND:			
Compulsive and Problem Gambling Treatment	$ 98	$ 1,700	$ 2,400
EMERGENCY MEDICAL SERVICES OPERATING FUND:			
Emergency Medical Services	$ 11,600	$ 11,888	$ 11,888
Catastrophic Medical and Rehabilitation	6,000	6,000	6,000
EMERGENCY MEDICAL SERVICES OPERATING FUND TOTAL	**$ 17,600**	**$ 17,888**	**$ 17,888**
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Implementation Costs (EA)	$ 105	$ 96	$ 95
Hospital and Other Medical Costs (EA)	60	76	76
Grants to Certified Procurement Organizations (EA)	935	378	378
Project Make-A-Choice (EA)	90	114	114
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND TOTAL	**$ 1,190**	**$ 664**	**$ 663**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 297,847	$ 291,892	$ 253,398
SPECIAL FUNDS	98,539	99,724	100,290
FEDERAL FUNDS	434,415	496,057	534,101
AUGMENTATIONS	3,344	3,915	3,865
RESTRICTED	1,476	2,845	2,864
OTHER FUNDS	18,888	20,252	20,951
TOTAL ALL FUNDS	**$ 854,509**	**$ 914,685**	**$ 915,469**

[a] Includes $2,000,000 appropriated as a part of Executive Offices, Rx for PA - Health Care Associated Infections.

[b] Includes recommended supplemental appropriation of $11,000,000.

[c] See Medical Assistance - Physician Practice Plans in the Department of Public Welfare Summary by Fund and Appropriation on page E33.5 for 2009-10 funding.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
HEALTH SUPPORT SERVICES							
GENERAL FUND	$ 53,063	$ 56,681	$ 53,311	$ 53,311	$ 53,311	$ 53,311	$ 53,311
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	125,377	148,949	151,608	151,608	151,608	151,608	151,608
OTHER FUNDS	798	1,357	1,318	1,318	1,318	1,318	1,318
SUBCATEGORY TOTAL	$ 179,238	$ 206,987	$ 206,237	$ 206,237	$ 206,237	$ 206,237	$ 206,237
HEALTH RESEARCH							
GENERAL FUND	$ 31,548	$ 31,572	$ 8,333	$ 8,333	$ 8,333	$ 8,333	$ 8,333
SPECIAL FUNDS	66,866	67,670	68,054	68,632	69,035	69,444	69,856
FEDERAL FUNDS	1,904	2,364	2,388	2,388	2,388	2,388	2,388
OTHER FUNDS	1,896	3,278	3,285	3,285	3,285	3,285	3,285
SUBCATEGORY TOTAL	$ 102,214	$ 104,884	$ 82,060	$ 82,638	$ 83,041	$ 83,450	$ 83,862
PREVENTIVE HEALTH							
GENERAL FUND	$ 153,741	$ 144,994	$ 133,913	$ 133,913	$ 133,913	$ 133,913	$ 133,913
SPECIAL FUNDS	31,673	32,054	32,236	32,510	32,701	32,894	33,089
FEDERAL FUNDS	241,973	281,328	319,702	319,702	319,702	319,702	319,702
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 427,387	$ 458,376	$ 485,851	$ 486,125	$ 486,316	$ 486,509	$ 486,704
HEALTH TREATMENT SERVICES							
GENERAL FUND	$ 16,893	$ 16,043	$ 16,091	$ 16,091	$ 16,091	$ 16,091	$ 16,091
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	18,888	20,252	20,951	21,151	21,051	21,051	21,051
SUBCATEGORY TOTAL	$ 35,781	$ 36,295	$ 37,042	$ 37,242	$ 37,142	$ 37,142	$ 37,142
DRUG AND ALCOHOL ABUSE PREVENTION AND TREATMENT							
GENERAL FUND	$ 42,602	$ 42,602	$ 41,750	$ 41,750	$ 41,750	$ 41,750	$ 41,750
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	65,161	63,416	60,403	60,403	60,403	60,403	60,403
OTHER FUNDS	2,126	2,125	2,126	2,126	2,126	2,126	2,126
SUBCATEGORY TOTAL	$ 109,889	$ 108,143	$ 104,279	$ 104,279	$ 104,279	$ 104,279	$ 104,279
ALL PROGRAMS:							
GENERAL FUND	$ 297,847	$ 291,892	$ 253,398	$ 253,398	$ 253,398	$ 253,398	$ 253,398
SPECIAL FUNDS	98,539	99,724	100,290	101,142	101,736	102,338	102,945
FEDERAL FUNDS	434,415	496,057	534,101	534,101	534,101	534,101	534,101
OTHER FUNDS	23,708	27,012	27,680	27,880	27,780	27,780	27,780
DEPARTMENT TOTAL	$ 854,509	$ 914,685	$ 915,469	$ 916,521	$ 917,015	$ 917,617	$ 918,224

PROGRAM OBJECTIVE: To provide effective administration and support systems through which the substantive programs of the health delivery system and the department can be achieved.

Program: Health Support Services

Health Support Services provides administrative and technical systems that support disease prevention and treatment. Also included in this program are quality assurance activities and state laboratory facilities.

The Bureau of Health Statistics and Research is the focal point in Pennsylvania for coordinating the collection, analysis and dissemination of health statistics and information. The bureau collects statistical information on the health status of the population such as infant mortality, births to teens and leading causes of death. The bureau responds to requests for services each year and conducts an annual survey of all hospitals, nursing homes and ambulatory surgery centers in Pennsylvania to obtain information on health resources and health services availability, utilization, staffing and patient characteristics. The bureau operates several statewide data collection systems and registries, such as the Behavioral Risk Factor Surveillance System, the statewide immunization registry and the Pennsylvania Cancer Registry. All of the bureau's publications and statistics are available on the department's Web site, which includes an interactive health statistics Web tool.

The Bureau of Epidemiology administers studies related to the origin, distribution and trends of major diseases. The department provides epidemiologic assessment of health problems that include environmental occupational hazards, health risk behaviors and life styles of the general public or selected populations. The department also provides professional consultation and technical support for other agencies, county health departments and local municipalities.

The Quality Assurance program conducts surveys and inspections of health care facilities, drug and alcohol programs, psychiatric residential treatment facilities and intermediate care facilities to determine compliance with state and federal standards and regulations and as a condition of receiving federal Medicare and Medicaid financial support. Act 69 of 2006 amended the Health Care Facility Act to include home care agencies as a regulated provider type in Pennsylvania. The surveys determine compliance with various standards including sanitation, fire safety, health and level of care. If deficiencies are noted, a plan for correction is required. Facilities unable or unwilling to correct deficiencies according to a plan agreeable to the department are subject to various penalties. The public Web component displays completed surveys for public access.

The frequency of inspections varies by type of facility as required by either state or federal law or regulations. Initial inspections are conducted prior to issuances of licenses. Acute care hospitals are surveyed and licensed on a two-year cycle. Nursing homes are subject to annual inspections. Home health agencies are inspected on a flexible 12 to 36 month schedule; the frequency of inspections is based on the facility's history of compliance. Hospice agencies are inspected on-site every other year. One third (33 percent) of end-stage renal disease facilities are surveyed annually. Currently, 10 percent of other outpatient facilities providing physical therapy, occupational therapy and speech therapy and rural health clinic services are inspected annually. Birth centers and pediatric extended care centers are also inspected annually. More frequent inspections are made in response to complaints or life-threatening situations. In addition to inspections of health care facilities for compliance with state licensure and federal certification requirements, the Quality Assurance program also conducts formal plan reviews and approval for new construction and remodeling of health care facility projects to assure that the projects will conform to state and federal requirements. Final inspections of the completed construction projects are conducted prior to approval for use and occupancy.

The newly created Healthcare Associated Infection Prevention program will support hospitals, nursing care facilities and ambulatory surgical facilities in reducing the occurrence of health-care-associated infections (HAIs) through implementing effective identification and reporting; reviewing and approving individual facility infection control plans; developing best practices for monitoring, surveillance and response to HAIs; and developing a reporting program that will establish benchmarks and monitor performance in hospitals and nursing homes.

The Bureau of Managed Care is responsible for oversight and regulation of managed care plans including health maintenance organizations (HMOs), gatekeeper preferred provider organizations (PPOs) and point of service products. It licenses new plans, ensures availability and accessibility of health services in plan service areas and monitors quality of care through periodic inspections and external quality reviews. It reviews and approves provider contracts and reimbursement methods. It licenses and oversees capitated dental plans (dental HMOs), traditional PPOs, nonprofit medical-surgical, vision and dental plans (including Pennsylvania Blue Shield). Under Act 68 of

Program: Health Support Services (continued)

1998, the bureau certifies managed care utilization review organizations and monitors compliance with utilization review standards. The bureau also reviews complaints under Act 68 and coordinates third level grievance reviews conducted by certified external review entities.

The department operates the state laboratory, which maintains a state of readiness to support the investigation of disease outbreaks or threats to public health. The Bureau of Laboratories performs approximately 185,000 tests each year for diseases including human immunodeficiency virus, rabies, meningitis, influenza, tuberculosis and botulism. The laboratory supports disease prevention through the provision of investigatory, diagnostic and confirmatory testing for both infectious diseases and non-infectious conditions including lead poisoning and West Nile Virus. The state laboratory is designated by the Federal Bureau of Investigation as the primary laboratory for the detection and identification of bioterrorism agents and is the state's reference laboratory in the National Laboratory Response Network. It establishes and monitors the performance standards for approximately 9,000 clinical and physician office laboratories in the commonwealth and recommends certification of clinical laboratories under the requirements of the federal Clinical Laboratory Improvement Amendments.

The federal Centers for Disease Control and Prevention and the Health Resources and Services Administration provide funding to the department to strengthen public health emergency preparedness and response capabilities through increased infrastructure and program capacity, improved scientific and technical capabilities and enhanced professional training and public education. The department created the Office of Public Health Preparedness to coordinate public health preparedness activities across the commonwealth, including hospital and workforce preparedness. The office works closely with local and other state agencies, and serves as the liaison with the federal Department of Homeland Security. The office supports the department's efforts to prepare for, protect against, respond to and recover from all acts of bioterrorism and other public health emergencies that affect the civilian population and serves as the focal point within the department for these activities. Public health preparedness activities across the commonwealth include upgrading infectious disease surveillance and investigation, expanding public health laboratory capacity, enhancing communications systems and facilitating state and regional hospital preparedness planning and response efforts.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Surveys completed in a timely manner by facility type:							
Hospitals within 24 months	113	116	116	116	116	116	116
Nursing homes within 15 months	752	740	740	740	740	740	740
Intermediate care facilities/MR within 12 months	205	205	210	210	210	210	210
Home health agencies within 12 months	426	430	445	445	445	445	445
Residential drug and alcohol programs licensed/approved	283	283	280	280	280	280	280
Nonresidential drug and alcohol programs licensed/approved	594	594	600	600	600	600	600
Laboratory services:							
Clinical laboratories licensed	8,672	8,675	8,775	8,775	8,775	8,775	8,775
Specimens tested by the state laboratory per year	80,474	80,570	81,000	81,000	81,000	81,000	81,000
Rabies tests by the state laboratory per year	3,351	3,450	3,500	3,500	3,500	3,500	3,500
West Nile Virus tests by the state laboratory per year	28,493	28,000	27,000	27,000	27,000	27,000	27,000
Activities related to bioterrorism:							
Grants awarded for hospitals	163	163	163	163	163	163	163
Surge beds available	8,195	8,250	8,450	8,450	8,450	8,450	8,450
Percentage of eligible hospitals registered to use PA-NEDSS	96%	98%	98%	98%	98%	98%	98%
Percentage of eligible laboratories registered to use PA-NEDSS	89%	89%	89%	89%	89%	89%	89%

Program: Health Support Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:

General Government Operations

$ –1,385	—nonrecurring 2008-09 budgetary freeze amount.
359	—storage of antiviral stockpile.
–226	—reduction in administrative costs.
$ –1,252	*Appropriation Decrease*

Rx for PA - Health Literacy

$ –500	—program elimination.

Quality Assurance

$ 221	—to continue current program.

Rx for PA - Health Care Associated Infections

$ –1,924	—nonrecurring 2008-09 budgetary freeze amount.
–33	—program reduction.
$ –1,957	*Appropriation Decrease*

State Laboratory

$ 118	—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 27,253	$ 28,111	$ 26,859	$ 26,859	$ 26,859	$ 26,859	$ 26,859
Rx for PA - Health Literacy	500	500	0	0	0	0	0
Quality Assurance	17,308	19,063	19,284	19,284	19,284	19,284	19,284
Rx for PA - Health Care Associated Infections	4,000	4,559	2,602	2,602	2,602	2,602	2,602
State Laboratory	4,002	4,448	4,566	4,566	4,566	4,566	4,566
TOTAL GENERAL FUND	$ 53,063	$ 56,681	$ 53,311	$ 53,311	$ 53,311	$ 53,311	$ 53,311

PROGRAM OBJECTIVE: To develop better basic scientific knowledge of the nature of disease, illness and the environment, which will improve the use of existing and new health resources.

Program: Health Research

The Division of Vital Records in the Bureau of Health Statistics and Research is the central repository for more than 32.25 million records of births, deaths and fetal deaths that occur in the commonwealth. Through automation of this operation, all Pennsylvania birth records from 1921 to the present are available through the department's computer system at the central office and all branch offices. The system processes nearly 600,000 requests annually for certified copies of birth and death records for proof of age, citizenship, litigation and genealogy. This system assists in the detection of fraudulent record usage, child support and the report of missing children. Birth and death records are stored on microfilm for preservation and are available for retrieval if required.

The bureau also operates the Commonwealth Universal Research Enhancement (CURE) program, which was established under the Tobacco Settlement Act, Act 77 of 2001. The program provides health research grants to Pennsylvania-based research institutions for biomedical, clinical and health services research designed to improve the health of all Pennsylvania citizens. Health research grants address the research priorities established by the department in conjunction with the Health Research Advisory Committee. Performance reviews are conducted to evaluate the effectiveness of each research project funded by a grant. During 2007-08, the department completed interim performance reviews on the five competitive grants initiated in June 2006 and final performance reviews for 32 grants (224 research projects) that had been completed during the prior state fiscal year.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Health Disparities							
Diabetes prevalence rate per 1,000 population for white adults aged 18+	65	67	67	67	67	67	67
Diabetes prevalence rate per 1,000 population for black and non-hispanic adults aged 18+	159	140	140	140	140	140	140
Diabetes prevalence rate per 1,000 population for hispanic adults aged 18+	115	100	100	100	100	100	100
Vital Events (births, deaths and fetal deaths)							
Vital events registered and processed	280,928	276,000	276,000	276,000	276,000	276,000	276,000
Percentage of vital events registered and processed within 30 days	92%	95%	95%	95%	95%	95%	95%
Applications for certified copies of birth and death records filled	590,831	595,000	600,000	600,000	600,000	600,000	600,000
Percentage of applications for certified copies of birth and death records filled within five days	99%	99%	99%	99%	99%	99%	99%
Percentage of cancer abstracts processed within 24 months of diagnosis	99%	99%	99%	99%	99%	99%	99%
Tobacco-funded Research							
New formula and non-formula grants awarded	38	38	38	38	38	38	38
Percentage of completed state-funded research grants that have received a favorable or outstanding performance evaluation from expert peer reviewers	97%	95%	95%	95%	95%	95%	95%
Percentage of completed CURE grants exceeding $100,000 that have leveraged additional outside funding	71%	75%	75%	75%	75%	75%	75%

Program: Health Research (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Diabetes Programs

$ –72 —program reduction.

Vital Statistics

$ –317 —nonrecurring 2008-09 budgetary freeze amount.

87 —lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.

–146 —reduction in administrative costs.

$ –376 *Appropriation Decrease*

Regional Cancer Institutes

$ –2,400 —nonrecurring project.

Bio–Technology Research

$ –5,178 —nonrecurring project.

Emergency Care Research

$ –1,000 —nonrecurring project.

Health Research and Services

$ –13,400 —nonrecurring project.

Charcot-Marie-Tooth Syndrome Awareness Program

$ –248 —nonrecurring project.

Children's Hospital of Pittsburgh

$ –445 —nonrecurring project.

Fox Chase Institute for Cancer Research

$ –77 —reduction in state support.

The Wistar Institute - Research: Operation and Maintenance

$ –21 —reduction in state support.

The Wistar Institute – Research: AIDS Research

$ –9 —reduction in state support.

Central Penn Oncology Group

$ –13 —reduction in state support.

TOBACCO SETTLEMENT FUND:

Health Research – Health Priorities

$ 364 —based on current estimates.

Health Research – National Cancer Institute

$ 20 —based on current estimates.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Diabetes Programs	$ 426	$ 420	$ 348	$ 348	$ 348	$ 348	$ 348
Vital Statistics	6,984	7,285	6,909	6,909	6,909	6,909	6,909
Regional Cancer Institutes	2,400	2,400	0	0	0	0	0
Bio-Technology Research	5,325	5,178	0	0	0	0	0
Emergency Care Research	1,000	1,000	0	0	0	0	0
Health Research and Services	13,500	13,400	0	0	0	0	0
Charcot-Marie-Tooth Syndrome Awareness Program	250	248	0	0	0	0	0
Children's Hospital of Pittsburgh	451	445	0	0	0	0	0
Fox Chase Institute for Cancer Research	776	766	689	689	689	689	689
The Wistar Institute - Research: Operation and Maintenance	214	211	190	190	190	190	190
The Wistar Institute - Research: AIDS Research	92	91	82	82	82	82	82
Central Penn Oncology Group	130	128	115	115	115	115	115
TOTAL GENERAL FUND	$ 31,548	$ 31,572	$ 8,333	$ 8,333	$ 8,333	$ 8,333	$ 8,333
TOBACCO SETTLEMENT FUND:							
Health Research - Health Priorities (EA)	$ 63,347	$ 64,108	$ 64,472	$ 65,020	$ 65,402	$ 65,789	$ 66,179
Health Research - National Cancer Institute (EA)	3,519	3,562	3,582	3,612	3,633	3,655	3,677
TOTAL TOBACCO SETTLEMENT FUND	$ 66,866	$ 67,670	$ 68,054	$ 68,632	$ 69,035	$ 69,444	$ 69,856

PROGRAM OBJECTIVE: To reduce morbidity and mortality through the early detection of disease and health defects and the promotion of sound health practices and remedial care.

Program: Preventive Health

A key to the promotion of sound health practices is ensuring that all Pennsylvanians are able to access a range of preventive health and early disease detection services. Outreach and education services facilitated by the department make people aware of the importance of sound health practices and the availability of services to meet their needs.

The department, through its network of six district offices, 60 state health centers, other public health clinical providers and 10 county and municipal health departments, provides public health services. These programs include communicable disease tracking, investigation, intervention and control services, family health and chronic disease prevention, assessment and intervention services and special environmental health services. The six county and four city health departments also provide a range of individual and environmental public health services within their jurisdictions and are funded through grants and contracts awarded by the department.

To improve the availability of health care in underserved rural and urban areas, the department has established grant programs that enhance the recruitment and retention of primary health care physicians, dentists and other health professionals. Programs include grant awards to establish medical and dental clinics (which require matching funds), awards to increase the number of dentists' student intern programs to provide clinic services, educational loan repayment and visa waivers for healthcare professionals practicing in designated shortage areas, and support for the stabilization of small rural hospitals.

In addition to these general activities to promote sound health practices, the department provides a variety of programs targeted to specific populations and diseases that represent significant health risks.

Program Element: Women and Infant Programs

The department administers the federally funded Women, Infants, and Children (WIC) program. WIC serves pregnant, breast-feeding and postpartum women, infants, and children up to five years of age who are at risk due to medical conditions and/or inadequate diet and low income. The program supplies supplemental foods that are rich in nutrients frequently lacking in the diets of the target population. The program ensures that WIC participants receive routine health care and that nutrition education and counseling are made available on a regular basis. Participants are also referred to other appropriate local medical, health and social services. Program benefits promote optimal pregnancy outcomes, improve participant use of pediatric and obstetrical services and enhance early interventions for potential health problems.

To minimize severe health risks to infants, the department conducts a Newborn Screening and Follow-Up Program. The department assures appropriate follow-up services for all newborns with abnormal or inconclusive test results. In addition, these newborns and their families are linked with treatment specialists who conduct diagnostic testing and coordinate the required care. The department also distributes specialized metabolic products statewide for children and pregnant women with phenylketonuria or maple syrup urine disease to lessen the adverse effects of those conditions.

The Newborn Hearing Screening and Intervention program seeks to ensure that all newborns are screened for hearing loss within the first 30 days, diagnosed within three months and receive prescribed treatment or intervention services within six months of birth. The department performs follow-up and tracks infants who do not pass their re-screening to assure that appropriate assessment and evaluation are completed.

The department facilitates a number of programs designed to help improve the health status of women. These programs include an HIV and pregnancy initiative and a sexually transmitted disease program targeted to chlamydia and gonorrhea. Additionally, breast and cervical cancer screening services are available for low-income underinsured and uninsured women between the ages of 40 and 49 who are at high risk for breast and cervical cancer; and to all women, aged 50 to 64, who meet certain eligibility criteria through the department's Healthy Women Project.

The department supports a special smoking cessation program for pregnant women. This includes a promotional campaign advising health care and child care providers of the availability of self-help materials and training opportunities to help women quit smoking.

Program Element: Children's Programs

The department's immunization program provides immunizations to infants, children and adolescents to reduce the incidence of vaccine preventable diseases in the commonwealth. While vaccinations are encouraged for all ages, special emphasis is placed on reaching children less than two years old. The program also coordinates the surveillance of vaccine preventable diseases, provides consultation during disease outbreaks, assesses immunization levels, conducts professional and public education programs, and initiates, processes, and

Program: Preventive Health (continued)

evaluates the child care and school immunization reporting system. In addition, the program provides vaccine and guidance to school districts for the provision of hepatitis B, measles/mumps/rubella and varicella immunizations for school students.

The department also promotes appropriate adult immunization services. These services range from assuring that older citizens and others with chronic illnesses are given priority in accessing annual influenza and pneumococcal immunizations to providing information to fire companies, school districts, ambulance corps, corrections officials, police and other public organizations with regard to the purchase of hepatitis B vaccine at reduced rates.

The health hazards of environmental lead are addressed through the department's Childhood Lead Poisoning Prevention program. The program identifies children with, or at risk for, lead poisoning. It assures timely medical follow-up, environmental investigation and reduction of lead hazards to prevent adverse effects on intellectual functioning, behavior and overall health status attributable to lead exposure. Appropriate educational, medical and environmental follow-up is provided for the family of each child with a positive screening test result.

The School Health program supports health services for all children who are attending elementary or secondary school, either public or private. The program reimburses 501 school districts and 10 vocational technical schools for a portion of the costs associated with providing school nursing and dental services.

Program Element: Other Health Promotion and Disease and Injury Prevention Programs

The department ensures that all residents of the commonwealth are served through an infectious disease epidemiological surveillance, investigation and control system. Reported cases of infectious diseases are investigated by the department to determine the infection source, transmission mode and control measures to prevent additional cases. The department also provides a secure, confidential statewide disease surveillance system. This computerized system compares incidence and prevalence rates and identifies risk factors. Disease trends are determined and corrective action recommended to reduce or ameliorate public health risks. Diseases investigated range from giardiasis, hepatitis, salmonellosis, shigellosis, rabies and Lyme disease, to tuberculosis, AIDS and the other prevalent sexually transmitted diseases.

Chronic diseases and injuries and their associated risk factors remain the leading causes of preventable morbidity and premature mortality within the commonwealth.

The Cardiovascular Health program, including the Nutrition and Physical Activity (Obesity Prevention) Programs, promotes healthy active lifestyles through systems, policies and environmental changes in four target environments: communities, healthcare systems, schools and worksites. These changes support the development of positive individual behaviors to reduce and control diabetes and hypertension, and to prevent heart disease, overweight/obesity, stroke and related chronic diseases.

Cancer Prevention and Control programs focus on encouraging lifestyle changes to prevent the development of cancer and to support research, routine testing, screening and early interventions to improve the chance of survival for those who have cancer.

The Violence and Injury Prevention program is designed to reduce the incidence of unintentional injuries, violence and injury-related fatalities through the development of surveillance systems, education programs for at-risk populations and training of health professionals. The department provides funding to 10 county and municipal health departments and other providers to raise public awareness of childhood injuries, educate parents and caregivers about safer environments for children and provide prevention programs on fire safety, poisoning, bicycle safety, falls, firearms storage, drowning and violence prevention.

The Asthma Control program provides education and information to persons with asthma, caregivers and health professionals that support the identification of triggers and self-management of asthma.

The Arthritis program provides outreach and education as identified in the Pennsylvania Arthritis Action Plan (PAAP) by monitoring access to arthritis care and evidence-based education programs; supporting the development of regional partnerships to implement PAAP strategies; expanding and enhancing the Children's Arthritis Network to improve access to arthritis care and services; and coordinating the implementation of the Arthritis Foundation's evidence-based arthritis self-management programs.

The mission of the Diabetes Prevention and Control program is to prevent diabetes, improve the lives of Pennsylvanians with diabetes and reduce disparities related to diabetes among minorities and the underserved. The program's objectives are to increase awareness of diabetes, prevent the onset of Type 2 diabetes through the reduction of risk factors, reduce diabetes complications, increase early diagnosis of persons with diabetes, increase the availability of programs and maintain a data and surveillance system to better understand the impact of diabetes in Pennsylvania.

The department's AIDS programs are a coordinated strategy to prevent and change high-risk behaviors and provide resources and direction for sustaining preventive behavior and avoiding infection with HIV. Emphasis is placed on enhancing local decision-making processes and targeting activities to local needs through six regional planning coalitions, county/municipal health departments

Program: Preventive Health (continued)

and other providers. The program includes on-site training, both print and electronic public information services, community intervention projects for at-risk populations and the provision of care, case management and supportive services for persons infected and affected by HIV/AIDS. Confidential and anonymous HIV testing and partner notification services are also provided at over 500 sites statewide.

The goal of the Sexually Transmitted Diseases (STD) program is to reduce the incidence of syphilis, gonorrhea, chlamydia and other STDs. The STD program supports a statewide network of clinical service sites that offer testing, treatment and risk-reduction information and conduct contact elicitation interviews and related investigative services. Special attention and follow-up is provided to those age 15 and under who have an STD or who are sexual partners of persons who have an STD and, in order to prevent medical complications among newborns, to pregnant women who have an STD or who are a sexual partner of persons who have an STD.

The Tuberculosis Control program provides outpatient examination, diagnosis and appropriate treatment for persons with tuberculosis disease and infection. Key to preventing the spread of the disease is contact examination and treatment of latent tuberculosis infection in close contacts of infectious cases or other high-risk people.

The Oral Health program assesses the status of the oral health of Pennsylvanians, and plans and implements strategies and programs to improve oral health. The program provides oral and dental health educational material primarily in schools and county health offices that are designed to encourage the prevention of tooth decay, periodontal disease and other oral diseases. The program also promotes the beneficial health effects of fluoridation of public water systems.

The focus of the Pennsylvania Osteoporosis Prevention and Education program is to raise public awareness and educate consumers, health care professionals, teachers and human service providers on the causes and effects of osteoporosis, risk factors, early detection and options for diagnosis and treatment. The program supports community-based educational outreach programs statewide and provides information to the public on the osteoporosis link of the department's Web site.

The department maintains a statewide cancer registry to provide important information to better understand and address the cancer burden within the commonwealth. Data describing the occurrence of cancer, types of cancer, extent of disease at the time of diagnosis, treatment and demographics are included in the registry database. Information derived through the cancer registry is used for planning and evaluating cancer control programs including cancer prevention and early detection, cancer research, surveillance and special studies. The department seeks to control the epidemic of disease, disability and death related to the use of tobacco products by Pennsylvania residents. The goals of the department are to change community norms through state-advised, community-driven systems that create environments where it is uncommon to see, use and be negatively impacted by tobacco products and tobacco smoke pollution, and to reduce the consumption of tobacco by youth and adults. Act 27 of 2008, known as the Clean Indoor Air Act, prohibits smoking in a public place, with certain exemptions. The act charged the department with establishing a program to investigate complaints regarding possible violations of the act and to enforce provisions of the act.

Act 77 of 2001 established the Tobacco Settlement Fund and programs to improve the health of Pennsylvanians through research and tobacco use prevention and cessation programs. The statewide Tobacco Use Prevention and Control program is consistent with best practices as defined by the Federal Centers for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control Programs. Seventy percent of the Tobacco Settlement funds are provided through grants to regional primary contractors (lead agencies) to implement the components of comprehensive tobacco control programs in all 67 counties. Activities include community and school programs, enforcement of Pennsylvania's youth access to tobacco law and counter-marketing to prevent initiation of tobacco use by youth; cessation programs to help youth and adults quit tobacco use; awareness education and community outreach to protect non-smokers from secondhand smoke, including surveys to determine compliance with the Clean Indoor Air Act; chronic disease programs and initiatives to address tobacco-related health disparities; surveillance and evaluation programs; and administration and management.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
State Health Care Centers							
Total encounters by State Health Care Centers	550,083	555,584	561,140	561,140	561,140	561,140	561,140
Family health encounters including immunizations, injury prevention and special health care needs	199,983	201,982	204,001	204,001	204,001	204,001	204,001

Program: Preventive Health (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Communicable disease encounters including adult immunizations, HIV/AIDS, STD, tuberculosis and epidemiology	249,723	251,210	253,720	253,720	253,720	253,720	253,720
Chronic disease encounters including cancer, diabetes and tobacco	28,395	28,678	28,960	28,960	28,960	28,960	28,960
Primary care physicians receiving loan repayment forgiveness	99	100	100	100	100	100	100
Percentage of primary care practitioners receiving loan repayment forgiveness remaining in practice in Pennsylvania	84%	80%	80%	80%	80%	80%	80%
Women and Children's Programs							
Average number of persons participating in women, infants and children (WIC) programs each month	249,145	253,000	253,500	253,500	253,500	253,500	253,500
Average actual food cost per WIC participant, per month	$39.98	$40.50	$43.70	$43.70	$43.70	$43.70	$43.70
Average Nutrition Services and Administration operational costs per WIC participant, per month	$15.75	$16.10	$16.50	$16.50	$16.50	$16.50	$16.50
Percentage of WIC-enrolled breastfeeding mothers who breastfed their infants for the first six months	17.0%	22.1%	22.7%	22.7%	22.7%	22.7%	22.7%
Newborns receiving hearing screening	149,367	150,785	152,000	152,000	152,000	152,000	152,000
Newborns receiving state-mandated screening for genetic conditions	149,367	150,785	152,000	152,000	152,000	152,000	152,000
High risk uninsured women aged 40 to 49 who receive breast and cervical cancer screening as determined by state funding	4,596	4,809	4,809	4,809	4,809	4,809	4,809
Privately owned housing units in targeted geographical areas that are remediated for the presence of lead hazards [1]	82	96	37	37	37	37	37
School Health							
Percentage of school districts, charter schools and comprehensive vocational technical schools in compliance with certified school nurse coverage requirements	94.5%	95.0%	95.5%	95.5%	95.5%	95.5%	95.5%
Other communicable disease programs and incidences reported:							
HIV tests at publicly-funded sites	66,310	64,000	64,500	64,500	64,500	64,500	64,500
Percentage of clients testing positive for HIV at department-supported HIV counseling and testing sites returning for results	94.4%	91.0%	91.5%	91.5%	91.5%	91.5%	91.5%
Incidences of Gonorrhea	6,499	6,400	6,250	6,250	6,250	6,250	6,250
Incidences of Infectious Syphilis	116	90	85	85	85	85	85
Tuberculosis (per 100,000 in population)	2.7	2.8	2.8	2.8	2.8	2.8	2.8
Injury Prevention							
Children and adults receiving injury prevention education and awareness	26,273	25,650	25,650	25,650	25,650	25,650	25,650
Tobacco Program							
Percentage of smokers using the PA Free Quitline who are not smoking 12 months after quitting	27.5%	28.0%	29.0%	29.0%	29.0%	29.0%	29.0%
Percentage of adults who smoke	21.0%	21.0%	20.5%	20.5%	20.5%	20.5%	20.5%
Percentage of high school students who smoke	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%

[1] Projections as shown in three-year federal grant application.

Program: Preventive Health (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND
	Smoke-Free PA Enforcement
$ –300	—nonrecurring 2008-09 budgetary freeze amount.
–8	—reduction in administrative costs.
$ –308	*Appropriation Decrease*
	State Health Care Centers
$ –78	—to transfer STD services expenditures to Sexually Transmitted Disease Screening and Treatment appropriation.
103	—to continue current program.
$ 25	*Appropriation Increase*
	Antiviral Stockpile
$ –5,142	—nonrecurring program costs associated with purchase of second phase of antiviral medications in 2008–09.
–359	—to transfer storage costs for antiviral stockpile to General Government Operations appropriation.
$ –5,501	*Appropriation Decrease*
	Sexually Transmitted Disease Screening and Treatment
$ 78	—to transfer STD services expenditures from State Health Centers appropriation.
–103	—program reduction.
$ –25	*Appropriation Decrease*
	PA Injury Reporting and Intervention System
$ –1,283	—program elimination.
	Rx for PA – Health Equity Strategies
$ –293	—program reduction.
	Primary Health Care Practitioner
$ –194	—nonrecurring 2008-09 budgetary freeze amount.
	Rx for PA - Primary Care Access
$ –350	—nonrecurring 2008-09 budgetary freeze amount.
	Newborn Screening
$ 454	—Initiative—Expanded Newborn Screening. To provide for additional confirmatory tests and follow–up services as mandated by Act 38 of 2008.
439	—realignment of federal funds.
$ 893	*Appropriation Increase*
	Cancer Control Programs
$ –87	—nonrecurring 2008-09 budgetary freeze amount.
–268	—program reduction.
$ –355	*Appropriation Decrease*
	Rural Cancer Outreach
$ –197	—program elimination.
	School District Health Services
$ –842	—program reduction.
	Local Health Departments
$ –1,880	—nonrecurring 2008-09 budgetary freeze amount.
	Local Health – Environmental
$ –470	— nonrecurring 2008-09 budgetary freeze amount.
–3	— program reduction.
$ –473	*Appropriation Decrease*
	Maternal and Child Health
$ 320	—Initiative—Expanded Newborn Screening. To provide for additional confirmatory tests and follow–up services as mandated by Act 38 of 2008.
	Arthritis Outreach and Education
$ –66	—nonrecurring project.
	Rural Trauma Preparedness and Outreach
$ –196	—nonrecurring project.
	Epilepsy Support Services
$ –102	—nonrecurring project.
	Keystone State Games
$ –217	—funding elimination.
	Newborn Hearing Screening
$ –21	—nonrecurring 2008-09 budgetary freeze amount.
	Osteoporosis Prevention and Education
$ –16	—program reduction.
	TOBACCO SETTLEMENT FUND
	Tobacco Use Prevention and Cessation
$ 182	—based on current estimates.

All other appropriations are recommended at the current year funding level.

Program: Preventive Health (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Smoke-Free PA Enforcement	$ 0	$ 2,000	$ 1,692	$ 1,692	$ 1,692	$ 1,692	$ 1,692
State Health Care Centers	23,682	24,198	24,223	24,223	24,223	24,223	24,223
Antiviral Stockpile	14,056	5,501	0	0	0	0	0
Sexually Transmitted Disease Screening and Treatment	2,460	2,428	2,403	2,403	2,403	2,403	2,403
PA Injury Reporting and Intervention System	1,300	1,283	0	0	0	0	0
Rx for PA - Health Equity Strategies	500	493	200	200	200	200	200
Primary Health Care Practitioner	4,630	4,570	4,376	4,376	4,376	4,376	4,376
Rx for PA - Primary Care Access	1,284	3,500	3,150	3,150	3,150	3,150	3,150
Newborn Screening	4,000	4,000	4,893	4,893	4,893	4,893	4,893
Expanded Cervical Cancer Screening	0	750	750	750	750	750	750
Cancer Programs	2,085	2,058	1,703	1,703	1,703	1,703	1,703
Breast and Cervical Cancer Screenings	1,700	1,678	1,678	1,678	1,678	1,678	1,678
AIDS Programs	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Rural Cancer Outreach	200	197	0	0	0	0	0
School District Health Services	38,842	38,842	38,000	38,000	38,000	38,000	38,000
Local Health Departments	29,887	29,942	28,062	28,062	28,062	28,062	28,062
Local Health - Environmental	8,036	8,111	7,638	7,638	7,638	7,638	7,638
Maternal and Child Health	8,055	2,473	2,793	2,793	2,793	2,793	2,793
Tuberculosis Sceening and Treatment	1,009	996	996	996	996	996	996
Arthritis Outreach and Education	400	381	315	315	315	315	315
Rural Trauma Preparedness and Outreach	200	196	0	0	0	0	0
Epilepsy Support Services	600	593	491	491	491	491	491
Keystone State Games	220	217	0	0	0	0	0
Newborn Hearing Screening	500	493	472	472	472	472	472
Osteoporosis Prevention and Education	95	94	78	78	78	78	78
TOTAL GENERAL FUND	$ 153,741	$ 144,994	$ 133,913	$ 133,913	$ 133,913	$ 133,913	$ 133,913
TOBACCO SETTLEMENT FUND:							
Tobacco Use Prevention and Cessation (EA)	$ 31,673	$ 32,054	$ 32,236	$ 32,510	$ 32,701	$ 32,894	$ 33,089

PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Health Treatment Services

The department has responsibility for coordinating a variety of specialized medical services for commonwealth patients. The department also pays for these services in cases where all other available resources, including Medical Assistance and the Children's Health Insurance Program (CHIP) have been used.

Program Element: Inpatient Services

One of the principal concerns of patient management is to provide treatment services at the least expensive level of care while remaining consistent with standards of good medical practice. Inpatient hospital and nursing care is provided for only the most acute medical conditions that require the facilities and services available in an inpatient setting. Because inpatient care is very expensive, programs providing this type of care have imposed strict controls on admissions and, where possible, are using outpatient services in lieu of hospital admissions. Inpatient care is provided for the treatment of tuberculosis, cleft palate, cystic fibrosis, spina bifida, children's cardiac conditions, speech and hearing problems and orthopedic conditions.

Program Element: Outpatient Services

Outpatient treatment services are more economical and cost-effective than inpatient care and are used whenever possible to provide needed treatment services for chronic diseases (including respiratory), physical rehabilitation and reconstruction, catastrophic blood disorders and acute conditions.

Clinical services are offered in a variety of settings, including state and community health centers, family planning clinics and participating physicians' offices. Minors may seek and receive care under the treatment of minors provisions of the Disease Prevention and Control Law.

The Bureau of Family Health facilitates connections to services for children with special needs through its Special Kids Network and supports Children with Special Health Care Needs Consultant staff in each of the department's six district offices. Special Kids Network provides families and health care providers with information and referral services and system of care activities, as well as an on-line searchable database of resources. The network is one of the information and referral help lines that constitute the commonwealth's Health and Human Services Call Center. The information and referral specialists who respond to calls are able to provide callers with access to more than 10,000 local, regional and statewide resources that serve children with special health care needs. System of care services provide community/population based and family focused services for individuals with special needs and their families by participating in and facilitating activities such as community systems development, service coordination, outreach, resource mapping, coalition building and project development and evaluation. System of care activities reside within local communities and are coordinated through one centrally managed contract. The staff in the department's district offices provide individual and family support services.

The comprehensive specialty care programs provide children and adults with a variety of services including diagnosis, direct medical care, case management, comprehensive evaluations, rehabilitative services including pharmaceuticals and blood products for certain health conditions. In a joint effort to improve utilization of state funds, individuals who appear to be eligible for Medical Assistance and CHIP are referred to those programs.

Medical payment services are available for the following conditions: cardiac, child rehabilitation, cleft palate, hearing and speech impairment, orthopedic, ventilator dependency, cystic fibrosis, spina bifida and hemophilia.

The Home Ventilator program provides statewide case management and support services to children with chronic respiratory failure who are ventilator dependent, allowing them to receive life-support equipment and in-home nursing care.

The Hemophilia program uses seven specialized centers to provide comprehensive evaluation, rehabilitation services and blood products for outpatient or home use. Patients must be registered with a center to receive these benefits and must ensure that third party resources are used before state program funds are expended.

Sickle cell disease is a genetically determined red blood cell disorder that occurs most frequently in African Americans. Comprehensive medical and psychosocial services are available to patients at different service sites.

The adult cystic fibrosis program provides comprehensive treatment and care coordination to an increasing number of adults who survive this chronic childhood condition.

The Chronic Renal Disease Program provides dialysis, kidney transplant, drugs, certain physician fees, medical supplies and transportation services to persons with chronic renal failure. The department's Health Promotion

Program: Health Treatment Services (continued)

program conducts a public information and education program to encourage organ and tissue donation as one means of managing this disease and increasing the quality of life.

The department is the lead agency for the commonwealth emergency medical services system as defined in Act 45 of 1985, known as the Emergency Medical Services Act. This includes planning, developing, implementing and evaluating the system (including emergency preparedness and response) through 16 regional councils and a statewide advisory council. This program is responsible for licensure of ambulances, medical command facility accreditation, medical command physician recognition, training institute accreditation, certification of pre-hospital practitioners and distribution of funding. With the passage of pre-hospital "Do Not Resuscitate" (DNR) legislation, regulations and implementation of the DNR program are managed through this program as well.

The Head Injury program provides case management services and post-acute head injury rehabilitation services to individuals with traumatic head injury. Services are provided through contractual agreements with head injury rehabilitation providers in the commonwealth. Funding is made available through the Emergency Medical Services Operating Fund included in the Special Funds Appendix.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Minimum Number of Children and Adults Receiving Outpatient Treatment through Department-supported Programs							
Hemophilia	1,477	1,480	1,480	1,480	1,480	1,480	1,480
Phenylketonuria, Maple Syrup Urine Disease, Galactosemia	1,289	1,300	1,300	1,300	1,300	1,300	1,300
Renal disease	4,887	4,640	4,640	4,640	4,640	4,640	4,640
Cooley's Anemia	66	70	70	70	70	70	70
Sickle Cell disease	4,034	4,000	4,000	4,000	4,000	4,000	4,000
Spina Bifida	1,018	1,020	1,020	1,020	1,020	1,020	1,020
Home ventilators	261	260	260	260	260	260	260
Children's rehabilitative services	2,241	2,240	2,240	2,240	2,240	2,240	2,240
Help Line Activities							
Total calls to the help lines	114,676	122,000	127,000	127,000	127,000	127,000	127,000
Calls to the Healthy Kids help line	102,033	110,000	115,000	115,000	115,000	115,000	115,000
Calls to the Special Kids Network help line	5,402	5,500	5,600	5,600	5,600	5,600	5,600
Percentage of callers who express satisfaction with the services provided by the Special Kids Network	92%	92%	93%	93%	93%	93%	93%
Emergency Medical Services							
Ambulances licensed annually	987	1,000	1,000	1,000	1,000	1,000	1,000
Quick response services recognized to provide medical command annually	512	500	500	500	500	500	500
Hospitals recognized to provide medical command annually	148	145	145	145	145	145	145

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Organ Donation

$ –5 —nonrecurring 2008-09 budgetary freeze amount.

Renal Dialysis

$ 1,232 —Initiative—Enhanced Renal Dialysis Services. To provide increased service utilization for current enrollees with chronic renal failure.

Services for Children with Special Needs

$ –45 —nonrecurring 2008-09 budgetary freeze amount.

–20 —nonrecurring project.

$ –65 *Appropriation Decrease*

Lupus

$ –49 —nonrecurring project.

Sickle Cell

$ –125 —nonrecurring project.

Regional Poison Control Centers

$ –195 —nonrecurring project.

Trauma Program Coordination

$ –398 —funding elimination.

Tourette Syndrome

$ –17 —nonrecurring project.

Program: Health Treatment Services (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Lancaster – Cleft Palate Clinic
$ –6	—reduction in state support.
	Burn Foundation
$ –41	—reduction in state support.
	The Children's Institute, Pittsburgh
$ –96	—reduction in state support.
	Children's Hospital of Philadelphia
$ –44	—reduction in state support.
	Philadelphia Health & Education Corp – Pediatric Outpatient & Inpatient
$ –70	—reduction in state support.
	Philadelphia Health & Education Corp – Med-Handicapped Children's Clinic
$ –73	—annualization of prior year initiative to enable university-affiliated physician practice plans to claim federal Medicaid funds in the Department of Public Welfare.

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
General Fund:							
Organ Donation	$ 109	$ 108	$ 103	$ 103	$ 103	$ 103	$ 103
Renal Dialysis	6,009	5,509	6,741	6,741	6,741	6,741	6,741
Services for Children with Special Needs	1,645	1,645	1,580	1,580	1,580	1,580	1,580
Adult Cystic Fibrosis	685	676	676	676	676	676	676
Cooley's Anemia	155	153	153	153	153	153	153
Hemophilia	1,428	1,409	1,409	1,409	1,409	1,409	1,409
Lupus	294	285	236	236	236	236	236
Sickle Cell	2,006	1,909	1,784	1,784	1,784	1,784	1,784
Regional Poison Control Centers	1,204	1,202	1,007	1,007	1,007	1,007	1,007
Trauma Program Coordination	400	398	0	0	0	0	0
Trauma Center Certification	50	0	0	0	0	0	0
Tourette Syndrome	58	100	83	83	83	83	83
Lancaster - Cleft Palate Clinic	150	58	52	52	52	52	52
Burn Foundation	418	413	372	372	372	372	372
The Children's Institute, Pittsburgh	970	957	861	861	861	861	861
Children's Hospital of Philadelphia	451	445	401	401	401	401	401
Philadelphia Health & Education Corp-Pediatric Outpatient & Inpatient	712	703	633	633	633	633	633
Philadelphia Health & Education Corp - Med-Handicapped Children's Clinic	149	73	0	0	0	0	0
TOTAL GENERAL FUND	$ 16,893	$ 16,043	$ 16,091	$ 16,091	$ 16,091	$ 16,091	$ 16,091

PROGRAM OBJECTIVE: To provide education, intervention and treatment programs to reduce drug and alcohol abuse and dependency.

Program: Drug and Alcohol Abuse Prevention and Treatment

This program provides counties with funding to provide drug and alcohol services for Pennsylvanians who do not have insurance or resources to pay for treatment. Single County Authorities prepare prevention, intervention and treatment plans tailored to the needs of their respective geographic areas. The department approves these plans and formulates a statewide plan based on those findings.

Statewide prevention programs provide current information on the effects of drugs and alcohol and assist individuals in developing or improving skills that will enable them to choose a lifestyle free of substance abuse. This is done through educational sessions, workshops, media presentations and an information clearinghouse operated by the department. Primary emphasis has been given to youth, and a special curriculum is now used in all school districts to address drug and alcohol problems.

Intervention services provide support to those individuals affected by drug or alcohol problems. Services include information hotlines, drop-in centers, alcohol safety programs and employee assistance programs.

Treatment services are funded in hospitals, prisons, shelters, residential units and outpatient programs. Treatment often consists of short-term detoxification followed by a longer term rehabilitation. Most inpatient services are rendered in a non-hospital setting. Outpatient services may follow discharge from a residential program; however, many persons receive their initial treatment in an outpatient setting. Drug and alcohol education and training programs are provided for substance abuse and human services professionals. Issues such as prevention, intervention and treatment are addressed through a variety of educational initiatives. This program is accompanied by federal drug and alcohol programs totaling nearly $60 million.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Admissions to treatment	79,747	78,500	78,500	78,500	78,500	78,500	78,500
Average length of outpatient treatment (days)	67	65	65	65	65	65	65
Average length of inpatient treatment (days)	16	15	15	15	15	15	15

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Assistance to Drug and Alcohol Programs

$ –852 —reduction in state support.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Assistance to Drug and Alcohol Programs	$ 42,602	$ 42,602	$ 41,750	$ 41,750	$ 41,750	$ 41,750	$ 41,750

HIGHER EDUCATION ASSISTANCE AGENCY

The mission of the Higher Education Assistance Agency is to provide financial aid to higher education students in the form of grants, loans and employment opportunities through the coordination of state and federal aid programs. In addition, the agency provides Institutional Assistance Grants to private institutions enrolling students who participate in the State Grant program.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
Grants and Subsidies:			
Grants to Students-transfer to Higher Ed. Assist. Fund	**$ 386,198**	**$ 407,413**	**$ 452,413**
(A)Grants to Students Supplement	42,475	0	0
(F)Byrd Scholarships (EA)	1,586	1,563	1,563
Matching Payments-transfer to Higher Ed. Assist. Fund	**14,122**	**13,938**	**13,938**
Institutional Assistance-transfer to Higher Ed. Assist. Fund	**42,013**	**42,013**	**37,812**
Bond-Hill Scholarship-transfer to Higher Ed. Assist. Fund	**750**	**740**	**740**
Agricultural Loan Forgiveness-transfer to Higher Ed. Fund	**85**	**84**	**84**
SciTech Scholarships-transfer to Higher Ed. Assist. Fund	**4,350**	**4,293**	**4,293**
Cheyney Keystone Academy-transfer to Higher Ed. Assist. Fund	**2,000**	**1,974**	**1,974**
Nursing Shortage Initiative	**2,450**	**2,418**	**2,418**
Subtotal - State Funds	$ 451,968	$ 472,873	$ 513,672
Subtotal - Federal Funds	1,586	1,563	1,563
Subtotal - Augmentations	42,475	0	0
Total - Grants and Subsidies	$ 496,029	$ 474,436	$ 515,235
STATE FUNDS	$ 451,968	$ 472,873	$ 513,672
FEDERAL FUNDS	1,586	1,563	1,563
AUGMENTATIONS	42,475	0	0
GENERAL FUND TOTAL	**$ 496,029**	**$ 474,436**	**$ 515,235**
OTHER FUNDS:			
HIGHER EDUCATION ASSISTANCE FUND:			
Educational Training Vouchers Program	$ 1,436	$ 1,940	$ 1,940
Leveraging Educational Assistance Partnership	3,064	3,064	3,064
Transfers Augmenting Appropriations	21	373	508
Primary Health Care	189	950	965
Tobacco Settlement Funds	116	334	329
Gear Up	1,567	511	167
HIGHER EDUCATION ASSISTANCE FUND TOTAL	**$ 6,393**	**$ 7,172**	**$ 6,973**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 451,968	$ 472,873	$ 513,672
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	1,586	1,563	1,563
AUGMENTATIONS	42,475	0	0
OTHER FUNDS	6,393	7,172	6,973
TOTAL ALL FUNDS	**$ 502,422**	**$ 481,608**	**$ 522,208**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
FINANCIAL ASSISTANCE TO STUDENTS							
GENERAL FUND	$ 407,505	$ 428,442	$ 473,442	$ 473,442	$ 473,442	$ 473,442	$ 473,442
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	1,586	1,563	1,563	1,563	1,563	1,563	1,563
OTHER FUNDS	48,868	7,172	6,973	6,973	6,973	6,973	6,973
SUBCATEGORY TOTAL	$ 457,959	$ 437,177	$ 481,978	$ 481,978	$ 481,978	$ 481,978	$ 481,978
FINANCIAL AID TO INSTITUTIONS							
GENERAL FUND	$ 44,463	$ 44,431	$ 40,230	$ 40,230	$ 40,230	$ 40,230	$ 40,230
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 44,463	$ 44,431	$ 40,230	$ 40,230	$ 40,230	$ 40,230	$ 40,230
ALL PROGRAMS:							
GENERAL FUND	$ 451,968	$ 472,873	$ 513,672	$ 513,672	$ 513,672	$ 513,672	$ 513,672
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	1,586	1,563	1,563	1,563	1,563	1,563	1,563
OTHER FUNDS	48,868	7,172	6,973	6,973	6,973	6,973	6,973
DEPARTMENT TOTAL	$ 502,422	$ 481,608	$ 522,208	$ 522,208	$ 522,208	$ 522,208	$ 522,208

PROGRAM OBJECTIVE: To provide financial assistance to commonwealth residents in order to promote access to institutions of higher education.

Program: Financial Assistance to Students

The Pennsylvania Higher Education Assistance Agency offers financial assistance programs to students in the form of grants, scholarships and work-study awards. Disbursements for the various financial assistance programs are made by PHEAA from its Higher Education Assistance Fund. All General Fund appropriations are transferred to PHEAA's Higher Education Assistance Fund prior to distribution to students and institutions. The Higher Education Assistance Fund is shown in the Special Funds Appendix.

Direct grants to students are funded by an annual appropriation from the General Fund, interest earnings from the deposit of that appropriation in the Higher Education Assistance Fund and the Federal Leveraging Educational Assistance Partnership. The PHEAA Board annually determines by regulation the distribution of funds to applicants on criteria including family income, family size and the cost of the institution the student will be attending.

The objective of the program is to reduce financial barriers and thereby provide access to higher education for all commonwealth residents and, within the limits of the resources available, help to provide freedom of choice between public colleges and universities and private universities, colleges and post-secondary schools.

The Matching Funds program provides funds to match federal funds and work-study awards which students earn through several on-campus and off-campus job opportunities. The on-campus jobs program generally provides employment in campus services; off-campus jobs places students in career and course of study related work in local communities. Matching funds also leverage private foundation scholarships, thus providing increased awards for students.

The Horace Mann Bond-Leslie Pinckney Hill Scholarship program (formerly the Equal Opportunity Professional Education Program) provides grants to graduates of Lincoln University and Cheyney University of Pennsylvania who enter selected graduate programs or the professional programs of law, medicine or dentistry at Temple University, the Pennsylvania State University or the University of Pittsburgh.

The Agricultural Education Loan Forgiveness program provides loan forgiveness for graduates with agriculture degrees who work on family-owned farms, for teachers of an agricultural curriculum and for veterinarians whose practices include the treatment of farm animals.

The SciTech and Technology Scholarships Program, also known as the New Economy Technology Scholarship program, provides scholarships to eligible Pennsylvania students who are enrolled in an approved post-secondary science or technology curriculum. Students participating in this program must maintain all eligibility requirements and meet the post-graduation work obligation or the scholarship reverts to a loan.

The Cheyney University Keystone Academy's main purpose is the recruitment of gifted students for enrollment at Cheyney University.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Grants to Students:							
Applications for grants	521,859	522,680	533,140	543,800	554,680	565,770	577,090
Applications complete and needs tested for eligibility	311,616	300,100	306,110	312,230	318,480	324,850	331,340
Eligible applicants — meeting qualifications	178,666	186,100	193,550	201,290	209,340	217,710	226,420
Eligible applicants enrolled and accepting.. grants	158,515	154,820	161,340	167,800	174,510	181,490	188,750
Eligible applicants not enrolled at a college/university	20,151	31,290	32,210	33,490	34,830	36,230	37,680
Grant amount as percentage of applicant's total educational cost	12.3%	10.0%	10.3%	10.3%	10.3%	10.3%	10.3%
Students receiving SciTech scholarships	3,418	3,790	3,975	4,175	4,385	4,605	4,835
Work Study:							
Students assisted by federal, state and private funds	41,360	40,650	41,055	41,465	41,880	42,300	42,725
Student work study earnings (in millions)	$64.9	$61.9	$62.5	$63.1	$63.7	$64.3	$64.9

Program: Financial Assistance to Students (continued)

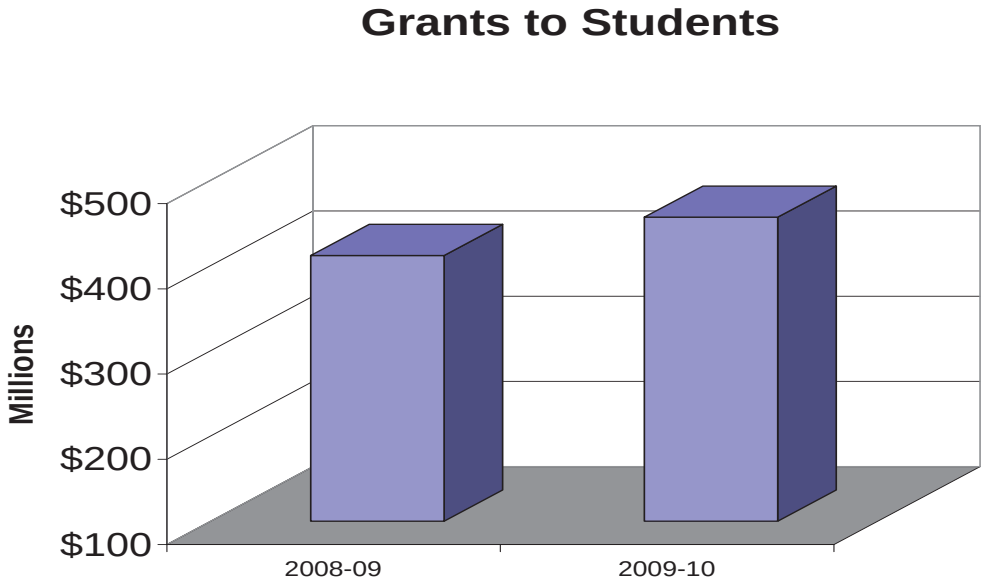
Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
Grants to Students

$ 45,000 —Initiative—Enhanced State Support. To provide an increase in direct financial assistance to students.

All other appropriations are recommended at the current year funding levels.



This budget recommends increasing state funding for grants awarded to students by $45 million, or 10.9 percent, to $456.7 million.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Grants to Students-transfer to Higher Ed. Assist. Fund	$ 386,198	$ 407,413	$ 452,413	$ 452,413	$ 452,413	$ 452,413	$ 452,413
Matching Payments-transfer to Higher Ed. Assist. Fund	14,122	13,938	13,938	13,938	13,938	13,938	13,938
Bond-Hill Scholarship-transfer to Higher Ed. Assist. Fund	750	740	740	740	740	740	740
Agricultural Loan Forgiveness-transfer to Higher Ed. Fund	85	84	84	84	84	84	84
SciTech Scholarships-transfer to Higher Ed. Assist. Fund	4,350	4,293	4,293	4,293	4,293	4,293	4,293
Cheyney Keystone Academy-transfer to Higher Ed. Assist. Fund	2,000	1,974	1,974	1,974	1,974	1,974	1,974
TOTAL GENERAL FUND	$ 407,505	$ 428,442	$ 473,442	$ 473,442	$ 473,442	$ 473,442	$ 473,442

PROGRAM OBJECTIVE: To assist independent post-secondary institutions to maintain enrollments and stabilize their educational costs thereby promoting access to institutions in all sectors for Pennsylvania students.

Program: Financial Aid to Institutions

The Institutional Assistance Grants program, which began in 1974, provides grants to assist independent post-secondary institutions that are not-for-profit, nondenominational and non-recipients of direct state appropriations.

The program provides equal per capita grants to the schools based on the number of full-time equivalent state grant recipients enrolled during the academic year. Eighty-five institutions are expected to participate in the 2009-10 program.

The program helps to preserve and develop the diverse system of higher education in Pennsylvania by allowing Pennsylvania's independent colleges and universities to stabilize their educational costs and maintain enrollments. It recognizes the desirability of helping independent institutions remain fiscally sound and serves to promote full student access to institutions in all sectors.

The Nursing Shortage Initiative program is part of the commonwealth's workforce development efforts and helps to increase the number of nurses in the commonwealth workforce.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Eligible grant recipients enrolled at eligible independent institutions	39,688	37,311	39,504	39,504	39,504	39,504	39,504
Per capita grant	$1,076	$1,132	$957	$957	$957	$957	$957

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Institutional Assistance
$ –4,201	—program reduction.

The Nursing Shortage Initiative appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Institutional Assistance-transfer to Higher Education Assistance Fund	$ 42,013	$ 42,013	$ 37,812	$ 37,812	$ 37,812	$ 37,812	$ 37,812
Nursing Shortage Initiative	2,450	2,418	2,418	2,418	2,418	2,418	2,418
TOTAL GENERAL FUND	$ 44,463	$ 44,431	$ 40,230	$ 40,230	$ 40,230	$ 40,230	$ 40,230

HISTORICAL AND MUSEUM COMMISSION

The mission of the Historical and Museum Commission is to preserve the commonwealth's past through leadership, stewardship and service. The commission believes that future generations will be strengthened and inspired by the ideals and traditions of Pennsylvania's heritage.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 25,260** a	**$ 25,825**	**$ 24,000**
(F)Historic Preservation	1,000	1,000	1,000
(F)Surface Mining Review	150	150	150
(F)Environmental Review	350	300	375
(F)Save Our Treasures	200	0	0
(F)National Historic Publications and Records	120	0	0
(F)Railroad Museum Improvement (EA)	300	0	0
(F)Pennsylvania Archaeology (EA)	150	150	150
(F)Institute of Museum Library Services	60	23	150
(F)21st Century Museum Professional	200	0	0
(F)Coastal Zone Management	50	30	0
(F)Lumber Museum	198	198	198
(F)Storm Damage Relief (EA)	446	134	0
(F)Historical Records and Advisory Board Admin	20	20	20
(F)American Battlefield Protection	37	37	0
(F)Preserve America	90	305	275
(A)Historic Preservation Fund	70	0	0
(A)Architectural Services	4	5	5
(A)Keystone Recreation, Park & Conservation Fund	532	411	341
Subtotal	$ 29,237	$ 28,588	$ 26,664
Subtotal - State Funds	$ 25,260	$ 25,825	$ 24,000
Subtotal - Federal Funds	3,371	2,347	2,318
Subtotal - Augmentations	606	416	346
Total - General Government	$ 29,237	$ 28,588	$ 26,664
Grants and Subsidies:			
Museum Assistance Grants	**$ 4,135**	**$ 3,785**	**$ 0**
Historical Education & Museum Assistance	**1,226**	**1,100**	**0**
Regional History Centers	**500**	**350**	**0**
University of Pennsylvania Museum	**254**	**251**	**226**
Carnegie Museum of Natural History	**254**	**251**	**226**
Carnegie Science Center	**254**	**251**	**226**
Franklin Institute Science Museum	**769**	**759**	**683**
Academy of Natural Sciences	**471**	**465**	**419**
African American Museum in Philadelphia	**359**	**354**	**319**
Everhart Museum	**46**	**45**	**41**
Mercer Museum	**196**	**193**	**174**
Whitaker Center for Science and the Arts	**141**	**139**	**125**
Total - Grants and Subsidies	$ 8,605	$ 7,943	$ 2,439
STATE FUNDS	$ 33,865	$ 33,768	$ 26,439
FEDERAL FUNDS	3,371	2,347	2,318
AUGMENTATIONS	606	416	346
GENERAL FUND TOTAL	**$ 37,842**	**$ 36,531**	**$ 29,103**
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
Grants and Subsidies:			
Historic Site Development - Realty Transfer Tax (EA)	**$ 10,650**	**$ 8,210**	**$ 6,815**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Historical Preservation Act of 1966 (F)	$ 77	$ 80	$ 95
Rent and Other Income	281	200	200
GENERAL FUND TOTAL	**$ 358**	**$ 280**	**$ 295**
HISTORICAL PRESERVATION FUND:			
Historical Preservation Fund	$ 3,328 [b]	$ 2,210	$ 2,210
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 33,865	$ 33,768	$ 26,439
SPECIAL FUNDS	10,650	8,210	6,815
FEDERAL FUNDS	3,371	2,347	2,318
AUGMENTATIONS	606	416	346
OTHER FUNDS	3,686	2,490	2,505
TOTAL ALL FUNDS	**$ 52,178**	**$ 47,231**	**$ 38,423**

[a] 2007-08 Actual includes $2,000,000 appropriated as Maintenance Program.

[b] Not added to the total to avoid double counting: 2007-08 Actual is $70,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
STATE HISTORIC PRESERVATION							
GENERAL FUND	$ 25,260	$ 25,825	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	3,371	2,347	2,318	2,318	2,318	2,318	2,318
OTHER FUNDS	4,292	2,906	2,851	2,851	2,851	2,851	2,851
SUBCATEGORY TOTAL	$ 32,923	$ 31,078	$ 29,169	$ 29,169	$ 29,169	$ 29,169	$ 29,169
MUSEUM ASSISTANCE							
GENERAL FUND	$ 8,605	$ 7,943	$ 2,439	$ 2,439	$ 2,439	$ 2,439	$ 2,439
SPECIAL FUNDS	10,650	8,210	6,815	8,023	9,718	11,211	12,478
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 19,255	$ 16,153	$ 9,254	$ 10,462	$ 12,157	$ 13,650	$ 14,917
ALL PROGRAMS:							
GENERAL FUND	$ 33,865	$ 33,768	$ 26,439	$ 26,439	$ 26,439	$ 26,439	$ 26,439
SPECIAL FUNDS	10,650	8,210	6,815	8,023	9,718	11,211	12,478
FEDERAL FUNDS	3,371	2,347	2,318	2,318	2,318	2,318	2,318
OTHER FUNDS	4,292	2,906	2,851	2,851	2,851	2,851	2,851
DEPARTMENT TOTAL	$ 52,178	$ 47,231	$ 38,423	$ 39,631	$ 41,326	$ 42,819	$ 44,086

PROGRAM OBJECTIVE: To manage and safeguard Pennsylvania's historic resources through a comprehensive history and museum program to educate, interpret, research and preserve all areas of Pennsylvania history.

Program: State Historic Preservation

The State Historic Preservation program administered by the Historical and Museum Commission is comprised of four major elements. These elements include Executive Direction and Administration, Pennsylvania State and Local Records, Historic Site and Museum Operations and Historic Preservation.

Program Element: Executive Direction and Administration

This element provides general policy and direction for administering the commission's operations. It includes legislative, marketing and press relations, human resources management, procurement, information technology and management of the commission's website, financial grant administration, fiscal and revenue management and other support services.

Program Element: State and Local Records

This element supports the operation of the State Archives and the State Records Center. The State Archives is responsible for identifying, acquiring, preserving and providing public access to the permanently valuable and historical records created by government. This responsibility extends to electronic records and to the use of electronic and web technology to facilitate public access. The archives maintains and preserves program files, maps, correspondence, reports, photographs, minutes, case files and various records that document the significant activities of Pennsylvania's proprietary and state governments, including the records of the land office and hundreds of existing and defunct governmental agencies. The State Records Center is the official repository for inactive records that must be maintained by state agencies for administrative, fiscal or legal purposes.

This element also administers state executive branch and local government records management programs and provides other services to state and local government offices. These services include preparation of records retention schedules, processing of records disposal requests, promulgation of standards for retention of records in different storage media and training and technical assistance to records custodians.

Program Element: Historic Site and Museum Operations

This element supports the operation of 25 historic sites and museums throughout the commonwealth that are open to the public, including the State Museum of Pennsylvania. This provides educational collections and exhibition programs and provides living history and other types of tours to interpret Pennsylvania history; it also utilizes cooperative initiatives with associate organizations to further provide for educational and public programs. This program element includes facility development and architectural and design activities as part of a preservation maintenance program funded through the Keystone Recreation, Park and Conservation Fund Grant program; collections management; and conservation of historical artifacts, papers and paintings.

In addition, this element supports a property management and lease program through cooperative agreements with management groups, for-profit and not-for-profit organizations to operate, maintain and utilize historic sites, buildings and agricultural lands under the custody of the commission.

Program Element: Historic Preservation

This element is responsible for the identification, protection and enhancement of buildings, structures and districts of historic and architectural significance within the commonwealth. It provides for the infusion of federal funds from the Department of the Interior to enhance the economic base of many communities in Pennsylvania; provides a survey and National Register nomination program; maintains an information network providing direction and assistance to local preservation organizations; administers an archaeological program to protect resources and improve policies and procedures and provide direction to the professional and advocate communities; and preserves and protects endangered historic public and private buildings, structures and landmarks through a not for profit statewide revolving fund.

Program: State Historic Preservation (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
State and Local Records							
Pages of archives and historical manuscripts (in thousands)	213,357	216,000	219,000	222,000	225,000	228,000	231,000
Records maintained by the State Records Center (in thousands)	812,175	811,000	811,000	811,000	811,000	811,000	811,000
Savings realized by storing records at the State Records Center (in thousands)	$4,320	$4,313	$4,313	$4,313	$4,313	$4,313	$4,313
Expired/inactive records destroyed by the State Records Center	83,472	87,000	90,000	93,000	93,000	93,000	93,000
Savings realized through proper disposal of expired records (in thousands)	$4,571	$4,764	$4,929	$5,093	$5,093	$5,093	$5,093
Historic Site and Museum Operations							
Annual visits to commission historical sites and museums (in thousands)	1,450	1,425	1,406	1,336	1,270	1,207	1,147
Visitors per salaried staff member (in thousands)	11	10	10	9	9	8	8
Historic markers	2,250	2,270	2,300	2,310	2,330	2,350	2,370
Historic Preservation							
Buildings maintained and conserved	506	506	506	506	506	506	506
Evaluations for the National Register of Historic Properties	436	653	545	599	572	586	579
Professional History and Museum Support Services							
Historic artifacts maintained and conserved (in thousands)	4,100	4,475	4,600	4,700	4,750	4,800	4,800

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND
	General Government Operations
$ –1,396	—nonrecurring 2008-09 budgetary freeze amount.
–429	—reduction in administrative costs.
$ –1,825	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 25,260	$ 25,825	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000

PROGRAM OBJECTIVE: To assure provision of representative artifacts, specimens of history, art and science for all citizens through the support of museums within the commonwealth.

Program: Museum Assistance

This program is comprised of the Keystone Recreation, Park and Conservation Fund Grant program that provides financial assistance designed to enhance the quality of history and museum activities in Pennsylvania.

The Keystone Recreation, Park and Conservation Fund Grant program is a competitive grants process created by Act 50 of 1993. Funding is available to Pennsylvania not-for-profit organizations and public agencies that operate a publicly accessible historic property listed in or eligible for the National Register of Historic Places, or to organizations that operate a contributing historic property in a National Register Historic District. Grants are awarded on a 50-50 matching basis and support projects in redevelopment, preservation, rehabilitation, restoration and other related areas.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Museum Assistance and Keystone project grants awarded	202	179	100	100	100	100	100
Museum Assistance general operating support grants awarded	159	168	0	0	0	0	0
Non-state dollars generated through matching grants (in thousands)	$13,100	$15,000	$6,800	$6,800	$6,800	$6,800	$6,800

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Museum Assistance Grants

$ –3,785 —program elimination.

Historical Education and Museum Assistance

$ –1,100 —nonrecurring projects.

Regional History Centers

$ –350 —nonrecurring project.

State-Aided Museums

$ –269 —reduction in state support.

KEYSTONE RECREATION, PARK AND CONSERVATION FUND

Historic Site Development-Realty Transfer Tax (EA)

$ –1,395 —nonrecurring projects.

Program: Museum Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Museum Assistance Grants	$ 4,135	$ 3,785	$ 0	$ 0	$ 0	$ 0	$ 0
Historical Education & Museum Assistance	1,226	1,100	0	0	0	0	0
Regional History Centers	500	350	0	0	0	0	0
University of Pennsylvania Museum	254	251	226	226	226	226	226
Carnegie Museum of Natural History	254	251	226	226	226	226	226
Carnegie Science Center	254	251	226	226	226	226	226
Franklin Institute Science Museum	769	759	683	683	683	683	683
Academy of Natural Sciences	471	465	419	419	419	419	419
African American Museum in Philadelphia	359	354	319	319	319	319	319
Everhart Museum	46	45	41	41	41	41	41
Mercer Museum	196	193	174	174	174	174	174
Whitaker Center for Science and the Arts	141	139	125	125	125	125	125
TOTAL GENERAL FUND	$ 8,605	$ 7,943	$ 2,439	$ 2,439	$ 2,439	$ 2,439	$ 2,439
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Historic Site Development - Realty Transfer Tax (EA)	$ 10,650	$ 8,210	$ 6,815	$ 8,023	$ 9,718	$ 11,211	$ 12,478

INFRASTRUCTURE INVESTMENT AUTHORITY

The mission of the Infrastructure Investment Authority (PENNVEST) is to improve Pennsylvania's water and foster job creation opportunities through the provision of low-interest loans and limited grants to municipalities, municipal authorities and private entities for the construction of drinking water, wastewater, stormwater and brownfields projects.

The Pennsylvania Infrastructure Investment Authority administers the PENNVEST program authorized by Act 16 of 1988.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
Grants and Subsidies:			
(F)Sewage Projects Revolving Loan Fund	$ 100,050	$ 72,044 [a]	$ 45,050
(F)Drinking Water Projects Revolving Loan Fund	38,635	45,824 [b]	35,803
Total - Grants and Subsidies	$ 138,685	$ 117,868	$ 80,853
GENERAL FUND TOTAL	**$ 138,685**	**$ 117,868**	**$ 80,853**
ENVIRONMENTAL STEWARDSHIP FUND:			
Grants and Subsidies:			
Storm Water, Water and Sewer Grants (EA)	**$ 11,370**	**$ 10,620**	**$ 9,722**
OTHER FUNDS:			
PENNVEST FUND:			
PENNVEST Operations (EA)	$ 3,589	$ 3,398	$ 2,957
Grants - Other Revenue Sources (EA)	3,500	2,000	750
Revenue Bond Loan Pool (EA)	10	10	10
Revolving Loans and Administration (EA)	0	45,000	60,000
Revolving Loans and Administration	5,708	0	0
Private Revolving Loans	11,379	0	0
Growing Greener Grants	14,804	17,000	12,500
Revolving Loans - Conditional Funds	149	1,000	500
PENNVEST FUND TOTAL	**$ 39,139**	**$ 68,408**	**$ 76,717**
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND:			
PENNVEST Water Pollution Control Revolving Fund	$ 10,201	$ 10,520	$ 9,217
Additional Sewage Projects Revolving Loans (EA)	175,000	136,000	135,000
Sewage Projects Revolving Loan Fund (F)(EA)	0 [c]	0 [c]	0 [c]
On-lot Sewage Disposal Systems (F)(EA)	0 [d]	0 [d]	0 [d]
Revolving Loans - Conditional Funds	0	0	250
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND TOTAL	**$ 185,201**	**$ 146,520**	**$ 144,467**
PENNVEST DRINKING WATER REVOLVING FUND:			
PENNVEST Drinking Water Project Revolving Fund	$ 1,218	$ 4,000	$ 4,000
Additional Drinking Water Projects Revolving Loans (EA)	35,000	25,000	25,000
Transfer fo PENNVEST Water Pollution Control Revolving Fund	20,000	0	0
Drinking Water Projects Revolving Loan Fund (F)(EA)	0 [e]	0 [e]	0 [e]
Loan Program Administration (F)(EA)	0 [f]	0 [f]	0 [f]
Technical Assistance to Small Systems (F)(EA)	0 [g]	0 [g]	0 [g]
Assistance to State Programs (F)(EA)	0 [h]	0 [h]	0 [h]
Local Assistance and Source Water Pollution (F)(EA)	0 [i]	0 [i]	0 [i]
Revolving Loans - Conditional Funds	0	0	50
PENNVEST DRINKING WATER REVOLVING FUND TOTAL	**$ 56,218**	**$ 29,000**	**$ 29,050**
PENNVEST NON-REVOLVING FUND:			
Drinking Water Supplies Nonrevolving Fund	$ 3,688	$ 3,000	$ 1,000
WATER SUPPLY AND WASTE WATER TREATMENT FUND:			
Water Supply and Wastewater Projects (EA)	$ 22,736 [j]	$ 4,400 [j]	$ 2,091 [j]
WATER AND SEWER SYSTEMS ASSISTANCE BOND FUND:			
Water and Sewer Systems Assistance	$ 0	$ 0	$ 100,000

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 0	$ 0	$ 0
SPECIAL FUNDS	11,370	10,620	9,722
FEDERAL FUNDS	138,685	117,868	80,853
OTHER FUNDS	306,982	251,328	353,325
TOTAL ALL FUNDS	**$ 457,037**	**$ 379,816**	**$ 443,900**

[a] Includes recommended supplemental appropriation of $12,994,000.

[b] Includes recommended supplemental appropriation of $2,760,000.

[c] Not added to the total to avoid double counting: 2007-08 Actual is $100,000,000, 2008-09 Available is $59,000,000, and 2009-10 Budget is $45,000,000.

[d] Not added to the total to avoid double counting: 2007-08 Actual is $50,000, 2008-09 Available is $50,000, and 2009-10 Budget is $50,000.

[e] Not added to the total to avoid double counting: 2007-08 Actual is $40,000,000, 2008-09 Available is $27,050,000, and 2009-10 Budget is $20,000,000.

[f] Not added to the total to avoid double counting: 2007-08 Actual is $1,488,000, 2008-09 Available is $1,514,000, and 2009-10 Budget is $1,304,000.

[g] Not added to the total to avoid double counting: 2007-08 Actual is $650,000, 2008-09 Available is $1,000,000 and 2009-10 Budget is $1,000,000.

[h] Not added to the total to avoid double counting: 2007-08 Actual is $4,000,000, 2008-09 Available is $7,000,000 and 2009-10 Budget is $7,000,000.

[i] Not added to the total to avoid double counting: 2007-08 Actual is $5,000,000, 2008-09 Available is $6,500,000 and 2009-10 Budget is $6,500,000.

[j] Appropriated as a $50,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
PENNVEST							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	11,370	10,620	9,722	6,760	4,727	4,729	4,736
FEDERAL FUNDS	138,685	117,868	80,853	80,853	80,853	80,853	80,853
OTHER FUNDS	306,982	251,328	353,325	363,984	363,984	358,984	258,984
SUBCATEGORY TOTAL	$ 457,037	$ 379,816	$ 443,900	$ 451,597	$ 449,564	$ 444,566	$ 344,573
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	11,370	10,620	9,722	6,760	4,727	4,729	4,736
FEDERAL FUNDS	138,685	117,868	80,853	80,853	80,853	80,853	80,853
OTHER FUNDS	306,982	251,328	353,325	363,984	363,984	358,984	258,984
DEPARTMENT TOTAL	$ 457,037	$ 379,816	$ 443,900	$ 451,597	$ 449,564	$ 444,566	$ 344,573

PROGRAM OBJECTIVE: To promote public health and a clean environment and to further economic development in the commonwealth by providing a financing program, technical assistance and administrative support for community drinking water systems, municipal sewage treatment facilities and stormwater control projects.

Program: PENNVEST

The PENNVEST Program authorized by Act 16 of 1988 provides an investment pool of capital to rebuild and expand community drinking water systems and municipal sewage treatment facilities in the commonwealth. These systems and facilities are essential for the protection of public health and the promotion of economic development. Many systems and facilities need to be repaired, upgraded or expanded to meet environmental standards and economic development goals. Act 5 of 1992 established a program to fund stormwater control projects. Funding these needed improvements has often proved difficult, especially for small communities. In 2004, the program was further expanded to include the funding of brownfield reclamation and remediation projects to further revitalize Pennsylvania's older, established communities.

Initial funding for the PENNVEST Fund came from several sources: a $300 million bond issue approved by voter referendum; the balance of approved Water Facilities Loan Fund bonds; federal seed money for a sewage treatment facilities revolving loan fund and a drinking water project revolving loan fund; and some available Capital Facilities bonds. Act 5 of 1992 authorized a $350 million bond issue, which was approved by referendum, to provide additional funding for the program. In 1990-91, the PENNVEST Revenue Bond Pool program began providing funding. Act 68 of 1999 provided additional grant funds for stormwater, water and sewer projects as part of the Growing Greener initiatives. Act 218 of 2004 established the Water Supply and Wastewater Treatment Fund and authorized an additional $50 million in funding that the authority used as grants for combined sewer overflow, sanitary sewer overflow and nutrient reduction technology projects. Act 64 of 2008 authorized a $400 million bond issue, which was approved by referendum, to provide grants and loans to municipalities and public utilities for the acquisition, repair, construction, reconstruction, rehabilitation, extension, expansion and improvement of water supply and sewage treatment systems as well as the purchase or trading of nutrient credits. Added to this are interest earnings on the fund's cash flow, interest and principal payments made on loans and grant funds received through the Environmental Stewardship Fund, which is primarily funded from tipping fee revenue.

PENNVEST funds are used for loans and grants to municipalities, municipal authorities and private firms to improve water, sewage and stormwater systems they own. Loans are available to individual homeowners to upgrade their on-lot septic systems. The Pennsylvania Infrastructure Investment Authority, supported by the Department of Environmental Protection, helps system owners apply for funding, provides technical assistance in planning and designing projects and, if necessary, reviews applicants' operations to improve efficiency.

To facilitate fund management and accounting, several separate funds have been established. The PENNVEST Fund serves as the repository of interest and investment income and loan repayments. Loans, grants and administrative costs are paid from this fund. The PENNVEST Water Pollution Control Revolving Fund combines federal seed money and the commonwealth's required matching funds to create a revolving loan fund for sewage treatment facilities construction. The PENNVEST Drinking Water Revolving Fund combines federal seed money and the commonwealth's required matching funds to create a revolving loan fund for drinking water projects and technical assistance. The PENNVEST Revolving Fund receives the proceeds from the sale of bonds mentioned above. The PENNVEST revenue bond pool is supported by loan interest and principal repayments from loans and disburses the proceeds from the sale of PENNVEST revenue bonds. The proposed Water and Sewer Systems Assistance Bond Fund will serve as the repository of interest and investment income and loan repayments related to Act 64; loans and grants will be paid from this fund.

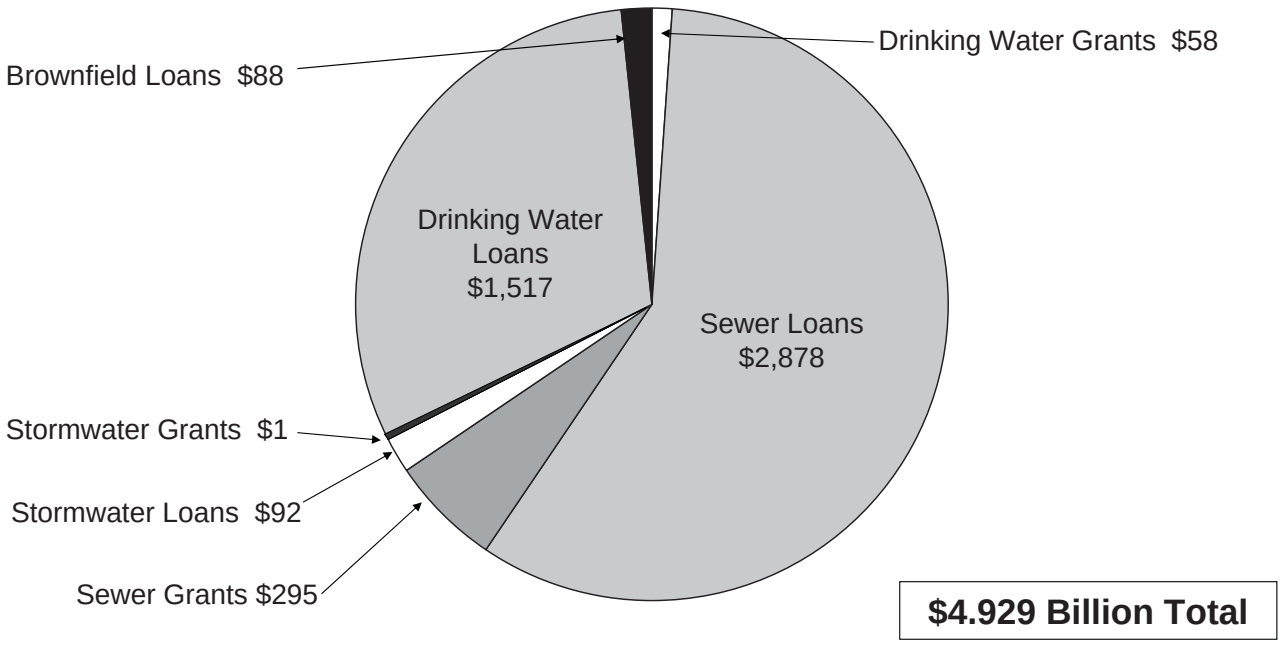
Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
PENNVEST awards (in millions):							
Loans	$280	$280	$280	$280	$280	$280	$280
Grants	15	15	15	15	15	15	15
Total	$295	$295	$295	$295	$295	$295	$295

Program: PENNVEST (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Projects as a percentage of total funding:							
Wastewater Projects	83%	83%	83%	83%	83%	83%	83%
Drinking Water Projects	16%	16%	16%	16%	16%	16%	0%
Stormwater Projects	1%	1%	1%	1%	1%	1%	17%
Combined Sewer Overflow projects awarded (as a percentage of wastewater funding)	30%	30%	30%	30%	30%	30%	30%
Sanitary Sewer Overflow projects awarded (as a percentage of wastewater funding)	35%	35%	35%	35%	35%	35%	35%
Nutrient Reduction Technology projects awarded (as a percentage of wastewater funding)	10%	10%	10%	10%	10%	10%	10%
Other projects awarded (as a percentage of wastewater funding)	25%	25%	25%	25%	25%	25%	25%
PENNVEST projects implemented	91	91	91	91	91	91	91
Median time from application submittal to funding approval (in days)	45	45	45	45	45	45	45
Median time from funding approval to settlement (in days) - traditional projects*	160	160	160	160	160	160	160
Median time from funding approval to settlement (in days) - brownfield projects*	250	250	250	250	250	250	250

*New program measure.

Total Loans and Grants Approved
1988 Through December 2008
(millions of dollars)



Program: PENNVEST (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

ENVIRONMENTAL STEWARDSHIP FUND
PENNVEST

$ –898 —nonrecurring projects.

Administrative costs are to be funded from existing non-General Fund sources.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
ENVIRONMENTAL STEWARDSHIP FUND:							
Storm Water, Water and Sewer Grants (EA)	$ 11,370	$ 10,620	$ 9,722	$ 6,760	$ 4,727	$ 4,729	$ 4,736

INSURANCE DEPARTMENT

The mission of the Insurance Department is to serve Pennsylvania's insurance consumers through fair and efficient regulation of the insurance industry.

The Insurance Department executes the insurance laws of the commonwealth, monitors the financial solvency of insurance companies conducting business in Pennsylvania, regulates insurance rates and policy forms, licenses insurance companies and producers to conduct business in the state and liquidates insolvent insurance companies. The department answers consumer inquiries, responds to consumer complaints and produces and distributes educational information on insurance.

The Insurance Department manages the Children's Health Insurance Program (CHIP), the adultBasic program, the Medical Care Availability and Reduction of Error (Mcare) program, the Underground Storage Tank Indemnification Fund, the Catastrophic Loss Benefits Continuation Fund and the Workers' Compensation Security Fund.

Summary by Fund and Appropriation

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
	(Dollar Amounts in Thousands)		
GENERAL FUND:			
General Government:			
General Government Operations	**$ 23,520**	**$ 23,334**	**$ 21,807**
(A)Companies in Liquidation	689	865	865
(A)Duplicating and Mailing Services	8	15	15
(A)Reimbursement Examination Fees	1,715	2,812	2,755
(A)Reimbursements - Market Conduct Travel	370	600	600
Rx for PA- Small Business Regulation	**0**	**133**	**0**
Children's Health Insurance Administration	**2,381**	**2,567**	**2,437**
(F)Children's Health Insurance Administration	5,683	6,388	5,383
Adult Health Insurance Administration	**3,458**	**3,412**	**3,100**
Subtotal - State Funds	$ 29,359	$ 29,446	$ 27,344
Subtotal - Federal Funds	5,683	6,388	5,383
Subtotal - Augmentations	2,782	4,292	4,235
Total - General Government	$ 37,824	$ 40,126	$ 36,962
Grants and Subsidies:			
Children's Health Insurance	**$ 65,931** [a]	**$ 86,900**	**$ 94,600**
(F)Children's Health Insurance Program	213,736 [b]	246,988	276,542
USTIF Loan Repayment	**6,000**	**8,000**	**1,000**
Subtotal - State Funds	$ 71,931	$ 94,900	$ 95,600
Subtotal - Federal Funds	213,736	246,988	276,542
Total - Grants and Subsidies	$ 285,667	$ 341,888	$ 372,142
STATE FUNDS	$ 101,290	$ 124,346	$ 122,944
FEDERAL FUNDS	219,419	253,376	281,925
AUGMENTATIONS	2,782	4,292	4,235
GENERAL FUND TOTAL	**$ 323,491**	**$ 382,014**	**$ 409,104**
TOBACCO SETTLEMENT FUND:			
General Government:			
Adult Health Insurance Administration (EA)	**$ 0**	**$ 0**	**$ 8,050**
(F)Adult Health Insurance Administration (EA)	0	0	9,450
Subtotal - State Funds	$ 0	$ 0	$ 8,050
Subtotal - Federal Funds	0	0	9,450
Total - General Government	$ 0	$ 0	$ 17,500
Grants and Subsidies:			
Adult Health Insurance Program (EA)	**$ 55,784**	**$ 41,127**	**$ 21,899**
(F)Medical Assistance - Adult Health Insurance	0	0	123,405
Subtotal - State Funds	$ 55,784	$ 41,127	$ 21,899
Subtotal - Federal Funds	0	0	123,405
Total - Grants and Subsidies	$ 55,784	$ 41,127	$ 145,304
STATE FUNDS	$ 55,784	$ 41,127	$ 29,949
FEDERAL FUNDS	0	0	132,855
TOBACCO SETTLEMENT FUND TOTAL	**$ 55,784**	**$ 41,127**	**$ 162,804**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Anti-Fraud Prevention (R)	$ 123	$ 168	$ 194
Children's Health Insurance Program (R)	37,284	26,451	35,400
GENERAL FUND TOTAL	**$ 37,407**	**$ 26,619**	**$ 35,594**
TOBACCO SETTLEMENT FUND:			
Community Health Reinvestment (R)	$ 109,041	$ 130,264	$ 83,224
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND:			
CAT Administration (EA)	$ 1,620	$ 744	$ 701
CAT Claims (EA)	7,457	7,239	7,239
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND TOTAL	**$ 9,077**	**$ 7,983**	**$ 7,940**
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND:			
General Operations (EA)	$ 25,358	$ 26,956	$ 11,518
Payment of Claims (EA)	191,366	260,000	191,977
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND TOTAL	**$ 216,724**	**$ 286,956**	**$ 203,495**
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Administration (EA)	$ 8,051	$ 7,757	$ 7,615
Claims (EA)	72,732	80,442	80,442
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL	**$ 80,783**	**$ 88,199**	**$ 88,057**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 101,290	$ 124,346	$ 122,944
SPECIAL FUNDS	55,784	41,127	29,949
FEDERAL FUNDS	219,419	253,376	414,780
AUGMENTATIONS	2,782	4,292	4,235
OTHER FUNDS	453,032	540,021	418,310
TOTAL ALL FUNDS	**$ 832,307**	**$ 963,162**	**$ 990,218**

[a] Appropriated as $59,659,000 for Children's Health Insurance and $6,272,000 for Enhanced Children's Health Insurance.

[b] Appropriated as $200,409,000 for Children's Health Insurance and $13,327,000 for Enhanced Children's Health Insurance.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
INSURANCE INDUSTRY REGULATION							
GENERAL FUND	$ 101,290	$ 124,346	$ 122,944	$ 122,944	$ 122,944	$ 122,944	$ 122,944
SPECIAL FUNDS	55,784	41,127	29,949	28,044	24,044	19,608	14,689
FEDERAL FUNDS	219,419	253,376	414,780	467,392	476,992	487,895	281,925
OTHER FUNDS	455,814	544,313	422,545	469,485	481,662	495,386	450,476
SUBCATEGORY TOTAL	$ 832,307	$ 963,162	$ 990,218	$ 1,087,865	$ 1,105,642	$ 1,125,833	$ 870,034
ALL PROGRAMS:							
GENERAL FUND	$ 101,290	$ 124,346	$ 122,944	$ 122,944	$ 122,944	$ 122,944	$ 122,944
SPECIAL FUNDS	55,784	41,127	29,949	28,044	24,044	19,608	14,689
FEDERAL FUNDS	219,419	253,376	414,780	467,392	476,992	487,895	281,925
OTHER FUNDS	455,814	544,313	422,545	469,485	481,662	495,386	450,476
DEPARTMENT TOTAL	$ 832,307	$ 963,162	$ 990,218	$ 1,087,865	$ 1,105,642	$ 1,125,833	$ 870,034

PROGRAM OBJECTIVE: To serve Pennsylvania's insurance consumers through fair and efficient regulation of the insurance industry.

Program: Insurance Industry Regulation

The Insurance Department's responsibilities are to protect insurance consumers by providing adequate safeguards; to ensure that appropriate products are available; to provide a fair regulatory climate that will encourage insurance companies to conduct business in the commonwealth; and to administer the Children's Health Insurance Program and the adultBasic program.

Program Element: Protection and Regulation

The Insurance Department regulates all aspects of the insurance industry in Pennsylvania. It supervises the operation of approximately 1,700 insurance companies; authorizes the admission of new insurers to the state; tests and licenses insurance agents, brokers and bondsmen; and reviews and approves 15,000 rate and policy form filings each year. It analyzes annual and quarterly financial statements and other corporate transactions filed by insurance companies and other regulated entities; conducts an average of 90 on-site financial examinations of domestic insurance companies each year; conducts adjudicatory hearings; and handles more than 250,000 consumer and producer interventions and inquiries annually.

The financial condition of insurers licensed to transact business in Pennsylvania is monitored and regulated through the department's examination and financial analysis functions. Because of the concern regarding the number of financially troubled insurers and national attention focused on the quality of state regulation and insurer solvency, the department continues to commit its resources to solvency regulation. The department has implemented risk-based capital requirements for all types of insurers and increased its use of targeted or limited scope financial examinations in response to market conditions or deteriorating insurer financial results. Resources continue to be focused on improving the effectiveness of regulatory actions taken to correct problems before they lead to insolvency.

The Federal Gramm-Leach-Bliley Financial Services Modernization Act of 1999 enables insurance companies, banks and securities firms to merge and sell one another's products. Pennsylvania is acting in concert with other states to develop a blueprint for state insurance regulation. The department is working to educate consumers with respect to the vast array of products available and provide a regulatory climate that will enable insurance companies to remain competitive in an increasingly global marketplace. Additional coordination with other states aims for more uniform and streamlined producer licensing.

The Consumer Liaison office established in 2004 enhances the department's role as an active advocate for insurance consumers. The department's three regional offices provide the public with insurance information, education and complaint resolution services. The department conducts field investigations of insurance law violations and undertakes on-site market conduct examinations of insurance company records, files and operations.

The Insurance Commissioner, by law, serves as statutory liquidator/receiver for Pennsylvania domestic insurers found to be insolvent by the Commonwealth Court and for unlicensed insurance entities.

Program Element: Consumer Insurance

The Children's Health Insurance Program (CHIP) was established by Act 113 of 1992 and significantly expanded with the passage of Act 68 of 1998. CHIP makes comprehensive free or low-cost health insurance available to the children of low-income working parents. CHIP offers a comprehensive package of benefits, including well child visits, immunizations, prescription coverage, emergency care, inpatient services, mental health services and hearing, vision, and dental services. Act 136 of 2006 enhanced the program by creating Cover All Kids, which provides access to health insurance coverage for all uninsured children. There are increased income eligibility limits for subsidized coverage, with cost-sharing on a sliding scale, up to 300 percent of the federal poverty level with higher-income families able to purchase health care coverage at the commonwealth's cost. The coverage is funded from a portion of cigarette tax receipts, a state appropriation, the federal State Children's Health Insurance program under Title XXI of the Social Security Act and payments by participating working families. As of June 2008 enrollment was approximately 174,000 children.

Act 77 of 2001 established the Tobacco Settlement Fund and provided funding for programs that improve the health status of Pennsylvania citizens. A portion of fund revenues is provided for the Adult Health Insurance program, which began coverage on July 1, 2002. The program provides health care insurance for adults between the age of 19 and 65 years whose household income is less than 200 percent of the federal poverty level and who are ineligible for other insurance. The department's responsibility includes contracting with insurers for a benefit package and providing for outreach activities. Enrolled adults contribute monthly to the cost of the coverage. Additional funds for the adult health program have come from the health care industry in the form of Community Health Reinvestment funds. This budget proposes to expand the adultBasic program with new federal matching funds. Enrollment as of June 2008 was approximately 54,100 adults.

Program: Insurance Industry Regulation (continued)

The Catastrophic Loss Benefits Continuation Fund, funded through certain motor vehicle violation surcharge fees, provides benefits to Pennsylvanians who were catastrophically injured in motor vehicle accidents prior to January 1, 1990, and incurred medical expenses in excess of $100,000. Effective January 1, 2004, the surcharge fees are deposited to the Medical Care Availability and Reduction of Error (Mcare) Fund for a 10-year period, and this budget proposes to continue these transfers for an additional 10 years to help pay down the unfunded liability of the Mcare Fund. Revenue from investment income will continue to accrue to the Catastrophic Loss Benefit Continuation Fund.

The Mcare Fund, established pursuant to Act 13 of 2002, established requirements for basic medical professional liability insurance coverage for health care providers and for their purchase of excess insurance through this program. The Mcare program is responsible for payment of claims against participating health care providers for losses or damages awarded in medical professional liability actions against them in excess of basic insurance coverage. Revenue for the fund is derived by levying an annual surcharge on health care providers and from motor vehicle violation surcharges.

Act 44 of 2003 provides for the Health Care Provider Retention Account, which receives 18.52 percent of the cigarette tax and supported a program to subsidize Mcare premiums. This program provided surcharge abatements to health care providers for calendar years 2003 and 2004. Act 154 of 2004 extended the abatement for one more year. Act 88 of 2005 added an additional year and included nursing homes as eligible. Act 128 of 2006 extended the abatement through 2007. The program abated 100 percent of the Mcare billing for providers in high-risk classes and 50 percent for others.

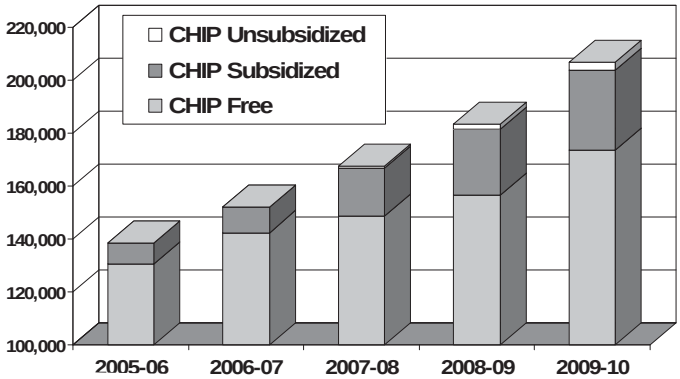
The Underground Storage Tank Indemnification Fund, established pursuant to Act 32 of 1989, the Storage Tank and Spill Prevention Act, provides claims payments to owners and operators of underground storage tanks. The program is funded through a fee schedule based on the type of product stored in the underground storage tank. In addition to making claim payments to eligible tank owners or operators for damages caused by releases from their tanks, programs include the Tank Installation Indemnification program in the Insurance Department, the Upgrade Loan program in the Department of Community and Economic Development and the Pollution Prevention and Environmental Clean-Up program in the Department of Environmental Protection.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Companies in liquidation	9	9	6	4	3	0	0
Administrative hearings held	208	190	190	190	190	190	190
Rate filings reviewed	7,113	6,500	6,500	6,500	6,500	6,500	6,500
Form filings reviewed	8,592	7,900	7,900	7,900	7,900	7,900	7,900
Enforcement investigations completed	374	350	350	350	350	350	350
Insurer Market Conduct Examinations completed	41	35	35	35	35	35	35
Company financial and corporate filings reviewed	2,905	2,900	2,900	2,900	2,900	2,900	2,900
Consumer interventions	115,505	162,000	163,000	163,000	163,000	163,000	163,000
Children's Health Insurance Program enrollment (monthly average)	167,583	183,356	206,836	206,836	206,836	206,836	206,836
Adult Health Insurance program enrollment (at end of year)*	54,094	40,052	90,000	90,000	90,000	90,000	30,000

* This budget assumes that the expanded adultBasic program sunsets June 30, 2013. The 2013-14 enrollment reflects continuation of funding from Tobacco Settlement funds and Community Health Reinvestment funds.

Program: Insurance Industry Regulation (continued)

Children's Health Insurance Children Served



Pennsylvania's Children's Health Insurance Program has been a national leader in ensuring that free or subsidized health care is available for children of low-income families. It is projected that almost 207,000 uninsured children will be served by the program in 2009-10.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

General Government Operations

$ –1,538	—nonrecurring 2008-09 budgetary freeze amount.
–100	—reduction in administrative costs.
111	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
$ –1,527	*Appropriation Decrease*

Rx for PA- Small Business Regulation

$ –133	—funding elimination.

Children's Health Insurance Administration

$ –130	—reduction in administrative costs.

Adult Health Insurance Administration

$ –312	—reduction in administrative costs.

Children's Health Insurance

$ 7,700	—Initiative—Expanded Children's Health Insurance Program. To provide free and subsidized health care insurance for 22,400 additional uninsured children.

USTIF Loan Repayment

$ –7,000	—reduction in loan repayment.

TOBACCO SETTLEMENT FUND

Adult Health Insurance Administration

$ 8,050	—to administer an expanded adultBasic program.

Adult Health Insurance

$ –19,228	—based on current estimate.

This budget recommends the following from a restricted account:

Community Health Reinvestment

$ –47,040	—based on current estimate.

This budget recommends $132,855,000 in federal funds for an expanded adultBasic program, which will more than offset the decrease in Tobacco and Community Health Reinvestment funds. Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on expansion of the adultBasic program.

Program: Insurance Industry Regulation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 23,520	$ 23,334	$ 21,807	$ 21,807	$ 21,807	$ 21,807	$ 21,807
Rx for PA- Small Business Regulation	0	133	0	0	0	0	0
Children's Health Insurance Administration	2,381	2,567	2,437	2,437	2,437	2,437	2,437
Adult Health Insurance Administration	3,458	3,412	3,100	3,100	3,100	3,100	3,100
Children's Health Insurance	65,931	86,900	94,600	94,600	94,600	94,600	94,600
USTIF Loan Repayment	6,000	8,000	1,000	1,000	1,000	1,000	1,000
TOTAL GENERAL FUND	$ 101,290	$ 124,346	$ 122,944	$ 122,944	$ 122,944	$ 122,944	$ 122,944
TOBACCO SETTLEMENT FUND:							
Adult Health Insurance Administration (EA)	$ 0	$ 0	$ 8,050	$ 6,900	$ 6,900	$ 6,900	$ 0
Adult Health Insurance (EA)	55,784	41,127	21,899	21,144	17,144	12,708	14,689
TOTAL TOBACCO SETTLEMENT FUND	$ 55,784	$ 41,127	$ 29,949	$ 28,044	$ 24,044	$ 19,608	$ 14,689

Department of Labor and Industry

The mission of the Department of Labor and Industry is to foster and maintain economic growth and economic development in Pennsylvania.

The mission is accomplished through programs that protect the health, welfare and safety of workers, provide meaningful job training and placement services, stabilize the incomes of injured, disabled or unemployed workers and facilitate labor-management cooperation.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 15,585**	**$ 16,074**	**$ 15,627**
(F)Workforce Investment Act - Administration	11,000	11,000	11,000
(F)Community Service and Corps	10,067	10,067	10,067
(F)Disability Determination	96,888	102,308	107,421
(F)New Hires	1,647	1,597	1,581
(F)Career Resource Network (EA)	100	100	0
(A)Federal Indirect Cost Reimbursements	3,500	3,500	0
(A)Interpreter Registry	20	3	20
(A)Pa One Call Fees	2	0	0
(A)Labor Management Committees	0	450	0
Subtotal	$ 138,809	$ 145,099	$ 145,716
Occupational and Industrial Safety	**12,894**	**12,715**	**12,200**
(A)Federal Indirect Cost Reimbursements	0	1,000	0
PENNSAFE	**1,465**	**1,528**	**1,400**
(F)Underground Utility Line Protection	500	500	500
(R)Asbestos and Lead Certification (EA)	1,500	1,972	2,032
Pennsylvania Conservation Corps	**6,774**	**6,648**	**6,400**
Subtotal - State Funds	$ 36,718	$ 36,965	$ 35,627
Subtotal - Federal Funds	120,202	125,572	130,569
Subtotal - Augmentations	3,522	4,953	20
Subtotal - Restricted Revenues	1,500	1,972	2,032
Total - General Government	$ 161,942	$ 169,462	$ 168,248
Grants and Subsidies:			
Occupational Disease Payments	**$ 1,144**	**$ 1,100**	**$ 1,250**
Vocational Rehabilitation Services	**3,600**	**3,553**	**2,188**
Entrepreneurial Assistance	**955**	**943**	**543**
Transfer to Vocational Rehabilitation Fund	**38,083**	**43,601**	**43,083**
Supported Employment	**1,039**	**1,025**	**975**
Centers for Independent Living	**2,250**	**2,273**	**2,176**
Workers' Compensation Payments	**1,900**	**2,375**	**1,500**
Training Activities	**17,025**	**16,804**	**12,754**
New Choices / New Options	**2,500** a	**2,476**	**0**
Assistive Technology	**1,301**	**1,291**	**1,291**
Self Employment Assistance	**500**	**375**	**0**
Employment Services	**10,655**	**10,500**	**0**
(F)Reed Act - Unemployment Insurance	12,000	12,000	12,000
(F)Reed Act - Employment Services	250,000	200,000	125,000
(F)WIA - Adult Employment and Training	60,000	60,000	60,000
(F)WIA - Youth Employment and Training	52,000	52,000	52,000
(F)WIA - Statewide Activities	23,000	23,000	23,000
(F)WIA - Dislocated Workers	109,000	109,000	109,000
(F)WIA - Veterans Employment and Training	900	900	900
(F)TANFBG - Youth Employment and Training	15,000	15,000	15,000
(F)Joint Jobs Initiative (EA)	109,765	107,428	115,199
(F)New Directions (EA)	999	999	999
(F)Comprehensive Workforce Development (EA)	1,971	1,575	1,279
(A)Joint Jobs Initiative	49,304	40,135	40,135
(A)New Directions	1,591	1,590	1,590
Subtotal	$ 696,185	$ 634,127	$ 556,102
Industry Partnerships	**5,000**	**4,935**	**3,613**
(A)Nursing Shortage Initiative - PHEAA	2,450	0	0
Beacon Lodge Camp	**105**	**104**	**94**

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Subtotal	$ 2,555	$ 104	$ 94
Subtotal - State Funds	$ 86,057	$ 91,355	$ 69,467
Subtotal - Federal Funds	634,635	581,902	514,377
Subtotal - Augmentations	53,345	41,725	41,725
Total - Grants and Subsidies	$ 774,037	$ 714,982	$ 625,569
STATE FUNDS	$ 122,775	$ 128,320	$ 105,094
FEDERAL FUNDS	754,837	707,474	644,946
AUGMENTATIONS	56,867	46,678	41,745
RESTRICTED REVENUES	1,500	1,972	2,032
GENERAL FUND TOTAL	**$ 935,979**	**$ 884,444**	**$ 793,817**
OTHER FUNDS:			
GENERAL FUND:			
Vending Machine Proceeds	$ 674	$ 855	$ 855
ADMINISTRATION FUND:			
Administration of Unemployment	$ 180,291	$ 181,000	$ 181,000
EMPLOYMENT FUND FOR THE BLIND:			
General Operations	$ 1,163	$ 1,300	$ 1,100
JOB TRAINING FUND:			
Job Training Programs	$ 6,000	$ 5,400	$ 3,700
HAZARDOUS MATERIAL RESPONSE FUND:			
Hazardous Material Response Administration	$ 46	$ 170	$ 170
REHABILITATION CENTER FUND:			
General Operations	$ 20,982	$ 22,200	$ 21,054
VOCATIONAL REHABILITATION FUND:			
General Operations (EA)	$ 1,200 [b]	$ 1,700 [b]	$ 700 [b]
Vocational Rehabiltation Services (F)	136,899	137,299	137,299
VOCATIONAL REHABILITATION FUND TOTAL	**$ 138,099**	**$ 138,999**	**$ 137,999**
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Administration of Workers' Compensation	$ 63,383	$ 76,366	$ 72,218
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 122,775	$ 128,320	$ 105,094
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	754,837	707,474	644,946
AUGMENTATIONS	56,867	46,678	41,745
RESTRICTED	1,500	1,972	2,032
OTHER FUNDS	410,638	426,290	418,096
TOTAL ALL FUNDS	**$ 1,346,617**	**$ 1,310,734**	**$ 1,211,913**

[a] Appropriated in the Department of Eduction.

[b] Transfer to Vocational Rehabilitation Fund not added to the total to avoid double counting: 2007-08 Actual is $39,283,000, 2008-09 Available is $45,301,000 and 2009-10 Budget is $43,783,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
COMMUNITY AND OCCUPATIONAL SAFETY AND STABILITY							
GENERAL FUND	$ 29,944	$ 30,317	$ 29,227	$ 29,227	$ 29,227	$ 29,227	$ 29,227
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	600	600	500	500	500	500	500
OTHER FUNDS	5,068	7,095	2,222	2,222	2,222	2,222	2,222
SUBCATEGORY TOTAL	$ 35,612	$ 38,012	$ 31,949	$ 31,949	$ 31,949	$ 31,949	$ 31,949
WORKERS COMPENSATION AND ASSISTANCE							
GENERAL FUND	$ 3,044	$ 3,475	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	98,535	103,905	109,002	109,002	109,002	109,002	109,002
OTHER FUNDS	249,674	262,766	256,918	256,918	256,918	256,918	256,918
SUBCATEGORY TOTAL	$ 351,253	$ 370,146	$ 368,670	$ 368,670	$ 368,670	$ 368,670	$ 368,670
WORKFORCE INVESTMENT							
GENERAL FUND	$ 42,454	$ 41,738	$ 22,767	$ 22,767	$ 22,767	$ 22,767	$ 22,767
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	655,702	602,969	535,444	535,444	535,444	535,444	535,444
OTHER FUNDS	53,345	41,725	41,725	41,725	41,725	41,725	41,725
SUBCATEGORY TOTAL	$ 751,501	$ 686,432	$ 599,936	$ 599,936	$ 599,936	$ 599,936	$ 599,936
VOCATIONAL REHABILITATION							
GENERAL FUND	$ 47,333	$ 52,790	$ 50,350	$ 50,350	$ 50,350	$ 50,350	$ 50,350
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	160,918	163,354	161,008	160,660	160,660	160,660	160,660
SUBCATEGORY TOTAL	$ 208,251	$ 216,144	$ 211,358	$ 211,010	$ 211,010	$ 211,010	$ 211,010
ALL PROGRAMS:							
GENERAL FUND	$ 122,775	$ 128,320	$ 105,094	$ 105,094	$ 105,094	$ 105,094	$ 105,094
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	754,837	707,474	644,946	644,946	644,946	644,946	644,946
OTHER FUNDS	469,005	474,940	461,873	461,525	461,525	461,525	461,525
DEPARTMENT TOTAL	$ 1,346,617	$ 1,310,734	$ 1,211,913	$ 1,211,565	$ 1,211,565	$ 1,211,565	$ 1,211,565

PROGRAM OBJECTIVE: To further economic development in the commonwealth by promoting the health, welfare and safety of employees and acting to maintain continuous production and employment through mediation.

Program: Community and Occupational Safety and Stability

The department is responsible for administering a wide range of laws designed to enhance income security, safeguard the health of workers and the general public, protect the rights of Pennsylvania workers and promote labor relations stability and labor-management cooperation.

Program Element: Income Security and Workers' Rights

The department monitors and enforces the Minimum Wage, Wage Payment and Collection and Prevailing Wage laws to protect the income of employees. The department also protects workers' rights by ensuring compliance with the Child Labor, Seasonal Farm Labor, Industrial Homework, Equal Pay and Medical Pay laws. The department informs employees and employers about the laws, conducts investigations and resolves disputes.

Program Element: Labor Relations

Labor relations stability is promoted through the provision of mediation services to the public and private sectors. Under the Public Employee Relations Act, parties to a contract in the public sector must notify the department if no agreement has been reached after contract negotiations have commenced. In the private sector, dispute notices must be filed with the department based on the National Labor Relations Act. Mediation services are mandatory in the public sector and voluntary in the private sector. Each year the department mediates more than 800 cases.

The Pennsylvania Labor Relations Board enforces and implements the provisions of the commonwealth's laws relating to private and public sector collective bargaining, including the Pennsylvania Labor Relations Act, the Public Employe Relations Act and acts relating to police and fire employees. The board determines collective bargaining representatives, prevents and discourages unfair practices in the public sector and contributes to the resolution of bargaining disputes by the issuance of arbitration panels and the appointment of fact finders.

The Office of Labor-Management Cooperation promotes labor-management cooperation through the support of and coordination with the area labor-management committees throughout Pennsylvania. The Pennsylvania Bureau of Mediation provides technical assistance as facilitator for cooperative programs. In addition to promoting labor-management cooperation, the office also recognizes and awards existing successful labor-management cooperation efforts in the commonwealth.

Program Element: Public Health and Safety

The Bureau of Occupational and Industrial Safety administers all the Pennsylvania Construction Code, Bedding and Upholstery, Stuffed Toy, Employment Agency, Flammable and Combustible Liquids, LP Gas, Boiler, Lead Certification and Asbestos Occupations Accreditation and Certification Acts. The bureau enforces these acts through the promulgation of regulations, plan reviews and field inspections, licensing and certification, and complaint investigation.

Act 45 of 1999, the Pennsylvania Construction Code Act, required the department to adopt the International Codes as Pennsylvania's Uniform Construction Code (UCC) in place of disparate community-based codes previously in existence. As authorized by the act, the department has established a program of training, including continuing education, testing and certification for all persons enforcing any aspect of the UCC. Buildings must comply in seven distinct areas with the approved code for occupancy approval. These areas are (1) building, (2) electrical, (3) mechanical, (4) plumbing, (5) energy, (6) accessibility and (7) fire protection. Elevators and other lifting devices must also meet UCC requirements, which are administered and enforced by the department. Department-certified inspectors ensure compliance with approved plans prior to issuance of an occupancy permit. Of the 2,563 municipalities in the commonwealth, 2,369 have opted for local UCC enforcement except where certified local code officials are not available to approve plans and inspect commercial construction for compliance with UCC accessibility requirements. The department enforces the UCC for all commercial buildings in the 194 municipalities that have not chosen to provide their own enforcement. The department has sole jurisdiction for all state-owned buildings in the commonwealth.

The Worker and Community Right-to-Know Act and the Hazardous Material Emergency Planning & Response Act (Act 165 of 1990), administered by the Bureau of PENNSAFE, requires all employers doing business in Pennsylvania to provide certain information about hazardous chemicals found in their workplace or released into the environment and ensures that on-site chemical information is available to emergency response organizations. Due to homeland security requirements, public inquiries relative to this information must meet set standards under a policy established by the Department of Emergency Management and Homeland Security. The department enforces worker right-to-know provisions for

Program: Community and Occupational Safety and Stability (continued)

public employees and provides education and outreach programs. The Bureau of PENNSAFE also provides more than 300 training sessions annually and technical assistance to employers to assist them in establishing and renewing department-certified workplace safety committees. The department also provides training and outreach programs related to underground utility line damage prevention.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Income Security - Workers' Rights							
Minimum wage violations cited	678	558	600	600	600	600	610
Child labor law violations	160	260	265	270	275	280	270
Nonpayment of wage violations	5,498	5,000	5,000	5,000	5,000	5,000	5,000
Prevailing Wage Law violations	761	470	470	470	470	470	480
Prevailing Wage Law violations cases closed	526	400	400	400	400	400	410
Prevailing Wage Law violations cases closed – Average number of days	78	78	78	78	78	78	78
Labor Relations							
Mediated cases involving work stoppages:							
Public bargaining units	0.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Private bargaining units	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Unfair labor practice cases opened	417	550	550	550	550	550	550
Unfair labor practice cases concluded	448	550	550	550	550	550	550
Union representation cases opened	188	200	200	200	200	200	200
Union representation cases concluded	176	200	200	200	200	200	200
Public Health and Safety Inspections							
Building inspections performed	27,145	32,000	32,000	32,000	32,000	32,000	32,000
Elevator inspections performed	10,007	10,000	11,000	11,000	11,000	11,000	11,000
Boiler inspections performed	32,930	33,000	33,000	33,000	33,000	33,000	33,000
Other inspections performed	5,141	6,000	6,000	6,000	6,000	6,000	6,000
Total inspections performed	75,223	81,000	82,000	82,000	82,000	82,000	82,000
Building approvals issued	3,000	2,900	2,900	2,900	2,900	2,900	2,900
New buildings certified	1,325	1,500	1,500	1,500	1,500	1,500	1,500
Renovations of existing buildings certified	1,352	1,200	1,200	1,200	1,200	1,200	1,200
Municipalities choosing to provide their own enforcement under the Uniform Construction Code Act	2,360	2,300	2,300	2,300	2,300	2,300	2,300
Certifications, accreditations & licensing (Asbestos/Lead/PEAL/UCC)	1,561	1,500	1,500	1,500	1,500	1,500	1,500
Incident reports received	753	1,030	1,030	1,030	1,030	1,030	1,030

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

General Government Operations

$ –836	—nonrecurring 2008-09 budgetary freeze amount.
516	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
–127	—reduction in administrative costs.
$ –447	*Appropriation Decrease*

Occupational and Industrial Safety

$ –566	—nonrecurring 2008-09 budgetary freeze amount.
51	—to continue current program.
$ –515	*Appropriation Decrease*

PENNSAFE

$ –135	—nonrecurring 2008-09 budgetary freeze amount.
7	—to continue current program.
$ –128	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 15,585	$ 16,074	$ 15,627	$ 15,627	$ 15,627	$ 15,627	$ 15,627
Occupational and Industrial Safety	12,894	12,715	12,200	12,200	12,200	12,200	12,200
PENNSAFE	1,465	1,528	1,400	1,400	1,400	1,400	1,400
TOTAL GENERAL FUND	$ 29,944	$ 30,317	$ 29,227	$ 29,227	$ 29,227	$ 29,227	$ 29,227

PROGRAM OBJECTIVE: To further economic development in the commonwealth by stabilizing the incomes of employees who become unemployed.

Program: Workers' Compensation and Assistance

This program provides income and medical services security to qualifying individuals. This program includes workers' compensation, unemployment compensation, occupational disease payments and Social Security disability payments.

Workers' compensation is a system of payments made through private insurance companies, the State Workers' Insurance Fund and self-insured employers to employees who sustain injuries or diseases during their course of employment. The commonwealth's administrative expenses are funded from assessments through the insurance industry and self-insurers.

Act 57 of 1996 substantially amended the Workers' Compensation Act. The amendments addressed the high cost of workers' compensation in the commonwealth with respect to premiums, wage benefits, medical treatment and review and litigation. The amendments were intended to provide expedited settlement of issues, reduce fraud, counteract disincentives to return to work and encourage workplace safety. Their impact is a reduction of burdensomely high costs for businesses and the resultant improvement of the business climate in the commonwealth.

Act 49 of 2001 amended the Workers' Compensation Act to transfer up to $3.8 million from the Workmen's Compensation Administration Fund to the Self-Insurance Guaranty Fund's Prefund Account to pay workers' compensation benefits to eligible claimants injured prior to Act 44 of 1993. Act 44 of 1993 provided for payments to eligible claimants from the Self-Insurance Guaranty Fund. Eligible claimants are those affected by defaulting self-insured employers or defaulting members of self-insurance pooling arrangements.

Act 147 of 2006 amended the Workers' Compensation Act to create an Uninsured Employer Guaranty Fund to provide benefits to injured workers whose employers do not have workers' compensation insurance and are not approved by the commonwealth to self-insure. The benefits and claims management costs of this fund come from an annual assessment on employers. This act also amended the workers' compensation litigation process by requiring a Worker's Compensation Judge to impose specific scheduling orders at the first hearing; mandating mediation unless it would be futile; requiring a "resolution hearing procedure" to expedite consideration of settlements; providing that no Worker's Compensation Judge may receive more than 75 percent of the petitions from a particular county; and limiting claimants' counsel fees in compromise and release cases to 20 percent of the settlement amount.

The department processes applications for federal disability benefits, gathers medical evidence for each claim and makes recommendations to the Social Security Administration under the Social Security Administration's Disability Determination program guidelines.

Occupational disease payments are made primarily to victims of silicosis and related diseases, commonly referred to as "black lung." Victims of these diseases are covered based on their date of last exposure and disability.

Unemployment compensation payments are made to individuals who are unemployed through no fault of their own. The payments are funded from taxes on employers and employees paid into the Unemployment Compensation Trust Fund. Tax rates vary according to the employer's experience with unemployment and the financial condition of the fund. The maximum weekly benefit rate is calculated as 66 2/3 percent of the average weekly wage for the preceding fiscal year. The maximum weekly payment during calendar year 2008 was $539 for an unemployed individual with no dependents and $547 for an individual with two dependents.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Reportable injuries arising in the course of employment under the Workers' Compensation Act	112,070	112,000	112,000	112,000	112,000	112,000	112,000
Total petitions assigned resulting from reportable injuries under the Workers' Compensation Act	51,932	50,000	50,000	50,000	50,000	50,000	50,000
Final decisions in litigated Workers' Compensation claims	52,142	52,300	52,300	52,300	52,300	52,300	52,300
Claimants qualifying for occupational disease payments from commonwealth funds	652	684	650	620	590	550	520

Program: Workers' Compensation and Assistance (continued)

Program Measures: (continued)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Average time in days—Cases filed/ concluded (Workers' Compensation and Occupational Disease in which PA contests the liability for benefits)	217	240	240	240	240	240	240
New claims for unemployment compensation	640,179	667,000	648,000	618,000	618,000	618,000	618,000

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Occupational Disease Payments

$ 150 —to continue current program.

Workers Compensation Payments

$ –875 —based on estimated payments.

In addition, this budget recommends the following change to the Workers' Compensation Program through the Workmen's Compensation Administration Fund.

Administration of Workers' Compensation

$ –4,148 —nonrecurring payments.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Occupational Disease Payments.....	$ 1,144	$ 1,100	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250
Workers' Compensation Payments	1,900	2,375	1,500	1,500	1,500	1,500	1,500
TOTAL GENERAL FUND	$ 3,044	$ 3,475	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750

PROGRAM OBJECTIVE: To provide meaningful job training and placement services in a coordinated role with other commonwealth agencies, the private sector and the federal government in order to secure unsubsidized employment for unemployed Pennsylvanians.

Program: Workforce Investment

The Workforce Investment program provides a range of employment and training services administered by the bureaus of Workforce Development Partnership, Unemployment Compensation, the Pennsylvania Conservation Corps and the Center for Workforce Information and Analysis. The Department of Labor and Industry is the lead agency in administering interagency employment and training programs for Pennsylvania's adult labor force and youth. Programs assist people who are looking for work, including Temporary Assistance for Needy Families clients and unemployed individuals, in skill development and in finding suitable employment, as well as assisting working Pennsylvanians with career advancements into family sustaining jobs. In addition, youth programs provide at risk youth with skill development, career education and job placement.

In 2004-05, the Department of Labor and Industry, working with the Departments of Community and Economic Development and Education, published "Pennsylvania's Targeted Industry Clusters" in order to ensure that training and education programs are driven by employer demand. Through additional occupational analysis and the creation of Industry Partnerships (a consortium of similar businesses), existing training in all programs is being better aligned to meet the demands of employers – providing a skilled workforce for the commonwealth's most competitive business sectors and opportunities for Pennsylvania citizens.

Act 5 of 2005 created the Job Training Fund to facilitate advances in workforce development in the commonwealth. This fund will award annual grants to entities in specified rural counties that run workforce education programs and services for job training assistance to incumbent workers, dislocated workers, adult and youth workers and other workforce development programs.

Program Element: Workforce Investment Act

Local Workforce Investment Boards plan and oversee the local delivery of workforce development activities and services with approval by the Governor. The boards, in partnership with local elected officials, identify eligible providers of training services, monitor system performance and help develop the regional labor market information system. The Federal Workforce Investment Act (WIA) of 1998 was enacted to improve the delivery of job training and employment services.

Funding for numerous programs has been consolidated under the WIA into three basic grants under Title I-B:

- adult employment and training,
- dislocated worker employment and training, and
- youth employment and training.

Eighty-five percent of the federal funds appropriated for adult and youth services are allotted to local workforce investment areas; the remainder is reserved for statewide activities.

In addition, the law gives states and local areas more authority and responsibility for job training needs and decisions and individuals more customer choice.

Program Element: PA CareerLink

The former Job Centers have evolved into Pennsylvania CareerLinks, a one-stop system for workforce development services. The transition has improved service for businesses, job seekers and other customers by integrating systems and coordinating services. Services available at the PA CareerLink for individuals include: job search and placement assistance (including career counseling), labor market information (which identifies job vacancies, skills needed for in-demand jobs and local, regional and national trends), initial assessment of skills and needs and information about available services and follow-up services to help customers keep their jobs after placement. Services available to businesses include: assistance in matching qualified job-seekers with job openings, identifying tax incentives/credits that the business may be eligible for by employing certain target groups, assessment for occupational and training needs, and provision of labor market information. In addition to physical locations, the PA CareerLink also offers an Internet-based system that both employer and job seeker customers can access 24 hours a day to receive available services.

The PA CareerLink system is a cooperative effort involving the Departments of Education, Labor and Industry, and Public Welfare in partnership with training providers, employers and various system users.

Program Element: Dislocated Workers

The department provides funds to assist dislocated workers through training programs, rapid response efforts, support services and needs-based payments.

Twenty percent of federal funds appropriated for dislocated workers are retained at the federal level to

Program: Workforce Investment (continued)

provide national emergency grants, dislocated worker demonstration projects and technical assistance.

Eighty percent of the funds Congress authorizes for dislocated workers are allotted to states. Of this allotment, 60 percent is allocated to local areas, and 40 percent is retained at the state level (15 percent for statewide activities and 25 percent for rapid response efforts). Local areas offer job search assistance and training services to dislocated workers.

Rapid Response is an early intervention service that assists workers, employers and communities affected by layoffs, plant closures or natural disasters. The primary objective of the Rapid Response program is to provide workers with information on the services they need to allow them to find new jobs or get the training and education needed for new careers so that they can get back to work quickly. Through Rapid Response, workers are provided information about the following services: Unemployment Insurance, training opportunities, job search assistance, Trade Act programs, health insurance and pension benefits, social services and emergency assistance. The Rapid Response program also offers referrals to state and local economic development services designed to help businesses that are at risk of closing to keep their doors open.

Rapid Response program activities are triggered when the Department of Labor and Industry learns of a planned closure or layoff either by receiving a notice under the Federal Worker Adjustment and Retraining Notification (WARN) Act, through the media or by information provided by community and business leaders. Services may also be offered when Pennsylvania experiences mass job dislocation as the result of a disaster. There is no charge to the employer or employee for these services and they are provided regardless of the reason for the layoff.

Program Element: Pennsylvania Conservation Corps

The Pennsylvania Conservation Corps (PCC or Corps) incorporates a two-fold mission: raising the skill level, self-confidence and employability of unemployed young adults, along with improving the commonwealth's natural, historical and recreational resources. Corps members are enrolled for a one-year term of service and may be extended for up to two additional six-month terms. Working in teams, under the guidance of skilled crew leaders, corps members develop trails, install playground equipment, improve wildlife habitat, build cabins and pavilions and complete a tremendous variety of other projects on the commonwealth's public lands. In the course of their PCC service, members receive on-the-job training in a variety of trade skills and are offered a range of academic, technical and life-skills training geared toward their individual needs and goals. Corps members who do not have a high school diploma are required to enroll in GED-preparation classes. Those who graduate from high school or earn a GED are offered other training opportunities. A member whose assessment scores in any area are not at or above the eighth-grade level (regardless of whether or not the individual has a diploma or GED) must take adult basic education classes until his or her scores improve, at which point he or she becomes eligible for other training opportunities.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Work Investment Act Title I							
Percentage employed after program exit	81.2%	88.0%	89.0%	89.0%	89.0%	89.0%	90.0%
Entered employment by targeted industry cluster	55.2%	60.0%	60.0%	61.0%	61.0%	61.0%	62.0%
Employed for nine months after program exit	86.9%	89.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Training cost per participant	$4,503	$4,000	$4,000	$3,750	$3,500	$3,500	$3,500
Average cost per participant placed in industry	$5,921	$5,000	$5,000	$4,750	$4,500	$4,500	$4,500
Percentage of participants employed, in military or in post-secondary education	56.8%	55.0%	57.0%	59.0%	60.0%	61.0%	62.0%
Percentage of participants who earned a degree, GED or certificate	79%	65%	66%	67%	67%	68%	70%
Percentage of participants who increase educational functional levels	43%	52%	52%	54%	55%	55%	58%
Wagner Peyser							
Percentage employed after program exit	62%	76%	77%	80%	82%	82%	85%
Entered employment by targeted industry cluster	42%	48%	50%	50%	52%	54%	58%
Employed for nine months after program exit	83%	87%	87%	88%	88%	89%	92%
Training cost per participant	$78	$90	$90	$90	$90	$90	$90
Average cost per participant placed in industry	$125	$140	$140	$140	$140	$140	$140

Program: Workforce Investment (continued)

Program Measures: (continued)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Pennsylvania Conservation Corps (PCC)							
Percentage employed after program exit	58%	57%	60%	62%	65%	68%	69%
Entered employment by targeted industry cluster	40%	40%	42%	44%	46%	48%	48%
Employed for nine months after program exit	73%	68%	69%	70%	70%	70%	72%
Percentage of participants who earned a degree, GED or certificate	99%	100%	100%	100%	100%	100%	100%
Percentage of participants who increase educational functional levels	78%	92%	93%	95%	96%	97%	98%
Incumbent Workers							
Employed for nine months after program exit	99%	95%	95%	95%	95%	95%	95%
Training cost per participant	$4,281	$2,300	$2,300	$2,300	$2,300	$2,300	$2,300
Earnings increase	$586	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Industry Partnerships							
Number of partnerships	87	98	103	108	113	120	90
Number of employers	6,111	6,100	6,250	6,500	6,750	7,000	7,100

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Pennsylvania Conservation Corps

$ –104	—nonrecurring 2008-09 budgetary freeze amount.
–144	—reduction in administrative costs.
$ –248	*Appropriation Decrease*

Training Activities

$ –1,050	—nonrecurring 2008-09 budgetary freeze amount.
–3,000	—program reduction.
$ –4,050	*Appropriation Decrease*

New Choices / New Options

$ –2,476	—nonrecurring projects.

Self Employment Assistance

$ –375	—nonrecurring projects.

Employment Services

$ –10,500	—nonrecurring projects.

Industry Partnerships

$ –322	—nonrecurring 2008-09 budgetary freeze amount.
–1,000	—program reduction.
$ –1,322	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Pennsylvania Conservation Corps	$ 6,774	$ 6,648	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400
Training Activities	17,025	16,804	12,754	12,754	12,754	12,754	12,754
New Choices / New Options	0	2,476	0	0	0	0	0
Self Employment Assistance	500	375	0	0	0	0	0
Employment Services	10,655	10,500	0	0	0	0	0
Industry Partnerships	5,000	4,935	3,613	3,613	3,613	3,613	3,613
TOTAL GENERAL FUND	$ 39,954	$ 41,738	$ 22,767	$ 22,767	$ 22,767	$ 22,767	$ 22,767

PROGRAM OBJECTIVE: To enable eligible persons with disabilities to obtain competitive employment.

Program: Vocational Rehabilitation

The mission of the Office of Vocational Rehabilitation is to assist Pennsylvanians with disabilities to secure and maintain employment and independence. This program, conducted in conjunction with the federal government, targets the estimated 540,000 citizens of the commonwealth who have physical or mental impairments that present a substantial impediment to employment. During 2008, approximately 88,500 customers with disabilities were referred to and/or served by the Office of Vocational Rehabilitation.

The Federal Rehabilitation Act of 1973, as amended through 1992, established eligibility criteria for vocational rehabilitation services. Services are provided to individuals with disabilities who can benefit from services to prepare for, enter or retain employment. Primary emphasis is placed on serving individuals with the most severe disabilities. These individuals generally require extensive and varied services over an extended period of time. State and federal funds are expended through the Vocational Rehabilitation Fund. In addition, the fully state-funded Vocational Rehabilitation Services program provides training and employment services to those who qualify for the federal program but are not in the highest priority group, or who only need short-term services.

Act 15 of 1999 transferred the administration of services provided to persons who are blind or visually impaired from the Department of Public Welfare to the Department of Labor and Industry. This realignment provides more efficient and higher quality services while maintaining a distinct and specialized service model. Qualified applicants who are blind or visually impaired may receive specialized services through programs that are fully state-funded or through the Independent Living for Older Blind program within the Rehabilitation Act. Services may coincide with vocational rehabilitation services or be provided separately, depending on the needs of the individual.

To address the needs of individuals who do not meet federal eligibility criteria, state funds are provided for the Centers for Independent Living (CILs). CILs are non-residential centers that provide information and referral services, peer counseling, independent living skills training and other services to Pennsylvanians with disabilities.

The Supported Employment program improves employment opportunities for those previously considered to have disabilities so severe that they could not benefit from the traditional vocational rehabilitation program. Supported employment combines job placement in the community with job training at the job site. Full-time training and support services are provided.

Grants are provided through the Independence Capital Access Network to businesses for the purchase of specialized or adaptive equipment to employ Pennsylvanians with disabilities.

This program also includes the Hiram G. Andrews Center (HGAC) in Johnstown. The center provides a wide array of vocational rehabilitation and job training services. HGAC draws funds from the federal/state program as well as from numerous grants and special projects.

The Office for the Deaf and Hard of Hearing responds to requests for information and referral, promotes access for people who are deaf and provides public education about hearing loss and deafness.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Caseload							
Carry-over	58,979	55,250	55,250	55,250	55,250	55,250	55,250
New referrals	33,270	28,000	28,000	28,000	28,000	28,000	28,000
Total caseload	92,249	83,250	83,250	83,250	83,250	83,250	83,250
Cases Closed							
Ineligible or plan not initiated	12,264	11,900	11,900	11,900	11,900	11,900	11,900
Placed in competitive employment	10,012	10,800	10,800	10,800	10,800	10,800	10,800
Nonrehabilitated	6,914	8,200	8,200	8,200	8,200	8,200	8,200
Total cases closed	29,190	30,900	30,900	30,900	30,900	30,900	30,900
Cases carried over	63,059	52,330	52,330	52,330	52,330	52,330	52,330
Most severely disabled rehabilitated	9,829	11,105	11,015	11,015	11,015	11,015	11,015
Services for the Visually Impaired							
Persons who are blind or visually impaired	19,537	17,800	17,800	17,800	17,800	17,800	17,800
Persons who are blind or visually impaired placed in employment	434	415	415	415	415	415	415

Program: Vocational Rehabilitation (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Economic/client earnings information closed as competitively employed	$417	$331	$331	$331	$331	$331	$331
Total weekly earnings for clients closed as competitively employed (in thousands)	$4,181	$3,587	$3,587	$3,587	$3,587	$3,587	$3,587
Average taxes paid by a competitively employed client	$4,484	$4,475	$4,475	$4,475	$4,475	$4,475	$4,475
Total taxes paid by competitively employed clients (in thousands)	$57,827	$48,487	$48,487	$48,487	$48,487	$48,487	$48,487

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Vocational Rehabilitation Services

$ –1,365 —nonrecurring 2008-09 budgetary freeze amount.

Entrepreneurial Assistance

$ –400 —nonrecurring 2008-09 budgetary freeze amount.

Transfer to the Vocational Rehabilitation Fund

$ –518 —nonrecurring project.

Supported Employment

$ –50 —nonrecurring 2008-09 budgetary freeze amount.

Centers for Independent Living

$ –97 —nonrecurring 2008-09 budgetary freeze amount.

Beacon Lodge Camp

$ –10 —reduction in state support.

Assistive Technology is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Vocational Rehabilitation Services	$ 3,600	$ 3,553	$ 2,188	$ 2,188	$ 2,188	$ 2,188	$ 2,188
Entrepreneurial Assistance	955	943	543	543	543	543	543
Transfer to Vocational Rehabilitation Fund	38,083	43,601	43,083	43,083	43,083	43,083	43,083
Supported Employment	1,039	1,025	975	975	975	975	975
Centers for Independent Living	2,250	2,273	2,176	2,176	2,176	2,176	2,176
Assistive Technology	1,301	1,291	1,291	1,291	1,291	1,291	1,291
Beacon Lodge Camp	105	104	94	94	94	94	94
TOTAL GENERAL FUND	$ 47,333	$ 52,790	$ 50,350	$ 50,350	$ 50,350	$ 50,350	$ 50,350

LIQUOR CONTROL BOARD

The mission of the Liquor Control Board is to regulate the alcohol beverage industry in a fair and consistent manner; to provide the best service to its customers through modern, convenient outlets, superior product selection and competitive prices in a controlled environment; and to provide factual information on alcohol and its effects through a comprehensive alcohol education program.

The Liquor Control Board controls the manufacture, possession, sale, consumption, importation, use, storage, transportation and delivery of liquor, alcohol and malt or brewed beverages in the commonwealth.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
(F)Enforcing Underage Drinking Laws (EA)	$ 431	$ 67	$ 0
(F)Rural Communities Initiative (EA)	379	0	0
Total - General Government	$ 810	$ 67	$ 0
GENERAL FUND TOTAL	**$ 810**	**$ 67**	**$ 0**
OTHER FUNDS:			
STATE STORES FUND:			
General Operations (EA)	$ 377,083	$ 389,048	$ 409,582
Purchase of Liquor (EA)	966,000	1,017,762	1,066,615
Comptroller Operations (EA)	8,379	8,391	5,944
Transfer of Profits to General Fund (EA)	80,000	125,000	80,000
STATE STORES FUND TOTAL	**$ 1,431,462**	**$ 1,540,201**	**$ 1,562,141**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	810	67	0
OTHER FUNDS	1,431,462	1,540,201	1,562,141
TOTAL ALL FUNDS	**$ 1,432,272**	**$ 1,540,268**	**$ 1,562,141**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
LIQUOR CONTROL							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	810	67	0	0	0	0	0
OTHER FUNDS	1,431,462	1,540,201	1,562,141	1,562,141	1,562,141	1,562,141	1,562,141
SUBCATEGORY TOTAL	$ 1,432,272	$ 1,540,268	$ 1,562,141	$ 1,562,141	$ 1,562,141	$ 1,562,141	$ 1,562,141
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	810	67	0	0	0	0	0
OTHER FUNDS	1,431,462	1,540,201	1,562,141	1,562,141	1,562,141	1,562,141	1,562,141
DEPARTMENT TOTAL	$ 1,432,272	$ 1,540,268	$ 1,562,141	$ 1,562,141	$ 1,562,141	$ 1,562,141	$ 1,562,141

PROGRAM OBJECTIVE: To control the manufacture, distribution and sale of alcoholic beverages in Pennsylvania.

Program: Liquor Control

All bottle sales of wines and spirits in Pennsylvania, with the exception of sales by licensed limited wineries, are made through approximately 620 state liquor stores operated by the Liquor Control Board. This includes both retail sales to individual consumers and wholesale sales to those private establishments that make retail sales of alcoholic beverages by the drink. The state liquor stores include six outlet stores, 19 one-stop shops located in grocery stores, 74 Premium Collection stores and 154 stores open on Sundays.

Revenues from the sale of wines and spirits cover the cost of merchandise sold in the stores, all costs of operating the Liquor Control Board and the cost of operating the Office of the Comptroller for the board. Additionally, these revenues fund the costs of the Pennsylvania State Police Bureau of Liquor Control Enforcement and provide funding to the Department of Health to support drug and alcohol programs as well as supplement the commonwealth's General Fund.

The Liquor Control Board's marketing strategy is geared to offering increased service to customers of legal age while maintaining the necessary controls at the point of purchase of alcoholic beverages. In fiscal year 2007-08, more than 1.1 million documented minor challenges were performed in sales situations where store employees had concern regarding the legal age requirement of potential buyers. Recent agency initiatives to increase service include an expanded premium product selection including: the Sommelier Collection, the Chairman's Selection and the opening of Premium Collection stores. Expanded customer service has resulted from amendments to the Liquor Code which have allowed implementation of consumer-oriented changes within the store environment including trade publication and accessory item sales, in-store sampling of products, Sunday sales in up to 25 percent of the state liquor stores, gift card sales and instantly redeemable coupons.

The board licenses private establishments that make retail sales of alcoholic beverages by the drink and regulates the sale of malt and brewed beverages by licensing the distributors, restaurants, hotels and clubs that sell these items. In 2001, Act 141 revised the existing license quota system from municipal-based to county-based to allow for flexibility of licenses in developing areas most needed within the counties.

The Liquor Control Board has established an important Nuisance Bar program to ensure the safety and security of our citizens. This program supports a task force that utilizes the expertise of representatives of community affairs offices, district attorney offices, local and state police, drug task forces, local communities and the General Assembly. If it is determined that a licensed business has abused its license privilege and, through its conduct or record of violations, demonstrates a pattern of activities that threatens the health and safety of the local community, the Liquor Control Board will refuse to renew its license. Through January of 2009, the board has objected to the renewal of more than 1,344 licenses.

In 1994, the Liquor Control Board formalized its commitment to providing information about alcohol consumption by establishing the Bureau of Alcohol Education. The bureau's annual budget supports its three-fold mission of delivering a no-alcohol use or "zero tolerance" message to all citizens under the age of 21, encouraging responsibility and moderation for any adult age 21 and over who chooses to drink alcoholic beverages, and promoting responsible alcohol beverage service and practices among licensees and persons that serve beverage alcohol in Pennsylvania. The Bureau of Alcohol Education offers two grant programs related to preventing consumption by those under 21: (1) Campus-Community grants, which enable colleges and universities to work on environmental strategies to limit access to alcohol to minors and to change social and cultural norms and (2) Community grants, which provide funding for communities that target the under-21 population. Both grant programs may include law enforcement activities such as source investigation practices, controlled party dispersal and other enforcement activities. Act 141 of 2001 expanded the role of the Liquor Control Board through establishing a comprehensive Responsible Alcohol Management Program (RAMP) that offers responsible service training to licensees in Pennsylvania. The Bureau of Alcohol Education is responsible for overseeing this program, including offering owner/manager training to licensees and certifying, monitoring and tracking all server/seller training in Pennsylvania. In fiscal year 2007-08, RAMP training was provided to over 19,325 licensees and their employees.

Program: Liquor Control (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Pennsylvania State Liquor Stores	623	621	621	621	621	621	621
Gross sales (includes taxes) (in thousands)	$1,766,476	$1,856,000	$1,986,000	$2,081,000	$2,181,000	$2,286,000	$2,396,000
Net sales per dollar spent - all stores	$5.94	$5.94	$5.94	$5.94	$5.94	$5.94	$5.94
Net sales per dollar spent - Premium Collection stores	$6.94	$6.94	$6.94	$6.94	$6.94	$6.94	$6.94
Alcohol education materials distributed	2,156,693	1,900,000	1,800,000	1,700,000	1,600,000	1,500,000	1,400,000
Licensees receiving RAMP (Responsible Alcohol Management Program) training	19,325	20,500	21,525	22,600	23,700	24,900	26,200

Beginning in 2008-09, the number of alcohol education materials distributed declines from the previous estimates due to availability of materials via the internet and reduced materials distributions at fairs and events.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

STATE STORES FUND

General Operations (EA)

$ 11,265	—to continue current program.
4,322	—point-of-sale improvements.
2,500	—information technology improvements.
2,447	—realignment of staff positions with comptroller operations.
$ 20,534	*Appropriation Increase*

Purchase of Liquor (EA)

$ 48,853	—to maintain inventory.

Comptroller Operations (EA)

$ –2,447	—realignment of staff positions with agency general operations.

Transfer of Profits to General Fund (EA)

$ –45,000	—reduced transfer.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
STATE STORES FUND:							
General Operations (EA)	$ 377,083	$ 389,048	$ 409,582	$ 409,582	$ 409,582	$ 409,582	$ 409,582
Purchase of Liquor (EA)	966,000	1,017,762	1,066,615	1,066,615	1,066,615	1,066,615	1,066,615
Comptroller Operations (EA)	8,379	8,391	5,944	5,944	5,944	5,944	5,944
Transfer of Profits to General Fund (EA)	80,000	125,000	80,000	80,000	80,000	80,000	80,000
TOTAL STATE STORES FUND	$ 1,431,462	$ 1,540,201	$ 1,482,141	$ 1,482,141	$ 1,482,141	$ 1,482,141	$ 1,482,141

Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs has two missions in state government. One mission of the department is to provide world-class service to Pennsylvania veterans, their spouses and their dependents by operating a network of veterans' assistance programs and six veterans homes.

The other mission of the department is to provide combat-ready units of the Pennsylvania Army and Air National Guard to protect the lives and property of the people of the commonwealth and preserve peace, order and public safety. The Pennsylvania National Guard has dual missions. Its federal mission is to be trained and equipped to join the active military forces in time of war or national emergency, and its state mission is to respond to the orders of the Governor in the event of natural and man-made disasters.

The Department of Military and Veterans Affairs consists of the Adjutant General, the State Armory Board, the State Veterans' Commission, the Soldiers and Sailors Home in Erie, the Veterans Home in Hollidaysburg, the Southeastern Veterans Home in Spring City, the Gino J. Merli Veterans Home in Scranton, the Southwestern Veterans Home in Pittsburgh and the Delaware Valley Veterans Home in Philadelphia.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 19,783**	**$ 20,575**	**$ 20,601**
(F)Facilities Maintenance	52,276	63,895	73,213
(F)Federal Construction Grants	180,000	180,000	180,000
(F)Domestic Preparedness (EA)	1,500	1,500	0
(F)State Energy Program (EA)	38	0	0
(A)Rental of Armories and Other Facilities	127	122	122
(A)Housing Fees	99	102	102
(A)Utility Reimbursements	215	195	195
(A)Miscellaneous Reimbursements	0	11	11
Facilities Management and Security	**0**	**0**	**1,100**
Supplemental Life Insurance Premiums	**1,675**	**371**	**772**
Burial Detail Honor Guard	**36**	**38**	**76**
American Battle Monuments	**50**	**74**	**0**
Armory Maintenance and Repair	**1,379**	**1,361**	**0**
Special State Duty	**36**	**36**	**36**
Subtotal	$ 257,214	$ 268,280	$ 276,228
Subtotal - State Funds	$ 22,959	$ 22,455	$ 22,585
Subtotal - Federal Funds	233,814	245,395	253,213
Subtotal - Augmentations	441	430	430
Total - General Government	$ 257,214	$ 268,280	$ 276,228
Institutional:			
Veterans Homes	**$ 90,892**	**$ 84,962**	**$ 77,457**
(F)Enhanced Veterans Reimbursement	0	12,500	25,000
(F)Operations and Maintenance	28,304	30,728	32,414
(F)Medical Reimbursements	468	462	627
(A)Aid and Attendance Payments	8,191	8,170	8,438
(A)Residential Fees	18,795	18,689	19,538
(A)Miscellaneous Reimbursements	53	28	46
(A)Estate Collections	3,318	2,263	2,764
Subtotal	$ 150,021	$ 157,802	$ 166,284
Scotland School for Veterans' Children	**$ 10,325**	**$ 10,487**	**$ 0**
(F)ESEA Education Program	216	223	0
(F)School Milk Program	238	260	0
(F)Drug Free Schools	1	1	0
(F)Education Enhancement	18	18	0
(A)Institutional Reimbursements	118	113	0
(A)Tuition Recovery	2,361	2,325	0
Subtotal	$ 13,277	$ 13,427	$ 0
Subtotal - State Funds	$ 101,217	$ 95,449	$ 77,457
Subtotal - Federal Funds	29,245	44,192	58,041
Subtotal - Augmentations	32,836	31,588	30,786
Total - Institutional	$ 163,298	$ 171,229	$ 166,284
Grants and Subsidies:			
Education of Veterans Children	**$ 160**	**$ 158**	**$ 158**
Transfer to Educational Assistance Program Fund	**8,100**	**7,995**	**6,995**
Veterans Assistance	**1,230**	**1,214**	**428**
Blind Veterans Pension	**306**	**306**	**306**
Paralyzed Veterans Pension	**527**	**527**	**419**
National Guard Pension	**5**	**5**	**5**
Civil Air Patrol	**500**	**492**	**0**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Disabled American Veterans Transportation	**350**	**350**	**350**
Veterans Outreach Services	**450**	**1,678**	**1,678**
Subtotal	$ 11,628	$ 12,725	$ 10,339
Total - Grants and Subsidies	$ 11,628	$ 12,725	$ 10,339
STATE FUNDS	$ 135,804	$ 130,629	$ 110,381
FEDERAL FUNDS	263,059	289,587	311,254
AUGMENTATIONS	33,277	32,018	31,216
GENERAL FUND TOTAL	**$ 432,140**	**$ 452,234**	**$ 452,851**

OTHER FUNDS:

GENERAL FUND:			
Military Family Relief Assistance	$ 43	$ 200	$ 200
EDUCATIONAL ASSISTANCE PROGRAM FUND:			
National Guard Education (EA)	$ 12,000	$ 11,000	$ 10,000
PENNSYLVANIA VETERANS MEMORIAL TRUST FUND:			
Veterans Memorial (EA)	$ 120	$ 120	$ 90
PERSIAN GULF CONFLICT VETERANS' COMPENSATION BOND FUND:			
Persian Gulf Veterans' Bonus Program (EA)	$ 1,242	$ 8,000	$ 3,000
STATE TREASURY ARMORY FUND:			
Armory Improvements	$ 960	$ 650	$ 1,361
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 135,804	$ 130,629	$ 110,381
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	263,059	289,587	311,254
AUGMENTATIONS	33,277	32,018	31,216
OTHER FUNDS	14,365	19,970	14,651
TOTAL ALL FUNDS	**$ 446,505**	**$ 472,204**	**$ 467,502**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
STATE MILITARY READINESS							
GENERAL FUND	$ 21,284	$ 22,084	$ 21,813	$ 23,174	$ 23,174	$ 23,174	$ 23,174
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	233,814	245,395	253,213	253,213	253,213	253,213	253,213
OTHER FUNDS	1,564	1,400	2,081	1,370	1,370	1,370	1,370
SUBCATEGORY TOTAL	$ 256,662	$ 268,879	$ 277,107	$ 277,757	$ 277,757	$ 277,757	$ 277,757
VETERANS HOMES							
GENERAL FUND	$ 101,217	$ 95,449	$ 77,457	$ 77,457	$ 77,457	$ 77,457	$ 77,457
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	29,245	44,192	58,041	58,041	58,041	58,041	58,041
OTHER FUNDS	32,836	31,588	30,786	30,786	30,786	30,786	30,786
SUBCATEGORY TOTAL	$ 163,298	$ 171,229	$ 166,284	$ 166,284	$ 166,284	$ 166,284	$ 166,284
COMPENSATION AND ASSISTANCE							
GENERAL FUND	$ 13,303	$ 13,096	$ 11,111	$ 11,111	$ 11,111	$ 11,111	$ 11,111
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	13,242	19,000	13,000	13,000	13,000	11,844	10,000
SUBCATEGORY TOTAL	$ 26,545	$ 32,096	$ 24,111	$ 24,111	$ 24,111	$ 22,955	$ 21,111
ALL PROGRAMS:							
GENERAL FUND	$ 135,804	$ 130,629	$ 110,381	$ 111,742	$ 111,742	$ 111,742	$ 111,742
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	263,059	289,587	311,254	311,254	311,254	311,254	311,254
OTHER FUNDS	47,642	51,988	45,867	45,156	45,156	44,000	42,156
DEPARTMENT TOTAL	$ 446,505	$ 472,204	$ 467,502	$ 468,152	$ 468,152	$ 466,996	$ 465,152

PROGRAM OBJECTIVE: To achieve and maintain a readiness capability in units of the Pennsylvania National Guard for quick and effective response to state or federal mobilization.

Program: State Military Readiness

This program provides the administrative, logistical and training support necessary for the Pennsylvania National Guard to maintain requisite readiness to carry out its vital federal and state missions. Such missions may result in full or partial mobilization of the Pennsylvania National Guard for state service in the commonwealth or other states in emergency situations or active federal service anywhere in the world. Costs for military equipment, supplies and training, such as monthly training assemblies and 15 days annual training, are funded 100 percent by the federal government.

The readiness capability of Pennsylvania National Guard units is evaluated according to established federal inspection and training standards. Primary efforts are directed toward having the Pennsylvania National Guard in top readiness condition in order to respond to state and federal contingencies. The training of personnel is directly dependent upon the adequacy of the operation, maintenance and repair of numerous National Guard armories, support facilities, Air National Guard bases and installations. A statewide communications network, including the Statewide Public Safety Radio System, is in operation providing a quicker and more effective response to state or federal mobilization.

Included within this program are those activities essential to operate a network of 117 community armories, field maintenance shops and 6 air bases that serve as training locations for National Guard units. The commonwealth is responsible for providing for the operation, maintenance and repair of the armories. These armories may also be utilized as mass care centers for disaster victims and to provide meeting and recreational facilities for local civic and youth organizations.

The establishment of the Horsham Joint Interagency Installation at the site of the former Naval Air Station Joint Reserve Base Willow Grove will lead to enhanced mission capabilities for national defense, homeland security and emergency preparedness.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Pennsylvania National Guard personnel	19,094	20,650	20,650	20,650	20,650	20,650	20,650
Percentage of authorized strength level	93%	95%	95%	95%	95%	95%	95%
Percentage of armories and field sites rated adequate	24%	28%	28%	28%	28%	28%	28%
Armories and field sites under major repair	38	46	46	30	30	30	30
Department of Defense personnel receiving training at Fort Indiantown Gap	129,503	120,000	120,000	120,000	120,000	120,000	120,000
Non-Department of Defense personnel (local law enforcement, State Police, etc.) receiving training at Fort Indiantown Gap	12,599	14,000	14,000	14,000	14,000	14,000	14,000

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
$ 26 —to continue current program.

Facilities Management and Security
$ 1,100 —Initiative—Facilities Management and Security. To provide operating costs for the former Willow Grove Air Naval Station and for the security needs of the department.

Burial Detail Honor Guard
$ 38 —to expand program to a second national cemetery to implement Act 85 of 2008.

American Battle Monuments
$ –74 —funding elimination.

Armory Maintenance and Repair
$ –1,361 —one-year program suspension.

The State Treasury Armory Fund contains sufficient funds to support armory maintenance and repair activities during 2009-10.

The Special State Duty appropriation is recommended at the current year funding level.

Program: State Military Readiness (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 19,783	$ 20,575	$ 20,601	$ 20,601	$ 20,601	$ 20,601	$ 20,601
Facilities Management and Security	0	0	1,100	1,100	1,100	1,100	1,100
Burial Detail Honor Guard	36	38	76	76	76	76	76
American Battle Monuments	50	74	0	0	0	0	0
Armory Maintenance and Repair	1,379	1,361	0	1,361	1,361	1,361	1,361
Special State Duty	36	36	36	36	36	36	36
TOTAL GENERAL FUND	$ 21,284	$ 22,084	$ 21,813	$ 23,174	$ 23,174	$ 23,174	$ 23,174

PROGRAM OBJECTIVE: To provide nursing and domiciliary care for veterans.

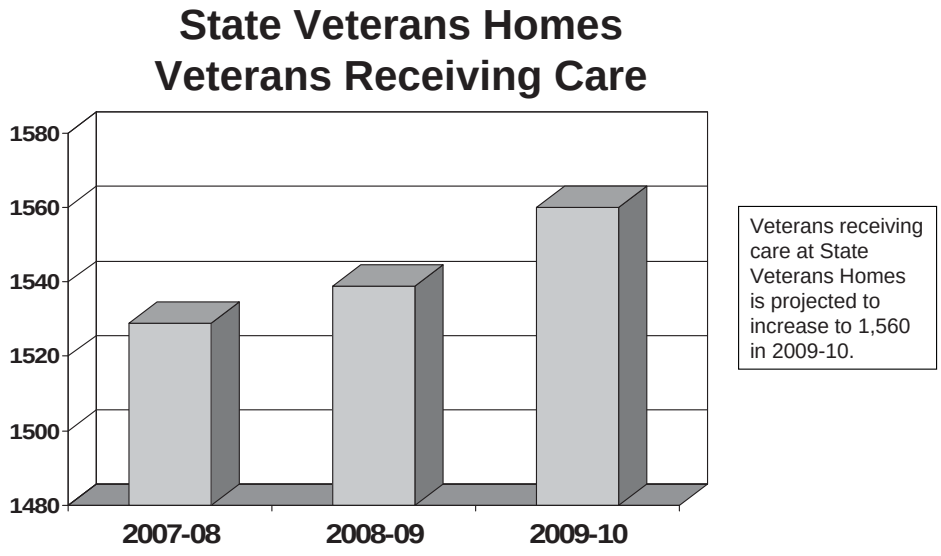
Program: Veterans Homes

The Department of Military and Veterans Affairs provides skilled nursing and domiciliary care for veterans who are in need of care. There are six veterans' homes currently providing such care: the Soldiers and Sailors Home in Erie, the Veterans' Home at Hollidaysburg, the Southeastern Pennsylvania Veterans' Center in Spring City, the Gino J. Merli (Northeastern) Veterans' Center in Scranton, the Southwestern Veterans' Center in Pittsburgh and the Delaware Valley Veterans' Home in Philadelphia.

The program receives assistance from the Federal Department of Veterans Affairs at levels of $35.78 per patient day for personal care and $77.40 per patient day for nursing home care.

Residents of state veterans homes receive a daily allowance from the Federal Department of Veterans Affairs. Residents use these funds plus their own funds to help offset the cost of their care.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Veterans Homes							
Percentage of veterans homes population:							
Veterans	91.0%	90.0%	89.5%	89.0%	88.5%	88.0%	87.5%
Spouses	9.0%	10.0%	10.5%	11.0%	11.5%	12.0%	12.5%
Percentage of occupancy rate above national average of state veterans homes:							
Domicilliary care	18.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Nursing care	11.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Scotland School							
Students	279	310	0	0	0	0	0
Percentage of students:							
In their senior year who plan to attend college	96%	90%	N/A	N/A	N/A	N/A	N/A
In their senior year who plan to enroll in the military	28%	10%	N/A	N/A	N/A	N/A	N/A
Proficient in mathematics	39%	56%	N/A	N/A	N/A	N/A	N/A
Proficient in reading	54%	63%	N/A	N/A	N/A	N/A	N/A



Program: Veterans Homes (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget
Erie Soldiers and Sailors Home			
State Funds	$ 9,877	$ 9,881	$ 8,432
Federal Funds	3,259	4,670	6,136
Augmentations	3,718	3,214	3,500
TOTAL	$ 16,854	$ 17,765	$ 18,068
Hollidaysburg Veterans Home			
State Funds	$ 31,141	$ 25,689	$ 23,452
Federal Funds	8,044	12,914	17,674
Augmentations	7,420	7,504	7,749
TOTAL	$ 46,605	$ 46,107	$ 48,875
Southeastern Veterans Home			
State Funds	$ 16,448	$ 14,563	$ 13,295
Federal Funds	5,123	7,283	9,412
Augmentations	5,305	5,205	5,527
TOTAL	$ 26,876	$ 27,051	$ 28,234
Gino J. Merli Veterans Center			
State Funds	$ 11,592	$ 10,418	$ 9,511
Federal Funds	3,884	6,328	8,421
Augmentations	4,692	4,270	4,750
TOTAL	$ 20,168	$ 21,016	$ 22,682

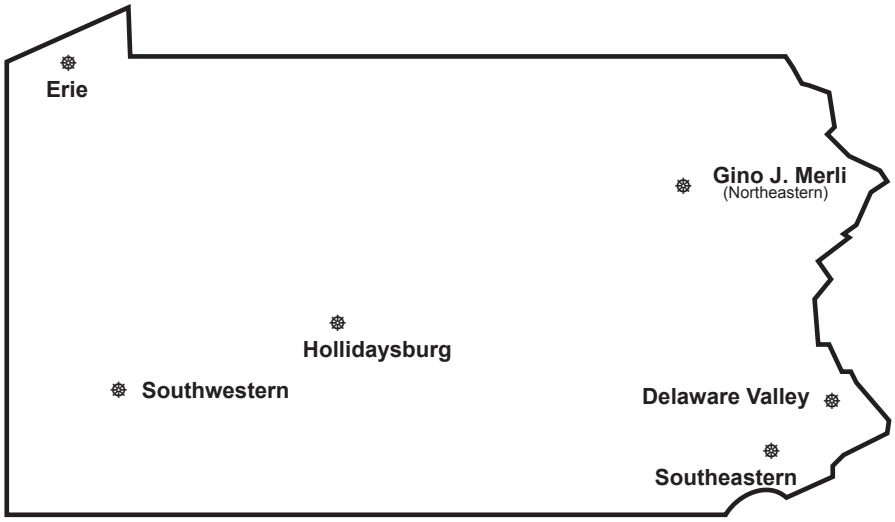
	2007-08 Actual	2008-09 Available	2009-10 Budget
Southwestern Veterans Home			
State Funds	$ 11,695	$ 10,381	$ 9,477
Federal Funds	4,958	7,265	9,558
Augmentations	4,988	4,999	5,050
TOTAL	$ 21,641	$ 22,645	$ 24,085
Delaware Valley Veterans Home			
State Funds	$ 8,414	$ 8,270	$ 7,550
Federal Funds	3,504	5,230	6,840
Augmentations	4,234	3,958	4,210
TOTAL	$ 16,152	$ 17,458	$ 18,600
Central Veterans Homes Services			
State Funds	$ 1,725	$ 5,760	$ 5,740
Federal Funds	-	-	-
Augmentations	-	-	-
TOTAL	$ 1,725	$ 5,760	$ 5,740
Scotland School for Veterans' Children			
State Funds	$ 10,325	$ 10,487	$ -
Federal Funds	473	502	-
Augmentations	2,479	2,438	-
TOTAL	$ 13,277	$ 13,427	$ -

Population and Capacity

Institution	Population Dec 2008	Projected Population Dec 2009	Projected Capacity Dec 2009	Projected Percent of Capacity
Erie Soldiers and Sailors Home	192	200	207	97%
Hollidaysburg Veterans Home	485	487	514	95%
Southeastern Veterans Home	269	272	304	89%
Gino J. Merli Veretans Home	192	198	200	99%
Southwestern Veterans Home	231	234	236	99%
Delaware Valley Veterans Home	170	169	171	99%
Scotland School for Veterans Children	290	NA	NA	NA
Total	1,829	1,560	1,632	96%

Program: Veterans Homes (continued)

Veterans Homes



Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Veterans Homes

$ 4,995	—to continue current program.
–12,500	—savings due to increasing federal funds for residents of Veterans' Homes.
$ –7,505	*Appropriation Decrease*

Scotland School for Veterans' Children

$ –10,487	—facility closure.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Veterans Homes	$ 90,892	$ 84,962	$ 77,457	$ 77,457	$ 77,457	$ 77,457	$ 77,457
Scotland School for Veterans' Children	10,325	10,487	0	0	0	0	0
TOTAL GENERAL FUND	$ 101,217	$ 95,449	$ 77,457	$ 77,457	$ 77,457	$ 77,457	$ 77,457

PROGRAM OBJECTIVE: To provide advisory and financial assistance to eligible Pennsylvania veterans, National Guardsmen and their dependents.

Program: Compensation and Assistance

The Department of Military and Veterans Affairs administers several activities within this program.

Program Element: Education of Children of Deceased and Disabled Veterans

Educational grants are provided for children of honorably discharged veterans who have been certified as having wartime service-connected disabilities rated as total and permanent or children of veterans who have died of wartime service-connected disabilities. Children must be between the ages of 16 and 23 years of age and living within Pennsylvania five years prior to application and must attend a school within Pennsylvania. Grants are provided up to a maximum of $500 per semester.

Program Element: Education — National Guard

Tuition grants are provided for certain members of the Pennsylvania National Guard who enroll in a Pennsylvania institution of higher learning with degree-granting status, as approved by the Department of Education. Act 11 of 2000 enhanced this educational assistance program. Act 212 of 2004 created the Educational Assistance Program Fund to dispense the grants. Grants are available for full-time students for up to 100 percent of the tuition charged (up to $2,679 per semester) to a Pennsylvania resident at a member institution of the State System of Higher Education. Act 82 of 2005 extended the eligibility time in cases of deployment. Act 44 of 2006 extended the time in case of medical discharge. Act 87 of 2006 amends Title 51 to allow for grants to part-time students. These public service educational grants not only serve as an incentive to the Pennsylvania National Guard's recruiting and retention efforts but also reward those Pennsylvanians who volunteer to serve their nation and the commonwealth.

Program Element: Veterans Assistance

The veterans emergency assistance program provides for eligible veterans, their spouses and dependent children who are in need of financial assistance. Financial assistance is authorized for food, fuel, shelter and clothing and is limited to a period not exceeding three months. Basic program requirements include honorable discharge, service during an established war or conflict period, Pennsylvania residency, no receipt of Public Assistance and an unexpected loss of income.

Program Element: Blind Veterans Pension

Pensions of $150 per month are provided for those Pennsylvania veterans who incurred functional blindness while performing active military service.

Program Element: Paralyzed Veterans Pension

Pensions of $150 per month are provided to those Pennsylvania veterans who have lost the use of two or more extremities while serving on active duty in the armed forces of the United States. Act 109 of 2001 expanded this program by eliminating the residency and wartime service requirement. Thus, former residents of Pennsylvania and those who served in the military during peacetime are now eligible for the pension if all other requirements are met.

Program Element: National Guard Pensions

Payment of a pension is provided to guardsmen, and widowed and dependent family members. A National Guardsman who is injured, otherwise disabled or dies as a result of injuries or other disability received or contracted while performing duty in active service to the commonwealth, or in the performance of other state military duty, is eligible. Current law provides for a monthly pension for dependents up to a maximum of $300 per month for a period of 10 years. In the case of children of a deceased member, the pension is paid until the child reaches 18 years of age.

Program Element: Veterans Service Outreach Program

Act 66 of 2007 created the Veterans' Service Organizations grant program to provide grants to these organizations for the improvement of the administration and delivery of services to Pennsylvania veterans.

Program Element: Persian Gulf Conflict Veterans' Benefit program

Compensation of up to $525, calculated based on months of service in the theater of the operations during the first Persian Gulf conflict (August 1990 – August 1991) is paid to eligible Pennsylvania veterans of the conflict. In addition, compensation of $5,000 is paid to eligible survivors of deceased veterans and prisoners of war. The program was authorized by Act 29 of 2006

Program Element: Disabled Veterans' Real Estate Tax Exemption Program

This program provides a real estate tax exemption for any honorably discharged veteran who is 100% disabled and a resident of the commonwealth who served during established war service dates as determined by the U.S. Department of Veterans Affairs with a financial need. This exemption shall be extended to the unmarried surviving spouse upon the death of an eligible veteran provided that the State Veterans' Commission determines that such person is in need of the exemption.

Program Element: Military Family Relief Assistance Program

Act 65 of 2005 created the program to provide for short-term financial relief to families in need due to deployment of a family member. This program will be funded through

Program: Compensation and Assistance (continued)

contributions from state income tax return checkoffs and donations. It will last for five years.

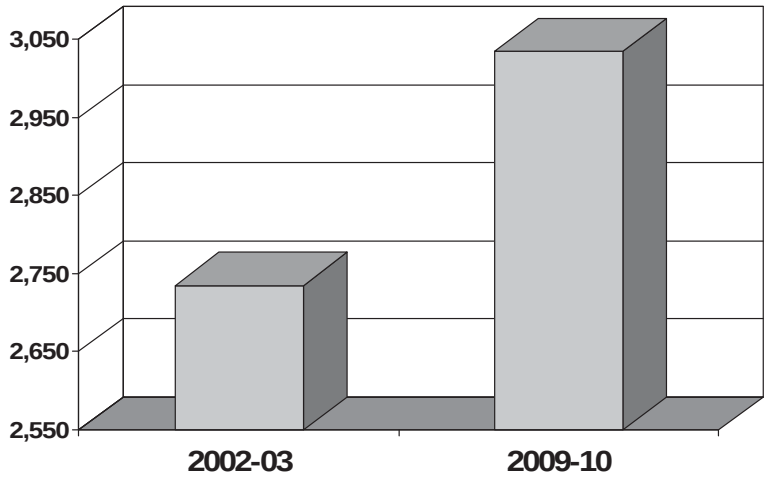
Also, for National Guard and reservists, Act 60 of 2005 provided for deferment of automobile insurance while deployed. Act 83 of 2005 allows students to remain on parental insurance while deployed and allow others to continue their insurance voluntarily when deployed. Act 105 of 2006 amended Title 51 to provide for tuition grants for children and spouses of deceased soldiers and insurance premium payments for eligible National Guard members deployed overseas or for emergencies.

Act 22 of 2006 provided a bonus to Merchant Marine World War II Veterans.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Veterans in Pennsylvania	1,057,073	1,025,770	995,100	964,100	933,400	903,300	874,000
Recipients of veterans emergency assistance	855	600	700	700	700	700	700
Recipients of blind veterans pensions	121	115	120	120	120	120	120
Children of deceased and disabled veterans receiving education grants	93	90	80	80	80	80	80
Participants in paralyzed veterans programs	232	230	230	230	230	230	230
National Guard personnel receiving educational financial aid	2,549	2,000	3,000	3,000	3,000	3,000	3,000

Recipients of veterans emergency assistance is anticipated to be lower beginning in 2008-09 due to changes in regulations.
National Guard personnel receiving educational financial aid decreases in 2008-09 due to higher deployments.

National Guard Personnel Receiving Educational Financial Aid



National Guard personnel receiving educational financial aid is projected to be approximately 3,000 in 2009-10. Act 82 of 2005 extended the eligibility period so that those deployed can finish their education.

Program: Compensation and Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Supplemental Life Insurance Premiums
$ –200	—nonrecurring 2008-09 budgetary freeze amount.
601	—increase in the number of soldiers eligible to be covered by supplemental life insurance.
$ 401	*Appropriation Increase*
	Transfer to Educational Assistance Program
$ –1,000	—reduced transfer based on current estimates.
	Veterans Assistance
$ –786	—nonrecurring 2008-09 budgetary freeze amount.
	Paralyzed Veterans Pension
$ –108	—nonrecurring excess funds.
	Civil Air Patrol
$ –492	—program elimination.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Supplemental Life Insurance Premiums	$ 1,675	$ 371	$ 772	$ 772	$ 772	$ 772	$ 772
Education of Veterans Children	160	158	158	158	158	158	158
Transfer to Educational Assistance Program Fund	8,100	7,995	6,995	6,995	6,995	6,995	6,995
Veterans Assistance	1,230	1,214	428	428	428	428	428
Blind Veterans Pension	306	306	306	306	306	306	306
Paralyzed Veterans Pension	527	527	419	419	419	419	419
National Guard Pension	5	5	5	5	5	5	5
Civil Air Patrol	500	492	0	0	0	0	0
Disabled American Veterans Transportation	350	350	350	350	350	350	350
Veterans Outreach Services	450	1,678	1,678	1,678	1,678	1,678	1,678
TOTAL GENERAL FUND	$ 13,303	$ 13,096	$ 11,111	$ 11,111	$ 11,111	$ 11,111	$ 11,111

MILK MARKETING BOARD

The mission of the Milk Marketing Board is to ensure that Pennsylvania's dairy industry remains vital by providing a regulatory environment that facilitates a safe, adequate supply of wholesome milk while providing security for its dairy farmers and milk dealers and protection for the public health and welfare of consumers.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
OTHER FUNDS:			
MILK MARKETING FUND:			
General Operations	$ 2,814	$ 2,842	$ 2,894

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
MILK INDUSTRY REGULATION							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	2,814	2,842	2,894	2,894	2,894	2,894	2,894
SUBCATEGORY TOTAL	$ 2,814	$ 2,842	$ 2,894	$ 2,894	$ 2,894	$ 2,894	$ 2,894
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	2,814	2,842	2,894	2,894	2,894	2,894	2,894
DEPARTMENT TOTAL	$ 2,814	$ 2,842	$ 2,894	$ 2,894	$ 2,894	$ 2,894	$ 2,894

PROGRAM OBJECTIVE: To maintain an adequate supply of wholesome fluid milk.

Program: Milk Industry Regulation

The Milk Marketing Board is a special fund agency financed from milk industry license fees, permit fees and fines. The board supervises, inspects and regulates the milk industry of the commonwealth and establishes reasonable trade control and marketing practices. It formulates policy, holds public hearings and subsequently issues and enforces General Marketing Orders, rules and regulations. The board also handles prosecution and levying of penalties against violators of the Milk Marketing Law, the Milk Producer's Security Act and board regulations.

The board's major function is to ensure an adequate milk supply by setting minimum prices paid to farmers, minimum prices dealers can charge wholesale and retail customers, and minimum prices stores can charge consumers. The regulation process is complicated by the existence of Federal Marketing Orders, which are prices established by the federal government that must be paid to producers.

The board has implemented an automated Milk Accounting and Regulatory System (MARS). The system values milk based on component pricing, allowing adaptation to changes in the state and federal regulatory environment. Pricing information collected through the system and from public hearings is used by the board to establish minimum milk prices.

The board had previously considered the ratio of the supply of milk fluid to demand in the regulation process, but other indicators are more relevant to the process and that ratio is no longer calculated. Factors such as the price of milk in neighboring states and the ratio of the cost of production to current or expected prices are more important to price establishment and are widely discussed at the public meetings.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Licenses and permits issued	2,312	2,300	2,300	2,300	2,300	2,300	2,300
Audits of milk dealers for compliance with milk sales' rules and regulations	865	900	900	900	900	900	900

Program Recommendation:

This budget recommends the following changes from the Milk Marketing Fund:
(Dollar Amounts in Thousands)

MILK MARKETING FUND
General Operations

$ 52 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
MILK MARKETING FUND:							
General Operations	$ 2,814	$ 2,842	$ 2,894	$ 2,894	$ 2,894	$ 2,894	$ 2,894

Board of Probation and Parole

The mission of the Board of Probation and Parole is to protect the safety of the public, address the needs of crime victims, improve county adult probation and parole services and assist in the fair administration of justice by ensuring the custody, control and treatment of offenders under the jurisdiction of the board.

The Board of Probation and Parole rehabilitates and supervises persons on probation or parole, helping them to reintegrate within society. The board provides for the reintegration of persons who have served their minimum sentence in a correctional institution as well as identifies those who cannot adjust to the community. State probation services and investigations are also provided upon request from the courts. The Office of Victim Advocate within the Board of Probation and Parole administers the victim service programs of both the board and the Department of Corrections. The Sexual Offenders Assessment Board is responsible for the review of registration of sexual offenders.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 86,158**	**$ 91,624**	**$ 99,230**
(F)JAG - Parole Guidelines Study (EA)	60	0	0
(F)JAG - Advanced Re-entry Training (EA)	130	0	0
(F)JAG - Client Identification (EA)	120	125	0
(F)JAG - Violations Sanctioning (EA)	0	84	0
(A)State Parole Supervision Fees	3,522	3,573	3,500
(A)Interstate Supervision Fees	105	60	60
Subtotal	$ 90,095	$ 95,466	$ 102,790
Sexual Offenders Assessment Board	**3,683**	**4,104**	**4,456**
(F)Sex Offender Management	192	0	0
Subtotal	$ 3,875	$ 4,104	$ 4,456
Drug Offenders Work Program	**262**	**0**	**0**
Subtotal - State Funds	$ 90,103	$ 95,728	$ 103,686
Subtotal - Federal Funds	502	209	0
Subtotal - Augmentations	3,627	3,633	3,560
Total - General Government	$ 94,232	$ 99,570	$ 107,246
Grants and Subsidies:			
Improvement of Adult Probation Services	**$ 19,279**	**$ 19,028**	**$ 19,028**
(A)County Parole Supervision Fees	15,911	15,698	16,326
Subtotal	$ 35,190	$ 34,726	$ 35,354
Subtotal - State Funds	$ 19,279	$ 19,028	$ 19,028
Subtotal - Augmentations	15,911	15,698	16,326
Total - Grants and Subsidies	$ 35,190	$ 34,726	$ 35,354
STATE FUNDS	$ 109,382	$ 114,756	$ 122,714
FEDERAL FUNDS	502	209	0
AUGMENTATIONS	19,538	19,331	19,886
GENERAL FUND TOTAL	**$ 129,422**	**$ 134,296**	**$ 142,600**
OTHER FUNDS:			
GENERAL FUND:			
Firearms Education and Training Commission	$ 448	$ 619	$ 497
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 109,382	$ 114,756	$ 122,714
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	502	209	0
AUGMENTATIONS	19,538	19,331	19,886
OTHER FUNDS	448	619	497
TOTAL ALL FUNDS	**$ 129,870**	**$ 134,915**	**$ 143,097**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
REINTEGRATION OF THE ADULT OFFENDER							
GENERAL FUND	$ 109,382	$ 114,756	$ 122,714	$ 122,714	$ 122,714	$ 122,714	$ 122,714
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	502	209	0	0	0	0	0
OTHER FUNDS	19,986	19,950	20,383	20,383	20,383	20,383	20,383
SUBCATEGORY TOTAL	$ 129,870	$ 134,915	$ 143,097	$ 143,097	$ 143,097	$ 143,097	$ 143,097
ALL PROGRAMS:							
GENERAL FUND	$ 109,382	$ 114,756	$ 122,714	$ 122,714	$ 122,714	$ 122,714	$ 122,714
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	502	209	0	0	0	0	0
OTHER FUNDS	19,986	19,950	20,383	20,383	20,383	20,383	20,383
DEPARTMENT TOTAL	$ 129,870	$ 134,915	$ 143,097	$ 143,097	$ 143,097	$ 143,097	$ 143,097

PROGRAM OBJECTIVE: To decrease the recurrence of crime by replacing criminal behavior with socially acceptable behavior.

Program: Reintegration of the Adult Offender

The Pennsylvania Board of Probation and Parole's primary goal is to protect the safety of the public through effective parole decisions and proper supervision and management of offenders who are returning to their communities. Successful reentry of an offender can reduce the likelihood that offenders will victimize anyone else and ultimately return to prison.

The responsibilities of the board are to make parole decisions and supervise adult parolees with a maximum sentence of two years or more; revoke the parole of technical parole violators who persist in continuing to violate parole conditions and revoke the parole of violators who are convicted of new crimes; and discharge from parole offenders under supervision who have fulfilled their sentences in compliance with the conditions of parole. The number of offenders projected to be under board supervision by June 2010 is 33,661, up from 32,097 in June 2008. The parole population includes offenders paroled from the state correctional system, special county probation and parole cases and offenders transferred pursuant to the interstate compact from other states into Pennsylvania. Offenders with maximum sentences under two years are supervised at the county level unless the county court certifies the case to the state for special probation supervision. Acts 81 and 83 of 2008 add the chairman of the Board of Probation and Parole to the Pennsylvania Commission on Sentencing and provide for rebuttable and administrative parole.

Program Element: Parole Decisions

Offenders must serve their minimum sentence before they become eligible for parole. To prepare offenders for reentry while incarcerated, the Department of Corrections develops a correctional plan to address drug and alcohol needs, educational opportunities, vocational training, counseling services and employment opportunities within the institution. During a parole hearing, board members consider the offender's behavior and program performance while in prison, review the offender's risk and needs assessment and consider other factors required by law to determine if the offender's reentry into the community is not likely to compromise public safety. A validated risk and needs assessment instrument is used to maintain consistency and accuracy in parole decisions and to ensure that justice is administered fairly.

Program Element: Reentry Preparation

To fulfill the mission of community safety, the Bureau of Offender Reentry focuses on preparing inmates for parole release and providing continued support during the critical period of readjustment following an inmate's return to the community. The board's institutional parole staff works with offenders while they are incarcerated to identify employment, housing and other issues that create obstacles or challenges to successful reentry. Inmates are introduced to the commonwealth's CareerLink services and given assistance with the basics of job search preparation. The parole staff provides a Parole Preparation program as part of the Department of Corrections' Community Orientation and Reintegration program to provide information and assistance with the offender's identified areas of need. When parole is granted, institutional parole staff develops an individualized Transitional Accountability Plan jointly with the offender to build upon and complement the treatment and programming the offender received in prison, bridging the gap from prison to life in the community. Upon release, an offender's needs are reassessed every six months or more frequently if deemed appropriate. Drug and alcohol programming is made available via referrals to individual county programs or while under supervision at a Department of Corrections community corrections center or other contract facility.

Program Element: Supervision and Case Management

The reentry of an offender into the community requires effective parole supervision that is a balance of monitoring and enforcement of parole conditions coupled with effective case management. As part of the board's responsibility to public safety, the field parole agent uses problem-solving case management to help the offender with challenges regarding his job, residence, continuity of care or other issues. Also key to public safety and a reduction of crime is the management of technical parole violators through alternative, community-based interventions and specialized support programs to safely and effectively allow for continued supervision in the community. The Pennsylvania Community Alternative to Prison program and Back on Track are two examples of programs that provide services to parolees struggling with their adjustment to life outside of prison. Services are administered in secure portions of Department of Corrections contract facilities throughout the state. The board has implemented a violent offender management protocol that includes a curfew and maximum supervision for all newly released offenders from state prison for 90 days. Violence prevention programming will also be provided. The board has developed and initiated these actions to aid in reducing offender recidivism.

Program: Reintegration of the Adult Offender (continued)

Program Element: County Probation

In addition to operating the state parole system, the board has the responsibility of administering a grant-in-aid program to support county adult probation personnel and services. Act 134 of 1986, which amended the Parole Act, provides that counties shall be reimbursed for up to 80 percent of the personnel costs for pre-sentence investigations and for improved probation supervision and programs, provided that sufficient funds are appropriated. The grant-in-aid program provides these funds to counties based on a historically-designated staffing level established in 1991.

Program Element: Other Probation and Parole Programs

Act 35 of 1991 mandates that a monthly supervision fee be paid by all offenders under state supervision unless a waiver is granted. In addition, Act 35 requires that the sentencing judge of the Court of Common Pleas impose upon county offenders, as a condition of supervision, a monthly supervision fee of at least $25 unless reduced, waived or deferred.

Act 8 of Special Session 1 of 1995 created the Office of Victim Advocate, an independent entity within the board, to represent the interests of crime victims before the board or the Department of Corrections.

Act 24 of 1995, or Megan's Law as it is commonly known, established the Sexual Offenders Assessment Board. This board is responsible for conducting court-ordered assessments of convicted sexual offenders. The assessments are provided to district attorneys to assist in the determination prior to sentencing of those offenders who may be found by the court to be sexually violent predators. Prior to parole considerations, the Board of Probation and Parole may request assessments of sexually violent predators and sexual offenders. Megan's Law also requires the registration of all sexual offenders and sexually violent predators. Under Act 21 of 2003, certain sexually violent adolescent sex offenders are subject to an assessment by the Sexual Offenders Assessment Board upon reaching age 20. The assessment is used by the courts to determine the need for involuntary commitment and treatment of these offenders.

The federal Adam Walsh Act of 2006 eliminated the requirement to determine which sex offenders are sexually violent predators but imposes upon certain sex offenders many of the same requirements (such as lifetime registration and community notification) that currently apply to sexually violent predators. All sex offenders will be classified into three tiers based on the sex crimes for which they have been convicted. During 2009, Pennsylvania expects to make amendments to the current Megan's Law statute to comply with the Adam Walsh Act. The impact of the Adam Walsh Act on the Sexual Offenders Assessment Board's budget and workload will depend on the changes enacted in the state law.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Board Parole Process							
Average monthly number of offenders scheduled for parole interviews	2,384	2,448	2,552	2,722	2,785	2,836	2,882
Average monthly percentage of scheduled interviews held	71%	67%	68%	66%	65%	65%	64%
Average monthly number of offenders granted parole or reparole	1,141	780	953	981	990	982	973
Average monthly number of offenders released to parole from state correctional institutions	857	692	793	833	840	850	860
State Supervision Process							
State parolees and probationers supervised at fiscal year end	32,097	32,662	33,661	35,319	35,653	36,076	36,540
Annual state sentenced new releases to supervised populations	11,201	9,131	10,463	10,978	11,082	11,213	11,345
Percentage of offenders released from incarceration with a transitional accountability plan (TAP) developed prior to release	80%	90%	92%	94%	96%	97%	98%
Average monthly employment rate for supervised offenders*	68%	71%	71%	72%	72%	72%	72%
Percentage of monthly cases closed due to successful completion of parole	54%	55%	56%	55%	54%	53%	52%
Average monthly number of state sentenced supervised offenders returned to prison for technical parole violations	237	254	255	278	299	324	353
Average monthly number of state sentenced supervised offenders returned to prison for new criminal convictions	145	150	155	161	165	168	170

Program: Reintegration of the Adult Offender (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Recidivism among state sentenced releases after one year of supervision.....	2,442	1,991	2,270	2,437	2,505	2,579	2,677
State Supervision Fee Collection							
Total state supervision fee dollars collected annually	$3,615,000	$3,275,000	$3,046,000	$3,168,000	$3,498,000	$3,638,000	$3,783,000
Related Program Areas							
Notifications to registered crime victims	19,859	21,845	23,592	25,244	26,759	28,097	29,501
Aggregate number of sex offender assessments completed	1,734	1,838	1,948	2,065	2,189	2,320	2,460
Probationers and parolees supervised by county probation departments	206,716	210,850	215,067	219,369	223,756	228,231	232,796

*New program measure.

For the measures "average monthly percentage of scheduled interviews held," "average monthly number of offenders granted parole or reparole," "average monthly number of offenders released to parole from state correctional institutions," "annual state sentenced new releases to supervised populations," and "recidivism among state sentenced releases after one year of supervision," levels decreased in 2008-09 because of the impact of a temporary parole release moratorium in 2008 and a change in the definition of a violent offender.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ 2,049	—Initiative—Enhancement of Case Processing Services. To provide administrative resources to maintain a favorable agent-to-parolee ratio.
50	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
5,507	—to continue current program.
$ 7,606	*Appropriation Increase*

Sexual Offenders Assessment Board

$ 100	—information technology upgrades to meet federal Adam Walsh Act requirements.
252	—to continue current program.
$ 352	*Appropriation Increase*

The Improvement of Adult Probation Services appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 86,158	$ 91,624	$ 99,230	$ 99,230	$ 99,230	$ 99,230	$ 99,230
Sexual Offenders Assessment Board.....	3,683	4,104	4,456	4,456	4,456	4,456	4,456
Drug Offenders Work Program.....	262	0	0	0	0	0	0
Improvement of Adult Probation Services .	19,279	19,028	19, 028	19, 028	19, 028	19, 028	19, 028
TOTAL GENERAL FUND	$ 109,382	$ 114,756	$ 122,714	$ 122,714	$ 122,714	$ 122,714	$ 122,714

Public Television Network

This budget recommends the elimination of the Public Television Network and transfers network infrastructure responsibilities to the Office of Administration.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 3,778**	**$ 3,751**	**$ 0** [a]
Broadcast Standards and Datacasting Upgrade	**974**	**583**	**0**
Total - General Government	$ 4,752	$ 4,334	$ 0
Grants and Subsidies:			
Public Television Station Grants	**$ 8,746**	**$ 7,995**	**$ 0**
GENERAL FUND TOTAL	**$ 13,498**	**$ 12,329**	**$ 0**

[a] Funding for this program has been transferred to the Public Television Technology appropriation in the Executive Offices.

PUBLIC UTILITY COMMISSION

The mission of the Public Utility Commission is to provide for regulation of public utilities and includes establishing reasonable rates; providing for safe service; conducting audits; and ensuring compliance with public utility regulations.

The commission is comprised of five members appointed by the Governor with Senate confirmation.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
(R)General Government Operations	$ 49,729	$ 52,162	$ 52,581
(F)Natural Gas Pipeline Safety	1,347	630	1,501
(F)Motor Carrier Safety	1,580	1,934	1,888
Subtotal - Federal Funds	2,927	2,564	3,389
Subtotal - Restricted Revenues	49,729	52,162	52,581
Total - General Government	$ 52,656	$ 54,726	$ 55,970
FEDERAL FUNDS	2,927	2,564	3,389
RESTRICTED REVENUES	49,729	52,162	52,581
GENERAL FUND TOTAL	**$ 52,656**	**$ 54,726**	**$ 55,970**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
REGULATION OF PUBLIC UTILITIES							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	2,927	2,564	3,389	3,389	3,389	3,389	3,389
OTHER FUNDS	49,729	52,162	52,581	52,581	52,581	52,581	52,581
SUBCATEGORY TOTAL	$ 52,656	$ 54,726	$ 55,970	$ 55,970	$ 55,970	$ 55,970	$ 55,970
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	2,927	2,564	3,389	3,389	3,389	3,389	3,389
OTHER FUNDS	49,729	52,162	52,581	52,581	52,581	52,581	52,581
DEPARTMENT TOTAL	$ 52,656	$ 54,726	$ 55,970	$ 55,970	$ 55,970	$ 55,970	$ 55,970

PROGRAM OBJECTIVE: To ensure that safe and adequate public utility services are available to the public at fair and reasonable rates.

Program: Regulation of Public Utilities

The Pennsylvania Public Utility Commission balances the needs of consumers and utilities to ensure safe and reliable utility service at reasonable rates; protect the public interest; educate consumers to make independent and informed utility choices; further economic development; and foster new technologies and competitive markets in an environmentally sound manner.

The commission regulates about 6,200 utilities providing electricity, natural gas, steam heat, water, wastewater collection and disposal, telephone, transportation of passengers and property by train, bus, truck, taxicab and limousine and transmission of gas and oil by pipeline.

The commission is funded by assessments of public utilities. Subject to budgetary approval, the commission may assess up to three-tenths of one percent of gross intrastate revenues to cover the cost of regulation. Public utility assessments and fees are deposited into a restricted account within the General Fund.

During the past 20 years, the number of jurisdictional public utilities has increased, as have the commission's responsibilities and mandated functions. The focus of the commission has expanded from the traditional role of approving the cost-based rates and regulating the service of all public utilities to a broader mandate of also enabling and facilitating competitive markets for the electric, natural gas and telecommunications industries.

In 2008, the commission continued to experience an increase in the number of rate requests, from electric, natural gas and water companies. The requests reflect the removal of electricity rate caps, established during the advent of electric competition, as well as significant increases in infrastructure investment and inflation-driven costs. Significant rate requests are also expected in 2009. Commission approval of mergers and acquisitions is an ongoing process, especially affecting the water and telecommunications industries. The commission continues to implement three major laws:

Act 201 of 2004 established specific standards and procedures for payment arrangements, customer deposits, and termination of electric, natural gas and water service. The commission has issued numerous orders interpreting and implementing the law and is currently working to revise relevant regulations; the first biennial report on this activity has been submitted to the General Assembly.

Act 213 of 2004 established Alternative Energy Portfolio Standards, requiring electric distribution companies and generation suppliers to include electricity generated from alternative energy resources in their sales to retail customers. The commission has issued standards related to net metering, interconnection and demand side management, and is working with stakeholders and the Department of Environmental Protection to effectively carry out this law. The commission has contracted with an alternative energy credit program administrator as part of the implementation.

Act 183 of 2004 addressed the obligations of telecommunication public utilities by continuing existing network modernization plans (NMP) and providing incentives for acceleration of the deployment of high-speed internet service, while reducing filing and reporting requirements for the Incumbent Local Exchange Carriers.

The Federal Energy Policy Act of 2005 established a number of new federal mandates that state regulators are required to consider and potentially implement. These include standardizations for connecting electric generation facilities with the utility, compensation of retail customers for generated electricity sold back to the utility and policies concerning reduction or shifting of consumption from peak periods.

The commission has adopted default service regulations for electric providers and is exploring means to mitigate electric price increases when rate caps expire. In conjunction with those efforts, the commission is examining methods for enhancing consumer access to demand side response tools and energy conservation programs.

The commission has established the following goals for 2009-10 and future years:

- To ensure that necessary utility service is available to all residents of Pennsylvania.
- To foster development of competitive markets in the electric, telecommunications and natural gas industries.
- To promptly and effectively address anti-competitive activity by jurisdictional utilities or licensed competitive suppliers.
- To promote greater public awareness and understanding of the public utility industry and how it affects customers.
- To establish policies that will encourage the public utilities to operate in the most environmentally compatible, safe, fair, and cost-effective manner.
- To encourage and coordinate the upgrade of Pennsylvania's water delivery systems.
- To further economic development of Pennsylvania.
- To support Pennsylvania's environmental initiatives, particularly with respect to alternative energy portfolio standards.
- To implement the Information Management and Access Project (InfoMAP) that is comprised of

Program: Regulation of Public Utilities (continued)

technology enhancements upgrading the case management system to improve internal efficiencies, permit electronic filings and provide easier public access to information.

— To provide the Pennsylvania General Assembly and the Congress with utility policy recommendations promoting the interest of Pennsylvania consumers in state and federal regulatory forums.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Utilities regulated							
Fixed utilities:							
Electric distribution	16	16	16	16	16	16	16
Electric generation	43	44	44	45	45	45	45
Other	1,201	1,151	1,151	1,151	1,151	1,151	1,151
Transportation	7,287	7,387	7,387	7,387	7,387	7,387	7,387
Rate requests received:							
Fixed utilities	42	42	42	42	42	42	42
Transportation	50	50	50	50	50	50	50
Rate cases completed:							
Fixed utilities	41	41	41	41	41	41	40
Transportation	34	50	50	50	50	50	50
Audits conducted:							
Fixed utilities:							
Special	18	25	26	29	25	24	24
Energy / fuel	43	56	51	51	54	54	54
Management	11	12	10	8	7	7	8
Enforcement/investigations:							
Gas Safety	622	700	700	700	700	700	700
Transportation:							
Rail safety	3,548	3,328	3,328	3,328	3,328	3,328	3,328
Motor safety	12,132	13,000	13,000	13,000	13,000	13,000	13,000
Consumer services:							
Fixed utilities:							
Complaints received, investigated and resolved	77,200	87,000	87,000	87,000	87,000	87,000	87,000
Electric Deregulation:							
Homes eligible to participate (thousands)	4,942	4,961	4,980	4,999	5,020	5,040	5,059
Businesses eligible to participate (thousands)	669	676	685	692	696	700	700
Estimated Savings:							
Homes (millions)	$124	$56	$82	$41	$0	$0	$0
Businesses (millions)	$241	$107	$158	$79	$0	$0	$0

Transportation rate cases completed declined in 2007-08 because the commission approved a gas surcharge negating the need for carriers to file as many rate increases.

Data for “Estimated Savings for Homes and Businesses” reflects rate caps that end in December 2010.

Program: Regulation of Public Utilities (continued)

Program Recommendations:

This budget recommends the following changes in appropriations from restricted accounts: (Dollar Amounts in Thousands)

		General Government Operations
$	210	—leasing and moving costs related to the Pittsburgh State Office Building cost containment initiative.
	209	—to continue current program.
$	419	*Appropriation Increase*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 49,729	$ 52,162	$ 52,581	$ 52,581	$ 52,581	$ 52,581	$ 52,581

DEPARTMENT OF PUBLIC WELFARE

The mission of the Department of Public Welfare is to promote, improve and sustain the quality of family life, break the cycle of dependency and protect and serve Pennsylvania's most vulnerable citizens.

This mission is accomplished by promoting the financial independence of clients through a range of services including employment and training, work support, child care, medical assistance and transportation. The mission is also accomplished by providing community living arrangements for those in need of assistance with activities of daily living and, when necessary, through institutional care and treatment in settings that are responsive to human needs.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 58,729** a	**$ 66,244** a	**$ 63,009**
(F)Child Welfare Services - Administration	1,054	2,082	1,072
(F)Child Welfare - Title IV-E - Administration	4,407	6,753	6,147
(F)CCDFBG - Administration	13,480	13,480	13,480
(F)Medical Assistance - Administration	24,102 b	28,996 b	30,565
(F)TANFBG - Administration	4,980	4,980	4,980
(F)Food Stamps - Administration	5,411	7,538	7,045
(F)Developmental Disabilities - Basic Support	4,090	4,090	4,090
(F)Refugees and Persons Seeking Asylum - Administration	1,604	1,596	1,596
(F)Disabled Education - Administration	1,608	0	0
(F)MHSBG - Administration	183	174	273
(F)SSBG - Administration	3,641	3,641	3,641
(F)Training - Lead-Based Paint Abatement	0	118	0
(F)Community Based Family Resource and Support-Administration	689	689	689
(F)Medical Assistance Infrastructure	825	3,064 c	5,300
(F)Locally Organized Systems of Child Care	819	819	375
(F)Money Follows the Person	2,000	0	0
(A)Training Reimbursement	457	457	457
(A)Child Abuse Reviews	4,970	5,989	4,970
(A)Miscellaneous Reimbursements	28	50	30
Subtotal	$ 133,077	$ 150,760	$ 147,719
Information Systems	**59,030**	**58,513**	**58,495**
(F)Medical Assistance - Information Systems	54,265	64,866	62,285
(F)Child Welfare - Title IV-E - Information Systems	583	1,672	587
(F)TANFBG - Information Systems	9,327	12,107	9,327
(F)Food Stamps - Information Systems	11,938	17,897	17,597
(F)Child Support Enforcement - Information Systems	10,436	13,089	10,647
(F)Compass Support - Food Nutrition Services (EA)	100	0	0
(A)Intergovernmental Transfer - Technology	0	2,114	0
(A)Medical Data Exchange	48	20	20
(A)DOI - COMPASS Support - CHIP & Adult Basic	200	250	250
(A)Information Systems - Food Stamp Bonus	0	15,347	5,541
Subtotal	$ 145,927	$ 185,875	$ 164,749
County Administration - Statewide	**28,451** d	**34,957** d	**39,192**
(F)TANFBG - Statewide	659	1,911	2,150
(F)Medical Assistance - Statewide	31,751 e	38,014 e	45,075
(F)Food Stamps - Statewide	24,285	24,859	26,571
(F)Ryan White - Statewide	200	325 f	395
(A)Fee for Material from Outside Vendors	3	5	5
(A)Food Stamps - Retained Collections	1,983	1,780	1,780
(A)Intergovernmental Transfer	0	943	0
(A)Food Stamp Bonus	0	0	763
Subtotal	$ 87,332	$ 102,794	$ 115,931
County Assistance Offices	**249,490**	**264,272**	**271,346**
(F)TANFBG - County Assistance	44,190	44,190	44,190
(F)Medical Assistance - County Assistance	90,379	93,288	99,217
(F)Food Stamps - County Assistance	77,845	83,216	83,521
(F)SSBG - County Assistance	6,262	6,262	6,262
(F)LIHEABG - Administration	12,277	20,000	14,039
(A)Food Stamp Bonus	1,405	55	384
Subtotal	$ 481,848	$ 511,283	$ 518,959
Child Support Enforcement	**12,212**	**15,742**	**17,739**
(F)Child Support Enforcement - Title IV - D	138,528	141,370 g	140,780
(F)MCHSBG - Program Services Family Court (EA)	42	0	0
(A)Title IV - D Incentive Collections	5,005	11,017	8,356

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
(A)State Retained Support Collections	0	0	3,213
(A)SCDU Rebate	1	0	0
Subtotal	$ 155,788	$ 168,129	$ 170,088
New Directions	**60,643**	**59,294**	**61,401**
(F)TANFBG - New Directions	137,189	137,951	136,202
(F)Medical Assistance - New Directions	4,593	5,475	5,611
(F)Food Stamps - New Directions	11,661	11,398	11,232
Subtotal	$ 214,086	$ 214,118	$ 214,446
Subtotal - State Funds	$ 468,555	$ 499,022	$ 511,182
Subtotal - Federal Funds	735,403	795,910	794,941
Subtotal - Augmentations	14,100	38,027	25,769
Total - General Government	$ 1,218,058	$ 1,332,959	$ 1,331,892
Institutional:			
Youth Development Institutions and Forestry Camps	**$ 69,797**	**$ 70,163**	**$ 74,297**
(F)SSBG - Basic Institutional Program	10,000	10,000	10,000
(F)Food Nutrition Services	725	775	875
(F)DFSC - Special Program - Juvenile Aftercare	955	300	0
(F)DFSC - Aftercare Support (EA)	150	120	0
(F)DCSI - Gender Specific Training (EA)	82	0	0
(A)Institutional Reimbursements	29	10	15
(A)MacArthur Foundation	105	225	44
Subtotal	$ 81,843	$ 81,593	$ 85,231
Mental Health Services	**709,168**	**732,665**	**744,310**
(F)Medical Assistance - Mental Health	212,822	211,902	209,983
(F)Medicare Services - State Mental Hospitals	25,122	23,372	21,922
(F)Homeless Mentally Ill	2,047	2,037	2,265
(F)MHSBG - Community Mental Health Services	15,385	15,256	14,411
(F)SSBG - Community Mental Health Services	10,366	10,366	10,366
(F)Co-occurring Behavioral Disorder Treatment	100	100	0
(F)Suicide Prevention	0	500	434
(F)Mental Health Data Infrastructure	283	169 h	150
(F)Jail Diversion & Trauma Recovery	0	413	413
(F)Bioterrorism Hospital Preparedness (EA)	501	0	0
(A)Institutional Collections	9,180	8,884	8,884
(A)Miscellaneous Institutional Reimbursements	1,682	1,565	1,565
(A)Miscellaneous	391	0	0
Subtotal	$ 987,047	$ 1,007,229	$ 1,014,703
State Centers for the Mentally Retarded	**103,424**	**103,187**	**112,340**
(F)Medical Assistance - State Centers	144,076	159,118	162,951
(F)Medicare Services - State Centers	530	512	539
(A)Institutional Collections - State Centers	10,374	10,299	10,732
(A)Institutional Reimbursements	159	0	0
(A)Embreeville Rents	1,057	795	795
(A)MR Assessment - State Centers	16,443	16,024	15,725
Subtotal	$ 276,063	$ 289,935	$ 303,082
Subtotal - State Funds	$ 882,389	$ 906,015	$ 930,947
Subtotal - Federal Funds	423,144	434,940	434,309
Subtotal - Augmentations	39,420	37,802	37,760
Total - Institutional	$ 1,344,953	$ 1,378,757	$ 1,403,016

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Grants and Subsidies:			
Cash Grants	**$ 254,459**	**$ 266,079**	**$ 268,579**
(F)TANFBG - Cash Grants	217,184	227,394	241,775
(F)CCDFBG - Cash Grants	5,064	0	0
(F)Other Federal Support - Cash Grants	32,188	33,830	33,830
(F)LIHEABG - Low-Income Families and Individuals	152,684	290,000	165,981
Subtotal	$ 661,579	$ 817,303	$ 710,165
Supplemental Grants - Aged, Blind and Disabled	**136,654**	**144,175**	**169,786**
(A)Intergovernmental Transfer	26,100	28,870	2,040
Subtotal	$ 162,754	$ 173,045	$ 171,826
Payment to Federal Government - Medicare Drug Program	**383,871**	**383,646** i	**462,232**
Medical Assistance - Outpatient	**593,992**	**615,623** j	**1,018,355**
(F)Medical Assistance - Outpatient	969,792	1,001,616	1,484,294
(A)Hospital Assessment	0	59,261	101,772
Subtotal	$ 1,563,784	$ 1,676,500	$ 2,604,421
Medical Assistance - Inpatient	**468,589**	**477,563** k	**507,467**
(F)Medical Assistance - Inpatient	557,419	608,564	603,143
Subtotal	$ 1,026,008	$ 1,086,127	$ 1,110,610
Medical Assistance - Capitation	**2,660,022**	**2,901,401** l	**2,753,111**
(F)Medical Assistance - Capitation	3,694,762	3,866,773	3,589,029
(A)Managed Care Assessment	384,781	408,944	109,481
(A)Statewide Managed Care Assessment	0	0	252,293
Subtotal	$ 6,739,565	$ 7,177,118	$ 6,703,914
Medical Assistance - Obstetric and Neonatal Services	**5,000**	**6,962**	**5,000**
(F)Medical Assistance - Obstetric and Neonatal Services	5,907	7,925	6,047
Subtotal	$ 10,907	$ 14,887	$ 11,047
Hospital Based Burn Centers	**5,000**	**5,500**	**0**
(F)Medical Assistance - Hospital-Based Burn Centers	5,907	6,467	0
Subtotal	$ 10,907	$ 11,967	$ 0
Medical Assistance - Critical Access Hospitals	**0**	**5,200**	**0**
(F)Medical Assistance - Critical Access Hospitals	0	6,129	0
Subtotal	$ 0	$ 11,329	$ 0
Trauma Centers	**12,500**	**12,337**	**12,337**
(F)Medical Assistance - Trauma Centers	14,830	14,918	14,920
Subtotal	$ 27,330	$ 27,255	$ 27,257
Medical Assistance - Academic Medical Centers	**21,592**	**21,581**	**20,140**
(F)Medical Assistance - State-Related Academic Medical Centers	26,398	25,756	24,356
Subtotal	$ 47,990	$ 47,337	$ 44,496
Medical Assistance - Physician Practice Plans	**0**	**7,215**	**13,017**
(F)Medical Assistance - Physician Practice Plans	0	8,763	15,742
Subtotal	$ 0	$ 15,978	$ 28,759
Medical Assistance - Transportation	**59,602**	**65,819**	**68,487**
(F)Medical Assistance - Transportation	55,053	56,248	64,147

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Subtotal	$ 114,655	$ 122,067	$ 132,634
Expanded Medical Services for Women	**9,310**	**4,650**	**4,650**
(F)TANFBG - Alternatives to Abortion	1,000	1,000	1,000
Subtotal	$ 10,310	$ 5,650	$ 5,650
AIDS Special Pharmaceutical Services	**16,267**	**16,267**	**16,267**
(F)AIDS - Ryan White	32,228	28,152	15,042
(A)AIDS - Pharmacy Rebates	0	0	14,499
Subtotal	$ 48,495	$ 44,419	$ 45,808
Special Pharmaceutical Services	**4,678**	**2,428** m	**2,835**
Behavioral Health Services	**45,300**	**45,164**	**56,126**
(A)Intergovernmental Transfer	12,107	12,107	0
Subtotal	$ 57,407	$ 57,271	$ 56,126
Psychiatric Services in Eastern PA	**3,500**	**3,500**	**0**
Intermediate Care Facilities - Mentally Retarded	**119,497**	**137,971**	**140,865**
(F)Medical Assistance - ICF/MR	178,248	190,468	191,224
(A)MR Assessment - ICF/MR	17,404	16,805	17,212
Subtotal	$ 315,149	$ 345,244	$ 349,301
Community Mental Retardation - Base Program	**186,859** n	**159,549** o	**173,174**
(F)Medical Assistance - Community MR Base	82,212 p	53,464 q	55,071
(F)SSBG - Community MR Services	7,500	6,500	6,500
Subtotal	$ 276,571	$ 219,513	$ 234,745
Community Mental Retardation - Waiver Program	**684,425** r	**758,372** s	**800,072**
(F)Medical Assistance - Community MR Waiver	784,696 t	855,231 t	901,690
Subtotal	$ 1,469,121	$ 1,613,603	$ 1,701,762
Early Intervention	**115,458**	**118,336**	**134,821**
(F)Medical Assistance - Early Intervention	27,930	33,709	33,784
(F)Education for Children with Disabilities	13,582	14,948	14,713
(F)Special Education - Technical Assistance	452	0	0
Subtotal	$ 157,422	$ 166,993	$ 183,318
Autism Intervention and Services	**9,955**	**20,056**	**27,000**
(F)Medical Assistance - Autism Intervention Services	13,029	26,337	29,576
Subtotal	$ 22,984	$ 46,393	$ 56,576
Pennhurst Dispersal	**0** u	**0** v	**0**
MR Residential Services - Lansdowne	**1,456**	**1,467**	**417**
County Child Welfare	**966,710**	**1,053,890**	**1,062,919**
(F)Child Welfare Services	15,244	14,555	14,372
(F)Child Welfare - Title IV-E	378,857	329,585	329,585
(F)Medical Assistance - Child Welfare	3,477	1,886	1,886
(F)TANFBG - Child Welfare	67,883	67,883	67,883
(F)SSBG - Child Welfare	12,021	12,021	12,021
(F)Child Welfare Training and Certification	11,762	12,959	12,959
(F)Community Based Family Resource and Support	134	134	134
(F)Child Abuse Prevention and Treatment	1,700	1,700	2,100
(F)Title IV B - Caseworker Visits	1,400	1,400	1,400
Subtotal	$ 1,459,188	$ 1,496,013	$ 1,505,259

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Child Welfare - TANF Transition	**20,000**	**0**	**0**
Behavioral Health Services Transition	**8,052**	**0**	**0**
(F)Medical Assistance - Behavioral Health Services	9,512	0	0
Subtotal	$ 17,564	$ 0	$ 0
Community Based Family Centers	**6,563**	**6,636**	**7,097**
(F)Family Preservation - Family Centers	7,090	7,009	6,804
(F)Family Resource & Support - Family Centers	480	480	480
(F)CCDFBG - Family Centers	461	461	0
(F)Title IV-B - Family Centers	1,253	1,253	1,253
(F)Home Visitation to Prevent Child Maltreatment	0	0	500
Subtotal	$ 15,847	$ 15,839	$ 16,134
Child Care Services	**144,865**	**171,720**	**171,720**
(F)CCDFBG - Child Care Services	192,465	190,316	196,005
(F)CCDFBG - School Age	1,260	1,260	1,260
(F)SSBG - Child Care Services	30,977	30,977	30,977
(F)Head Start Collaboration Project	225	225	225
(F)TANFBG - Child Care Services	2,000	2,000	0
Subtotal	$ 371,792	$ 396,498	$ 400,187
Child Care Assistance	**199,698**	**224,063**	**210,074**
(F)TANF - Child Care Assistance	28,464	28,464	31,686
(F)CCDFBG - Child Care Assistance	129,343	131,492	134,558
(F)Food Stamps - Child Care Assistance	12,247	13,566	15,607
(A)Early Childhood Education Revenue	200	1,116	1,000
Subtotal	$ 369,952	$ 398,701	$ 392,925
Nurse Family Partnership	**7,262**	**9,978**	**13,805**
(F)Medical Assistance - Nurse Family Partnership	1,582	2,544	2,544
(F)TANFBG - Nurse Family Partnership	1,222	1,222	0
(F)CCDFBG - Nurse Family Partnership	2,605	2,605	0
Subtotal	$ 12,671	$ 16,349	$ 16,349
Domestic Violence	**12,525**	**12,625**	**12,487**
(F)Family Violence Prevention Services	3,000	3,000	3,000
(F)SSBG - Domestic Violence Programs	5,705	5,705	5,705
(F)PHHSBG - Domestic Violence	150	150	150
(A)Marriage Law Fees	733	733	733
Subtotal	$ 22,113	$ 22,213	$ 22,075
Rape Crisis	**6,177**	**7,277**	**7,146**
(F)SSBG - Rape Crisis	2,721	1,721	1,721
Subtotal	$ 8,898	$ 8,998	$ 8,867
Breast Cancer Screening	**1,603**	**1,653**	**1,653**
(F)SSBG - Family Planning	3,845	2,000	2,000
Subtotal	$ 5,448	$ 3,653	$ 3,653
Human Services Development Fund	**35,035**	**35,035**	**33,346**
(F)Refugees and Persons Seeking Asylum - Social Services	6,785	9,785	9,785
Subtotal	$ 41,820	$ 44,820	$ 43,131
Legal Services	**2,646**	**3,172**	**3,172**
(F)SSBG - Legal Services	5,049	5,049	5,049
Subtotal	$ 7,695	$ 8,221	$ 8,221

Summary by Fund and Appropriation

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
	(Dollar Amounts in Thousands)		
Homeless Assistance	**26,700**	**26,623**	**25,623**
(F)SSBG - Homeless Services	4,183	4,183	4,183
(F)SABG - Homeless Services	1,983	1,983	1,983
Subtotal	$ 32,866	$ 32,789	$ 31,789
Facilities and Service Enhancements	**8,800**	**8,000**	**0**
Acute Care Hospitals	**21,175**	**24,500**	**0**
Family and Children's Center	**143**	**75**	**0**
Subtotal - State Funds	$ 7,265,940	$ 7,766,108	$ 8,203,780
Subtotal - Federal Funds	7,825,150	8,253,765	8,389,679
Subtotal - Augmentations	441,325	527,836	499,030
Total - Grants and Subsidies	$ 15,532,415	$ 16,547,709	$ 17,092,489
STATE FUNDS	$ 8,616,884	$ 9,171,145	$ 9,645,909
FEDERAL FUNDS	8,983,697	9,484,615	9,618,929
AUGMENTATIONS	494,845	603,665	562,559
GENERAL FUND TOTAL	**$ 18,095,426**	**$ 19,259,425**	**$ 19,827,397**
TOBACCO SETTLEMENT FUND:			
Grants and Subsidies:			
Medical Care for Workers with Disabilities (EA)	**$ 24,975**	**$ 30,140**	**$ 41,722**
(F)Medical Assistance - Workers with Disabilities (EA)	29,533	35,971	50,461
Subtotal	$ 54,508	$ 66,111	$ 92,183
Uncompensated Care (EA)	**35,193**	**35,616**	**35,818**
(F)Medical Assistance - Uncompensated Care (EA)	41,576	42,507	43,316
Subtotal	$ 76,769	$ 78,123	$ 79,134
Subtotal - State Funds	$ 60,168	$ 65,756	$ 77,540
Subtotal - Federal Funds	71,109	78,478	93,777
Total - Grants and Subsidies	$ 131,277	$ 144,234	$ 171,317
STATE FUNDS	$ 60,168	$ 65,756	$ 77,540
FEDERAL FUNDS	71,109	78,478	93,777
TOBACCO SETTLEMENT FUND TOTAL	**$ 131,277**	**$ 144,234**	**$ 171,317**
OTHER FUNDS:			
CHILDREN'S TRUST FUND:			
Children's Trust Fund (EA)	$ 1,850	$ 1,850	$ 1,850
EMERGENCY ENERGY ASSISTANCE FUND:			
Emergency Energy Assistance	$ 0	$ 0	$ 20,000 w
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Low Income Energy Assistance	$ 244	$ 292	$ 0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 8,616,884	$ 9,171,145	$ 9,645,909
SPECIAL FUNDS	60,168	65,756	77,540
FEDERAL FUNDS	9,054,806	9,563,093	9,712,706
AUGMENTATIONS	494,845	603,665	562,559
OTHER FUNDS	2,094	2,142	21,850
TOTAL ALL FUNDS	**$ 18,228,797**	**$ 19,405,801**	**$ 20,020,564**

[a] 2007-08 Actual appropriated as $60,238,000. 2008-09 Available appropriated as $68,404,000. Amounts shown are net of transfers to the Department of Aging and Long Term Living.

[b] 2007-08 Actual appropriated as $25,614,000. 2008-09 Available appropriated as $31,163,000. Amounts shown are net of transfers to the Department of Aging and Long Term Living.

[c] Includes recommended supplemental appropriation of $2,239,000.

[d] 2007-08 Actual appropriated as $30,968,000. 2008-09 Available appropriated as $38,251,000. Amounts shown are net of transfer to the Department of Aging and Long Term Living.

[e] 2007-08 Actual appropriated as $36,817,000. 2008-09 Available appropriated as $43,300,000. Amounts shown are net of transfer to the Department of Aging and Long Term Living.

[f] Includes recommended supplemental appropriation of $67,000.

[g] Includes recommended supplemental appropriation of $3,345,000.

[h] Includes recommended supplemental appropriation of $19,000.

[i] Includes recommended supplemental appropriation of $5,853,000.

[j] Includes recommended appropriation reduction of $13,772,000.

[k] Includes recommended supplemental appropriation of $13,884,000.

[l] Includes recommended appropriation reduction of $4,715,000.

[m] Includes recommended appropriation reduction of $1,250,000.

[n] 2007-08 Actual appropriated as $868,061,000 for Community Mental Retardation Services. Amount shown is net of transfer to the Community Mental Retardation - Waiver Program and includes $2,355,000 appropriated as part of the Pennhurst Dispersal appropriation.

[o] 2008-09 Available appropriated as $914,712,000 for Community Mental Retardation Services. Amount shown is net of transfer to the Community Mental Retardation - Waiver Program and includes $2,345,000 appropriated as part of the Pennhurst Dispersal appropriation.

[p] 2007-08 Actual appropriated as $866,908,000. Amount shown is net of transfer to the Medical Assistance - Community MR Waiver.

[q] 2008-09 Available appropriated as $908,695,000. Amount shown is net of transfer to the Medical Assistance - Community MR - Waiver.

[r] 2007-08 Actual includes $684,425,000 appropriated as part of the Community Mental Retardation Service appropriation and $868,000 appropriated as part of the Pennhurst Dispersal appropriation.

[s] 2008-09 Available includes $758,372,000 appropriated as part of the Community Mental Retardation Service appropriation and $868,000 appropriated as part of the Pennhurst Dispersal appropriation.

[t] 2008-09 Available includes $784,696,000 and 2008-09 Available includes $855,231,000 appropriated as part of the Medical Assistance - Community MR Services appropriation.

[u] 2007-08 Actual appropriated as $3,223,000. Amount shown is net of $2,355,000 transferred to the Community Mental Retardation - Base Program and $868,000 transferred to the Community Mental Retardation - Waiver Program.

[v] 2008-09 Available appropriated as $3,209,000. Amount shown is net of $2,341,000 transferred to the Community Mental Retardation - Base Program and $868,000 transferred to the Community Mental Retardation - Waiver Program.

[w] Amount shown includes $10,000,000 from 2008-09.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
HUMAN SERVICES SUPPORT							
GENERAL FUND	$ 117,759	$ 124,757	$ 121,504	$ 121,504	$ 121,504	$ 121,504	$ 121,504
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	155,542	187,651	179,696	179,696	179,696	179,696	179,696
OTHER FUNDS	5,703	24,227	11,268	11,268	11,268	11,268	11,268
SUBCATEGORY TOTAL	$ 279,004	$ 336,635	$ 312,468	$ 312,468	$ 312,468	$ 312,468	$ 312,468
MEDICAL ASSISTANCE							
GENERAL FUND	$ 4,261,598	$ 4,550,692	$ 4,883,898	$ 4,791,823	$ 4,791,823	$ 4,791,823	$ 4,791,823
SPECIAL FUNDS	60,168	65,756	77,540	80,359	84,995	90,076	95,646
FEDERAL FUNDS	5,434,405	5,710,789	5,911,497	5,807,411	5,813,034	5,819,197	5,825,952
OTHER FUNDS	384,781	468,205	478,045	585,050	585,050	585,050	585,050
SUBCATEGORY TOTAL	$ 10,140,952	$ 10,795,442	$ 11,350,980	$ 11,264,643	$ 11,274,902	$ 11,286,146	$ 11,298,471
INCOME MAINTENANCE							
GENERAL FUND	$ 741,909	$ 784,519	$ 828,043	$ 828,043	$ 828,043	$ 828,043	$ 828,043
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	986,981	1,159,483	1,056,831	1,056,831	1,056,831	1,056,831	1,056,831
OTHER FUNDS	34,741	42,962	36,541	14,501	14,501	14,501	14,501
SUBCATEGORY TOTAL	$ 1,763,631	$ 1,986,964	$ 1,921,415	$ 1,899,375	$ 1,899,375	$ 1,899,375	$ 1,899,375
MENTAL HEALTH							
GENERAL FUND	$ 757,968	$ 781,329	$ 800,436	$ 800,436	$ 800,436	$ 800,436	$ 800,436
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	266,626	264,115	259,944	259,944	259,944	259,944	259,944
OTHER FUNDS	23,360	22,556	10,449	10,449	10,449	10,449	10,449
SUBCATEGORY TOTAL	$ 1,047,954	$ 1,068,000	$ 1,070,829	$ 1,070,829	$ 1,070,829	$ 1,070,829	$ 1,070,829
MENTAL RETARDATION							
GENERAL FUND	$ 1,105,616	$ 1,180,602	$ 1,253,868	$ 1,253,868	$ 1,253,868	$ 1,253,868	$ 1,253,868
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	1,210,291	1,291,630	1,347,551	1,347,551	1,347,551	1,347,551	1,347,551
OTHER FUNDS	45,437	43,923	44,464	44,464	44,464	44,464	44,464
SUBCATEGORY TOTAL	$ 2,361,344	$ 2,516,155	$ 2,645,883	$ 2,645,883	$ 2,645,883	$ 2,645,883	$ 2,645,883

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
HUMAN SERVICES							
GENERAL FUND	$ 1,158,045	$ 1,218,438	$ 1,220,643	$ 1,220,643	$ 1,220,643	$ 1,220,643	$ 1,220,643
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	547,323	486,894	486,791	486,791	486,791	486,791	486,791
OTHER FUNDS	867	968	792	792	792	792	792
SUBCATEGORY TOTAL	$ 1,706,235	$ 1,706,300	$ 1,708,226	$ 1,708,226	$ 1,708,226	$ 1,708,226	$ 1,708,226
CHILD DEVELOPMENT							
GENERAL FUND	$ 473,989	$ 530,808	$ 537,517	$ 537,517	$ 537,517	$ 537,517	$ 537,517
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	453,638	462,531	470,396	470,396	470,396	470,396	470,396
OTHER FUNDS	2,050	2,966	2,850	2,850	2,850	2,850	2,850
SUBCATEGORY TOTAL	$ 929,677	$ 996,305	$ 1,010,763	$ 1,010,763	$ 1,010,763	$ 1,010,763	$ 1,010,763
ALL PROGRAMS:							
GENERAL FUND	$ 8,616,884	$ 9,171,145	$ 9,645,909	$ 9,553,834	$ 9,553,834	$ 9,553,834	$ 9,553,834
SPECIAL FUNDS	60,168	65,756	77,540	80,359	84,995	90,076	95,646
FEDERAL FUNDS	9,054,806	9,563,093	9,712,706	9,608,620	9,614,243	9,620,406	9,627,161
OTHER FUNDS	496,939	605,807	584,409	669,374	669,374	669,374	669,374
DEPARTMENT TOTAL	$ 18,228,797	$ 19,405,801	$ 20,020,564	$ 19,912,187	$ 19,922,446	$ 19,933,690	$ 19,946,015

PROGRAM OBJECTIVE: To provide effective administrative and support systems through which the substantive programs of the department can be operated.

Program: Human Services Support

The Human Services Support program provides the policy direction, management and administrative systems required to implement, maintain and monitor the substantive programs of the department.

Information systems are critical to the management of human services. The technology challenge is to provide timely and accurate information that enables the integration of numerous client services and tracks individual progress toward self-sufficiency. Additionally, the managed care environment requires the department to view and monitor client profiles relative to quality of care, encounter data and eligibility data in order to manage the services and costs effectively.

The continued creation and expansion of Web-based applications allows for more online services and efficient maintenance of common client and provider databases, as well as case management systems, for use across program lines.

Also provided is the management and oversight of the coordination of benefits and recovery of Medical Assistance overpayments when a third-party liability is identified. Recoveries consist of casualty cases, the Estate Recovery program, federally mandated "pay and chase" situations and the identification and recovery of insurance payments after claims are paid.

This program also seeks reimbursement from third-party sources for services provided to patients and consumers at the state-operated mental health and mental retardation facilities.

Finally, this program ensures the quality of services for Pennsylvania residents by licensing and regulating child care and selected medical facilities.

The department continues to strive toward system enhancements that will minimize administrative costs in relation to service costs.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Third-party liability cases referred for recovery	14,611	14,100	14,200	14,200	14,200	14,200	14,200
Total dollars recovered (in thousands)	$108,400	$111,500	$113,000	$113,000	$113,000	$113,000	$113,000
Recipient appeals cases receiving final disposition	49,139	49,000	49,000	49,000	49,000	49,000	49,000
Provider appeals cases receiving final disposition	2,855	2,000	2,000	2,000	2,000	2,000	2,000
Online applications submitted through COMPASS	321,400	345,000	345,000	345,000	345,000	345,000	345,000

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ –3,849	—nonrecurring 2008-09 budgetary freeze amount.
–398	—reduction in administrative costs.
1,012	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
$ –3,235	*Appropriation Decrease*

Information Systems

$ 2,533	—to continue current program.
–2,551	—to reflect change in federal earnings.
$ –18	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 58,729	$ 66,244	$ 63,009	$ 63,009	$ 63,009	$ 63,009	$ 63,009
Information Systems	59,030	58,513	58,495	58,495	58,495	58,495	58,495
TOTAL GENERAL FUND	$ 117,759	$ 124,757	$ 121,504	$ 121,504	$ 121,504	$ 121,504	$ 121,504

PROGRAM OBJECTIVE: To support a health care delivery system that provides comprehensive health care services in appropriate settings for the eligible populations.

Program: Medical Assistance

The Medical Assistance program ensures access to comprehensive health care services for low-income individuals and families or those with medical expenses exceeding available income. Qualified individuals may receive a complete package of benefits, including cash assistance, under the Temporary Assistance for Needy Families (TANF) Block Grant, Supplemental Security Income or General Assistance programs. Others who do not qualify for cash assistance grants but spend a significant portion of their income for medical expenses, qualify for Medical Assistance. A verifiable medical condition, which precludes work, will also allow participation.

Eligibility also includes women diagnosed with breast or cervical cancer who qualify for treatment within enhanced federal guidelines. Disabled workers are able to participate in the Medical Assistance program through a purchase program authorized by Act 77 of 2001, the Tobacco Settlement Act. Workers with incomes under 250 percent of the federal poverty guidelines pay a premium equal to 5 percent of their monthly income to participate in the complete package of benefits.

Program Element: Outpatient Services

Outpatient services include the majority of preventive services available to a person who does not need extended acute care in a health care facility. Some examples of medical or dental outpatient services are care in a clinic or office setting, outpatient surgery, rehabilitation, drug and alcohol treatment, pharmacy benefits, ambulance transportation, home health care, medical supplies and equipment, and prosthetic devices.

Individuals with low income and limited resources as defined by federal categorical criteria are eligible for a comprehensive array of outpatient services. Individuals with limited income and resources who do not qualify for cash payments are still eligible for all services except pharmacy benefits; dental care, except when provided in a short procedure unit or inpatient hospital; medical supplies and equipment, except when provided in conjunction with home health agency services; and prosthetic devices. Some service restrictions, comparable to private insurance, apply to adult recipients. An exception process is available for unusual circumstances.

The ACCESS Plus program is available in the 42 counties where HealthChoices mandatory physical health is not available with the following exceptions: nursing home residents, long-term care capitation enrollees, Health Insurance Premium Payment eligible members, residents of state institutions and dual eligible Medicare/Medicaid members over the age of 21. The department has placed a significant emphasis on implementing disease management programs and has developed a series of financial incentives for both the disease management contractor and primary care practitioners to focus on providing quality care and actively supporting disease management programs.

In response to the rising cost of prescription drugs, steps have been taken to better manage the pharmacy benefit program. Outpatient pharmacy services has a preferred drug list that provides for supplemental drug rebates and enforces the use of drugs considered best in class. Other efforts to control pharmacy costs include prior authorization of certain medications with high cost or health and safety risks to consumers, quantity limits and special initiatives such as the Special Pharmacy Drug program. The department's Specialty Pharmacy Drug program provides a reliable and convenient dispensing and delivery system for providers and Medical Assistance consumers through two nationally accredited specialty pharmacy providers.

Program Element: Inpatient Services

Inpatient hospital services include care for Medical Assistance patients in acute care, rehabilitation and private psychiatric hospitals.

The Inpatient Medical Assistance program provides eligible recipients coverage on a 24-hour basis for room, board and professional services. A recipient is only eligible for admission under Medical Assistance upon the recommendation of a physician, certified registered nurse practitioner, dentist or podiatrist. Medical Assistance does not cover hospital care solely for cosmetic procedures, nor diagnostic or therapeutic procedures solely for experimental, research or educational purposes.

The department uses a prospective payment system to reimburse general acute care hospitals. General acute care hospitals are paid a predetermined amount per discharge based on the patient's diagnosis, the procedures performed and the patient's age, sex and discharge status. The diagnosis related groups (DRG) system is used to classify the various diagnoses based on the amount of resources hospitals customarily use for treatment. The department's payment for compensable inpatient hospital services under the DRG payment system is the product of the hospital specific average cost per case multiplied by the relative value of the DRG assigned to the admission. The DRG system pays for cost outliers for specific DRGs when the cost of treating the case exceeds a certain threshold.

Program: Medical Assistance (continued)

These "outlier" costs are reimbursed on an exceptional cost basis in the prospective payment to the hospital. The DRG system also pays for "day outlier" costs not covered by the above-referenced cost outlier, for exceptionally long inpatient stays that exceed predetermined lengths of stay. When professional care is provided to a Medical Assistance recipient, the department separately reimburses the health care professional who provided direct care services to the recipient and is under salary or contract with the hospital. These services are reimbursed in accordance with the fees established under the Medical Assistance Fee Schedule through the Medical Assistance - Outpatient appropriation.

Freestanding psychiatric and rehabilitation hospitals and distinct part psychiatric and rehabilitation units of acute care hospitals are reimbursed on a prospective basis through per diem payments.

Act 77 of 2001, the Tobacco Settlement Act, authorized an additional payment to hospitals to partially offset the cost of uncompensated care or extraordinary medical services provided by hospitals to individuals with no or inadequate health care insurance.

Program Element: Capitation

Alternative health care delivery systems for Medical Assistance recipients are available through managed care organizations (MCOs) that provide services utilizing a fixed rate per recipient enrolled. MCOs emphasize outpatient preventive health services and disease management as a means of controlling costs. The coordinated approach allows enhanced continuity of care, improves recipients' access to primary physician care and specialized behavioral health programs, provides strengthened oversight of operational standards and facilitates an efficient use of limited health care resources.

Pennsylvania's mandatory managed care is known as HealthChoices. The statewide HealthChoices Behavioral Health (BH) program is administered by the Office of Mental Health and Substance Abuse Services. The BH program is provided through contracts with counties that use an independent BH-MCO, or through contracts directly with BH-MCOs. Services provided include psychiatric inpatient treatment, partial hospitalization, psychiatric outpatient services, Early Periodic Screening Diagnosis and Treatment services for children, case management, and drug and alcohol detoxification, and rehabilitation services. Physical health managed care services are administered by the Office of Medical Assistance Programs, Bureau of Managed Care Operations. The HealthChoices Physical Health program is provided to most eligible clients in five counties in southeastern Pennsylvania, ten counties in southwestern Pennsylvania and ten counties in the Lehigh/Capital region of Pennsylvania, through contracts with six MCOs. The department also contracts with four MCOs to provide physical health services to recipients in a voluntary managed care program in 26 counties where the HealthChoices Physical Health program has not been implemented. The physical health program does not include recipients age 21 and older who are dually eligible for Medicare. Certain Healthy Horizons participants remain in the fee-for-service program in all counties.

Program Element: Medical Assistance Transportation Program

The goal of the Medical Assistance Transportation Program (MATP) is to provide efficient and effective transportation options to improve access to health care services for Medical Assistance recipients in need of transportation assistance.

The MATP provides funding to 66 counties and a transportation broker in Philadelphia County to provide non-emergency medical transportation to Medical Assistance covered services.

The program includes the following: assessing MATP eligibility and determining the level of transportation services needed, providing funding for recipients to use public transit, reimbursing clients for private vehicle mileage use, developing and managing a network of on-demand transportation providers, scheduling and dispatching on-demand paratransit trips, and capturing and providing data.

Counties are responsible for providing transportation services to Medical Assistance recipients in either fee-for-service or managed care arrangements and must transport clients to and/or from a medical facility, physician's office, dentist's office, hospital, clinic, pharmacy or purveyor of medical equipment for the purpose of receiving medical treatment or medical evaluation or purchasing prescription drugs or medical equipment.

Program Element: Special Pharmaceutical Benefits Program

The Special Pharmaceutical Benefits Program (SPBP) pays for specific drugs for low and moderate-income persons with HIV/AIDS disease and for limited mental health drug therapy for persons residing in the community who suffer from schizophrenia and who are not eligible for drug coverage through the regular Medical Assistance program or some other entity such as Medicare Part D. In order to qualify for this program, the applicant must be a resident of Pennsylvania, have a diagnosis of HIV/AIDS and a gross annual income of less than $35,000 for an individual and $2,893 for each additional family member. Mental health applicants with a gross annual income of less than $30,000 for an individual and $2,480 for each additional family member having the appropriate medical diagnosis are eligible for the mental health component of this program. SPBP is the payer of last resort, and all available third party resources must be used before payment is made by the program.

Program: Medical Assistance (continued)

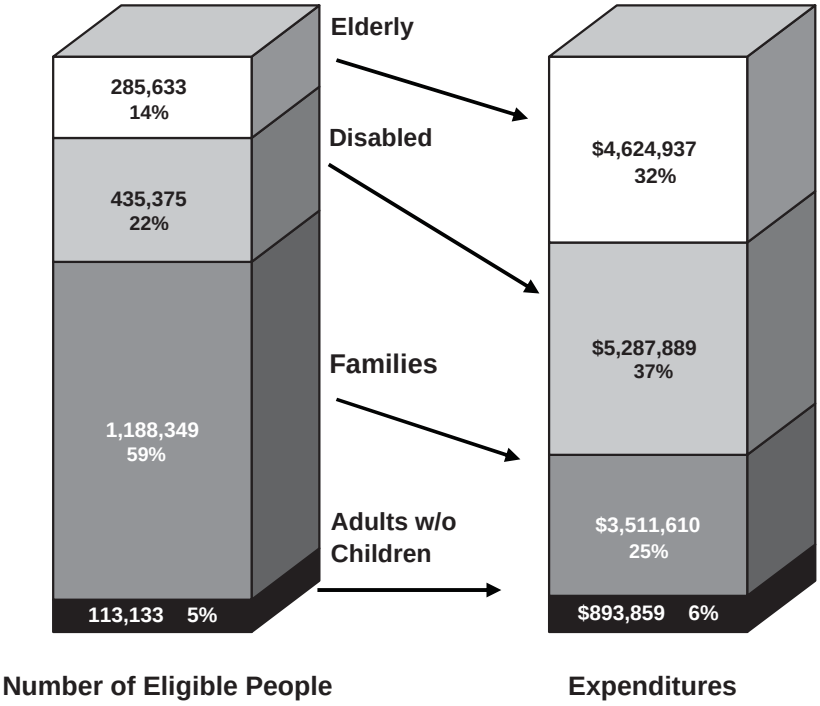
Program Element: Expanded Medical Services for Women

The Expanded Medical Services for Women program provides counseling services to women. Grants are provided to nonprofit agencies whose primary purpose is to assist pregnant women seeking alternatives to abortions. Services are provided up to 12 months after childbirth and include food, shelter, clothing, health care, counseling, adoption services, parenting classes, assistance for post delivery stress and other support programs.

Medicaid Expenditures and Enrollees by Category of Assistance

Fiscal Year 2009-10

(Dollar Amounts in Thousands)



Although the disabled and elderly are only 36% of the total Medical Assistance population, they account for 69% of the Medical Assistance expenditures.

Long-term living costs for the disabled and elderly are funded within the Department of Aging and Long Term Living.

Program: Medical Assistance (continued)

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Persons participating in Medical Assistance (monthly average)	1,907,396	1,960,514	2,022,490	2,022,490	2,022,490	2,022,490	2,022,490
Medical Assistance recipients served (monthly average):							
Fee-for-service delivery – Physical Health only	825,235	845,089	879,160	879,160	879,160	879,160	879,160
Average Managed Care Enrollment – Physical Health	1,082,161	1,115,425	1,143,330	1,143,330	1,143,330	1,143,330	1,143,330
Average HealthChoices Behavioral Health enrollment	1,576,799	1,633,342	1,666,045	1,666,045	1,666,045	1,666,045	1,666,045
Outpatient							
Services/visits per 1,000 enrollees:							
Physicians visits	2,390	2,398	2,400	2,400	2,400	2,400	2,400
Clinic visits	1,136	1,140	1,140	1,140	1,140	1,140	1,140
Emergency room visits	626	614	610	610	610	610	610
Average prescriptions filled per enrollee per month	2.5	2.6	2.6	2.6	2.6	2.6	2.6
Percentage of generic and over the counter prescriptions filled	65%	66%	67%	68%	68%	68%	68%
Percentage of brand name prescriptions filled	25%	24%	24%	24%	24%	24%	24%
Average cost - generic and over the counter	$12.50	$13.75	$15.12	$16.65	$18.30	$20.00	$20.00
Average cost - brand name	$125.00	$137.50	$151.25	$166.40	$175.00	$175.00	$180.00
Inpatient							
Admissions per 1,000 enrollees:							
General hospital	218	218	218	218	218	218	218
Rehabilitation hospital	2	2	2	2	2	2	2
Private psychiatric hospital	10	10	10	10	10	10	10
Capitation							
Percentage of children from birth to 15 months visiting a physician three or more times in the past year	92.7%	93.0%	93.5%	93.5%	93.5%	93.5%	93.5%
Percentage of children age 12 to 24 months visiting a doctor or nurse in the past year	94.1%	95.4%	96.0%	96.0%	96.0%	96.0%	96.0%
Percentage of children 25 months to 6 years visiting a doctor or nurse in the past year	83.5%	84.0%	84.5%	84.5%	84.5%	84.5%	84.5%
Percentage of pregnant women who received more than 80% of the recommended prenatal visits	66.4%	66.5%	67.0%	67.0%	67.0%	67.0%	67.0%
Transportation Program							
One-way trips (in thousands)	9,647	10,824	12,183	12,183	12,183	12,183	12,183
Cost per trip	$11.89	$11.28	$10.90	$10.90	$10.90	$10.90	$10.90
Medical Care for Workers with Disabilities							
Recipients enrolled in program (monthly average)	9,764	13,046	14,987	16,100	17,100	18,200	19,200

The combined percentages of generic plus over-the-counter medications and brand name medications will not equal 100% because some pharmacy claims include non-drug items that are not classified as either brands or generics.

Program: Medical Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Payment to Federal Government - Medicare Drug Program

$ 40,989	—reflects increase in mandated payback for pharmacy services.
37,597	—impact of prior year change in timing of payments.
$ 78,586	*Appropriation Increase*

Medical Assistance - Outpatient

$ 35,449	—change in utilization and caseload.
11,104	—to provide for increased price of drugs.
8,983	—increase in cost and clients eligible for Medicare Part B premiums.
–2,816	—savings from administrative and other cash flow changes.
–6,227	—impact of increase in pharmacy rebates.
–19,627	—annualization of Hospital Assessment.
38,193	—nonrecurring prior year carryover funds.
–5,100	—revision of federal financial participation from 54.52% to 54.81%.
–6,249	—annualization of prior year initiatives.
364,608	—Initiative—Implement Smart Pharmacy. To simplify prescribing, dispensing and claims submission processes and maximize federal drug rebates through a consolidated pharmacy benefit program.
–4,350	—Initiative—Fraud and Abuse Prevention. Savings achieved from implementation of a false claims recovery program, enhancements to the recipient restriction program and limits to attorney fees.
–3,000	—Initiative—Access Plus Enhancements. Savings achieved from the expansion of disease management to cover additional conditions including stroke, hypertension, gastrointestinal diseases and neurological disorders.
–1,444	—Initiative—Access Plus Enhancements. Savings achieved from enhanced pharmacy management which includes strengthening utilization management.
–6,792	—Initiative—Reduced Supplemental Payments to Hospitals. Savings generated from a reduction to hospital supplemental payments.
$ 402,732	*Appropriation Increase*

Medical Assistance - Inpatient

$ 17,862	—change in caseload and utilization.
3,388	—to provide for administrative and other cash flow changes.
5,014	—increase in costs and clients eligible for Medicare Part A premiums.
21,680	—nonrecurring prior year carryover funds.
–3,332	—revision of federal financial participation from 54.52% to 54.81%.
–1,500	—nonrecurring project.
–13,208	—Initiative—Reduced Supplemental Payments to Hospitals. Savings generated from a reduction to hospital supplemental payments.
$ 29,904	*Appropriation Increase*

Medical Assistance - Capitation

$ 73,826	—change in caseload and utilization.
102,865	—to provide for federally required actuarially sound rates.
–4,908	—savings from administrative and other cash flow impacts.
182,384	—impact of prior year change in timing of managed care payments.
145,745	—replacement of MCO Assessments.
19,439	—nonrecurring prior year carryover funds.
–14,084	—revision of federal financial participation from 54.52% to 54.81%.
–200,000	—Initiative—Managed Care Organization Assessment. To replace the existing Medicaid managed care organization assessment, which the federal government will discontinue in October 2009, with an assessment on all MCOs.
–418,557	—Initiative—Implement Smart Pharmacy. To simplify prescribing, dispensing and claims submission processes and maximize federal drug rebates through a consolidated pharmacy benefit program.
–35,000	—Initiative—Behavioral Health Efficiency. Savings achieved from program modifications, which include adjustments to the level of county risk and contingency funds and tightening the treatment of reinvestment funds.
$ –148,290	*Appropriation Decrease*

Medical Assistance - Obstetric and Neonatal Services

$ –1,962	—nonrecurring project.

Hospital Based Burn Centers

$ –5,500	—program elimination.

Medical Assistance - Critical Access Hospitals

$ –5,200	—program elimination.

Medical Assistance - Academic Medical Centers

$ –1,441	—program reduction.

Medical Assistance - Physician Practice Plans

$ 5,802	—annualization of prior year initiative to enable university-affiliated physician practice plans to claim federal Medicaid funds.

Medical Assistance - Transportation

$ 2,668	—increased utilization.

Special Pharmaceutical Services

$ 407	—to continue current program.

Acute Care Hospitals

$ –24,500	—nonrecurring project.

Program: Medical Assistance (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

TOBACCO SETTLEMENT FUND

Medical Care for Workers with Disabilities

$ 11,582 —to provide services to 1,941 additional recipients.

Hospital Uncompensated Care

$ 202 —increase in Tobacco Settlement Funds available for transfer.

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007–08 Actual	2008–09 Available	2009–10 Budget	2010–11 Estimated	2011–12 Estimated	2012–13 Estimated	2013–14 Estimated
GENERAL FUND:							
Payment to Federal Government - Medicare Drug Program	$ 383,871	$ 383,646	$ 462,232	$ 462,232	$ 462,232	$ 462,232	$ 462,232
Medical Assistance - Outpatient	593,992	615,623	1,018,355	1,049,562	1,049,562	1,049,562	1,049,562
Medical Assistance - Inpatient	468,589	477,563	507,467	507,467	507,467	507,467	507,467
Medical Assistance - Capitation	2,660,022	2,901,401	2,753,111	2,629,829	2,629,829	2,629,829	2,629,829
Medical Assistance - Obstetric and Neonatal Services	5,000	6,962	5,000	5,000	5,000	5,000	5,000
Hospital Based Burn Centers	5,000	5,500	0	0	0	0	0
Medical Assistance - Critical Access Hospitals	0	5,200	0	0	0	0	0
Trauma Centers	12,500	12,337	12,337	12,337	12,337	12,337	12,337
Medical Assistance - Academic Medical Centers	21,592	21,581	20,140	20,140	20,140	20,140	20,140
Medical Assistance - Physician Practice Plans	0	7,215	13,017	13,017	13,017	13,017	13,017
Medical Assistance - Transportation	59,602	65,819	68,487	68,487	68,487	68,487	68,487
Expanded Medical Services for Women	9,310	4,650	4,650	4,650	4,650	4,650	4,650
AIDS Special Pharmaceutical Services	16,267	16,267	16,267	16,267	16,267	16,267	16,267
Special Pharmaceutical Services	4,678	2,428	2,835	2,835	2,835	2,835	2,835
Acute Care Hospitals	21,175	24,500	0	0	0	0	0
TOTAL GENERAL FUND	$ 4,261,598	$ 4,550,692	$ 4,883,898	$ 4,791,823	$ 4,791,823	$ 4,791,823	$ 4,791,823
TOBACCO SETTLEMENT FUND:							
Medical Care for Workers with Disabilities (EA)	$ 24,975	$ 30,140	$ 41,722	$ 44,237	$ 48,661	$ 53,527	$ 58,880
Uncompensated Care (EA)	35,193	35,616	35,818	36,122	36,334	36,549	36,766
TOTAL TOBACCO SETTLEMENT FUND	$ 60,168	$ 65,756	$ 77,540	$ 80,359	$ 84,995	$ 90,076	$ 95,646

PROGRAM OBJECTIVE: To promote personal and parental responsibility and encourage economic independence and self-sufficiency through temporary cash assistance, job training and child care for families or individuals.

Program: Income Maintenance

The broad purpose of public assistance is to provide temporary support to families in transition from dependency to economic self-sufficiency. Support may include limited education, job training and placement assistance, child care, transportation, other support services and cash assistance.

Program Element: Income Assistance

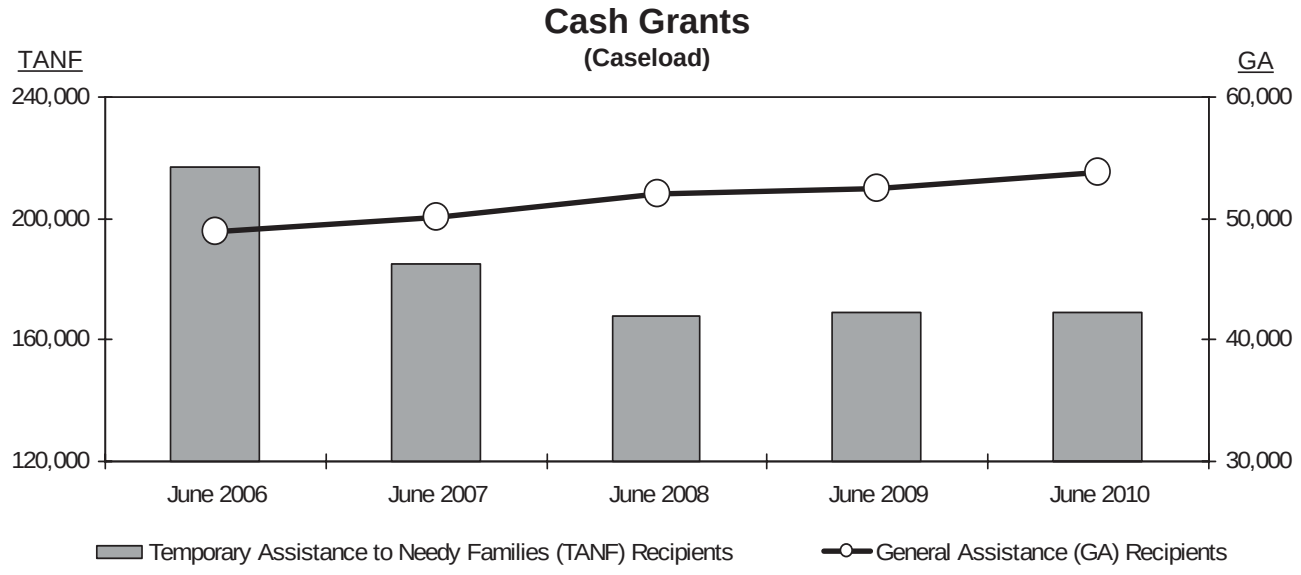
Cash assistance is provided for a limited time to people who meet income and resource guidelines and who comply with work activity requirements.

The cornerstone of the program is an Agreement of Mutual Responsibility (AMR) established between the client and the commonwealth. Caseworkers in the County Assistance Offices (CAO) meet with applicants for cash assistance, Medical Assistance and food stamps to review financial and non-financial criteria to determine eligibility for benefits. As a condition of eligibility for cash assistance, recipients are required to sign and comply with the economic self-sufficiency plans in their AMR. The AMR outlines the steps the individual will take and the services the caseworkers in the CAOs will provide to enable the family to reach its goals. After assessing potential barriers to employment, most adult welfare recipients are required to immediately upon applying for benefits take realistic, concrete steps that will lead to increased success in the workplace. Adults are required to either work or participate in a work-related activity.

Upon application or re-determination for assistance, data is entered into the department's client information system and is available for Medical Assistance program determinations as well as cash assistance and food stamps. All final Medical Assistance claims payments and most cash grants payments are processed through the central office using automated systems.

Cash assistance is provided to persons determined by the staff in CAOs to be eligible for the Temporary Assistance for Needy Families (TANF), the state General Assistance (GA) and the State Blind Pension (SBP) programs. The TANF program provides state and federal funds for temporary cash support for families in transition to self-sufficiency. GA and SBP, on the other hand, are entirely state-funded programs. Most GA recipients are individuals or married couples with no dependent children but with disabilities that prevent employment. State Blind Pension recipients are persons who meet age, vision and personal resource requirements specified in the Public Welfare Code.

Federal regulations placed a five-year lifetime limit on cash assistance benefits for most adult recipients and allowed a hardship exemption for up to 20 percent of the caseload. The department has implemented regulations that define the hardship exemption and make provisions for extending the time period for a family with multiple barriers to employment to reach self-sufficiency.



Program: Income Maintenance (continued)

The Low-Income Home Energy Assistance Program assists eligible households by offsetting the burden of high energy costs and intervening in energy crisis situations. The eligibility standard, which is subject to annual revision based on the availability of funding, includes every household member's income. Cash payments are made to energy suppliers for persons responsible for paying heating costs or directly to those households where home heating is included in the rent. Crisis payments are made to energy suppliers and may cover heating costs as well as emergency repairs to heating systems.

The Supplemental Security Income (SSI) program provides aged, blind and disabled persons with a monthly payment based on nationally uniform eligibility standards. Presently, the monthly federal benefit rate for individuals is $674 and $1,011 for couples. Pennsylvania will contribute a supplemental grant of $27.40 for an individual and $43.70 for couples to SSI recipients. The department is responsible for directly issuing the state supplemental grants to most SSI recipients. A special monthly state supplement is paid to SSI-eligible persons in domiciliary care facilities and personal care homes. For SSI residents in personal care homes, the minimum personal care allowance is $85 a month.

The department also administers a disability advocacy program to assist mentally and physically disabled individuals in establishing their eligibility for federal SSI benefits.

Program Element: Employment, Training and Work Supports

The employment and training program known as the Road to Economic Self-Sufficiency through Employment and Training (RESET) assists welfare recipients to enter the workforce and achieve economic independence. Pennsylvania's employment and training programs for cash assistance clients include an assessment of potential barriers to employment and an initial job search. Training and education programs are designed to prepare individuals unable to secure employment to get and keep available jobs. Job retention, advancement and case management services are also offered to help individuals retain employment. Initiatives are continued but modified due to new federal TANF regulations to provide access to a broad range of educational activities, making it more likely that individuals who are placed in jobs will keep them and be able to advance including programs offering adult literacy services, such as GED preparation, job-specific literacy and English as a second language. In recent years, the department has renamed the Single Point of Contact program to Employment, Advancement, Retention Network as a more accurate description of efforts to assist clients gaining employment and help them attain and retain better jobs to move toward self sufficiency. The department partners with the Department of Labor and Industry and the Department of Education to offer subsidized employment and other education and training programs that respond to the needs of the local business community. The Industry Specific Initiative provides collaboration and partnerships with employers regarding the development of customized training and direct job placement. In addition to training for welfare clients, programs to assist noncustodial parents to enter and advance in the workplace are provided to improve family economic viability. Participants are offered supports such as child care, transportation and clothing assistance to remove any barriers to work or training and ensure on-going success and avoid a return to cash assistance.

Program Element: Child Support Enforcement

Child Support Enforcement program services are provided at the local level through cooperative agreements between the department and the domestic relations section of the Courts of Common Pleas. The services include the establishment of paternity for children born outside of marriage; the determination, establishment and enforcement of a financial child support obligation paid by a noncustodial parent to meet the ongoing daily needs of the children; the procurement of medical support including health insurance and/or the reimbursement of uninsured medical expenses for the children; and child care support designed to help offset the cost of child care if the custodial parent works or is enrolled in an education/training program to secure employment.

Child support enforcement services are available to children from birth to age 18 or until the child graduates from high school or becomes emancipated. The courts may require child support to be paid for an individual over the age of 18 if extraordinary needs – excluding college tuition – exist. A designated portion of child support paid on behalf of children receiving TANF benefits is passed through to the custodial parent and any residual amount is assigned to the department to reimburse cash assistance benefits issued to the child's family.

Federal funding of the state's Child Support Enforcement program is based on its performance in establishing paternity and court orders for support, as well as collecting child support amounts ordered. Pennsylvania's program exceeds federal standards for establishing paternity and court orders for support: collection of current support and cases paying on arrears are 80 percent and 79 percent, respectively – the highest percentage of any state in the nation.

Program: Income Maintenance (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Persons receiving cash assistance (monthly average)	225,846	219,414	225,240	225,240	225,240	225,240	225,240
Persons receiving state supplemental grants (monthly average)	343,471	349,724	360,955	360,955	360,955	360,955	360,955
Households receiving energy cash payments	370,873	457,368	429,950	429,950	429,950	429,950	429,950
Households receiving energy crisis payments	169,980	181,209	67,675	67,675	67,675	67,675	67,675
TANF recipients enrolled in RESET employment and training program	33,369	34,157	34,200	34,200	34,200	34,200	34,200
TANF recipients obtaining employment	25,729	24,500	24,500	24,500	24,500	24,500	24,500
Child support orders established	437,671	433,323	431,155	431,155	431,155	431,155	431,155
Child support collected (in millions)	$1,511	$1,527	$1,532	$1,532	$1,532	$1,532	$1,532

Persons receiving cash assistance increases in 2009-10 due to the impact of the current economic situation.

Households receiving energy cash payments increases in 2008-09, then decreases in 2009-10 due to an increase in grant funding from the federal government that is not anticipated to continue.

Households receiving energy crisis payments increases in 2008-09, then decreases in 2009-10 due to an increase in grant funding from the federal government that is not anticipated to continue.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

County Administration-Statewide

$ 2,439	—to continue current program.
613	—consolidation of personnel.
943	—to offset reduction in Intergovernmental Transfer funds.
142	—to reflect change in federal earnings.
98	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
$ 4,235	*Appropriation Increase*

County Assistance Offices

$ 13,482	—to continue current program.
–613	—consolidation of personnel functions.
–6,933	—to reflect change in federal earnings.
1,138	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
$ 7,074	*Appropriation Increase*

Child Support Enforcement

$ 325	—to continue current program.
2,874	—to offset reduction in Title IV-D incentive funds.
–650	—to reflect change in federal earnings.
–552	—reduction in operating expenses.
$ 1,997	*Appropriation Increase*

New Directions

$ 601	—to continue current program.
1,506	—to reflect change in federal earnings.
$ 2,107	*Appropriation Increase*

Cash Grants

$ 12,760	—impact of caseload increases.
–10,260	—to reflect a change in TANF funding.
$ 2,500	*Appropriation Increase*

Supplemental Grants - Aged, Blind, Disabled

$ 26,830	—to offset reduction in Intergovernmental Transfer funds.
1,921	—impact of caseload increases.
–3,140	—nonrecurring projects.
$ 25,611	*Appropriation Increase*

Program: Income Maintenance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
County Administration - Statewide	$ 28,451	$ 34,957	$ 39,192	$ 39,192	$ 39,192	$ 39,192	$ 39,192
County Assistance Offices	249,490	264,272	271,346	271,346	271,346	271,346	271,346
Child Support Enforcement	12,212	15,742	17,739	17,739	17,739	17,739	17,739
New Directions	60,643	59,294	61,401	61,401	61,401	61,401	61,401
Cash Grants	254,459	266,079	268,579	268,579	268,579	268,579	268,579
Supplemental Grants - Aged, Blind and Disabled	136,654	144,175	169,786	169,786	169,786	169,786	169,786
TOTAL GENERAL FUND	$ 741,909	$ 784,519	$ 828,043	$ 828,043	$ 828,043	$ 828,043	$ 828,043

PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Mental Health

This program provides for an integrated behavioral health system addressing mental health treatment and support services as well as substance abuse services. The objective of these services is to promote individual movement toward recovery. The department seeks to ensure that there is a combined approach to the delivery and the financing of behavioral health services. The department administers community mental health funds, Behavioral Health Services Initiative funds for both mental health and substance abuse services, Act 152 funds, which provide non-hospital residential substance abuse services, and federal grant funds. The department oversees the Medicaid HealthChoices Behavioral Health Managed Care program either through county contracts or by direct contract with a behavioral health managed care organization. The department manages the delivery of community mental health services administered by counties under the Pennsylvania Mental Health and Mental Retardation (MH/MR) Act of 1966 and the Mental Health Procedures Act of 1976. Direct mental health treatment services are provided through seven state-operated hospitals and one restoration (long-term care) center.

Program Element: Community Mental Health Services

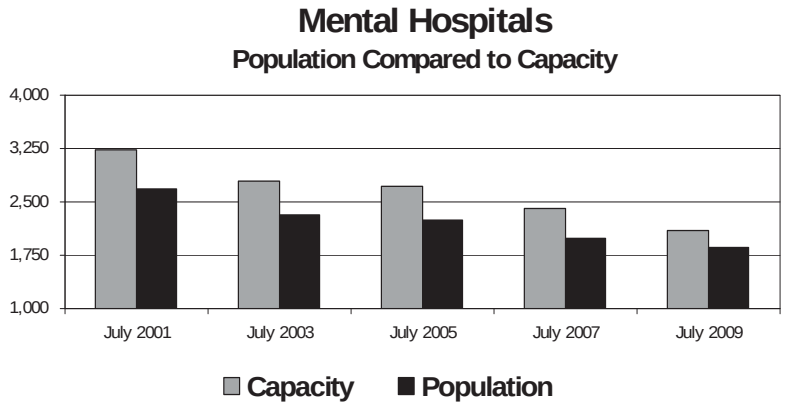
The MH/MR Act of 1966 requires county governments to provide an array of community-based mental health services, including unified intake, community consultation and education, support for families caring for members with mental disorders and community residential programs. Community services are targeted to adults with serious mental illness and children and adolescents with or at-risk of serious emotional disturbance. Key provisions of service include recovery-oriented treatment, community care and support services that enable individuals to return to the community and lead independent and productive lives. Non-residential services include family-based support, outpatient care, partial hospitalization, emergency and crisis intervention, peer to peer support and after care. Community residential services consist of housing support, residential treatment, inpatient care, crisis services and mobile therapy. Services are administered by single counties, county joinders or through contracts with private, nonprofit organizations or agencies. Services, with some exceptions, are funded with state, federal and/or county matching funds.

Program Element: Substance Abuse Services

The department is responsible for the oversight and administration of Behavorial Health Services Initiative (BHSI) funding. Substance abuse treatment services are provided to individuals with severe addictive disorders (including co-occurring mental health disorders) who are uninsured, who do not have insurance that covers the service needed or who cannot obtain Medical Assistance benefits. Services available include the full continuum of treatment, as well as case management services, to assist this population with access to and retention in treatment to promote recovery.

Program Element: State Mental Hospitals

State mental hospitals provide long-term inpatient care for individuals who require intensive treatment. Additionally, they provide specialized inpatient care for the adolescent, criminal and elderly (long-term) populations. A unit for the treatment of violent sexual predators, whose commitment in the Youth Development Center system terminates at age 21, was established as mandated in Act 21 of 2003. To move individuals into the most integrated setting, efforts continue to assess and transfer individuals to community mental health programs, where services are provided in a less restrictive level of care through the Community/Hospital Integration Projects Program (CHIPPs).



As more people receive mental health services in the community, the population at state mental hospitals has declined by 837 or 26%, since July of 2001.

Program: Mental Health (continued)

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Community Mental Health Services							
Persons provided mental health services	525,991	530,502	534,030	534,030	534,030	534,030	534,030
Persons receiving mental health inpatient and outpatient services from community mental health funds (unduplicated)	120,703	121,973	121,975	121,975	121,975	121,975	121,975
Persons receiving services through Medical Assistance expenditures (fee for service and HealthChoices) (unduplicated)	369,265	372,957	376,685	376,685	376,685	376,685	376,685
Persons receiving services through BHSI funds (unduplicated)	32,484	32,159	32,160	32,160	32,160	32,160	32,160
Average cost per person served	$3,758	$3,796	$3,835	$3,835	$3,835	$3,835	$3,835
Substance Abuse Services							
Persons receiving department-administered substance abuse services	113,568	113,693	114,285	114,285	114,285	114,285	114,285
Persons receiving services through Medical Assistance expenditures (fee-for-service and HealthChoices) (unduplicated)	61,458	62,073	62,695	62,695	62,695	62,695	62,695
Persons receiving services through Act 152 funds (unduplicated)	6,331	6,300	6,270	6,270	6,270	6,270	6,270
Persons receiving services through BHSI funds (unduplicated)	45,779	45,320	45,320	45,320	45,320	45,320	45,320
Average cost per person served	$1,994	$2,014	$2,035	$2,035	$2,035	$2,035	$2,035
State Mental Hospitals							
Persons served in state mental hospitals	3,539	3,413	3,210	3,210	3,210	3,210	3,210
Admissions to state mental hospitals	1,376	1,240	1,215	1,215	1,215	1,215	1,215
Cost per person in state mental hospital population	$115,400	$116,594	$117,760	$117,760	$117,760	$117,760	$117,760
Forensic admissions to state mental hospitals	509	505	500	500	500	500	500
Percentage of adults readmitted to state mental hospitals within one year of last discharge	9%	8%	7%	7%	7%	7%	7%

Hospital and Restoration Center Populations for the Prior, Current and Upcoming Year

State Mental Hospitals	Population July 2007	Population July 2008	Projected Population July 2009	Projected Bed Capacity July 2009	Projected Percent of Capacity July 2009
Allentown	174	172	175	210	83.3%
Clarks Summit	225	221	215	265	81.1%
Danville	173	158	170	170	100.0%
Mayview	277	174	-	-	0.0%
Norristown	374	365	398	454	87.7%
South Mountain	133	133	135	159	84.9%
Torrance	231	219	315	345	91.3%
Warren	187	195	227	250	90.8%
Wernersville	207	206	220	240	91.7%
TOTAL	1,981	1,843	1,855	2,093	88.6%

Program: Mental Health (continued)

Expenditures by Hospital, Restoration Center and Community Programs

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget
Allentown			
State Funds	$ 30,443	$ 31,170	$ 32,185
Federal Funds	4,801	2,434	2,150
Augmentations	1,282	851	851
TOTAL	$ 36,526	$ 34,455	$ 35,186
Clarks Summit			
State Funds	$ 37,573	$ 40,006	$ 38,759
Federal Funds	5,882	3,917	3,513
Augmentations	1,285	1,258	1,258
TOTAL	$ 44,740	$ 45,181	$ 43,530
Danville			
State Funds	$ 30,891	$ 33,173	$ 32,189
Federal Funds	4,803	5,800	5,280
Augmentations	844	922	922
TOTAL	$ 36,538	$ 39,895	$ 38,391
Mayview			
State Funds	$ 47,737	$ 31,784	$ 16,640
Federal Funds	7,315	4,437	0
Augmentations	817	933	0
TOTAL	$ 55,869	$ 37,154	$ 16,640
Norristown			
State Funds	$ 67,361	$ 63,551	$ 72,983
Federal Funds	10,452	7,751	6,749
Augmentations	1,677	1,212	1,212
TOTAL	$ 79,490	$ 72,514	$ 80,944
South Mountain State Restoration Center			
State Funds	$ 19,214	$ 25,004	$ 23,087
Federal Funds	3,113	15,580	14,706
Augmentations	1,299	1,296	1,296
TOTAL	$ 23,626	$ 41,880	$ 39,089

	2007-08 Actual	2008-09 Available	2009-10 Budget
Torrance			
State Funds	$ 36,870	$ 40,506	$ 59,915
Federal Funds	5,765	4,281	7,607
Augmentations	1,264	1,162	2,095
TOTAL	$ 43,899	$ 45,949	$ 69,617
Warren			
State Funds	$ 34,804	$ 38,756	$ 38,767
Federal Funds	5,466	4,183	3,644
Augmentations	1,275	1,400	1,400
TOTAL	$ 41,545	$ 44,339	$ 43,811
Wernersville			
State Funds	$ 34,898	$ 37,589	$ 38,629
Federal Funds	5,514	5,870	5,272
Augmentations	1,484	1,415	1,415
TOTAL	$ 41,896	$ 44,874	$ 45,316
Administrative Cost			
State Funds	$ 5,497	$ 3,033	$ 3,598
Federal Funds	11	38	0
Augmentations	26	0	0
TOTAL	$ 5,534	$ 3,071	$ 3,598
Community Programs			
State Funds	$ 363,880	$ 388,093	$ 387,558
Federal Funds	213,504	209,824	211,023
Augmentations	0	0	0
TOTAL	$ 577,384	$ 597,917	$ 598,581

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Mental Health Services

$ 5,644	—to continue current program.
4,236	—to annualize previous program revisions providing enhanced community services.
–350	—nonrecurring projects.
–335	—to reflect 3 individuals transferring to the mental retardation waiver.
2,450	—to reflect change in federal earnings.
$ 11,645	*Appropriation Increase*

Behavioral Health Services

$ 12,107	—to replace nonrecurring Intergovernmental Transfer funds.
–1,145	—program reduction.
$ 10,962	*Appropriation Increase*

Psychiatric Services in Eastern PA

$ –3,500	—nonrecurring projects.

Program: Mental Health (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Mental Health Services	$ 709,168	$ 732,665	$ 744,310	$ 744,310	$ 744,310	$ 744,310	$ 744,310
Behavioral Health Services	45,300	45,164	56,126	56,126	56,126	56,126	56,126
Psychiatric Services in Eastern PA	3,500	3,500	0	0	0	0	0
TOTAL GENERAL FUND	$ 757,968	$ 781,329	$ 800,436	$ 800,436	$ 800,436	$ 800,436	$ 800,436

PROGRAM OBJECTIVE: To maximize each individual's capacity for more independent living and participation in community life by providing needed training and support services.

Program: Mental Retardation

The Department of Public Welfare supports a comprehensive array of services for people with developmental disabilities including community residential and non-residential programs, which are provided through the counties by community-based providers, state operated institutions and private intermediate care facilities for the mentally retarded providers (ICF/MRs). In addition to state and federal funding, local funding is provided for community programs as required by the Mental Health and Mental Retardation Act of 1966.

The mental retardation program has evolved from a system of large congregate residential facilities to a flexible and dynamic system of community supports and services tailored to the needs of persons living in the community. The trend toward enhancing the natural supports that exist in the family and the community continues to define services.

In response to the recommendations of Pennsylvania's Autism Task Force, the Bureau of Autism Services was established in February 2007. Autism is a lifelong neurobiological disorder. The mission of the Bureau of Autism Services is to develop, coordinate, integrate and establish policies and services that effectively enhance the quality of life and promote independence for Pennsylvanians living with autism.

Program Element: Institutional Services

The department provides institutional care funding for people with developmental disabilities. Services are offered through five state centers whose primary goal is to develop residents' abilities to function more independently in preparation for living in a less restrictive environment. All facilities are currently certified for Medical Assistance (MA) under standards established by the Centers for Medicare & Medicaid Services. Private Intermediate Care Facilities for the Mentally Retarded provide intensive habilitative services to persons with developmental disabilities. Large facilities are single or multiple buildings on campus-like sites accommodating more than eight persons while small facilities may be located in the community and serve eight persons or less.

Program Element: Community Mental Retardation Services

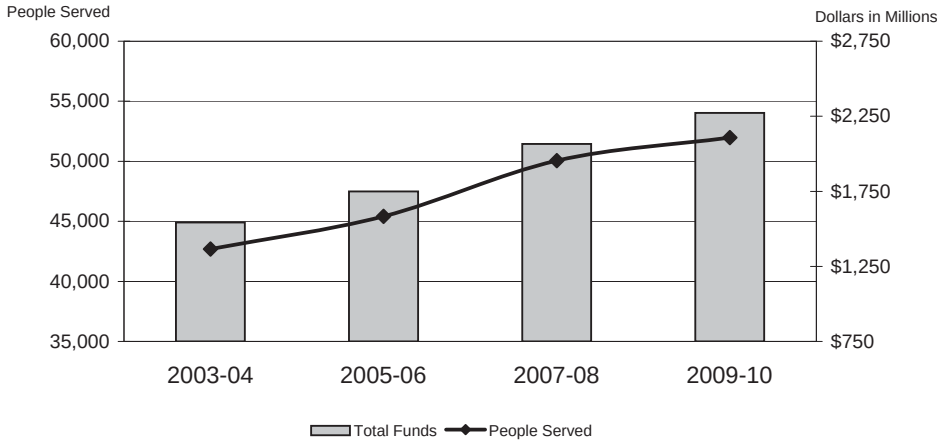
The Mental Health and Mental Retardation Act of 1966 provides the statutory basis for the development of community-based services for people with developmental disabilities. Community living arrangements include group homes, apartments with or without a roommate and life-sharing settings with family or friends. Day services such as supported employment, pre-vocational programs, adult training and home and community habilitation are provided for people living in the community, based on individual need. Other services available include transportation, home finding, environmental accessibility modifications, adaptive appliances/equipment, specialized therapies and nursing, and educational support. Respite services are also available for families of people with developmental disabilities.

Program Element: Services for Individuals with Autism

The department provides funding for a statewide program to support the needs of Pennsylvanians living with autism spectrum disorders. The department is developing two delivery systems to provide services for adults with autism—the Adult Community Autism Program (ACAP) and the Autism Waiver. ACAP is a pilot program for individuals age 21 or older with a diagnosis of autism spectrum disorder. Services will include behavioral supports, physician services and a wide array of community-based and institutional services that build independence while maintaining cost effectiveness. The Autism Waiver has been designed to provide behavioral supports and community-based services tailored to individuals with autism. In addition, the department is working to increase the capacity of service providers and health care professionals by providing statewide training, technical assistance and cross-system collaboration; providing support and information to families; developing models for best practices and crisis response; and establishing regional autism centers.

Program: Mental Retardation (continued)

Community Mental Retardation Services



Funding for the expansion of the community program has increased by nearly $726 million since 2003-04, providing services to an additional 8,642 people. Over the same period, the state centers' population will have decreased by 20%.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Persons receiving mental retardation services during the fiscal year	51,375	52,471	53,210	53,210	53,210	53,210	53,210
Persons receiving residential services (at end of year):							
Private ICF/MRs	2,595	2,563	2,540	2,540	2,540	2,540	2,540
State centers	1,320	1,272	1,240	1,240	1,240	1,240	1,240
Persons receiving home and community services during the fiscal year (unduplicated)	47,460	48,636	49,430	49,430	49,430	49,430	49,430
Average cost of individuals served in the community:							
Residential services	$75,975	$80,230	$83,115	$83,115	$83,115	$83,115	$83,115
Non-residential services (day programs or other supports)	$12,017	$15,292	$16,475	$16,475	$16,475	$16,475	$16,475
Persons receiving autism services during the fiscal year	64	355	590	590	590	590	590

State Centers Population for the Prior, Current and Upcoming Year

State Centers	Population July 2007	Population July 2008	Projected Population July 2009	Projected Bed Capacity July 2009	Projected Percentage Capacity July 2009
Ebensburg	307	294	285	402	70.9%
Hamburg	135	129	125	237	52.7%
Polk	336	322	313	521	60.1%
Selinsgrove	355	347	342	579	59.1%
White Haven	187	180	175	275	63.6%
TOTAL	1,320	1,272	1,240	2,014	61.6%

Program: Mental Retardation (continued)

Expenditures by State Center

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget
Ebensburg			
State funds	$ 26,277	$ 24,455	$ 25,626
Federal funds	33,766	36,614	36,778
Augmentations	5,988	5,695	5,887
TOTAL	$ 66,031	$ 66,764	$ 68,291
Hamburg			
State funds	$ 10,029	$ 10,565	$ 12,203
Federal funds	16,482	16,296	17,723
Augmentations	2,899	2,822	2,810
TOTAL	$ 29,410	$ 29,683	$ 32,736
Polk			
State funds	$ 23,351	$ 25,333	$ 27,921
Federal funds	36,931	38,972	39,566
Augmentations	6,868	6,746	6,876
TOTAL	$ 67,150	$ 71,051	$ 74,363
Maintenance and security costs for closed facilities			
State funds	$ 1,793	$ 1,308	$ 1,329
Augmentations	1,134	795	795
TOTAL	$ 2,927	$ 2,103	$ 2,124

	2007-08 Actual	2008-09 Available	2009-10 Budget
Selinsgrove			
State funds	$ 25,981	$ 26,318	$ 28,828
Federal funds	37,151	40,812	41,367
Augmentations	7,283	7,024	7,135
TOTAL	$ 70,415	$ 74,154	$ 77,330
White Haven			
State funds	$ 14,760	$ 14,306	$ 15,605
Federal funds	20,276	22,091	22,318
Augmentations	3,861	3,737	3,749
TOTAL	$ 38,897	$ 40,134	$ 41,672
Budgetary Reserve			
State funds	$ 0	$ 71	$ 0
Federal funds	0	4,845	5,199
Augmentations	0	0	0
TOTAL	$ 0	$ 4,916	$ 5,199
Non-Facility/Other Operational costs			
State funds	$ 1,233	$ 831	$ 828

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

State Centers for the Mentally Retarded

$ 7,639	—to continue current program.
2,492	—to offset the impact of nonrecurring prior year federal funds.
–978	—revision of federal financial participation from 54.42% to 54.81%.
$ 9,153	*Appropriation Increase*

Intermediate Care Facilities – Mentally Retarded

$ 5,429	—to continue current program.
–1,367	—to reflect individuals transferring to the community program.
–1,168	—revision of federal financial participation from 54.42% to 54.81%.
$ 2,894	*Appropriation Increase*

Community Mental Retardation – Base Program

$ 6,070	—to continue current program.
2,622	—to annualize previous program revisions providing enhanced community services.
5,000	—to reflect nonrecurring prior year carryover.
–67	—revision of federal financial participation from 54.42% to 54.81%.
$ 13,625	*Appropriation Increase*

Community Mental Retardation – Waiver Program

$ 18,665	—to annualize previous program revisions providing enhanced community services.
1,665	—to reflect 3 additional individuals transferring from the Mental Health program and the annualization of prior year transfers.
1,367	—to reflect individuals transferring from the ICF/MR program.
10,000	—to offset reduction in federal earnings.
–5,106	—revision of federal financial participation from 54.42% to 54.81%.
15,109	—Initiative—Expanded Community Mental Retardation Services. To provide home and community-based services for 793 additional persons with mental retardation.
$ 41,700	*Appropriation Increase*

Autism Intervention and Services

$ 7,701	—to continue current program and increase the number of recipients.
–650	—nonrecurring cost.
–107	—revision of federal financial participation from 54.42% to 54.81%.
$ 6,944	*Appropriation Increase*

MR Residential Services – Lansdowne

$ –1,050	—nonrecurring projects.

Program: Mental Retardation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
State Centers for the Mentally Retarded	$ 103,424	$ 103,187	$ 112,340	$ 112,340	$ 112,340	$ 112,340	$ 112,340
Intermediate Care Facilities - Mentally Retarded	119,497	137,971	140,865	140,865	140,865	140,865	140,865
Community Mental Retardation - Base Program	186,859	159,549	173,174	173,174	173,174	173,174	173,174
Community Mental Retardation - Waiver Program	684,425	758,372	800,072	800,072	800,072	800,072	800,072
Autism Intervention and Services	9,955	20,056	27,000	27,000	27,000	27,000	27,000
MR Residential Services - Lansdowne	1,456	1,467	417	417	417	417	417
TOTAL GENERAL FUND	$ 1,105,616	$ 1,180,602	$ 1,253,868	$ 1,253,868	$ 1, 253,868	$ 1,253,868	$ 1,253,868

PROGRAM OBJECTIVE: To enhance the social and economic well-being of families and individuals through the provision of an array of services and support programs.

Program: Human Services

The department operates a variety of programs designed to provide supportive services to people while they overcome an adverse behavior or circumstance that has affected their lives.

Program Element: Family Support Service

The Department of Public Welfare and county governments are jointly responsible for providing services to children who are in need of care and protection. Each county is responsible for developing and administering a program of services designed to treat and prevent child abuse, neglect and exploitation, and to provide services that reduce dependency and delinquency. The County Children and Youth program includes services to parents and children to enable children to remain in their own homes and communities; however, the safety of children is a paramount concern of this program. Policies and procedures have been instituted to protect children from harm and to minimize time in foster homes and institutions. Court oversight for children who have been abused and neglected has been increased and new emphasis has been placed on parental responsibility for children.

Counties provide services including temporary placement for children who cannot live with their own families, assistance to provide a permanent legal family for children who cannot be returned to their own families, adoption assistance, day treatment services, child protective services, emergency shelter, counseling and juvenile detention.

Special programs have been developed to support the delivery of services by county child welfare agencies. One program provides equalized access to adoption or permanency services for all eligible children through a statewide adoption network. This program includes services to children who are in foster placement and cannot be returned to their natural parents. Community-based family centers also provide coordinated services to children and their families in a neighborhood setting.

The courts may order any service or care for children who have been adjudicated dependent or delinquent. This may include youth adjudicated delinquent but remanded to private residential treatment programs. Treatment is reviewed on a periodic basis.

Program Element: Youth Development Service

Pennsylvania's juvenile justice system is designed to minimize institutionalization while recognizing that confinement in a treatment environment is necessary for certain juveniles who pose a threat to themselves or others. The court may sentence youth to either the Youth Development Center and Youth Forestry Camp (YDC/YFC) system or a private facility. Both systems provide residential programming in secure settings for Pennsylvania's serious juvenile offenders and those with serious at-risk behaviors. The purpose of the system is to bring about positive changes in the juveniles by helping them to develop skills and attitudes that will enable them to become responsible, productive members of society.

Administrative Complex	Population July 2007	Population July 2008	Population July 2009	Projected Capacity July 2009	Projected Percentage of Capacity July 2009
YFC-Hickory Run	49	41	45	49	91.8%
YFC-Trough Creek	50	42	46	50	92.0%
New Castle	236	256	249	240	103.8%
Loysville	244	277	283	279	101.4%
Total Current Program	579	616	623	618	100.8%

The YDCs/YFCs expect to maintain capacity at 618 youth. Included in the system are specialized treatment services for sex offenders, arsonists, drug and alcohol abusers, emotionally disturbed youth and those with developmental disabilities.

The Master Case Planning System guides treatment of youth within the YDCs/YFCs. This system requires comprehensive diagnosis and assessment of each youth in care, development of an individualized treatment plan, implementation strategies, periodic reviews and revisions of each plan, and identification of aftercare needs. Individual and group counseling forms the core of the treatment process.

The YDCs/YFCs emphasize programs and activities designed to promote youth competency, victim awareness, social and financial restitution, and public safety and protection. Each program provides training and education in daily living skills. Many YDCs/YFCs also provide actual job training and work experience opportunities where youth may be paid. Youth are required to use a portion of their earnings for restitution.

Education is a major component of the YDC/YFC system. Each program includes both academic and vocational curricula. Educational diagnostic testing precedes all academic placements and is used in the development of Individual Education Plans for each youth.

Program Element: Family Planning and Breast Cancer Screening

Family planning clinics provide educational, medical and social services to persons over age 16 to address contraceptive or infertility issues. Grants are provided to 200 clinics in the state.

Program: Human Services (continued)

Breast cancer screening for low-income women is directed toward those at high risk of developing breast cancer. The target group is new family planning clients, women 35 years and older, and women with a family history of breast cancer.

Program Element: Legal Services

The department contracts with the Pennsylvania Legal Aid Network, a private nonprofit corporation, to provide low-income persons assistance with family, consumer, employment and other civil legal problems. The emphasis of the service delivery is to provide emergency legal services in situations that threaten the basic needs of individuals. These services do not include political activities or services in criminal matters.

Program Element: Domestic Violence and Rape Crisis

Domestic violence services are provided through a contract with a statewide coalition, which in turn, subcontracts for services at the local level. The services to victims of domestic violence include crisis intervention, counseling, victim advocacy, information and referral, and temporary shelter for victims and their dependent children. Prevention and education programs are provided by local groups to lessen the risk of domestic violence in the community.

Rape crisis services are provided through a contract with a statewide coalition, which in turn, subcontracts for services at the local level. Rape crisis programs provide crisis intervention services, counseling, victim advocacy, information and referral, and accompaniment through police, medical and judicial systems. Educational programs are provided to lessen the risk of sexual assault for adults and children in the community.

Program Element: Homeless Assistance

The Homeless Assistance program operates through counties to provide temporary shelter to homeless individuals and rental assistance to those in immediate danger of becoming homeless. Shelter may be provided in large mass shelters or in hotels and motels through a voucher system.

Housing assistance can include a cash payment to an individual or family to prevent or end homelessness, or intervention to prevent homelessness where an eviction is imminent. In addition to preventing homelessness, housing assistance is available to move people out of temporary shelters into permanent housing.

Case management services are used to assure ongoing coordination with the client and to assist the client with activities needed for self-sufficient living.

Specialized residences for the mentally ill homeless are provided in a small number of counties with concentrations of these individuals. The program provides housing for an indefinite period of time, coupled with supportive services that will enable the client to move to a long-term semi-independent or independent living situation.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Youth Development Centers:							
Youth served	1,514	1,600	1,600	1,600	1,600	1,600	1,600
Occupancy rates	97%	100%	100%	100%	100%	100%	100%
Youth in work experience	699	600	600	600	600	600	600
Family Support Services							
Children receiving child welfare services at home	243,661	247,560	251,520	251,520	251,520	251,520	251,520
Out of home placements in:							
Community residential programs	31,087	30,465	29,855	29,855	29,855	29,855	29,855
Institutional care programs (annual unduplicated recipients)	5,837	5,720	5,605	5,605	5,605	5,605	5,605
Children in out of state programs	689	655	620	620	620	620	620
Percentage of children reunited with parents or primary caregiver within 12 months of placement	49.8%	50.3%	51.0%	51.0%	51.0%	51.0%	51.0%
Percentage of children not returning to care within 12 months of discharge to parent or primary caregiver	79.1%	79.5%	79.5%	79.5%	79.5%	79.5%	79.5%
Finalized adoptions	1,980	2,000	2,020	2,020	2,020	2,020	2,020
Children in permanent living arrangements outside of adoption	1,694	1,719	1,745	1,745	1,745	1,745	1,745
Investigations of reported child abuse	24,913	26,500	25,970	25,970	25,970	25,970	25,970
Percentage of child abuse investigations substantiated	16.5%	16.2%	16.0%	16.0%	16.0%	16.0%	16.0%

Program: Human Services (continued)

Program Measures: (continued)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Homeless Assistance							
Persons receiving homeless services	110,113	110,000	110,000	110,000	110,000	110,000	110,000
Human Services							
Domestic violence victims served	46,588	48,100	48,100	48,100	48,100	48,100	48,100
Rape crisis/sexual assault victims served	18,734	19,000	19,000	19,000	19,000	19,000	19,000
Breast cancer screening clients	114,455	114,455	114,455	114,455	114,455	114,455	114,455
Legal service clients	19,750	20,345	20,345	20,345	20,345	20,345	20,345

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Youth Development Institutions and Forestry Camps
$ 4,134 —to continue current program.

County Child Welfare
$ 9,029 —to continue current program.

Domestic Violence
$ –138 —nonrecurring projects.

Rape Crisis
$ –131 —nonrecurring projects.

Human Services Development Fund
$ –1,689 —nonrecurring projects.

Homeless Assistance
$ –1,000 —nonrecurring projects.

Facilities and Service Enhancements
$ –8,000 —nonrecurring projects.

All other appropriations are recommended at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Youth Development Institutions and Forestry Camps	$ 69,797	$ 70,163	$ 74,297	$ 74,297	$ 74,297	$ 74,297	$ 74,297
County Child Welfare	966,710	1,053,890	1,062,919	1,062,919	1,062,919	1,062,919	1,062,919
Child Welfare - TANF Transition	20,000	0	0	0	0	0	0
Behavioral Health Services Transition	8,052	0	0	0	0	0	0
Domestic Violence	12,525	12,625	12,487	12,487	12,487	12,487	12,487
Rape Crisis	6,177	7,277	7,146	7,146	7,146	7,146	7,146
Breast Cancer Screening	1,603	1,653	1,653	1,653	1,653	1,653	1,653
Human Services Development Fund	35,035	35,035	33,346	33,346	33,346	33,346	33,346
Legal Services	2,646	3,172	3,172	3,172	3,172	3,172	3,172
Homeless Assistance	26,700	26,623	25,623	25,623	25,623	25,623	25,623
Facilities and Service Enhancements	8,800	8,000	0	0	0	0	0
TOTAL GENERAL FUND	$ 1,158,045	$ 1,218,438	$ 1,220,643	$ 1,220,643	$ 1,220,643	$ 1,220,643	$ 1,220,643

PROGRAM OBJECTIVE: To promote opportunities for all Pennsylvania children and families by building systems and providing supports that help ensure access to high-quality child and family services.

Program: Child Development

The Department of Public Welfare promotes opportunities for all children and families by helping to ensure access to high-quality child and family services. The focus on effective prevention strategies and high-quality early childhood programs will help Pennsylvania mitigate the social and educational disparities of young children that influence their ability to attain economic independence and self-sufficiency as adults.

Recognizing that child care is a consumer driven system, the department developed standards by which families can select high-quality child care. Keystone STARS is the largest, most comprehensive, voluntary quality rating program in the nation. The department wants every child care setting to meet and exceed the STARS standards and offers technical assistance, financial incentives for staff development and additional staff compensation to enhance salaries for teachers who have achieved credentials in early childhood instruction. All child care facilities serving four or more children must meet health and safety standards and participate in the department's certification program.

The subsidized child care program allows children of families receiving cash assistance through the Temporary Assistance for Needy Families (TANF) program, families formerly receiving TANF and low-income families to access child care while their parents are attending training or working. The subsidy program uses both state and federal funds to supplement parental co-payments and encourages families to be self-supporting and self-sufficient. Families can select subsidized child care from various facilities including licensed centers, group child care homes, registered family child care homes and relatives or neighbors. Local child care information service agencies offer families a choice of child care services and provide information/counseling on how to select quality early childhood services.

The Early Intervention program, for children from birth to age three, provides services and supports including health care, skill development and social services. These services and supports are intended to minimize developmental delay, decrease the need for special education, and enhance the growth and development of children in the context of the child and family in natural environments so that children are well prepared for school and life success.

Child Care Funding
(Dollar Amounts in Thousands)

	2009-10
Low-Income Working Families	
State Funds[1]	$ 171,720
Federal Funds	228,467
Total	$ 400,187
TANF Recipients / Former TANF Recipients	
State Funds[2]	$ 210,074
Federal Funds	181,851
Other Funds	1,000
Total	$ 392,925
Grand Total	$ 793,112

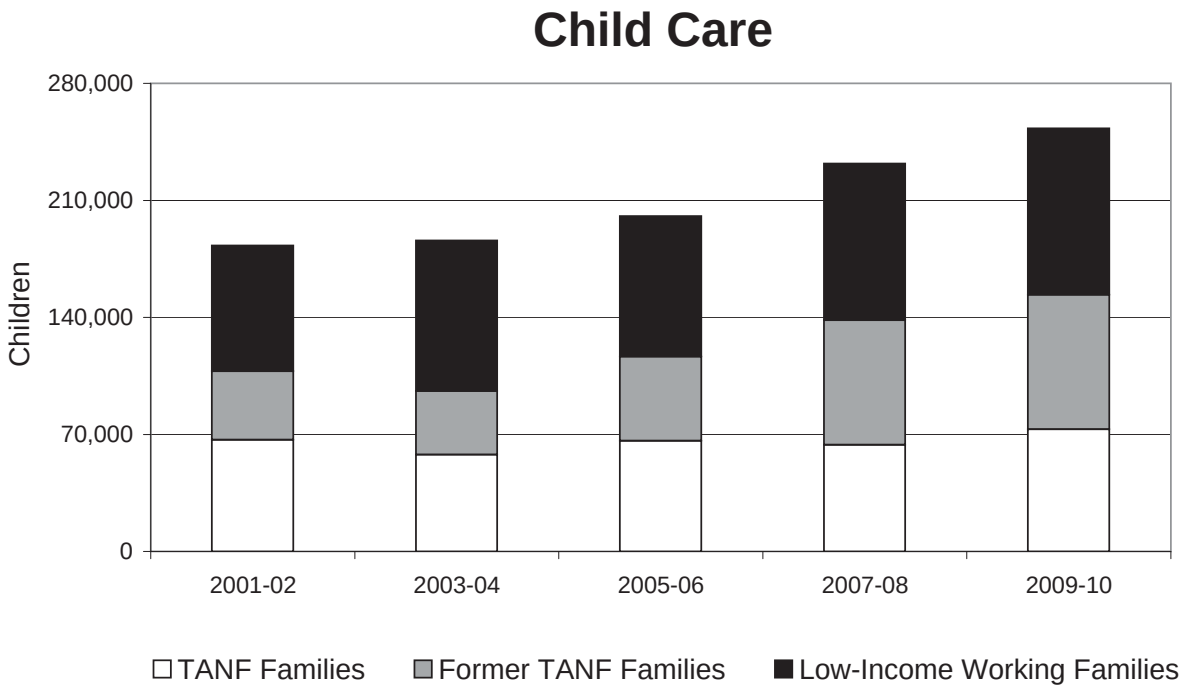
[1] Child Care Services appropriation.
[2] Child Care Assistance appropriation.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Child Development							
Number of Keystone STARS facilities	5,011	4,800	4,800	4,800	4,800	4,800	4,800
Children enrolled in a Keystone STARS facility	178,157	170,935	170,935	170,935	170,935	170,935	170,935
Percentage of child care centers participating in Keystone STARS	76%	75%	75%	75%	75%	75%	75%
Children participating in subsidized child care (unduplicated)	239,550	246,580	253,055	253,055	253,055	253,055	253,055
Children participating in subsidized child care (monthly average):							
TANF families	31,055	31,990	32,630	32,630	32,630	32,630	32,630
Former TANF families	41,622	42,660	43,630	43,630	43,630	43,630	43,630
Low-income working families	61,919	62,615	64,615	64,615	64,615	64,615	64,615

Program: Child Development (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Percentage of children participating in subsidized child care enrolled in a department regulated setting:							
TANF families	57%	58%	58%	58%	58%	58%	58%
Former TANF families	58%	61%	61%	61%	61%	61%	61%
Low-income working families	73%	76%	76%	76%	76%	76%	76%
Early Intervention							
Children participating in Early Intervention (EI) services	31,963	33,970	35,845	35,845	35,845	35,845	35,845
Children who met their individual goals and no longer needed EI services prior to their third birthday	2,900	3,230	3,565	3,565	3,565	3,565	3,565
Children who met their individual goals at their third birthday and no longer needed EI services	707	725	740	740	740	740	740
Percentage of EI children served in typical early childhood educational settings (e.g. home, child care, Head Start)	99%	99%	99%	99%	99%	99%	99%



In 2009-10, the child care system will serve an estimated 24,276 more children of low-income families than in 2001-02, an increase of 32%.

Program: Child Development (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Early Intervention

$ 2,622	—to annualize children added in 2008-09.
5,228	—to reflect prior year carryover.
–168	—revision of federal financial participation.
8,803	—Initiative—Expanded Services for Children. To provide early intervention services to 1,872 additional children from birth to age three.
$ 16,485	*Appropriation Increase*

Community Based Family Centers

$ 461	—to reflect the realignment of federal funds.

Child Care Services

$ 11,957	—Initiative—Expanded Services for Children. To provide subsidized child care services for 3,080 additional children of low-income families and to further enhance the quality of providers participating in Keystone STARS.
2,000	—to reflect realignment of federal funds.
–5,689	—reduction to reflect federal fiscal relief.
–8,268	—nonrecurring projects.
$ 0	*Appropriation Change*

Child Care Assistance

$ –15,000	—nonrecurring 2008-09 budgetary freeze amount.
–6,288	—to reflect the realignment of federal funds.
–1,000	—nonrecurring projects.
-628	—to reflect prior year carryover.
8,927	—Initiative—Expanded Services for Children. To provide subsidized child care services to 3,397 additional children of TANF and former TANF families.
$ –13,989	*Appropriation Decrease*

Nurse Family Partnership

$ 3,827	—to reflect the realignment of federal funds.

Family and Children's Center

$ –75	—nonrecurring projects.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Early Intervention	$ 115,458	$ 118,336	$ 134,821	$ 134,821	$ 134,821	$ 134,821	$ 134,821
Community Based Family Centers	6,563	6,636	7,097	7,097	7,097	7,097	7,097
Child Care Services	144,865	171,720	171,720	171,720	171,720	171,720	171,720
Child Care Assistance	199,698	224,063	210,074	210,074	210,074	210,074	210,074
Nurse Family Partnership	7,262	9,978	13,805	13,805	13,805	13,805	13,805
Family and Children's Center	143	75	0	0	0	0	0
TOTAL GENERAL FUND	$ 473,989	$ 530,808	$ 537,517	$ 537,517	$ 537,517	$ 537,517	$ 537,517

DEPARTMENT OF REVENUE

The mission of the Department of Revenue is to administer the tax laws of the commonwealth in a fair and equitable manner. The Department of Revenue also administers the state lottery which generates funds for programs that benefit older Pennsylvanians.

The Department of Revenue collects all tax levies as well as various fees, fines and other monies due the commonwealth. The department also supervises the administration and collection of monies for the first and second class county sales tax and various special funds.

The department prepares the official estimates of the tax yield due the commonwealth and analyzes the effect on revenues of proposed changes in either the laws or the tax structure of the commonwealth.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 141,847**	**$ 141,781**	**$ 137,849**
(A)Cigarette Fines and Penalties	39	15	39
(A)Cigarette Tax Enforcement	1,261	800	792
(A)Services to Special Funds	11,533	12,016	11,537
(A)EDP and Staff Support	7,272	7,592	6,918
(A)Tax Information	114	230	125
(A)Private Letter Valuation Charges	1	3	3
(A)Local Sales Tax	5,364	4,500	3,904
(A)Small Games of Chance	212	230	230
(A)Reimbursed Costs from Other Agencies	1,126	1,743	1,688
(A)BTFT - Fines and Penalties	125	500	130
(A)RTT Local Collection	119	200	125
(A)Sales of Automobiles and Other Vehicles	1	0	0
Commissions - Inheritance & Realty Transfer Taxes (EA)	**8,190**	**7,937**	**8,517**
Technology and Process Modernization	**0**	**5,000**	**21,200**
Revenue Enforcement	**8,100**	**8,833**	**7,744**
Subtotal - State Funds	$ 158,137	$ 163,551	$ 175,310
Subtotal - Augmentations	27,167	27,829	25,491
Total - General Government	$ 185,304	$ 191,380	$ 200,801
Grants and Subsidies:			
Distribution of Public Utility Realty Tax	**$ 29,701**	**$ 32,326**	**$ 30,525**
STATE FUNDS	$ 187,838	$ 195,877	$ 205,835
AUGMENTATIONS	27,167	27,829	25,491
GENERAL FUND TOTAL	**$ 215,005**	**$ 223,706**	**$ 231,326**
MOTOR LICENSE FUND:			
General Government:			
Collections - Liquid Fuels Tax	**$ 14,327**	**$ 14,611**	**$ 14,973**
(F)Federal Fuel Tax Evasion Project (EA)	125	63	98
Subtotal - State Funds	$ 14,327	$ 14,611	$ 14,973
Subtotal - Federal Funds	125	63	98
Total - General Government	$ 14,452	$ 14,674	$ 15,071
Refunds:			
Refunding Liquid Fuels Tax (EA)	**$ 12,200**	**$ 12,000**	**$ 12,000**
STATE FUNDS	$ 26,527	$ 26,611	$ 26,973
FEDERAL FUNDS	125	63	98
MOTOR LICENSE FUND TOTAL	**$ 26,652**	**$ 26,674**	**$ 27,071**
LOTTERY FUND:			
General Government:			
General Operations (EA)	**$ 36,813** a	**$ 37,710** b	**$ 38,647**
(A)License Fees	154	150	165
(A)Annuity Assignment Fees	15	30	15
(A)Sale of Automobiles	13	0	0
Lottery Advertising (EA)	**32,000**	**32,000**	**32,000**
Expanded Sales (EA)	**27,936**	**19,177**	**18,889**
On-Line Vendor Commissions (EA)	**52,312**	**53,354**	**31,973**
Instant Vendor Commissions (EA)	**25,933**	**22,994**	**25,977**
Payment of Prize Money (EA)	**314,734**	**339,142**	**370,967**

Summary by Fund and Appropriation

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
	(Dollar Amounts in Thousands)		
Subtotal - State Funds	$ 489,728	$ 504,377	$ 518,453
Subtotal - Augmentations	182	180	180
Total - General Government	$ 489,910	$ 504,557	$ 518,633
Grants and Subsidies:			
Property Tax & Rent Assistance for Older Pennsylvanians (EA)	**$ 244,900**	**$ 294,900**	**$ 294,900**
STATE FUNDS	$ 734,628	$ 799,277	$ 813,353
AUGMENTATIONS	182	180	180
LOTTERY FUND TOTAL	**$ 734,810**	**$ 799,457**	**$ 813,533**
RACING FUND:			
General Government:			
Collections - State Racing (EA)	**$ 188**	**$ 241**	**$ 244**
OTHER FUNDS:			
PROPERTY TAX RELIEF FUND:			
Transfer to the State Lottery Fund	$ 0 [c]	$ 0 [c]	$ 0 [c]
STATE GAMING FUND:			
(R)General Operations	$ 7,786	$ 9,754	$ 9,959
Transfer to the Compulsive & Problem Gambling Treatment Fund	0 [d]	0 [d]	0 [d]
Transfer to the Property Tax Relief Fund	0 [e]	0 [e]	0 [e]
STATE GAMING FUND TOTAL	**$ 7,786**	**$ 9,754**	**$ 9,959**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 187,838	$ 195,877	$ 205,835
SPECIAL FUNDS	761,343	826,129	840,570
FEDERAL FUNDS	125	63	98
AUGMENTATIONS	27,349	28,009	25,671
OTHER FUNDS	7,786	9,754	9,959
TOTAL ALL FUNDS	**$ 984,441**	**$ 1,059,832**	**$ 1,082,133**

[a] Authorized as $36,727,000 for General Operations and $86,000 for Auditor General's Audit Costs.

[b] Authorized as $37,624,000 for General Operations and $86,000 for Auditor General's Audit Costs.

[c] Not added to the total to avoid double counting with the program expenditures from the Lottery Fund: 2007-08 Actual is $100,000,000; 2008-09 Available is $48,500,000; and 2009-10 Budget is $196,100,000.

[d] Not added to the total to avoid double counting with the program expenditures from the Compulsive and Problem Gambling Treatment Fund shown in the Department of Health: 2007-08 Actual is $1,500,000; 2008-09 Available is $1,700,000; and 2009-10 Budget is $2,400,000.

[e] Not added to the total to avoid double counting with the program expenditures from the Property Tax Relief Fund shown in the Department of Education: 2007-08 Actual is $652,133,000; 2008-09 Available is $550,700,000; and 2009-10 Budget is $783,203,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
REVENUE COLLECTION AND ADMINISTRATION							
GENERAL FUND	$ 158,137	$ 163,551	$ 175,310	$ 175,310	$ 175,310	$ 175,310	$ 175,310
SPECIAL FUNDS	516,443	531,229	545,670	566,317	580,179	589,486	603,581
FEDERAL FUNDS	125	63	98	98	98	98	98
OTHER FUNDS	35,135	37,763	35,630	35,630	35,630	35,630	35,630
SUBCATEGORY TOTAL	$ 709,840	$ 732,606	$ 756,708	$ 777,355	$ 791,217	$ 800,524	$ 814,619
COMMUNITY DEVELOPMENT AND PRESERVATION							
GENERAL FUND	$ 29,701	$ 32,326	$ 30,525	$ 32,051	$ 33,654	$ 35,336	$ 37,103
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 29,701	$ 32,326	$ 30,525	$ 32,051	$ 33,654	$ 35,336	$ 37,103
HOMEOWNERS AND RENTERS ASSISTANCE							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	244,900	294,900	294,900	294,300	293,900	293,700	293,400
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 244,900	$ 294,900	$ 294,900	$ 294,300	$ 293,900	$ 293,700	$ 293,400
ALL PROGRAMS:							
GENERAL FUND	$ 187,838	$ 195,877	$ 205,835	$ 207,361	$ 208,964	$ 210,646	$ 212,413
SPECIAL FUNDS	761,343	826,129	840,570	860,617	874,079	883,186	896,981
FEDERAL FUNDS	125	63	98	98	98	98	98
OTHER FUNDS	35,135	37,763	35,630	35,630	35,630	35,630	35,630
DEPARTMENT TOTAL	$ 984,441	$ 1,059,832	$ 1,082,133	$ 1,103,706	$ 1,118,771	$ 1,129,560	$ 1,145,122

PROGRAM OBJECTIVE: To assure the availability of resources for the commonwealth's programs through the equitable and efficient administration of Pennsylvania's revenue system.

Program: Revenue Collection and Administration

This program administers the commonwealth's revenue statutes by assessing and collecting various taxes. Major revenue sources for the General Fund include corporation, personal income, inheritance, sales and use, cigarette, beverage and realty transfer taxes. Tax revenue is also collected for the first and second class county sales taxes and for the Motor License, Racing and Gaming Funds.

The department continues to expand the use of automated procedures thereby permitting quick deposit of funds and review of a tax return's accuracy. It has added automated processes that assist taxpayers in filing accurately and more efficiently. These include the Electronic Tax and Data Exchange System (E-TIDES) and an Internet system for filing business taxes such as sales tax, employer withholding tax, liquid fuels tax, fuel tax and corporation tax extensions and estimates. There are also three electronic systems for filing and payment of personal income tax: by Internet (PA Direct File) by federal / state e-file which allows for the simultaneous filing of federal and state returns; and by telephone (Telefile). Revenue collection efforts are being enhanced to improve violation enforcement and improve business practices. This has permitted the department to keep the cost of collection at approximately $1.00 for every $351.21 in current taxes collected and $1.00 for every $14.44 of delinquent taxes collected.

To ensure fairness in tax administration, the department audits and verifies tax returns to detect fraud and non-filers. In addition, there is an extensive delinquent tax collection effort that involves automation as well as traditional tax collection methods.

This program is responsible for the administration of the State Lottery. Through a network of private retailers, the commonwealth sells lottery tickets, the proceeds of which support programs for older Pennsylvanians. Recent expansions include participation in the multi-state Powerball Game, mid-day drawings and Player-Activated Terminal installations.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Active accounts by tax type							
Corporation	332,833	325,000	335,000	345,000	345,000	345,000	345,000
Sales and Use	324,249	325,000	325,000	325,000	325,000	325,000	325,000
Employer	358,333	350,000	355,000	355,000	355,000	355,000	355,000
Personal Income Tax	6,118,614	5,950,000	5,950,000	5,950,000	5,950,000	5,950,000	5,950,000
Liquid Fuels	773	760	760	760	760	760	760
Motor Carrier - IFTA	12,954	12,000	11,500	11,000	11,000	11,000	11,000
Motor Carrier - Pennsylvania only	13,434	13,900	14,200	14,500	14,500	14,500	14,500
Personal Income Tax							
Returns processed	6,586,625	5,950,000	5,950,000	5,950,000	5,950,000	5,950,000	5,950,000
Total - electronic	3,347,123	3,175,000	3,275,000	3,375,000	3,475,000	3,575,000	3,675,000
Total - paper	3,239,502	2,775,000	2,675,000	2,575,000	2,475,000	2,375,000	2,275,000
Pass Through Business (PTB) assessments							
Assessments as a result of PTB action (in millions)	$100	$20	$19	$19	$19	$19	$19
Assessment collections (in millions)	$22	$15	$14	$14	$14	$14	$14
Collections from delinquent accounts (in millions)	$900	$750	$727	$732	$737	$742	$747
Delinquent taxes collected per dollar spent	$14.44	$13.90	$13.78	$14.16	$14.55	$14.93	$14.94
Appeals filed with the Board of Appeals (all tax types)	22,398	25,495	23,845	23,185	23,185	23,185	23,185
Average time to close Board of Appeals cases (in days)	74	70	70	70	70	70	70
Electronic business tax registrations as a percentage of the total	81%	82%	83%	84%	85%	86%	87%
Taxpayer Service and Information Center calls answered	451,326	459,000	450,000	470,000	470,000	470,000	470,000

Program: Revenue Collection and Administration (continued)

Program Measures: (continued)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Use and Cigarette Tax							
Use Tax Compliance Program Collections	$25,662,242	$16,277,557	$9,600,000	$9,600,000	$9,600,000	$9,600,000	$9,600,000
Expanded Cigarette Tax Inspections and Enforcement							
Increased annual direct collections from Cigarette Tax enforcement activity	$10,487,428	$5,000,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000
Billings from Cigarette Tax enforcement activity	15,041	8,000	3,853	3,853	3,853	3,853	3,853
Business License Information							
Increase in deliquent tax collections	$679,435	$8,800,000	$6,000,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000
Lottery Operations							
Lottery operating costs as a percentage of ticket sales (includes advertising, commissions and sales expansion)	4.52%	4.03%	3.53%	3.47%	3.45%	3.44%	3.42%
Lottery operating costs as a percentage of ticket sales (includes cost of lottery administration only)	0.76%	0.77%	0.71%	0.69%	0.68%	0.68%	0.68%

Personal Income Tax: Returns processed; Total - electronic; and Total - paper all decrease compared to 2007-08 due to the processing of additional, back-logged items during that period.

Pass Through Business (PTB) assessments - Assessments as a result of PTB action (in millions) decreases from the Actual Year due to a single large case connected with a building foreclosure.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

General Government Operations

$ –3,045	—nonrecurring 2008-09 budgetary freeze amount.
581	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
–1,468	—reduction in administrative costs.
$ –3,932	*Appropriation Decrease*

Commissions - Inheritance & Realty Transfer Taxes (EA)

$ 580	—based on current revenue estimates.

Technology and Process Modernization

$ –640	—nonrecurring 2008-09 budgetary freeze amount.
16,840	—Initiative—Technology and Process Modernization. To modernize the department's tax information systems and revenue collection processes.
$ 16,200	*Appropriation Increase*

Revenue Enforcement

$ –1,379	—nonrecurring 2008-09 budgetary freeze amount.
290	—to continue current program.
$ –1,089	*Appropriation Decrease*

MOTOR LICENSE FUND

Collections - Liquid Fuels Tax

$ 362	—to continue current program.

LOTTERY FUND

General Operations (EA)

$ 937	—to continue current program.

Expanded Sales (EA)

$ –288	—reduced program needs.

On-Line Vendor Commissions (EA)

$ –21,381	—based on the latest projection of program requirements.

Instant Vendor Commissions (EA)

$ 2,983	—based on the latest projection of program requirements.

Payment of Prize Money (EA)

$ 31,825	—based on the latest projection of program requirements.

RACING FUND

Collections – State Racing (EA)

$ 3	—to continue current program.

All other appropriations are recommended at current year funding levels.

Program: Revenue Collection and Administration (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 141,847	$ 141,781	$ 137,849	$ 137,849	$ 137,849	$ 137,849	$ 137,849
Commissions - Inheritance & Realty Transfer Taxes (EA)	8,190	7,937	8,517	8,517	8,517	8,517	8,517
Technology and Process Modernization	0	5,000	21,200	21,200	21,200	21,200	21,200
Revenue Enforcement	8,100	8,833	7,744	7,744	7,744	7,744	7,744
TOTAL GENERAL FUND	$ 158,137	$ 163,551	$ 175,310	$ 175,310	$ 175,310	$ 175,310	$ 175,310
MOTOR LICENSE FUND:							
Collections - Liquid Fuels Tax	$ 14,327	$ 14,611	$ 14,973	$ 14,973	$ 14,973	$ 14,973	$ 14,973
Refunding Liquid Fuels Tax (EA)	12,200	12,000	12,000	12,000	12,000	12,000	12,000
TOTAL MOTOR LICENSE FUND	$ 26,527	$ 26,611	$ 26,973	$ 26,973	$ 26,973	$ 26,973	$ 26,973
LOTTERY FUND:							
General Operations (EA)	$ 36,813	$ 37,710	$ 38,647	$ 38,853	$ 39,869	$ 40,923	$ 42,139
Lottery Advertising (EA)	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Expanded Sales (EA)	27,936	19,177	18,889	19,686	19,979	20,287	20,611
On-Line Vendor Commissions (EA)	52,312	53,354	31,973	33,417	34,503	35,116	36,185
Instant Vendor Commissions (EA)	25,933	22,994	25,977	26,394	27,597	28,871	30,223
Payment of Prize Money (EA)	314,734	339,142	370,967	388,750	399,014	405,072	415,206
TOTAL LOTTERY FUND	$ 489,728	$ 504,377	$ 518,453	$ 539,100	$ 552,962	$ 562,269	$ 576,364
RACING FUND:							
Collections - State Racing (EA)	$ 188	$ 241	$ 244	$ 244	$ 244	$ 244	$ 244

PROGRAM OBJECTIVE: To equitably distribute the Public Utility Realty Tax to all reporting local taxing authorities.

Program: Community Development and Preservation

A 1968 amendment to the state constitution exempted public utilities from locally administered property taxes and authorized the collection of a similar statewide tax known as the Public Utility Realty Tax. The proceeds of the tax are distributed to each local taxing authority thereby providing local revenue while ensuring fair treatment for utilities. Act 4 of 1999 revised the definition of public utility property and specifically removed, after December 31, 1999, electricity generation facilities from the definition. This was done in conjunction with electric deregulation which opened market competition and moved away from previous public utility definitions for power generation.

The distribution is based on the ratio between the total tax receipts of a local taxing authority and the total tax receipts of all reporting tax authorities. This ratio is then applied to the total amount of taxes that reporting authorities could have collected had they been able to directly tax public utility realty.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Taxing authorities receiving funds	2,971	3,017	3,017	3,017	3,017	3,017	3,017

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Distribution of Public Utility Realty Tax

$ –1,801 —reflects normal fluctuations in tax assessments.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Distribution of Public Utility Realty Tax	$ 29,701	$ 32,326	$ 30,525	$ 32,051	$ 33,654	$ 35,336	$ 37,103

PROGRAM OBJECTIVE: To increase economic stability by assisting eligible Pennsylvania citizens to maintain their homes.

Program: Homeowners and Renters Assistance

This program allows Pennsylvanians 65 years of age or older, surviving spouses over 50 and permanently disabled citizens 18 years of age or older to lead fuller lives by restoring a portion of their income through property tax and rent rebate assistance.

Act 53 of 1985 set the income ceiling for program eligibility at $15,000 per household. The assistance declines from a maximum benefit of 100 percent of the tax or $500 whichever is less. Act 30 of 1999 excludes 50 percent of Social Security Income and Railroad Retirement Benefits from the income eligibility calculation. In 2007-08, the average tax assistance payment was $388.78, and the average rent rebate was $522.90.

Act 1 of Special Session No. 1 of 2006 dramatically expanded the current Property Tax / Rent Rebate program to give more Pennsylvanians a rebate while also increasing the amounts of the rebates. The expansion includes increasing the household income limit from $15,000 to $35,000 and increasing the maximum rebate from $500 to $650.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Households provided property tax or rent assistance	531,165	609,000	634,000	655,000	665,000	673,000	681,000
Households applying by June 30	489,236	549,000	572,000	590,000	599,000	606,000	613,000
Rebates mailed by July 31	338,375	468,000	488,000	504,000	511,000	517,000	523,000

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

The authorization is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
LOTTERY FUND:							
Property Tax & Rent Assistance for Older Pennsylvanians (EA)	$ 244,900	$ 294,900	$ 294,900	$ 294,300	$ 293,900	$ 293,700	$ 293,400

SECURITIES COMMISSION

The mission of the Securities Commission is to protect Pennsylvania investors from fraudulent and abusive practices in the offer and sale of securities in the commonwealth and to foster legitimate capital formation activities to grow Pennsylvania businesses.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 2,354**	**$ 2,265**	**$ 1,713**
(A)Consumer Protection	7,011	7,607	7,727
Subtotal - State Funds	$ 2,354	$ 2,265	$ 1,713
Subtotal - Augmentations	7,011	7,607	7,727
Total - General Government	$ 9,365	$ 9,872	$ 9,440
STATE FUNDS	$ 2,354	$ 2,265	$ 1,713
AUGMENTATIONS	7,011	7,607	7,727
GENERAL FUND TOTAL	**$ 9,365**	**$ 9,872**	**$ 9,440**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
SECURITIES INDUSTRY REGULATION							
GENERAL FUND	$ 2,354	$ 2,265	$ 1,713	$ 1,713	$ 1,713	$ 1,713	$ 1,713
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	7,011	7,607	7,727	7,727	7,727	7,727	7,727
SUBCATEGORY TOTAL	$ 9,365	$ 9,872	$ 9,440	$ 9,440	$ 9,440	$ 9,440	$ 9,440
ALL PROGRAMS:							
GENERAL FUND	$ 2,354	$ 2,265	$ 1,713	$ 1,713	$ 1,713	$ 1,713	$ 1,713
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	7,011	7,607	7,727	7,727	7,727	7,727	7,727
DEPARTMENT TOTAL	$ 9,365	$ 9,872	$ 9,440	$ 9,440	$ 9,440	$ 9,440	$ 9,440

PROGRAM OBJECTIVE: To reduce fraud and to protect public investors involved in securities transactions as well as to facilitate legitimate capital formation in the state.

Program: Securities Industry Regulation

The primary function of the Pennsylvania Securities Commission is to encourage the financing of legitimate business and industry in the commonwealth while protecting the investing public from fraudulent and unfair practices in the securities industry.

The commission protects the investing public through the registration and regulation of salespersons and companies dealing in securities. It also issues cease and desist orders to persons and corporations attempting to sell securities without approval, as well as pursuing prosecution of violators of the Pennsylvania Securities Act.

The commission works with other state, federal and independent regulatory agencies and the various stock exchanges to develop uniform filing requirements to eliminate duplicative state and federal examination and registration requirements. The commission is increasing the use of information technology to monitor the offering and sale of securities via electronic means. Fees collected from the securities industry support compliance and enforcement activities, as well as a portion of ongoing operations of the commission.

Acts 125 through 132 (inclusive) of 2004 made changes to the Securities Code to clarify, expand and update language to be consistent with current federal statutes and the practices of the U.S. Securities and Exchange Commission. The acts also allow the Pennsylvania Securities Commission to enhance consumer protection operations and securities regulation.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Securities filings received	5,864	5,900	5,900	5,900	5,900	5,900	5,900
Securities filings cleared	5,726	5,750	5,750	5,750	5,750	5,750	5,750
Securities cleared for sale (dollar amounts in billions)	$267,534	$270,000	$270,000	$270,000	$270,000	$270,000	$270,000
Broker-dealers registered	2,493	2,560	2,640	2,720	2,800	2,880	2,965
Agents registered	164,590	172,820	181,460	190,530	200,050	210,050	220,550
Investment advisers registered	2,570	2,700	2,835	2,980	3,130	3,285	3,450
Investment adviser representatives registered	10,666	11,730	12,900	14,190	15,600	17,160	18,875
Formal investigations conducted	135	100	102	104	106	108	110
Compliance examinations conducted	105	110	115	120	125	130	135
Enforcement/compliance actions	95	100	105	110	115	120	125

Formal investigations conducted increased in 2007-08 due to the implementation of new investigation tools that were used to reduce an existing case backlog.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		General Government Operations
$	–483	—nonrecurring 2008-09 budgetary freeze amount.
	256	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
	–325	—reduction in administrative costs.
$	–552	*Appropriation Decrease*

Apropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 2,354	$ 2,265	$ 1,713	$ 1,713	$ 1,713	$ 1,713	$ 1,713

DEPARTMENT OF STATE

The mission of the Department of State is to monitor and enforce the standards of ethics and competence in a variety of areas, including professional licensure, corporate law, charitable solicitation, the electoral process and professional boxing and wrestling.

The Department of State is administered by the Secretary of the Commonwealth and includes the Bureau of Charitable Organizations, the Bureau of Commissions, Elections and Legislation, the Corporation Bureau, the State Athletic Commission, the Bureau of Enforcement and Investigation and the Bureau of Professional and Occupational Affairs, which provides support to 29 professional and occupational licensing boards.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 4,713**	**$ 4,647**	**$ 4,200**
(F)Federal Election Reform	20,000	20,000	33,000
(F)Election Data Collection	0	2,000	0
(A)Departmental Services	0 a	0 a	0 a
(R)Professional and Occupational Affairs	30,918 b	32,403 c	35,113 b
(R)State Board of Medicine	8,165 b	8,409 b	8,345 b
(R)State Board of Osteopathic Medicine	1,223 b	1,349 b	1,449 b
(R)State Board of Podiatry	252 b	301 b	322 b
(R)State Athletic Commission	446 b	485 b	526 b
(R)Corporation Bureau (EA)	4,549 d	4,589 d	4,721 d
Subtotal	$ 70,266	$ 74,183	$ 87,676
Statewide Uniform Registry of Electors	**13,500**	**7,600**	**6,319**
Voter Registration	**568**	**538**	**500**
(F)Elections Assistance - Grants to Counties	2,503	2,205	2,242
Subtotal	$ 3,071	$ 2,743	$ 2,742
Lobbying Disclosure	**1,350**	**837**	**700**
Electoral College	**0**	**10**	**0**
Subtotal - State Funds	$ 20,131	$ 13,632	$ 11,719
Subtotal - Federal Funds	22,503	24,205	35,242
Subtotal - Restricted Revenues	45,553	47,536	50,476
Total - General Government	$ 88,187	$ 85,373	$ 97,437
Grants and Subsidies:			
Voting of Citizens in Military Service	**$ 40**	**$ 59**	**$ 40**
County Election Expenses (EA)	**400**	**400**	**200**
Total - Grants and Subsidies	$ 440	$ 459	$ 240
STATE FUNDS	$ 20,571	$ 14,091	$ 11,959
FEDERAL FUNDS	22,503	24,205	35,242
RESTRICTED REVENUES	45,553	47,536	50,476
GENERAL FUND TOTAL	**$ 88,627**	**$ 85,832**	**$ 97,677**
OTHER FUNDS:			
GENERAL FUND:			
Lobbying Disclosure (R)	$ 61	$ 490	$ 490
REAL ESTATE RECOVERY FUND:			
Real Estate Recovery Payments (EA)	$ 100	$ 100	$ 100

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 20,571	$ 14,091	$ 11,959
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	22,503	24,205	35,242
RESTRICTED	45,553	47,536	50,476
OTHER FUNDS	161	590	590
TOTAL ALL FUNDS	**$ 88,788**	**$ 86,422**	**$ 98,267**

[a] Not added to the total to avoid double counting: 2007-08 Actual is $3,677,000, 2008-09 Available is $4,190,000 and 2009-10 Budget is $4,773,000.

[b] Appropriated from a restricted revenue account.

[c] Appropriated from a restricted revenue account. Appropriated as $32,318,000 for Professional and Occupational Affairs and $85,000 for State Board of Crane Operators.

[d] Executive Authorization from a restricted revenue account.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
CONSUMER PROTECTION							
GENERAL FUND	$ 20,571	$ 14,091	$ 11,959	$ 11,959	$ 11,959	$ 11,969	$ 11,959
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	22,503	24,205	35,242	35,242	35,242	35,242	35,242
OTHER FUNDS	45,714	48,126	51,066	50,564	50,564	50,564	50,564
SUBCATEGORY TOTAL	$ 88,788	$ 86,422	$ 98,267	$ 97,765	$ 97,765	$ 97,775	$ 97,765
ALL PROGRAMS:							
GENERAL FUND	$ 20,571	$ 14,091	$ 11,959	$ 11,959	$ 11,959	$ 11,969	$ 11,959
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	22,503	24,205	35,242	35,242	35,242	35,242	35,242
OTHER FUNDS	45,714	48,126	51,066	50,564	50,564	50,564	50,564
DEPARTMENT TOTAL	$ 88,788	$ 86,422	$ 98,267	$ 97,765	$ 97,765	$ 97,775	$ 97,765

PROGRAM OBJECTIVE: To protect the consumer from fraudulent solicitation and unqualified professional and occupational practitioners and establishments.

Program: Consumer Protection

The Department of State administers several program elements within the Consumer Protection program.

Program Element: Protection of the Electoral Process

This program element is directed toward ensuring efficiency, honesty and uniformity in the administration of the Election Code. Act 25 of 1995, the Pennsylvania Voter Registration Act, integrated voter registration into driver's license applications and made other voter registration changes to comply with the National Voter Registration Act. Nomination petitions for statewide and legislative offices are reviewed for compliance with statutory standards and are processed for inclusion on the ballot. Campaign expense reports are filed and reviewed as required by the Election Code. The public is provided the opportunity to review the reports. The department tabulates, publishes and disseminates statistics for both voter registration and all elections; it also serves as the repository of the maps and descriptions of the commonwealth's approximately 9,300 election precincts.

Act 61 of 2001 amended the Pennsylvania Voter Registration Act and requires the department to develop a Statewide Uniform Registry of Electors (SURE) – an integrated voter registration database containing all electors in the commonwealth. The act also created an advisory board to establish the requirements of a SURE system.

Other functions in this program include commissioning gubernatorial appointees to boards and commissions and preparing commissions for judges, magisterial district judges and notaries public, as well as enforcement of the Notary Public Law. In addition, a record of all legislation passed by the General Assembly is maintained by docketing the bills and assigning act numbers.

Act 134 of 2006, the Lobbying Disclosure Act, assigns registration and monitoring duties to the department. The act requires that the department receive filings and reports from lobbyists, make this information available to the public, have the information on a Web site, produce annual reports and a biennial directory, conduct audits and provide administrative assistance to the regulating committee.

Program Element: Protection of Professional Licensing

The focus of this program element is on assuring acceptable professional and technical services to the commonwealth's residents. To accomplish this, 29 boards of the Bureau of Professional and Occupational Affairs utilize licensing, enforcement and administrative authority to regulate and service the various professions. The department investigates complaints against licensees for legal or ethical violations that may result in disciplinary action by the boards.

Mechanisms used in controlling the quality of practitioners include regulating education; experience and degree of technical expertise demonstrated through applications; and subsequent written examination and/or demonstrated practical ability. Requirements for continuing education also serve as a means of meeting the constantly changing developments in the various professions and occupations.

Act 124 of 1978 created a restricted Professional Licensure Augmentation Account enabling this program to be funded from fees and fines collected by the Bureau of Professional and Occupational Affairs. Thus, the bureau operates entirely out of restricted funds, considered for budgetary purposes as Other Funds, rather than from a General Fund appropriation.

Act 13 of 2002, the Medical Care Availability and Reduction of Error Act, further provides for medical malpractice liability insurance, tort reform, mandatory reporting by and to state licensing boards and continuing medical education.

Fees are revised according to the specific enabling legislation for each board.

Program Element: Regulation of Consumer Products and Promotion of Fair Business Practices

This program element encompasses the activities of the Corporation Bureau, the Bureau of Charitable Organizations and the State Athletic Commission.

The Corporation Bureau is responsible for both profit and nonprofit business incorporation filings and submission of Uniform Commercial Code (UCC) filings. There are approximately 2.6 million corporate entities in the database and the bureau processes approximately 143,793 new corporations annually. It also registers approximately 66,000 trademarks and fictitious names as well as 129,729 UCC filings annually. The primary goals of the Corporation Bureau are to make the registration process as efficient as possible and to enhance public access in order to promote a more favorable business climate within the commonwealth.

Act 198 of 1990 established a restricted account with funding levels to be executively authorized by the Governor to fund the Corporation Bureau.

Program: Consumer Protection (continued)

The Bureau of Charitable Organizations is responsible for the registration of charitable organizations, professional fundraisers and solicitors, as well as regulation of the actual solicitation and distribution of collected funds. The major objective of the bureau is to increase the awareness and understanding of the Charitable Solicitations Act among Pennsylvania consumers and charitable organizations.

Act 55 of 1997 increased the number of charities required to register with the Department of State and established a system of mandatory arbitration to resolve complaints of unfair competition filed by small businesses against charities.

The State Athletic Commission monitors and regulates all professional and amateur boxing and kickboxing, amateur wrestling contests, and the licensing of all persons who participate in these events. There are 11 categories of licenses issued by the Athletic Commission. These categories include announcer, agent, boxer, judge, manager, matchmaker, physician, promoter (including those promoting professional wrestling), referee, timekeeper and trainer. For the new Mixed Martial Arts (MMA) regulations, SAC is adding several additional licensing categories as follows: MMA boxer, both professional and amateur MMA promoter, MMA referee and MMA judge.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Electoral Process							
Voter registration transactions	1,000,082	1,500,000	990,000	990,000	1,000,000	1,500,000	1,000,000
Campaign finance reports filed online	3,584	3,600	3,700	3,800	3,900	4,000	4,000
Notary public commissions issued	26,489	27,000	27,500	28,000	28,500	29,000	29,000
Professional Licensing							
Professional licenses and renewals issued	395,000	400,000	395,000	400,000	395,000	400,000	408,000
Cases opened	12,905	14,600	16,500	18,600	21,000	23,700	23,235
Cases closed	13,823	16,300	19,200	22,600	26,700	31,500	32,130
Disciplinary actions	2,727	2,800	2,900	3,000	3,100	3,200	3,265
Enforcement and Investigation							
Inspections completed	19,057	19,000	19,000	19,000	19,000	19,000	19,380
Investigations opened	3,503	3,500	3,800	3,800	3,800	3,800	3,880
Investigations closed	3,992	4,000	3,800	3,800	3,800	3,800	3,880
Health Monitoring Program:							
Cases opened	1,232	1,355	1,477	1,609	1,754	1,911	1,950
Cases closed	1,084	1,181	1,287	1,402	1,529	1,667	1,700
Corporation Bureau							
Uniform Commercial Code financing statement filings and information requests fulfilled	140,181	142,800	145,700	148,600	151,500	154,600	157,700
Reviews of fictitious names, business corporations and trademark applications	146,415	149,300	152,300	155,400	158,500	161,700	164,900
Corporation information requests processed	190,955	195,000	198,700	202,600	206,700	210,800	215,000
Charitable Organizations							
Charity registrations	10,300	10,300	10,400	10,500	10,600	10,700	11,020
Investigations opened	250	250	260	260	260	260	265
Investigations closed	250	250	250	250	250	250	255
State Athletic Commission							
Professionals licensed	1,140	1,140	1,150	1,150	1,150	1,150	1,170
Boxing events (professional, amateur and kickboxing)	125	130	130	130	130	130	130
Wrestling events	330	330	335	335	335	335	340

Voter registration transactions increase and decrease in accordance with national, state and local election cycles.

Program: Consumer Protection (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations
$ –223	—nonrecurring 2008-09 budgetary freeze amount.
–224	—reduction in administrative costs.
$ –447	*Appropriation Decrease*
	Statewide Uniform Registry of Electors
$ –848	—nonrecurring 2008-09 budgetary freeze amount.
–433	—nonrecurring projects.
$ –1,281	*Appropriation Decrease*
	Voter Registration
$ –38	—reduction in administrative costs.
	Lobbying Disclosure
$ –137	—to continue current program.
	Electoral College
$ –10	—nonrecurring travel costs of electoral college.
	Voting of Citizens in Military Service
$ –19	—to continue current program.
	County Election Expenses (EA)
$ –200	—nonrecurring 2008-09 budgetary freeze amount.

This budget also recommends the following changes in appropriations and executive authorizations from restricted accounts:

	Professional and Occupational Affairs
$ 2,037	—to continue current program.
120	—lease and moving costs related to the Pittsburgh State Office Building cost containment initiative.
553	—to implement two new boards.
$ 2,710	*Appropriation Increase*
	State Board of Medicine
$ –64	—to continue current program.
	State Board of Osteopathic Medicine
$ 100	—to continue current program.
	State Board of Podiatry
$ 21	—to continue current program.
	State Athletic Commission
$ 41	—to continue current program.
	Corporation Bureau (EA)
$ 132	—to continue current program.

Recommendations assume that fees for all boards will be sufficient to fund the recommended expenditure level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 4,713	$ 4,647	$ 4,200	$ 4,200	$ 4,200	$ 4,200	$ 4,200
Statewide Uniform Registry of Electors	13,500	7,600	6,319	6,319	6,319	6,319	6,319
Voter Registration	568	538	500	500	500	500	500
Lobbying Disclosure	1,350	837	700	700	700	700	700
Electoral College	0	10	0	0	0	10	0
Voting of Citizens in Military Service	40	59	40	40	40	40	40
County Election Expenses (EA)	400	400	200	200	200	200	200
TOTAL GENERAL FUND	$ 20,571	$ 14,091	$ 11,959	$ 11,959	$ 11,959	$ 11,969	$ 11,959

STATE EMPLOYEES' RETIREMENT SYSTEM

The mission of the State Employees' Retirement System is to administer the retirement benefits plan for state employees and elected officials in accordance with Pennsylvania statutes; to provide effective services to all active and retired members; to accumulate, manage and disburse the retirement fund assets in accordance with fiduciary standards and at a reasonable cost to commonwealth taxpayers; and to maximize investment return while exercising a "prudent person" investment policy.

The State Employees' Retirement System is responsible for administering the State Employees' Retirement Fund and the supplemental retirement allowances and cost-of-living increases for annuitants. The system also administers the commonwealth Deferred Compensation Program.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
Grants and Subsidies:			
National Guard - Employer Contribution	**$ 4**	**$ 4**	**$ 4**
OTHER FUNDS:			
STATE EMPLOYEES' RETIREMENT FUND:			
State Employees' Retirement Administration	$ 26,568	$ 27,348	$ 27,733
Directed Commissions	221	1,500	1,500
STATE EMPLOYEES' RETIREMENT FUND TOTAL	**$ 26,789**	**$ 28,848**	**$ 29,233**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 4	$ 4	$ 4
SPECIAL FUNDS	0	0	0
OTHER FUNDS	26,789	28,848	29,233
TOTAL ALL FUNDS	**$ 26,793**	**$ 28,852**	**$ 29,237**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
STATE EMPLOYEES' RETIREMENT							
GENERAL FUND	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	26,789	28,848	29,233	29,233	29,233	29,233	29,233
SUBCATEGORY TOTAL	$ 26,793	$ 28,852	$ 29,237	$ 29,237	$ 29,237	$ 29,237	$ 29,237
ALL PROGRAMS:							
GENERAL FUND	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	26,789	28,848	29,233	29,233	29,233	29,233	29,233
DEPARTMENT TOTAL	$ 26,793	$ 28,852	$ 29,237	$ 29,237	$ 29,237	$ 29,237	$ 29,237

PROGRAM OBJECTIVE: To provide an effective administrative system for the operation of the retirement system for state employees.

Program: State Employees' Retirement

The State Employees' Retirement System was established to administer the pension system created in 1923. Contributions by the employees and the employing agencies are made to the State Employees' Retirement Fund that uses those moneys and interest earnings for payment of annuities and disability benefits and for administration of the system. The State Employees' Retirement Fund is shown in the Special Funds Appendix.

The net assets available for benefits are in excess of $33 billion dollars. The system is funded in accordance with generally accepted actuarial standards; the funding is reviewed annually by a contracted actuarial firm and an experience review is completed every five years.

The three major sources of current income for the system are earnings from investments and employer and member contributions. The employer contribution rate is established annually by the board upon the recommendation of the actuary. Employer contribution rates differ in accordance with the class of employees for which they are contributing. There is additional cost for employees in safety positions, the Legislature and the Judiciary. As a result of Act 9 of 2001, effective January 2002, most system members contribute 6.25 percent of pay to the system, depending upon individual employee election of membership. Normal retirement from the system is at age 60, age 50 for safety employees and members of the Legislature or at any age with 35 years of service. Retirement before those times is possible after five years of service but is actuarially reduced to the equivalent of the annuity which would have been payable at superannuation retirement. Act 40 of 2003 changed the funding period for most of the system's actuarial liabilities from 10 years to 30 years, effectively spreading out the payment of its costs and liabilities. Act 8 of 2007 added a minimum employer contribution rate of 4 percent.

The State Employees' Retirement Board is responsible for the administration of the commonwealth's Deferred Compensation Program that allows commonwealth employees to defer a portion of their salaries to a retirement savings account. The Deferred Compensation Fund is shown in the Special Funds Appendix.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Retirement counseling sessions	40,900	41,900	42,900	44,400	45,800	47,100	48,400
Total number of retired employees	108,000	109,900	111,900	113,900	115,900	117,800	119,400
Total benefits payments (in billions)	$2.39	$2.44	$2.58	$2.73	$2.89	$3.04	$3.19

Retirement counseling sessions is based upon a number of factors including membership demographics and pending or actual legislative changes. These estimates can be subject to significant fluctuation based on the interest level of the membership.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

STATE EMPLOYEES' RETIREMENT FUND
State Employees' Retirement
Administration

$ 385 —to continue current program.

The National Guard-Employer Contribution appropriation is recommended at level funding.

In addition to this appropriation, $1,500,000 in Directed Commission expenditures are anticipated for the budget year.

Program: State Employees' Retirement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
National Guard - Employer Contribution....	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4
STATE EMPLOYEES' RETIREMENT FUND:							
State Employees' Retirement Administration	$ 26,568	$ 27,348	$ 27,733	$ 27,733	$ 27,733	$ 27,733	$ 27,733
Directed Commissions.....	221	1,500	1,500	1,500	1,500	1,500	1,500
TOTAL STATE EMPLOYEES' RETIREMENT FUND	$ 26,789	$ 28,848	$ 29,233	$ 29,233	$ 29,233	$ 29,233	$ 29,233

STATE POLICE

The mission of the State Police is to promote traffic safety, effectively investigate crime and reduce criminal activity and to provide investigative assistance and support services to all law enforcement agencies within the commonwealth. In addition, the State Police maintains and provides to criminal justice agencies up-to-date law enforcement information, continually evaluates the competence level of law enforcement within the commonwealth, and provides prompt, competent service in emergency situations. The State Police ensures personal protection and security for the Governor and other persons designated by proper authority and enforces all other state statutes as directed by proper authority.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 165,230**	**$ 167,653**	**$ 177,652**
(F)Drug Enforcement	500	1,000	1,500
(F)Motor Carrier Safety	11,244	13,377	12,898
(F)Area Computer Crime	7,443	8,985	15,500
(F)Law Enforcement Preparedness (EA)	3,295	4,505	5,000
(F)Construction Zone Patrolling(EA)	10,000	10,000	10,000
(F)Combat Underage Drinking(EA)	450	173	0
(F)Pa Port Security Grant (EA)	2,660	4,080	2,635
(F)Law Enforcement Projects (EA)	2,140	2,050	3,500
(A)Turnpike Commission	35,914	34,200	34,500
(A)Sale of Automobiles	85	150	150
(A)Criminal History Record Checks	9,391	9,000	9,000
(A)Training Fees	3	52	52
(A)Reimbursement for Services	2,713	2,800	2,700
(A)Fingerprint Record Checks	6,522	3,550	3,750
(A)Registry of Protection	150	145	140
(A)Littering Fines	32	30	30
(A)Credit Card Receipts	3,213	2,800	3,000
(A)Photographic Services	19	25	20
(A)Delaware River Toll Bridge	1,497	1,640	1,500
Subtotal	$ 262,501	$ 266,215	$ 283,527
Law Enforcement Information Technology	**10,157** a	**8,639** a	**7,289**
Municipal Police Training	**4,269**	**4,932**	**4,932**
(A)Admission Vouchers	150	147	148
Subtotal	$ 4,419	$ 5,079	$ 5,080
Automated Fingerprint Identification System	**1,226**	**1,210**	**937**
Subtotal	$ 1,226	$ 1,210	$ 937
Gun Checks	**0**	**4,000**	**3,920**
(R)Firearm Records Check	2,000	1,605	1,875
Subtotal	$ 2,000	$ 5,605	$ 5,795
Subtotal - State Funds	$ 180,882	$ 186,434	$ 194,730
Subtotal - Federal Funds	37,732	44,170	51,033
Subtotal - Augmentations	59,689	54,539	54,990
Subtotal - Restricted Revenues	2,000	1,605	1,875
Total - General Government	$ 280,303	$ 286,748	$ 302,628
STATE FUNDS	$ 180,882	$ 186,434	$ 194,730
FEDERAL FUNDS	37,732	44,170	51,033
AUGMENTATIONS	59,689	54,539	54,990
RESTRICTED REVENUES	2,000	1,605	1,875
GENERAL FUND TOTAL	**$ 280,303**	**$ 286,748**	**$ 302,628**
MOTOR LICENSE FUND:			
General Government:			
General Government Operations	**$ 444,737**	**$ 453,283**	**$ 480,027**
Law Enforcement Information Technology	**27,463** b	**23,359** b	**19,709**
Municipal Police Training	**4,269**	**4,932**	**4,932**
Patrol Vehicles	**10,825**	**11,000**	**11,000**
(A)Automobile Sales	3,356	2,000	2,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Automated Fingerprint Identification System	**121**	**119**	**92**
Commercial Vehicles Inspection	**5,924**	**5,924**	**8,136**
(A)Sale of Vehicles	21	0	0
Subtotal	$ 496,716	$ 500,617	$ 525,896
Subtotal - State Funds	$ 493,339	$ 498,617	$ 523,896
Subtotal - Augmentations	3,377	2,000	2,000
Total - General Government	$ 496,716	$ 500,617	$ 525,896
STATE FUNDS	$ 493,339	$ 498,617	$ 523,896
AUGMENTATIONS	3,377	2,000	2,000
MOTOR LICENSE FUND TOTAL	**$ 496,716**	**$ 500,617**	**$ 525,896**
OTHER FUNDS:			
GENERAL FUND:			
Seized/Forfeited Property - Federal	$ 745	$ 300	$ 300
State Drug Act Forfeiture Funds	811	400	400
State Criminal Enforcement Forfeiture Funds	14	50	50
Crime Lab User Fees	279	300	600
Auto Theft and Arson Fund	1,500	1,500	1,975
Insurance Fraud Prevention	402	250	279
GENERAL FUND TOTAL	**$ 3,751**	**$ 2,800**	**$ 3,604**
DNA DETECTION FUND:			
DNA Detection of Offenders(EA)	$ 1,498	$ 1,891	$ 1,891
STATE GAMING FUND:			
(R)Gaming Enforcement	$ 11,453	$ 14,228	$ 18,274
STATE STORES FUND:			
Liquor Control Enforcement	$ 23,665	$ 23,722	$ 24,834
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 180,882	$ 186,434	$ 194,730
SPECIAL FUNDS	493,339	498,617	523,896
FEDERAL FUNDS	37,732	44,170	51,033
AUGMENTATIONS	63,066	56,539	56,990
RESTRICTED	2,000	1,605	1,875
OTHER FUNDS	40,367	42,641	48,603
TOTAL ALL FUNDS	**$ 817,386**	**$ 830,006**	**$ 877,127**

[a] 2007-08 Actual includes $1,782,000 appropriated as Incident Information Management System and 2008-09 Available includes $1,039,000 appropriated as Incident Information Management System.

[b] 2007-08 Actual includes $4,818,000 appropriated as Incident Information Management System and 2008-09 Available includes $2,809,000 appropriated as Incident Information Management System.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND	$ 180,882	$ 186,434	$ 194,730	$ 194,730	$ 194,730	$ 194,730	$ 194,730
SPECIAL FUNDS	493,339	498,617	523,896	523,896	523,896	523,896	523,896
FEDERAL FUNDS	37,732	44,170	51,033	51,033	51,033	51,033	51,033
OTHER FUNDS	105,433	100,785	107,468	107,468	107,468	107,468	107,468
SUBCATEGORY TOTAL	$ 817,386	$ 830,006	$ 877,127	$ 877,127	$ 877,127	$ 877,127	$ 877,127
ALL PROGRAMS:							
GENERAL FUND	$ 180,882	$ 186,434	$ 194,730	$ 194,730	$ 194,730	$ 194,730	$ 194,730
SPECIAL FUNDS	493,339	498,617	523,896	523,896	523,896	523,896	523,896
FEDERAL FUNDS	37,732	44,170	51,033	51,033	51,033	51,033	51,033
OTHER FUNDS	105,433	100,785	107,468	107,468	107,468	107,468	107,468
DEPARTMENT TOTAL	$ 817,386	$ 830,006	$ 877,127	$ 877,127	$ 877,127	$ 877,127	$ 877,127

PROGRAM OBJECTIVE: The State Police enforce the law and preserve the peace through detection of crime and apprehension of criminals, patrol of highways and enforcement of the Vehicle and Liquor Codes.

Program: Public Protection and Law Enforcement

Program Element: Management

This program element provides direction and coordination for all line and staff activities of the State Police, including administrative and overhead systems for the operation of various law enforcement programs. Protection for the Governor and visiting dignitaries, security of the executive residence and background investigations on state job applicants are components of this program.

State-of-the-art technology continues to automate a broad range of State Police functions. The Commonwealth Law Enforcement Assistance Network (CLEAN) is currently being upgraded. CLEAN is used by the commonwealth's criminal justice agencies to access driver license and motor vehicle information, state criminal history record information maintained in the Pennsylvania State Police Central Repository, the commonwealth's central registry for Protection from Abuse orders, "hot" (stolen and wanted) files, law enforcement messaging capabilities, and a host of other services. CLEAN is Pennsylvania's conduit to NCIC, the FBI's National Crime Information Center, and to NLETS, the National Law Enforcement Telecommunications System. Approximately 1.5 million criminal justice information exchange transactions take place via CLEAN daily. In 2003, the Pennsylvania Criminal Intelligence Center (PaCIC) was implemented. The PaCIC provides analytical assistance to Pennsylvania law enforcement agencies. Trained, professional intelligence analysts supply law enforcement agencies with various intelligence/information products needed for tactical and strategic planning. Intelligence analysts also offer access to archived public information, investigative information and intelligence information from a multitude of statewide and national databases.

The State Police operational resources are coordinated through the Problem Specific Policing (PSP) initiative. The PSP is an incident analysis and police management tool that utilizes case data mapping with the goal of reducing traffic crashes and criminal activity. Its aim is to improve the quality of life of citizens. The PSP is built on the principles of accurate and timely statistical data, effective tactics, rapid deployments of existing resources and follow-up assessments.

Program Element: Vehicle Standards Control

The vehicle inspection program within the commonwealth is conducted jointly by the Department of Transportation and the State Police. This program was established to provide vehicle safety through periodic inspection of motor vehicles and removal of unsafe vehicles from the commonwealth's highways. The administrative supervision of motor vehicle safety inspection stations, emissions inspection stations and motor vehicle dealers was transferred to the Department of Transportation on January 1, 1998. State Police continues to administer the school bus and mass transit vehicle inspection function and investigate complaints of improper practices by official inspection stations and motor vehicle dealers.

Program Element: Traffic Supervision

Enforcing the commonwealth's traffic laws is a major responsibility of the State Police. The department emphasizes reducing traffic crashes and bringing the motoring public into voluntary compliance with all traffic laws through patrol and enforcement activities. Traffic patrol and enforcement is provided by the State Police in those municipalities where there are no full-time police departments and on interstate highways. Traffic assistance is also provided, upon request, to municipalities with full-time police departments.

The State Police utilizes various patrol and enforcement techniques; however, the very presence of visible police patrols continues to have the greatest impact on reducing traffic crashes. In this regard, the State Police attempts to allocate patrol activities to those areas and locations with high traffic and crash volume. Supplemental patrolling is provided in construction zones for the safety of motorists and construction workers. Aircraft piloted by State Police troopers routinely monitor the speeds of vehicles on interstate and secondary highways. This method of speed enforcement is especially effective against commercial vehicles and other vehicles equipped with citizen band radios, cell phones and radar detecting devices. Enforcement efforts continue to be concentrated in areas identified by the PSP initiative.

The department continues the use of DUI Sobriety Checkpoints to combat drunk driving. Operation Nighthawk was initiated as a statewide training and enforcement program providing legal updates, development strategies and operational tactics combined with saturation DUI enforcement teams.

The Commonwealth Commercial Vehicle Enforcement program is a responsibility of the Pennsylvania State Police. One permanent facility along Interstate 80 and 26 mobile weight teams throughout the state enforce the commonwealth's vehicle weight and size limitations, as well as safety enforcement. The State Police also conducts the Federal Motor Carrier Safety Assistance Program (MCSAP). MCSAP consists of troopers and civilian

Program: Public Protection and Law Enforcement (continued)

enforcement officers throughout the state enforcing federal motor carrier safety regulations. These regulations pertain to drivers, equipment, documents, loads and hazardous materials transportation. Federal regulations are applicable to both interstate and intra-state motor carrier vehicles. In addition, the State Police aggressively conduct a program to reduce the number of truck crashes occurring in Pennsylvania through the Troop Truck Crash Prevention Initiative (TTCPI). TTCPI concentrates on the detection and enforcement of moving traffic violations committed by commercial motor vehicle drivers. The operations are directed toward reducing crashes on specific highways and areas that have been identified as having a high number of commercial vehicle crashes.

In a program sponsored by the National Highway Traffic Safety Administration, 250 Pennsylvania State Troopers are currently certified as child passenger safety technicians. The State Police maintains permanent child safety fitting stations. Each station conducts inspections on a designated date at posted times at least once a month.

Program Element: Crime Prevention

Combating crime is not the responsibility of police alone. It requires the active, organized involvement of the public if any significant results are to be realized. The State Police crime prevention mission is to reduce the incidence of crime through citizen involvement and educational crime prevention techniques. This includes programs such as neighborhood crime watch groups, block parents and crime stoppers.

The State Police provides assistance to municipalities in suppression of violent crime through the Operation Triggerlock program. Under this program, the State Police work hand-in-hand with federal and local law enforcement officials to purge violent crime from urban neighborhoods. Community involvement, intelligence gathering, the tactical mounted unit and saturation patrols are essential components of this operation.

The Citizens' Police Academy program offers a 10-12 week seminar providing members of the public with an opportunity to learn about various law enforcement issues and resources. Speakers from the Pennsylvania State Police and federal and local agencies discuss a wide range of law enforcement topics.

Program Element: Criminal Law Enforcement

The majority of State Police efforts in criminal law enforcement are performed at the station level and consist of investigations of violence and property crimes. At the statewide level, there are special investigations involving drugs and narcotics, organized crime, terrorism, white-collar crime, public corruption, arson, computer crime and criminal personality profiling.

State Police troopers, along with local, state and federal agencies, target major drug trafficking organizations utilizing a comprehensive strategy that involves intelligence gathering, financial background information, criminal investigation and asset forfeiture proceedings.

The Pennsylvania State Police oversee and coordinate a non-family child abduction alert notification system called the Pennsylvania Amber Alert Plan. This utilizes the Emergency Alert System to inform the public of an abduction of a child under the age of 16 or under the age of 18 with a proven mental or physical disability and, in certain instances, which the police believe the child is in danger of serious bodily harm or death.

A Computer Crime Unit provides investigative assistance to all local, state and federal law enforcement agencies in cases where a computer has been utilized for a criminal purpose. The unit is equipped with the newest technology and is comprised of several full-time and part-time computer crime investigators assigned at strategic locations throughout the state. The Computer Crime Unit also provides educational information for local law enforcement agencies and prosecutors.

Program Element: Emergency Assistance

The State Police are normally called upon whenever any emergency situation occurs within the commonwealth. The department has primary police jurisdiction in 83 percent of the commonwealth's land area, comprising 27 percent of its population and also provides assistance to a variety of local and state agencies, particularly law enforcement agencies. The department classifies emergency assistance into two separate categories: civil disorder and emergency management.

Civil disorders are incidents that may become criminal in nature in such categories as prison disturbances, labor disorders, strikes, campus-school disorders, youth group disorders, terrorism and hostage situations. Emergency management deals with prevention, mitigation and response to natural and/or man-made hazards to prevent loss of life or property, economic loss and disruption of normal living conditions.

The Domestic Security Office (DSO), formed in October 2002, administers and coordinates numerous homeland and domestic security responsibilities. DSO has four primary missions: emergency planning and preparedness, liaison to the Governor's Office of Homeland Security, facility security for department installations, and risk and vulnerability assessments for facilities and critical infrastructures.

The Special Emergency Response Team (SERT) is comprised of carefully selected, uniquely trained and specially equipped troopers responsible for an incident-specific approach to high-risk and special emergency situations. Specially trained K-9 dog teams provide drug, arson and explosive detection during emergency incidents. The department's fleet of eight helicopters and seven airplanes are frequently called upon to provide

Program: Public Protection and Law Enforcement (continued)

assistance during emergencies. The State Police have also established a Hazardous Device and Explosive Section as a response to bomb threats and similar security issues.

Program Element: Liquor Control and Gaming Enforcement

The Bureau of Liquor Control Enforcement directs and controls a coordinated enforcement effort toward violations of the Pennsylvania Liquor Code and related sections of the Crimes Code. Operations include covert and overt investigations, assisting municipal police agencies, conducting routine license investigations and performing establishment audits and border patrols. The State Police have implemented a high school and middle school education program to deter minors from using alcoholic beverages. The State Police also conduct the Enforcing the Underage Drinking Laws program to effect a change in the culture of college students to reduce binge drinking and deglamorize underage drinking. The project consists of establishing partnerships with college administrators, college students, the alcohol industry and community members to determine and implement effective measures to reduce the harmful consequences caused by underage and binge drinking.

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Gaming Control Board to regulate and oversee the implementation and operation of limited gaming activities within the commonwealth. The Pennsylvania State Police responsibilities under the act include investigating and prosecuting criminal infractions, conducting various background checks, and, with the Gaming Control Board, enforcing gaming laws, including a presence at all gaming facilities.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Operations							
Sworn complement	4,660	4,660	4,682	4,682	4,682	4,682	4,682
Civilian complement	1,749	1,753	1,682	1,682	1,682	1,682	1,682
Number of troopers assigned to law enforcement acitivities	4,194	4,230	4,241	4,241	4,241	4,241	4,241
Vehicle Standards Control							
School bus inspections	32,400	31,900	32,800	33,000	33,200	33,300	33,400
Motor Carrier Safety Inspections (MCSAP)	74,314	70,400	70,700	71,100	71,400	71,800	72,100
Percentage of MCSAP inspections that placed commercial vehicles out-of-service	30%	30%	30%	30%	30%	30%	30%
Vehicle Traffic Supervision							
Percentage of commonwealth highways patroled by the State Police	63%	63%	63%	63%	63%	63%	63%
Vehicle accidents	76,729	74,500	70,700	67,200	63,800	60,700	57,600
Vehicle accident fatalities	676	680	650	620	590	560	530
Traffic citations issued	500,820	507,900	508,400	508,900	509,400	509,900	535,400
DUI arrests - individuals arrested	14,547	15,700	15,700	16,000	16,000	16,000	16,100
Criminal Law Enforcement and Crime Prevention							
Percentage of commonwealth poplulation covered by the State Police	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Crimes per 100,000 population in State Police jurisdiction areas:							
Against persons	163	150	150	140	140	140	130
Criminal arrests	2,447	2,800	2,900	3,100	3,200	3,400	3,500
Percentage of cleared offenses in which person was identified	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%
Percentage of those arrested who are convicted	69.5%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%
Crimes per 100,000 population in State Police jurisdiction areas:							
Against property	1,540	1,600	1,700	1,700	1,700	1,700	1,800
Persons arrested	9,556	10,800	11,200	11,600	12,100	12,700	12,900
Percentage of cleared offenses in which person was identified	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Percentage of those arrested who are convicted	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%

Program: Public Protection and Law Enforcement (continued)

Program Measures: (continued)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Methamphetamine lab responses	34	50	52	55	58	61	58
Critical incident responses by the Special Emergency Response Team	118	180	180	170	170	170	160
Incident responses by the Hazardous Device and Explosives Section	269	290	300	310	320	330	340
Megan's Law: number of registered sex offenders	12,870	15,000	17,200	19,800	22,700	22,700	22,700
CLEAN/NCIC transactions	1,366,479	1,800,400	1,890,500	1,985,000	2,084,200	2,188,500	2,210,000
Crime Lab							
Specimens submitted for DNA analysis	40,900	42,900	45,100	46,000	46,900	47,800	50,200
No-suspect DNA positive identifications	669	590	600	600	600	600	610
Fingerprint cards submitted	544,438	387,900	407,300	427,700	449,100	471,500	495,100
Cases solved through identification of latent prints	647	800	820	840	850	870	910
Background Checks							
Firearms Checks: checks conducted for the purchase of a firearm and to carry a concealed weapon	505,500	508,100	511,000	513,100	515,700	518,300	520,900
Firearm purchase and concealed weapon applications denied from criminal history checks	7,571	8,300	8,400	8,400	8,400	8,500	8,500
Criminal history checks for employment purposes	979,867	1,276,100	1,339,900	1,406,900	1,477,300	1,551,100	1,558,900
Crime Tip Line							
Terrorism Hotline calls with possible intelligence	271	310	330	350	370	390	400
Terrorism tips received	504	480	500	520	550	580	620
Drug tips received	334	350	350	351	360	360	390
Liquor Control Enforcement							
Enforcement investigations	50,108	46,900	47,400	47,900	48,300	48,800	51,300
Complaints received	14,390	15,700	16,000	16,300	16,600	17,000	17,800
Inspections of open liquor establishments	3,092	4,200	4,300	4,400	4,500	4,600	4,700
Administrative Warning Letters issued due to Liquor Code violations	2,438	2,600	2,700	2,700	2,800	2,800	2,800
Administrative Citation Letters issued for Liquor Code violations	3,138	3,200	3,200	3,300	3,400	3,400	3,500

Fingerprint cards submitted surged in 2007-08 due to an increase in the number of mandated background checks.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND AND MOTOR LICENSE FUND COMBINED

General Government Operations

$ 40,094	—to continue current program.
–3,351	—transfer of information technology resources and support function to Commonwealth Technology Services in the Executive Offices.
$ 36,743	*Appropriation Increase*

Law Enforcement Information Technology

$ –1,000	—nonrecurring projects.
–4,000	—nonrecurring 2008-09 budgetary freeze amount.
$ –5,000	*Appropriation Decrease*

Commercial Vehicles Inspection

$ 2,212	—to continue current program.

Automated Fingerprint Identification System

$ –300	—nonrecurring 2008-09 budgetary freeze amount.

Gun Checks

$ –80	—to continue current program.

Program: Public Protection and Law Enforcement (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

STATE STORES FUND
Liquor Control Enforcement
$ 1,112 —to continue current program.

STATE GAMING FUND
Gaming Enforcement
$ 4,046 —to provide coverage at licensed gaming facilities.

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 165,230	$ 167,653	$ 177,652	$ 177,652	$ 177,652	$ 177,652	$ 177,652
Law Enforcement Information Technology	10,157	8,639	7,289	7,289	7,289	7,289	7,289
Municipal Police Training	4,269	4,932	4,932	4,932	4,932	4,932	4,932
Automated Fingerprint Identification System	1,226	1,210	937	937	937	937	937
Gun Checks	0	4,000	3,920	3,920	3,920	3,920	3,920
TOTAL GENERAL FUND	$ 180,882	$ 186,434	$ 194,730	$ 194,730	$ 194,730	$ 194,730	$ 194,730
MOTOR LICENSE FUND:							
General Government Operations	$ 444,737	$ 453,283	$ 480,027	$ 480,027	$480,027	$ 480,027	$ 480,027
Law Enforcement Information Technology	27,463	23,359	19,709	19,709	19,709	19,709	19,709
Municipal Police Training	4,269	4,932	4,932	4,932	4,932	4,932	4,932
Patrol Vehicles	10,825	11,000	11,000	11,000	11,000	11,000	11,000
Automated Fingerprint Identification System	121	119	92	92	92	92	92
Commercial Vehicles Inspection	5,924	5,924	8,136	8,136	8,136	8,136	8,136
TOTAL MOTOR LICENSE FUND	$ 493,339	$ 498,617	$ 523,896	$ 523,896	$ 523,896	$ 523,896	$ 523,896
STATE STORES FUND:							
Liquor Control Enforcement	$ 23,665	$ 23,722	$ 24,834	$ 24,834	$ 24,834	$ 24,834	$ 24,834

TAX EQUALIZATION BOARD

The mission of the State Tax Equalization Board is to provide an effective administrative system to assess taxable real property value which is the basis for an equitable distribution of tax funds to support education services.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 1,519**	**$ 1,484**	**$ 1,298**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND.....	$ 1,519	$ 1,484	$ 1,298	$ 1,298	$ 1,298	$ 1,298	$ 1,298
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	$ 1,519	$ 1,484	$ 1,298	$ 1,298	$ 1,298	$ 1,298	$ 1,298
ALL PROGRAMS:							
GENERAL FUND.....	$ 1,519	$ 1,484	$ 1,298	$ 1,298	$ 1,298	$ 1,298	$ 1,298
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	$ 1,519	$ 1,484	$ 1,298	$ 1,298	$ 1,298	$ 1,298	$ 1,298

PROGRAM OBJECTIVE: To provide an effective administrative system to assess taxable real property value which is the basis for an equitable distribution of tax funds to support education services.

Program: Education Support Services

The Tax Equalization Board is an independent administrative board created to ensure equitable distribution of tax funds among the state's school districts. The board, in accordance with Act 147 of 1947, determines annually the aggregate market value of taxable real property in each of the more than 2,500 municipalities and 501 school districts in the commonwealth and certifies the market value to the Secretary of Education. The results are used in determining distribution of state subsidies to school districts and local libraries, limitations on real estate taxes in school districts located in more than one county, tax limitations in financing community colleges and overall tax limitations for political subdivisions and school districts. The program includes holding hearings and analyzing real estate values and transactions. Act 267 of 1982 requires the board to establish annually a common level ratio of assessed value to market value in each county for the prior calendar year.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	State Tax Equalization Board
$ –186	—nonrecurring 2008-09 budgetary freeze amount.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
General Government Operations	$ 1,519	$ 1,484	$ 1,298	$ 1,298	$ 1,298	$ 1,298	$ 1,298

DEPARTMENT OF TRANSPORTATION

The mission of the Department of Transportation is to provide, through the active involvement of customers, employees and partners, services and a safe intermodal transportation system that attracts businesses and residents and stimulates Pennsylvania's economy.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
Rail Freight and Intermodal Coordination	**$ 1,232** a	**$ 1,216** a	**$ 1,101**
(F)FTA - Technical Studies Grants	4,465	4,465	4,465
(F)Capital Assistance	450	0	0
(F)Surface Transportation Assistance	2,000	500	0
(F)FTA - Capital Improvement Grants	6,000	6,000	6,000
(F)Title IV Rail Assistance	36	36	36
(F)Maglev	5,000	5,000	5,000
(A)Local Contribution - Rail Freight	225	0	0
Vehicle Sales Tax Collections	**1,253**	**1,124**	**1,124**
Voter Registration	**377**	**360**	**360**
Subtotal - State Funds	$ 2,862	$ 2,700	$ 2,585
Subtotal - Federal Funds	17,951	16,001	15,501
Subtotal - Augmentations	225	0	0
Total - General Government	$ 21,038	$ 18,701	$ 18,086
Grants and Subsidies:			
(F)TEA 21 - Access to Jobs	$ 3,000	$ 2,000	$ 4,000
(F)New Freedom Job Access	3,000	2,000	0
(F)Surface Transportation - Operating	16,000	16,000	16,000
(F)Surface Transportation Assistance Capital	5,000	12,000	12,000
(F)FTA - Capital Improvements	25,000	25,000	25,000
(F)FTA - Intelligent Vehicles - Public Transit	2,645	0	0
(F)FTA - Intelligent Transit System Deployment	14,214	0	0
(F)FTA - Hybrid Mass Transit Vehicles	0	15,000	15,000
(R)Technical Assistance - PTAF (EA)	5,370	2,235	0
(R)Community Transportation Equipment Grants - PTAF (EA)	1,244	1,565	0
Rail Freight Assistance	**11,000**	**10,857**	**25,356**
Subtotal - State Funds	$ 11,000	$ 10,857	$ 25,356
Subtotal - Federal Funds	68,859	72,000	72,000
Subtotal - Restricted Revenues	6,614	3,800	0
Total - Grants and Subsidies	$ 86,473	$ 86,657	$ 97,356
STATE FUNDS	$ 13,862	$ 13,557	$ 27,941
FEDERAL FUNDS	86,810	88,001	87,501
AUGMENTATIONS	225	0	0
RESTRICTED REVENUES	6,614	3,800	0
GENERAL FUND TOTAL	**$ 107,511**	**$ 105,358**	**$ 115,442**
MOTOR LICENSE FUND:			
General Government:			
General Government Operations	**$ 50,668**	**$ 53,974**	**$ 52,876**
(A)Reimbursement - General Government	142	0	0
(F)Federal Aid - Intelligent Transportation System	2,312	1,600	3,150
(A)Reimbursement - Other Agencies	156	215	80
(A)Mass Transportation	0	0	135
(A)Duplicating Services	0	114	114
(A)Aviation Restricted Revenue	0	161	161
(A)Administrative Hearings	18	40	40
(A)Litter Fine Receipts	103	9	100
(A)Reimb Drug & Alcohol Testing	97	60	60
Welcome Centers	**2,974**	**3,091**	**3,045**
Subtotal	$ 56,470	$ 59,264	$ 59,761

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Highway and Safety Improvements	**140,000**	**135,000**	**121,125**
Security Wall Pilot Program	**2,072**	**0**	**0**
Expanded Highway and Bridge Program	**415,000**	**465,000**	**465,000**
Highway Capital Projects (EA)	**211,000**	**211,000**	**201,000**
(F)Highway Research, Planning and Construction	840,521	927,000	857,000
(A)Highway Construction Contributions	8,501	13,000	13,000
(A)Joint Use Leases	298	0	0
(A)Intern Program - PHEAA Reimbursement	52	0	0
(A)Licensing Fees- Engineering Software	68	0	0
(A)Proceeds from sale of R/W	480	0	0
(A)Proceeds from bond sales	0	200,000	150,000
(R)Highway Capital Projects - Excise Tax (EA)	73,059	76,972	74,298
(R)Highway Bridge Projects (EA)	90,000	110,000	65,000
(A)Construction Contributions	1,092	2,800	2,800
(A)Reimbursements From Local Governments	2	200	200
(A)Proceeds From Sale of Right-of-Way--State Bridge	13	0	0
(R)Bridges - Excise Tax (EA)	55,163	57,333	56,597
(F)Federal Aid - Highway Bridge Projects	252,559	251,107	375,000
Highway Maintenance	**798,238** b	**834,100** b	**775,339**
Secondary Road - Maintenance and Resurfacing (EA)	**65,230**	**66,350**	**63,143**
Smoother Roads and Priority Bridges	**12,000**	**12,000**	**0**
Bridge Preservation	**18,000**	**0**	**0**
Emergency Highway and Bridge Repair	**5,000**	**15,000**	**0**
Reinvestment - Facilities	**16,540**	**14,540**	**12,000**
(F)Highway Research, Planning and Construction	176,434	210,000	216,500
(F)State and Community Highway Safety	8,036	6,000	4,000
(F)Highway Safety - Maintenance (EA)	4,000	4,000	4,000
(F)Federal Disaster Reimbursement - FHWA	8,369	12,500	12,500
(R)Highway Maintenance - Excise Tax (EA)	183,212	192,226	185,909
(R)Highway Maintenance Enhancement (EA)	270,823	277,664	272,668
(A)Highway Maintenance Contributions	11,213	19,428	20,000
(F)Disaster Recovery - FEMA	16,299	12,500	12,500
(A)Sale of Equipment	4,003	5,572	5,000
(A)Heavy Hauling - Bonded Roads	542	0	0
(A)Sale of Signs	72	0	0
(A)Accident Damage Claims	4,335	0	0
(A)Recovered Permit Compliance Cost	518	0	0
(A)Intern Program - PHEAA Reimbursement	333	0	0
Subtotal	$ 3,693,077	$ 4,131,292	$ 3,964,579
Safety Administration and Licensing	**132,828** c	**135,421** c	**128,429**
(F)State and Community Highway Safety	2,360	800	700
(F)Highway Safety - Safety Administration (EA)	300	300	500
(F)Motor Carrier Safety Improvement	0	1,566	500
(A)Administrative Support	60	114	110
(A)Photo ID Program	15,464	16,782	22,000
(A)Emission Mechanic Training Courses	48	112	60
(A)Vehicle Sales Tax Collections	0 d	0 d	0 d
(A)Reimbursement - Data Line Charges	120	300	300
(A)Postage	340	322	305
Subtotal	$ 151,520	$ 155,717	$ 152,904
(R)Aviation Operations	4,239	4,689	4,116
(F)Aviation Planning (EA)	480	480	480
(F)Airport Inspections (EA)	30	30	30
(F)Small Community Air Service Development (EA)	400	400	400
(A)Reimbursement - Flight Operations	510	840	640
(A)Airport Inspections and Licensing	30	7	7
(A)Reimbursement - Statewide Program	49	60	60
Subtotal	$ 5,738	$ 6,506	$ 5,733

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Subtotal - State Funds	$ 1,869,550	$ 1,945,476	$ 1,821,957
Subtotal - Federal Funds	1,312,100	1,428,283	1,487,260
Subtotal - Augmentations	48,659	260,136	215,172
Subtotal - Restricted Revenues	676,496	718,884	658,588
Total - General Government	$ 3,906,805	$ 4,352,779	$ 4,182,977
Grants and Subsidies:			
Local Road Maintenance and Construction Payments	**$ 205,751**	**$ 205,751**	**$ 195,000**
Supplemental Local Road Maintenance & Construction Payments	**5,000**	**5,000**	**5,000**
Municipal Roads and Bridges	**30,000**	**30,000**	**30,000**
Maintenance and Construction of County Bridges	**5,000**	**5,000**	**5,000**
Payment to Turnpike Commission (EA)	**28,000**	**28,000**	**28,000**
(R)Local Road Payments - Excise Tax (EA)	53,689	53,700	50,515
(R)Payments to Municipalities (EA)	37,478	38,044	35,599
(R)Local Grants for Bridge Projects (EA)	25,000	25,000	25,000
(A)Reimbursements From Local Governments	44	100	100
(R)County Bridges - Excise Tax (EA)	4,348	4,538	10,000
(F)Federal Aid - Local Grants for Bridge Projects	905	1,100	1,100
(F)Federal Aid - County Bridges	14	200	200
(R)Toll Roads - Excise Tax (EA)	62,294	64,226	59,733
(R)Annual Maintenance Payments - Highway Transfer (EA)	18,648	18,944	19,016
(R)Restoration Projects - Highway Transfer (EA)	8,000	8,000	8,000
(R)Airport Development	9,000	9,000	9,000
(F)Airport Development (EA)	18,000	18,000	18,000
(R)Real Estate Tax Rebate	250	250	250
Subtotal	$ 511,421	$ 514,853	$ 499,513
Subtotal - State Funds	$ 273,751	$ 273,751	$ 263,000
Subtotal - Federal Funds	18,919	19,300	19,300
Subtotal - Augmentations	44	100	100
Subtotal - Restricted Revenues	218,707	221,702	217,113
Total - Grants and Subsidies	$ 511,421	$ 514,853	$ 499,513
Refunds:			
Refunding Collected Monies (EA)	**$ 1,700**	**$ 2,500**	**$ 2,500**
Subtotal	$ 1,700	$ 2,500	$ 2,500
STATE FUNDS	$ 2,145,001	$ 2,221,727	$ 2,087,457
FEDERAL FUNDS	1,331,019	1,447,583	1,506,560
AUGMENTATIONS	48,703	260,236	215,272
RESTRICTED REVENUES	895,203	940,586	875,701
MOTOR LICENSE FUND TOTAL	**$ 4,419,926**	**$ 4,870,132**	**$ 4,684,990**
LOTTERY FUND:			
Grants and Subsidies:			
Older Pennsylvanians Shared Rides (EA)	**$ 76,900**	**$ 77,850**	**$ 80,186**
Transfer to Public Transportation Trust Fund (EA)	**0** e	**0** e	**0** e
Total - Grants and Subsidies	$ 76,900	$ 77,850	$ 80,186
LOTTERY FUND TOTAL	**$ 76,900**	**$ 77,850**	**$ 80,186**

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Federal Grants - Railroad Freight Rehabilitation	$ 0	$ 1,000	$ 200
Child Passenger Restraint Fund	64	100	100
GENERAL FUND TOTAL	**$ 64**	**$ 1,100**	**$ 300**
MOTOR LICENSE FUND:			
Federal Reimbursements - Highway Safety Program	$ 12,983	$ 9,000	$ 14,000
Reimbursements to Municipalities - Vehicle Code Fines	14,059	14,000	14,000
Federal Reimbursements - Flood Related Costs	0	2,000	2,000
Reimbursements to Other States-Apportioned Registration Plan	15,431	40,000	30,000
Federal Reimbursements - Bridge Projects	53,274	50,000	70,000
Motorcycle Safety Education	3,560	5,500	5,500
Equipment Rental Security Deposits	0	1,000	0
Payments to Blind/Visually Handicapped	0	1,600	0
Federal Reimbursements - Political Subdivisions	104,450	110,000	110,000
License and Registration Pickups	0	15	15
Engineering Software Maintenance	0	200	0
CDL- Hazadous Material Fees	568	700	700
MOTOR LICENSE FUND TOTAL	**$ 204,325**	**$ 234,015**	**$ 246,215**
HIGHWAY BEAUTIFICATION FUND:			
Control of Junkyards (EA)	$ 15	$ 15	$ 15
Control of Outdoor Advertising (EA)	700	700	700
HIGHWAY BEAUTIFICATION FUND TOTAL	**$ 715**	**$ 715**	**$ 715**
INFRASTRUCTURE BANK FUND:			
Infrastructure Bank Loans (EA)	$ 30,000	$ 30,000	$ 30,000
LIQUID FUELS TAX FUND:			
Payments to Counties	$ 0	$ 32,950	$ 32,950
Auditor General's Audit Costs (EA)	500	500	500
LIQUID FUELS TAX FUND TOTAL	**$ 500**	**$ 33,450**	**$ 33,450**
MOTOR VEHICLE TRANSACTION RECOVERY FUND:			
Reimbursement to Transportation	$ 0	$ 170	$ 90
PUBLIC TRANSPORTATION ASSISTANCE FUND:			
Mass Transit EA	$ 173,475	$ 173,046	$ 170,727
Transfer to Public Transportation Trust Fund (EA)	0 f	0 f	0 f
PUBLIC TRANSPORTATION ASSISTANCE FUND TOTAL	**$ 173,475**	**$ 173,046**	**$ 170,727**
PUBLIC TRANSPORTATION TRUST FUND:			
Mass Transit Operating (EA)	$ 686,224	$ 704,403	$ 710,070
Asset Improvement (EA)	20,657	69,858	127,120
Capital Improvement (EA)	33,407	22,456	29,718
Programs of Statewide Significance (EA)	47,921	48,803	51,274
Transit Administration and Oversight (EA)	4,536	4,513	4,513
PUBLIC TRANSPORTATION TRUST FUND TOTAL	**$ 792,745**	**$ 850,033**	**$ 922,695**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 13,862	$ 13,557	$ 27,941
SPECIAL FUNDS	2,221,901	2,299,577	2,167,643
FEDERAL FUNDS	1,417,829	1,535,584	1,594,061
AUGMENTATIONS	48,928	260,236	215,272
RESTRICTED	901,817	944,386	875,701
OTHER FUNDS	1,201,824	1,322,529	1,404,192
TOTAL ALL FUNDS	**$ 5,806,161**	**$ 6,375,869**	**$ 6,284,810**

Summary by Fund and Appropriation

[a] 2007-08 Actual includes $253,000 appropriated as Transportation Operations and 2008-09 Available includes $250,000 as Transportation Operations.

[b] 2007-08 Actual includes $17,738,000 appropriated as Highway Systems Technology and $10,000,000 as Highway Maintenance Safety Projects. 2008-09 Available includes $15,100,000 appropriated as a part of Highway Systems and Technology and $10,000,000 as Highway Maintenance Safety Projects.

[c] 2007-08 Actual includes $4,300,000 appropriated as Homeland Security - Personal ID and 2008-09 Available includes $3,000,000 as Homeland Security Personal ID.

[d] Not added to the total to avoid double counting: 2007-08 Actual is $80,020,000, 2008-09 Available is $82,160,000, 2009-10 Budget is $86,597,000.

[e] Not added to the total to avoid double counting: 2007-08 Actual is $80,020,000, 2008-09 Available is $82,160,000, 2009-10 Budget is $86,597,000.

[f] Not added to the total to avoid double counting: 2007-08 Actual is $16,525,000, 2008-09 Available is $16,554,000, 2009-10 Budget is $16,873,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
TRANSPORTATION SUPPORT SERVICES							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	52,368	56,474	55,376	55,376	55,376	55,376	55,376
FEDERAL FUNDS	2,312	1,600	3,150	3,150	3,150	3,150	3,150
OTHER FUNDS	1,148	1,399	1,490	1,490	1,490	1,490	1,490
SUBCATEGORY TOTAL	$ 55,828	$ 59,473	$ 60,016	$ 60,016	$ 60,016	$ 60,016	$ 60,016
HIGHWAYS AND BRIDGES							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	1,714,054	1,784,081	1,668,652	1,403,313	1,442,188	1,482,188	1,502,188
FEDERAL FUNDS	1,306,218	1,423,107	1,481,500	1,481,500	1,481,500	1,481,500	1,481,500
OTHER FUNDS	809,771	1,059,336	949,920	949,920	949,920	949,920	949,920
SUBCATEGORY TOTAL	$ 3,830,043	$ 4,266,524	$ 4,100,072	$ 3,834,733	$ 3,873,608	$ 3,913,608	$ 3,933,608
LOCAL HIGHWAY AND BRIDGE ASSISTANCE							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	245,751	245,751	235,000	235,000	235,000	235,000	235,000
FEDERAL FUNDS	919	1,300	1,300	1,300	1,300	1,300	1,300
OTHER FUNDS	319,490	355,776	375,680	375,680	375,680	375,680	375,680
SUBCATEGORY TOTAL	$ 566,160	$ 602,827	$ 611,980	$ 611,980	$ 611,980	$ 611,980	$ 611,980
INTERMODAL TRANSPORTATION							
GENERAL FUND	$ 12,232	$ 12,073	$ 26,457	$ 26,457	$ 26,457	$ 11,457	$ 11,457
SPECIAL FUNDS	76,900	77,850	80,186	82,592	85,069	87,621	90,250
FEDERAL FUNDS	105,720	106,911	106,411	106,411	106,411	106,411	106,411
OTHER FUNDS	987,137	1,047,325	1,109,695	1,008,448	1,008,448	1,008,448	1,008,448
SUBCATEGORY TOTAL	$ 1,181,989	$ 1,244,159	$ 1,322,749	$ 1,223,908	$ 1,226,385	$ 1,213,937	$ 1,216,566
SAFETY ADMINISTRATION AND LICENSING							
GENERAL FUND	$ 1,630	$ 1,484	$ 1,484	$ 1,484	$ 1,484	$ 1,484	$ 1,484
SPECIAL FUNDS	132,828	135,421	128,429	128,429	128,429	128,429	128,429
FEDERAL FUNDS	2,660	2,666	1,700	1,700	1,700	1,700	1,700
OTHER FUNDS	35,023	63,315	58,380	58,380	58,380	58,380	58,380
SUBCATEGORY TOTAL	$ 172,141	$ 202,886	$ 189,993	$ 189,993	$ 189,993	$ 189,993	$ 189,993
ALL PROGRAMS:							
GENERAL FUND	$ 13,862	$ 13,557	$ 27,941	$ 27,941	$ 27,941	$ 12,941	$ 12,941
SPECIAL FUNDS	2,221,901	2,299,577	2,167,643	1,904,710	1,946,062	1,988,614	2,011,243
FEDERAL FUNDS	1,417,829	1,535,584	1,594,061	1,594,061	1,594,061	1,594,061	1,594,061
OTHER FUNDS	2,152,569	2,527,151	2,495,165	2,393,918	2,393,918	2,393,918	2,393,918
DEPARTMENT TOTAL	$ 5,806,161	$ 6,375,869	$ 6,284,810	$ 5,920,630	$ 5,961,982	$ 5,989,534	$ 6,012,163

PROGRAM OBJECTIVE: To provide an effective administrative system supporting both non-highway and highway transportation programs.

Program: Transportation Support Services

This program provides for administrative and overhead services that support the operation of programs necessary for the achievement of commonwealth objectives and strategic focus areas.

Highway-related activities include developing basic guidelines for all highway programs. This includes directing and coordinating specific construction, maintenance and safety and licensing activities. Support is also provided in legal counsel, budget, policy, personnel, procurement, information systems and public relations matters. The work of the Inspector General's Office, the State Transportation Commission and the Transportation Advisory Committee is also included here.

The non-highway related activities include providing administrative coordination, planning and support for all urban, rural and intercity mass transit and rail freight transportation. This program also provides oversight of the Public Transportation Assistance Fund created by Act 26 of 1991 and the Public Transportation Trust Fund created by Act 44 of 2007. To promote efficient and effective urban mass transit, the program conducts analyses of local transit operations and procedures, coordination and funding of urban planning and study projects and reviews of local operating subsidy and capital grant projects. Activities designed to continue and improve rail and bus service between Pennsylvania's urbanized areas and bus service in rural areas include preparing and coordinating needs studies, analyzing existing and proposed service levels and evaluating the overall effectiveness of the program.

Also funded within this program are various initiatives to pilot and test new technologies, material and equipment to achieve a broad range of goals including improved traffic congestion and safety, longer life cycles for pavements and road markings and improved efficiency in winter maintenance operations. The Agility program, which fosters new, innovative road improvements through interaction between the department and local governments, is being expanded to include metropolitan and rural road networks.

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Overhead costs as a percentage of department budget.....	1.21%	1.20%	1.20%	1.40%	1.40%	1.40%	1.40%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

MOTOR LICENSE FUND
General Government Operations

$ –1,098 —reduction in administrative costs.

Refunding Collected Monies is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
MOTOR LICENSE FUND:							
General Government Operations	$ 50,668	$ 53,974	$ 52,876	$ 52,876	$ 52,876	$ 52,876	$ 52,876
Refunding Collected Monies (EA)	1,700	2,500	2,500	2,500	2,500	2,500	2,500
TOTAL MOTOR LICENSE FUND.....	$ 52,368	$ 56,474	$ 55,376	$ 55,376	$ 55,376	$ 55,376	$ 55,376

PROGRAM OBJECTIVE: To provide a safe and efficient state-administered highway network through road and bridge improvements, as well as through ongoing maintenance activities including winter traffic services.

Program: Highways and Bridges

Program Element: Highway and Bridge Construction/Reconstruction

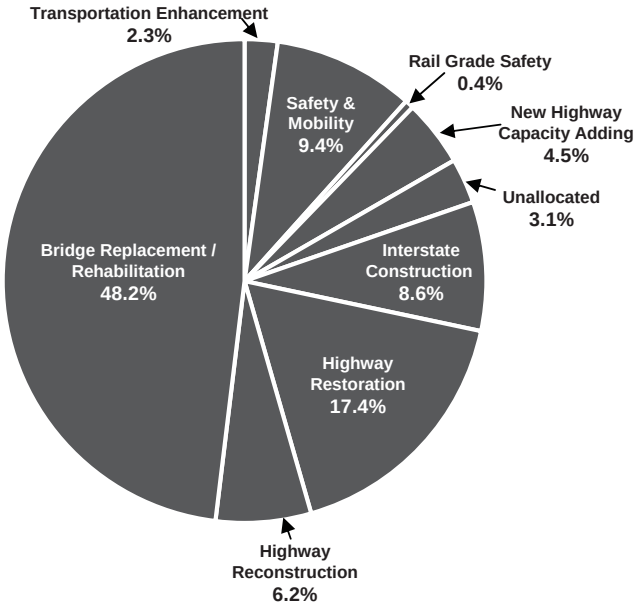
This program contributes to the economic vitality of the commonwealth and to the mobility of its residents through major construction or reconstruction of highways and bridges on the state-owned network.

Work is performed on heavily traveled interstate and primary routes, as well as on state roads and bridges that are not part of the federal aid system. With funding available from federal aid, local construction contributions and state revenues, the Department of Transportation has the responsibility of developing and executing a program that will correct the most critical deficiencies on the state-administered roadway network, including projects to enhance safety and mobility.

Recognizing the importance of highway bridges to Pennsylvania's transportation infrastructure, the General Assembly created a special bridge program in Act 234 of 1982. Projects to rehabilitate and replace structures are listed in the Highway, Railroad and Highway Bridge Capital Budget Act for 1982-1983 and its subsequent amendments. Currently, the commonwealth maintains approximately 25,000 state-owned bridges that are more than eight feet in length.

Decisions on regional allocations and project selection for construction and reconstruction investments are determined through two public processes. State law (Act 120 of 1970) requires that a Twelve-Year Transportation program be developed and updated every two years. The Twelve-Year program is divided into three four-year sections with projects in the first four years of the Twelve-Year program considered to be "active" projects. Federal surface transportation legislation that authorizes grants to states also addresses planning, program development and management. This federal legislation and its implementing regulations require regional Metropolitan and Rural Transportation Planning Organizations to be partners in the development of fiscally constrained transportation programs. The department, the State Transportation Commission and the Metropolitan and Rural Transportation Planning Organizations closely coordinate public input and public comment efforts during the biennial transportation program update. All regionally developed Transportation Improvement programs are combined to form the federally mandated Statewide Transportation Improvement program, which is then considered to be the first four-year segment of the commonwealth's Twelve-Year Transportation program. This constitutes a mutually agreed upon list of priority projects for each region of Pennsylvania.

Current Four-Year Project Distribution (October 2008 – September 2012)



A base level of state highway and bridge improvement activity is funded by annual appropriations from the Motor License Fund. These appropriations are supplemented by a series of dedicated revenue sources approved by the General Assembly. The first of these was created in Act 234 of 1982, which established a separate account within the Motor License Fund to be used exclusively for highway bridge rehabilitation and replacement. Bridge improvements are funded through a portion of the annual registration fees for commonwealth-registered vehicles having a gross weight in excess of 26,000 pounds and through a 55 mill Oil Company Franchise Tax. Additional dedicated revenue sources were provided in Act 26 of 1991 and Act 3 of 1997. The Act 26 Oil Company Franchise Tax is allocated among several programs including a portion for state highway and bridge improvement and a portion for bridge rehabilitation and replacement. Most of the Act 3 vehicle registration fee increases are directed toward state highway and bridge improvement. The Pennsylvania Turnpike Commission receives funding from both Act 26 and Act 3 for use on toll road expansion projects.

Act 44 of 2007 provides additional revenue for this program from a lease agreement with the Pennsylvania Turnpike Commission. The legislation specifies that funding be provided each fiscal year for an expanded highway and bridge program. These revenues are deposited in the

Program: Highways and Bridges (continued)

Motor License Fund and will be appropriated annually by the General Assembly. All funds will be spent for project work with priority on preserving and rehabilitating bridges, resurfacing roadways, improving safety and using technology to improve traffic operations.

Program Element: State Highway and Bridge Maintenance

Pennsylvania, with the fifth largest state-owned roadway network in the nation, experiences high volumes of interstate traffic and is subject to severe winter weather. These factors contribute to significant highway and bridge maintenance challenges.

Road and bridge repairs, as well as preventive maintenance activities that prolong the useful life of existing infrastructure, are performed by department forces or by private contractors. Roadway treatments range from crack sealing and patching to more extensive surface treatment that may include resurfacing, stabilization and lower-cost betterment projects. Bridge activity ranges from deck washing and cleaning drainage outlets to repair and preventive maintenance of deck surface and structural components.

The department emphasizes durable resurfacing of high-volume routes that serve interstate and regional commerce, intermodal transportation facilities and major population centers. Bridge activities focus on ensuring the safety of the motoring public and minimizing closures or weight restrictions by performing repairs and preservation work. Winter snow and ice control require considerable resources to keep routes under the jurisdiction of the department in a safe and passable condition. Other routine maintenance and betterment work includes safety improvements such as skid resistant pavement applications, left turn lanes, intersection sight improvements, shoulder and curve upgrades and guiderail updates. Maintenance work not directly involved with the roadway surface itself includes activities such as pipe replacement, ditch cleaning, mowing, vegetation control and tree trimming.

Unscheduled maintenance services must be performed in response to flooding, wind storms, landslides, sinkholes and similar acts of nature. These include clean-up and repair of storm damage, which can range from isolated low-cost work to significant restoration projects across many counties. An event that is declared a national disaster becomes eligible for federal assistance which typically covers about half of the total costs incurred. Owners of motor vehicles that cause damage to bridges, guiderails or other transportation assets are required to reimburse the maintenance program for the costs incurred as a result of an accident.

The condition of highways and bridges is monitored on an ongoing basis to ensure safety and to assess needs. Highway pavement conditions on the National Highway System are reviewed each year while less traveled routes are evaluated every other year. Under the National Bridge Inspection Standards program, the commonwealth is responsible for reporting the status of all Pennsylvania highway bridges greater than 20 feet in length. Bridges must be inspected at least every two years, but more frequent inspections are scheduled as warranted by the condition of individual structures. The department conducts a bridge inspection training and certification program while contracting with an external consultant to certify and enhance the quality of inspections. Some local bridges are inspected by the department, and the cost is deducted from Motor License Fund grants to these political subdivisions as has been authorized by the General Assembly.

The department issues special permits to truck operators for the use of certain highways and bridges with weight or operating restrictions. By issuing these permits, the department is able to facilitate the movement of goods over Pennsylvania's roadways without adversely affecting the structural integrity of highways and bridges or the safe and convenient passage of traffic.

An accident analysis program uses computer programs to identify those highway locations that have experienced statistically more accidents than similar roads with similar traffic volumes. Another program identifies locations that have had an inordinate number of accidents in which vehicles ran off the road or hit fixed objects. These programs provide a systematic means of selecting the highest priority sites for maintenance and reconstruction work.

A base level of state highway and bridge maintenance activity is funded by ongoing annual appropriations from the Motor License Fund. These appropriations are supplemented by a dedicated share of Oil Company Franchise tax rate increases enacted in Act 26 of 1991 and in Act 3 of 1997. In addition, the General Assembly has approved special maintenance-related appropriations for accelerated restoration, preventive maintenance and emergency repair based on the financial status of the Motor License Fund.

Program: Highways and Bridges (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Highway and Bridge Construction/Reconstruction							
Miles of new highway construction	27	29	25	24	26	21	20
Miles of Interstate reconstruction or restoration*	195	94	72	69	66	63	63
Miles of non-Interstate reconstruction or restoration*	103	86	85	85	60	60	60
Interstate highway system in good or excellent condition*	74.4%	77.3%	76.6%	74.2%	72.8%	72.0%	71.6%
Interstate highway system in poor condition	4.2%	4.1%	4.7%	5.1%	5.3%	5.5%	5.7%
NHS non-Interstate highway system in good or excellent condition	68.4%	67.8%	66.3%	65.5%	64.5%	63.4%	62.4%
NHS non-Interstate highway system in poor condition	6.8%	7.1%	7.5%	8.2%	8.6%	9.1%	9.6%
Bridges replaced/repaired	219	300	350	125	100	100	100
Structuraly deficient bridges by deck area (%)	20.6%	22.9%	22.1%	22.3%	22.6%	22.9%	23.3%
Variance of final cost of construction versus original contract amount	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Number of Bridges Preserved	459	300	200	200	200	200	200
Highway and Bridge Maintenance							
Miles of State maintained highways	39,872	39,847	39,822	39,797	39,772	39,747	39,722
Miles of State maintained highways improved:							
Structural restoration	251	250	188	184	186	177	169
Maintenance resurfacing	1,885	1,335	841	734	702	665	630
Surface repairs	3,728	4,143	3,946	3,919	3,751	3,594	3,444
Total	5,864	5,728	4,975	4,837	4,639	4,436	4,243

*These measures show the impact of the lower estimated revenues in the Motor License Fund and the loss of $300 million beginning in 2010-11 according to the provisions of Act 44.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Highway and Safety Improvement

$ –13,875 —This funding is in combination with Act 26 of 1991 revenues for 2009-10 of $71.947 million (17 percent of 55 mills) and Highway Capital Projects authorized in Act 3 of 1997. New highway construction and reconstruction focuses on projects that will spur economic development. Key projects expected to be under construction in 2009-10 include the lane relocation of US 202 from PA 63 to PA 463 in Montgomery County; the lane relocation of US202 from Picker to PA611 & PA 463 to Pickertown Road in Bucks County; widening of US 15 in Lycoming County; widen RT 61 in Deer Lake Borough in Schuylkill County; new roadway and alignment of N. Johnsonburg Bypass in Elk County; reconstruction of RT 22 from the intersection of RT 982 to the intersection with Auction Barn Road in Westmoreland County; restoration of Bradford Bypass II in McKean County; widening and bridge replacement on US 15 and PA 581 in Cumberland County; new bridge construction on PA 100 Vanguard Improvement; West End Bridge South Relocation in Allegheny County.

Another priority is the preservation of the Interstate Highway System. During 2009 10 key projects in this area will include the construction of two new ramps at the I-79 / I-279 Interchange; restoration and resurfacing of 23.5 miles of I-80 in Clearfield County; bridge restoration and resurfacing of 1 mile of I-79 in Crawford County; bridge rehabilitation of 2.463 miles of I-80 in Clearfield County; 7.5 miles of reconstruction or resurfacing of I-80 in Columbia County; Restoration of I-176 in Cumru & Robesonia Townships of Berks County; Bridge Rehabilitation on I-83 over Lake Redman's Creek & PA-214 in York County; resurfacing and bridge preservation of I-80 from PA-36 to the bridge over Mill Creek in Jefferson County.

New construction will continue on portions of I-99 in Centre County.

Highway Capital Projects (EA)

$ –10,000 —to continue program based on current year estimated revenue collections.

Program: Highways and Bridges (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

Bridge Restricted Revenue

Bridge restricted revenues will be used to fund the debt service of bonds. Using bond proceeds accelerate the project schedule. Major bridge projects to be started or continued during 2009-10 include the I-90 bridge over 6 Mile Creek in Erie County, the I-476 Schuylkill Bridge in Montgomery County, the 8th Street Bridge in Luzerne County the Memorial Bridge in Fayette County, the Donora-Monessen Bridge in Washington County, the Point Marion Bridge in Greene County, the Bradford Bypass bridge in McKean County, the PA 51 Pennsylvania Avenue Bridge in Beaver County, rehabilitation of the I-81 bridge in Franklin County, JFK Blvd. over Schuylkill in Philadelphia County, Schuylkill Expressway bridge painting in Philadelphia County.

Expanded Highway and Bridge Program

Major projects expected to start in Fiscal Year 2009-10 include restoration of Naamans Creek Rd from Delaware State Line to Beaver Valley Rd in Delaware County; restoration of I-78 from Straustown to Route 61 in Berks County; bridge rehabilitation of 4 structures: SR 28 over SR 8 (62nd St Bridge) and Ravine Street in Allegheny County; widening US 30 from Jeannette to Amos K Bypass in Westmoreland County; intersection improvement PA 23 at Old Betzwood in Montgomery County; restoration of Woodland Road to Shawville in Clearfield County; bridge rehabilitation of the Mifflin Rd Bridge/ Glenwood Phase 1 in Allegheny County; intersection improvement of River Road at Balligomingo in Montgomery County; bridge replacement of Street Road Over Brandywine Creek in Chester County; and 7 bridge replacements on Vine Street Expressway in Philadelphia County.

Future projects will be determined by available Act 44 funds and through the metropolitan and rural planning organization process with the update of their 4-year Transportation Improvement Programs.

Welcome Centers

$ –46 —to continue current program.

Highway Maintenance

$ –58,761 —nonrecurring 2008-09 budgetary freeze amount and program reduction.

Secondary Roads - Maintenance and Resurfacing (EA)

$ –3,207 —program reduction.

Smoother Roads and Priority Bridges

$ –12,000 —program elimination.

Emergency Highway and Bridge Repair

$ –15,000 —program elimination.

Reinvestment - Facilities

$ –2,540 —program reduction.

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
MOTOR LICENSE FUND:							
Welcome Centers	$ 2,974	$ 3,091	$ 3,045	$ 3,045	$ 3,045	$ 3,045	$ 3,045
Highway and Safety Improvements	140,000	135,000	121,125	121,125	160,000	185,000	195,000
Security Wall Pilot Program	2,072	0	0	0	0	0	0
Expanded Highway and Bridge Program	415,000	465,000	465,000	165,000	165,000	165,000	165,000
Highway Capital Projects (EA)	211,000	211,000	201,000	201,000	201,000	201,000	201,000
Highway Maintenance	798,238	834,100	775,339	810,000	810,000	825,000	835,000
Secondary Road - Maintenance and Resurfacing (EA)	65,230	66,350	63,143	63,143	63,143	63,143	63,143
Smoother Roads and Priority Bridges	12,000	12,000	0	0	0	0	0
Bridge Preservation	18,000	0	0	0	0	0	0
Emergency Highway and Bridge Repair	5,000	15,000	0	0	0	0	0
Reinvestment - Facilities	16,540	14,540	12,000	12,000	12,000	12,000	12,000
Payment to Turnpike Commission (EA)	28,000	28,000	28,000	28,000	28,000	28,000	28,000
TOTAL MOTOR LICENSE FUND	$ 1,714,054	$ 1,784,081	$ 1,668,652	$ 1,403,313	$ 1,442,188	$ 1,482,188	$ 1,502,188

PROGRAM OBJECTIVE: To assist local governments in the maintenance and construction of their portion of the total highway and bridge system.

Program: Local Highway and Bridge Assistance

The commonwealth provides a number of programs to assist municipal and county governments in the maintenance and construction of their roads and bridges. The majority of state funds are distributed by statutory formula, while federal funds are allocated in partnership with metropolitan and rural transportation planning organizations.

A portion of the revenues from motor fuel taxes is directed by law to municipal payments. Of the flat 12 cent tax on gasoline and diesel fuel, 20 percent is set aside for local governments. The Oil Company Franchise Tax which was created by Act 35 of 1981 provides a 20 percent share to municipalities. Act 26 of 1991 and Act 3 of 1997 provide a 12 percent share of the revenue received from those increased tax rates. The distribution of funds to the commonwealth's 2,563 municipalities is made in accordance with a statutory formula established in Act 655 of 1956 based on 50 percent road mileage and 50 percent population. Grants may be used for a broad range of highway and bridge activities as set forth in the 1956 legislation. The department provides technical assistance to local governments and is responsible for assuring that expenditures are made in accordance with Act 655.

Municipalities benefit from the receipts generated from three other revenue sources. The funds are distributed to municipalities using the same 50 percent road mileage and 50 percent population distribution formula. The largest of these is a $30 million annual appropriation created in Act 44 of 2007 with funding from the lease agreement with the Pennsylvania Turnpike Commission. An additional $14 million per year comes from the collection of certain Vehicle Code fines that are split between the state and local governments. The third revenue source is a $5 million Supplemental Local Roads Maintenance and Construction Payments appropriation which was established by Act 68 of 1980.

The General Assembly authorized improvements to both state and local bridges through the Highway, Railroad and Highway Bridge Capital Budget Act of 1982-1983 and subsequent amendments. A restricted account was established in the Motor License Fund which receives revenue from a portion of the Oil Company Franchise Tax and annual registration fees from commonwealth-registered vehicles having a gross weight in excess of 26,000 pounds. For the local program, both municipalities and counties are eligible for grants on the more than 6,300 bridges greater than 20 feet long that are owned by these political subdivisions. Projects are selected by metropolitan or rural planning organizations and must be approved in the commonwealth's capital budget.

The highway transfer program began with Act 32 of 1983 to restore and turn back local service roads. A restricted account was created in the Motor License Fund which receives a portion of Oil Company Franchise Tax receipts. At the onset of the program, approximately 12,000 miles of roads on the state-owned system were identified as candidates for return to local government control. This is a voluntary program in which the department pays to upgrade a road segment to acceptable standards, transfers ownership to the political subdivision and provides a $4,000 per mile per year subsidy for future maintenance. Since inception of the program in 1983, more than 4,700 miles of these roads have been returned to local government control.

There are three programs specifically directed toward county governments. The largest of these goes back to 1931 with the creation of the Liquid Fuels Tax Fund from a half cent of the 12 cent flat tax on gasoline and diesel fuel. About $33 million is distributed to the 67 counties each fiscal year based on a statutory formula. A second program of about $4.6 million is funded from a share of the Oil Company Franchise Tax which was set aside in Act 26 of 1991 to assist economically distressed counties in funding the local share of bridge improvement projects. A third program was added in Act 44 of 2007 for maintenance and construction of county bridges with funding from the lease agreement with the Pennsylvania Turnpike Commission. Act 44 specifies the distribution of the $5 million annual appropriation be calculated based on the percentage of bridge deck area in each of the 67 counties compared to the total for all counties in the state.

Program: Local Highway and Bridge Assistance (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Miles of highway locally administered:							
Total	77,126	77,386	77,656	77,936	78,226	78,526	78,836
Percentage of all locally maintained highways in the Commonwealth	65.9%	66.0%	66.1%	66.2%	66.3%	66.4%	66.5%
Local bridges:							
Total (greater than 20 feet)	6,280	6,320	6,320	6,320	6,320	6,320	6,320
Bridges brought up to standard through State Bridge Program	29	35	35	35	35	35	35

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Local Road Maintenance and Construction Payments

$ –10,751 —program reduction based on projected revenue.

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

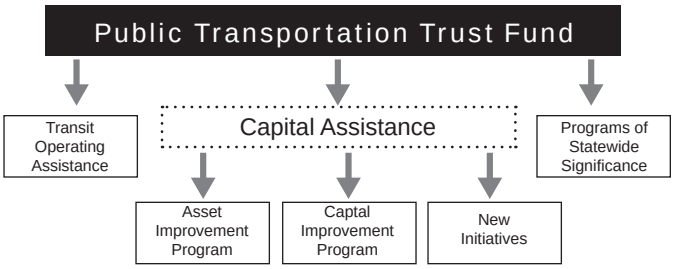
	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
MOTOR LICENSE FUND:							
Local Road Maintenance and Construction Payments	$ 205,751	$ 205,751	$ 195,000	$ 195,000	$ 195,000	$ 195,000	$ 195,000
Supplemental Local Road Maintenance & Construction Payments	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Municipal Roads and Bridges	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Maintenance and Construction of County Bridges	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL MOTOR LICENSE FUND	$ 245,751	$ 245,751	$ 235,000	$ 235,000	$ 235,000	$ 235,000	$ 235,000

PROGRAM OBJECTIVE: To support public transportation, intercity bus, intercity rail and aviation options that improve the mobility and the quality of life for urban and rural Pennsylvanians, and enhance economic activity throughout the commonwealth.

Program: Intermodal Transportation

Act 44 of 2007 significantly changed the way public transportation is funded in Pennsylvania. The foundation of the law rests on providing dedicated and predictable funding through the Public Transportation Trust Fund, which is linked to need and performance. This law also repealed and replaced much of the public transportation provisions enacted in Act 3 of 1997, Act 26 of 1991 and Act 10 of 1976. It strengthened the department's oversight authority and requires transit agencies to be more accountable.

The Public Transportation Trust Fund consists of five separate accounts. The Transit Operating Assistance account provides grants to service providers for transit operations. Capital assistance comes from three accounts: the Asset Improvement program, the Capital Improvements program and New Initiatives (for fixed guideway systems such as commuter rail or dedicated bus lanes). The Programs of Statewide Significance account supports a variety of programs including Rural Transportation for Persons with Disabilities, intercity bus and rail, Welfare to Work and Job Access Reverse Commute, technical assistance and demonstration projects and rail safety oversight.



Primary revenue sources for the Public Transportation Trust Fund are a 4.4 percent share of the state sales tax, proceeds from the lease agreement with the Pennsylvania Turnpike Commission and transfers from the Lottery Fund. Transit agencies receive additional state funds from the Public Transportation Assistance Fund and from Capital Facilities Fund bond proceeds. Urban systems receive federal funds directly from the Federal Transit Administration, while federal grants to rural service providers are administered by the department and are reflected in commonwealth budget totals.

Program Element: Public Transportation

Public transportation service within Pennsylvania is provided by 36 transit systems. Operating grants to these organizations are determined by a base allocation calculated on pre-Act 44 subsidy data and supplemental funding coming from four performance factors. The factors are total passengers, senior passengers, revenue vehicle miles and revenue vehicle hours. In order to be eligible for operating assistance, transit agencies eventually will be required to collect a 15 percent local match.

Three capital assistance programs are available to transit operators. The Asset Improvement program is discretionary and requires a local match of $3^1/_3$ percent. The Capital Improvements program is allocated by formula to transit systems based on the number of passengers and requires no local match. Finally, the New Initiatives program may be funded at the discretion of the department by transfer of monies from the Asset Improvement program. New Initiatives may include new or expanded fixed guideway projects with a local match of $3^1/_3$ percent.

In addition to traditional transit operations, the commonwealth supports affordable access to designated groups whose mobility would otherwise be limited. This includes programs for persons with disabilities, older Pennsylvanians (discussed under the Older Pennsylvanians Transit program element) and workers who can benefit from welfare to work or reverse commute services.

The Persons with Disabilities program provides discounted fares on shared ride services to individuals who do not have access to other publicly funded transportation. Act 44 authorized expansion of this programs to all eligible counties. Allegheny and Philadelphia counties, with their extensive fixed route networks and complementary paratranservice, are not included. In 2007-08, individuals with disabilities scheduled more than 242,000 shared ride trips at discounted fares.

Welfare to Work and Job Access Reverse Commute were originally created as federal programs to connect workers to their place of employment. As federal grant amounts declined, continued service was in jeopardy without additional state support. Prior to Act 44, the commonwealth reallocated resources to maintain these programs. Funding through the Public Transportation Trust Fund now provides a reliable, long-term mechanism to address program needs.

Program: Intermodal Transportation (continued)

Program Element: Older Pennsylvanians Transit

The commonwealth's older citizens have benefited from greater mobility through the implementation of the Free Transit program in 1973 and the subsequent addition of the Shared Ride program in 1980. Both programs are funded from a portion of the revenues received from state lottery sales.

Under the State Lottery Law, Pennsylvanians who are 65 years of age or older are eligible for free rides on participating local fixed route operations. Act 44 eliminated peak travel time restrictions so that free service is now available during all operating hours. Proceeds from the Lottery Fund are transferred to the Public Transportation Trust Fund for distribution by the department to transit systems as part of their annual operating assistance grant.

The Shared Ride program for older Pennsylvanians, authorized by Act 101 of 1980 and amended by Act 36 of 1991, enables citizens 65 years or older to use demand responsive service at a significant discount of fares. The department contracts with shared-ride service providers who operate on a non-fixed route basis. Riders pay 15 percent of the applicable fare for their respective trips. This program continues to be administered directly from the Lottery Fund, which reimburses shared-ride transit operators the remaining 85 percent of the shared-ride fare.

The Free Transit and Shared Ride programs recognize the limited availability of private transportation for older Pennsylvanians and their reliance upon public transportation. Given that many retired persons must live within a fixed and limited income, these programs enhance the ability of older Pennsylvanians to remain connected with local services and community life.

Program Element: Intercity Transportation

This program element includes intercity bus service operated by private bus companies and intercity rail passenger service operated by Amtrak.

The commonwealth's intercity bus program supports operations on routes where, without state assistance, essential service would be terminated. In 2007-08, over 432,000 passengers utilized commonwealth subsidized intercity bus services. As private operators propose termination of such services, the department evaluates the economic and social impacts of service termination and determines the merits of public subsidy. Federal funds also are used to support intercity bus operations and supplement the existing state-sponsored program.

Intercity rail passenger service in Pennsylvania, as distinguished from local or regional commuter service, is presently provided by the National Railroad Passenger Corporation (Amtrak). The majority of the service is operated as part of Amtrak's national system without financial assistance from the commonwealth. To provide additional service, the department has contracted with Amtrak to supplement Amtrak's national system schedule in the Harrisburg to Philadelphia Corridor (Keystone Corridor). This financial assistance helps to support 79 one-way trains per week on the Keystone Corridor, with over a million passenger trips expected through this service in 2008-09.

Program Element: Rail Freight

Commonwealth involvement in rail freight began in the mid-1970's as a result of the bankruptcy of seven northeastern and midwestern railroad companies. Congress provided interim federal funding to help states retain service and preserve track on priority routes slated for abandonment. Act 119 of 1984, the Rail Freight Preservation and Improvement Act, established an ongoing state program in recognition of the economic impact of rail freight service on local communities. Short line railroad corporations were formed to acquire and operate these lines so that businesses would continue to have access to low-cost, bulk commodity shipping. Act 119 authorized the department to issue grants to these entities for acquisition, accelerated maintenance and new construction. Pennsylvania now has about 65 short line and regional railroad corporations, which is more than any other state.

To address the fact that many rail lines throughout the commonwealth were in a state of disrepair, two programs were initiated to assist railroad owners with infrastructure improvements. The Rail Freight Assistance program is funded from an annual General Fund appropriation, and the Transportation Assistance program is funded from Capital Facilities Fund bond proceeds. Grants may be issued to private railroads, companies utilizing rail in their shipping process, and public authorities or municipalities that are conduits for rail activities. The Rail Freight Assistance program and Transportation Assistance program have been used to improve track, make acquisitions and construct new rail facilities. The benefits from these programs include economic development (private investment and associated jobs), environmental quality (fuel efficiency with low emissions), less congestion on the highways (an alternate mode for goods movement), and land use opportunities (redevelopment of existing commercial sites).

Program Element: Aviation

Aviation plays a major role in the movement of passengers and cargo throughout the commonwealth, with 134 public use airports and heliports. These include 15 with scheduled passenger service, all of which are operated by local governments or authorities. In addition to facilitating the movement of people and goods, aviation facilities bring substantial economic benefits to the state. According to a 2002 study, aviation contributes over $12

Program: Intermodal Transportation (continued)

billion of economic benefits to Pennsylvania annually and is responsible for over 280,000 jobs, representing $5.6 billion in payrolls to Pennsylvania workers.

The department provides programs to improve the safety and effectiveness of the commonwealth's aviation network, including an airport inspection and licensing program.

The department administers federal and state grant programs for the commonwealth's public use airports. Two state funded grant programs are funded from the Aviation Restricted Revenue Account, into which taxes on jet fuel and aviation sold in the commonwealth are deposited. These grant programs include:

- An airport development grant program for public use airports to meet safety, security, capacity, environmental and planning needs.
- A real estate tax rebate program for public airports, funded from the statewide aviation fuel tax.

The commonwealth is one of only nine states chosen as a federal block grant state. The commonwealth, through the department, is receiving approximately $18 million each year from the Federal Aviation Administration to distribute to qualifying airports throughout the commonwealth.

Program Measures:	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Mass Transportation							
Passengers carried by state-assisted operators (millions annually)	427.1	428.9	430.6	432.3	434.1	435.8	437.5
Passengers per vehicle hour	40.4	40.7	41.0	41.3	41.6	41.9	42.1
Percentage share of average income of mass transit trips:							
From passenger	36.1%	34.6%	34.6%	34.6%	34.6%	34.6%	34.6%
From commonwealth	51.1%	51.7%	51.7%	51.7%	51.7%	51.7%	51.7%
From federal government	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
From local government	6.9%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Older Pennsylvanians Transit							
Free transit trips	36,597,806	37,500,000	38,500,000	39,500,000	40,500,000	41,500,000	42,500,000
Trips on state assisted shared ride vehicles	5,063,065	5,164,300	5,267,600	5,373,000	5,480,400	5,590,000	5,701,800
Cost to the commonwealth per trip:							
Free Transit	$2.19	$2.19	$2.25	$2.25	$2.25	$2.25	$2.25
State assisted shared ride vehicles	$14.22	$15.49	$16.73	$17.57	$18.45	$19.37	$20.34
Intercity Transportation							
Intercity Bus:							
Passengers handled	432,329	436,700	441,000	445,400	449,900	454,400	458,900
Subsidy per bus mile	$0.42	$0.42	$0.43	$0.43	$0.43	$0.44	$0.44
Rail Freight:							
Miles of rail lines:							
State assisted	266	250	250	250	250	250	250
Jobs created by state-supported rail freight improvements	3,710	4,762	4,800	4,800	4,800	4,800	4,800
Additional trucks that would be needed without rail freight bulk cargo service	368,693	778,000	778,000	778,000	778,000	778,000	778,000
Intercity Rail:							
Passengers handled	1,127,518	1,161,300	1,196,200	1,232,000	1,269,000	1,307,100	1,346,300
Subsidy per passenger mile	$0.20	$0.20	$0.20	$0.20	$0.21	$0.21	$0.22

Additional trucks that would be needed without rail freight bulk cargo service flucuates with the grantees receiving funding.

Program: Intermodal Transportation (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Rail Freight and Intermodal Coordination

$ –115	—reduction in administrative costs.

Rail Freight Assistance

$ –501	—nonrecurring 2008-09 budgetary freeze amount.
15,000	—Initiative—Intermodal Facility Expansion. To provide for an expansion of intermodal facilities.
$ 14,499	*Appropriation Increase*

LOTTERY FUND

Older Pennsylvanians Shared Ride (EA)

$ 2,336	—to continue current program based on transit system projections.

The budget recommends the Airport Development Grants Program at the $9 million level. It is funded from the Aviation Restricted Revenue Account.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Rail Freight and Intermodal Coordination..	$ 1,232	$ 1,216	$ 1,101	$ 1,101	$ 1,101	$ 1,101	$ 1,101
Rail Freight Assistance.....	11,000	10,857	25,356	25,356	25,356	10,356	10,356
TOTAL GENERAL FUND	$ 12,232	$ 12,073	$ 26,457	$ 26,457	$ 26,457	$ 11,457	$ 11,457
LOTTERY FUND:							
Older Pennsylvanians Shared Rides (EA)	$ 76,900	$ 77,850	$ 80,186	$ 85,592	$ 85,069	$ 87,621	$ 90,250
PUBLIC TRANSPORTATION TRUST FUND:							
Mass Transit Operating (EA).....	$ 686,224	$ 704,403	$ 710,070	$ 710,070	$ 710,070	$ 710,070	$ 710,070
Asset Improvement (EA)	20,657	69,858	127,120	0	0	0	0
Capital Improvement (EA).....	33,407	22,456	29,718	29,718	29,718	29,718	29,718
Programs of Statewide Significance (EA)..	47,921	48,803	51,274	51,274	51,274	51,274	51,274
Transit Administration and Oversight (EA)	4,536	4,513	4,513	4,513	4,513	4,513	4,513
TOTAL PUBLIC TRANSPORTATION TRUST FUND.....	$ 792,745	$ 850,033	$ 922,695	$ 795,575	$ 795,575	$ 795,575	$ 795,575

PROGRAM OBJECTIVE: To minimize traffic accidents attributable to driver error and mechanically defective vehicles and to promote highway safety programs.

Program: Safety Administration and Licensing

The Safety Administration and Licensing program is responsible for a number of front-line customer services that affect most of Pennsylvania's adult population. The department is responsible for processing applications and collecting fees for all vehicle registrations, titles and operator licenses. Last year, over 11.2 million vehicles were registered under Pennsylvania's annual renewal cycle. This total included over 196,000 heavy trucks greater than 17,000 pounds and more than 162,000 trailers greater than 10,000 pounds. The number of licensed drivers has remained consistent over the past few years at 8.6 million, including 426,000 commercial drivers. The four-year driver's license expiration cycle is staggered so that about 2.1 million renewals are processed each year. The Safety Administration and Licensing program oversees operator and vehicular licensing activities such testing, inspections and revocations. The department also operates the Driver's License Examination program. Over 840,000 driving knowledge and skills tests were conducted in 2007-08, to certify applicants to operate passenger and commercial vehicles and motorcycles. A statewide network of facilities conducts written, oral and skills tests. Generally, around 310,000 new drivers are licensed each year, either as first-time drivers or drivers from other states.

The safety inspection program for the commonwealth's more than 11 million motor vehicles is intended to minimize traffic accidents due to mechanical failure. As required by the Federal Clean Air Act amendments of 1990, the commonwealth operates an annual Vehicle Emissions Inspection program in 25 counties affecting approximately 6.6 million vehicles. These counties are: Allegheny, Beaver, Berks, Blair, Bucks, Cambria, Centre, Chester, Cumberland, Dauphin, Delaware, Erie, Lackawanna, Lancaster, Lebanon, Lehigh, Luzerne, Lycoming, Mercer, Montgomery, Northampton, Philadelphia, Washington, Westmoreland and York. In the remaining 42 counties not required to participate in the emissions inspection program, the annual safety inspection program incorporates a visual anti-tampering check for the presence of federally-required emission control components that were installed on the vehicle by the manufacturer. Pennsylvania enforcement officials are responsible for the issuance of citations for Vehicle Code violations. Over one-half of the 1.7 million citations issued annually result in the department having to take some action against a driver or vehicle record. In addition to assigning points for driver infractions, the department suspends or recalls driver's licenses for an accumulation of points. Commercial drivers may be sanctioned by having their commercial driving privilege revoked for certain offenses if committed in a commercial motor vehicle.

The Safety Administration and Licensing program also administers provisions of the National Voter Registration Act of 1993, better known as "Motor Voter," and the commonwealth's Organ Donor program.

The department also processes cancellation notices received from insurance companies. Notification of cancellation prompts the department to have registrants revalidate proper insurance coverage for the vehicle. This process combined with the authority granted to enforcement officials to cite motorists detected as not having insurance can result in a revocation or suspension of vehicle registration. A total of 152,000 vehicle suspensions were imposed during fiscal year 2007-08 for insurance infractions.

The department currently has 98 offices statewide that offer driver examination and/or photo licensing services and is working with private business to further decentralize its driver and vehicle services to improve access. In 2007-08, 2.3 million customers visited driver license centers and over 3 million customers came to get their pictures taken for their photo license and photo ID cards. The computerized online messenger program, which connects the private business with the department, has been the cornerstone of the decentralization effort. Currently there are 243 messenger sites, processing 1.3 million driver's license and motor vehicle transactions annually. Other efforts to improve service include more efficient linkage between the department and automobile dealers, leasing and rental agencies and fleet owners for the immediate processing of registration and titling transactions. Customers can also process transactions on the department's Internet renewal system. During 2007-08, 2.8 million customers renewed their non-commercial driver's license, photo identification card or vehicle registration via the Internet.

Program: Safety Administration and Licensing (continued)

Program Measures:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Vehicles inspected:							
Safety inspections	10,787,000	10,840,000	10,850,000	10,860,000	10,875,000	10,885,000	10,895,000
Emission inspections	6,683,125	6,830,000	6,860,000	6,900,000	6,930,000	6,965,000	66,995,000
Registrations:							
New	1,052,200	1,080,000	1,090,000	1,100,000	1,110,000	11,200,000	1,130,000
Renewed	8,672,262	8,571,758	8,657,476	8,744,051	8,831,491	8,919,806	9,005,100
Licensed drivers:							
New	308,874	320,000	320,000	320,000	320,000	320,000	320,000
Renewed	2,124,102	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
New commercial drivers licensed	13,081	12,900	12,900	12,900	12,900	12,900	12,900
Photo identification cards issued (non-driver photos)	335,156	320,000	320,000	350,000	350,000	350,000	350,000
Service center customers served within 30 minutes	88.7%	99%	99%	99%	99%	99%	99%
Access rate of driver and vehicle services call center	99.9%	95%	95%	95%	95%	95%	95%

Actual new vehicle registrations decreased during 2007-08 due to reduced new car sales.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	MOTOR LICENSE FUND
	Safety Administration and Licensing
$ –7,008	—nonrecurring 2008-09 budgetary freeze amount.
16	—to continue current program.
$ –6,992	*Appropriation Decrease*

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Vehicle Sales Tax Collections	$ 1,253	$ 1,124	$ 1,124	$ 1,124	$ 1,124	$ 1,124	$ 1,124
Voter Registration	377	360	360	360	360	360	360
TOTAL GENERAL FUND	$ 1,630	$ 1,484	$ 1,484	$ 1,484	$ 1,484	$ 1,484	$ 1,484
MOTOR LICENSE FUND:							
Safety Administration and Licensing	$ 132,828	$ 135,421	$ 128,429	$ 128,429	$ 128,429	$ 128,429	$ 128,429

LEGISLATURE

The General Assembly of Pennsylvania formulates and enacts the public policy of the commonwealth. Through legislation and resolution, it defines the functions of the state government, provides for revenue for the commonwealth and appropriates money for the operation of state agencies and other purposes.

The General Assembly is composed of two bodies—the Senate and the House of Representatives. Its sessions begin on the first Tuesday of each year unless otherwise convened by proclamation of the Governor.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
Senate:			
Fifty Senators	$ 5,700	$ 5,626	$ 5,288
Senate President - Personnel Expenses	340	336	316
Employees of Chief Clerk	6,000	5,922	5,567
Salaried Officers and Employees	9,000	8,883	8,350
Incidental Expenses	3,226	3,184	2,993
Postage - Chief Clerk and Legislative Journal	1,465	1,446	1,359
President	5	0	0
President Pro Tempore	20	0	0
President and President Pro Tempore	0	25	24
Expenses - Senators	1,329	1,312	1,233
Legislative Printing and Expenses	16,400	16,187	15,216
Computer Services (R)	5,350	0	0
Computer Services (D)	5,350	0	0
Computer Services (R) and (D)	0	10,561	9,927
Committee on Appropriations (R)	4,900	0	0
Committee on Appropriations (D)	4,900	0	0
Committee on Appropriations (R) and (D)	0	9,673	9,093
Caucus Operations (R) and (D)	0	37,999	35,719
Caucus Operations (R)	19,250	0	0
Caucus Operations (D)	19,250	0	0
Committee and Contingent Expenses (R) and (D)	0	649	610
Committee and Contingent (R)	329	0	0
Committee and Contingent (D)	329	0	0
Senate Flag Purchase	24	24	23
Subtotal	$ 103,167	$ 101,827	$ 95,718
House of Representatives:			
Members' Salaries, Speaker's Extra Compensation	$ 19,222	$ 18,972	$ 17,834
House Employees (R)	16,225	16,014	15,053
House Employees (D)	20,225	19,962	18,764
Speaker's Office	1,943	1,918	1,803
Bi-Partisan Committee, Chief Clerk, Comptroller & EMS	12,814	12,647	11,888
Mileage - Representatives, Officers and Employees	400	395	371
Chief Clerk and Legislative Journal	3,000	2,961	2,783
Speaker	20	0	0
Chief Clerk	643	0	0
Floor Leader (R)	7	0	0
Floor Leader (D)	7	0	0
Whip (R)	6	0	0
Whip (D)	6	0	0
Chairman - Caucus (R)	3	0	0
Chairman - Caucus (D)	3	0	0
Secretary - Caucus (R)	3	0	0
Secretary - Caucus (D)	3	0	0
Chairman - Appropriations Committee (R)	6	0	0
Chairman - Appropriations Committee (D)	6	0	0
Chairman - Policy Committee (R)	2	0	0
Chairman - Policy Committee (D)	2	0	0
Caucus Administrator (R)	2	0	0
Caucus Administrator (D)	2	0	0
Administrator for Staff (R)	20	0	0
Administrator for Staff (D)	20	0	0
Contingent Expenses (R) and (D)	0	751	706
Legislative Office for Research Liaison	786	776	729
Incidental Expenses	8,845	8,730	8,207
Expenses - Representatives	5,133	5,066	4,762

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Legislative Printing and Expenses	**17,694**	**17,471**	**16,423**
National Legislative Conference - Expenses	**527**	**520**	**489**
Committee on Appropriations (R)	**5,730**	**5,655**	**5,316**
Committee on Appropriations (D)	**5,730**	**5,655**	**5,316**
Special Leadership Account (R)	**9,082**	**8,965**	**8,427**
Special Leadership Account (D)	**11,015**	**10,871**	**10,219**
Legislative Management Committee (R)	**20,657**	**20,389**	**19,166**
Legislative Management Committee (D)	**20,657**	**20,389**	**19,166**
House Flag Purchase	**24**	**24**	**23**
Information Technology (R)	**0**	**6,909**	**6,494**
Information Technology (D)	**0**	**6,909**	**6,494**
Information Technology	**14,000**	**0**	**0**
School for New Members	**15**	**15**	**14**
Subtotal	$ 194,485	$ 191,964	$ 180,447
Legislative Reference Bureau:			
Legislative Reference Bureau - Salaries & Expenses	**$ 7,598**	**$ 7,499**	**$ 7,049**
Contingent Expenses	**20**	**20**	**19**
Printing of PA Bulletin and PA Code	**795**	**785**	**738**
Subtotal	$ 8,413	$ 8,304	$ 7,806
Legislative Miscellaneous and Commissions:			
Legislative Budget and Finance Committee	**$ 2,250**	**$ 2,221**	**$ 2,088**
Legislative Data Processing Center	**3,751**	**3,702**	**3,480**
Joint State Government Commission	**1,795**	**1,772**	**1,666**
Local Government Commission	**1,159**	**1,344**	**1,263**
Local Government Codes	**28**	**28**	**26**
(A)Municipal Codes	1	0	0
Joint Legislative Air and Water Pollution Control Committee	**498**	**492**	**462**
Legislative Audit Advisory Commission	**178**	**176**	**165**
Independent Regulatory Review Commission	**2,050**	**2,123**	**1,996**
Capitol Preservation Committee	**900**	**888**	**835**
Capitol Restoration	**4,150**	**4,096**	**3,850**
Flag Conservation	**60**	**59**	**55**
Colonial History	**197**	**194**	**182**
Rare Books Conservation	**400**	**395**	**371**
Commission on Sentencing	**1,470**	**1,451**	**1,364**
(F)JAG- Consolidated Project Grants (EA)	1,308	1,470	1,470
Center For Rural Pennsylvania	**1,100**	**1,100**	**1,034**
Commonwealth Mail Processing Center	**1,300**	**1,283**	**1,206**
Host State Committee Expenses CSG	**50**	**1,049**	**49**
Pennsylvania Policy Database	**220**	**217**	**204**
Health Care Cost Containment Council	**4,412**	**5,353**	**2,963**
State Ethics Commission	**2,096**	**2,195**	**2,063**
Subtotal	$ 29,373	$ 31,608	$ 26,792
Subtotal - State Funds	$ 334,129	$ 332,233	$ 309,293
Subtotal - Federal Funds	1,308	1,470	1,470
Subtotal - Augmentations	1	0	0
Total - General Government	$ 335,438	$ 333,703	$ 310,763
STATE FUNDS	$ 334,129	$ 332,233	$ 309,293
FEDERAL FUNDS	1,308	1,470	1,470
AUGMENTATIONS	1	0	0
GENERAL FUND TOTAL	**$ 335,438**	**$ 333,703**	**$ 310,763**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
LEGISLATURE							
GENERAL FUND	$ 334,129	$ 332,233	$ 309,293	$ 309,293	$ 309,293	$ 309,293	$ 309,293
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	1,308	1,470	1,470	1,470	1,470	1,470	1,470
OTHER FUNDS	1	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 335,438	$ 333,703	$ 310,763	$ 310,763	$ 310,763	$ 310,763	$ 310,763
ALL PROGRAMS:							
GENERAL FUND	$ 334,129	$ 332,233	$ 309,293	$ 309,293	$ 309,293	$ 309,293	$ 309,293
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	1,308	1,470	1,470	1,470	1,470	1,470	1,470
OTHER FUNDS	1	0	0	0	0	0	0
DEPARTMENT TOTAL	$ 335,438	$ 333,703	$ 310,763	$ 310,763	$ 310,763	$ 310,763	$ 310,763

PROGRAM OBJECTIVE: To formulate and enact the public policy of the commonwealth, to define the functions of state government, to provide revenue for the commonwealth and to appropriate money for the operation of state agencies and for other purposes.

Program: Legislature

This program provides for the operation of the General Assembly, which consists of a 50 member Senate and a 203 member House of Representatives, funded by numerous General Fund appropriations. These appropriations are detailed in the Summary by Fund and Appropriation portion of this presentation.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND
	Legislature
$ –20,418	—funding reduction.
	Health Care Cost Containment Council
$ –1,475	—nonrecurring 2008-09 budgetary freeze amount.
–915	—reduction in administrative costs.
$ –2,390	*Appropriation Decrease*
	State Ethics Commission
$ –132	—funding reduction.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
TOTAL GENERAL FUND	$ 334,129	$ 332,233	$ 309,293	$ 309,293	$ 309,293	$ 309,293	$ 309,293

JUDICIARY

The objective of the judicial system of the commonwealth is to provide citizens with prompt and equitable justice under the law.

The court system includes the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas and Community Courts including Magisterial District Judges, Philadelphia Municipal Court, Philadelphia Traffic Court and the Pittsburgh Municipal Court.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
GENERAL FUND:			
General Government:			
Supreme Court:			
Supreme Court	$ 15,097	$ 14,875	$ 13,983
(A)Filing Fees	411	412	412
Justices Expenses	184	128	120
Judicial Center Operations	0	1,394	1,310
Interbranch Commission	347	437	411
Judicial Council	145	152	143
District Court Administrators	18,023	18,587	17,472
Court Management Education	160	89	84
(A)Court Management Program	1	1	1
Civil Procedural Rules Committee	431	364	342
Appellate/Orphans Rules Committee	208	187	176
Rules of Evidence Committee	195	197	185
Minor Court Rules Committee	202	174	164
Criminal Procedural Rules Committee	472	469	441
Domestic Relations Committee	207	211	198
Juvenile Court Rules Committee	219	211	198
Court Administrator	10,200	10,708	10,066
(F)Court Improvement Project	1,370	1,370	1,705
(F)Drug Court Training (EA)	200	71	0
(A)Miscellaneous	40	35	40
Integrated Criminal Justice System	2,516	2,552	2,399
(R)Judicial Computer System	56,883	61,074	57,048
(A)Public Access Fees	99	125	100
(A)Miscellaneous	94	119	94
Unified Judicial System Security	2,099	2,121	1,994
Subtotal	$ 109,803	$ 116,063	$ 109,086
Superior Court:			
Superior Court	$ 27,927	$ 28,520	$ 26,809
(A)Filing Fees	220	265	225
Judges Expenses	242	197	185
Subtotal	$ 28,389	$ 28,982	$ 27,219
Commonwealth Court:			
Commonwealth Court	$ 16,971	$ 17,649	$ 16,590
(A)Filing Fees	173	160	170
Judges Expenses	146	141	133
Subtotal	$ 17,290	$ 17,950	$ 16,893
Courts of Common Pleas:			
Courts of Common Pleas	$ 84,842	$ 87,695	$ 82,433
Senior Judge Reimbursement	4,301	3,997	3,757
Judicial Education	1,373	1,224	1,151
Ethics Committee	59	58	55
Subtotal	$ 90,575	$ 92,974	$ 87,396
Magisterial District Judges:			
Magisterial District Judges	$ 63,595	$ 65,366	$ 61,444
Magisterial District Judge Education	721	721	678
(A)Registration Fees	21	25	20
Subtotal	$ 64,337	$ 66,112	$ 62,142

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2007-08 ACTUAL	2008-09 AVAILABLE	2009-10 BUDGET
Philadelphia Courts:			
Traffic Court	**$ 942**	**$ 1,011**	**$ 950**
Municipal Court	**5,959**	**6,146**	**5,777**
Law Clerks	**40**	**39**	**37**
Domestic Violence Services	**235**	**232**	**218**
Subtotal	$ 7,176	$ 7,428	$ 6,982
Judicial Conduct Board	**$ 1,226**	**$ 1,257**	**$ 1,182**
Court of Judicial Discipline	**486**	**483**	**454**
Subtotal - State Funds	$ 259,770	$ 267,592	$ 251,539
Subtotal - Federal Funds	1,570	1,441	1,705
Subtotal - Augmentations	1,059	1,142	1,062
Subtotal - Restricted Revenues	56,883	61,074	57,048
Total - General Government	$ 319,282	$ 331,249	$ 311,354
Grants and Subsidies:			
Reimbursement of County Costs:			
Jurors	**$ 1,396**	**$ 1,154**	**$ 1,085**
County Courts	**33,697**	**33,505**	**31,495**
Senior Judge	**2,040**	**1,480**	**1,391**
Gun Court Reimbursements	**714**	**1,357**	**1,276**
Court Consolidation	**2,040**	**2,053**	**1,930**
Subtotal	$ 39,887	$ 39,549	$ 37,177
Total - Grants and Subsidies	$ 39,887	$ 39,549	$ 37,177
STATE FUNDS	$ 299,657	$ 307,141	$ 288,716
FEDERAL FUNDS	1,570	1,441	1,705
AUGMENTATIONS	1,059	1,142	1,062
RESTRICTED REVENUES	56,883	61,074	57,048
GENERAL FUND TOTAL	**$ 359,169**	**$ 370,798**	**$ 348,531**

Program Funding Summary

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
STATE JUDICIAL SYSTEM							
GENERAL FUND	$ 299,657	$ 307,141	$ 288,716	$ 288,716	$ 288,716	$ 288,716	$ 288,716
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	1,570	1,441	1,705	1,705	1,705	1,705	1,705
OTHER FUNDS	57,942	62,216	58,110	58,110	58,110	58,110	58,110
SUBCATEGORY TOTAL	$ 359,169	$ 370,798	$ 348,531	$ 348,531	$ 348,531	$ 348,531	$ 348,531
ALL PROGRAMS:							
GENERAL FUND	$ 299,657	$ 307,141	$ 288,716	$ 288,716	$ 288,716	$ 288,716	$ 288,716
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	1,570	1,441	1,705	1,705	1,705	1,705	1,705
OTHER FUNDS	57,942	62,216	58,110	58,110	58,110	58,110	58,110
DEPARTMENT TOTAL	$ 359,169	$ 370,798	$ 348,531	$ 348,531	$ 348,531	$ 348,531	$ 348,531

PROGRAM OBJECTIVE: To provide the citizens of the commonwealth with prompt and equitable justice.

Program: State Judicial System

The judicial power of the commonwealth is vested in a court system consisting of the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas, Philadelphia Municipal Court, Pittsburgh Municipal Court, Traffic Court of Philadelphia and Magisterial District Judges (formerly termed "District Justices").

At the first level in the court system are the special courts. In counties other than Philadelphia, these courts are presided over by Magisterial District Judges who have jurisdiction over summary criminal cases, landlord-tenant matters and other civil actions where the amount claimed does not exceed $8,000. They also have jurisdiction to issue warrants, hold arraignments and preliminary hearings in all criminal cases and accept guilty pleas under certain circumstances.

Although Magisterial District Judges need not be lawyers, they must complete an educational course and pass a qualifying examination administered by the Minor Judiciary Education Board (MJEB) in order to be certified. They must also participate in one week of continuing education each year.

In Philadelphia, the minor courts are the Municipal Court and the Traffic Court. Municipal Court is a court of record whose 25 judges must be lawyers. Its limited jurisdiction is analogous to that of the Magisterial District Judges. The Philadelphia Traffic Court, composed of seven judges who need not be lawyers, has jurisdiction over all summary offenses under the Motor Vehicle Code and related city ordinances. Like Magisterial District Judges, Traffic Court judges must complete the certifying course and pass the qualifying examination administered by the MJEB and fulfill the annual continuing education requirement.

The Supreme Court established by Order an administrative judicial unit within the Fifth Judicial District (Allegheny County) known as "Pittsburgh Municipal Court." The court was created in January 2005. Most matters that were previously assigned to Pittsburgh Magistrates Court have been assigned to this court. The Pittsburgh Municipal Court is staffed by Magisterial District Judges from districts throughout Allegheny County (including the City of Pittsburgh) who are assigned to sit on the court by the president judge of this Fifth Judicial District.

The second level in the court system are the Courts of Common Pleas. These courts are the courts of general trial jurisdiction. They have original jurisdiction over all cases that are not exclusively assigned to another court. Appellate jurisdiction extends to appeals from final orders of the lower courts and appeals from certain state and most local government agencies.

In general, at the third level of the court system are appeals from the Courts of Common Pleas. These appeals are taken to one of the two lower level appellate courts. Commonwealth Court has jurisdiction over appeals involving government agencies and officials, as well as many matters involving not-for-profit corporations. It also has original jurisdiction over Election Code matters and cases involving state officials. Superior Court has jurisdiction over all direct appeals that are not within the specific statutory jurisdiction of another appellate court.

There are two appellate courts in Pennsylvania at this third level. The lower level consists of the Superior Court and the Commonwealth Court.

At the highest level is Pennsylvania's court of last resort: the Supreme Court with seven justices including the Chief Justice. The Supreme Court of Pennsylvania was established by the Pennsylvania Provincial Assembly in 1722.

In accordance with the state constitution and statute, there is a two-tiered independent judicial disciplinary system. The role of the first tier, the Judicial Conduct Board, is to investigate complaints regarding the conduct of judges. Hearings are conducted by the second tier, the Court of Judicial Discipline, to determine whether a sanction should be imposed upon a member of the Judiciary.

As defined by the state constitution, statute and court rule, the Administrative Office of Pennsylvania Courts (AOPC) is the administrative arm of the Supreme Court, assisting that Court in its oversight responsibility of the Commonwealth's Unified Judicial System. The AOPC provides services for approximately 2,100 members of the judiciary and staff, including budgeting, accounting, benefits and retirement counseling, legal representation, policy guidance, technical advice, education, research, legislative affairs, communications, administration and judicial automation.

The Supreme Court has initiated a number of programs in recent years to facilitate the administration of justice within the commonwealth. Among the more recent of these is the creation within AOPC of the Office for Children and Families in the Court, which assists courts statewide in providing neglected and abused children with safe and permanent homes in as brief a time as possible; the court interpreter program; an assistance program for judicial districts engaged in the process of starting, expanding or maintaining special problem-solving courts, such as drug courts; and an expanded education program for judges. Responsibility for these programs is vested in the AOPC.

Program: State Judicial System (continued)

The Judicial Computer System has the ultimate goal of computerization of the entire judiciary. Automated systems presently in place are the Magisterial District Judges System which serves the 548 Magisterial District Judge offices; the Pennsylvania Appellate Courts Case Management System, which is the integrated, automated case management system that serves the three appellate courts; and the Administrative Services Application Program which serves the court's administrative needs, including accounting, budgeting, payroll and human resources functions. The Common Pleas Criminal Case Management System (CPCMS), which automates the trial courts throughout Pennsylvania, was completed in September 2006. The next phases will extend automation to the civil courts. The Judiciary has been an active participant in the commonwealth's multi-agency Integrated Criminal Justice Network (commonly known as JNET) from its inception and provides it with important data from its automated systems.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Judiciary
$ –18,425	—funding reduction.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL FUND:							
Supreme Court	$ 15,097	$ 14,875	$ 13,983	$ 13,983	$ 13,983	$ 13,983	$ 13,983
Justices Expenses	184	128	120	120	120	120	120
Judicial Center Operations	0	1,394	1,310	1,310	1,310	1,310	1,310
Interbranch Commission	347	437	411	411	411	411	411
Judicial Council	145	152	143	143	143	143	143
District Court Administrators	18,023	18,587	17,472	17,472	17,472	17,472	17,472
Court Management Education	160	89	84	84	84	84	84
Civil Procedural Rules Committee	431	364	342	342	342	342	342
Appellate/Orphans Rules Committee	208	187	176	176	176	176	176
Rules of Evidence Committee	195	197	185	185	185	185	185
Minor Court Rules Committee	202	174	164	164	164	164	164
Criminal Procedural Rules Committee	472	469	441	441	441	441	441
Domestic Relations Committee	207	211	198	198	198	198	198
Juvenile Court Rules Committee	219	211	198	198	198	198	198
Court Administrator	10,200	10,708	10,066	10,066	10,066	10,066	10,066
Integrated Criminal Justice System	2,516	2,552	2,399	2,399	2,399	2,399	2,399
Unified Judicial System Security	2,099	2,121	1,994	1,994	1,994	1,994	1,994
Superior Court	27,927	28,520	26,809	26,809	26,809	26,809	26,809
Judges Expenses	242	197	185	185	185	185	185
Commonwealth Court	16,971	17,649	16,590	16,590	16,590	16,590	16,590
Judges Expenses	146	141	133	133	133	133	133
Courts of Common Pleas	84,842	87,695	82,433	82,433	82,433	82,433	82,433
Senior Judge Reimbursement	4,301	3,997	3,757	3,757	3,757	3,757	3,757
Judicial Education	1,373	1,224	1,151	1,151	1,151	1,151	1,151
Ethics Committee	59	58	55	55	55	55	55
Magisterial District Judges	63,595	65,366	61,444	61,444	61,444	61,444	61,444
Magisterial District Judge Education	721	721	678	678	678	678	678
Traffic Court	942	1,011	950	950	950	950	950
Municipal Court	5,959	6,146	5,777	5,777	5,777	5,777	5,777
Law Clerks	40	39	37	37	37	37	37
Domestic Violence Services	235	232	218	218	218	218	218
Judicial Conduct Board	1,226	1,257	1,182	1,182	1,182	1,182	1,182
Court of Judicial Discipline	486	483	454	454	454	454	454
Jurors	1,396	1,154	1,085	1,085	1,085	1,085	1,085
County Courts	33,697	33,505	31,495	31,495	31,495	31,495	31,495
Senior Judge	2,040	1,480	1,391	1,391	1,391	1,391	1,391
Gun Court Reimbursements	714	1,357	1,276	1,276	1,276	1,276	1,276
Court Consolidation	2,040	2,053	1,930	1,930	1,930	1,930	1,930
TOTAL GENERAL FUND	$ 299,657	$ 307,141	$ 288,716	$ 288,716	$ 288,716	$ 288,716	$ 288,716

CAPITAL BUDGET
Program Summary

This section contains the 2009-10 Capital Budget and Five Year Capital Program. The proposed funding sources and amounts needed to support capital programs are projected for five fiscal years.

All projects are grouped by categories regardless of the source of funding. The categories, as explained below, are consistently used for projects which are to be funded by commonwealth debt obligations, current revenues and funds received from other jurisdictions. Funding source distinctions are clearly noted throughout the section which itemizes the recommended capital program.

Public Improvement Projects — This category includes various types of new buildings and renovation projects. Also included are nonstructural improvements and the acquisition of land. The design and construction for the majority of these projects is administered by the Department of General Services. However, Keystone Recreation, Park and Conservation and the Environmental Stewardship Projects are administered by the Department of Conservation and Natural Resources.

Public Improvement—Original Furniture and Equipment Projects — This category provides for the equipping of newly completed public improvement projects by purchasing original movable furniture and equipment through the Department of General Services. Replacement furniture and equipment to be used in existing buildings are purchased as fixed assets through agency operating budgets.

Transportation Assistance Projects — These projects include: (a) the purchase of rolling stock and construction or improvement of facilities operated by mass transportation agencies throughout the commonwealth; (b) the acquisition, construction and equipping of rural and intercity common carrier surface transportation systems or any components thereof; and (c) air transportation systems. These projects are administered by the Department of Transportation.

Redevelopment Assistance Projects — This category provides grants for the acquisition of land and the construction of buildings and other property appurtenances for municipal agencies and authorities for economic development and the prevention and elimination of blight.

Flood Control Projects — This category provides the state's share of federal flood control works and improvements to prevent floods and to preserve, control and regulate the flow of rivers and streams in the commonwealth. These projects are administered by the Department of Environmental Protection.

Highway Projects — This category includes the design, purchase of rights-of-way, construction, reconstruction and other improvements to highways and bridges on the state highway system. These projects are designed and constructed by the Department of Transportation.

Capital Budget Financing — As is indicated wherever necessary, many capital projects are financed by current revenues either from dedicated sources or appropriations through operating budgets. However, most of the authorizations recommended in the capital budget are debt financed for varying terms by General Obligation Bonds. See the Public Debt Section (Section G) for further discussion of Debt Policy.

The Capital Budget section consists of the following subsections.

2009-10 New Project Authorizations — This section itemizes and describes the new capital projects recommended for authorization in 2009-10 and their proposed source of funding. The projects are listed by department and capital project category.

Impact on Operating Costs — The description of each capital project recommended for authorization contains a statement concerning the impact on program operating costs expected from the implementation of the capital project. With certain exceptions, the statement indicates little or no effect on operating costs. This is due to the fact that most capital projects involve the renovation or replacement of existing facilities. Consequently, any operating cost impact is derived from such items as efficiencies in energy consumption and avoided maintenance. These items, when viewed in terms of the total agency or program budget, generally tend to be negligible. An exception is when a very large scale project is implemented which will dramatically change these and other elements of an operating budget. In these cases, the expected change in operating expenses is quantified. An additional case in which the net change in operating cost will be quantified is where new construction will result in a significant increase in the capital asset base. In this case, the

estimated effect on operating costs will be shown with the capital project when recommended for authorization. A more precise figure will be recommended in the agency's operating budget when the project has been completed which is usually several years after a capital project is authorized.

There are several categories of capital authorizations for which no estimate of operating cost impact is provided. Among these are the categories of Redevelopment Assistance, Flood Control, Transportation Assistance and flood protection projects undertaken as part of the Public Improvement category. These projects constitute improvements to the property of other entities, primarily local jurisdictions such as cities, boroughs townships, etc. Any change in operating costs will, therefore, be borne by an entity other than the commonwealth. One other category of capital authorizations which will not provide a statement of operating cost impact is Highway and Bridge projects. This is because the bulk of capital spending in this category is for the rehabilitation of the existing highway network rather than the addition of new mileage. As rehabilitation takes place, previously high maintenance costs are avoided. These avoided maintenance costs are then shifted to other segments of roadway where repair needs are relatively great. As a result, the total highway operating budget experiences very little net change.

Forecast of Future Projects — This section contains a dollar forecast of new capital projects to be requested during each of the fiscal years 2010-11 through 2013-14. The projections are grouped by department and capital project category.

Estimate of Capital Expenditures — This section provides an estimate of expenditures for capital projects during each of the next five fiscal years. Since design, acquisition and construction of a project are not generally completed during the fiscal year in which the project is initiated, actual expenditures usually occur over several fiscal years. The estimated expenditures determine the amount of bonds which must be issued or the current revenue appropriations required in each fiscal year. The projections are listed by capital project category and agency and are further subdivided by currently authorized projects, new projects proposed for 2009-10 and projects which will be authorized in the future(2010-14).

ESTIMATED CAPITAL EXPENDITURES
State Funds

This table presents summary data on the source of funding and use for currently authorized and proposed capital projects. Detailed information on debt issued for capital projects is contained in the Public Debt Section of this budget document.

(Dollar Amounts in Thousands)

	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
GENERAL OBLIGATION BOND FUNDING					
Revenues					
Capital Facilities Bonds					
Public Improvement Projects - Buildings and Structures	$ 920,000	$ 1,290,000	$ 675,000	$ 480,000	$ 420,000
Public Improvement Projects - Furniture and Equipment	15,000	60,000	10,000	0	0
Redevelopment Assistance Projects	325,000	330,000	325,000	250,000	50,000
Flood Control Projects	15,000	7,000	0	0	0
Transportation Assistance Projects	175,000	175,000	175,000	175,000	175,000
Less: Costs of Issue	-24,750	-30,930	-20,775	-16,575	-8,450
Miscellaneous Revenue	32,773	9,828	6,913	596	-8,038
Change in Available Cash	-92,614	81,852	61,172	132,674	181,320
Total	$ 1,365,409	$ 1,922,750	$ 1,232,310	$ 1,021,695	$ 809,832
Expenditures					
Capital Facilities Fund					
Public Improvement Projects - Buildings and Structures	$ 886,734	$ 1,267,179	$ 648,782	$ 455,448	$ 406,462
Public Improvement Projects - Furniture and Equipment	13,364	62,998	17,103	0	0
Redevelopment Assistance Projects	269,306	410,424	391,133	391,133	228,370
Flood Control Projects	21,005	7,149	292	114	0
Transportation Assistance Projects	175,000	175,000	175,000	175,000	175,000
Total - General Obligation Bonds	$ 1,365,409	$ 1,922,750	$ 1,232,310	$ 1,021,695	$ 809,832
FROM CURRENT REVENUES					
Public Improvement Projects - Fish and Boat Fund	$ 750	$ 750	$ 750	$ 750	$ 750
Acquisition, Improvement and Restoration Projects					
Keystone Recreation, Park and Conservation Fund	18,040	17,961	18,619	19,705	26,387
Acquisition, Rehabilitation and Development Projects					
Environmental Stewardship Fund	7,905	11,761	12,173	12,599	13,040
Highway Projects - Motor License Fund	396,385	387,780	380,444	381,105	373,735
Total Current Revenues	$ 423,080	$ 418,252	$ 411,986	$ 414,159	$ 413,912
TOTAL - ALL FUNDS	$ 1,788,489	$ 2,341,001	$ 1,644,296	$ 1,435,854	$ 1,223,743

Totals may not add due to rounding.

FORECAST OF NEW PROJECT AUTHORIZATIONS
State Funds

This table provides a summary of the budget recommendations and potential future authorizations by department.

(Dollar Amounts in Thousands)

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Agriculture	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Conservation and Natural Resources	165,711	86,300	121,000	114,000	106,800	593,811
Corrections	28,682	0	0	0	0	28,682
Education	108,500	151,800	151,000	170,000	187,500	768,800
Emergency Management and Homeland Security	0	0	0	0	0	0
Environmental Protection	0	35,071	26,348	48,833	4,895	115,147
Executive Offices	0	0	0	0	0	0
Fish and Boat Commission	0	2,000	1,500	1,000	1,000	5,500
Game Commission	0	2,000	1,000	1,000	1,000	5,000
General Services	58,157	0	0	0	0	58,157
Historical and Museum Commission	60,600	60,600	33,300	32,800	142,713	330,013
Liquor Control Board	0	0	0	0	0	0
Military and Veterans Affairs	46,250	0	0	0	0	46,250
Public Welfare	25,019	23,904	20,461	0	0	69,384
State Police	13,900	0	0	0	0	13,900
Transportation	123,702	450,000	450,000	450,000	450,000	1,923,702
TOTAL	$ 630,521	$ 811,675	$ 804,609	$ 817,633	$ 893,908	$ 3,958,346

RECOMMENDED 2009-10 NEW PROJECT AUTHORIZATIONS
STATE FUNDS

This table provides a summary of new project authorizations by department and capital program category within bond and current revenue sources.

(Dollar Amounts in Thousands)

	Capital Facilities Bond Funds			
	Public Improvement Projects	Original Furniture & Equipment	Transportation Assistance Projects	Flood Control Projects
Agriculture	$ 0	$ 0	$ 0	$ 0
Conservation and Natural Resources	90,281	12,000	0	0
Corrections	28,682	0	0	0
Education	102,000	6,500	0	0
Emergency Management and Homeland Security	0	0	0	0
Environmental Protection	0	0	0	0
Executive Offices	0	0	0	0
Fish and Boat Commission	0	0	0	0
Game Commission	0	0	0	0
General Services	58,157	0	0	0
Historical and Museum Commission	60,600	0	0	0
Liquor Control Board	0	0	0	0
Military and Veterans Affairs	46,250	0	0	0
Public Welfare	25,019	0	0	0
State Police	13,900	0	0	0
Transportation	36,899	0	86,803	0
TOTAL	$ 461,788	$ 18,500	$ 86,803	$ 0

	Current Revenues		All Funds
	Highway Projects	Public Improvement Projects	
Agriculture	$ 0	$ 0	$ 0
Conservation and Natural Resources	0	63,430	165,711
Corrections	0	0	28,682
Education	0	0	108,500
Emergency Management and Homeland Security	0	0	0
Environmental Protection	0	0	0
Executive Offices	0	0	0
Fish and Boat Commission	0	0	0
Game Commission	0	0	0
General Services	0	0	58,157
Historical and Museum Commission	0	0	60,600
Liquor Control Board	0	0	0
Military and Veterans Affairs	0	0	46,250
Public Welfare	0	0	25,019
State Police	0	0	13,900
Transportation	0	0	123,702
TOTAL	$ 0	$ 63,430	$ 630,521

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2009-10 PUBLIC IMPROVEMENT PROJECTS				
Parks and Forest Management	$ 145,311	$ 0	$ 20,400	$ 165,711
TOTAL PROJECTS	$ 145,311	$ 0	$ 20,400	$ 165,711
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 72,281	$ 0	$ 18,000	$ 90,281
Capital Facilities Fund - Furniture and Equipment	9,600	0	2,400	12,000
Subtotal General Obligation Bond Issues	$ 81,881	$ 0	$ 20,400	$ 102,281
Current Revenues				
Keystone Recreation, Park and Conservation Fund - Improvements and Rehabilitation	$ 42,275	$ 0	$ 0	$ 42,275
Environmental Stewardship Fund - Acquisition, Improvements and Rehabilitation	17,880	0	0	17,880
State Forestry Bridge - Parks and Forest Management	3,275	0	0	3,275
Subtotal Current Revenues	$ 63,430	$ 0	$ 0	$ 63,430
TOTAL	$ 145,311	$ 0	$ 20,400	$ 165,711

Department of Conservation and Natural Resources 2009-10 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Chapman State Park, Warren County REHABILITATE DAM: This project will provide for the rehabilitation of the dam including necessary repairs to return it to a safe operating condition. When completed, this project is not expected to increase operating costs.	$ 12,000	$ 0	$ 3,000	$ 15,000
Little Pine State Park, Lycoming County DREDGE LAKE: This project will provide for the dredging of the lake to improve quality of recreational opportunities in and around Little Pine Lake. When completed, this project is not expected to increase operating costs.	6,000	0	1,500	7,500
Sinnemahoning State Park, Cameron County REHABILITATE DAM & DREDGE LAKE: This project provides for improved quality recreational opportunities in and around George B Stevens Lake, perform necessary repairs to upgrade the electrical system for safe dam operation. When completed, this project is not expected to increase operating costs.	4,000	0	1,000	5,000
Kinzua Bridge State Park, McKean County DEVELOP PARK LAND: This project will provide for the development of park facilities including day-use and overnight facilities. When completed, this project will not increase operating costs.	2,400	0	600	3,000
Delaware Canal State Park, Northampton County REHABILITATE CANAL: This project will provide for the rehabilitation of the historic Delaware Canal from Easton to Bristol. When completed, this project will not increase operating costs.	2,400	0	600	3,000
Laurel Hill State Park, Somerset County RENOVATE GROUP CAMPS: This project will provide for the rehabilitation of seven organized group camps including but not limited to water, sewer, utility upgrades, mess hall rehabilitation, roof replacement, parking, trails, masonry work, window and door replacements. When completed, this project will not increase operating costs.	3,200	0	800	4,000
Kettle Creek State Park, Clinton County LAKE DREDGING: This project will provide for the improved quality recreational opportunities in and around Kettle Creek Reservoir. When completed, this project will not increase operating costs.	1,600	0	400	2,000
Litke Tract - Forest District 10, Centre County ROAD & BRIDGE IMPROVEMENTS: This project will provide for the construction of a connector road and bridge between the state forest Bloody Skillet recreational ATV trail and township road. When completed, this project will not increase operating costs.	3,200	0	800	4,000

Department of Conservation and Natural Resources 2009-10 Projects

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management				
Pymatuning State Park, Crawford County TRAIL DEVELOPMENT: This project will provide for the development of a new and improved trail system that meets current standards. When completed, this project will not increase operating costs.	1,600	0	400	2,000
Nescopeck State Park, Luzerne County CONSTRUCT GROUP CAMPING FACILITIES: This project will provide for the development of group camping facilities at the new 2,981 acre section including overnight facilities and infrastructure. When completed, this project will not increase operating costs.	1,600	0	400	2,000
Little Buffalo State Park, Perry County REHABILITATE CAMPGROUND: This project will provide for the rehabilitation of a recently acquired private family campground to meet state park standards. When completed, this project will not increase operating costs.	2,000	0	500	2,500
Sinnemahoning State Park, Cameron County REPLACE MAINTENANCE BUILDINGS: This project will provide for the replacement of a park maintenance facility and forest district 13 maintenance building including infrastructure. When completed, this project will not increase operating costs.	2,400	0	600	3,000
Nescopeck State Park, Luzerne County CONSTRUCT CABINS: This project will provide for the development of an overnight family cabin colony including infrastructure. When completed, this project will increase operating costs by $80,000 annually.	2,400	0	600	3,000
Laurel Hill State Park, Somerset County CONSTRUCT CABINS: This project will provide for the development of an overnight family cabin colony including infrastructure. When completed, this project will increase operating costs by $80,000 annually.	2,400	0	600	3,000
Ohiopyle State Park, Fayette County CONSTRUCT CABINS: This project will provide for the development of an overnight family cabin colony including infrastructure. When completed, this project will increase operating costs by $80,000 annually.	2,400	0	600	3,000
Lackawanna State Park, Lackawanna County CONSTRUCT CABINS: This project will provide for the development of an overnight family cabin colony including infrastructure. When completed, this project will increase operating costs by $80,000 annually.	2,400	0	600	3,000

Department of Conservation and Natural Resources 2009-10 Projects

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management				
Black Moshannon State Park, Centre County CONSTRUCT CABINS: This project will provide for the development of 10 additional modern family cabins including construction, vehicle access, circulation and infrastructure. When completed, this project will increase operating costs by $40,000 annually.	2,400	0	600	3,000
Forest District 18, Columbia County REHABILITATE FACILITIES: This project will provide for the construction of rest facilities and parking lots, to rehabilitate a public multiple use trail/administrative road, to refurbish living quarters as a departmental training facility and to purchase maintenance equipment. When completed, this project will not increase operating costs.	2,400	0	600	3,000
Codorus State Park, York County CONSTRUCT CABINS: This project will provide for the development of 10 additional modern family cabins including construction, vehicle access, circulation and infrastructure. When completed, this project will increase operating costs by $80,000 annually.	2,400	0	600	3,000
Yellow Creek State Park, Indiana County CONSTRUCT CABINS: This project will provide for the development of 10 additional modern family cabins including construction, vehicle access, circulation and infrastructure. When completed, this project will increase operating costs by $80,000 annually.	2,400	0	600	3,000
Forest District 6, Cambria County CONSTRUCT NEW RESOURCE CENTER: This project will provide for the construction of a new forest district office in more appropriate location including infrastructure. When completed, this project will not increase operating costs.	4,800	0	1,200	6,000
Multiple State Parks, Statewide REPLACE OR REHABILITATE FIRE TOWERS: This project will provide for the repair and maintenance, or decommission and remo various forest fire lookout fire towers. When completed, this project will not increase operating costs.	4,800	0	1,200	6,000
Multiple State Parks, Statewide ORIGINAL FURNITURE AND EQUIPMENT: This project will provide for the purchase of original furniture and equipment for various statewide projects. When completed, this project will not increase operating costs.	2,800	0	700	3,500
Cook Forest State Park, Clarion County REPLACE PIT LATRINES: This project will provide for the replacement of remaining pit latrines in the park with modern flush facilities including infrastructure. When completed, this project will increase operating costs by $40,000 annually.	1,081	0	200	1,281

Department of Conservation and Natural Resources 2009-10 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management				
S.B. Elliott State Park, Clearfield County	2,800	0	700	3,500
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide for additional funds for exhibits, furnishings and equipment t complete the visitor center and overnight lodge facility with the park. When completed, this project will increase operating costs by $7,00 annually.				
Sinnemahoning State Park, Potter County	1,600	0	400	2,000
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide for the furnishing and equipping of the new office/visitor center for public and staff use within the park. When completed, thi project will not increase operating costs.				
Kinzua Bridge State Park, McKean County	2,400	0	600	3,000
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide for the furnishing and equipping of the new office/visitor center for public and staff use within the park. When completed, thi project will not increase operating costs.				
PROGRAM TOTAL.....	$ 81,881	$ 0	$ 20,400	$ 102,281

Department of Conservation and Natural Resources 2009-10 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Buchanan State Forest, Fulton County CONSTRUCT RESOURCE CENTER: This project will provide for the construction of Buchanan Resource Management Center. Whe completed, this project is not expected to increase operating costs.	$ 3,500	$ 0	$ 0	$ 3,500
Caledonia State Park, Franklin County REHABILITATE CAMPGROUNDS: This project will rehabilitate campgrounds within the park. When completed, this project is not expected to increase operating costs.	1,300	0	0	1,300
Cook Forest State Park, Clarion County REPLACE PARK OFFICE & VISITORS' CENTER: This project will replace the park office and visitors' center within the park. When completed, this project is not expected to increase operating costs.	3,000	0	0	3,000
Erie Bluffs State Park, Erie County REFURBISH LATRINE & PARKING: This project will provide for refurbishing of the CXT latrine and parking area. When completed, this project is not expected to increase operating costs.	500	0	0	500
Forbes State Forest, Westmoreland County REHABILITATE LINN RUN ROAD: This project will rehabilitate Linn Run Road within the park. When completed, this project is not expected to increase operating costs.	2,700	0	0	2,700
Gouldsboro State Park, Monroe County CONSTRUCT DAM: This project will provide for the construction of the dam, Phase 2 within the park. When completed, this project is not expected to increase operating costs.	400	0	0	400
Keystone State Park, Westmoreland County REHABILITATE MAINTENANCE AREA: This project will rehabilitate maintenance area within the park. When completed, this project is not expected to increase operating costs.	300	0	0	300
Lackawanna State Forest, Lackawanna County REMOVE DAM: This project will provide for the removal of Rush Brook Dam. When completed, this project is not expected to increase operating costs.	200	0	0	200
Laurel Hill State Park, Somerset County REHABILITATE WATERLINE: This project will rehabilitate waterline to group camp #1 within the park. When completed, this project is not expected to increase operating costs.	300	0	0	300

Department of Conservation and Natural Resources 2009-10Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management				
Linn Run State Park, Westmoreland County REHABILITATE LAUREL SUMMIT: This project will rehabilitate the Laurel Summit Area within the park. When completed, this project is not expected to increase operating costs.	$ 200	$ 0	$ 0	$ 200
Little Pine State Park, Lycoming County REHABILITATE SHOOTING RANGE: This project will provide for the rehabilitation of the shooting range. When completed, this project is not expected to increase operating costs.	300	0	0	300
Loyalsock State Forest, Columbia County REFURBISH RANGER STATION & SHED: This project will rehabilitate the Hillsgrove Ranger Station along with an equipment storage shed. When completed, this project is not expected to increase operating costs.	325	0	0	325
Moraine State Park, Butler County REHABILITATE OLD 422 LAUNCH: This project will rehabilitate the old 422 launch within the park. When completed, this project is not expected to increase operating costs.	250	0	0	250
Nescopeck State Park, Luzerne County CONSTRUCT CULVERT: This project will provide for the construction of a culvert to replace current dam spillway. When completed, this project is not expected to increase operating costs.	650	0	0	650
Ohiopyle State Park, Fayette County REPLACE BRIDGES: This project will replace bridges #0914 CSX 2342, #0936 CSX 2445. When completed, this project is not expected to increase operating costs.	550	0	0	550
Ohiopyle State Park, Fayette County REHABILITATE PARKING: This project will provide for the rehabilitation of Ferncliff RRM and Parking. When completed, this project is not expected to increase operating costs.	1,100	0	0	1,100
Ohiopyle State Park, Fayette County REPLACE BRIDGE: This project will provide for the replacement of superstructure Bridge # 0901 Bruner Run Bridge. When completec this project is not expected to increase operating costs.	400	0	0	400
Pine Grove Furnace State Park, Cumberland County RENOVATE SWIMMING AREA: This project will provide for the renovation of the swimming area at Fuller Lake. When completed, this project is not expected to increase operating costs.	300	0	0	300

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management				
Presque Isle State Park, Erie County REHABILITATE BREAK WALL: This project will provide for the rehabilitation of the break wall. When completed, this project is not expected to increase operating costs.	400	0	0	400
Prince Gallitzin State Park, Cambria County REHABILITATE MARINA: This project will provide for the rehabilitation of the Beaver Valley Marina. When completed, this project is not expected to increase operating costs.	3,000	0	0	3,000
Promised Land State Park, Pike County REHABILITATE CAMPGROUND: This project will provide for the rehabilitation of Pickers Point/Deerfield Campgrounds. When completed, this project is not expected to increase operating costs.	3,000	0	0	3,000
Promised Land State Park, Pike County REPAIR DAM/BRIDGE: This project will provide for the repair of Lower Lake Dam/Bridge 802. When completed, this project is not expected to increase operating costs.	3,700	0	0	3,700
Pymatuning State Park, Crawford County RENOVATE BEACH HOUSE: This project will provide for the renovation of the Jamestown beach house within the park. When completed, this project is not expected to increase operating costs.	250	0	0	250
Reeds Gap State Park, Mifflin County REPLACE POOL WITH COTTAGES: This project will provide for the replacement of a swimming pool with camping cottage colony. When completed, this project is not expected to increase operating costs.	500	0	0	500
Ricketts Glen State Park, Luzerne County REHABILITATE ROADS & PARKING: This project will provide for the rehabilitation of roads and parking lots throughout the park. When completed, this project is not expected to increase operating costs.	1,300	0	0	1,300
Salt Springs State Park, Susquehanna County REPLACE SANITARY FACILITY: This project will provide for the replacement of existing vault toilet with new comfort station including infrastructure. When completed, this project is not expected to increase operating costs.	300	0	0	300
Shawnee State Park, Bedford County PAVE CAMPGROUND: This project will provide for the paving of areas near and around campgrounds. When completed, this project is not expected to increase operating costs.	250	0	0	250

Department of Conservation and Natural Resources 2009-10Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management				
Shikellamy State Park, Northumberland County CONSTRUCT CAUSEWAY: This project will provide for the construction of a permanent causeway. When completed, this project is not expected to increase operating costs.	1,500	0	0	1,500
Shikellamy State Park, Northumberland County CONSTRUCT CAUSEWAY: This project will provide for the replacement of Bag #'s 6 & 7 and construction of a permanent causeway. When completed, this project is not expected to increase operating costs.	3,000	0	0	3,000
Sinnemahoning State Park, Northumberland County REFURBISH RESTROOM: This project will refurbish the restroom on the Wildlife Viewing Trail within the park. When completed, this project is not expected to increase operating costs.	600	0	0	600
Sproul State Forest, Clinton County PAVE ROAD: This project will provide for the paving of Young Woman's Creek Road within the park. When completed, this project is not expected to increase operating costs.	350	0	0	350
Sproul State Forest, Clinton County REHABILITATE BAKER'S RUN: This project will provide for the rehabilitation of Baker's Run canoe access and Baker's horse trail within the park. When completed, this project is not expected to	500	0	0	500
Sproul State Forest, Clinton County REHABILITATE BRIDGE: This project will provide for the rehabilitation of Bloody Skillet -Beech Creek / Two Rock ATV Bridge When completed, this project is not expected to increase operating	1,000	0	0	1,000
Tiadaghton State Forest, Lycoming County REHABILITATE TROUT RUN ROAD: This project will provide for the rehabilitation of Trout Run Road embankment slide. When completed, this project is not expected to increase operating costs.	1,000	0	0	1,000
Tuscarora State Forest, Lycoming County IMPROVE INFRASTRUCTURE: This project will provide for the improvement of infrastructure services at Bryner House. When completed, this project is not expected to increase operating costs.	1,500	0	0	1,500
Weiser State Forest, Schuylkill County IMPROVE INFRASTRUCTURE: This project will provide for the improvement of SR 42 entrance, parking and comfort station. When completed, this project is not expected to increase operating costs.	400	0	0	400
Various Forest Districts, Statewide REPAIR FIRE TOWERS: This project will provide for the inspection, repair and replacement of 47 fire towers. When completed, this project is not expected to increase operating costs.	2,650	0	0	2,650

Department of Conservation and Natural Resources 2009-10Projects

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management				
Yellow Creek State Park, Indiana County	800	0	0	800
REHABILITATE CAMP: This project will provide for the rehabilitation of Camp Seph Mack - phase 1. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	$ 42,275	$ 0	$ 0	$ 42,275

Department of Conservation and Natural Resources 2009-10 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Black Moshannon State Park, Centre County REHABILITATE DAM SPILLWAY: This project will provide for the rehabilitation of the dam spillway within the park. When completed, this project is not expected to increase operating costs.	$ 400	$ 0	$ 0	$ 400
Black Moshannon State Park, Centre County REHABILITATE THREE BOAT LAUNCHES: This project will rehabilitate three boat launches within the park. When completed, this project is not expected to increase operating costs.	250	0	0	250
Codorus State Park, York County REPLACE SWIMMING POOL: This project will provide for the replacement of the swimming pool and renovate the bathhouse interior. When completed, this project is not expected to increase operating costs.	2,500	0	0	2,500
Delaware Canal State Park, Bucks County REPLACE BRIDGE: This project will replace Ferry Street Bridge. When completed, this project is not expected to increase operating costs.	500	0	0	500
Delaware Canal State Park, Bucks County REHABILITATE SMITHTOWN 5 & UPPER LIMEPORT BRIDGES: This project will rehabilitate Smithtown 5 and Upper Limeport bridges. When completed, this project is not expected to increase operating costs.	650	0	0	650
Delaware Canal State Park, Bucks County REPLACE BRIDGES: This project will replace bridges at Odette's. When completed, this project is not expected to increase operating costs.	650	0	0	650
Delaware State Forest, Monroe County CONSTRUCT RESOURCE CENTER: This project will construct the Delaware State Forest Resource Management Center within the forest. When completed, this project is not expected to increase operating costs.	3,500	0	0	3,500
Evansburg State Park, Montgomery County REPLACE SEWER LINES: This project will provide for the replacement of sewer lines within the park. When completed, this project is not expected to increase operating costs.	480	0	0	480
Frances Slocum State Park, Luzerne County REHABILITATE INFRASTRUCTURE: This project will rehabilitate the sewage treatment plant and infiltration within the park. When completed, this project is not expected to increase operating costs.	1,500	0	0	1,500

Department of Conservation and Natural Resources 2009-10 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management				
Hickory Run State Park, Carbon County REPLACE PIT LATRINES: This project will replace pit latrines (OGT & CG) with modern comfort stations. When completed, this project is not expected to increase operating costs.	$ 2,200	$ 0	$ 0	$ 2,200
Ricketts Glen State Park, Luzerne County REHABILITATE INFRASTRUCTURE: This project will provide for the rehabilitation of the STP and water system within the park. Whe completed, this project is not expected to increase operating costs.	550	0	0	550
Shawnee State Park, Bedford County REHABILITATE WATER TREATMENT: This project will provide for the rehabilitation of the water treatment plant within the park. When completed, this project is not expected to increase operating costs.	1,200	0	0	1,200
Weiser State Forest, Schuylkill County CONSTRUCT RESOURCE CENTER: This project will provide for the construction of Weiser Resource Management Center. When completed, this project is not expected to increase operating costs.	3,500	0	0	3,500
PROGRAM TOTAL.....	$ 17,880	$ 0	$ 0	$ 17,880

Department of Conservation and Natural Resources 2009-10 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE				
CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Michaux State Forest, Franklin County REPLACE BIESECKER GAP ROAD: This project is will replace Biesecker Gap Road Bridge over Biesecker Run. When completed, this project is not expected to increase operating costs.	$ 200	$ 0	$ 0	$ 200
Moshannon State Forest, Clearfield County REPLACE MEYERS RUN ROAD: This project will replace Meyers Run Road over Black Moshannon Creek. When completed, this project is not expected to increase operating costs.	450	0	0	450
Moshannon State Forest, Clearfield County REPLACE NORTH RUN ROAD: This project will replace North Run Road over Smays Run. When completed, this project is not expected to increase operating costs.	300	0	0	300
Moshannon State Forest, Clearfield County REPLACE LITTLE MEDIX ROAD: This project will replace Little Medix Road over Little Medix Run Bridge # 9-0012. When completed, this project is not expected to increase operating costs.	300	0	0	300
Moshannon State Forest, Clearfield County REPLACE CULVERTS: This project will replace Little Medix Road over Little Medix Run, three culverts 9-0013, 9-0014, 9-0016. When completed, this project is not expected to increase operating costs.	400	0	0	400
Moshannon State Forest, Clearfield County REPLACE SHIRKS ROAD BRIDGE: This project will replace Shirks Road over Black Moshannon Creek Bridge # 9-0028. When completed, this project is not expected to increase operating costs.	300	0	0	300
Sproul State Forest, Clinton County REPLACE MILL RUN ROAD BRIDGE: This project will replace Mill Run Road Bridge over Mill Run, Bridge # 10-0046. When completed, this project is not expected to increase operating costs.	325	0	0	325
Tiadaghton State Forest, Lycoming County REPLACE BRIDGE: This project is to replace Trout Run Bridge over First Big Fork. When completed, this project is not expected to increase operating costs.	250	0	0	250
Tiadaghton State Forest, Lycoming County REPLACE BRIDGE: This project is to replace Trout Run Bridge over Second Big Fork. When completed, this project is not expected to increase operating costs.	250	0	0	250
Tiadaghton State Forest, Lycoming County REPLACE BRIDGE: This project is to replace Trout Run Bridge over first unnamed tributary, Bridge #9027. When completed, this project is not expected to increase operating costs.	250	0	0	250

Department of Conservation and Natural Resources 2009-10 Projects

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Parks and Forest Management				
Tiadaghton State Forest, Lycoming County REPLACE BRIDGE: This project is to replace Trout Run Bridge over second unnamed tributary, Bridge #9027. When completed, this project is not expected to increase operating costs.	250	0	0	250
PROGRAM TOTAL.....	$ 3,275	$ 0	$ 0	$ 3,275

DEPARTMENT OF CORRECTIONS

Summary of Recommended Authorization Amounts by Program and Source of Funds

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2009-10 PUBLIC IMPROVEMENT PROJECTS				
Institutionalization of Offenders	$ 22,946	$ 0	$ 5,736	$ 28,682
TOTAL PROJECTS	$ 22,946	$ 0	$ 5,736	$ 28,682
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 22,946	$ 0	$ 5,736	$ 28,682
Capital Facilities Fund - Furniture and Equipment	0	0	0	0
Subtotal General Obligation Bond Issues	22,946	0	5,736	28,682
TOTAL	$ 22,946	$ 0	$ 5,736	$ 28,682

Department of Corrections 2009-10 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS					
Program: Institutionalization of Offenders					
State Correctional Institution at Graterford	State	$ 4,000	$ 0	$ 1,000	$ 5,000
ADDITIONAL FUNDING FOR PROJECT 577-35 PHASE 2: This project will provide additional funds for project 577-35 for phase 2 to complete the new access roadway into the institution due to the closing the S.R. 73 bridge and site road updates. When completed, this project will not increase operating costs.					
State Correctional Institution at Muncy	State	3,440	0	860	4,300
INSTALL EMERGENCY GENERATOR & SWITCHGEAR: This project will provide for a new 2,500 watt emergency generator & switchgear including sub main breakers due to current and projected load demands c normal operations and provide emergency generator protection to the ent institution. When completed, this project is not expected to increase operating costs.					
State Correctional Institution at Retreat	State	800	0	200	1,000
REPLACE BURIED PERIMETER CABLE: This project will replace buried perimeter intrusion system around entire perimeter of the institutio When completed, this project is not expected to increase operating costs.					
State Correctional Institution at Frackville	State	600	0	150	750
REPLACE BURIED PERIMETER CABLE: This project will replace buried perimeter intrusion system around entire perimeter of the institutio When completed, this project is not expected to increase operating costs.					
State Correctional Institution at Rockview	State	874	0	218	1,092
REPLACE PERIMETER SECURITY SYSTEM: This project will replace the Del Norte perimeter intrusion system around the institution's entire perimeter. When completed, this project is not expected to increase operating costs.					
State Correctional Institution at Greene	State	960	0	240	1,200
REPLACE PERIMETER SECURITY SYSTEM: This project will replace perimeter intrusion system around entire perimeter of the institution. Whe completed, this project is not expected to increase operating costs.					
State Correctional Institution at Mercer	State	960	0	240	1,200
REPLACE PERIMETER SECURITY SYSTEM: This project will replace perimeter intrusion system around entire perimeter of the institution. Whe completed, this project is not expected to increase operating costs.					

Department of Corrections 2009-10 Projects

		(Dollar Amounts in Thousands)			
		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: Institutionalization of Offenders					
State Correctional Institution at Cambridge Springs	State	$ 1,600	$ 0	$ 400	$ 2,000
CONSTRUCT GYMNASIUM: This project will provide for building a new gymnasium and chapel with multipurpose rooms to support treatment programs. When completed, this project is not expected to increase operating costs.					
State Correctional Institution at Cresson	State	1,840	0	460	2,300
NEW KITCHEN & LOADING DOCK: This project will provide for funding required to design a new kitchen and loading dock to serve an expanded inmate population. When completed, this project is expected to increase operating costs by $40,000 annually.					
State Correctional Institution at Huntingdon	State	1,600	0	400	2,000
SECURITY SYSTEM UPGRADE: This project will upgrade the security fence, windows, grills, and cell doors and expand the control center. When completed, this project is not expected to increase operating costs.					
State Correctional Institution at Smithfield	State	2,400	0	600	3,000
ADDITIONAL FUNDING FOR PROJECT 1573-10: This project will provide additional funding for project 1573-10 modernize current boilers to meet EPA air quality standards. When completed, this project is not expected to increase operating costs.					
State Correctional Institution at Waymart	State	2,912	0	728	3,640
REPLACE MAIN STEAM & CONDENSATE LINES: This project will provide for replacement of current lines and steam traps in housing basement. When completed, this project is not expected to increase operating costs.					
Quehanna Motivational Boot Camp	State	960	0	240	1,200
ROOF REPLACEMENT BUILDING D: This project will provide for the replacement of existing rubber roof, add insulation and provide sloping for drainage. When completed, this project is not expected to increase operating costs.					
PROGRAM TOTAL.....		$ 22,946	$ 0	$ 5,736	$ 28,682

DEPARTMENT OF EDUCATION

Summary of Recommended Authorization Amounts by Program and Source of Funds

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2009-10 PUBLIC IMPROVEMENT PROJECTS				
Higher Education - State-Related Universities	$ 76,167	$ 0	$ 17,333	$ 93,500
Higher Education - State System of Higher Education	11,600	0	3,400	15,000
TOTAL PROJECTS	$ 87,767	$ 0	$ 20,733	$ 108,500
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 82,367	$ 0	$ 19,633	$ 102,000
Capital Facilities Fund - Furniture and Equipment	5,400	0	1,100	6,500
Subtotal General Obligation Bond Issues	$ 87,767	$ 0	$ 20,733	$ 108,500
TOTAL	$ 87,767	$ 0	$ 20,733	$ 108,500

Department of Education 2009-10 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location and cost components. Operating cost impacts are not provided for these projects since these costs are borne by the operating budget of each university.

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Higher Education - State-Related Universities				
Lincoln University RENOVATE VAIL HALL: This project will provide for the complete renovation of Vail Hall to meet modern needs including ADA requirements, HVAC, security system and electronic access. When completed, this project will not increase operating costs since the University is responsible for maintenance.	$ 12,000	$ 0	$ 3,000	$ 15,000
Lincoln University RENOVATE LINCOLN HALL: This project will provide for the renovation of Lincoln Hall to accommodate the University's public relations/communications and human resources departments. Whe completed, this project will not increase operating costs since the University is responsible for maintenance.	16,000	0	4,000	20,000
Lincoln University RENOVATE AZIKIWE-NKRUMAH HALL: This project will provide for the renovation and expansion of Azikiwe-Nkrumah Hall to house the Department of Public Safety and Security along with the University's Visitors' Information Center. When completed, this project will not increase operating costs since the University is responsible for maintenance.	5,600	0	1,400	7,000
Pennsylvania State University RENOVATE HENNING BUILDING/CHEMICAL ECOLOGY LABORATORIES: This project will provide for the renovation of the Henning Building/Chemical Ecology Laboratories including significa upgrades to systems to bring it to current facility standards. When completed, this project will not increase operating costs since the University is responsible for maintenance.	19,167	0	3,833	23,000
University of Pittsburgh RENOVATE THAW HALL, ALLEN HALL, ENGINEERING HALL, SPACE RESEARCH, and NUCLEAR PHYSICS: This project will provide for the renovation of these five inter-connected facilities as one research complex including infrastructure. When completed, this project will not increase operating costs since the University is responsible for maintenance.	16,000	0	4,000	20,000
Lincoln University ORIGINAL FURNITURE AND EQUIPMENT, VAIL HALL: This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project will not increase operating costs since the University is responsible for maintenance.	1,600	0	400	2,000

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Higher Education - State-Related Universities				
Lincoln University ORIGINAL FURNITURE AND EQUIPMENT, LINCOLN HALL: This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project will not increase operating costs since the University is responsible for maintenance.	$ 1,600	$ 0	$ 400	$ 2,000
Lincoln University ORIGINAL FURNITURE AND EQUIPMENT, AZIKIWE-NKRUMAH HALL: This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project will not increase operating costs since the University is responsible for maintenance.	1,200	0	300	1,500
Pennsylvania State University ORIGINAL FURNITURE AND EQUIPMENT, HENNING BUILDING/CHEMICAL ECOLOGY LABORATORIES: This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project will not increase operating costs since the University is responsible for maintenance.	3,000	0	0	3,000
PROGRAM TOTAL.....	$ 76,167	$ 0	$ 17,333	$ 93,500

Department of Education 2009-10 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Higher Education - State System of Higher Education				
Kutztown University CONSTRUCT NEW ELECTRICAL SUBSTATION: This project will provide for the construction of a new 69K electrical substation to meet requirements. When completed, this project will not increase operating costs since the University is responsible for maintenance.	$ 6,000	$ 0	$ 2,000	$ 8,000
Lock Haven University UPGRADE FIBER OPTICS - ADDITIONAL FUNDING: This project will provide additional funding for the continuation of the upgrade of fiber optics in all buildings. When completed, this project will not increase operating costs since the University is responsible for maintenance.	1,600	0	400	2,000
Shippensburg University RENOVATE TELECOMMUNICATIONS DISTRIBUTION SYSTEM: This project will provide for the necessary cabling and infrastructure to support state of the art information technology systems to meet current demands throughout the campus. When completed, this project will not increase operating costs since the University is responsible for maintenance.	3,000	0	1,000	4,000
Slippery Rock University ORIGINAL FURNITURE AND EQUIPMENT - MCKAY BUILDING: This project will provide funding for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project will not increase operating costs since the University is responsible for maintenance.	1,000	0	0	1,000
PROGRAM TOTAL.....	$ 11,600	$ 0	$ 3,400	$ 15,000

DEPARTMENT OF GENERAL SERVICES

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2009-10 PUBLIC IMPROVEMENT PROJECTS				
Facility, Property and Commodity Management	$ 48,589	$ 0	$ 9,568	$ 58,157
TOTAL PROJECTS	$ 48,589	$ 0	$ 9,568	$ 58,157
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 48,589	$ 0	$ 9,568	$ 58,157
TOTAL	$ 48,589	$ 0	$ 9,568	$ 58,157

Department of General Services 2009-10 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Facility, Property and Commodity Management				
Agriculture Building, Dauphin County REPLACE ROOF: This project will provide for the removal and replacement of the existing roof, which has outlived its usefulness. When completed, this project is not expected to increase operating costs.	$ 800	$ 0	$ 240	$ 1,040
Central Plant, Dauphin County INSTALL SPRINKLER SYSTEM: This project will provide for the installment of a sprinkler system and upgrade fire panels to include enunciators for better efficiency. When completed, this project is nc expected to increase operating costs.	500	0	150	650
State Street Bridge, Dauphin County REPAIR BRIDGE FAULTS: This project will provide for the repair o drainage system, deck joints, all spalls, sidewalks, curbs and barrier; blast clean, spot paint and install diaphragms between joists. When completed, this project is not expected to increase operating costs.	2,561	0	768	3,329
Forum Building, Dauphin County REPLACE STEAM LINES: This project will provide for the replacement and installation of interior central plant steam lines. When completed, this project is not expected to increase operating costs.	2,000	0	600	2,600
Capitol East Wing, Dauphin County REPLACE EAST WING ROOF: This project will provide for the complete replacement of the east wing roof due to deterioration. When completed, this project is not expected to increase operating costs.	500	0	150	650
DGS Annex Complex, Dauphin County UPGRADE/INSTALL HVAC: This project will provide for the upgrade of building heating systems and install central air conditioning in occupied buildings. When completed, this project is not expected to increase operating costs.	3,750	0	0	3,750
DGS Annex Complex, Dauphin County UPGRADE STEAM PLANT: This project will provide for the replacement and upgrades to the steam plant including pneumatic controls and burners. When completed, this project is not expected to increase operating costs.	1,563	0	0	1,563

Department of General Services 2009-10 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Facility, Property and Commodity Management				
DGS Annex Complex, Dauphin County REPLACE HEATING UNITS: This project will provide for the replacement of 124 ceiling mounted heat pumps and eight heating units to a centralized format with new ductwork. When completed, this project is not expected to increase operating costs.	$ 5,940	$ 0	$ 0	$ 5,940
North Office Building, Dauphin County INSULATE CHILLED WATER LINES: This project will provide for the installation of chilled water lines to maintain integrity of distribution system and alleviate condensation problems. When completed, this project is not expected to increase operating costs.	500	0	150	650
Irvis Office Building, Dauphin County INSULATE CHILLED WATER LINES: This project will provide for the installation of chilled water lines to maintain integrity of distribution system and alleviate condensation problems. When completed, this project is not expected to increase operating costs.	500	0	150	650
North Office Building, Dauphin County INSTALL SPRINKLER SYSTEM: This project will provide for the installation of a sprinkler system, and upgrade fire panels to include enunciators. When completed, this project is not expected to increase operating costs.	800	0	240	1,040
Finance Office Building, Dauphin County INSTALL SPRINKLER SYSTEM: This project will provide for the installation of a sprinkler system, and upgrade fire panels to include enunciators. When completed, this project is not expected to increase operating costs.	400	0	120	520
Irvis Office Building, Dauphin County INSTALL SPRINKLER SYSTEM: This project will provide for the installation of a sprinkler system, and upgrade fire panels to include enunciators. When completed, this project is not expected to increase operating costs.	1,000	0	300	1,300
Roman Fountain, East Wing, Dauphin County RENOVATE FOUNTAIN: This project will provide for the complete renovation of Roman fountain including wiring lighting fixtures and controls due to age, shifting and internal deterioration. When completed, this project is not expected to increase operating costs.	300	0	100	400

Department of General Services 2009-10 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Facility, Property and Commodity Management				
Finance Office Building, Dauphin County INSTALL HVAC: This project will provide for the installation of HVAC from the Central plant to the entire Finance Building to eliminate the need for window air conditioning units. When completed, this project is not expected to increase operating costs.	$ 10,000	$ 0	$ 3,000	$ 13,000
North Office Building, Dauphin County CLEAN DUCTWORK: This project will provide for the cleaning, sealing and sanitizing of the HVAC system and ductwork. When completed, this project is not expected to increase operating costs.	400	0	120	520
Irvis Office Building, Dauphin County CLEAN DUCTWORK: This project will provide for the cleaning, sealing and sanitizing of the HVAC system and ductwork. When completed, this project is not expected to increase operating costs.	400	0	120	520
L&I Building, Dauphin County CLEAN DUCTWORK: This project will provide for the cleaning sealing and sanitizing of the HVAC system and ductwork. When completed, this project is not expected to increase operating costs.	400	0	120	520
Irvis Office Building, Dauphin County RENOVATE ELEVATOR: This project will provide for the renovation of elevators including repair/replace cabs, carpeting and motors. When completed, this project is not expected to increase operating costs.	700	0	210	910
Finance Office Building, Dauphin County RENOVATE RESTROOMS: This project will provide for the renovation of restrooms including replacement of fixtures. When completed, this project is not expected to increase operating costs.	1,000	0	300	1,300
Scranton State Office Building, Lackawanna County REPLACE WINDOWS: This project will provide for the replacemen of all 260 windows throughout the building for reduced maintenance and higher efficiency. When completed, this project is not expected to increase operating costs.	350	0	105	455
DGS Annex Complex, Dauphin County UPGRADE ELECTRICAL AND FIRE SYSTEMS: This project will provide for the upgrade of the electrical distribution system and replace the fire and security system throughout the buildings. When completed, this project is not expected to increase operating costs.	3,600	0	0	3,600

Department of General Services 2009-10 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Facility, Property and Commodity Management				
DGS Annex Complex, Dauphin County REMEDIATE HAZMAT: This project will provide for the remediation of mold, asbestos and other hazardous material items in buildings and equipment areas. When completed, this project is not expected to increase operating costs.	$ 5,625	$ 0	$ 1,125	$ 6,750
10th & Market Street Building, Dauphin County RENOVATE BUILDING: This project will provide for the complete renovation of building including windows, HVAC, roof and exterior masonry in order to utilize building as office space. When completed, this project is not expected to increase operating costs.	5,000	0	1,500	6,500
PROGRAM TOTAL.....	$ 48,589	$ 0	$ 9,568	$ 58,157

HISTORICAL AND MUSEUM COMMISSION

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2009-10 PUBLIC IMPROVEMENT PROJECTS				
State Historic Preservation	$ 50,500	$ 0	$ 10,100	$ 60,600
TOTAL PROJECTS	$ 50,500	$ 0	$ 10,100	$ 60,600
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 50,500	$ -	$ 10,100	$ 60,600
TOTAL	$ 50,500	$ 0	$ 10,100	$ 60,600

Historical and Museum Commission 2009-10 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: State Historic Preservation				
Railroad Museum of Pennsylvania, Lancaster County ENERGY CONSERVATION IMPROVEMENTS: This project involves upgrading HVAC systems with geothermal systems and other energy saving equipment. When completed, this project estimates operating costs of $75,000 annually.	$ 4,000	$ 0	$ 800	$ 4,800
Eckley Miners' Village, Luzerne County ENERGY CONSERVATION IMPROVEMENTS: This project involves upgrading sewage treatment along with other infrastructure including HVAC systems with geothermal systems and other energy saving equipment. When completed, this project estimates operating costs of $75,000 annually.	4,000	0	800	4,800
Washingtons Crossing Historic Park, Bucks County ENERGY CONSERVATION IMPROVEMENTS: This project involves upgrading sewage treatment along with other infrastructure including HVAC systems with geothermal systems and other energy saving equipment. When completed, this project estimates operating costs of $75,000 annually.	8,000	0	1,600	9,600
Daniel Boone Homestead, Berks County ENERGY CONSERVATION IMPROVEMENTS: This project involves upgrading sewage treatment along with other infrastructure including HVAC systems with geothermal systems and other energy saving equipment. When completed, this project estimates operating costs of $75,000 annually.	8,000	0	1,600	9,600
Erie Maritime Museum, Erie County RENOVATION OF US BRIG NIAGARA: This project will provide for the renovation of Niagara's hull, rigging, and equipment along with partial replacement of masts, planking and standing rigging. When completed, this project estimates operating costs of $75,000 annually.	4,000	0	800	4,800
Fort Pitt Museum, Allegheny County RENOVATION OF BUILDING: This project will provide for the renovation of the first floor museum including replacement and expansion of restrooms,visitors' center and offices along with exterior improvements. When completed, this project estimates operating costs of $75,000 annually.	5,000	0	1,000	6,000
Landis Valley Museum, Lancaster County ENERGY CONSERVATION IMPROVEMENTS: This project involves upgrading sewage, water, electrical, phone, data and fire ar security lines along with other infrastructure including HVAC system with geothermal systems and other energy saving equipment. When completed, this project estimates operating costs of $75,000 annually.	7,500	0	1,500	9,000

Historical and Museum Commission 2009-10 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: State Historic Preservation				
Pennsbury Manor, Bucks County ENERGY CONSERVATION IMPROVEMENTS: This project involves upgrading HVAC systems with geothermal systems and other energy saving equipment. When completed, this project estimates operating costs of $75,000 annually.	$ 3,000	$ 0	$ 600	$ 3,600
PA Anthracite Heritage Museum, Lackawanna County ENERGY CONSERVATION IMPROVEMENTS: This project involves upgrading sewage treatment along with other infrastructure including HVAC systems with geothermal systems and other energy saving equipment. When completed, this project is not expected to increase operating costs.	2,000	0	400	2,400
PA Military Museum, Centre County ENERGY CONSERVATION IMPROVEMENTS: This project involves upgrading HVAC systems with geothermal systems and other energy saving equipment. When completed, this project estimates operating costs of $75,000 annually.	3,000	0	600	3,600
Somerset Historical Center, Somerset County ENERGY CONSERVATION IMPROVEMENTS: This project involves upgrading sewage treatment along with other infrastructure including HVAC systems with geothermal systems and other energy saving equipment. When completed, this project is not expected to increase operating costs.	2,000	0	400	2,400
PROGRAM TOTAL.....	$ 50,500	$ 0	$ 10,100	$ 60,600

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2009-10 PUBLIC IMPROVEMENT PROJECTS				
State Military Readiness	$ 78,345	$ 0	$ 10,917	$ 89,262
Veterans Homes and School	8,752	0	2,188	10,940
TOTAL PROJECTS	$ 87,097	$ 0	$ 13,105	$ 100,202
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 39,552	$ 0	$ 6,698	$ 46,250
Current Revenues				
Federal Funds	$ 45,745	$ 0	$ 5,957	$ 51,702
Other	1,800	0	450	2,250
TOTAL	$ 87,097	$ 0	$ 13,105	$ 100,202

Department of Military and Veterans Affairs 2009-10 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS					
Program: State Military Readiness					
Marquette Lake Dam, Lebanon County	State	$ 7,500	$ 0	$ 500	$ 8,000
RENOVATION OF MARQUETTE LAKE DAM SPILLWAY: This project will provide for the renovation of the earthen dam including armoring the breast of the dam with roller compacted concrete to preserve all the desirable effects of the lake, military training, flood control, sediment retention, firefighting and public recreation and to provide the required level of safety. When completed, this project is not expected to increase operating costs.	Fed.	0	0	0	0
Honesdale Readiness Center, Wayne County	State	4,000	0	560	4,560
RENOVATION OF HONESDALE READINESS CENTER: This project will provide for the renovation of exisiting facility to include replacement of the roof, repair masonry, ADA requirements, removal of hazardous material, upgrade infrastructure, add new addition, replace storage buildings, exterior lighting, and repave roads and parking lot and upgrade antiterrorism protection measures. When completed, this project is expected to decrease operating costs by $15,150 annually.	Fed.	5,566	0	1,017	6,583
Combined Surface Maintenance Shop West, Pittsburgh	State	1,800	0	200	2,000
CONSOLIDATE FIELD MAINTENANCE SHOPS: This project will provide for the consolidation of three field maintenance shops in this region into one unit with unheated storage facilities and parking facilities and infrastructure. When completed, this project is expected to decrease operating costs by $55,151 annually.	Fed.	38,500	0	3,460	41,960
York Readiness Center, York County	State	2,500	0	500	3,000
CONSTRUCTION OF A READINESS CENTER: This project will provide for additional funding for the construction of a National Guard readiness center including assembly hall, dining facility, classrooms, administrative offices, storage space, rest rooms, locker rooms and mechanical room. When completed, this project is expected to decrease operating costs by $30,000 annually.	Fed.	1,679	0	1,480	3,159
Everett Readiness Center, Bedford County	State	3,200	0	800	4,000
CONSTRUCTION OF A READINESS CENTER: This project will provide for additional funding for the construction of a National Guard readiness center including assembly hall, dining facility, classrooms, administrative offices, storage space, rest rooms, locker rooms and mechanical room. When completed, this project is expected to decrease operating costs by $15,150 annually.	Fed.	0	0	0	0

Department of Military and Veterans Affairs 2009-10 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: State Military Readiness					
Clearfield Readiness Center, Clearfield County	State	$ 5,200	$ 0	$ 800	$ 6,000
CONSTRUCTION OF A READINESS CENTER: This project will provide for the construction of a National Guard readiness center including assembly hall, dining facility, classrooms, administrative offices, storage space, rest rooms, locker rooms and mechanical room. When completed, this project is expected to decrease operating costs by $15,150 annually.	Fed.	0	0	0	0
Erie Readiness Center, Erie County	State	$ 4,200	$ 0	$ 800	$ 5,000
CONSTRUCTION OF A READINESS CENTER: This project will provide for the construction of a National Guard readiness center including assembly hall, dining facility, classrooms, administrative offices, storage space, rest rooms, locker rooms and mechanical room. When completed, this project is expected to decrease operating costs by $25,150 annually.	Fed.	0	0	0	0
Naniticoke Readiness Center, Luzerne County	State	$ 4,200	$ 0	$ 800	$ 5,000
RENOVATION OF NANTICOKE READINESS CENTER: This project will provide for the renovation of the Nanitcoke Readiness Center including assembly hall, dining facility, classrooms, administrative offices, storage space, rest rooms, locker rooms and mechanical room. When completed, this project is expected to decrease operating costs by $15,150 annually.	Fed.	0	0	0	0
Total State		$ 32,600	$ 0	$ 4,960	$ 37,560
Total Federal		45,745	0	5,957	51,702
PROGRAM TOTAL		$ 78,345	$ 0	$ 10,917	$ 89,262

Department of Military and Veterans Affairs 2009-10 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: Veterans Homes and School					
G. Merli Veterans' Center, Lackawanna County	State	$ 240	$ 0	$ 60	$ 300
RENOVATION OF VETERANS' CENTER: This project will provide for the renovation and general repairs to the Gino J. Merli Veterans' Center including food preparation/dietary systems change, facility roof repair and 155 ton water cooled screw chiller. When completed, this project is not expected to increase operating costs.	Fed.	640	0	160	800
Hollidaysburg Veterans' Home, Blair County	State	3,336	0	834	4,170
RENOVATION OF HOLLIDAYSBURG VETERANS' HOME: This project will provide for the renovation and general repairs of the Hollidaysburg Veterans' Home including upgrading electrical and plumbing in MacArthur Hall, upgrade HVAC, roof replacement, life safety project and dietary tray system. When completed, this project is not expected to increase operating costs.	Fed.	0	0	0	0
Pennsylvania Soldiers' and Sailors' Home, Erie County	State	1,176	0	294	1,470
RENOVATION OF SOLDIERS' & SAILORS' HOME: This project will provide for the renovation and general repairs of the PA Soldiers' and Sailors' Home including replacement of PCU fan coil units, NCU rolled rubber roof and PCU metal roof installation. When completed, this project is not expected to increase operating costs.	Fed.	0	0	0	0
Southwestern Veterans' Center, Allegheny County	State	2,200	0	550	2,750
RENOVATION OF SOUTHWESTERN VETERANS' CENTER: This project will provide for the renovation and general repairs of the Southwestern Veterans' Center including enclosure of patio, facility chiller replacement, perimeter fencing, facility flooring and expansion and replacement of existing parking lot. When completed, this project is not expected to increase operating costs.	Fed.	240	0	60	300
Delaware Valley Veterans' Home, Philadelphia County	State	0	0	0	0
RENOVATION OF DELAWARE VALLEY VETERANS' HOME: This project will provide for the renovation and general repairs of the Delaw Valley Veterans' Home including pavilion, concrete walkway and parking lot expansion. When completed, this project is not expected to increase operating costs.	Fed.	680	0	170	850

Department of Military and Veterans Affairs 2009-10 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: Veterans Homes and School					
Southeastern Veterans' Center, Chester County	State	0	0	0	0
RENOVATION OF SOUTHEASTERN VETERANS' CENTER: This project will provide for the renovation and general repairs of the Southeastern Veterans' Center including the replacement of Tecogen chiller. When completed, this project is not expected to increase operating costs.	Fed.	240	0	60	300
Total State		$ 6,952	$ 0	$ 1,738	$ 8,690
Total Federal		1,800	0	450	2,250
PROGRAM TOTAL		$ 8,752	$ 0	$ 2,188	$ 10,940

DEPARTMENT OF PUBLIC WELFARE

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2009-10 PUBLIC IMPROVEMENT PROJECTS				
Human Services	$ 20,866	$ 0	$ 4,153	$ 25,019
TOTAL PROJECTS	$ 20,866	$ 0	$ 4,153	$ 25,019
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 20,866	$ 0	$ 4,153	$ 25,019
Capital Facilities Fund - Furniture and Equipment	0	0	0	0
TOTAL	$ 20,866	$ 0	$ 4,153	$ 25,019

Department of Public Welfare 2009-10 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Human Services				
Clarks Summit State Hospital, Lackawanna County UPGRADE HVAC & ASSOCIATED ELECTRICAL SYSTEM: This project will provide for the installation of an energy efficient heating and cooling system for residents' bedrooms and common areas. When completed this project is expected to increase electricity expenditures annually.	$ 1,800	$ 0	$ 360	$ 2,160
Ebensburg Center, Cambria County REPLACE STEAM LINES: This project will complete facility wide steam and condensate replacement project to reduce dependency o local supplier. When completed this project is expected to decrease operating costs by $300,000 annually.	1,600	0	320	1,920
Loysville YDC, Perry County CONSTRUCT WATER FILTRATION SYSTEM: This project will construct a water filtration system that is mandated by DEP (supplement to DGS 0588-0009). When completed this project is not expected to increase operating costs.	495	0	99	594
Norristown State Hospital, Montgomery County RENOVATE STEAM CHILLER: This project will provide for the renovation of existing failing absorption steam chiller necessary for the health and safety of the patients. When completed this project is expected to decrease costs by $30,000 annually.	600	0	120	720
White Haven Center, Luzerne County RENOVATE HVAC SYSTEM: This project will upgrade the heating system in residential and program buildings from a radiant system to a more modern, digitally controlled, high efficiency HVAC system. When completed this project is not expected to increase operating costs.	2,800	0	560	3,360
Loysville Cresson STU, Cambria County CONSTRUCT MULTI-PURPOSE SPACE: This project will construct, equip and furnish a multi-purpose space including classroom, gym and kitchen facilities. When completed this project is not expected to increase operating costs.	1,776	0	335	2,111
Warren State Hospital, Warren County RENOVATE FIRE ALARM SYSTEM: This project will renovate fire alarm and suppression system for patient buildings and campus buildings. When completed this project is not expected to increase operating costs.	2,500	0	500	3,000
Polk Center, Venango County REPLACE STORM DRAINS: This project will replace deteriorated sections of storm drains to prevent deterioration of 13 building foundations. When completed this project is not expected to increase operating costs.	1,200	0	240	1,440

Department of Public Welfare 2009-10 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Human Services				
South Mountain Restoration Center, Franklin County CONSTRUCT MULTI-PURPOSE SPACE: This project will construct, equip and furnish a multi-purpose space including classroom, gym and kitchen facilities. When completed this project is not expected to increase operating costs.	$ 1,400	$ 0	$ 280	$ 1,680
Allentown State Hospital, Lehigh County REPLACE FIRE CONTROL SYSTEM: This project will replace the existing main control panel and associated building control panels in the hospital building in order to meet new standards. When completed this project is not expected to increase operating costs.	675	0	135	810
Ebensburg Center, Cambria County REPLACE ROOFING: This project will replace roofing which has outlived its useful life and related structural deterioration. When completed this project is not expected to increase operating costs.	1,320	0	264	1,584
Wernersville State Hospital, Berks County REPAIR DAM: This project will repair the Breech Mill Dam breast and connecting waterway conduits. When completed this project is not expected to increase operating costs.	1,300	0	260	1,560
Torrance State Hospital, Westmoreland County REPLACE HVAC SYSTEM: This project will replace and improve the heating and air conditioning for central areas of Wiseman Building. When completed this project is not expected to increase operating costs.	1,300	0	260	1,560
Norristown State Hospital, Montgomery County INSTALL NEW HVAC SYSTEM: This project will provide for the installation of an efficient HVAC system in the 95,000 square foot building for health of patients and workers. When completed this project is expected to decrease operating costs by $40,000 annually.	2,100	0	420	2,520
PROGRAM TOTAL.....	$ 20,866	$ 0	$ 4,153	$ 25,019

STATE POLICE

Summary of Recommended Authorization Amounts by Program and Source of Funds

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2009-10 PUBLIC IMPROVEMENT PROJECTS				
Public Protection and Law Enforcement	$ 10,750	$ 1,000	$ 2,150	$ 13,900
TOTAL PROJECTS	$ 10,750	$ 1,000	$ 2,150	$ 13,900
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 10,750	$ 1,000	$ 2,150	$ 13,900
TOTAL	$ 10,750	$ 1,000	$ 2,150	$ 13,900

State Police 2009-10 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Public Protection and Law Enforcement				
New Headquarters, Erie, Erie County	$ 10,750	$ 1,000	$ 2,150	$ 13,900
CONSTRUCT NEW ERIE HEADQUARTERS FACILITY: This project will provide for the construction of new headquarters facility, garage, crime lab and aviation hangar to replace existing owned and leased facilities.				
PROGRAM TOTAL.....	$ 10,750	$ 1,000	$ 2,150	$ 13,900

DEPARTMENT OF TRANSPORTATION

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2009-10 PUBLIC IMPROVEMENT PROJECTS				
State Highway and Bridge Maintenance	$ 32,300	$ 15	$ 4,584	$ 36,899
Subtotal	$ 32,300	$ 15	$ 4,584	$ 36,899
TRANSPORTATION ASSISTANCE PROJECTS				
Urban Mass Transportation	$ 322,137	$ 0	$ 8,680	$ 330,817
Subtotal	$ 322,137	$ 0	$ 8,680	$ 330,817
TOTAL PROJECTS	$ 354,437	$ 15	$ 13,264	$ 367,716
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Transportation Assistance	$ 78,123	$ 0	$ 8,680	$ 86,803
Capital Facilities Fund - Public Improvement Projects	32,300	15	4,584	36,899
Current Revenues				
Federal Funds	$ 224,653	$ 0	$ 0	$ 224,653
Local Funds	19,361	0	0	19,361
TOTAL	$ 354,437	$ 15	$ 13,264	$ 367,716

Department of Transportation 2009-10 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Highway and Bridge Maintenance

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Armstrong County Maintenance Facility RENOVATE COUNTY FACILITY: This project will provide for the renovation/expansion to the facility to upgrade building's system improve program requirements and energy efficiency. When complete this project will not increase operating costs	State	$ 1,000	$ 0	$ 150	$ 1,150
	Fed.	0	0	0	0
	Local	0	0	0	0
Butler County Maintenance Facility RENOVATE COUNTY FACILITY: This project will provide for the renovatio and expansion to the facility to bring the building into code complianc upgrade building's systems, improve program requirements and ener efficiency. When completed, this project will not increase operating cost	State	2,500	0	375	2,875
	Fed.	0	0	0	0
	Local	0	0	0	0
Clarion County Maintenance Facility RENOVATE COUNTY FACILITY: This project will provide for the renovatio and expansion to the facility to bring the building into code complianc upgrade building's systems, improve program requirements and ener efficiency. When completed, this project will not increase operating cost	State	750	0	112	862
	Fed.	0	0	0	0
	Local	0	0	0	0
Indiana County Maintenance Facility RENOVATE COUNTY FACILITY: This project will provide for the renovatio and expansion to the facility to bring the building into code complianc upgrade building's systems, improve program requirements and ener efficiency. When completed, this project will not increase operating cost	State	2,000	0	300	2,300
	Fed.	0	0	0	0
	Local	0	0	0	0
Jefferson County Maintenance Facility RENOVATE COUNTY FACILITY: This project will provide for the renovation and expansion to the facility to bring the building into coc compliance, upgrade building's systems, improve program requirement and energy efficiency. When completed, this project will not increas operating costs.	State	1,000	0	150	1,150
	Fed.	0	0	0	0
	Local	0	0	0	0
Lackawanna District 4-0 Office RENOVATE OFFICE FACILITY: This project will provide for the renovatior and expansion to the facility to bring the building into code complianc upgrade building's systems, improve program requirements and energ efficiency. When completed, this project will not increase operating cost	State	1,500	0	300	1,800
	Fed.	0	0	0	0
	Local	0	0	0	0
Lackawanna County RSR Site 55 RENOVATE PARKING LOT: This project will provide for the renovatior and expansion of existing parking lot and entrance/exit ramps t accommodate additional car/truck parking for RSR Site 55 on I81 NB When completed,this project will not increase operating costs	State	2,000	0	300	2,300
	Fed.	0	0	0	0
	Local	0	0	0	0
Perry County Maintenance Facility RENOVATE COUNTY FACILITY: This project will provide for the renovatio and expansion to the facility to bring the building into code complianc upgrade building's systems, improve program requirements and ener efficiency. When completed, this project will not increase operating cost	State	500	0	75	575
	Fed.	0	0	0	0
	Local	0	0	0	0

Department of Transportation 2009-10 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: State Highway and Bridge Maintenance					
Franklin County Maintenance Facility	State	$ 500	$ 0	$ 75	$ 575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Lebanon County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Lehigh District Office 5-0 Facility	State	500	0	75	575
RENOVATE OFFICE FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
of the exterior site improvements including sidewalks, necessary to me	Local	0	0	0	0
program requirements and building deficiencies. When completed, thi					
project will not increase operating costs					
Monroe County Maintenance Facility	State	400	0	60	460
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Montgomery County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Berks County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Carbon County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Northampton County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					

Department of Transportation 2009-10 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: State Highway and Bridge Maintenance					
Montgomery Office District 6-0 Facility	State	$ 1,200	$ 0	$ 180	$ 1,380
RENOVATE OFFICE FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and energ					
efficiency. When completed, this project will not increase operating cost					
Delaware County Maintenance Facility	State	1,200	0	180	1,380
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Erie County Maintenance Facility	State	750	0	112	862
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Venango County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Warren County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Centre County Maintenance Facility	State	500	0	75	575
CONSTRUCT PAINT CREW BUILDING: This project will provide for the	Fed.	0	0	0	0
construction of a new stand alone paint crew facility necessary to me	Local	0	0	0	0
program requirements and building deficiencies. When completed, thi					
project will not increase operating costs					
Clearfield County Maintenance Facility	State	500	0	75	575
CONSTRUCT PAINT CREW BUILDING: This project will provide for the	Fed.	0	0	0	0
construction of a new stand alone paint crew facility necessary to me	Local	0	0	0	0
program requirements and building deficiencies. When completed, thi					
project will not increase operating costs					
McKean County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					

Department of Transportation 2009-10 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: State Highway and Bridge Maintenance					
Juniata County Maintenance Facility	State	$ 500	$ 0	$ 75	$ 575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Lycoming County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Northumberland County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Bradford County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Blair County District Office 9-0	State	300	0	45	345
RENOVATE OFFICE FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and energ					
efficiency. When completed, this project will not increase operating cost					
Huntingdon County Maintenance Facility	State	1,500	15	15	1,530
DEVELOP NEW STOCKPILE FACILITY: This project will provide for the	Fed.	0	0	0	0
development of a new stockpile at Pine Grove Mountain to include si	Local	0	0	0	0
development, design and construction of all required buildings. Whe					
completed, this project will not increase operating cost					
Bedford County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will have $850,000 annua					
operating costs.					
Cambria County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will have $850,000 annua					
operating costs.					

Department of Transportation 2009-10 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: State Highway and Bridge Maintenance					
Fulton County Maintenance Facility	State	$ 500	$ 0	$ 75	$ 575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will have $850,000 annua					
operating costs.					
Fayette County Maintenance Facility	State	500	0	75	575
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will have $850,000 annua					
operating costs.					
Fayette County Salt Storage Facility	State	500	0	75	575
CONSTRUCT SALT STORAGE BUILDING: This project will provide for the	Fed.	0	0	0	0
construction of a new salt storage building to meet program requiremen	Local	0	0	0	0
and winter operations. When completed, this project will have $850,00					
annual operating costs					
Allegheny County Vehicle Wash Facility	State	600	0	90	690
CONSTRUCT VEHICLE WASH FACILITY: This project will provide for the	Fed.	0	0	0	0
construction of a new vehicle wash building at the Allegheny Count	Local	0	0	0	0
Maintenance Garage. When completed, this project will not increas					
operating costs.					
Lawrence County Vehicle Wash Facility	State	600	0	90	690
CONSTRUCT VEHICLE WASH FACILITY: This project will provide for the	Fed.	0	0	0	0
construction of a new vehicle wash building at the Lawrence Count	Local	0	0	0	0
Maintenance Garage. When completed, this project will not increas					
operating costs.					
Lawrence County Maintenance Facility	State	1,500	0	225	1,725
RENOVATE COUNTY FACILITY: This project will provide for the renovatio	Fed.	0	0	0	0
and expansion to the facility to bring the building into code complianc	Local	0	0	0	0
upgrade building's systems, improve program requirements and ener					
efficiency. When completed, this project will not increase operating cost					
Allegheny County Maintenance Facility	State	2,500	0	250	2,750
CONSTRUCT SERVICE/PM BUILDING: This project will provide for the	Fed.	0	0	0	0
construction of a new service/pm building at the Allegheny Count	Local	0	0	0	0
Tunnel-Liberty necessary to meet program requirements and buildin					
deficiencies. When completed, this project will not increase operating cost					
PROGRAM TOTAL.....		$ 32,300	$ 15	$ 4,584	$ 36,899

Department of Transportation 2009-10 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
TRANSPORTATION ASSISTANCE PROJECTS					
Program: Urban Mass Transportation					
All of the following projects are grants to local transportation authorities. Consequently, no staffing or operating cost impacts are provided since these will be borne by local budgets.					
Southeastern Pennsylvania Transportation Authority	State	$ 469	$ 0	$ 52	$ 521
PURCHASE BUSES:	Fed.	2,500	0	0	2,500
This project will provide for the the purchase of 400 hybrid (diesel/electric forty-foot low-floor transit buses to replace buses which have met the useful life.	Local	104	0	0	104
Centre Area Transportation Authority	State	470	0	52	522
REPLACE CNG COMPRESSORS:	Fed.	2,506	0	0	2,506
This project will provide for additional funding for the replacement of CNG compressors in CATA's CNG fueling station and the replacement o 10 CNG transit buses.	Local	105	0	0	105
Southeastern Pennsylvania Transportation Authority	State	3,150	0	350	3,500
RENOVATE CROYDON & LEVITTOWN STATIONS	Fed.	16,800	0	0	16,800
This project will provide for improvements at the Croydon and Levittow stations in Bucks County	Local	700	0	0	700
Southeastern Pennsylvania Transportation Authority	State	6,030	0	670	6,700
RENOVATE GLENSIDE & JENKINTOWN STATIONS:	Fed.	32,160	0	0	32,160
This project will provide for improved intermodal connections between bu and rail at Glenside and Jenkintown Stations including parkin	Local	1,340	0	0	1,340
Southeastern Pennsylvania Transportation Authority	State	12,074	0	1,342	13,416
F.F.Y. 2010 TRANSIT ENHANCEMENT PROGRAM:	Fed.	64,396	0	0	64,396
This project will provide for the bus purchase program, paratransit vehicl purchase, utility fleet renewal, SMART stations, new payment technologie station accessibility, subway stations rehabilitation, track and catena improvements, rail line and substation improvement	Local	2,683	0	0	2,683
Southeastern Pennsylvania Transportation Authority	State	11,610	0	1,290	12,900
F.F.Y. 2010 RAIL MODERNIZATION PROGRAM:	Fed.	61,920	0	0	61,920
This project will provide for the SMART stations, new payment technologie station accessibility, subway station rehabilitation, rehabilitation of city ha and 15th Street stations, track and catenary improvements, regional ra improvements and substation improvements	Local	2,580	0	0	2,580
Southeastern Pennsylvania Transportation Authority	State	378	0	42	420
F.F.Y. 2010 TRANSIT ENHANCEMENT PROGRAM:	Fed.	2,016	0	0	2,016
This project will provide for historic preservation, rehabilitation and relate activities; bus shelters, landscaping, signage and enhanced access t transit for persons with disabilities	Local	84	0	0	84
Southeastern Pennsylvania Transportation Authority	State	3,240	0	360	3,600
F.F.Y. 2010 BUS PURCHASE PROGRAM:	Fed.	17,280	0	0	17,280
This project will provide for the acquisition of 400 accessible (diesel/electric) 40 foot low floor buses and will include a pricing option for an additional 80 buses, which have met their useful life.	Local	720	0	0	720

Department of Transportation 2009-10 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
TRANSPORTATION ASSISTANCE PROJECTS (continued)					
Program: Urban Mass Transportation (continued)					
Southeastern Pennsylvania Transportation Authority	State	$ 751	$ 0	$ 83	$ 834
F.F.Y. 2010 FEDERAL HIGHWAY FLEX PROJECTS:	Fed.	4,003	0	0	4,003
This project will provide for the upgrading of warning devices at variou railroad/highway grade crossings and the construction of capital project that will improve air quality and reduce congestio	Local	167	0	0	167
Port Authority of Allegheny County	State	1,215	0	135	1,350
CONSTRUCT PARKING FACILITY:	Fed.	6,480	0	0	6,480
This will provide the Alpine Village Park and Ride Facility for the complet design and construction of additional spaces at the park and ride locate near the interchange of route 22 and 286 in Monroevill	Local	270	0	0	270
Area Transportation Authority	State	783	0	87	870
REPLACEMENT OF VEHICLES:	Fed.	4,176	0	0	4,176
This project will provide for bus replacements, which include 13 heav duty mass transit vehicles and up to 27 Sprinter vehicles. The Monro Township vehicles project will provide additional fundin	Local	174	0	0	174
Berks Area Reading Transportation Authority	State	215	0	24	239
PURCHASE NEW BUSES:	Fed.	1,147	0	0	1,147
This project will provide for BARTA's replacement of 10 paratransi vehicles and the purchase of an automatic vehicle locator (AVL) syste	Local	48	0	0	48
Center Area Transportation Authority	State	165	0	18	183
ADVANCED PUBLIC TRANSPORTATION SYSTEM:	Fed.	878	0	0	878
This project will provide for the second phase of the Advanced Publi Transportation System an automatic vehicle locator system. It will als provide for the purchase of 12 new vans, for the expansion of tw additional vanpools and facility improvements, including replacement of th roof membrane over the maintenance and bus storage areas of the facili	Local	37	0	0	37
Crawford Area Transportation Authority	State	239	0	27	266
CONSTRUCT NEW FACILITY:	Fed.	1,277	0	0	1,277
This project will provide for additional funding for the Crawford Are Transportation Authority's Intermodal/ Administrative Facilit	Local	53	0	0	53
Fayette Area Coordinated Transportation	State	135	0	15	150
PURCHASE BUSES:	Fed.	720	0	0	720
This project will provide for Fayette Area Coordinated Transportation replacement of a fixed route vehicle, facility upgrades, and trans equipment.	Local	30	0	0	30
Mid Mon Valley Transit Authority	State	529	0	59	588
REPLACE & MODERNIZE BUS MAINTENANCE FACILITY	Fed.	2,822	0	0	2,822
This project will provide for Mid Mon Valley Transit Authority's replaceme of 3 buses, modernization of its bus maintenance facility for bus storage and refurbish bus lanes in front of the transit center to load wheelcha passengers more safely	Local	118	0	0	118
Red Rose Transit Authority	State	360	0	40	400
REPLACE BUSES:	Fed.	1,920	0	0	1,920
This project will provide for Red Rose Transit Authority's replacement of mass transit buses which have met their useful life	Local	80	0	0	80

Department of Transportation 2009-10 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
TRANSPORTATION ASSISTANCE PROJECTS (continued)					
Program: Urban Mass Transportation (continued)					
Red Rose Transit Authority	State	$ 182	$ 0	$ 20	$ 202
COMMUNICATIONS IMPROVEMENTS & PURCHASE OF TRANSIT VEHICLES:	Fed.	970	0	0	970
This project will provide for Red Rose Transit Authority's communicatio improvement program and the purchase of twelve shared ride sma transit vehicles	Local	40	0	0	40
City of Washington	State	128	0	14	142
REPLACE TWO TRANSIT BUSES:	Fed.	682	0	0	682
This project will provide for the City of Washington's replacement of tw transit buses which have met their useful life	Local	28	0	0	28
Southeastern Pennsylvania Transportation Authority	State	27,000	0	3,000	30,000
VEHICLE OVERHAUL PROGRAM:	Fed.	0	0	0	0
This project will provide for SEPTA's F.Y. 2009-2010 Vehicle Overhau Program, which provides for the major overhaul of SEPTA's rolling stoc	Local	7,500	0	0	7,500
Southeastern Pennsylvania Transportation Authority	State	9,000	0	1,000	10,000
INFRASTRUCTURE SAFETY RENEWAL PROGRAM:	Fed.	0	0	0	0
This project will provide for SEPTA's FY 2008-2009 Infrastructure Safety Renewal Program, which includes improvements to stations, signals track, power and buildings	Local	2,500	0	0	2,500
TOTAL STATE FUNDS		$ 78,123	$ 0	$ 8,680	$ 86,803
TOTAL FEDERAL FUNDS		224,653	0	0	224,653
TOTAL LOCAL FUNDS		19,361	0	0	19,361
PROGRAM TOTAL		$ 322,137	$ 0	$ 8,680	$ 330,817

FORECAST OF FUTURE NEW PROJECT AUTHORIZATIONS
State Funds

This table provides a summary of the estimated level of future authorizations by department from bond funds and current revenue sources.

(Dollar Amounts in Thousands)

	2010-11	2011-12	2012-13	2013-14
Agriculture	$ 0	$ 0	$ 0	$ 0
Conservation and Natural Resources	86,300	121,000	114,000	106,800
Corrections	0	0	0	0
Education	151,800	151,000	170,000	187,500
Emergency Management and Homeland Security	0	0	0	0
Environmental Protection	35,071	26,348	48,833	4,895
Fish and Boat Commission	2,000	1,500	1,000	1,000
Game Commission	2,000	1,000	1,000	1,000
General Services	0	0	0	0
Historical and Museum Commission	60,600	33,300	32,800	142,713
Military and Veterans Affairs	0	0	0	0
Public Welfare	23,904	20,461	0	0
State Police	0	0	0	0
Transportation	450,000	450,000	450,000	450,000
TOTAL	$ 811,675	$ 804,609	$ 817,633	$ 893,908

Forecast of Future Projects

This section contains estimated authorizations (State funds only) for future Capital Budgets from 2010-11 through 2013-14. Amounts in this section are grouped by department, along with the general types of projects involved, and are identified by capital project category

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Agriculture PUBLIC IMPROVEMENT PROJECTS: Provides for improvements a the Farm Show Complex and the laborator	$ 0	$ 0	$ 0	$ 0
Conservation and Natural Resources PUBLIC IMPROVEMENT PROJECTS: Provides for construction anc renovation of support, day use, camping facilities and utili systems at the state parks; construction of district offices, centra garages, radio communications systems and rehabilitation of fore roads in forest districts. Also may include original furniture an equipment authorizations	46,300	80,000	72,000	63,800
Corrections PUBLIC IMPROVEMENT PROJECTS: Provides for construction anc renovation of administrative, industrial, educational and housi facilities and utilities at the state-owned correctional institution Also may include original furniture and equipment authorization	0	0	0	0
Education PUBLIC IMPROVEMENT PROJECTS: Provides for construction expansion, renovation and conversion of classroom and auxili buildings, utilities and recreational facilities for the State System Higher Education, State-Owned Schools and for the State-Relate Universities. Also may include original furniture and equipmer authorizations	151,800	151,000	170,000	187,500
Emergency Management and Homeland Security PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovations at the State Fire Academy, Emergency Operations Cente around the state and other emergency facilitie	0	0	0	0
Environmental Protection PUBLIC IMPROVEMENT PROJECTS: Provides for construction anc improvement projects to protect the environment and the health a safety of citizens using state lands and waterways. These projec include flood protection construction. Also may include original furnitur and equipment authorizations	35,071	26,348	48,833	4,895
Environmental Protection FLOOD CONTROL PROJECTS: Provides for the state share o federal flood control projects including the construction an improvement of levees, dikes, walls, revetments, dams, lake reservoirs and other works deemed necessary to control floods. Als will control, preserve and regulate the flow of rivers and stream	0	0	0	0
General Services PUBLIC IMPROVEMENT PROJECTS: Provides for the construction, renovation and improvements to state office buildings and facilitie	0	0	0	0
Historical and Museum Commission PUBLIC IMPROVEMENT PROJECTS: Provides for restoration anc renovation of historic facilities, installation of fire and securi systems, development of fixed exhibits and miscellaneous buildi and utility improvements at commonwealth owned museums a historic sites. Also may include original furniture and equipmer authorizations	$ 60,600	$ 33,300	$ 32,800	$ 142,713

Forecast of Future Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS (continued	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Military and Veterans Affairs	0	0	0	0
PUBLIC IMPROVEMENT PROJECTS: Provides for land acquisition renovations, additions and replacement at the state armories a veterans' homes. Also may include original furniture and equipme authorizations				
Public Welfare	23,904	20,461	0	0
PUBLIC IMPROVEMENT PROJECTS: Provides for construction anc renovation of patient buildings, support facilities and utilities at tl state institutions for the mentally ill and mentally retarded, restorati centers and youth development centers. Also may include origin furniture and equipment authorizations				
State Police	0	0	0	0
PUBLIC IMPROVEMENT PROJECTS: Provides for renovation expansion and construction of troop headquarters/station faciliti and driver examination facilities. Also may include original furniture a equipment authorizations				
Transportation	0	0	0	0
PUBLIC IMPROVEMENT PROJECTS: Provides for construction o and additions to highway maintenance and district office building driver examination facilities, welcome centers and state-own airport facilities. Also may include original furniture and equipmer authorizations				
Transportation	150,000	150,000	150,000	150,000
TRANSPORTATION ASSISTANCE PROJECTS: Provides for the purchase/rehabilitation of rolling stock and equipment and f construction/renovation of facilities operated by local ma transportation agencies. Also includes the purchase an improvement of rail lines				
CAPITAL FACILITIES BOND FUNDS				
Total — Public Improvement Program	#REF!	#REF!	#REF!	#REF!
Total — Flood Control Program	0	0	0	0
Total — Transportation Assistance Program	150,000	150,000	150,000	150,000
SUBTOTAL— CAPITAL FACILITIES BOND FUNDS	#REF!	#REF!	#REF!	#REF!

Forecast of Future Projects

(Dollar Amounts in Thousands)

	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
FROM CURRENT REVENUES				
Conservation and Natural Resources PUBLIC IMPROVEMENT PROJECTS — KEYSTONE RECREATION, PARK AND CONSERVATION FUND: Provides for the rehabilitation repair and development of state park and forest facilities which a critical for visitor safety and environmental protection or essent for facility operation.	$ 15,000	$ 16,000	$ 17,000	$ 18,000
Conservation and Natural Resources PUBLIC IMPROVEMENT PROJECTS — ENVIRONMENTAL STEWARDSHIP FUND: Provides for the acquisition, rehabilitation anc development of open space, forests, parks and scenic environment	25,000	25,000	25,000	25,000
Fish and Boat Commission PUBLIC IMPROVEMENT PROJECTS — FISH AND BOAT FUND: Provides for acquisition of property, construction of new capital asset and renovation of existing facilities for the development of fisheries a recreational boating facilities	2,000	1,500	1,000	1,000
Game Commission PUBLIC IMPROVEMENT PROJECTS — GAME FUND: Provides for acquisition of additional state game lands	2,000	1,000	1,000	1,000
Transportation HIGHWAY PROJECTS — MOTOR LICENSE FUND: Provides for the purchase of right-of-way, construction, and reconstruction c highways and bridges on the commonwealth road system and maj federally designated safety projects	300,000	300,000	300,000	300,000
CURRENT REVENUES				
Total – Public Improvement Program	$ 44,000	$ 43,500	$ 44,000	$ 45,000
Total – Highway Program	300,000	300,000	300,000	300,000
SUBTOTAL – CURRENT REVENUES	$ 344,000	$ 343,500	$ 344,000	$ 345,000
TOTAL – ALL PROGRAMS	#REF!	#REF!	#REF!	#REF!

ESTIMATED CAPITAL PROJECT EXPENDITURES BY DEPARTMENT

This table provides a summary of total estimated capital expenditures for state funds by department.

(Dollar Amounts in Thousands)

Department	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Executive Offices	$ 17,007	$ 30,509	$ 18,733	$ 5,951	$ 1,751
Agriculture	21,250	10,118	4,615	1,825	425
Conservation and Natural Resources	50,714	74,115	64,097	70,421	90,872
Community and Economic Development	292,995	479,399	439,853	421,152	257,289
Corrections	120,209	494,358	277,581	112,870	12,870
Education	165,010	249,100	158,186	130,865	150,480
Emergency Management and Homeland Security	519	2,025	1,319	1,353	1,353
Environmental Protection	23,034	20,391	12,070	16,802	25,732
Fish and Boat Commission	750	750	750	750	750
General Services	439,338	338,181	47,043	42,853	42,853
Historical and Museum Commission	9,185	23,232	23,840	30,662	42,771
Military and Veterans Affairs	62,763	26,478	15,051	15,170	15,170
Public Welfare	7,384	10,907	10,179	13,342	16,960
State Police	5,135	5,519	3,603	3,641	3,641
Transportation	573,196	575,920	567,376	568,197	560,827
TOTAL - ALL STATE FUNDS	$ 1,788,489	$ 2,341,001	$ 1,644,296	$ 1,435,854	$ 1,223,743

Totals may not add due to rounding.

Estimate of Capital Expenditures

This table provides estimated capital expenditures by department for currently authorized capital projects, projects recommended in this budget and potential future authorizations.

(Dollar Amounts in Thousands)

	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
CAPITAL FACILITIES BOND FUNDS					
Executive Offices					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 12,633	$ 19,422	$ 14,308	$ 5,951	$ 1,751
Furniture and Equipment	4,374	11,087	4,425	0	0
Projects in 2009-10 Budget					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
TOTAL - EXECUTIVE OFFICES	$ 17,007	$ 30,509	$ 18,733	$ 5,951	$ 1,751
Agriculture					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 21,250	$ 10,118	$ 4,615	$ 1,825	$ 425
Furniture and Equipment	0	0	0	0	0
Projects in 2009-10 Budget					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
TOTAL - AGRICULTURE	$ 21,250	$ 10,118	$ 4,615	$ 1,825	$ 425
Conservation and Natural Resources					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 20,867	$ 26,018	$ 14,534	$ 9,710	$ 7,210
Furniture and Equipment	0	787	262	0	0
Projects in 2009-10 Budget					
Buildings and Structures	903	8,125	13,542	13,542	13,542
Furniture and Equipment	2,999	9,000	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	463	4,967	14,865	30,693
Furniture and Equipment	0	0	0	0	0
TOTAL - CONSERVATION AND NATURAL RESOURCES	$ 24,769	$ 44,393	$ 33,305	$ 38,117	$ 51,445
Community and Economic Development					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 23,689	$ 68,975	$ 48,720	$ 30,019	$ 28,919
Furniture and Equipment	0	0	0	0	0
Projects in 2009-10 Budget					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Subtotal	$ 23,689	$ 68,975	$ 48,720	$ 30,019	$ 28,919
Redevelopment Assistance Projects					
Projects Currently Authorized					
Acquisition and Construction	$ 269,306	$ 410,424	$ 391,133	$ 391,133	$ 228,370
TOTAL - COMMUNITY AND ECONOMIC DEVELOPMENT	$ 292,995	$ 479,399	$ 439,853	$ 421,152	$ 257,289

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Corrections					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 119,922	$ 491,777	$ 273,279	$ 108,568	$ 8,568
Furniture and Equipment	0	0	0	0	0
Projects in 2009-10 Budget					
Buildings and Structures	287	2,581	4,302	4,302	4,302
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
TOTAL - CORRECTIONS	$ 120,209	$ 494,358	$ 277,581	$ 112,870	$ 12,870
Education					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 158,345	$ 211,711	$ 120,442	$ 77,505	$ 57,405
Furniture and Equipment	4,020	21,815	7,272	0	0
Projects in 2009-10 Budget					
Buildings and Structures	1,020	9,180	15,300	15,300	15,300
Furniture and Equipment	1,625	4,876	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	1,518	15,172	38,060	77,775
Furniture and Equipment	0	0	0	0	0
TOTAL - EDUCATION	$ 165,010	$ 249,100	$ 158,186	$ 130,865	$ 150,480
Emergency Management and Homeland Security					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 519	$ 2,025	$ 1,319	$ 1,353	$ 1,353
Furniture and Equipment	0	0	0	0	0
Projects in 2009-10 Budget					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
TOTAL - EMERGENCY MANAGEMENT AND HOMELAND SECURITY	$ 519	$ 2,025	$ 1,319	$ 1,353	$ 1,353
Environmental Protection					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 2,029	$ 12,891	$ 8,359	$ 8,568	$ 8,568
Furniture and Equipment	0	0	0	0	0
Projects in 2009-10 Budget					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	351	3,419	8,120	17,164
Furniture and Equipment	0	0	0	0	0
Subtotal	$ 2,029	$ 13,242	$ 11,778	$ 16,688	$ 25,732
Flood Control Projects					
Projects Currently Authorized					
Structures and Improvements	$ 21,005	$ 7,149	$ 292	$ 114	$ 0
Projects in 2009-10 Budget					
Structures and Improvements	0	0	0	0	0
Future Projects (2010-14)					
Structures and Improvements	0	0	0	0	0
Subtotal	$ 21,005	$ 7,149	$ 292	$ 114	$ 0
TOTAL - ENVIRONMENTAL PROTECTION	$ 23,034	$ 20,391	$ 12,070	$ 16,802	$ 25,732

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
General Services					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 438,410	$ 317,874	$ 33,295	$ 34,129	$ 34,129
Furniture and Equipment	346	15,073	5,024	0	0
Projects in 2009-10 Budget					
Buildings and Structures	582	5,234	8,724	8,724	8,724
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
TOTAL - GENERAL SERVICES	$ 439,338	$ 338,181	$ 47,043	$ 42,853	$ 42,853
Historical and Museum Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 8,579	$ 17,082	$ 8,933	$ 9,157	$ 9,157
Furniture and Equipment	0	90	30	0	0
Projects in 2009-10 Budget					
Buildings and Structures	606	5,454	9,090	9,090	9,090
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	606	5,787	12,415	24,524
Furniture and Equipment	0	0	0	0	0
TOTAL - HISTORICAL AND MUSEUM	$ 9,185	$ 23,232	$ 23,840	$ 30,662	$ 42,771
Military and Veterans Affairs					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 62,297	$ 22,042	$ 7,980	$ 8,180	$ 8,180
Furniture and Equipment	0	242	81	0	0
Projects in 2009-10 Budget					
Buildings and Structures	466	4,194	6,990	6,990	6,990
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
TOTAL - MILITARY AFFAIRS	$ 62,763	$ 26,478	$ 15,051	$ 15,170	$ 15,170
Public Welfare					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 7,134	$ 8,388	$ 4,061	$ 4,162	$ 4,162
Furniture and Equipment	0	28	9	0	0
Projects in 2009-10 Budget					
Buildings and Structures	250	2,252	3,753	3,753	3,753
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	239	2,356	5,427	9,045
Furniture and Equipment	0	0	0	0	0
TOTAL - PUBLIC WELFARE	$ 7,384	$ 10,907	$ 10,179	$ 13,342	$ 16,960

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
State Police					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 4,996	$ 4,268	$ 1,518	$ 1,556	$ 1,556
Furniture and Equipment	0	0	0	0	0
Projects in 2009-10 Budget					
Buildings and Structures	139	1,251	2,085	2,085	2,085
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
TOTAL - STATE POLICE	$ 5,135	$ 5,519	$ 3,603	$ 3,641	$ 3,641
Transportation					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 1,442	$ 9,819	$ 6,397	$ 6,557	$ 6,557
Furniture and Equipment	0	0	0	0	0
Projects in 2009-10 Budget					
Buildings and Structures	369	3,321	5,535	5,535	5,535
Furniture and Equipment	0	0	0	0	0
Future Projects (2010-14)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Subtotal	$ 1,811	$ 13,140	$ 11,932	$ 12,092	$ 12,092
Transportation Assistance Projects					
Projects Currently Authorized					
Mass Transit, Rail and Air	$ 175,000	$ 166,000	$ 157,000	$ 139,000	$ 133,000
Projects in 2009-10 Budget					
Mass Transit, Rail and Air	0	9,000	13,000	17,000	9,000
Future Projects (2010-14)					
Mass Transit, Rail and Air	0	0	5,000	19,000	33,000
Subtotal	$ 175,000	$ 175,000	$ 175,000	$ 175,000	$ 175,000
TOTAL - TRANSPORTATION	$ 176,811	$ 188,140	$ 186,932	$ 187,092	$ 187,092
TOTAL - CAPITAL FACILITIES BOND FUNDS					
Public Improvement Projects					
Buildings and Structures	$ 886,734	$ 1,267,179	$ 648,782	$ 455,448	$ 406,462
Furniture and Equipment	13,364	62,998	17,103	0	0
Redevelopment Assistance Projects					
Acquistion and Construction	269,306	410,424	391,133	391,133	228,370
Flood Control Projects					
Structures and Improvements	21,005	7,149	292	114	0
Transportation Assistance Projects					
Mass Transit, Rail and Air	175,000	175,000	175,000	175,000	175,000
TOTAL	$ 1,365,409	$ 1,922,750	$ 1,232,310	$ 1,021,695	$ 809,832

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
CURRENT REVENUES					
FISH AND BOAT FUND					
Fish and Boat Commission					
Public Improvement Projects					
Projects Currently Authorized	$ 750	$ 750	$ 750	$ 750	$ 750
Projects in 2009-10 Budget	0	0	0	0	0
Future Projects (2010-14)	0	0	0	0	0
TOTAL - FISH AND BOAT COMMISSION	$ 750	$ 750	$ 750	$ 750	$ 750
KEYSTONE RECREATION, PARK AND CONSERVATION FUND					
Conservation and Natural Resources					
Keystone Recreation, Park and Conservation Projects - Acquisition, Improvements and Restoration					
Projects Currently Authorized	$ 18,040	$ 11,233	$ 6,028	$ 0	$ 0
Projects in 2009-10 Budget	0	4,228	6,341	8,455	9,512
Future Projects (2010-14)	0	2,500	6,250	11,250	16,875
Subtotal	$ 18,040	$ 17,961	$ 18,619	$ 19,705	$ 26,387
ENVIRONMENTAL STEWARDSHIP FUND					
Conservation and Natural Resources					
Environmental Stewardship Projects - Acquisition, Rehabilitation and Development					
Projects Currently Authorized	$ 7,905	$ 8,367	$ 3,779	$ 455	$ 896
Projects in 2009-10 Budget	0	894	894	894	894
Future Projects (2010-14)	0	2,500	7,500	11,250	11,250
Subtotal	$ 7,905	$ 11,761	$ 12,173	$ 12,599	$ 13,040
TOTAL - CONSERVATION AND NATURAL RESOURCES	$ 25,945	$ 29,722	$ 30,792	$ 32,304	$ 39,427
MOTOR LICENSE FUND					
Transportation					
Highway and Bridge Projects					
Projects Currently Authorized	$ 396,385	$ 379,785	$ 372,435	$ 361,047	$ 341,586
Projects in 2009-10 Budget	0	0	0	0	0
Future Projects (2010-14)	0	7,995	8,009	20,058	32,149
TOTAL - TRANSPORTATION	$ 396,385	$ 387,780	$ 380,444	$ 381,105	$ 373,735

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
TOTAL - CURRENT REVENUES					
Public Improvement Projects					
Fish and Boat Fund	$ 750	$ 750	$ 750	$ 750	$ 750
Acquisition, Improvement and Restoration Projects					
Keystone Recreation, Park and Conservation Fund	18,040	17,961	18,619	19,705	26,387
Acquisition, Rehabilitation and Development Projects					
Environmental Stewardship Fund	7,905	11,761	12,173	12,599	13,040
Highway and Bridge Projects					
Motor License Fund	396,385	387,780	380,444	381,105	373,735
TOTAL - CURRENT REVENUES	$ 423,080	$ 418,252	$ 411,986	$ 414,159	$ 413,912
TOTAL - ALL STATE FUNDS	$ 1,788,489	$ 2,341,001	$ 1,644,296	$ 1,435,854	$ 1,223,743

Totals may not add due to rounding.

PUBLIC DEBT

This section presents data on the debt obligations of the commonwealth. Debt financing is used by the commonwealth to finance its capital programs, finance voter-approved bond referendums, and fund certain disaster relief programs. Most long-term financing by the commonwealth is provided by the issuance of general obligation debt. Appropriation-backed debt has been used in limited instances for capital purposes. Data on such debt is included in this presentation only in the calculation of the debt ratios shown.

The Commonwealth Constitution permits debt to be issued for (i) capital projects in approved capital budgets; (ii) purposes approved by voter referendum; and (iii) response to disasters. The following items are guidelines the commonwealth follows in executing its capital and other debt financing activities:

- Referenda to authorize additional debt should be submitted to the voters only for critical needs when sufficient other resources are not available.
- The general obligation pledge of the commonwealth is the preferred source of security for commonwealth debt.
- A moral obligation pledge of the commonwealth should not be given beyond those already given.
- Revenue pledges are to be used only by independent agencies and authorities that cannot pledge the commonwealth's general obligation.
- Lease revenue debt should be used only when budgetary restraints prohibit current revenue funding for assets that are infrequently obtained and do not meet capital project definitions.
- Debt should be structured to mature within the useful life of the projects being financed.
- All long-term financing should be sold by competitive bid.
- Short-term borrowing should not comprise a majority of outstanding debt.
- Debt service paid by the General Fund should not exceed five percent of revenues.
- Capital projects addressing health, safety and public protection receive top priority for activation. New construction projects have the lowest priority.
- Highway capital projects should be funded from current revenues of the Motor License Fund.

DEBT AUTHORIZED, ISSUED AND OUTSTANDING

The following statement reflects the debt of the commonwealth as of December 31, 2008. Issues for which all authorized debt has been previously issued and for which said debt has been completely redeemed are not included. The Constitution permits capital budget debt to be issued without voter approval but subject to a debt limit. Except for debt issued for disaster recovery purposes, all other debt requires voter approval.

(Dollar Amounts in Thousands)

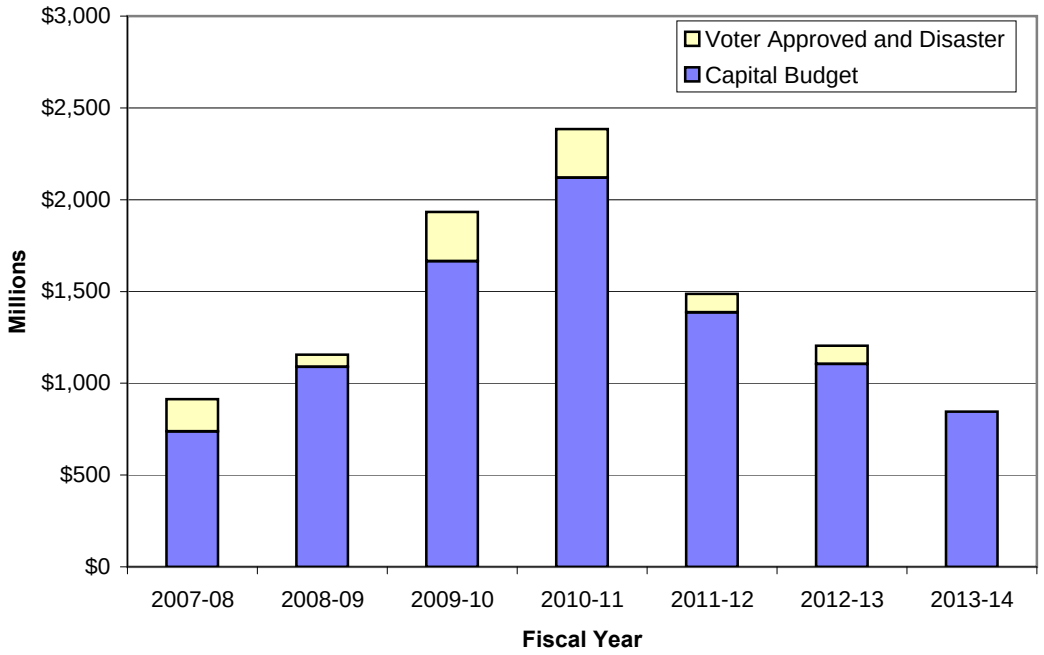
Debt Subject to Constitutional Limit	Total Debt Authorized	Total Original Debt Issued	Debt Outstanding*
Capital Budget	$ 93,202,536	$ 16,832,130	$ 5,024,101
Capital Budget Refunding Bonds Outstanding	.....	.....	2,485,994
Less: Capital Debt Fund Balance	.....	.....	0
Subtotal	$ 93,202,536	$ 16,832,130	$ 7,510,095
Debt Not Subject to Constitutional Limit - Voter Approved and Disaster			
Disaster Relief	$ 192,708	$ 170,800	$ 0
Disaster Relief 1996	110,000	26,000	4,995
Economic Revitalization	190,000	176,000	1,790
Land and Water Development	500,000	499,700	900
Vietnam Veterans' Compensation	65,000	62,000	0
Volunteer Companies Loan	100,000	50,000	295
Water Facilities - 1981 Referendum	300,000	288,500	6,555
PENNVEST- 1988 & 1992 Referenda	650,000	498,000	119,190
PENNVEST- 2008 Referendum	400,000	0	0
Agricultural Conservation Easement	100,000	100,000	2,380
Local Criminal Justice	200,000	197,000	5,435
Nursing Home Loans	100,000	69,000	0
Keystone Recreation, Park and Conservation	50,000	50,000	0
Water Supply and Wastewater Infrastructure	250,000	191,000	184,085
Growing Greener	625,000	344,500	330,830
Persian Gulf Conflict Veterans' Compensation	20,000	7,000	7,000
Refunding Bonds Outstanding	.....	.....	333,376
Less: Non-capital Sinking Fund Balances	.....	.....	-992
Subtotal	$ 3,852,708	$ 2,729,500	$ 995,839
TOTAL	$ 97,055,244	$ 19,561,630	$ 8,505,934

* Total of debt issued plus accreted interest on capital appreciation bonds less debt redeemed or refunded.

GENERAL OBLIGATION BOND ISSUES
2007-08 Through 2013-14

This table shows the projected amount of general obligation bonds of the commonwealth to be issued during the prior and current fiscal year and the subsequent five fiscal years based on current projects. Refunding bonds are not included in the data.

New General Obligation Bond Issues

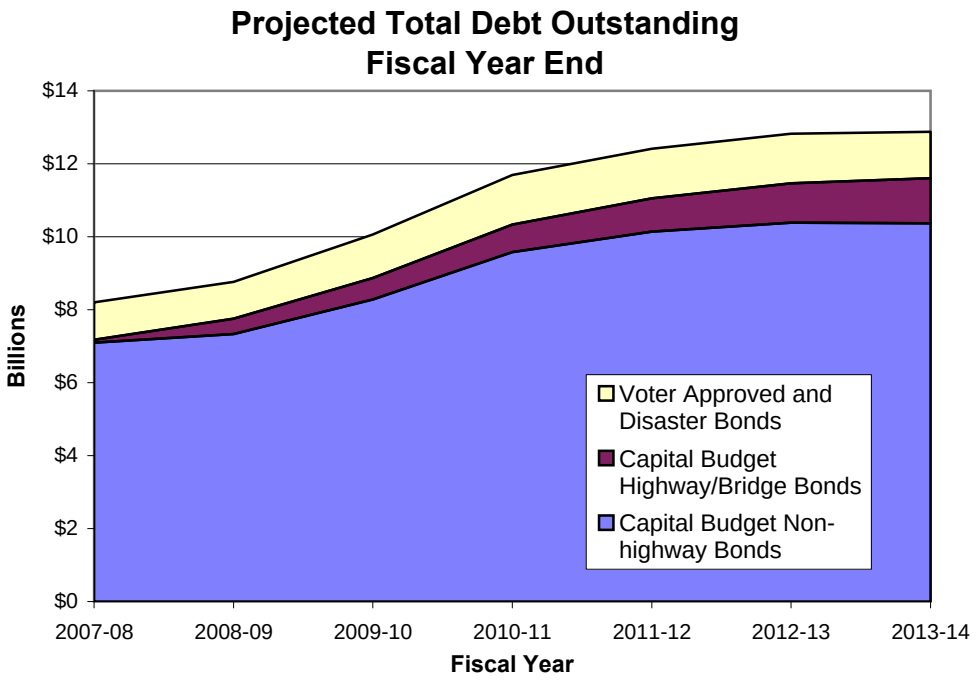


(Dollar Amounts in Thousands)

General Obligation Bond Issues	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Capital Budget							
Buildings and Structures	$ 320,000	$ 339,000	$ 920,000	$ 1,290,000	$ 675,000	$ 480,000	$ 420,000
Flood Control	7,000	5,000	30,000	65,000	0	0	0
Furnishings and Equipment	10,000	15,000	15,000	60,000	10,000	0	0
Redevelopment Assistance	250,000	200,000	325,000	330,000	325,000	250,000	50,000
Transportation Assistance	150,000	180,000	175,000	175,000	175,000	175,000	175,000
Bridge Projects	0	350,000	200,000	200,000	200,000	200,000	200,000
Subtotal	$ 737,000	$ 1,089,000	$ 1,665,000	$ 2,120,000	$ 1,385,000	$ 1,105,000	$ 845,000
Voter Approved and Disaster							
Disaster Relief	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Local Criminal Justice	1,500	0	0	0	0	0	0
PENNVEST -- 1988, 1992 & 2008 Ref	0	0	100,000	100,000	100,000	100,000	0
Water and Wastewater Referendum	58,000	0	45,000	39,000	0	0	0
Growing Greener Referendum	109,500	65,000	120,000	120,500	0	0	0
Persian Gulf Conflict Veterans' Comp	7,000	2,500	3,000	5,000	2,500	0	0
Subtotal	$ 176,000	$ 67,500	$ 268,000	$ 264,500	$ 102,500	$ 100,000	$ 0
TOTAL	$ 913,000	$ 1,156,500	$ 1,933,000	$ 2,384,500	$ 1,487,500	$ 1,205,000	$ 845,000

GENERAL OBLIGATION DEBT OUTSTANDING
2007-08 Through 2013-14

Outstanding debt of the commonwealth is projected using the proposed bond issuance contained in this budget and encompasses all general obligation debt. Sinking fund balances are excluded. Only capital budget debt is subject to the constitutional debt limit [Article VIII, Section 7(a)(4)].

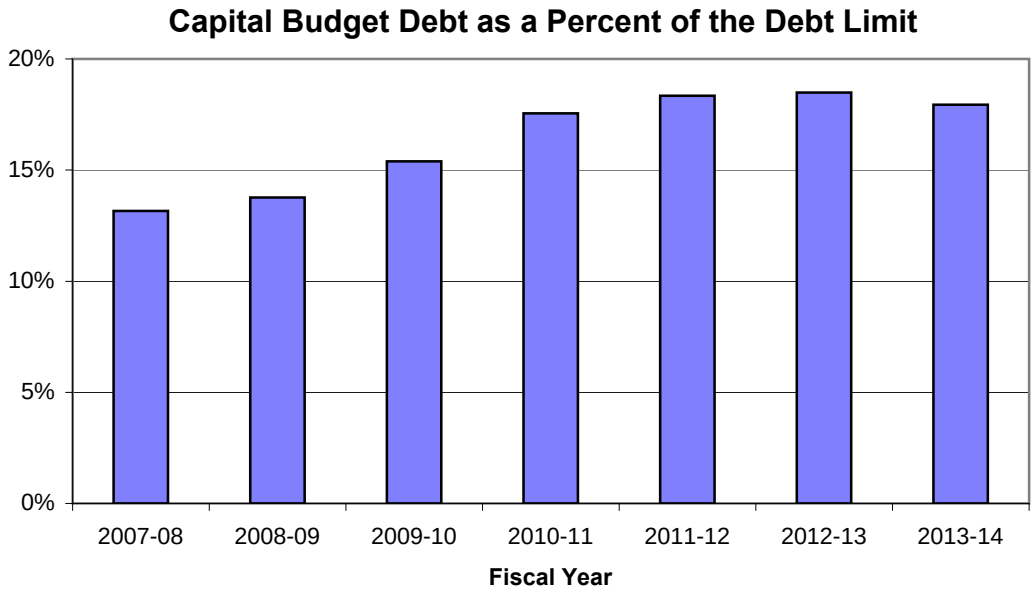


(Dollar Amounts in Thousands)

Fiscal Year End Debt Outstanding	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Capital Budget Non-highway Bonds.....	$ 7,094,214	$ 7,337,406	$ 8,278,772	$ 9,576,759	$ 10,137,129	$ 10,388,959	$ 10,368,440
Capital Budget Highway/Bridge Bonds.	85,600	415,008	587,279	752,925	913,827	1,075,072	1,234,065
Voter Approved and Disaster Bonds.....	1,020,445	1,008,798	1,193,727	1,365,935	1,365,590	1,362,335	1,276,778
TOTAL.....	$ 8,200,259	$ 8,761,212	$ 10,059,778	$ 11,695,619	$ 12,416,546	$ 12,826,366	$ 12,879,283

CONSTITUTIONAL DEBT LIMIT
2007-08 Through 2013-14

The state constitution limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five (5) fiscal years. Voter approved and disaster relief debt are not subject to the constitutional debt limit. The table and chart below present actual data for one fiscal year and current projections for six fiscal years.



(Dollar Amounts in Thousands)

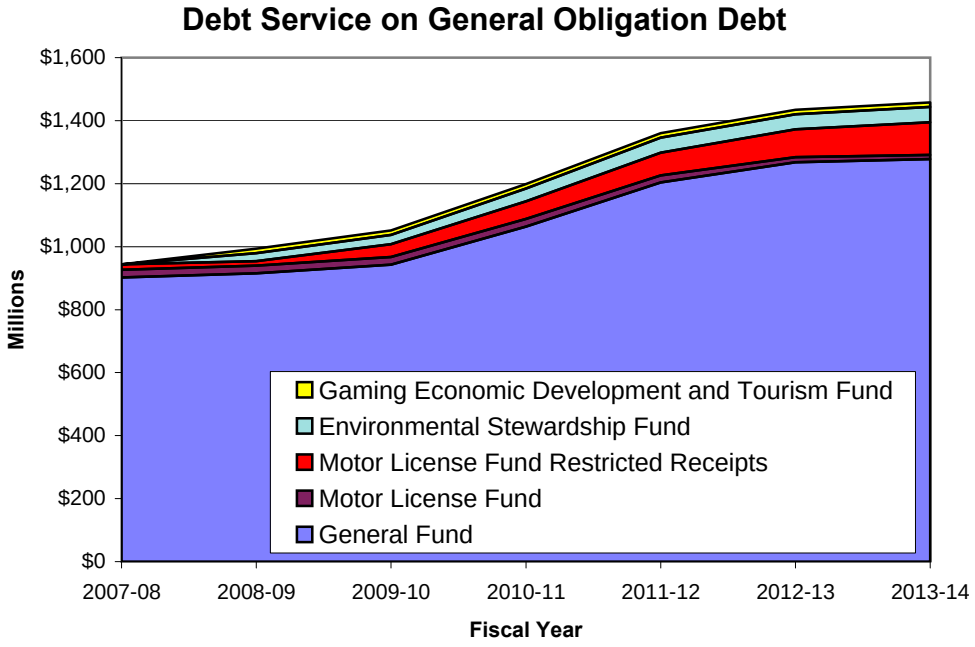
	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
Debt Limit Projection							
Capital Budget Debt Subject to Constitutional Debt Limit:							
Outstanding Debt Beginning of Fiscal Year.....	$ 6,918,782	$ 7,158,029	$ 7,752,414	$ 8,866,051	$ 10,329,684	$ 11,050,956	$ 11,464,031
Debt to be Issued.....	737,000	1,089,000	1,665,000	2,120,000	1,385,000	1,105,000	845,000
Debt to be Retired*.....	-497,753	-494,615	-551,363	-656,367	-663,728	-691,925	-706,526
Outstanding Debt End of Fiscal Year**.....	$ 7,158,029	$ 7,752,414	$ 8,866,051	$ 10,329,684	$ 11,050,956	$ 11,464,031	$ 11,602,505
Debt Limit (from below).....	54,404,553	56,347,981	57,586,874	58,836,548	60,245,557	61,988,972	64,681,827
Capital Budget Debt as a percent of Debt Limit.....	13.2%	13.8%	15.4%	17.6%	18.3%	18.5%	17.9%
Calculation of Debt Limit:							
Average Tax Revenues Previous Five Years.....	$ 31,088,316	$ 32,198,846	$ 32,906,785	$ 33,620,885	$ 34,426,033	$ 35,422,270	$ 36,961,044
Debt Limit (1.75 times revenues).	54,404,553	56,347,981	57,586,874	58,836,548	60,245,557	61,988,972	64,681,827

* Net of interest accreting on capital appreciation bonds during fiscal year.

** 2007-08 amount is net of sinking fund balances.

DEBT SERVICE ON GENERAL OBLIGATION DEBT
2007-08 Through 2013-14

This table shows the estimated debt service payable by the commonwealth on currently outstanding general obligation bonds and on projected general obligation bond issues.

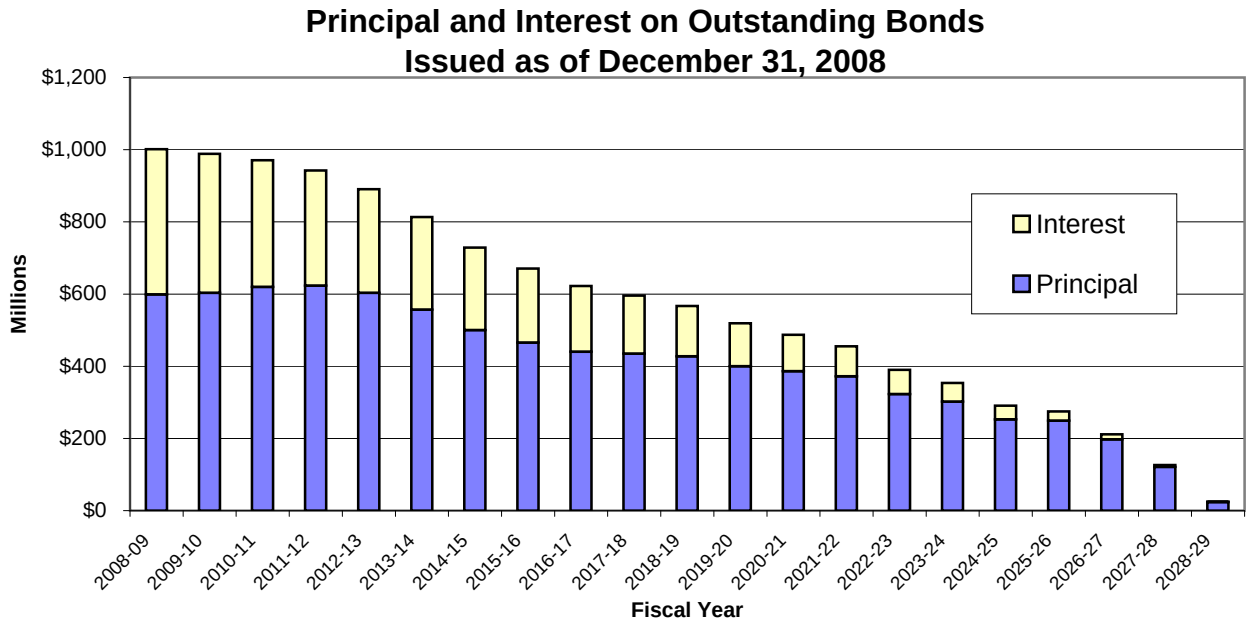


(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated
General Fund							
Capital Budget Non-Highway	$ 786,418	$ 816,383	$ 844,831	$ 956,553	$1,086,342	$1,149,352	$ 1,178,316
Voter Approved and Disaster	115,743	98,518	97,808	106,901	116,983	118,247	99,886
Subtotal	$ 902,161	$ 914,901	$ 942,639	$ 1,063,454	$1,203,325	$1,267,599	$ 1,278,202
Environmental Stewardship Fund							
Growing Greener II	$ 0	$ 25,114	$ 29,988	$ 39,902	$ 48,480	$ 48,471	$ 48,444
Gaming Economic Development and Tourism Fund							
Pennsylvania Convention Center	$ 0	$ 14,169	$ 14,169	$ 14,169	$ 14,169	$ 14,169	$ 14,169
Motor License Fund							
Capital Budget -- Highways	$ 12,192	$ 12,099	$ 11,634	$ 11,379	$ 10,510	$ 4,322	$ 749
Capital Budget	11,796	13,135	13,052	13,052	12,394	12,394	12,312
Subtotal	$ 23,988	$ 25,234	$ 24,686	$ 24,431	$ 22,904	$ 16,716	$ 13,061
Motor License Fund Restricted Receipts							
Aviation -- Capital Budget	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Highway Bridge Improvement -- Capital Budget	17,876	14,040	40,175	56,288	71,772	87,784	103,649
Subtotal	$ 17,876	$ 14,040	$ 40,175	$ 56,288	$ 71,772	$ 87,784	$ 103,649
TOTAL	$ 944,025	$ 993,458	$1,051,657	$ 1,198,244	$1,360,650	$1,434,739	$ 1,457,525

ANNUAL DEBT SERVICE ON OUTSTANDING GENERAL OBLIGATION BONDS
Bonds Issued as of December 31, 2008

Fiscal year principal and interest payments on general obligation bonds issued as of the end of calendar year 2008 are shown in the table below. Debt service on projected bond issues is excluded from this data.



General Obligation Bond Annual Debt Service

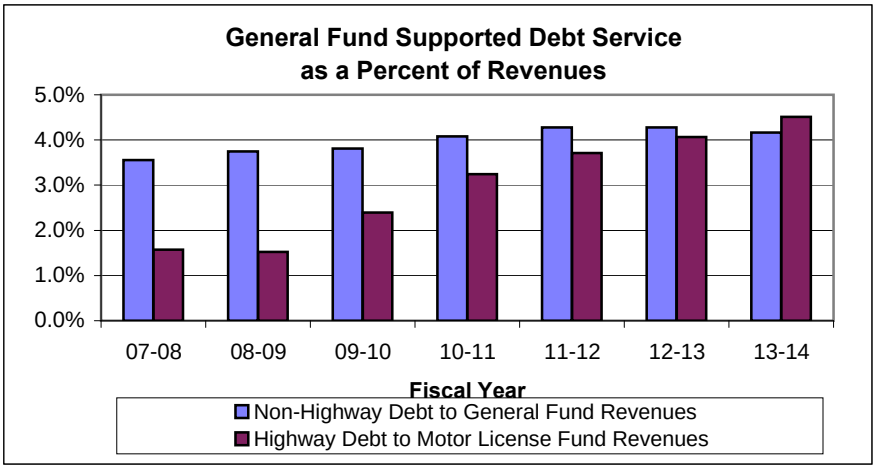
(Dollar Amounts in Thousands)

	Capital Budget (Non-highway)			Capital Budget (Highway)			Voter Approved and Disaster			Grand
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Total
2008-09	$ 550,363	$ 364,702	$ 915,065	20,592	5,546	26,138	$ 27,895	$ 32,261	$ 60,156	$ 1,001,359
2009-10	558,197	350,501	908,698	17,452	2,960	20,412	27,890	31,723	59,613	988,723
2010-11	572,517	318,914	891,431	17,708	2,043	19,751	29,440	30,050	59,490	970,672
2011-12	578,008	289,423	867,431	15,952	1,199	17,151	29,425	28,493	57,918	942,500
2012-13	563,454	259,860	823,314	8,946	565	9,511	30,820	26,946	57,766	890,591
2013-14	525,640	231,197	756,837	4,175	145	4,320	26,970	25,479	52,449	813,606
2014-15	471,375	204,756	676,131	775	20	795	27,840	24,145	51,985	728,911
2015-16	436,360	182,200	618,560	0	0	0	29,185	22,793	51,978	670,538
2016-17	409,600	160,894	570,494	0	0	0	30,665	21,339	52,004	622,498
2017-18	402,840	140,944	543,784	0	0	0	32,225	19,811	52,036	595,820
2018-19	393,535	121,324	514,859	0	0	0	33,990	18,204	52,194	567,053
2019-20	364,325	102,678	467,003	0	0	0	35,680	16,507	52,187	519,190
2020-21	348,740	86,247	434,987	0	0	0	37,470	14,747	52,217	487,204
2021-22	332,480	70,481	402,961	0	0	0	39,390	12,977	52,367	455,328
2022-23	281,340	56,278	337,618	0	0	0	41,350	11,094	52,444	390,062
2023-24	258,445	42,774	301,219	0	0	0	43,475	9,051	52,526	353,745
2024-25	207,365	30,880	238,245	0	0	0	45,480	6,952	52,432	290,677
2025-26	201,260	21,231	222,491	0	0	0	47,785	4,711	52,496	274,987
2026-27	156,695	11,913	168,608	0	0	0	40,540	2,382	42,922	211,530
2027-28	99,210	4,643	103,853	0	0	0	21,850	734	22,584	126,437
2028-29	21,615	1,210	22,825	0	0	0	1,930	108	2,038	24,863

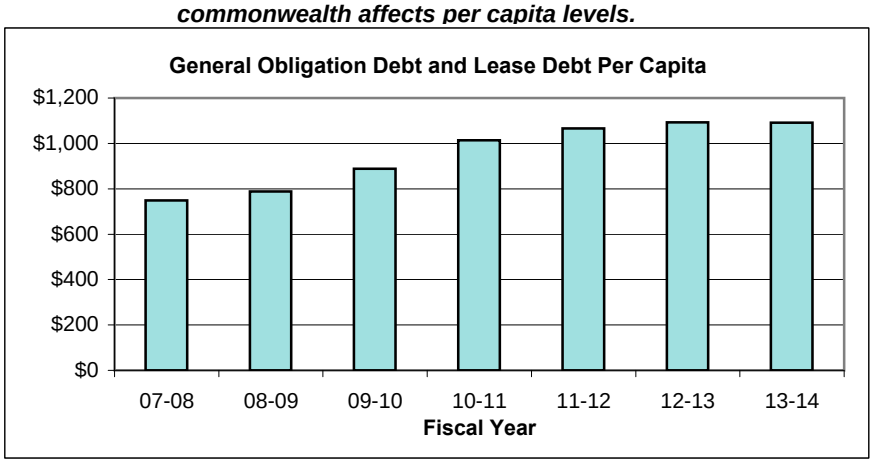
TRENDS IN DEBT SERVICE AND DEBT RATIOS
2007-08 Through 2013-14

The charts portray projections for indicators of the cost of projected annual debt service and the burden of projected debt outstanding. Debt service and outstanding debt includes general obligation debt and debt secured by lease rental payments or operating subsidies from various commonwealth departments.

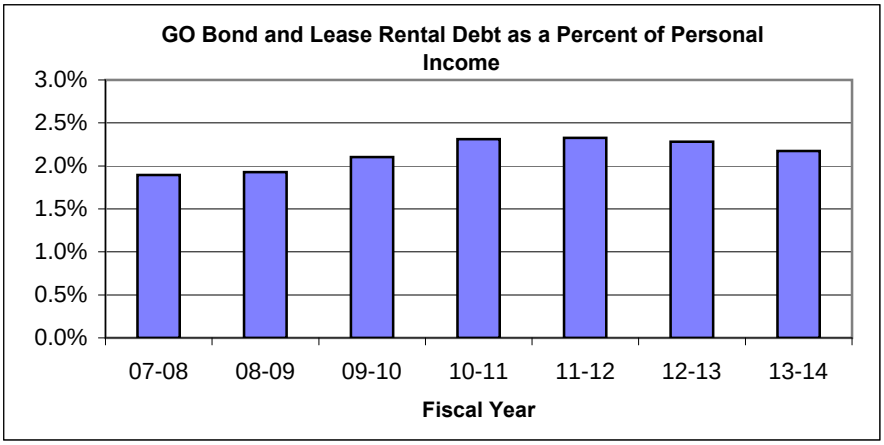
General Fund debt service as a percent of revenues remains below Standard & Poors criteria of 5% for issuers considered to have a "low debt burden."



Per capita debt levels remain relatively low, although the lack of population growth in the commonwealth affects per capita levels.



Growing personal income keeps the planned bond issuance affordable.



OUTSTANDING INDEBTEDNESS OF PENNSYLVANIA AGENCIES AND AUTHORITIES

The indebtedness of the following agencies and authorities is not an obligation of the Commonwealth of Pennsylvania but represents the debt of those agencies and authorities created by the Commonwealth for a public purpose. These obligations are not considered as debt under Article VIII of the State Constitution.

	Bonds and Notes as of 06/30/08 (in millions)
Commonwealth Financing Authority Created to promote health, safety, employment, business opportunities, economic activity and the general welfare of the commonwealth. Debt service on the bonds is paid from revenues of the authority.	$ 717.2
Delaware River Joint Toll Bridge Commission Created by Pennsylvania and New Jersey to construct, operate and maintain bridges crossing the upper Delaware River. Debt service on the bonds is paid from tolls and other revenues of the commission.	456.4
Delaware River Port Authority Created by Pennsylvania and New Jersey to control and operate bridges crossing the Delaware River, it may construct or acquire other bridges, tunnels and other projects for port improvement and development. The authority operates a rapid transit system, which it constructed. Debt service on the bonds is paid from tolls, fares, rents and other revenue of the authority.	1,159.0
Pennsylvania Economic Development Financing Authority Created to offer pooled bond issues of both taxable and tax-exempt bonds on behalf of local industrial and commercial development authorities for economic development projects. Debt service on the bonds is paid by loan interest and repayments and other authority revenues.	1,743.0
Pennsylvania Energy Development Authority Makes or guarantees loans for energy projects including the conversion and technological improvement of energy systems utilizing Pennsylvania coal or renewable energy resources. Debt service on the bonds is paid from the revenues of the authority.	65.0
Pennsylvania Higher Education Assistance Agency Makes or guarantees student loans for graduate and undergraduate programs to students or parents, lending institutions or postsecondary institutions. Debt service on the bonds is paid by loan interest and repayments and by other agency revenues.	11,149.9
Pennsylvania Higher Educational Facilities Authority Acquires, constructs, improves and leases (as lessor) college facilities and makes loans to colleges and universities within the commonwealth. Debt service on the bonds is paid from rentals and from loan repayments collected for the use of the facilities.	5,626.9
Pennsylvania Housing Finance Agency Makes construction and permanent mortgage loans to qualified borrowers for the purchase and construction of multi and single family housing for low and moderate income persons or families. Debt service on the bonds is paid from mortgage loan interest and repayments and further secured by a "moral obligation" of the Commonwealth.	4,273.9
Pennsylvania Industrial Development Authority Makes mortgage loans to local nonprofit industrial development agencies for the financing of industrial development projects. Debt service on the bonds is paid from loan interest and repayments and other authority revenues.	385.9
Pennsylvania Infrastructure Investment Authority Provides low interest rate loans and grants for constructing new and for improving existing water supply and sewage disposal systems. Loans and grants are available to local governments and, in certain circumstances, to private companies. The bonds are secured by principal repayments and interest payments on loans.	47.9
Pennsylvania Turnpike Commission Constructs, maintains and operates the Pennsylvania Turnpike. Debt service on the bonds is paid from tolls and other revenue sources of the commission.	3,820.2
Philadelphia Regional Port Authority Operates port facilities in Bucks and Delaware counties, and the City of Philadelphia. Debt service on the bonds is paid by a pledge of the authority's revenues, rentals and receipts.	41.7
State Public School Building Authority Constructs, improves, equips and makes loans to local school districts for school facilities. Debt service on the bonds is paid from rentals collected for the use of the facilities and from loan repayments.	1,790.0
TOTAL	$ 31,277.0

OTHER SPECIAL FUNDS

This appendix contains a brief presentation of all active commonwealth funds not given an expanded treatment in the other sections of the budget. In a limited number of cases certain expenditures from funds presented in this section are included in other presentations.

Generally, the commonwealth uses a modified cash basis of accounting for financial reporting where certain revenues are reported when collected and, for certain taxes, when accrued and expenditures are reported when disbursed or committed. Unless otherwise noted in the fund description, all financial data shown herein is on a cash basis, which means that the beginning and ending balances include cash plus investments. Receipts include only those items actually received and credited to the funds by the Department of Revenue. Disbursements represent checks issued or transfers made by the Treasury Department and do not include commitments, encumbrances or vouchers payable.

Several funds carrying long-term investments show an adjustment to reflect the current market value of those investments as of June 30, 2008.

This format for displaying financial data was chosen for its simplicity and easy adaptability to all funds. As such, the data may not present the best statement of the funds' condition nor accurately describe the operating characteristics of the funds.

The vast majority of the commonwealth day-to-day activities are financed from the General Fund; however, over time a large number of other funds have been created to more closely relate specific revenue sources to specific programs or to identify particular government programs or activities. These special funds are categorized into groups to aid in identifying their purpose. These groups are defined below.

Governmental Funds: Collectively these funds account for and report activities that are associated with routine, ordinary governmental functions and are financed largely by tax and grant revenues. The group includes the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

Special Revenue Funds — These funds are used to account for revenues from specific taxes or other earmarked revenue sources, which by law are designated to finance particular functions or activities.

Capital Project Funds — Bond funds are used to account for the receipt and disbursement of bond sale proceeds that normally finance the construction or acquisition of designated fixed assets.

Debt Service Funds — These funds account for the accumulation of resources, principally from transfers from other funds, for the payment of general long-term debt principal and interest.

Proprietary Funds: Include Enterprise Funds and Internal Service Funds. Such funds account for and report activities the way a private business or industry would. They include such activities as sale of goods or services, and lending and other financing activities where purchasers or customers pay a charge or a user fee.

Enterprise Funds — These funds accommodate the operation of public service programs financed wholly or mostly by user charges, or where the periodic determination of net income is deemed appropriate.

Internal Service Funds — These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the commonwealth, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds: These funds are used to account for assets held by the commonwealth as trustee or agent for individuals, private organizations and other government units.

Acid Mine Drainage Abatement and Treatment Fund

This fund was created in 1992 to receive money authorized by Title IV of the Federal Surface Mining Control and Reclamation Act. This fund receives up to ten percent of the commonwealth's federal Title IV grant for abandoned mine reclamation. Funds are used for acid mine drainage abatement and treatment.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 20,160**	**$ 20,168**	**$ 11,616**
Receipts:			
Other	$ 2,000	$ 0	$ 0
Interest	940	350	350
Total Receipts	2,940	350	350
Total Funds Available	**$ 23,100**	**$ 20,518**	**$ 11,966**
Disbursements:			
Environmental Protection	$ 2,932	$ 8,902	$ 5,500
Total Disbursements	-2,932	-8,902	-5,500
Cash Balance, Ending	**$ 20,168**	**$ 11,616**	**$ 6,466**

Administration Fund

This fund was created for the administrative costs associated with the Unemployment Compensation Law and the state system of public employment offices (Office of Employment Security). While the fund can receive funds from any source, the majority of revenue results from moneys requisitioned from the commonwealth's account in the Federal Unemployment Trust Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,679**	**$ 1,804**	**$ 1,334**
Receipts:			
Federal Unemployment Trust Fund	$ 171,683	$ 180,000	$ 180,470
Federal — Other Funds	8,204	50	50
Interest	23	30	30
Other	478	450	450
Total Receipts	180,388	180,530	181,000
Total Funds Available	**$ 182,067**	**$ 182,334**	**$ 182,334**
Disbursements:			
Labor and Industry	$ 180,263	$ 181,000	$ 181,000
Total Disbursements	-180,263	-181,000	-181,000
Cash Balance, Ending	**$ 1,804**	**$ 1,334**	**$ 1,334**

Agricultural College Land Scrip Fund

This fund was established in 1862 with $500,000 received from the sale of lands and scrip which was donated to the commonwealth by an Act of Congress to establish a college for the benefit of Agriculture and the Mechanical Arts. The income derived from the investment of the monies in the fund plus appropriations which may be made from time to time by the General Assembly serve as revenue to the fund. Monies in this fund can be disbursed only for use by the officially designated land grant college (Pennsylvania State University) for the benefit of Agriculture and Mechanical Arts.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 638**	**$ 627**	**$ 596**
Receipts:			
Interest	$ 30	$ 11	$ 11
Total Receipts	30	11	11
Total Funds Available	**$ 668**	**$ 638**	**$ 607**
Disbursements:			
Treasury	$ 41	$ 42	$ 43
Total Disbursements	-41	-42	-43
Cash Balance, Ending	**$ 627**	**$ 596**	**$ 564**

Agricultural Conservation Easement Purchase Fund

This fund was created by Act 64 of 1988 to implement the referendum approved by the electorate November 8, 1988. That referendum authorized the commonwealth to incur indebtedness of $100 million to be used for farmland preservation through the purchase of agricultural conservation easements. Act 23 of 1992 increased the annual ceiling on easement purchases from bond sales from $20 to $25 million. All bonds authorized have been issued.

Act 89 of 2002 changed the annual transfer of cigarette tax revenues from the first two thirty-firsts of the cigarette tax to $20,485,000 to be made in two equal payments by July 15th and January 15th. Act 15 of 1999 created a supplemental program for farmland preservation, and Act 1-A of 1999 appropriated $43 million from the General Fund for that supplemental program. Beginning in 2005-06 the program receives a set percentage (14.8%) of the Environmental Stewardship Fund for the continued purchase of agricultural easements.

Act 46 of 2006 provides up to $200,000 which can be used to offset local conservation organizations for incidental costs related to easement purchases. Up to ten percent of these funds also may be used by the Department of Agriculture for administrative expenses incurred under this act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 33,839**	**$ 26,279**	**$ 16,865**
Receipts:			
Transfer of Cigarette Tax	$ 20,485	$ 20,485	$ 20,485
Transfer from the Environmental Stewardship Fund	6,923	6,632	6,071
Interest	1,500	-846	500
Other	0	315	315
Total Receipts	28,908	26,586	27,371
Total Funds Available	**$ 62,747**	**$ 52,865**	**$ 44,236**
Disbursements:			
Agriculture	$ 36,468	$ 36,000	$ 28,000
Total Disbursements	-36,468	-36,000	-28,000
Cash Balance, Ending	**$ 26,279**	**$ 16,865**	**$ 16,236**

Agricultural Conservation Easement Purchase Sinking Fund

Payment of interest and principal due on outstanding agricultural conservation easement purchase bonds is made from this fund. Revenues of this fund come from the annual appropriation from the General Fund for general obligation debt service.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from General Fund	$ 1,830	$ 1,651	$ 677
Accrued Interest on Bonds Sold	0	0	0
Total Receipts	1,830	1,651	677
Total Funds Available	**$ 1,830**	**$ 1,651**	**$ 677**
Disbursements:			
Treasury	$ 1,830	$ 1,651	$ 677
Total Disbursements	-1,830	-1,651	-677
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Anthracite Emergency Bond Fund

This fund was created by Act 171 of 1986 to provide loans for anthracite underground mine operators who cannot obtain necessary bonding or whose bonding has been cancelled due to insolvency or bankruptcy of the original bonding company. Revenues are provided by appropriation from the General Fund, a fee for each ton of coal estimated by certain mine operations and payments made by operators in lieu of a bond. Act 173 of 1992 extended the program to anthracite surface mine operators.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 473**	**$ 485**	**$ 255**
Receipts:			
Operator Payments	$ -7	$ 0	$ 0
Interest	22	20	20
Total Receipts	15	20	20
Total Funds Available	**$ 488**	**$ 505**	**$ 275**
Disbursements:			
Environmental Protection	$ 3	$ 250	$ 78
Total Disbursements	-3	-250	-78
Cash Balance, Ending	**$ 485**	**$ 255**	**$ 197**

Automobile Theft Prevention Trust Fund

The Automobile Theft Prevention Trust Fund was created by Act 171 of 1994. The purpose of the fund is to finance programs in the commonwealth to prevent, combat and reduce automobile theft and to improve and support automobile theft prosecutions. Revenue to the fund consists of assessments on the insurance companies that conduct business in the commonwealth, interest earnings, and fines and penalties.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 3,499**	**$ 3,510**	**$ 2,370**
Receipts:			
Assessments	$ 6,329	$ 6,270	$ 6,439
Interest	213	-46	75
Total Receipts	6,542	6,224	6,514
Total Funds Available	**$ 10,041**	**$ 9,734**	**$ 8,884**
Disbursements:			
Automobile Theft Prevention Authority	$ 6,531	$ 7,364	$ 8,445
Total Disbursements	-6,531	-7,364	-8,445
Cash Balance, Ending	**$ 3,510**	**$ 2,370**	**$ 439**

Ben Franklin Technology Development Authority Fund

Act 38 of 2001 created the Ben Franklin Technology Development Authority Fund. This fund merges the activities of the Ben Franklin Partnership and the Pennsylvania Technology Development Authority (PTIA) under one authority. The Ben Franklin component assists small and medium sized technology, research and start-up companies to do applied research and development projects and to develop and introduce new products and processes. PTIA provides high-tech financing to small and medium-sized businesses; stimulates the adoption and expansion of electronic commerce; and coordinates and expands university-based research and development in high-tech fields. Revenue to the fund includes annual transfers from the General Fund, loan repayments and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 29,280**	**$ 42,503**	**$ 35,696**
Receipts:			
Transfer from General Fund	$ 51,700	$ 50,700	$ 40,700
Transfer from Commonwealth Financing Authority - Energy	0	0	40,000
Interest on Loans	681	2,500	2,000
Loan Repayments	4,832	3,000	3,000
Interest	1,477	-530	500
Other	740	100	125
Total Receipts	59,430	55,770	86,325
Total Funds Available	**$ 88,710**	**$ 98,273**	**$ 122,021**
Disbursements:			
Community and Economic Development Administration	$ 150	$ 500	$ 0
Loans	2,240	2,000	2,000
Grants	43,817	60,077	96,077
Total Disbursements	-46,207	-62,577	-98,077
Cash Balance, Ending	**$ 42,503**	**$ 35,696**	**$ 23,944**

Benefit Completion Fund

This fund was created in 2003 to accumulate reserves for the payment of pensions to eligible former state employes with a statutory benefit entitlement under the State Employees' Retirement Code that exceeds the limits of Section 415(b) of the Internal Revenue Code (IRC). Reserves in this fund will be disbursed to members of the retirement system in accordance with the provision of IRC Section 415(m).

The fund receives revenue from employer contributions and interest income. Employer contributions are an actuarially determined percentage of payroll sufficient to fund the benefit payments of the forthcoming calendar year and the on-going expenses to administer the plan. Management of the fund and payment of benefits is overseen by the State Employees' Retirement Board.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 3,779**	**$ 4,915**	**$ 6,103**
Receipts:			
Employer Contributions	$ 1,488	$ 2,221	$ 2,262
Interest	202	122	150
Total Receipts	1,690	2,343	2,412
Total Funds Available	**$ 5,469**	**$ 7,258**	**$ 8,515**
Disbursements:			
State Employees' Retirement System	$ 554	$ 1,155	$ 1,285
Total Disbursements	-554	-1,155	-1,285
Cash Balance, Ending	**$ 4,915**	**$ 6,103**	**$ 7,230**

Broadband Outreach and Aggregation Fund

Act 183 of 2004 established the Broadband Outreach and Aggregation Fund to fund grants and outreach programs with the ultimate purpose of increasing broadband access in unserved or underserved areas. Deposits to the fund include assessments levied and collected by the Public Utility Commission on certain local exchange telecommunications companies. Up to three percent of annual proceeds can be used by the agency for administrative costs. The total amount of the fund shall not exceed $5 million annually.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,383**	**$ 3,033**	**$ 797**
Receipts:			
Transfer from PUC	$ 2,475	$ 1,009	$ 1,900
Interest	87	56	25
Other	0	0	2
Total Receipts	2,562	1,065	1,927
Total Funds Available	**$ 3,945**	**$ 4,098**	**$ 2,724**
Disbursements:			
Community and Economic Development	$ 912	$ 3,301	$ 2,358
Total Disbursements	-912	-3,301	-2,358
Cash Balance, Ending	**$ 3,033**	**$ 797**	**$ 366**

Budget Stabilization Reserve Fund

This fund was created on July 15, 2002 by Act 91 of 2002 to replace the Tax Stabilization Reserve Fund. The fund provides financial assistance to minimize future revenue shortfalls and deficits, and promote greater continuity and predictability in the funding of vital government services. It minimizes the need to increase taxes to balance the budget of the commonwealth during periods of economic distress. Act 91 provides revenue through an annual transfer of twenty-five percent of the General Fund's fiscal year ending surplus. If the fund's ending balance would equal or exceed six percent of actual General Fund revenues for the fiscal year in which the surplus occurs, the General Fund transfer would be reduced to ten percent. Act 53 of 2008 suspended the transfer of surplus funds for 2007-08. Appropriations from the fund require approval by two-thirds of the members of the General Assembly. This budget proposes transfers from the Budget Stabilization Reserve Fund to the General Fund of $250 million in 2008-09 and $375 million in 2009-10.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 536,451**	**$ 742,090**	**$ 507,246**
Receipts:			
Transfer from General Fund	$ 176,971	$ 0	$ 0
Interest	28,668	15,156	5,072
Total Receipts	205,639	15,156	5,072
Total Funds Available	**$ 742,090**	**$ 757,246**	**$ 512,318**
Disbursements:			
Transfer to General Fund	$ 0	$ 250,000	$ 375,000
Total Disbursements	0	-250,000	-375,000
Cash Balance, Ending	**$ 742,090**	**$ 507,246**	**$ 137,318**

Capital Debt Fund

Principal and interest payments on bonds issued for purposes of capital budget projects are paid from this fund. Annual appropriations from various funds for payment of interest and principal due on general obligation bonds is the primary source of revenue. Funds in the excess of interest and principal falling due in any one particular fiscal year may be used by the Board of Finance and Revenue to retire any other general obligation bonds issued to provide revenue to the Capital Facilities Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 19,677**	**$ 25,742**	**$ 12,784**
Receipts:			
Transfer from Other Funds	$ 904,785	$ 928,439	$ 995,705
Rentals - State-Aided and State-Related Institutions	99	99	194
Interest Subsidy - Higher Education Construction Projects	0	0	0
Sale of Bonds- Bond Anticipation Notes Payment	0	0	0
Refunding Bond Maturing Escrow Funds	620,200	468,431	404,645
Accrued Interest on Bonds Sold	0	0	0
Interest on Securities	53	11	100
Total Receipts	1,525,137	1,396,980	1,400,644
Total Funds Available	**$ 1,544,814**	**$ 1,422,722**	**$ 1,413,428**
Disbursements:			
Treasury	$ 1,519,072	$ 1,409,938	$ 1,400,644
Total Disbursements	-1,519,072	-1,409,938	-1,400,644
Cash Balance, Ending	**$ 25,742**	**$ 12,784**	**$ 12,784**

Capital Facilities Fund

This fund is used to meet the financial costs of capital projects authorized by capital budget acts. Revenue for this fund comes principally from the sale of general obligation debt and interest earnings. Debt issued for this fund is subject to a debt limit equal to one and three quarter times the average of annual tax revenues in the preceding five fiscal years. This fund has at least one account for each category of capital projects. Interest earned on investment or deposit of monies in the fund is credited to the account in the fund to which such invested or deposited money was originally credited.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 594,387**	**$ 499,742**	**$ 189,515**
Receipts:			
Sale of Bonds	$ 780,293	$ 1,078,110	$ 1,633,500
Intra Account Transfer	85,000	10,000	0
Interest on Securities	21,193	11,002	12,973
Other	80,450	27,357	20,000
Total Receipts	966,936	1,126,469	1,666,473
Total Funds Available	**$ 1,561,323**	**$ 1,626,211**	**$ 1,855,988**
Disbursements:			
Community and Economic Development	$ 306,480	$ 309,467	$ 270,931
Environmental Protection	6,111	999	21,080
General Services	510,900	604,696	904,773
Transportation	148,690	501,284	376,875
Treasury	85,582	10,250	250
Other	3,818	10,000	3,000
Total Disbursements	-1,061,581	-1,436,696	-1,576,909
Cash Balance, Ending	**$ 499,742**	**$ 189,515**	**$ 279,079**

Capitol Restoration Trust Fund

This fund was created by Act 327 of 1982 to finance the maintenance, restoration, preservation and rehabilitation of artifacts, documents and other historical objects or resources located within and around or associated with the State Capitol Building, and the acquisition of artifacts, documents and other historical objects or resources which contribute to the historical significance of the State Capitol Building. This fund is administered by the Capitol Preservation Committee. Revenue is derived from gifts, donations and legacies of money from individuals, organizations, public or private corporations, and from the sale of commemorative medals and other items of a similar nature which promote the historic preservation and restoration of the State Capitol Building.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 184**	**$ 202**	**$ 211**
Receipts:			
Contribution & Sales	$ 18	$ 15	$ 12
Interest	9	4	4
Total Receipts	27	19	16
Total Funds Available	**$ 211**	**$ 221**	**$ 227**
Disbursements:			
Capitol Preservation Committee	$ 9	$ 10	$ 10
Total Disbursements	-9	-10	-10
Cash Balance, Ending	**$ 202**	**$ 211**	**$ 217**

Catastrophic Loss Benefits Continuation Fund

This fund was established by Act 24 of 1989 to replace the Catastrophic Loss Trust Fund. The purpose of the Catastrophic Loss Benefits Continuation Fund (CAT fund) is to pay all medical claims owed by the Catastrophic Loss Trust Fund. Monies in the former Catastrophic Loss Trust Fund were transferred to this fund effective July 1, 1989.

Act 13 of 2002 established the Medical Care Availability and Reduction of Error (Mcare) Fund and mandated that all surcharges levied and collected under the CAT fund be remitted to the Mcare Fund beginning in January 2004.

This fund will continue to pay claimants from its balance and interest earnings until no further obligations exist. The most recent actuarial report estimates final expenditure in 2086.

No obligation or expense of, or claim against, the fund constitutes a debt of the commonwealth or a charge against the General Fund or the Motor License Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
Cash Balance, Beginning	**$ 108,525**	**$ 105,701**	**$ 98,685**
Receipts:			
Interest	$ 4,911	$ 1,600	$ 1,600
Miscellaneous Revenue	4	0	5
Total Receipts	4,915	1,600	1,605
Total Funds Available	**$ 113,440**	**$ 107,301**	**$ 100,290**
Disbursements:			
Insurance	$ 7,739	$ 8,616	$ 7,940
Total Disbursements	-7,739	-8,616	-7,940
Cash Balance, Ending	**$ 105,701**	**$ 98,685**	**$ 92,350**

Children's Trust Fund

Act 151 of 1988 created the Children's Trust Fund. Revenue is generated by a $10 surcharge on marriage licenses and divorce applications. Expenditures are for community-based children's programs and services to prevent child abuse and neglect.

Statement of Cash Receipts and Disbursement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Estimated	2009-10 Budget
Cash Balance, Beginning	**$ 1,545**	**$ 1,230**	**$ 736**
Receipts:			
Marriage/Divorce Surcharge	$ 1,101	$ 1,384	$ 1,295
Interest	65	1	10
Total Receipts	1,166	1,385	1,305
Total Funds Available	**$ 2,711**	**$ 2,615**	**$ 2,041**
Disbursements:			
Public Welfare	$ 1,481	$ 1,879	$ 1,850
Total Disbursements	-1,481	-1,879	-1,850
Cash Balance, Ending	**$ 1,230**	**$ 736**	**$ 191**

Cigarette Fire Safety and Firefighter Protection Act Enforcement Fund

On July 4, 2008 the Governor signed Act 42. It provides for cigarette fire safety, for certification of compliance by manufacturers, for package markings, and for enforcement and penalties. Certification fees are collected by the Department of Revenue at a rate of $1,000.00 per brand family and $500.00 for each additional listing within a brand family. Penalties are charged for specified violations. The Attorney General's Office enforces the act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 245**
Receipts:			
Fees	$ 0	$ 249	$ 25
Interest	0	0	0
Penalties	0	0	0
Total Receipts	0	249	25
Total Funds Available	**$ 0**	**$ 249**	**$ 270**
Disbursements:			
Attorney General	$ 0	$ 0	$ 0
Revenue	0	4	8
Total Disbursements	0	-4	-8
Cash Balance, Ending	**$ 0**	**$ 245**	**$ 262**

Clean Air Fund

This fund was created to meet the provisions of Act 787 of 1959, as amended by Act 95 of 1992, to finance the attainment of air quality standards, the administration of the rules and regulations promulgated under these acts, the reduction of interstate air pollution transport and a program to assist businesses in meeting emission standards. Fines, civil penalties and fees from air pollution emitters, as well as appropriations from the General Assembly, federal or local governments and interest earnings are deposited in this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 48,953**	**$ 49,025**	**$ 35,703**
Receipts:			
Fines and Penalties	$ 2,937	$ 2,100	$ 2,100
Fees	20,657	20,250	20,250
Interest	2,561	522	700
Other	24	52	52
Total Receipts	26,179	22,924	23,102
Total Funds Available	**$ 75,132**	**$ 71,949**	**$ 58,805**
Disbursements:			
Environmental Protection	$ 26,107	$ 36,246	$ 30,757
Total Disbursements	-26,107	-36,246	-30,757
Cash Balance, Ending	**$ 49,025**	**$ 35,703**	**$ 28,048**

Coal and Clay Mine Subsidence Insurance Fund

This fund was created by Act 484 of 1961 to provide insurance to home owners in mining areas against damages resulting from subsidence. Revenue is derived from premiums paid by policyholders for subsidence insurance. Act 155 of 2002 updated this insurance program by further defining and establishing coverage by insurance providers, and requiring the Department of Environmental Protection to prepare an annual report on the program and insurance sales. Disbursements are used to cover the payment of insurance claims and commissions to insurance agents who forward insurance applications as outlined in Act 155.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 61,771**	**$ 67,465**	**$ 67,698**
Receipts:			
Premiums Collected	$ 6,764	$ 5,000	$ 5,000
Interest	2,996	1,000	1,000
Other	0	30	30
Total Receipts	9,760	6,030	6,030
Total Funds Available	**$ 71,531**	**$ 73,495**	**$ 73,728**
Disbursements:			
Environmental Protection	$ 4,066	$ 5,797	$ 5,104
Total Disbursements	-4,066	-5,797	-5,104
Cash Balance, Ending	**$ 67,465**	**$ 67,698**	**$ 68,624**

Coal Lands Improvement Fund

This fund was created by Act 117 of 1965 to finance the restoration of land acquired by the commonwealth through eminent domain or amicable methods which has been defaced by open pit or strip mining and has been declared a health hazard. Initially the fund was provided a $1 million appropriation, but subsequent revenue is derived from the sale of restored land and interest on investments.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,662**	**$ 2,669**	**$ 2,153**
Receipts:			
Interest	$ 120	$ 35	$ 35
Total Receipts	120	35	35
Total Funds Available	**$ 2,782**	**$ 2,704**	**$ 2,188**
Disbursements:			
Environmental Protection	$ 113	$ 551	$ 350
Total Disbursements	-113	-551	-350
Cash Balance, Ending	**$ 2,669**	**$ 2,153**	**$ 1,838**

Community College Capital Fund

This fund was established by Act 46 of 2005. Fund revenue consists of an appropriation from the General Fund for transfer to the Community College Capital Fund. Monies in this fund can be disbursed only for payment of the commonwealth's annual share of approved capital debt service and lease payments to Pennsylvania's community colleges.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,938**	**$ 867**	**$ 120**
Receipts:			
Transfer from General Fund	$ 44,506	$ 44,506	$ 46,369
Interest	257	200	225
Total Receipts	44,763	44,706	46,594
Total Funds Available	**$ 46,701**	**$ 45,573**	**$ 46,714**
Disbursements:			
Treasury	$ 45,834	$ 45,453	$ 45,767
Total Disbursements	-45,834	-45,453	-45,767
Cash Balance, Ending	**$ 867**	**$ 120**	**$ 947**

Compulsive and Problem Gambling Treatment Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Compulsive and Problem Gambling Treatment Fund to support a compulsive and problem gambling program within the Department of Health. This program provides public education, awareness and training regarding both the problem of compulsive and problem gambling and its treatment and prevention. Funding for this program is provided from revenues based on the greater of $1.5 million or .001 multiplied by the gross terminal revenue of all active and operating gaming entities.

Statement of Cash Receipts and Disbursement

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,485**	**$ 2,956**	**$ 3,059**
Receipts:			
Transfer from the State Gaming Fund	$ 1,500	$ 1,700	$ 2,400
Interest	83	100	103
Other	3	3	3
Total Receipts	1,586	1,803	2,506
Total Funds Available	**$ 3,071**	**$ 4,759**	**$ 5,565**
Disbursements:			
Health	$ 115	$ 1,700	$ 2,400
Total Disbursements	-115	-1,700	-2,400
Cash Balance, Ending	**$ 2,956**	**$ 3,059**	**$ 3,165**

Conrad Weiser Memorial Park Trust Fund

This fund was created to provide for control, management, supervision, restoration and improvement of the Conrad Weiser Memorial Park, Berks County. Source of revenue for the fund is interest from the $20,000 perpetual endowment created by the estate of Colonel Conrad Weiser.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 84**	**$ 88**	**$ 89**
Receipts:			
Interest	$ 4	$ 1	$ 1
Total Receipts	4	1	1
Total Funds Available	**$ 88**	**$ 89**	**$ 90**
Disbursements:			
Historical and Museum Commission	$ 0	$ 0	$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	**$ 88**	**$ 89**	**$ 90**

Conservation District Fund

Act 110 of 2006 created the Conservation District Fund to assist local conservation districts in the conservation of soil, water and natural resources. Revenue may be provided from state appropriations, federal appropriations, interest earnings and other funds available to the State Conservation Commission.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 922**	**$ 527**
Receipts:			
Transfer from General Fund	$ 5,445	$ 5,467	$ 5,260
Interest	55	-107	10
Total Receipts	5,500	5,360	5,270
Total Funds Available	**$ 5,500**	**$ 6,282**	**$ 5,797**
Disbursements:			
Environmental Protection	$ 3,470	$ 3,742	$ 3,100
Agriculture	1,108	2,013	1,194
Total Disbursements	-4,578	-5,755	-4,294
Cash Balance, Ending	**$ 922**	**$ 527**	**$ 1,503**

Deferred Compensation Fund

Act 81 of 1987 established the commonwealth Deferred Compensation Program. The program enables commonwealth employees to defer a portion of their salaries into a retirement savings plan. The State Employees' Retirement System is responsible for administration of the act.

Contributions to the fund began in 1988. The disbursements shown under the Executive Offices are employee contribution funds transferred to one of the investment plan options. Those funds, together with the interest they earn, are available to employees upon retirement.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 36,426**	**$ 14,358**	**$ 6,503**
Receipts:			
Employe Contributions	$ 151,103	$ 141,251	$ 148,178
Discount on Sale of Securities	-284	-298	-313
Interest	28,040 [a]	25,335 [a]	26,565 [a]
Total Receipts	178,859	166,288	174,430
Total Funds Available	**$ 215,285**	**$ 180,646**	**$ 180,933**
Disbursements:			
Executive Offices	$ 135,237	$ 117,606	$ 118,765
State Employees' Retirement System	65,690	56,537	55,984
Total Disbursements	-200,927	-174,143	-174,749
Cash Balance, Ending	**$ 14,358**	**$ 6,503**	**$ 6,184**

[a] Includes interest earned on funds controlled by SERS and the Treasury Department.

Deferred Compensation Fund — Short-Term Portfolio

Act 81 of 1987 established the Commonwealth Deferred Compensation Program. The program enables commonwealth employees to defer a portion of their salaries into a retirement savings plan. Available for the employees' investment selection is the Treasury Short-Term Money Market Account. In order to maintain the identity of the investments and deferred compensation contributions, the Deferred Compensation Fund - Short-Term Portfolio was established.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 40,562**	**$ 50,360**	**$ 57,067**
Receipts:			
Transfers from Deferred Compensation Fund	$ 17,966	$ 15,853	$ 15,535
Interest	2,021	1,200	1,200
Total Receipts	19,987	17,053	16,735
Total Funds Available	**$ 60,549**	**$ 67,413**	**$ 73,802**
Disbursements:			
State Employees' Retirement System	$ 10,189	$ 10,346	$ 11,029
Total Disbursements	-10,189	-10,346	-11,029
Cash Balance, Ending	**$ 50,360**	**$ 57,067**	**$ 62,773**

Disaster Relief Redemption Fund

Payment of interest and principal due on bonds issued for the Disaster Relief Fund are made from this fund. An annual appropriation from the General Fund for payment of interest and principal due on general obligation bonds is the primary source of revenue. Funds in excess of the interest and principal due in any one fiscal period may be used for retirement of all or any part of such bonds issued which are still outstanding.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Sale of Bonds	$ 0	$ 0	$ 0
Transfer from General Fund	1,876	1,794	1,709
Accrued Interest on Bonds Sold	0	0	0
Interest on Securities	0	0	0
Total Receipts	1,876	1,794	1,709
Total Funds Available	**$ 1,876**	**$ 1,794**	**$ 1,709**
Disbursements:			
Treasury	$ 1,876	$ 1,794	$ 1,709
Total Disbursements	-1,876	-1,794	-1,709
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

DNA Detection Fund

This fund was created by Act 14 of Special Session One of 1995 to account for the collection and processing of Deoxyribonucleic Acid (DNA) samples by State Police from individuals convicted, adjudicated delinquent or granted accelerated rehabilitation disposition for a felony sex offense or other specified offense. Revenues are derived from mandatory fees which are assessed on sexual offenders. Expenditures are made to establish and maintain a DNA database and DNA bank. Act 57 of 2002 reestablished this fund as well as the State DNA Data Base and State DNA Data Bank. Additional requirements provide for testing and the imposition of related costs on certain offenders, while further defining the apportionment of liability and damages against defendants.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,522**	**$ 3,074**	**$ 2,333**
Receipts:			
Assessments	$ 1,275	$ 1,100	$ 1,100
Interest	96	50	50
Total Receipts	1,371	1,150	1,150
Total Funds Available	**$ 2,893**	**$ 4,224**	**$ 3,483**
Disbursements:			
State Police	$ -181	$ 1,891	$ 1,891
Total Disbursements	181	-1,891	-1,891
Cash Balance, Ending	**$ 3,074**	**$ 2,333**	**$ 1,592**

Education Technology Fund

Act 183 of 2004 established the Education Technology Fund to increase broadband access for school entities. Up to 3 percent of annual proceeds can be used by the agency for administrative costs with the remaining balance to be used to provide grants to school entities. Revenues for this fund are generated from an assessment on nonrural telecommunications carriers. Additional revenues may include appropriated funds, contributions by other state agencies, federal funds, or any public or private source. The Education Technology Fund shall terminate on June 30, 2011, and any remaining funds shall be returned on a pro rata basis to the local exchange telecommunications companies that contributed to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 8,187**	**$ 2,393**	**$ 663**
Receipts:			
Assessments	$ 10,000	$ 10,000	$ 10,000
Interest	101	-30	10
Total Receipts	10,101	9,970	10,010
Total Funds Available	**$ 18,288**	**$ 12,363**	**$ 10,673**
Disbursements:			
Education			
Broadband Technology Services	$ 15,689	$ 11,340	$ 9,790
Administration	206	360	210
Total Disbursements	-15,895	-11,700	-10,000
Cash Balance, Ending	**$ 2,393**	**$ 663**	**$ 673**

Educational Assistance Program Fund

The Educational Assistance Program Fund was established in Act 212 of 2004 to deposit monies and related investment income to fund the Educational Assistance Program for members of the National Guard and administered by the Department of Military and Veterans Affairs.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 6,045**	**$ 5,675**	**$ 4,313**
Receipts:			
Transfer from General Fund	$ 8,100	$ 7,995	$ 6,995
Interest	364	-45	75
Total Receipts	8,464	7,950	7,070
Total Funds Available	**$ 14,509**	**$ 13,625**	**$ 11,383**
Disbursements:			
Military and Veterans Affairs	$ 8,834	$ 9,312	$ 10,000
Total Disbursements	-8,834	-9,312	-10,000
Cash Balance, Ending	**$ 5,675**	**$ 4,313**	**$ 1,383**

Emergency Energy Assistance Fund

Act 81 of 2005 created the Emergency Energy Assistance Fund. Act 1 of Special Session 1 of 2008 authorized the transfer of $10 million by the Commonwealth Financing Authority to the Department of Public Welfare from 2008-09 through 2011-12. Funds are used for state-funded emergency energy assistance when the Governor issues a declaration that either weather conditions, natural or man-made disasters, or high energy prices - or a combination thereof - are a threat to public health and the available federal home energy assistance funds are not sufficient to meet this need.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from Commonwealth Financing Authority - Energy	$ 0	$ 0	$ 20,000
Total Receipts	0	0	20,000
Total Funds Available	**$ 0**	**$ 0**	**$ 20,000**
Disbursements:			
Public Welfare	$ 0	$ 0	$ 20,000
Total Disbursements	0	0	-20,000
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Emergency Medical Services Operating Fund

The fund was created by the Emergency Medical Services Act, Act 45 of 1985 to assist in activities relating to the prevention and reduction of premature death and disability in the commonwealth; to provide assistance, coordination and support of the development and maintenance of the comprehensive emergency medical services system; to determine qualifications, eligibility and certification of emergency medical services personnel; and to fund ambulance services. Revenue is derived from a $10 fine levied on all moving traffic violations and a $25 fee imposed on persons admitted to programs for Accelerated Rehabilitation Disposition (ARD) related to driving under the influence of drugs and/or alcohol.

These fines are in addition to other fines imposed at the discretion of the court. This statement includes both the Emergency Medical and Catastrophic Medical and Rehabilitation components of the act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 25,533**	**$ 26,530**	**$ 22,695**
Receipts:			
Fines	$ 15,101	$ 16,026	$ 14,423
Interest	1,184	1	500
Total Receipts	16,285	16,027	14,923
Total Funds Available	**$ 41,818**	**$ 42,557**	**$ 37,618**
Disbursements:			
Health	$ 15,288	$ 19,862	$ 17,888
Total Disbursements	-15,288	-19,862	-17,888
Cash Balance, Ending	**$ 26,530**	**$ 22,695**	**$ 19,730**

Employment Fund for the Blind

This fund was created in 1967 to make loans to persons who are blind to purchase equipment, stock, merchandise and accessories necessary to put into operation vending or refreshment stands or other suitable business enterprises in suitable locations to be leased or arranged for by state agencies. Act 15 of 1999 transferred the authority to administer the fund from the Department of Public Welfare to the Department of Labor and Industry.

Monies credited to this fund include: (1) repayment of money advanced to persons who are blind for the purchase of merchandise, equipment, stock and accessories; (2) rental fees paid by persons who are blind for leasing equipment and accessories purchased, owned, installed and maintained by the Department of Labor and Industry; (3) a percentage of the profits from vending machines in state buildings where a restaurant or cafeteria is operated by the Department of General Services; and (4) any grants or contributions from the federal government.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 3,950**	**$ 3,785**	**$ 3,240**
Receipts:			
Vending Stand Equipment Rentals	$ 178	$ 175	$ 170
Vending Machine Receipts	370	530	550
Interest	191	48	48
Other	165	7	8
Total Receipts	904	760	776
Total Funds Available	**$ 4,854**	**$ 4,545**	**$ 4,016**
Disbursements:			
Treasury	$ 0	$ 5	$ 0
Labor and Industry	1,069	1,300	1,100
Total Disbursements	-1,069	-1,305	-1,100
Cash Balance, Ending	**$ 3,785**	**$ 3,240**	**$ 2,916**

Energy Conservation and Assistance Fund

This fund was created by Act 122 of 1986 to receive all oil overcharge settlements including the uncommitted balance of settlements received prior to the act. Appropriations are made from the fund for supplemental low-income weatherization and home energy assistance programs, and energy conservation activities.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Total Cash Balance, Beginning	**$ 676**	**$ 426**	**$ 0**
Receipts:			
Interest	$ 30	$ 7	$ 0
Other	0	0	0
Total Receipts	$ 30	$ 7	$ 0
Total Funds Available	**$ 706**	**$ 433**	**$ 0**
Disbursements:			
Environmental Protection	$ 36	$ 195	$ 0
Public Welfare	244	238	0
Total Disbursements	-280	-433	0
Cash Balance, Ending	**$ 426**	**$ 0**	**$ 0**

Energy Development Fund

The Energy Development Fund was created by Act 280 of 1982. The fund provides the vehicle to accomplish the purposes of the Pennsylvania Energy Development Authority (PEDA) including the sale of bonds. Activities of the fund includes preparation of the energy development plan, payment of administrative costs, the making of grants and loans for limited research intended to make the greatest possible contributions to energy conservation and development, and the establishment of reserves in respect to loans guaranteed or bonds issued by the authority. The fund is supported by interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,276**	**$ 5,651**	**$ 5,561**
Receipts:			
PEDA Application Fees	$ 18	$ 5	$ 5
Loan Repayments	148	100	100
Pennworks Interest Payments	50	60	60
Duquesne Settlement Payments	3,000	0	0
Interest	160	100	50
Total Receipts	3,376	265	215
Total Funds Available	**$ 5,652**	**$ 5,916**	**$ 5,776**
Disbursements:			
Environmental Protection			
Administration	$ 1	$ 105	$ 25
Loans/Grants	0	250	250
Total Disbursements	-1	-355	-275
Cash Balance, Ending	**$ 5,651**	**$ 5,561**	**$ 5,501**

Environmental Education Fund

This fund was authorized by Act 24 of 1993 to provide environmental education programs and to provide grants to schools and other organizations. Funding is from the transfer of 5 percent of fines and penalties deposited in the special funds and restricted revenue accounts which are administered by the Department of Environmental Protection. Act 18 of 1995 requires that not less than 25 percent of the annual receipts of this fund shall be provided to the Department of Conservation and Natural Resources.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,604**	**$ 1,476**	**$ 392**
Receipts:			
Transfers from Other Funds	$ 557	$ 736	$ 600
Interest	82	-6	10
Total Receipts	639	730	610
Total Funds Available	**$ 2,243**	**$ 2,206**	**$ 1,002**
Disbursements:			
Conservation and Natural Resources	$ 179	$ 163	$ 147
Environmental Protection	588	1,651	747
Total Disbursements	-767	-1,814	-894
Cash Balance, Ending	**$ 1,476**	**$ 392**	**$ 108**

Fire Insurance Tax Fund

The revenue for the Fire Insurance Tax Fund results from the 2 percent tax paid upon premiums received from foreign (out-of-state) fire insurance companies on business done within the commonwealth. The funds are distributed based on the population and market value of real estate of each municipality. In addition, the distribution formula provides for differential payment for paid and volunteer firefighters. The amount to be distributed based on paid firefighters is transferred to the Municipal Pension Aid Fund for payment. This money must be paid by the local governmental organization into the relief, pension or retirement fund of the recognized fire fighting organization serving the city, town, township or borough.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 84,155**	**$ 86,699**	**$ 86,194**
Receipts:			
Tax Payable to Municipalities	$ 86,520	$ 86,000	$ 87,000
Interest	0	0	0
Total Receipts	86,520	86,000	87,000
Total Funds Available	**$ 170,675**	**$ 172,699**	**$ 173,194**
Disbursements:			
Auditor General	$ 83,976	$ 86,500	$ 88,000
Treasury	0	5	5
Total Disbursements	-83,976	-86,505	-88,005
Cash Balance, Ending	**$ 86,699**	**$ 86,194**	**$ 85,189**

Fire Prevention and Public Safety Fund

Act 42 of 2008 created the Fire Prevention and Public Safety Fund within the Office of the State Fire Commissioner. The Fund consists of all moneys recovered as penalties under this act. The penalties are remitted to the State Treasury for programs to support fire safety and prevention programs.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 5**
Receipts:			
Penalty collections	$ 0	$ 5	$ 25
Interest	0	0	0
Total Receipts	0	5	25
Total Funds Available	**$ 0**	**$ 5**	**$ 30**
Disbursements:			
Emergency Management and Homeland Security	$ 0	$ 0	$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	**$ 0**	**$ 5**	**$ 30**

Governor Robert P. Casey Memorial Organ and Tissue Donation Awareness Trust Fund

This fund was established by Act 102 of 1994 and derives revenue from private contributions, voluntary deductions from state individual income tax returns, and a voluntary $1 add-on to the fee for an original or renewal driver's license, state identification card or vehicle registration.

After the payment of initial departmental operating costs associated with the fund and in support of the Organ Donation Advisory Committee, any remaining funds are spent as prescribed by the act: 10 percent for hospital and medical expenses, funeral expenses and incidental expenses incurred by the donor or the donor's family in conjunction with making a vital organ donation; 50 percent for grants to certified organ procurement organizations for the development and implementation of organ donation awareness programs; 15 percent in cooperation with certified organ procurement organizations for the "project-make-a-choice program"; and 25 percent for the implementation of organ donation awareness programs in secondary schools.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,777**	**$ 2,774**	**$ 1,921**
Receipts:			
Donations - State Income Tax Forms	$ 25	$ 18	$ 16
Donations - Driver's License Applicants	299	217	195
Donations - Motor Vehicle Registrations	493	488	439
Interest	124	-12	10
Total Receipts	941	711	660
Total Funds Available	**$ 3,718**	**$ 3,485**	**$ 2,581**
Disbursements:			
Education	$ 60	$ 273	$ 200
Health	856	1,291	663
Transportation	28	0	0
Total Disbursements	-944	-1,564	-863
Cash Balance, Ending	**$ 2,774**	**$ 1,921**	**$ 1,718**

Growing Greener Bond Fund

This fund was created under the authority of Act 45 of 2005 to receive and distribute the proceeds from the sale of $625 million in bonds. This money will be used to finance various environmental projects such as watershed protection, mine drainage remediation, advanced energy, flood protection, brownfields remediation, state parks and forests facilities, open space conservation, farmland preservation, capital improvement projects for fishing, boating and hunting, and for county environmental initiatives.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 106,886**	**$ 86,559**	**$ 11,700**
Receipts:			
Referendum Bonds	$ 109,500	$ 65,000	$ 120,000
Premium on Sale of Bonds	6,335	0	0
Interest	3,937	1,618	2,000
Total Receipts	119,772	66,618	122,000
Total Funds Available	**$ 226,658**	**$ 153,177**	**$ 133,700**
Disbursements:			
Treasury	$ 84	$ 52	$ 96
Agriculture			
Purchase of County Easements	26,607	10,690	5,000
Community and Economic Development			
Main Street Downtown Development	15,234	14,020	12,000
Industrial Sites Reuse	1,658	4,888	5,000
Conservation and Natural Resources			
Parks & Recreation Improvements	5,138	9,090	13,564
State Parks/Forest Projects	17,393	21,036	22,000
Open Space Conservation	28,680	29,577	4,808
Environmental Protection			
Authority Projects	1,950	4,319	6,600
Environmental Improvement Projects	17,279	21,140	25,000
Acid Mine Drainage Abatement	21,983	10,701	12,000
Fish and Boat Commission			
Capital Improvement Projects	399	10,767	15,905
Game Commission			
Capital Improvement Projects	3,694	5,197	5,064
Total Disbursements	-140,099	-141,477	-127,037
Cash Balance, Ending	**$ 86,559**	**$ 11,700**	**$ 6,663**

Growing Greener Bond Sinking Fund

Payment of interest and principal due on outstanding Growing Greener bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on monies in the Growing Greener Bond Fund provide revenues to this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from General Fund	$ 16,585	$ 29,294	$ 29,988
Total Receipts	16,585	29,294	29,988
Total Funds Available	**$ 16,585**	**$ 29,294**	**$ 29,988**
Disbursements:			
Treasury	$ 16,585	$ 29,294	$ 29,988
Total Disbursements	-16,585	-29,294	-29,988
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Hazardous Material Response Fund

This fund was created by Act 165 of 1990 and amended by Act 121 of 2000 to carry out Pennsylvania's responsibilities under Title III of the Federal Superfund Amendments and Reauthorization Act (SARA Title III). Revenue is generated from toxic chemical registration fees and toxic chemical release form fees. Expenditures are for training programs for hazardous material response teams, public education programs, grants to counties for SARA Title III activities, cost recovery grants, facility and vehicle inspections, and testing and administration of the program including data collection and management.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 5,952**	**$ 6,530**	**$ 6,601**
Receipts:			
Toxic Chemical Release Form Fee	$ 1,279	$ 1,270	$ 1,270
Chemical Inventory Fee	113	300	300
Interest	311	75	75
Other	0	80	80
Total Receipts	1,703	1,725	1,725
Total Funds Available	**$ 7,655**	**$ 8,255**	**$ 8,326**
Disbursements:			
Emergency Management and Homeland Security	$ 1,073	$ 1,484	$ 1,475
Labor and Industry	52	170	170
Total Disbursements	-1,125	-1,654	-1,645
Cash Balance, Ending	**$ 6,530**	**$ 6,601**	**$ 6,681**

Hazardous Sites Cleanup Fund

This fund was created by Act 58 of 1987 to finance the cleanup and restoration of abandoned hazardous waste sites in the commonwealth. Expenditures from this fund are for cleaning up abandoned hazardous waste sites throughout the commonwealth and restoring the land to productive use. Revenue is generated from a Hazardous Waste Fee as well as money received from parties determined responsible for site contamination. Prior to fiscal year 2002-03, the fund received one-quarter mill of the Capital Stock and Franchise Tax. Act 45 of 2005 provided for transfers to the fund from the Environmental Stewardship Fund in 2005-06 and 2006-07. Act 77 of 2007 provides for a one-time transfer in fiscal year 2007-08 of monies lapsed from certain appropriations within the Legislative Department. Beginning in fiscal year 2008-09, the act also includes an annual transfer to the fund of $40 million of revenue received from the Capital Stock and Franchise Tax.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 31,704**	**$ 20,997**	**$ 34,117**
Receipts:			
Transfer from Environmental Stewardship Fund	$ 12,844	$ 0	$ 0
Transfer from General Fund	0	12,844	0
Capital Stock and Franchise Tax	0	40,000	40,000
Hazardous Waste Fee	2,071	2,000	2,000
Cost Recovery	2,203	2,000	2,000
Interest	1,070	-446	500
Other	0	0	0
Total Receipts	18,188	56,398	44,500
Total Funds Available	**$ 49,892**	**$ 77,395**	**$ 78,617**
Disbursements:			
Environmental Protection	$ 28,895	$ 43,278	$ 47,787
Total Disbursements	-28,895	-43,278	-47,787
Cash Balance, Ending	**$ 20,997**	**$ 34,117**	**$ 30,830**

Higher Education Assistance Fund

This fund statement presents financial activity within the Higher Education Assistance Fund that is related only to programs funded by state and federal appropriations. The Pennsylvania Higher Education Assistance Agency (PHEAA) administers other programs through the Higher Education Assistance Fund which are not included in this presentation. Moneys in this fund are currently used primarily for the following purposes: (1) provision of grants to students; (2) provision of grants to nonsectarian private post-secondary educational institutions; (3) provision of grants to institutions of higher learning for the purpose of helping the institution secure federal funds to provide direct financial aid to students; (4) provision of funds to institutions for the Federal Work Study Program; (5) provision for grants to minority students entering graduate and professional schools under the Bond-Hill Program; (6) provision for loan forgiveness for graduates with agricultural degrees, teachers of an agricultural curriculum or veterinarians whose practice includes farm animals; (7) provision of funds to recruit gifted students to Cheyney University; (8) provision of scholarships to encourage Pennsylvania students to pursue education in science and technology fields; (9) provision for matching funds to support student interns with emerging technology companies within Pennsylvania; and (10) provision of funds to students to leverage matching scholarship funds from participating private foundations. Revenues to this fund are derived from General Fund appropriations by the General Assembly, federal funds, PHEAA business earnings and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 45,437**	**$ 40,017**	**$ 29,066**
Receipts:			
Transfer from General Fund	$ 451,968	$ 473,207	$ 518,207
Investment Earnings	197	150	150
Federal Revenue	7,648	6,939	6,567
Other	165,675	-13,874	913
Total Receipts	625,488	466,422	525,837
Total Funds Available	**$ 670,925**	**$ 506,439**	**$ 554,903**
Disbursements:			
Treasury	$ 40	$ 50	$ 50
Higher Education Assistance Agency	630,868	477,323	528,560
Total Disbursements	-630,908	-477,373	-528,610
Cash Balance, Ending	**$ 40,017**	**$ 29,066**	**$ 26,293**

Highway Beautification Fund

The Highway Beautification Fund was created by Act 5 of Special Session Three of 1966. Activities include control of outdoor advertising and junkyards. Although General Fund monies were initially appropriated to establish the fund, highway beautification activities are now supported by licenses, fees, fines, penalties and interest.

Each year the Governor issues executive authorizations which establish the amount to be spent by the Department of Transportation in each of the highway beautification activities.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,082**	**$ 937**	**$ 559**
Receipts:			
Licenses and Fees	$ 313	$ 325	$ 325
Other	49	12	12
Total Receipts	362	337	337
Total Funds Available	**$ 1,444**	**$ 1,274**	**$ 896**
Disbursements:			
Treasury	$ 0	$ 0	$ 0
Transportation	507	715	715
Total Disbursements	-507	-715	-715
Cash Balance, Ending	**$ 937**	**$ 559**	**$ 181**

Historical Preservation Fund

This fund was created for expenditure by the Historical and Museum Commission for the preservation, care and maintenance of state historical properties, museums and records and for the financing of historical research and publication programs. Money in the fund can also be used to purchase publications and souvenirs of a historical nature for sale at commission administered properties. This fund is made up of monies from the sale of publications by the Pennsylvania Historical and Museum Commission and all monies received from admission fees or other sales by the commission at the state historical properties and/or museums. Act 173 of 2002 enables the commission to sell most commonwealth publications to the public and provides that net proceeds from the publication sales and from the sale of historical properties administered by the commission shall be deposited into the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,669**	**$ 2,388**	**$ 1,966**
Receipts:			
Admission Fees	$ 1,128	$ 1,200	$ 1,200
Interest	102	-17	20
Other	1,654	610	610
Total Receipts	2,884	1,793	1,830
Total Funds Available	**$ 5,553**	**$ 4,181**	**$ 3,796**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Historical and Museum Commission	3,165	2,210	2,210
Total Disbursements	-3,165	-2,215	-2,215
Cash Balance, Ending	**$ 2,388**	**$ 1,966**	**$ 1,581**

HOME Investment Trust Fund

This fund was established by Act 172 of 1992 in order to administer Pennsylvania's program under the National Affordable Housing Act of 1990. Funding is provided by the Federal Department of Housing and Urban Development on an annual basis. Expenditures are for development and support of affordable rental housing and home ownership through the acquisition, new construction, reconstruction or rehabilitation of housing.

Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development. Beginning in 2000-01 the majority of federal funds are granted directly through the implementation of the United States Department of Housing and Urban Development Integrated Disbursement and Information System and do not flow through the Department of Community and Economic Development. Administrative funds are appropriated to the department to continue the program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 69**	**$ 64**	**$ 65**
Receipts:			
Federal Revenue	$ 475	$ 1,555	$ 1,009
Interest	1	1	1
Total Receipts	476	1,556	1,010
Total Funds Available	**$ 545**	**$ 1,620**	**$ 1,075**
Disbursements:			
Community and Economic Development Administration	$ 481	$ 1,555	$ 1,009
Total Disbursements	-481	-1,555	-1,009
Cash Balance, Ending	**$ 64**	**$ 65**	**$ 66**

Industrial Development Fund

Periodic General Fund appropriations made by the General Assembly to the Pennsylvania Industrial Development Authority (PIDA) are credited to this fund. From 1992 to 1994, these appropriations were replaced by an annual $70 million transfer ($17.5 million per quarter) of Corporate Net Income tax revenues as provided by Act 22 of 1991. This transfer ended at the close of the 1993-94 fiscal year as part of the PIDA recapitalization.

The fund makes loans to local industrial development agencies to stimulate economic activity in areas of high unemployment. Repayments of loans and other revenues, generally not credited to this fund, are used by PIDA to make additional loans.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 41**	**$ 41**	**$ 37**
Receipts:			
Interest	$ 1	$ 1	$ 2
Total Receipts	1	1	2
Total Funds Available	**$ 42**	**$ 42**	**$ 39**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Community and Economic Development	1	0	0
Total Disbursements	-1	-5	-5
Cash Balance, Ending	**$ 41**	**$ 37**	**$ 34**

Industrial Sites Cleanup Fund

Act 2 of 1995 created the Industrial Sites Cleanup Fund to provide grants and loans to political subdivisions, local economic development agencies and others who as part of an economic development strategy undertake voluntary cleanup of property contaminated by industrial activity. Act 6 of 2000 allows the Department of Community and Economic Development to provide performance-based loans, which may be forgiven if performance measures are met. Also, Act 6 expanded the program to include remediation of non-hazardous waste or debris. Revenue to the fund consists of transfers from the Hazardous Sites Cleanup Fund, any funds appropriated by the General Assembly, interest earnings and loan repayments. Grants and loans are prioritized based on the benefit of the project to the public health and safety, the cost effectiveness of the project, the economic distress of the area and the potential of the project to result in economic development.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 11,880**	**$ 12,142**	**$ 6,386**
Receipts:			
Loan Principal and Interest	$ 2,146	$ 2,300	$ 2,450
Interest	555	166	175
Total Receipts	2,701	2,466	2,625
Total Funds Available	**$ 14,581**	**$ 14,608**	**$ 9,011**
Disbursements:			
Community and Economic Development			
Administration	$ 143	$ 242	$ 288
Loans	1,097	1,994	2,000
Grants	1,199	5,986	4,000
Total Disbursements	-2,439	-8,222	-6,288
Cash Balance, Ending	**$ 12,142**	**$ 6,386**	**$ 2,723**

Insurance Fraud Prevention Trust Fund

The Insurance Fraud Prevention Trust Fund was created by Act 166 of 1994. The purpose of the fund is to finance activities in the commonwealth to prevent, combat and reduce insurance fraud, and to improve and support insurance fraud law enforcement, prosecutions and prevention. The source of funds is assessments on the insurance companies that conduct business in the Commonwealth of Pennsylvania, fines and penalties, and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 3,042**	**$ 4,067**	**$ 1,357**
Receipts:			
Assessments	$ 10,904	$ 10,849	$ 11,141
Fines and Penalties Income	0	200	150
Returned prior year grants	0	500	400
Interest	244	-150	100
Total Receipts	11,148	11,399	11,791
Total Funds Available	**$ 14,190**	**$ 15,466**	**$ 13,148**
Disbursements:			
Insurance Fraud Prevention Authority	$ 10,123	$ 14,109	$ 12,170
Total Disbursements	-10,123	-14,109	-12,170
Cash Balance, Ending	**$ 4,067**	**$ 1,357**	**$ 978**

Insurance Liquidation Fund

The Insurance Department is responsible for administering the liquidation of insolvent domestic insurance carriers pursuant to orders of the Commonwealth Court under Article V of the Insurance Department Act. This fund is used to permit the Treasury Department to invest the assets of insolvent insurance carriers.

These assets are used to pay claims and expenses incurred in the administration of domestic insurance carrier insolvencies.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 73,756**	**$ 73,077**	**$ 36,507**
Receipts:			
Carrier Assets	$ 30,569	$ 0	$ 0
Net Investment Adjustment	-650	0	0
Interest	3,110	1,330	2,000
Total Receipts	33,029	1,330	2,000
Total Funds Available	**$ 106,785**	**$ 74,407**	**$ 38,507**
Disbursements:			
Insurance	$ 33,708	$ 37,900	$ 37,900
Total Disbursements	-33,708	-37,900	-37,900
Cash Balance, Ending	**$ 73,077**	**$ 36,507**	**$ 607**

Job Training Fund

This fund was created by Act 5 of 2005 to facilitate advances in workforce development in the commonwealth. The Job Training Fund will award annual grants to entities in specified rural counties which run workforce education programs and services for job training assistance to incumbent workers, dislocated workers, adult and youth workers and other workforce development programs. Receipts in the fund are transfers from the Special Administration Fund and are supplemented by interest earnings and other monies appropriated to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,700**	**$ 2,282**	**$ 966**
Receipts:			
Special Administration Fund	$ 3,500	$ 3,300	$ 3,700
Interest	116	-29	50
Total Receipts	3,616	3,271	3,750
Total Funds Available	**$ 6,316**	**$ 5,553**	**$ 4,716**
Disbursements:			
Labor and Industry	$ 4,034	$ 4,587	$ 3,700
Total Disbursements	-4,034	-4,587	-3,700
Cash Balance, Ending	**$ 2,282**	**$ 966**	**$ 1,016**

Keystone Recreation, Park and Conservation Sinking Fund

Amounts in this fund are used to redeem or pay interest on bonds issued for the Keystone Recreation, Park and Conservation Fund. The annual appropriation for general obligation debt service from the General Fund provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from General Fund	$ 741	$ 257	$ 0
Total Receipts	741	257	0
Total Funds Available	**$ 741**	**$ 257**	**$ 0**
Disbursements:			
Treasury	$ 741	$ 257	$ 0
Total Disbursements	-741	-257	0
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Land and Water Development Fund

This fund was created in 1968 to finance projects to eliminate land and water scars, air pollution and subsidence due to past coal mining operations, to aid political subdivisions in constructing or improving sewage treatment plants, to develop public outdoor recreation lands and to aid local governments in acquiring land for recreation purposes. In addition, administrative expenses incurred in support of any of these activities may be paid with monies in this fund. Initially, revenue to the fund was derived from the sale of Land and Water Development Bonds up to the $500 million approved by the electorate on May 16, 1967. All appropriated funds from the bonds have been expended.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,610**	**$ 1,244**	**$ 715**
Receipts:			
Sale of Refuse Bank Materials	$ 0	$ 0	$ 0
Total Receipts	0	0	0
Total Funds Available	**$ 1,610**	**$ 1,244**	**$ 715**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Environmental Protection	366	524	0
Total Disbursements	-366	-529	-5
Cash Balance, Ending	**$ 1,244**	**$ 715**	**$ 710**

Land and Water Development Sinking Fund

Payment of interest and principal due on outstanding Land and Water Development bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on invested balances in this fund and in the Land and Water Development Fund provide the revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 226**	**$ 169**	**$ 169**
Receipts:			
Transfer from General Fund	$ 0	$ 252	$ 255
Interest on Securities	196	0	0
Total Receipts	196	252	255
Total Funds Available	**$ 422**	**$ 421**	**$ 424**
Disbursements:			
Treasury	$ 253	$ 252	$ 255
Total Disbursements	-253	-252	-255
Cash Balance, Ending	**$ 169**	**$ 169**	**$ 169**

Liquid Fuels Tax Fund

The Liquid Fuels Tax Fund was created in 1931 by an act of the General Assembly to assist in funding the local roads system. One-half cent per gallon of gasoline and diesel fuel taxes is deposited into the fund for semi-annual distribution to county governments and to pay registration fees for vehicles operated by mass transportation systems. After payment of fees, remaining funds are allocated to the counties on a three-year average refund to total refund formula and must be used for highway purposes. Since the majority of counties have direct jurisdiction over a limited number of roads, a large portion of these funds are further allocated by the counties to their political subdivisions. To streamline payments to counties the Department of Revenue delegated the authority for these payments and attendant expenses to the Department of Transportation effective in 1999-00.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 5,677**	**$ 4,868**	**$ 3,331**
Receipts:			
Tax on Gasoline	$ 24,286	$ 25,086	$ 25,877
Tax on Diesel Fuel	6,809	6,827	7,297
Total Receipts	31,095	31,913	33,174
Total Funds Available	**$ 36,772**	**$ 36,781**	**$ 36,505**
Disbursements:			
Treasury	$ 71	$ 500	$ 500
Transportation	31,833	32,950	32,950
Total Disbursements	-31,904	-33,450	-33,450
Cash Balance, Ending	**$ 4,868**	**$ 3,331**	**$ 3,055**

Liquor License Fund

This fund serves as a pass-through account for fees for hotel, restaurant and club liquor and/or beer licenses. These fees are returned semi-annually to the municipalities in which the licenses are located. Interest earned on fund deposits is credited to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,388**	**$ 2,444**	**$ 2,497**
Receipts:			
Liquor License Fees	$ 4,529	$ 4,530	$ 4,530
Beer License Fees	104	105	105
Other	-18	8	7
Total Receipts	4,615	4,643	4,642
Total Funds Available	**$ 7,003**	**$ 7,087**	**$ 7,139**
Disbursements:			
Treasury	$ 0	$ 30	$ 30
Liquor Control Board	4,559	4,560	4,560
Total Disbursements	-4,559	-4,590	-4,590
Cash Balance, Ending	**$ 2,444**	**$ 2,497**	**$ 2,549**

Local Criminal Justice Fund

This fund was created by Act 71 of 1990 which authorized the issuance of bonds to raise $200 million for grants to counties for the repair, expansion, construction, rehabilitation and improvement of local correctional facilities or multicounty regional prison facilities or the purchase of electronic monitoring equipment for alternative sentencing programs.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 297**	**$ 1,904**	**$ 602**
Receipts:			
Sale of Bonds	$ 1,500	$ 0	$ 0
Premium on Sale of Bonds	94	0	0
Interest	13	20	0
Total Receipts	1,607	20	0
Total Funds Available	**$ 1,904**	**$ 1,924**	**$ 602**
Disbursements:			
Corrections	$ 0	$ 1,322	$ 471
Total Disbursements	0	-1,322	-471
Cash Balance, Ending	**$ 1,904**	**$ 602**	**$ 131**

Local Criminal Justice Sinking Fund

Payment of interest and principal due on outstanding local criminal justice bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on invested balances in this fund provide the revenues to this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from General Fund	$ 920	$ 995	$ 577
Accrued Interest on Bonds Sold	0	0	0
Total Receipts	920	995	577
Total Funds Available	**$ 920**	**$ 995**	**$ 577**
Disbursements:			
Treasury	$ 920	$ 995	$ 577
Total Disbursements	-920	-995	-577
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Local Government Capital Project Loan Fund

This fund was created in 1990 to assist municipal governments in acquiring equipment and facilities by providing low-interest loans to those governments which find conventional loan costs to be prohibitive. Loans are provided at a rate of 2 percent for periods not to exceed 10 years. Revenues received from loan repayment and interest accrual are returned to the fund on a revolving basis. Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development. Act 46 of 1997 extended this fund indefinitely.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,309**	**$ 2,216**	**$ 1,471**
Receipts:			
Loan Repayments	$ 562	$ 625	$ 650
Interest	155	25	75
Total Receipts	717	650	725
Total Funds Available	**$ 3,026**	**$ 2,866**	**$ 2,196**
Disbursements:			
Community and Economic Development Loans	$ 810	$ 1,395	$ 1,000
Total Disbursements	-810	-1,395	-1,000
Cash Balance, Ending	**$ 2,216**	**$ 1,471**	**$ 1,196**

Low-Level Waste Fund

This fund was created by Act 12 of 1988 to finance the selection, licensing, regulation and long-term care of a low-level radioactive waste disposal facility. Revenue is derived from fees for licenses and permits to generate, store and transport waste, surcharges on the disposal of waste, and fines and penalties for violating the provisions of the Low-Level Radioactive Waste Disposal Act. The siting process was suspended in 1998 because of a dramatic reduction in the volume of low-level radioactive waste being generated in the Appalachian Compact and the availability of out-of-state disposal capacity. Expenditures reflect the continued activity by the department to oversee Pennsylvania's generation of low-level waste and to reduce the waste stream.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,808**	**$ 2,818**	**$ 2,511**
Receipts:			
Fines and Penalties [a]	$ 0	$ 0	$ 0
Licenses and Fees [a]	0	0	0
Interest	135	45	50
Total Receipts	135	45	50
Total Funds Available	**$ 2,943**	**$ 2,863**	**$ 2,561**
Disbursements:			
Environmental Protection	$ 125	$ 352	$ 219
Total Disbursements	-125	-352	-219
Cash Balance, Ending	**$ 2,818**	**$ 2,511**	**$ 2,342**

[a] These revenues will not be received until the commonwealth's low-level disposal site becomes operational.

Machinery and Equipment Loan Fund

This fund was established by Act 120 of 1988 to provide low-interest machinery and equipment financing for Pennsylvania businesses in order to facilitate their growth, competitiveness and value-added capacity. The fund was initially capitalized by an appropriation from the Pennsylvania Economic Revitalization Fund (PERF). It is now funded from loan repayments, transfers from the General Fund and interest earnings. Act 22 of 2004 required the Commonwealth Financing Authority to transfer $75 million in bond proceeds to the Department of Community and Economic Development for deposit in the fund.

Act 53 of 2008 stipulated the transfer of moneys from this fund to an account within the Tobacco Settlement Fund in support of biotechnology commercialization.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 101,595**	**$ 97,154**	**$ 33,433**
Receipts:			
Principal Repayments	$ 12,732	$ 18,500	$ 25,000
Loan Service Fees	174	300	350
Interest	6,090	5,800	5,800
Total Receipts	18,996	24,600	31,150
Total Funds Available	**$ 120,591**	**$ 121,754**	**$ 64,583**
Disbursements:			
Community and Economic Development Administration	$ 549	$ 603	$ 597
Loans	22,888	75,718	40,000
Transfer to the Tobacco Settlement Fund	0	12,000	0
Total Disbursements	-23,437	-88,321	-40,597
Cash Balance, Ending	**$ 97,154**	**$ 33,433**	**$ 23,986**

Manufacturing Fund

This fund, created in 1915, is a self-sustaining enterprise that provides institutionalized offenders an opportunity for vocational rehabilitation. Receipts are derived from the sale of inmate manufactured goods to government agencies or government-aided organizations. Expenditures are made for the purchase of raw materials, machinery replacement, inmate wages and other costs related to the sale and manufacture of their products. Act 38A of 2008 authorized a one-time fund transfer of $5 million to the Department of Corrections during 2008-09.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 25,473**	**$ 29,837**	**$ 20,798**
Receipts:			
Sale of Products	$ 53,979	$ 62,000	$ 65,900
Interest	1,057	-509	0
Other	65	100	100
Total Receipts	55,101	61,591	66,000
Total Funds Available	**$ 80,574**	**$ 91,428**	**$ 86,798**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Corrections	50,737	70,625	71,950
Total Disbursements	-50,737	-70,630	-71,955
Cash Balance, Ending	**$ 29,837**	**$ 20,798**	**$ 14,843**

Medical Care Availability and Reduction of Error Fund

Act 13 of 2002, the Medical Care Availability and Reduction of Error (Mcare) Act, established the Medical Care Availability and Reduction of Error Fund and transferred to it the assets, liabilities, rights and responsibilities of the Medical Professional Liability Catastrophe Loss Fund effective October 15, 2002. The Mcare Fund is used to pay claims against participating health care providers for losses or damages awarded in medical professional liability actions against them in excess of the basic insurance coverage required by the act. In addition to the transfer of assets from the Medical Professional Liability Catastrophe Loss Fund, revenue includes an assessment on health care providers. Beginning in 2004, the moving violation surcharge revenue which accrued to the Catastrophic Loss Benefits Continuation Fund accrues to this fund for a period of ten years.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 134,177**	**$ 147,191**	**$ 194,453**
Receipts:			
Assessments	$ 158,878	$ 213,857	$ 219,246
Interest	6,918	-8,267	3,000
Reinsurance Proceeds	-36	0	0
Moving Violation Surcharge	47,185	44,000	44,000
Health Care Provider Experience Rated Adjustment	1,384	200	200
Other	3,867	-12,643 [a]	197
Total Receipts	218,196	237,147	266,643
Total Funds Available	**$ 352,373**	**$ 384,338**	**$ 461,096**
Disbursements:			
Treasury	$ 19	$ 20	$ 20
Insurance	205,163	189,865	203,495
Total Disbursements	-205,182	-189,885	-203,515
Cash Balance, Ending	**$ 147,191**	**$ 194,453**	**$ 257,581**

[a] Includes transfer of abatement repayments to appropriate account.

Milk Marketing Fund

The Milk Marketing Fund is a special revenue fund composed of monies received from license fees, fines, penalties and permits relating to the milk industry. The purpose of this fund is to provide for the operation of the Milk Marketing Board and to serve as a depository for money due dairy farmers from underpayments by milk dealers.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,417**	**$ 2,589**	**$ 2,074**
Receipts:			
License and Fees	$ 2,529	$ 2,450	$ 2,450
Fines and Penalties	2	50	50
Interest	80	-16	25
Other	0	0	0
Total Receipts	2,611	2,484	2,525
Total Funds Available	**$ 5,028**	**$ 5,073**	**$ 4,599**
Disbursements:			
Milk Marketing Board	$ 2,439	$ 2,994	$ 2,894
Treasury	0	5	5
Total Disbursements	-2,439	-2,999	-2,899
Cash Balance, Ending	**$ 2,589**	**$ 2,074**	**$ 1,700**

Minority Business Development Fund

This fund was created by Act 206 of 1974 to accommodate the operation of the Pennsylvania Minority Business Development Authority. Revenues to the fund are from loan repayments, transfer of General Fund appropriations and interest. The authority has the power to issue bonds or other obligations which would provide further revenue to the fund. Expenditures are made for loans to minority business enterprises and for operating expenses of the authority.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 3,644**	**$ 2,204**	**$ 1,087**
Receipts:			
Transfer from General Fund	$ 0	$ 0	$ 0
Interest	151	34	76
Loan Principal and Interest Repayments	957	1,350	1,578
Other	0	25	25
Total Receipts	1,108	1,409	1,679
Total Funds Available	**$ 4,752**	**$ 3,613**	**$ 2,766**
Disbursements:			
Community and Economic Development	$ 2,548	$ 2,526	$ 2,537
Total Disbursements	-2,548	-2,526	-2,537
Cash Balance, Ending	**$ 2,204**	**$ 1,087**	**$ 229**

Motor Vehicle Transaction Recovery Fund

This fund was created by Act 83 of 1990 to provide protection from dealers or other agents who fail to forward fees and taxes pertaining to an application for titling or registration of a vehicle to the Department of Transportation. Revenues to the fund consist of assessments (or reassessments should the balance of the fund fall below $500,000) on every applicant for motor vehicle dealer registration plates or for the authority to act as agent of the department with respect to vehicle titling and registration.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,579**	**$ 1,717**	**$ 1,727**
Receipts:			
Titling & Registration Fees	$ 62	$ 60	$ 60
Interest	76	40	40
Total Receipts	138	100	100
Total Funds Available	**$ 1,717**	**$ 1,817**	**$ 1,827**
Disbursements:			
Transportation	$ 0	$ 90	$ 90
Total Disbursements	0	-90	-90
Cash Balance, Ending	**$ 1,717**	**$ 1,727**	**$ 1,737**

Municipal Pension Aid Fund

This fund was created by Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, and is administered by the Auditor General. Beginning in July 1985, this fund receives a portion of the revenues from the Foreign Casualty Insurance Premium Tax and the Foreign Fire Insurance Premium Tax. These revenues and earnings are for distribution to municipalities for various municipal, police and fire pension funds, including post-retirement adjustments mandated by Act 147 of 1988. Beginning in 2005-06, fund disbursements include additional post-retirement adjustments according to the provisions of Act 64 of 2002.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 212,945**	**$ 211,104**	**$ 204,899**
Receipts:			
Foreign Casualty Insurance Premium Tax	$ 193,450	$ 200,000	$ 201,000
Foreign Fire Insurance Premium Tax	15,958	16,000	16,500
Interest	5,250	-2,200	2,500
Total Receipts	214,658	213,800	220,000
Total Funds Available	**$ 427,603**	**$ 424,904**	**$ 424,899**
Disbursements:			
Auditor General	$ 216,499 [a]	$ 220,000 [b]	$ 223,000 [c]
Treasury	0	5	5
Total Disbursements	-216,499	-220,005	-223,005
Cash Balance, Ending	**$ 211,104**	**$ 204,899**	**$ 201,894**

[a] Includes post-retirement payment of $3,046,888 as authorized by Act 147 of 1988 and $8,127,722 per Act 64 of 2002.

[b] Includes post-retirement payment of $3,100,000 as authorized by Act 147 of 1988 and $8,200,000 per Act 64 of 2002.

[c] Includes post-retirement payment of $3,150,000 as authorized by Act 147 of 1988 and $8,300,000 per Act 64 of 2002.

Municipalities Financial Recovery Revolving Aid Fund

This fund was created by Act 157 of 1988 to make loans and grants to assist municipalities that are declared financially distressed. Initial funding was provided through the transfer of unused funds remaining from a 1986-87 General Fund appropriation for Distressed Community Emergency Aid. In addition, Act 157 stipulated that all repayments on loans made from the fund should be redeposited into the fund and used to make additional loans and grants to distressed municipalities. Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 6,350**	**$ 5,996**	**$ 3,760**
Receipts:			
Transfers In	$ 1,500	$ 1,480	$ 1,480
Loan Repayments	602	610	625
Interest	332	100	275
Total Receipts	2,434	2,190	2,380
Total Funds Available	**$ 8,784**	**$ 8,186**	**$ 6,140**
Disbursements:			
Community and Economic Development			
Program Fees	$ 1,766	$ 3,140	$ 1,650
Loans	950	1,200	1,600
Grants	72	86	200
Total Disbursements	-2,788	-4,426	-3,450
Cash Balance, Ending	**$ 5,996**	**$ 3,760**	**$ 2,690**

Non-Coal Surface Mining Conservation and Reclamation Fund

This fund was created by Act 219 of 1984 to finance reclamation projects on land scarred by non-coal surface mining. Projects include recontouring, terracing and planting trees, shrubs and grasses. Revenues are provided by charging non-coal surface mining operators for licenses and permits and by fining them for failing to apply for the licenses and permits as well as by forfeiture of collateral bonds, cash or securities for failure to comply with an approved reclamation plan.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 13,001**	**$ 13,919**	**$ 12,195**
Receipts:			
Licenses and Fees	$ 254	$ 247	$ 253
Penalties	133	35	68
Interest	626	245	300
Collateral	102	0	0
Payment in Lieu of Bonds	58	25	25
Forfeiture of Bonds	35	0	0
Total Receipts	1,208	552	646
Total Funds Available	**$ 14,209**	**$ 14,471**	**$ 12,841**
Disbursements:			
Environmental Protection	$ 290	$ 2,276	$ 2,200
Total Disbursements	-290	-2,276	-2,200
Cash Balance, Ending	**$ 13,919**	**$ 12,195**	**$ 10,641**

Nutrient Management Fund

This fund was created under the authority of Act 6 of 1993 to fund loans and grants for the implementation of nutrient management plans by agricultural operations. Revenue comes from commonwealth and federal appropriations, interest, loan repayments and gifts. Act 18 of 1995 transferred some responsibilities for the Nutrient Management Program from the Department of Environmental Protection to the Department of Agriculture.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,475**	**$ 488**	**$ 488**
Receipts:			
Transfer from General Fund	$ 3,280	$ 3,138	$ 3,100
Interest	-32	-80	5
Fees	22	22	22
Fines	20	20	20
Total Receipts	3,290	3,100	3,147
Total Funds Available	**$ 4,765**	**$ 3,588**	**$ 3,635**
Disbursements:			
Agriculture	$ 1,781	$ 1,300	$ 1,425
Environmental Protection	2,496	1,800	1,734
Total Disbursements	-4,277	-3,100	-3,159
Cash Balance, Ending	**$ 488**	**$ 488**	**$ 476**

Oil and Gas Lease Fund

Created in 1955, this fund is used to finance conservation, recreation, dams or flood control projects or to match any federal grants made for these purposes. Revenues are derived from rents and royalties from oil and gas leases of commonwealth owned land with the exception of rents and royalties from land owned by either the Pennsylvania Game or Fish and Boat Commissions. Those revenues are paid into the Game and Fish Funds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 7,475**	**$ 8,652**	**$ 12,172**
Receipts:			
Rents and Royalties	$ 5,036	$ 196,600 [a]	$ 6,000
Interest	360	400	400
Other	31	0	0
Total Receipts	5,427	197,000	6,400
Total Funds Available	**$ 12,902**	**$ 205,652**	**$ 18,572**
Disbursements:			
Conservation and Natural Resources	$ 4,250	$ 19,480 [a]	$ 8,761
Transfer to the General Fund	0	174,000 [a]	0
Total Disbursements	-4,250	-193,480	-8,761
Cash Balance, Ending	**$ 8,652**	**$ 12,172**	**$ 9,811**

[a] Marcellus Shale and other gas royalties/lease fees.

Patient Safety Trust Fund

Act 13 of 2002, known as the Medical Care Availability and Reduction of Error Act, established the Patient Safety Trust Fund for the purpose of independent review of medical facilities which will result in ensuring patient safety and reducing medical errors. Revenue to the fund includes a surcharge on medical facility licensing fees. These fees are assessed by the Department of Health, deposited in the General Fund and transferred to the Patient Safety Fund. The Patient Safety Authority established by Act 13 contracts with entities who collect, analyze and evaluate data regarding reports of serious events and incidents at medical facilities and identify patterns in frequency or severity at individual medical facilities or in certain regions of this commonwealth. The authority and the individual facilities will be advised of changes in health care practices and procedures which are recommended for the purpose of reducing the number and severity of serious events and incidents. The authority may recommend regulatory or statutory changes which may help improve patient safety in the commonwealth.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,237**	**$ 3,386**	**$ 1,655**
Receipts:			
Surcharges	$ 5,570	$ 5,500	$ 5,500
Interest	139	100	200
Total Receipts	5,709	5,600	5,700
Total Funds Available	**$ 7,946**	**$ 8,986**	**$ 7,355**
Disbursements:			
Patient Safety Authority	$ 4,560	$ 7,331	$ 5,500
Total Disbursements	-4,560	-7,331	-5,500
Cash Balance, Ending	**$ 3,386**	**$ 1,655**	**$ 1,855**

Pennsylvania Economic Revitalization Fund

The Pennsylvania Economic Revitalization Fund (PERF) was created by Act 104 of 1984 as a three-year $190 million program financed through a bond issue authorized by the electorate. The fund was formally established in the 1988-89 budget as an economic development fund and authorization for the fund was eliminated in 1995-96. Activity continues because of the long-term nature of existing projects. Upon completion of project activity, the remaining balance in this fund will be transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 189**	**$ 1,951**	**$ 2,001**
Receipts:			
Interest	$ 363	$ 50	$ 50
Other	1,399	0	0
Total Receipts	1,762	50	50
Total Funds Available	**$ 1,951**	**$ 2,001**	**$ 2,051**
Disbursements:			
Agriculture	$ 0	$ 0	$ 0
Conservation and Natural Resources	0	0	0
Total Disbursements	0	0	0
Cash Balance, Ending	**$ 1,951**	**$ 2,001**	**$ 2,051**

Pennsylvania Economic Revitalization Sinking Fund

Payment of interest and principal due on outstanding economic revitalization bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest earned in this fund and interest earned in and transferred from the Pennsylvania Economic Revitalization Fund provide revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from General Fund	$ 510	$ 508	$ 509
Interest on Securities	0	0	0
Total Receipts	510	508	509
Total Funds Available	**$ 510**	**$ 508**	**$ 509**
Disbursements:			
Treasury	$ 510	$ 508	$ 509
Total Disbursements	-510	-508	-509
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Pennsylvania Gaming Economic Development and Tourism Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Pennsylvania Gaming Economic Development and Tourism Fund to receive a daily assessment of 5 percent of each licensed gaming entity's gross terminal revenue. The fund, which is administered by the Department of Community and Economic Development, will be distributed through specific enacted capital budgets. The first projects authorized were itemized in Act 53 of 2007. Act 63 of 2008 provided for additional uses for the fund. Under Act 63, funds may be used for water or sewer projects and high hazard unsafe dam projects approved by the Commonwealth Financing Authority.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 22,393**	**$ 51,561**	**$ 68,229**
Receipts:			
Gross Terminal Revenue Assessments	$ 69,745	$ 84,795	$ 120,706
Interest	1,982	1,342	1,200
Total Receipts	71,727	86,137	121,906
Total Funds Available	**$ 94,120**	**$ 137,698**	**$ 190,135**
Disbursements:			
Community and Economic Development	$ 42,559	$ 69,469	$ 66,200
General Services	0	0	5,080
Transfer to Commonwealth Financing Authority	0	0	8,575
Total Disbursements	-42,559	-69,469	-79,855
Cash Balance, Ending	**$ 51,561**	**$ 68,229**	**$ 110,280**

Pennsylvania Historical and Museum Commission Trust Fund

This fund, created by Act 113 of 1931, is administered by the Governor, Auditor General, State Treasurer and the Pennsylvania Historical and Museum Commission. The interest received from investment of the $33,000 perpetual endowment to this fund in bonds of the commonwealth or any of its political subdivisions is credited to the fund. Interest earned on investments is used for the restoration, maintenance and improvement of the Cornwall Charcoal Furnace, Cornwall Borough, Lebanon County.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 149**	**$ 156**	**$ 159**
Receipts:			
Interest	$ 7	$ 3	$ 4
Total Receipts	7	3	4
Total Funds Available	**$ 156**	**$ 159**	**$ 163**
Disbursements:			
Historical and Museum Commission	$ 0	$ 0	$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	**$ 156**	**$ 159**	**$ 163**

Pennsylvania Infrastructure Bank

This fund was established by Act 57 of 1997 to make loans to, or enter into leases with, qualified borrowers to finance the costs of transportation projects. Acts 165 and 7A of 2004 expanded this program to include financing of rail freight infrastructure. Receipts are derived from federal funds and the transfer of required matching state funds from the Motor License Fund, and the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 25,374**	**$ 59,528**	**$ 36,935**
Receipts:			
Loan Repayments	$ 5,815	$ 7,458	$ 6,352
Transfer from General Fund	2,208	225	0
Transfer from Motor License Fund	40,000	0	0
Transfer from Airport Development Grants	0	1,447	0
Interest	1,450	750	750
Total Receipts	49,473	9,880	7,102
Total Funds Available	**$ 74,847**	**$ 69,408**	**$ 44,037**
Disbursements:			
Transportation	$ 15,319	$ 32,473	$ 30,000
Total Disbursements	-15,319	-32,473	-30,000
Cash Balance, Ending	**$ 59,528**	**$ 36,935**	**$ 14,037**

Pennsylvania Municipal Retirement Fund

Act 15 of 1974 created the Pennsylvania Municipal Retirement System which replaced the Municipal Employes Retirement Law and the Municipal Police Retirement Law and combined all employes covered under both into a state-related municipal system. The fund established under Act 15 provides for payment of retirement allowances to officers, employes, firemen and police of political subdivisions (counties, cities, boroughs and townships of the first and second class). Any municipality may elect by ordinance to join the system. Revenues are generated from the contributions of the members of the system and investment earnings. The board established under Act 15 has control over the system's operation. The net investment adjustment shown below is to reflect carrying value of long-term investments as of June 30. A municipality may, upon meeting the requirements set forth in Act 15, elect to withdraw from participation in this fund. Withdrawals may substantially increase the level of disbursements reflected in this presentation.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Total Cash Balance, Beginning	**$ 1,526,558**	**$ 1,552,486**	**$ 1,189,184**
Receipts:			
Contributions	$ 47,994	$ 49,400	$ 50,900
Interest	20,828	12,665	12,665
Premium/Discount Sale of Securities	41,693	-60,806	0
Net Investment Adjustment	-31,043	-305,661	17,130
Total Receipts	79,472	-304,402	80,695
Total Funds Available	**$ 1,606,030**	**$ 1,248,084**	**$ 1,269,879**
Disbursements:			
Treasury	$ 0	$ 0	$ 0
Municipal Retirement Board	53,544	58,900	64,800
Total Disbursements	-53,544	-58,900	-64,800
Cash Balance, Ending	**$ 1,552,486**	**$ 1,189,184**	**$ 1,205,079**

Pennsylvania Race Horse Development Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Pennsylvania Race Horse Development Fund to support and advance the commonwealth's horse racing industry. Operating tracks receive a daily assessment as determined by the Department of Revenue. The daily assessment from each licensed gaming entity is based on a formula established in the Act, which is capped at 12 percent of an entity's gross terminal revenue for that day. Proceeds are distributed to licensees conducting live horse racing. Track owners deposit 80 percent of the proceeds into a purse account. Thoroughbred tracks commit the remaining proceeds to the Breeders' Fund and a Horseman's Organization Fund. Standardbred tracks commit proceeds to the Sire Stakes Fund, the Pennsylvania Standardbred Breeders Development Fund, and a Horsemen's Organizational Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,310**	**$ 4,677**	**$ 0**
Receipts:			
Assessments	$ 167,387	$ 190,970	$ 233,496
Interest	187	100	100
Total Receipts	167,574	191,070	233,596
Total Funds Available	**$ 169,884**	**$ 195,747**	**$ 233,596**
Disbursements:			
Revenue	$ 165,207	$ 195,747	$ 233,596
Total Disbursements	-165,207	-195,747	-233,596
Cash Balance, Ending	**$ 4,677**	**$ 0**	**$ 0**

Pennsylvania Veterans Memorial Trust Fund

Act 60 of 1988 established this fund to be administered by the Pennsylvania Veterans Memorial Commission. Revenues come from General Fund appropriations and public or private contributions. Funds were expended to erect a monument to Pennsylvania veterans who served in armed conflicts in which the United States was a participant. Act 63 of 2002 expanded the use of this fund to operation and maintenance of the memorial.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 392**	**$ 386**	**$ 268**
Receipts:			
Public/Private Donations	$ 4	$ 25	$ 25
Interest	18	6	6
Total Receipts	22	31	31
Total Funds Available	**$ 414**	**$ 417**	**$ 299**
Disbursements:			
Military and Veterans Affairs	$ 28	$ 149	$ 90
Total Disbursements	-28	-149	-90
Cash Balance, Ending	**$ 386**	**$ 268**	**$ 209**

PENNVEST Bond Authorization Fund

This fund, created under the authority of Act 16 of 1988, receives the proceeds from the sale of bonds authorized by general referendum, transfers from the Water Facilities Loan Fund or from the Capital Facilities Fund for site development. Expenditures are for transfers of funds to the PENNVEST Fund, the PENNVEST Drinking Water Revolving Fund, the PENNVEST Water Pollution Control Revolving Fund, the PENNVEST Revolving Fund or the PENNVEST Non-Revolving Equity Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 18,138**	**$ 3,902**	**$ 9,687**
Receipts:			
Referendum Bonds	$ 0	$ 10,000	$ 10,000
Water Facilities Bonds	0	0	0
Interest	205	-115	100
Total Receipts	205	9,885	10,100
Total Funds Available	**$ 18,343**	**$ 13,787**	**$ 19,787**
Disbursements:			
Infrastructure Investment Authority:			
PENNVEST Fund	$ 261	$ 100	$ 100
PENNVEST Non-Revolving Equity Fund	3,877	3,000	1,000
PENNVEST Revolving Fund	1	0	0
PENNVEST Drinking Water Revolving Fund	0	500	2,000
PENNVEST Water Pollution Control Revolving Fund	10,302	500	7,000
Total Disbursements	-14,441	-4,100	-10,100
Cash Balance, Ending	**$ 3,902**	**$ 9,687**	**$ 9,687**

PENNVEST Drinking Water Revolving Fund

This fund was created under the authority of Act 16 of 1988 to receive funds from the federal government to establish a revolving loan program for drinking water projects. Required matching state funds are transferred from the PENNVEST Bond Authorization Fund and the PENNVEST Fund. Because of the lag in receiving federal funds, cash is borrowed from other PENNVEST funds. Negative receipts reflect the repayment of these loans.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 61,815**	**$ 53,817**	**$ 38,251**
Receipts:			
Bond Authorization Fund	$ 0	$ 500	$ 2,000
PENNVEST Fund	1,077	3,500	2,000
Federal Funds	31,576	26,600	25,000
Principal and Loan Interest Payments	19,604	26,600	28,000
Interest	2,453	-702	1,000
Total Receipts	54,710	56,498	58,000
Total Funds Available	**$ 116,525**	**$ 110,315**	**$ 96,251**
Disbursements:			
Infrastructure Investment Authority	$ 62,708	$ 72,064	$ 64,853
Total Disbursements	-62,708	-72,064	-64,853
Cash Balance, Ending	**$ 53,817**	**$ 38,251**	**$ 31,398**

PENNVEST Fund

This fund was created under the authority of Act 16 of 1988 to receive funds from sources other than the sale of general obligation bonds. These sources include appropriations from the General Fund, payments of revolving loans, interest received from revolving and non-revolving loans, investment income and the sale of assets. In addition to grants and loans for water and sewer projects, these funds can be used for administrative costs and matching funds for federal grants.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 103,055**	**$ 136,642**	**$ 135,954**
Receipts:			
Revolving Loan Payments	$ 55,015	$ 54,000	$ 54,500
Bond Authorization Fund	261	100	100
Transfer from Environmental Stewardship Fund	11,370	10,620	8,712
PENNVEST Fund	5,015	0	0
Interest	5,110	3,000	3,500
Total Receipts	76,771	67,720	66,812
Total Funds Available	**$ 179,826**	**$ 204,362**	**$ 202,766**
Disbursements:			
Infrastructure Investment Authority:			
Grants	$ 3,981	$ 2,000	$ 750
Administration	2,085	3,398	3,011
Growing Greener Grants	15,208	17,000	12,500
Revenue Bond Loan Pool	0	10	10
Revolving Loans and Administration	21,910	45,000	60,000
State Conditional Fund	0	1,000	500
Total Disbursements	-43,184	-68,408	-76,771
Cash Balance, Ending	**$ 136,642**	**$ 135,954**	**$ 125,995**

PENNVEST Non-Revolving Equity Fund

This fund, created under the authority of Act 16 of 1988, receives moneys transferred from the PENNVEST Bond Authorization Fund. These funds are used for non-revolving loans authorized by the act. These non-revolving loans can be made to public or private entities for drinking water supply or sewer projects. Repayments of loans and interest are deposited in the PENNVEST Redemption Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 812**	**$ 28**	**$ 29**
Receipts:			
Bond Authorization Fund	$ 3,877	$ 3,000	$ 1,000
Interest	3	1	1
Total Receipts	3,880	3,001	1,001
Total Funds Available	**$ 4,692**	**$ 3,029**	**$ 1,030**
Disbursements:			
Infrastructure Investment Authority	$ 4,664	$ 3,000	$ 1,000
Total Disbursements	-4,664	-3,000	-1,000
Cash Balance, Ending	**$ 28**	**$ 29**	**$ 30**

PENNVEST Redemption Fund

This fund, created under the authority of Act 16 of 1988, receives repayments of non-revolving loans and investment interest along with the annual appropriation from the General Fund for general obligation debt service. Revenues are used to pay debt service on general obligation bonds issued for PENNVEST.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 374**	**$ 1,336**	**$ 1,336**
Receipts:			
Transfer from General Fund	$ 8,800	$ 6,835	$ 7,422
Interest on Securities	17	0	0
Non-Revolving Loan Repayments	4,272	5,320	5,320
Total Receipts	13,089	12,155	12,742
Total Funds Available	**$ 13,463**	**$ 13,491**	**$ 14,078**
Disbursements:			
Treasury	$ 12,127	$ 12,155	$ 12,742
Total Disbursements	-12,127	-12,155	-12,742
Cash Balance, Ending	**$ 1,336**	**$ 1,336**	**$ 1,336**

PENNVEST Revolving Fund

This fund, created under the authority of Act 16 of 1988, receives moneys transferred from the PENNVEST Bond Authorization Fund. Funds are used for revolving loans which can be made to public or private entities for drinking water supply or sewer projects. Repayments of loans and interest are deposited in the PENNVEST Fund. In FY 2006-07, funds were redirected to the PENNVEST Non-Revolving Equity Fund and other PENNVEST funds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 33**	**$ 35**	**$ 36**
Receipts:			
Bond Authorization Fund	$ 0	$ 0	$ 0
Interest	2	1	1
Total Receipts	2	1	1
Total Funds Available	**$ 35**	**$ 36**	**$ 37**
Disbursements:			
Infrastructure Investment Authority:			
Drinking Water Projects	$ 0	$ 0	$ 0
Sewer Projects	0	0	0
Storm Water Projects	0	0	0
Total Disbursements	0	0	0
Cash Balance, Ending	**$ 35**	**$ 36**	**$ 37**

PENNVEST Water Pollution Control Revolving Fund

This fund was created under the authority of Act 16 of 1988 for funds received from the federal government to establish a revolving loan program for sewer projects. Required matching state funds are transferred from the PENNVEST Bond Authorization Fund and the PENNVEST Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 197,502**	**$ 228,237**	**$ 173,653**
Receipts:			
PENNVEST Fund	$ -101	$ 10,020	$ 2,217
PENNVEST Drinking Water Revolving Fund	20,000	0	0
Bond Authorization Fund	10,302	500	7,000
Federal Funds	79,621	50,000	24,000
Principal and Loan Interest Payments	71,490	81,000	82,000
Interest	9,531	2,550	3,500
Total Receipts	190,843	144,070	118,717
Total Funds Available	**$ 388,345**	**$ 372,307**	**$ 292,370**
Disbursements:			
Infrastructure Investment Authority	$ 160,108	$ 198,654	$ 189,517
Total Disbursements	-160,108	-198,654	-189,517
Cash Balance, Ending	**$ 228,237**	**$ 173,653**	**$ 102,853**

Persian Gulf Conflict Veterans' Compensation Bond Fund

This fund was created by Act 29 of 2006 to receive and distribute the proceeds from the sale of $20 million in bonds approved by the electorate in November of 2006. This money will be used for payments of compensation to commonwealth veterans who were active in the Persian Gulf Theater of operations during the period from August 2, 1990 to August 31, 1991 and who have received the Southwest Asia Service Medal. The maximum compensation is $525 except in the cases of death or if the veteran was a prisoner of war. In such instances the maximum compensation shall be $5,000. Applications will be accepted until August 31, 2015.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 6,289**	**$ 1,289**
Receipts:			
Sale of Bonds	$ 7,443	$ 3,000	$ 3,000
Interest	8	764	0
Loan From General Fund	2,500	0	0
Total Receipts	9,951	3,000	3,000
Total Funds Available	**$ 9,951**	**$ 9,289**	**$ 4,289**
Disbursements:			
Treasury	$ 6	$ 12	$ 8
Military and Veterans Affairs	3,656	8,000	3,000
Total Disbursements	-3,662	-8,000	-3,000
Cash Balance, Ending	**$ 6,289**	**$ 1,289**	**$ 1,289**

Persian Gulf Conflict Veterans' Compensation Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Persian Gulf Conflict Veterans' Compensation Program. The annual appropriation from the General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from Treasury	$ 0	$ 541	$ 784
Total Receipts	0	541	784
Total Funds Available	**$ 0**	**$ 541**	**$ 784**
Disbursements:			
Treasury	$ 0	$ 541	$ 784
Total Disbursements	0	-541	-784
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Pharmaceutical Assistance Fund

The revenue for the Pharmaceutical Assistance Fund (PACE) is received from the Lottery Fund and the Tobacco Settlement Fund. This fund provides a limited pharmaceutical assistance program for older Pennsylvanians who are 65 years of age or over and whose annual income does not exceed the maximum specified for program eligibility. Pharmaceutical product claims for the Department of Public Welfare's Special Pharmaceutical Benefits Program, disease specific programs in the Department of Health and the State Workers' Insurance Fund are also processed through the PACE Fund. Funds not expended in the fiscal year in which they are appropriated are available for use in the following fiscal year. For additional information on the programs refer to the program descriptions in the Departments of Aging and Long Term Living, Health, Public Welfare and Labor and Industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 49,633**	**$ 84,710**	**$ 67,373**
Receipts:			
Transfer from Lottery Fund	$ 278,400	$ 254,500	$ 210,000
Transfer from Tobacco Settlement Fund	28,155	28,492 [a]	28,654
Interest	1,027	-4,283	1,000
Disease Specific Programs	4,463	8,691	5,219
Special Pharmaceutical Services	30,688	46,847	48,643
State Workers' Insurance Fund	765	900	960
Other	2,669	0	0
Total Receipts	346,167	335,147	294,476
Total Funds Available	**$ 395,800**	**$ 419,857**	**$ 361,849**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Aging and Long Term Living	272,873	296,041	251,740
Health	4,487 [a]	8,691 [a]	5,219 [a]
Public Welfare	32,798 [a]	46,847 [a]	48,643 [a]
Labor and Industry	932 [a]	900 [a]	960 [a]
Total Disbursements	-311,090	-352,484	-306,567
Cash Balance, Ending	**$ 84,710**	**$ 67,373**	**$ 55,282**

[a] Expenditures from restricted accounts in the Department of Aging and Long Term Living.

Philadelphia Regional Port Authority Fund

This authority was created by Act 50 of 1989 to acquire and operate the port facilities of the former Philadelphia Port Corporation. This fund handles payroll of the authority via transfer of funds by the authority from its private bank accounts. The authority is authorized to issue bonds to finance port improvements and may pledge its revenues to pay off such bonds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 488**	**$ 1,140**	**$ 1,074**
Receipts:			
Transfer from Philadelphia Regional Port Authority	$ 8,010	$ 6,348	$ 6,348
Interest	15	-66	18
Total Receipts	8,025	6,282	6,366
Total Funds Available	**$ 8,513**	**$ 7,422**	**$ 7,440**
Disbursements:			
Philadelphia Regional Port Operations	$ 7,373	$ 6,348	$ 6,348
Total Disbursements	-7,373	-6,348	-6,348
Cash Balance, Ending	**$ 1,140**	**$ 1,074**	**$ 1,092**

Port of Pittsburgh Commission Fund

The Port of Pittsburgh Commission was created by Act 133 of 1992 to promote and encourage capital investment in port facilities and port-related projects within the port district encompassing Allegheny, Armstrong, Beaver, Butler, Clarion, Fayette, Greene, Lawrence, Washington and Westmoreland counties.

Act 140 of 2000 expanded the authority of the commission to allow for economic development projects, including certain recreation projects that are sponsored by third parties. Act 111 of 2001 added Indiana County, and Act 131 of 2006 added Blair County to the Port District.

Grants to the commission to support its operations, and previously to Allegheny County for port-related improvements, are deposited into this fund along with interest earnings from deposited funds. The commission also has the authority to issue bonds to finance port improvements and may pledge its revenues to pay off such bonds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,965**	**$ 4,215**	**$ 4,438**
Receipts:			
Transfer from General Fund	$ 1,500	$ 1,500	$ 1,500
Other	253	165	165
Interest	136	58	75
Total Receipts	1,889	1,723	1,740
Total Funds Available	**$ 4,854**	**$ 5,938**	**$ 6,178**
Disbursements:			
Port of Pittsburgh Commission	$ 639	$ 1,500	$ 1,500
Total Disbursements	-639	-1,500	-1,500
Cash Balance, Ending	**$ 4,215**	**$ 4,438**	**$ 4,678**

Property Tax Relief Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, created the Property Tax Relief Fund to provide local property and wage tax relief payments to school districts. The fund receives revenue from the State Gaming Fund representing the balance of money collected in the State Gaming Fund after other distributions. Act 1 of Special Session 1 of 2006, the Taxpayer Relief Act, further provides for the distribution of funds from the Property Tax Relief Fund to school districts and municipalities, and for transfers to the State Lottery Fund for an expanded Property Rent Rebate Program and supplemental senior citizen tax reduction payments.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 228,040**	**$ 796,449**	**$ 699,313**
Receipts:			
Transfer from State Gaming Fund	$ 652,133	$ 550,700	$ 783,203
Interest	19,036	13,804	8,299
Total Receipts	671,169	564,504	791,502
Total Funds Available	**$ 899,209**	**$ 1,360,953**	**$ 1,490,815**
Disbursements:			
Property Tax Relief Payments:			
Department of Education			
General Property Tax Relief	$ 0	$ 595,000	$ 595,000
Sterling Act	0	17,900	17,900
Subtotal: Education Property Tax Relief Payments	0	612,900	612,900
Department of Revenue			
Expanded Prop Tax/Rent Rebate/Senior Tax Reductions	0	0	143,400
Cities and High-Burden	0	48,500	12,700
Subtotal: Revenue Property Tax Relief Payments	0	48,500	156,100
Total Property Tax Relief Disbursements	0	661,400	769,000
Transfer to State Lottery Fund			
Expanded Prop Tax/Rent Rebate/Senior Tax Reductions	100,000	0	40,000
Transition Grants to Counties	2,760	240	0
Total Disbursements	-102,760	-661,640	-809,000
Cash Balance, Ending	**$ 796,449**	**$ 699,313** [a]	**$ 681,815** [b]

[a] 2008-09 Available includes a balance of $105.2 million in the Property Tax Relief Reserve Fund.

[b] 2009-10 Estimated includes a balance of $80 million in the Property Tax Relief Reserve Fund.

Public Transportation Assistance Fund

This fund was established by Act 26 of 1991 to help provide for the capital, asset maintenance and certain other transportation needs of the commonwealth's transit entities. Act 44 of 2007 revised the purpose of this fund by transferring programs to the new Public Transportation Trust Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 6,773**	**$ 6,962**	**$ 1,462**
Receipts:			
PTAF Tax Revenues	$ 188,448	$ 185,400	$ 186,400
Interest on Securities	-161	-1,300	200
Total Receipts	188,287	184,100	186,600
Total Funds Available	**$ 195,060**	**$ 191,062**	**$ 188,062**
Disbursements:			
Transportation:			
Grants	$ 171,768	$ 173,046	$ 170,727
Transfer to Public Transportation Trust Fund	16,330	16,554	16,873
Total Disbursements	-188,098	-189,600	-187,600
Cash Balance, Ending	**$ 6,962**	**$ 1,462**	**$ 462**

Public Transportation Trust Fund

This fund was created by Act 44 of 2007 to provide dedicated funding for public transportation in the commonwealth. Revenues come from scheduled payments by the Pennsylvania Turnpike Commission, a portion of the Sales and Use Tax, and transfers from the Public Transportation Assistance Fund and the Lottery Fund. Monies in this fund are disbursed as grants to public transit agencies for operating costs (including Shared Ride and Free Transit for Older Pennsylvanians), capital and asset improvements, and programs of statewide significance.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 87,870**	**$ 64,351**
Receipts:			
Sales and Use Tax	$ 396,012	$ 384,800	$ 383,500
Loans From Other Funds	120,000	0	0
Pennsylvania Turnpike Commission	300,000	350,000	400,000
Transfer from the Lottery Fund	80,020	82,160	86,597
Transfer from the Public Transportation Assistance Fund	16,330	16,554	16,873
Interest	-1,170	-7,000	1,000
Total Receipts	911,192	826,514	887,970
Total Funds Available	**$ 911,192**	**$ 914,384**	**$ 952,321**
Disbursements:			
Transportation	$ 700,043	$ 850,033	$ 922,695
Loan Repayment	123,279	0	0
Total Disbursements	-823,322	-850,033	-922,695
Cash Balance, Ending	**$ 87,870**	**$ 64,351**	**$ 29,626**

Purchasing Fund

Created in 1933, this fund finances the purchase of materials, supplies, services and equipment by the Department of General Services and Executive Offices for use by other departments, boards and commissions. Salaries for the personnel administering the fund are paid by the fund. Revenue sources are periodic appropriations from the General Fund and reimbursements by other departments, boards and commissions for the materials and supplies provided them.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 19,505**	**$ 28,560**	**$ 25,441**
Receipts:			
Reimbursements to General Services	$ 297,193	$ 299,055	$ 292,346
Reimbursements to Executive Offices	65,894	75,802	73,096
General Fund Loan	14,300	14,300	14,300
Interest	825	-1,790	350
Total Receipts	378,212	387,367	380,092
Total Funds Available	**$ 397,717**	**$ 415,927**	**$ 405,533**
Disbursements:			
Executive Offices	$ 61,560	$ 75,751	$ 73,677
Treasury	5	5	5
Loan Repayment	14,300	14,300	14,300
General Services	293,292	300,430	288,905
Total Disbursements	-369,157	-390,486	-376,887
Cash Balance, Ending	**$ 28,560**	**$ 25,441**	**$ 28,646**

Real Estate Recovery Fund

This fund was established in 1980 to reimburse aggrieved persons any amounts unpaid from final judgements against any person licensed by the Real Estate Commission. Revenue is derived from additional fees paid by licensees, with interest on investments being retained by the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 450**	**$ 452**	**$ 458**
Receipts:			
Additional License Fees	$ 59	$ 100	$ 100
Interest	22	6	15
Total Receipts	81	106	115
Total Funds Available	**$ 531**	**$ 558**	**$ 573**
Disbursements:			
State	$ 79	$ 100	$ 100
Total Disbursements	-79	-100	-100
Cash Balance, Ending	**$ 452**	**$ 458**	**$ 473**

Recycling Fund

This fund was created by Act 101 of 1988 to finance the planning, processing, resource recovery and recycling of solid waste. Revenue is generated by a fee on all waste disposed of in landfills or processed by resource recovery facilities. Expenditures are for recycling and planning grants, market and waste minimization studies, and public information and education activities throughout the commonwealth. Act 125 of 1998 allowed for up to $1.5 million annually for five years of Recycling Fund money to finance the cleanup of illegally deposited waste on state forest and state park lands.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 76,765**	**$ 84,078**	**$ 20,114**
Receipts:			
Recycling Fees	$ 41,084	$ 41,000	$ 41,000
Fines and Penalties	1	0	3
Interest	3,687	-379	1,000
Environmental Technology Loan Repayments and Interest	2	0	0
Total Receipts	44,774	40,621	42,003
Total Funds Available	**$ 121,539**	**$ 124,699**	**$ 62,117**
Disbursements:			
Environmental Protection	$ 37,461	$ 89,585	$ 43,506
Transfer to General Fund	0	15,000	0
Total Disbursements	-37,461	-104,585	-43,506
Cash Balance, Ending	**$ 84,078**	**$ 20,114**	**$ 18,611**

Rehabilitation Center Fund

This fund was created May 13, 1959 by Act 55 of 1959 for the operation of the Hiram G. Andrews Rehabilitation Center and is funded from fees for services rendered by the center. Most of these services are rendered to vocational rehabilitation clients. The Department of Labor and Industry is pursuing diversification and privatization of services offered at the center. These plans include training enhancement for clients of the center and economic development opportunities for the Johnstown region.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,990**	**$ 3,473**	**$ 2,784**
Receipts:			
Client Fees	$ 19,822	$ 19,437	$ 19,437
Interest	55	-124	127
Labor and Industry	1,593	0	0
Other	143	2,198	2,198
Total Receipts	21,613	21,511	21,762
Total Funds Available	**$ 24,603**	**$ 24,984**	**$ 24,546**
Disbursements:			
Labor and Industry	$ 21,130	$ 22,200	$ 21,054
Total Disbursements	-21,130	-22,200	-21,054
Cash Balance, Ending	**$ 3,473**	**$ 2,784**	**$ 3,492**

Remining Environmental Enhancement Fund

Act 173 of 1992 authorized this fund to operate an incentive program to encourage remining and reclamation, including the designation of areas suitable for reclamation by remining, and to assist operators applying for a remining permit. The transfer of up to $1 million is authorized from a combination of the Surface Mining Conservation and Reclamation Fund, the Clean Water Fund, the Coal Refuse Disposal Fund, and the Bituminous Mine Subsidence and Land Conservation Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 3**	**$ 0**	**$ 0**
Receipts:			
Interest	$ 0	$ 0	$ 0
Total Receipts	0	0	0
Total Funds Available	**$ 3**	**$ 0**	**$ 0**
Disbursements:			
Environmental Protection	$ 3	$ 0	$ 0
Total Disbursements	-3	0	0
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Remining Financial Assurance Fund

Act 173 of 1992 authorized this fund to assist mine operators who qualify to purchase reclamation bonds or make payment in lieu of reclamation bonds. Revenues are the transfer of up to $5 million from the Land and Water Development Fund and from in lieu of bond premium payments. Interest earnings are deposited in the Land and Water Development Sinking Fund. Expenditures from this fund occur only when mine operators default.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,770**	**$ 2,859**	**$ 2,818**
Receipts:			
Interest transfer to Land and Water Sinking Fund	$ -127	$ -56	$ -108
Interest	133	50	108
Operator Annual Fee	112	90	90
Total Receipts	118	84	90
Total Funds Available	**$ 2,888**	**$ 2,943**	**$ 2,908**
Disbursements:			
Environmental Protection	$ 29	$ 125	$ 125
Total Disbursements	-29	-125	-125
Cash Balance, Ending	**$ 2,859**	**$ 2,818**	**$ 2,783**

Rightful Owners' Claims Payment Fund

This fund was created by Act 45 of 2003 to make reimbursements and prompt payment of claims by an owner for a restitution payment previously held as unclaimed by any court, public corporation, public authority or instrumentality of the commonwealth, or by a public officer or political subdivision. Under the act, 5 percent of the funds transferred annually into the Treasury will be deposited into the Rightful Owners' Claims Payment Fund to create the capability to make a reimbursement in the event a claim is filed. The remaining ninety-five percent balance of the restitution monies that are annually escheated from the entities identified are to be deposited to the Crime Victims' Compensation Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 22**	**$ 59**	**$ 39**
Receipts:			
Transfers from Unclaimed Property Accounts	$ 129	$ 15	$ 30
Interest	0	-2	1
Total Receipts	129	13	31
Total Funds Available	**$ 151**	**$ 72**	**$ 70**
Disbursements:			
Treasury Payments to Claimants	$ 92	$ 33	$ 30
Total Disbursements	-92	-33	-30
Cash Balance, Ending	**$ 59**	**$ 39**	**$ 40**

School Employees' Retirement Fund

The Public School Employees' Retirement Fund provides for receipt and accounting of member and employer contributions, investment of those funds and payment of benefits to retired school employees.

According to the provisions of Act 29 of 1994, starting with the employer contribution payment for the third quarter of 1995 (school salaries paid from July 1, 1995 to September 30, 1995), employers defined as school entities (school districts, intermediate units, and area vocational technical schools) pay 100 percent of the employer share of contributions to the fund. The commonwealth pays school entities a portion of these costs from appropriated funds based on a statutory formula. Commonwealth contributions of the employer share for non-school entities are also paid from appropriated funds. These contributions are paid directly to the fund.

Earnings from investments provide additional revenue and pay for the expenses of the Public School Employees' Retirement Board. The board is responsible for management of the fund and payment of benefits. The employer contribution rate is determined by the fund's actuary and adopted by the board.

Act 40 of 2003 changed the retirement system's amortization period from ten years to an actuarially acceptable thirty year basis thus lowering employer contribution costs. Act 40 also added a minimum employer contribution rate.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is included to reflect the carrying value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 67,723,881**	**$ 63,103,833**	**$ 57,003,300**
Receipts:			
Transfer from General Fund — Employer Contribution (non-school entities)	$ 2,045	$ 5,716	$ 5,850
Transfers from State Retirement System	5,024	10,472	10,890
Contributions of School Employees	879,863	915,058	951,660
Contributions of Employers	717,954	686,293	665,704
Interest on Securities	118,428	1,618,172	1,600,000
Net Investment Adjustment	-1,897,108	-4,455,204	3,169,680
Directed Commissions	0	1,100	1,000
Other	86,598	0	0
Total Receipts	-87,196	-1,218,393	6,404,784
Total Funds Available	**$ 67,636,685**	**$ 61,885,440**	**$ 63,408,084**
Disbursements:			
Treasury	$ 486	$ 300	$ 300
Public School Employees' Retirement Board	4,532,366	4,881,840	5,369,464
Total Disbursements	-4,532,852	-4,882,140	-5,369,764
Cash Balance, Ending	**$ 63,103,833**	**$ 57,003,300**	**$ 58,038,320**

School Retirees' Health Insurance Fund

This fund was created by Act 9 of 2001. The fund is used to establish and maintain a reserve sufficient to pay the expected claims experience of the Health Options Program (HOP). The HOP is a Public School Employees' Retirement System (PSERS) sponsored voluntary health insurance program for the sole benefit of PSERS retirees, their spouses or surviving spouses, and their dependents. The revenue for HOP is from premiums paid by its participants for the benefit coverage they elect and, beginning in 2006, federal funds to subsidize Medicare Part D prescription drug benefits for HOP participants enrolled in that program. The May 2002 initial transfer consisted of funds paid in by those insured and associated investment revenue in the amount of $27.340 million that had accumulated in the Public School Employees' Retirement Fund prior to the creation of the separate health insurance fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 66,538**	**$ 60,962**	**$ 52,149**
Receipts:			
Interest	$ 2,829	$ -8,813	$ 1,442
Insurance Claims	25,976	24,394	25,126
Total Receipts	28,805	15,581	26,568
Total Funds Available	**$ 95,343**	**$ 76,543**	**$ 78,717**
Disbursements:			
School Employees' Retirement System	$ 34,381	$ 24,394	$ 25,126
Total Disbursements	-34,381	-24,394	-25,126
Cash Balance, Ending	**$ 60,962**	**$ 52,149**	**$ 53,591**

Self-Insurance Guaranty Fund

This fund was created by Act 44 of 1993, the Pennsylvania Workers' Compensation Act. The purpose of this fund is to pay claims arising from defaulting self-insurance employers and defaulting members of self-insurance pooling arrangements under the Workers' Compensation Act for injuries occurring on or after 10/30/93. The fund is maintained by assessments on self-insurers. Act 53 of 2000 provides for payments of claims resulting from injuries prior to 10/30/93 through a Prefund Account funded by transfers from the Workers' Compensation Administration Fund. Act 49 of 2001 limited annual transfers to the Prefund Account to $3.8 million. The Prefund Account and the fund are administered by the Department of Labor and Industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 33,029**	**$ 38,504**	**$ 37,146**
Receipts:			
Transfer from the Workmen's Compensation Fund	$ 7,642	$ 3,850	$ 2,850
Interest	-286	-408	80
Other	2,842	0	0
Total Receipts	10,198	3,442	2,930
Total Funds Available	**$ 43,227**	**$ 41,946**	**$ 40,076**
Disbursements:			
Labor and Industry	$ 4,723	$ 4,800	$ 4,300
Total Disbursements	-4,723	-4,800	-4,300
Cash Balance, Ending	**$ 38,504**	**$ 37,146**	**$ 35,776**

Small Business First Fund

Act 67 of 1996 created the Small Business First Fund. The fund replaced the Air Quality Improvement Fund, Storage Tank Loan Fund and the Pennsylvania Capital Loan Fund. Balances and program commitments in those funds were transferred to the Small Business First Fund. The fund may receive transfers from the Minority Business Development Fund to facilitate its programs for small businesses.

This program provides low-interest loans for small businesses of 100 employees or less. Eligible projects include land and building acquisition and construction; machinery and equipment purchases; working capital; compliance with environmental regulations and municipal or commercial recycling. In addition, companies eligible to participate in this program are those impacted by the reduction in defense-related activities and those involved in exports, advanced technology and the hospitality industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 45,797**	**$ 53,569**	**$ 33,976**
Receipts:			
Loan Repayments	$ 22,764	$ 23,200	$ 24,450
Interest	2,258	681	2,301
Miscellaneous	0	10	10
Total Receipts	25,022	23,891	26,761
Total Funds Available	**$ 70,819**	**$ 77,460**	**$ 60,737**
Disbursements:			
Treasury	$ 15	$ 10	$ 10
Community and Economic Development			
Administration	705	1,858	1,692
Loans	16,530	41,616	37,500
Total Disbursements	-17,250	-43,484	-39,192
Cash Balance, Ending	**$ 53,569**	**$ 33,976**	**$ 21,545**

Solid Waste-Resource Recovery Development Fund

Created in 1974, this fund provides financial assistance to municipalities in the planning, development, construction and operation of resource recovery and solid waste disposal facilities. Loans for new facilities are restricted to municipalities in seventh and eighth class counties. Revenue is provided through appropriations by the General Assembly and by the repayment of loans made to municipalities.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 695**	**$ 661**	**$ 596**
Receipts:			
Interest	$ 33	$ 35	$ 35
Total Receipts	33	35	35
Total Funds Available	**$ 728**	**$ 696**	**$ 631**
Disbursements:			
Environmental Protection	$ 67	$ 100	$ 100
Total Disbursements	-67	-100	-100
Cash Balance, Ending	**$ 661**	**$ 596**	**$ 531**

Special Administration Fund

The purpose of this fund, administered by the Department of Labor and Industry, is to cover those administrative expenses of the Unemployment Compensation Law not properly and validly chargeable to the Administration Fund. The receipts of the fund are generated from interest and penalties collected from claimants and employers under provisions of the Unemployment Compensation Law. Act 5 of 2005 requires that all moneys in excess of $200,000 in the fund, less encumbrances for litigation, shall be transferred by June 25th of each year to either the Unemployment Compensation Contribution Fund or the Job Training Fund or both.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 5,345**	**$ 6,746**	**$ 200**
Receipts:			
Penalty and Interest Collections	$ 7,054	$ 6,832	$ 7,192
Interest	247	-110	252
Total Receipts	7,301	6,722	7,444
Total Funds Available	**$ 12,646**	**$ 13,468**	**$ 7,644**
Disbursements:			
Labor and Industry	$ 5,900	$ 13,268	$ 7,444
Total Disbursements	-5,900	-13,268	-7,444
Cash Balance, Ending	**$ 6,746**	**$ 200**	**$ 200**

State College Experimental Farm Fund

Act 56, approved May 13, 1887, authorized the sale of the eastern and western experimental farms which were purchased with federal land grant monies in 1862. These farms were sold for $17,000 in 1888 and the proceeds were placed in this fund to be invested in bonds of the commonwealth at 6 percent per annum with the interest serving as an ongoing revenue to this fund. Several times a year the interest earned is disbursed to the Pennsylvania State University.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 25**	**$ 24**	**$ 24**
Receipts:			
Interest	$ 1	$ 1	$ 1
Total Receipts	1	1	1
Total Funds Available	**$ 26**	**$ 25**	**$ 25**
Disbursements:			
Treasury	$ 2	$ 1	$ 1
Total Disbursements	-2	-1	-1
Cash Balance, Ending	**$ 24**	**$ 24**	**$ 24**

State Employees' Retirement Fund

This fund was created in 1923 to accumulate reserves for the payment of pensions to eligible former state employees. Money in this fund is used to pay retirement, disability and death benefits to members of the State Employees' Retirement System and their beneficiaries. Membership in the system is mandatory for most state employees and available to employees of non-state entities, such as the Pennsylvania State University, the Turnpike Commission, the Delaware River Port Authority and other public and quasi-public institutions authorized by the Retirement Code.

The fund receives revenue from employee contributions, employer contributions and income derived from its investment portfolio. Employer contributions are an actuarially determined percentage of payroll sufficient to fund current and future benefit payments. Investment income is used to credit interest to each member's account; to pay the administrative expenses of the retirement system; and to accumulate monies for the payment of future benefits. Management of the fund and payment of benefits are overseen by the State Employees' Retirement Board.

Act 40 of 2003 changed the retirement system's amortization period from 10 years to an actuarially acceptable 30 year basis thus lowering employer contribution costs. Act 8 of 2007 added a minimum employer contribution rate.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is to reflect the carrying value of long-term investments as of June 30 and is estimated for 2008-09 and 2009-10.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 35,247,642**	**$ 33,916,991**	**$ 26,057,542**
Receipts:			
Contributions of Employees	$ 338,052	$ 347,000	$ 353,500
State Share Contribution	214,606	222,279	226,238
Transfer to Annuity Reserve Account	23,166	0	0
Income from Securities	64,916	843,031	646,531
Directed Commissions	221	200	200
Net Investment Adjustment	419,473	-6,833,914	1,552,268
Total Receipts	1,060,434	-5,421,404	2,778,737
Total Funds Available	**$ 36,308,076**	**$ 28,495,587**	**$ 28,836,279**
Disbursements:			
Treasury	$ 156	$ 200	$ 250
State Employees' Retirement System	2,390,929	2,437,845	2,583,330
Total Disbursements	-2,391,085	-2,438,045	-2,583,580
Cash Balance, Ending	**$ 33,916,991**	**$ 26,057,542**	**$ 26,252,699**

State Gaming Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the State Gaming Fund to receive all license fees provided for in the act and 34 percent of the gross terminal revenue (GTR) generated by licensed gaming facilities. The fund will also receive four percent of the GTR to be distributed to counties and municipalities as specified by the act. Proceeds from the State Gaming Fund will be disbursed on an annual basis as follows: (1) the greater of $1,500,000 or .001 multiplied by the GTR, to the Compulsive and Problem Gambling Treatment Fund in the Department of Health, (2) Payments in Lieu of Taxes by the Department of Conservation and Natural Resources, the Fish and Boat Commission, and the Game Commission, (3) $25 million to the Department of Emergency Management and Homeland Security for Volunteer Company Grants, (4) $5,000,000 for Local Law Enforcement Grants, and (5) four percent of the GTR for Local Share Distribution where gaming facilities are located. The remaining balance in the State Gaming Fund will be transferred to the Property Tax Relief Fund (including those funds transferred to the Lottery Fund) in order to fund property tax relief as provided in Act 1 of Special Session 1 of 2006.

Each Category 1 and Category 2 slot machine licensee is required to pay a one-time $50 million fee in advance of beginning operations. Each gaming facility is also required to deposit and maintain $5 million into a restricted account within the State Treasury to fund the regulatory and administrative costs of authorized agencies. This budget recommends the following administrative appropriations to be funded through these restricted accounts: Department of Revenue $9.959 million, State Police $18.274 million, and the Attorney General $1.068 million. This budget recommends a $25.197 million appropriation from the State Gaming Fund for the Gaming Control Board. In addition, it recommends $8.113 million from a separate restricted account.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 77,779**	**$ 147,325**	**$ 118,348**
Receipts:			
License Fees	$ 252,500	$ 12,500	$ 50,000
State Tax Revenue	474,263	576,600	820,800
Licensee Deposit Accts	34,287	35,977	47,716
Local Share Assessment	77,368	67,800	96,600
Interest	6,440	3,000	3,000
Other	4,636	11,126	8,113
Total Receipts	849,494	707,003	1,026,229
Total Funds Available	**$ 927,273**	**$ 854,328**	**$ 1,144,577**
Disbursements:			
Transfer to Compulsive and Problem Gambling Treatment Fund	$ 1,500	$ 1,700	$ 2,400
Payment in Lieu of Taxes:			
Conservation and Natural Resources	4,996	5,000	5,084
Fish and Boat Commission	15	40	40
Game Commission	3,441	3,450	3,450
Emergency Management & Homeland Security Volunteer Company Grants	25,000	25,000	25,000
Gaming Control Board Local Law Enforcement Grants	2,072	12,928	5,000
Local Share Assessment Distribution			
Revenue	47,844	67,400	88,000
Community and Economic Development	0	5,000	25,000
Administrative Appropriations			
Gaming Control Board	25,082	38,172	33,310
Revenue	6,103	11,287	9,959
State Police	11,453	14,348	18,274
Attorney General	309	955	1,068
Transfer to Property Tax Relief Fund	652,133	550,700	783,203
Total Disbursements	$ -779,948	-735,980	-999,788
Cash Balance, Ending	**$ 147,325**	**$ 118,348**	**$ 144,789**

State Insurance Fund

Act 227 of 1915 created this fund which finances expenditures related to the rebuilding, restoring or replacing of buildings, structures, equipment or other property owned by the commonwealth that have been damaged or destroyed by fire or other casualty. This includes natural or man-made disasters. Revenue is derived from interest earned by the fund, interest received from the Fire Insurance Tax Fund and from reimbursements by insurance companies. If needed, money may also be directly appropriated to this fund. Receipts of the fund include reimbursement from the commonwealth's excess insurance policy, which is responsible for damages for any occurrence in excess of $1 million. This fund satisfies the requirements of the federal government for the Disaster Insurance Program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 12,061**	**$ 12,388**	**$ 11,647**
Receipts:			
Interest	$ 1,606	$ 1,364	$ 2,100
Total Receipts	1,606	1,364	2,100
Total Funds Available	**$ 13,667**	**$ 13,752**	**$ 13,747**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
General Services	1,279	2,100	1,700
Total Disbursements	-1,279	-2,105	-1,705
Cash Balance, Ending	**$ 12,388**	**$ 11,647**	**$ 12,042**

State Restaurant Fund

This fund was created by Act 259 of 1943 to finance the purchase and maintenance of equipment for the operation of the restaurant in the State Capitol as well as any other restaurants in other State Office Buildings. At present, the Capitol East Wing Cafeteria and the facility located in the Keystone Building are the only restaurants operated through this fund. Revenue is derived from the profits earned from those operations.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,826**	**$ 1,899**	**$ 906**
Receipts:			
Revenue from Operations	$ 95	$ 123	$ 130
Interest	88	34	40
Total Receipts	183	157	170
Total Funds Available	**$ 2,009**	**$ 2,056**	**$ 1,076**
Disbursements:			
General Services	$ 110	$ 1,150	$ 780
Total Disbursements	-110	-1,150	-780
Cash Balance, Ending	**$ 1,899**	**$ 906**	**$ 296**

State School Fund

This fund was established in 1911 and is funded primarily by the sale of escheated estates and other nonpublic real estate and interest earnings of the Sinking Fund. Changes in the escheat law and lack of interest earnings from the Sinking Fund or investment of monies in the State School Fund have resulted in a low revenue level. The fund is active in only a limited sense.

The original purpose of the fund was to equalize educational advantages across the commonwealth; to provide advancements to school districts temporarily in need of aid; and to promote education in the conservation of natural resources, forestry, agriculture and other industrial pursuits. The law was amended in 1960 to change the purpose of the fund to equalization of educational opportunities, and to pay part of the cost of repair or alteration of local public school or state college buildings when required to satisfy requirements of the Department of Labor and Industry or other relevant governmental agencies. Currently, the State Board of Education periodically uses the interest earned to fund research and small projects.

Expenditures from the fund are made at the direction of the State Board of Education.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 617**	**$ 597**	**$ 555**
Receipts:			
Interest	$ 35	$ 13	$ 13
Total Receipts	35	13	13
Total Funds Available	**$ 652**	**$ 610**	**$ 568**
Disbursements:			
Education	$ 55	$ 55	$ 55
Total Disbursements	-55	-55	-55
Cash Balance, Ending	**$ 597**	**$ 555**	**$ 513**

State Stores Fund

The State Stores Fund serves as the general operating fund for the Liquor Control Board. The Pennsylvania State Police receive funds for the enforcement of the Liquor Code. The Department of Health receives funds for alcohol abuse programs. This fund receives revenues from the sale of goods in State Liquor Stores, fees not credited to the Liquor License Fund, fines and penalties, losses and damages recovered, and loans from the General Fund to provide working capital. Expenditures cover all costs associated with the operation and administration of the Liquor Store System and enforcement of the Liquor Code. Surplus funds are transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 88,264**	**$ 95,506**	**$ 39,775**
Receipts:			
Fees, Fines and Penalties	$ 14,259	$ 14,259	$ 14,259
Sale of Goods	1,417,479	1,485,603	1,556,912
Liquor/Sales Taxes	353,438	370,403	388,182
Recovered Losses and Damages	1,557	949	949
General Fund Loan	85,000	110,000	110,000
Interest	819	-328	500
Total Receipts	1,872,552	1,980,886	2,070,802
Total Funds Available	**$ 1,960,816**	**$ 2,076,392**	**$ 2,110,577**
Disbursements:			
Treasury	$ 47	$ 15	$ 15
Health	2,121	2,121	2,121
Liquor Control Board	1,324,469	1,430,830	1,482,141
State Police	20,235	23,248	24,834
General Fund Loan Repayment	85,000	85,000	110,000
Transfer of Liquor/Sales Taxes to General Fund	353,438	370,403	388,182
Transfer of Profits to General Fund	80,000	125,000	80,000
Total Disbursements	-1,865,310	-2,036,617	-2,087,293
Cash Balance, Ending	**$ 95,506**	**$ 39,775**	**$ 23,284**

State Treasury Armory Fund

Created in accordance with Act 92 of 1975 as amended by Act 47 of 1994, this fund receives monies derived from the sale of unusable armories and land or the sale or lease of timber and mineral rights. Funds can be expended for the purchase of equipment, furniture and fixtures for state armories and other National Guard facilities and/or repairs and maintenance to the same facilities in the commonwealth.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 2,577**	**$ 2,681**	**$ 2,644**
Receipts:			
Armory Rentals	$ 180	$ 400	$ 400
Sale of Armories and Land	764	175	175
Interest	113	38	50
Total Receipts	1,057	613	625
Total Funds Available	**$ 3,634**	**$ 3,294**	**$ 3,269**
Disbursements:			
Military and Veterans Affairs	$ 953	$ 650	$ 1,361
Total Disbursements	-953	-650	-1,361
Cash Balance, Ending	**$ 2,681**	**$ 2,644**	**$ 1,908**

State Worker's Insurance Fund

The State Worker's Insurance Fund (SWIF) was created by Act 338 of 1915 and operates within the Department of Labor and Industry. It is a self-sustaining fund providing workers' compensation insurance to employers, including those refused policies by private insurance firms. SWIF is subject to underwriting rules, classification and rates promulgated by rating bureaus authorized by the State Insurance Commissioner. Premium rates are established by them based on the history of accidents by industry. Administrative costs are paid from the fund including expenses related to Insurance Department and Auditor General examinations.

Act 68 of 1990 provides for the transfer of money from SWIF. Annual payments are made to the General Fund equal to the amount which would have been paid in taxes had SWIF been subject to taxes. The act also established an Advisory Council to recommend the amount of surplus in SWIF, if any, that could be distributed without jeopardizing its legal obligations to policy holders. If such a surplus exists, the SWIF Board may then recommend distribution of the surplus as refunds to current or former policyholders. The funds recommended by the board to be transferred or refunded to policyholders must be approved and appropriated by the General Assembly.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,757,528**	**$ 1,765,320**	**$ 1,796,915**
Receipts:			
Premiums	$ 348,029	$ 341,000	$ 334,000
Interest	90,975	90,000	89,000
Net Investment Adjustment	20,426	0	0
Other	9,213	8,500	7,500
Total Receipts	468,643	439,500	430,500
Total Funds Available	**$ 2,226,171**	**$ 2,204,820**	**$ 2,227,415**
Disbursements:			
Treasury	$ 0	$ 25	$ 0
Labor and Industry	460,851	400,000	395,357
Premium Tax Payment to the General Fund	0	7,880	6,800
Total Disbursements	-460,851	-407,905	-402,157
Cash Balance, Ending	**$ 1,765,320**	**$ 1,796,915**	**$ 1,825,258**

Storage Tank Fund

This fund was created by Act 32 of 1989 for the operation of an aboveground and underground storage tank regulation, registration and enforcement program. Revenues to the fund consist of registration and permit fees, fines, judgements, bond forfeitures, interest and recovered costs. Expenditures include the remediation of leaking underground storage tanks.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 12,093**	**$ 9,082**	**$ 5,674**
Receipts:			
Registration Fees	$ 3,336	$ 3,227	$ 3,215
Federal Funds - EPA	897	4,978	3,990
Fines and Penalties	820	807	805
Interest	478	-68	830
Other	271	303	291
Total Receipts	5,802	9,247	9,131
Total Funds Available	**$ 17,895**	**$ 18,329**	**$ 14,805**
Disbursements:			
Environmental Protection	$ 8,813	$ 12,655	$ 11,704
Total Disbursements	-8,813	-12,655	-11,704
Cash Balance, Ending	**$ 9,082**	**$ 5,674**	**$ 3,101**

Substance Abuse Education and Demand Reduction Fund

This fund was created by Act 198 of 2002 and amended by Act 36 of 2006. The purpose of the fund is to provide research-based approaches to prevention, intervention, training, treatment and education services to reduce substance abuse and to offer statewide programs to assist families in accessing those services. The fund also provides for statewide programs to educate employers, unions and employees about the dangers of substance abuse in the workplace and provide comprehensive drug-free workplace programs and technical resources for businesses. Revenue to the fund consists of assessments on individuals convicted, adjudicated delinquent or granted accelerated rehabilitative disposition and also those individuals who plead guilty or nolo contendere to either a violation of the Controlled Substance, Drug, Device and Cosmetic Act or a violation relating to driving under the influence of alcohol or controlled substance.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 8,646**	**$ 10,428**	**$ 6,829**
Receipts:			
Assessments	$ 3,655	$ 3,655	$ 3,655
Interest	413	82	120
Total Receipts	4,068	3,737	3,775
Total Funds Available	**$ 12,714**	**$ 14,165**	**$ 10,604**
Disbursements:			
Executive Offices	$ 2,286	$ 6,970	$ 6,134
Attorney General	0	366	366
Total Disbursements	-2,286	-7,336	-6,500
Cash Balance, Ending	**$ 10,428**	**$ 6,829**	**$ 4,104**

Supplemental State Assistance Fund

This fund was created by Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, and is administered by the Auditor General. Under Act 205, the Auditor General is responsible for the administration of the Supplemental State Assistance Program, including disbursement of funds to distressed municipal pension systems based on certifications provided by the Public Employe Retirement Commission (PERC). Since 1989-90, revenues for the Supplemental State Assistance Fund have been provided entirely by General Fund appropriations. By statute, this program and fund terminated in 2003. The unspent balance within the fund shall be transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 68**	**$ 71**	**$ 0**
Receipts:			
General Fund Transfer	$ 0	$ -72	$ 0
Interest	3	1	0
Total Receipts	3	-71	0
Total Funds Available	**$ 71**	**$ 0**	**$ 0**
Disbursements:			
Auditor General	$ 0	$ 0	$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	**$ 71**	**$ 0**	**$ 0**

Surface Mining Conservation and Reclamation Fund

This fund was created in 1945 to finance reclamation projects on land scarred by surface mining. Projects include recontouring, terracing and planting of trees, shrubs and grasses. Revenues are provided by charging surface mining operators for licenses and permits and by fining them for failure to apply for the licenses and permits as well as by forfeiture of collateral bonds, cash or securities for failure to comply with an approved reclamation plan.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 55,827**	**$ 58,545**	**$ 56,180**
Receipts:			
Licenses and Fees	$ 129	$ 225	$ 225
Fines and Penalties	225	355	355
Interest	1,980	734	1,000
Forfeiture of Bonds	1,089	0	0
Trust Account Collateral	1,061	0	0
Other	150	0	0
Total Receipts	4,634	1,314	1,580
Total Funds Available	**$ 60,461**	**$ 59,859**	**$ 57,760**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Environmental Protection	1,916	3,674	2,761
Total Disbursements	-1,916	-3,679	-2,766
Cash Balance, Ending	**$ 58,545**	**$ 56,180**	**$ 54,994**

Tuition Account Guaranteed Savings Program Fund

Act 11 of 1992, amended by Act 58 of 2000, provided for the establishment of two programs for postsecondary educational savings. Both programs are administered by the Tuition Account Programs Bureau within the Treasury Department with oversight by the Tuition Account Programs Advisory Board. This fund offers a guaranteed rate of return tied to tuition inflation. Revenue is derived primarily from application fees, Tuition Account Guaranteed Savings Program contracts and investment income. Fund expenditures consist mainly of payments to educational institutions for tuition and administrative costs.

The ending fund balance shown in the statement includes subtantial investment assets. The net investment adjustment receipt item is included to reflect the carrying value of long-term investments as of June 30. The Long-Term Investments (outside of Treasury) disbursement represents cash for investments purchased through various TAP fund investment managers.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,294,680**	**$ 1,238,591**	**$ 1,175,699**
Receipts:			
Application Fees	$ 574	$ 608	$ 580
Tuition Unit Purchases	138,041	145,000	148,000
Investment Earnings	37,804	30,000	40,000
Net Investment Adjustment	-106,019	-100,000	20,000
Transfer from Investment Program	0	0	0
Other	651	500	500
Total Receipts	71,051	76,108	209,080
Total Funds Available	**$ 1,365,731**	**$ 1,314,699**	**$ 1,384,779**
Disbursements:			
Treasury	$ 133,174	$ 140,000	$ 145,000
Long-Term Invstmt (outside of Treasury)	-6,034	-1,000	100
Total Disbursements	-127,140	-139,000	-145,100
Cash Balance, Ending	**$ 1,238,591**	**$ 1,175,699**	**$ 1,239,679**

Tuition Account Investment Program Fund

Act 11 of 1992, amended by Act 58 of 2000, provided for the establishment of two programs for postsecondary educational savings. Both programs are administered by the Tuition Account Programs Bureau within the Treasury Department with oversight by the Tuition Account Programs Advisory Board. The Tuition Account Investment Program, launched in July 2002, provides market-based investment returns and offers participants several investment options based on age, investment risk or socially responsible investments comprising a mix of equity and fixed income portfolios. Fund revenue is derived primarily from Tuition Account Investment Program contracts and investment income. Fund expenditures consist mainly of redemption of program contracts.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is included to reflect the carrying value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 437,543**	**$ 535,885**	**$ 635,885**
Receipts:			
Tuition Investment Purchases	$ 30,200	$ 36,000	$ 0
Net Investment Adjustment	98,803	100,000	90,000
Other	1	0	0
Total Receipts	129,004	136,000	90,000
Total Funds Available	**$ 566,547**	**$ 671,885**	**$ 725,885**
Disbursements:			
Treasury	$ 30,662	$ 36,000	$ 0
Total Disbursements	-30,662	-36,000	0
Cash Balance, Ending	**$ 535,885**	**$ 635,885**	**$ 725,885**

Underground Storage Tank Indemnification Fund

The Storage Tank and Spill Prevention Act, Act 32 of 1989, as amended, established the Underground Storage Tank Indemnification Fund to administer a program to provide claim payments to owners and operators of underground storage tanks who incur liability for taking corrective action or for bodily injury or property damage caused by a release from underground storage tanks. Expenses for administration of the fund are also covered. The fund is administered by the Insurance Department in conjunction with a nine member Underground Storage Tank Indemnification Board.

Act 32 authorized the board to establish, by regulation, fees to be paid by underground storage tank owners and operators to fund the program. Effective January 1, 2004, tank owners pay a gallon fee of $0.011 per gallon. Owners of diesel fuel and heating oil tanks pay a capacity fee of $.083 in lieu of the gallon fee. These regulatory fee increases are ten percent over the previous fees and are necessary to maintain the actuarial soundness of the fund as prescribed by Act 32.

Act 13 of 1998 established a new loan program to assist owners of regulated underground storage tanks to upgrade their underground storage tank systems to meet federal Environmental Protection Agency upgrade requirements or to remove them from service. Act 100 of 2000 expanded the upgrade loan program to include the removal of underground storage tanks. The Department of Community and Economic Development administers the loan program as part of its business loans program. The act also established an environmental cleanup program and a pollution prevention program that are administered by the Department of Environmental Protection. The net investment adjustment is included to reflect the current market value of long-term investments as of June 30. A loan of $100 million was made to the General Fund on October 15, 2002 in accordance with Act 91 of 2002 and is to be repaid over 10 years beginning in 2004.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 131,585**	**$ 125,014**	**$ 96,537**
Receipts:			
Gallon Fee	$ 54,241	$ 53,519	$ 57,693
Tank Capacity Fee	6,314	1,273	6,400
Investment Income	4,879	4,411	3,727
Net Investment Adjustment	-5,275	0	0
Loan Repayments	522	1,742	1,109
Loan Repayment from General Fund	6,000	3,000	1,000
Miscellaneous Fees	1,772	0	0
Total Receipts	68,453	63,945	69,929
Total Funds Available	**$ 200,038**	**$ 188,959**	**$ 166,466**
Disbursements:			
Treasury	$ 0	$ 15	$ 10
Community and Economic Development	19	1,024	1,024
Environmental Protection	2,675	12,000	11,996
Insurance	72,330	79,383	88,057
Total Disbursements	-75,024	-92,422	-101,087
Cash Balance, Ending	**$ 125,014**	**$ 96,537**	**$ 65,379**

Unemployment Compensation Benefit Payment Fund

Employers' and employees' contributions under the Unemployment Compensation Law are credited to the commonwealth's account in the Federal Unemployment Trust Fund. Requisitions of money from the Trust Fund for the payment of unemployment compensation benefits to eligible individuals are the revenue for the Unemployment Compensation Benefit Payment Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Regular Unemployment Compensation Program	$ 2,230,442	$ 2,672,820	$ 2,562,220
Federal Receipts in Transit [a]	13,620	16,300	15,600
Other	76,467	87,190	82,140
Total Receipts	2,320,529	2,776,310	2,659,960
Total Funds Available	**$ 2,320,529**	**$ 2,776,310**	**$ 2,659,960**
Disbursements:			
Labor and Industry	$ 2,320,529	$ 2,776,310	$ 2,659,960
Total Disbursements	-2,320,529	-2,776,310	-2,659,960
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

[a] Represents future receipts of funds from the federal government for checks issued to individual recipients.

Unemployment Compensation Contribution Fund

This fund was created to hold moneys collected from employers under the Unemployment Compensation Law and, except for refunds of collections or transfers to the Special Administration Fund, the moneys are transferred to the United States Treasury for credit to the commonwealth's account in the Federal Unemployment Trust Fund established under Section 904 of the Social Security Act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 84**	**$ 4,698**	**$ 0**
Receipts:			
Contributions of Employers and Employees	$ 2,294,144	$ 2,201,192	$ 2,346,959
Other	582	640	680
Total Receipts	2,294,726	2,201,832	2,347,639
Total Funds Available	**$ 2,294,810**	**$ 2,206,530**	**$ 2,347,639**
Disbursements:			
Labor and Industry:	$ 2,290,112	$ 2,206,530	$ 2,347,639
Total Disbursements	-2,290,112	-2,206,530	-2,347,639
Cash Balance, Ending	**$ 4,698**	**$ 0**	**$ 0**

Uninsured Employers Guaranty Fund

This fund was created by Act 147 of 2006, amending the Pennsylvania Workers' Compensation Act. The purpose of this fund is to pay claimants, or their dependents, workers' compensation benefits where the employer liable for the payments failed to insure or self-insure its workers' compensation liability at the time the injuries took place. A one-time transfer of $1,000,000 from the Workmen's Compensation Administration Fund will be used for funding until June 30, 2007. Funding will then be maintained by assessments on insurers and self-insured employers. Assessments are limited to 0.1% of the total compensation paid by all insurers or self-insured employers during the previous calendar year.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 1,004**	**$ 3,344**	**$ 4,112**
Receipts:			
Transfer from Workmen's Compensation Admin Fund	$ 2,669	$ 0	$ 0
Assessments/Self-Insurer's Security	0	2,730	2,800
Interest	112	38	130
Total Receipts	2,781	2,768	2,930
Total Funds Available	**$ 3,785**	**$ 6,112**	**$ 7,042**
Disbursements:			
Labor and Industry	$ 441	$ 2,000	$ 3,000
Total Disbursements	-441	-2,000	-3,000
Cash Balance, Ending	**$ 3,344**	**$ 4,112**	**$ 4,042**

Vocational Rehabilitation Fund

This fund, administered by the State Board of Vocational Rehabilitation in the Department of Labor and Industry, was created to provide vocational rehabilitation services to any person who has a disability, mental or physical, which constitutes a handicap to employment or to achieve independent living status. Services can be provided directly or through a purchase of service arrangement. Receipts for this fund come from federal vocational rehabilitation funds, transfer of General Fund appropriations for matching the federal funds, interest earned and local match.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 9,781**	**$ 8,776**	**$ 7,077**
Receipts:			
Transfer from General Fund	$ 38,083	$ 43,601	$ 43,083
Federal Vocational Rehabilitation Funds	113,356	137,299	137,299
Interest	343	-702	700
Total Receipts	151,782	180,198	181,082
Total Funds Available	**$ 161,563**	**$ 188,974**	**$ 188,159**
Disbursements:			
Labor and Industry	$ 152,787	$ 181,897	$ 181,082
Total Disbursements	-152,787	-181,897	-181,082
Cash Balance, Ending	**$ 8,776**	**$ 7,077**	**$ 7,077**

Volunteer Companies Loan Fund

Bond referenda in 1975, 1981, 1990 and 2002 authorized a total of $100 million of bonds to be issued for acquisition and replacement of volunteer fire, ambulance and rescue company equipment and facilities. Act 208 of 1976 established a revolving loan fund known as the Volunteer Companies Loan Fund; loans provided for under these bond issues are administered by the Department of Emergency Management and Homeland Security. Revenue to the fund in addition to bond proceeds includes loan repayments and interest earnings. General Fund transfer appropriations have also been provided to fund the program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 20,461**	**$ 26,023**	**$ 25,274**
Receipts:			
Loan Principal Repayments	$ 17,225	$ 14,250	$ 14,250
Loan Interest	2,162	2,250	2,250
Interest	962	251	251
Total Receipts	20,349	16,751	16,751
Total Funds Available	**$ 40,810**	**$ 42,774**	**$ 42,025**
Disbursements:			
Emergency Management and Homeland Security	$ 14,787	$ 17,500	$ 17,500
Total Disbursements	-14,787	-17,500	-17,500
Cash Balance, Ending	**$ 26,023**	**$ 25,274**	**$ 24,525**

Volunteer Companies Loan Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Volunteer Companies Loan Fund. The annual appropriation from the General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from General Fund	$ 403	$ 239	$ 87
Total Receipts	403	239	87
Total Funds Available	**$ 403**	**$ 239**	**$ 87**
Disbursements:			
Treasury	$ 403	$ 239	$ 87
Total Disbursements	-403	-239	-87
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Water and Sewer Systems Assistance Bond Fund

This fund will be created to implement the water and sewer systems assistance program established in Act 64 of 2008. The new fund will receive and distribute the proceeds from the sale of $400 million in bonds approved by the electorate in November 2008. The money will be used for grants and loans to municipalities and public utilities for the acquisition, repair, construction, reconstruction, rehabilitation, extension, expansion and improvement of water supply and sewage treatment systems and may include the purchase or trading of nutrient credits. No grants or loans can be made until legislation authorizing the bond issuance has been enacted.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Referendum Bonds	$ 0	$ 0	$ 100,000
Interest	0		0
Total Receipts	0	0	100,000
Total Funds Available	**$ 0**	**$ 0**	**$ 100,000**
Disbursements:			
Infrastructure Investment Authority	$ 0	$ 0	$ 100,000
Total Disbursements	0	0	-100,000
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Water Facilities Loan Redemption Fund

Payment of interest and principal due on outstanding water facilities loan bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on monies in the Water Facilities Loan Fund provide revenues to this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from General Fund	$ 1,860	$ 1,859	$ 1,857
Total Receipts	1,860	1,859	1,857
Total Funds Available	**$ 1,860**	**$ 1,859**	**$ 1,857**
Disbursements:			
Treasury	$ 1,860	$ 1,859	$ 1,857
Total Disbursements	-1,860	-1,859	-1,857
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Water Supply and Wastewater Treatment Fund

Act 218 of 2004 established the Water Supply and Wastewater Infrastructure Capitalization Program. Funding for the program is generated from the $250 million bond issue approved by the electorate in April of 2004. Funds are allocated to the Commonwealth Financing Authority and the Infrastructure Investment Authority (PENNVEST) to be used for grants and loans for new and existing water supply and wastewater system projects in the commonwealth.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 97,232**	**$ 82,648**	**$ 35,958**
Receipts:			
Sale of Bonds	$ 58,000	$ 0	$ 45,000
Premium on Sale of Bonds	2,068	0	0
Loan Repayment	806	3,500	1,005
Interest	4,338	1,500	1,500
Total Receipts	65,212	5,000	47,505
Total Funds Available	**$ 162,444**	**$ 87,648**	**$ 83,463**
Disbursements:			
Treasury	$ 41	$ 4	$ 5
Community & Economic Development - Public	49,368	41,612	39,600
Community & Economic Development - Private	7,651	5,674	5,400
PENNVEST	22,736	4,400	2,091
Total Disbursements	-79,796	-51,690	-47,096
Cash Balance, Ending	**$ 82,648**	**$ 35,958**	**$ 36,367**

Water Supply and Wastewater Treatment Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Water Supply and Wastewater Treatment Program. The annual appropriation from the the General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from General Fund	$ 8,046	$ 12,244	$ 12,837
Total Receipts	8,046	12,244	12,837
Total Funds Available	**$ 8,046**	**$ 12,244**	**$ 12,837**
Disbursements:			
Treasury	$ 8,046	$ 12,244	$ 12,837
Total Disbursements	-8,046	-12,244	-12,837
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Wild Resource Conservation Fund

This fund was created by Act 170 of 1982. Revenue is derived primarily from tax rebate check-offs and voluntary contributions. The fund collects information relating to population, distribution, habitat needs, limiting factors and other biological and ecological data to classify plants and to determine necessary management measures. These management measures include promotion of a statewide system of private wild plant sanctuaries; permitting of removal, collection or transplanting of endangered or threatened plant species; and regulation of the digging, harvesting, sale and exploitation of designated species.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 123**	**$ 124**	**$ 4**
Receipts:			
Tax Check-Offs	$ 109	$ 109	$ 109
Interest	4	-3	0
Voluntary Donations	69	30	30
License Plate Sales	29	20	30
Other	45	30	110
Total Receipts	256	186	279
Total Funds Available	**$ 379**	**$ 310**	**$ 283**
Disbursements:			
Conservation and Natural Resources	$ 255	$ 306	$ 250
Total Disbursements	-255	-306	-250
Cash Balance, Ending	**$ 124**	**$ 4**	**$ 33**

Wireless E-911 Emergency Services Fund

Act 56 of 2003, the Public Safety Emergency Telephone Act, established the Wireless E-911 Emergency Services Fund to support a statewide integrated wireless E-911 plan. The fund is used to collect and deposit a surcharge collected by wireless service providers on a monthly basis, the proceeds of which are remitted to the fund quarterly. Up to 2 percent of annual surcharge proceeds can be used by the agency for administrative costs with the remaining available balance being used for approved county grants.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 16,257**	**$ 10,133**	**$ 10,133**
Receipts:			
Surcharges	$ 98,721	$ 100,000	$ 100,000
Interest	211	0	0
Total Receipts	98,932	100,000	100,000
Total Funds Available	**$ 115,189**	**$ 110,133**	**$ 110,133**
Disbursements:			
Emergency Management and Homeland Security Administration	$ 1,437	$ 2,000	$ 2,000
Grants	103,619	98,000	108,000
Total Disbursements	-105,056	-100,000	-110,000
Cash Balance, Ending	**$ 10,133**	**$ 10,133**	**$ 133**

Workers' Compensation Security Fund

The purpose of this fund is payment of valid claims for compensation provided by the Workers' Compensation Act to individuals who are insured by an insolvent stock company. Expenses for administration of the fund are also covered.

Through June 30, 2000, payment equal to one percent of the net written premiums received for workers' compensation insurance policies written in the commonwealth by stock companies, mutual carriers and reciprocal exchanges during the preceding annual reporting period were credited to the fund. Such payments were required only if the balance less known liabilities of the fund was determined to be less than five percent of the loss reserves of all such companies for payments of benefits under the Workers' Compensation Act.

Act 49 of 2000 removed the statutory annual assessment procedures in conjunction with giving prudent person investment authority to the Insurance Commissioner jointly with the State Treasurer for the investment of moneys in the fund. This change was expected to generate increased earnings to the fund, thereby reducing the frequency of the assessment. The act requires the Insurance Department to manage the fund to maintain its actuarial soundness and a minimum balance of $500 million as of December 31 of any given year. If the fund balance falls below $500 million by calendar year end, the department will assess contributions to restore the balance in the fund in a timely manner.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 508,939**	**$ 484,295**	**$ 484,916**
Receipts:			
Assessments and Receipts	$ 23,427	$ 25,000	$ 25,000
Interest	22,666	22,000	22,000
Net Investment Adjustment	-12,668	0	0
Miscellaneous	583	0	0
Total Receipts	34,008	47,000	47,000
Total Funds Available	**$ 542,947**	**$ 531,295**	**$ 531,916**
Disbursements:			
Treasury	$ 14	$ 5	$ 5
Insurance	58,638	46,374	46,374
Total Disbursements	-58,652	-46,379	-46,379
Cash Balance, Ending	**$ 484,295**	**$ 484,916**	**$ 485,537**

Workmen's Compensation Administration Fund

This fund was created by Act 2 of 1976 to finance the expenses of the Department of Labor and Industry in administering the Pennsylvania Workers' Compensation Act and the Pennsylvania Occupational Disease Act. Act 44 of 1993 and Act 57 of 1996 amended the Workers' Compensation Act, expanding the administrative responsibilities of the department. The fund is supported by annual assessments on insurers and self-insurers under the act. These administrative funds are approved by the legislature for expenditure through the appropriation process. Administrative funds are also provided to the Office of the Small Business Advocate (OSBA) through the Department of Community and Economic Development to represent the interests of the employers in workers' compensation rate filings before the Insurance Department.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 77,355**	**$ 88,743**	**$ 90,074**
Receipts:			
Assessments	$ 63,369	$ 76,366	$ 72,218
Interest	3,230	1,514	2,000
Fines and Penalties	97	0	0
Other	189	0	0
Total Receipts	66,885	77,880	74,218
Total Funds Available	**$ 144,240**	**$ 166,623**	**$ 164,292**
Disbursements:			
Treasury	$ 0	$ 0	$ 0
Community and Economic Development	173	183	190
Labor and Industry	55,324	76,366	72,218
Total Disbursements	-55,497	-76,549	-72,408
Cash Balance, Ending	**$ 88,743**	**$ 90,074**	**$ 91,884**

Workmen's Compensation Supersedeas Fund

The purpose of this fund is to reimburse insurers for payments made by them to claimants under the Workers' Compensation Act who are later determined to be ineligible. The fund is maintained by annual assessments on insurers and self-insurers and is administered by the Department of Labor and Industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2007-08 Actual	2008-09 Available	2009-10 Estimated
Cash Balance, Beginning	**$ 147**	**$ 5,482**	**$ 5,414**
Receipts:			
Assessments	$ 22,438	$ 18,054	$ 18,000
Interest	702	-122	600
Total Receipts	23,140	17,932	18,600
Total Funds Available	**$ 23,287**	**$ 23,414**	**$ 24,014**
Disbursements:			
Labor and Industry	$ 17,805	$ 18,000	$ 18,000
Total Disbursements	-17,805	-18,000	-18,000
Cash Balance, Ending	**$ 5,482**	**$ 5,414**	**$ 6,014**

COMPLEMENT

This section provides a summary by department of authorized salaried complement on a full-time equivalent (FTE) basis for the actual, available and budget years. It also provides a brief description by agency and appropriation of the changes recommended in the budget.

AUTHORIZED SALARIED COMPLEMENT BY AGENCY
FULL-TIME EQUIVALENT (FTE)

The following is a summary, by department, of the commonwealth's authorized complement levels on a full-time equivalent (FTE) basis. Since taking office in January 2003 the Rendell administration has reduced the commonwealth's complement through disciplined management.

			2009-10 Budget			Difference
Department	***January 2003***	***2008-09 Available***	***Positions Eliminated***	***Other Changes***	***Total***	***Budget vs. Available***
Governor's Office	91	80	-7		73	-7
Executive Offices	2,377	2,369	-295	26	2,100	-269
Lieutenant Governor's Office	15	17	-2		15	-2
Aging and Long Term Living	114	119	-32	167	254	135
Agriculture	656	710	-92		618	-92
Banking	123	204	-8		196	-8
Civil Service Commission	180	170			170	
Community and Economic Development	344	375	-15		360	-15
Conservation and Natural Resources	1,391	1,408	-68		1,340	-68
Corrections	15,476	15,866	-86	293	16,073	207
Education	864	758	-222	2	538	-220
Emergency Management and Homeland Security	166	191	-1	6	196	5
Environmental Hearing Board	22	17	-3		14	-3
Environmental Protection	3,211	3,127	-172		2,955	-172
Fish & Boat Commission	436	432	-5		427	-5
Game Commission	732	707	-9		698	-9
General Services	1,448	1,392	-123		1,269	-123
Health	1,526	1,635	-71		1,564	-71
Historical and Museum Commission	358	307	-48		259	-48
Infrastructure Investment Authority	27	30	-1		29	-1
Insurance	396	403	-58		345	-58
Labor and Industry	5,951	5,576	-584	5	4,997	-579
Liquor Control Board	3,037	3,258		18	3,276	18
Military and Veterans Affairs	2,481	2,483	-187	6	2,302	-181
Milk Marketing Board	36	33			33	
Municipal Employes' Retirement	27	30			30	
Probation and Parole Board	1,049	1,175	-6	36	1,205	30
Public Television Network	20	20	-10	-10		-20
Public Utility Commission	533	519	-20		499	-20
Public Welfare	21,373	18,599	-340	-162	18,097	-502
Revenue	2,311	2,385	-349		2,036	-349
School Employees' Retirement System	290	310			310	
Securities Commission	93	86	-9		77	-9
State	502	532	-4	9	537	5
State Employees' Retirement System	192	197	-1		196	-1
State Police	5,899	6,430	-26	-23	6,381	-49
Tax Equalization Board	22	19	-6		13	-6
Transportation	12,356	12,011	-135		11,876	-135
TOTAL ALL DEPARTMENTS	86,125	83,980	-2,995	373	81,358	-2,622

Summary of 2009-10 Complement Changes

The following is a detailed listing, by department, of the recommended authorized salaried complement changes (on a full-time equivalent basis) for 2009-10. It reflects proposed eliminations, new positions and transfers between appropriations and agencies.

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
GOVERNOR'S OFFICE		
General Fund:		
Governor's Office	-7	Eliminated positions.
EXECUTIVE OFFICES		
General Fund:		
Office of Inspector General	-5	Eliminated positions.
Juvenile Court Judges Commission	-5	Eliminated positions.
Commission on Crime and Delinquency	-18	Eliminated positions.
Public Employee's Retirement Commission	-1	Eliminated position.
Office of General Counsel	-6	TRANSFERRED: To Office of Health Care Reform (-1). Eliminated positions (-5).
Inspector General - Welfare Fraud	-1	Eliminated position.
African American Affairs Commission	-2	Eliminated positions.
Commonwealth Technology Services	-44	TRANSFERRED: From State Police (45). Eliminated positions (-89).
Public Television Technology	10	TRANSFERRED: From Public Television Network.
Latino Affairs Commission	-1	Eliminated position.
Weed and Seed Program	-1	Eliminated position.
Office of the Budget	-119	TRANSFERRED: To Education (-2); to Labor and Industry (-5); to Public Welfare (-1) and to Liquor Control Board (-18). Eliminated positions (-93).
Office of Administration	-22	NEW: Wage to salary conversion (3). Eliminated positions (-25).
Human Relations Commission	-32	Eliminated positions.
Council on the Arts	-4	Eliminated positions.
Asian American Affairs Commission	-1	Eliminated position.
Office of Health Care Reform	3	TRANSFERRED: From Office of General Counsel (1) and from Rx for PA - Plan Implementation (2).
Rx for PA - Plan Implementation	-3	TRANSFERRED: To Office of Health Care Reform (-2). Eliminated position (-1).
Statewide Public Safety Radio System	-11	Eliminated positions.
General Fund Total	-263	
Federal Funds:		
Office of Homeland Security (F)	-6	TRANSFERRED: To Emergency Management and Homeland Security.
DEPARTMENT TOTAL	-269	
LIEUTENANT GOVERNOR'S OFFICE		
General Fund:		
Lieutenant Governor's Office	-1	Eliminated position.
Board of Pardons	-1	Eliminated position.
DEPARTMENT TOTAL	-2	
AGING AND LONG TERM LIVING		
General Fund:		
Long-Term Living - Administration	150	TRANSFERRED: From Public Welfare (167). Eliminated positions (-17).
Lottery Fund:		
General Government Operations	-15	Eliminated positions.
DEPARTMENT TOTAL	135	
AGRICULTURE		
General Fund:		
Agricultural Conservation Easement Administration	-6	Eliminated positions.
Nutrient Management	-1	Eliminated position.

Summary of 2009-10 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
Hardwoods Research and Promotion	-3	Eliminated positions.
General Government Operations	-77	Eliminated positions.
General Fund Total	-87	
Racing Fund:		
State Racing Commission	-3	Eliminated positions.
Farm Products Show Fund:		
General Operations	-2	Eliminated positions.
Special Funds Total	-5	
DEPARTMENT TOTAL	-92	
BANKING		
Banking Department Fund:		
General Government Operations	-8	Eliminated positions.
COMMUNITY AND ECONOMIC DEVELOPMENT		
General Fund:		
Base Realignment and Closure	-1	Eliminated position.
Marketing to Attract Tourists	-1	Eliminated position.
General Government Operations	-11	Eliminated positions.
Land Use Planning Assistance	-2	Eliminated positions.
DEPARTMENT TOTAL	-15	
CONSERVATION AND NATURAL RESOURCES		
General Fund:		
State Forests Operations	-18	Eliminated positions.
State Parks Operations	-35	Eliminated positions.
Forest Pest Management	-1	Eliminated position.
General Government Operations	-14	Eliminated positions.
DEPARTMENT TOTAL	-68	
CORRECTIONS		
General Fund:		
Medical Care	23	NEW: For capacity expansion (28). Eliminated positions (-5).
Inmate Education and Training	-1	Eliminated position.
State Correctional Institutions	246	NEW: For capacity expansion (265). Eliminated positions (-19).
General Government Operations	-55	Eliminated positions.
General Fund Total	213	
Manufacturing Fund:		
General Operations	-6	Eliminated positions.
DEPARTMENT TOTAL	207	
EDUCATION		
General Fund:		
Office of Safe Schools Advocate	-2	Eliminated positions.
Scranton State School for the Deaf	-98	Eliminated positions.
General Government Operations	-57	TRANSFERRED: From Executive Offices (2); and from Preschool Grant (F) (7). Eliminated positions (-66).
State Library	-51	TRANSFERRED: To LSTA - Library Development (F) (-1). Eliminated positions (-50).
General Fund Total	-208	
Federal Funds:		
ESEA - Title V - Administration/State (F)	-5	Eliminated positions.
Preschool Grant (F)	-7	TRANSFERRED: To General Government Operations.
LSTA - Library Development (F)	1	TRANSFERRED: From State Library.

Summary of 2009-10 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
Individuals w/Disabilities Educ - Scranton (F).....	-1	Eliminated position.
Federal Funds Total	-12	
DEPARTMENT TOTAL	-220	
EMERGENCY MANAGEMENT AND HOMELAND SECURITY		
General Fund:		
General Government Operations.....	-1	Eliminated position.
Federal Funds:		
Office of Homeland Security (F).....	6	TRANSFERRED: From Executive Offices.
DEPARTMENT TOTAL	5	
ENVIRONMENTAL HEARING BOARD		
General Fund:		
Environmental Hearing Board.....	-3	Eliminated positions.
ENVIRONMENTAL PROTECTION		
General Fund:		
Environmental Protection Operations.....	-71	Eliminated positions.
Environmental Program Management.....	-37	Eliminated positions.
Chesapeake Bay Agricultural Source Abatement.....	-1	Eliminated position.
West Nile Virus Control.....	-2	Eliminated positions.
General Government Operations.....	-59	Eliminated positions.
General Fund Total	-170	
Federal Funds:		
Miscellaneous Survey Studies (F).....	-1	Eliminated position.
Nuclear and Chemical Security (F).....	-1	Eliminated position.
Federal Funds Total	-2	
DEPARTMENT TOTAL	-172	
FISH AND BOAT COMMISSION		
Fish Fund:		
General Operations.....	-5	Eliminated positions.
GAME COMMISSION		
Game Fund:		
General Operations.....	-9	Eliminated positions.
GENERAL SERVICES		
General Fund:		
General Government Operations.....	-45	TRANSFERRED: From Facilities Maintenance (78). Eliminated positions (-123).
Facilities Maintenance.....	-78	TRANSFERRED: To General Government Operations.
DEPARTMENT TOTAL	-123	
HEALTH		
General Fund:		
Quality Assurance.....	-16	Eliminated positions.
Vital Statistics.....	-12	Eliminated positions.
State Laboratory.....	-5	Eliminated positions.
State Health Care Centers.....	-8	Eliminated positions.
General Government Operations.....	-16	Eliminated positions.
Rx for PA - Hospital Acquired Infections.....	-4	Eliminated positions.
Rx for PA - Health Literacy.....	-2	Eliminated positions.
General Fund Total	-63	

Summary of 2009-10 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
Federal Funds:		
Epidemiology & Laboratory Surveillance and Response (F)	-1	Eliminated position.
SABG - Administration & Operation (F)	-5	Eliminated positions.
Public Health Emergency Preparedness and Response (F)	-2	Eliminated positions.
Federal Funds Total	-8	
DEPARTMENT TOTAL	-71	
HISTORICAL AND MUSEUM COMMISSION		
General Fund:		
General Government Operations	-48	Eliminated positions.
INFRASTRUCTURE INVESTMENT AUTHORITY		
PENNVEST Fund:		
PENNVEST Operations	-1	Eliminated position.
INSURANCE		
General Fund:		
Children's Health Insurance Administration	-1	Eliminated position.
Adult Health Insurance Administration	-4	Eliminated positions.
General Government Operations	-45	Eliminated positions.
Rx for PA - Small Business Regulation	-3	Eliminated positions.
General Fund Total	-53	
Catastrophic Loss Benefit Continuation Fund:		
Administration	-1	Eliminated position.
Underground Storage Tank Indemnification Fund:		
Administration	-3	Eliminated positions.
Medical Care Availability & Reduction of Error Fund:		
General Operations	-1	Eliminated position.
Special Funds Total	-5	
DEPARTMENT TOTAL	-58	
LABOR AND INDUSTRY		
General Fund:		
PENNSAFE	-1	Eliminated position.
Occupational and Industrial Safety	-16	Eliminated positions.
General Government Operations	-26	Eliminated positions.
General Fund Total	-43	
Vocational Rehabilitation Fund:		
General Operations	-72	Eliminated positions.
Administration Fund:		
General Operations	-374	Eliminated positions.
Workmen's Compensation Administration Fund:		
Administration of Workers' Compensation	-54	Eliminated positions.
State Workmen's Insurance Fund:		
General Operations	-24	Eliminated positions.
Rehabilitation Center Fund:		
General Operations	-12	TRANSFERRED: From Executive Offices (5). Eliminated positions (-17).
Special Funds Total	-536	
DEPARTMENT TOTAL	-579	

Summary of 2009-10 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
LIQUOR CONTROL BOARD		
State Stores Fund:		
General Operations	18	TRANSFERRED: From Executive Offices.
MILITARY AND VETERANS AFFAIRS		
General Fund:		
Scotland School for Veterans' Children	-138	Eliminated positions.
General Government Operations	-24	TRANSFERRED: To Facility Management and Security (-2). Eliminated positions (-22).
Veterans Homes	-27	Eliminated positions.
Facility Management and Security	8	NEW: For security police (6). TRANSFERRED: From General Government Operations (2).
DEPARTMENT TOTAL	-181	
PROBATION AND PAROLE		
General Fund:		
General Government Operations	30	NEW: For case processing (35). Eliminated positions (-5).
Sexual Offenders Assessment Board	0	NEW: For sexual abuse investigation (1). Eliminated position (-1).
DEPARTMENT TOTAL	30	
PUBLIC TELEVISION NETWORK		
General Fund:		
General Government Operations	-20	TRANSFERRED: To Executive Offices (-10). Eliminated positions (-10).
PUBLIC UTILITY COMMISSION		
General Fund:		
General Government Operations	-20	Eliminated positions.
PUBLIC WELFARE		
General Fund:		
County Administration - Statewide	-150	TRANSFERRED: To Aging and Long Term Living (-120), from County Assistance Offices (11) and from New Directions (1). Eliminated positions (-42).
Child Support Enforcement	-3	Eliminated positions.
New Directions	-7	TRANSFERRED: To County Administration - Statewide (-1). Eliminated positions (-6).
Mental Health Services (Hospitals)	-95	Eliminated positions.
State Centers for the Mentally Retarded	-30	Eliminated positions.
Information Systems	-19	Eliminated positions.
General Government Operations	-152	TRANSFERRED: From Executive Offices (1). To Aging and Long Term Living (-47). Eliminated positions (-106).
County Assistance Offices	-50	TRANSFERRED: To County Administration - Statewide (-11). Eliminated positions (-39).
General Fund Total	-506	
Federal Funds:		
MHSBG - Administration (F)	1	NEW: For development and oversight of Evidence Based Practices.
Ryan White - Statewide (F)	3	NEW: For administrative support in income maintenance.
Federal Funds Total	4	
DEPARTMENT TOTAL	-502	
REVENUE		
General Fund:		
General Government Operations	-308	Eliminated positions.
Revenue Enforcement	-20	Eliminated positions.
General Fund Total	-328	

Summary of 2009-10 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
Lottery Fund:		
General Operations	-9	Eliminated positions.
Expanded Sales	-8	Eliminated positions.
Lottery Fund Total	-17	
State Gaming Fund:		
General Operations	-4	Eliminated positions.
Special Funds Total	-21	
DEPARTMENT TOTAL	-349	
SECURITIES COMMISSION		
General Fund:		
General Government Operations	-9	Eliminated positions.
STATE		
General Fund:		
General Government Operations	-4	Eliminated positions.
Professional and Occupational Affairs (R)	8	NEW: For new boards and compliance monitoring.
General Fund Total	4	
Federal Funds:		
Federal Election Reform (F)	1	NEW: For program support.
DEPARTMENT TOTAL	5	
STATE EMPLOYEES' RETIREMENT SYSTEM		
State Employees' Retirement Fund:		
Administration - State Employees' Retirement Board	-1	Eliminated position.
STATE POLICE		
General Fund:		
General Government Operations	-49	NEW: For additional troopers (22). TRANSFERRED: To Commonwealth Technology Services (-45). Eliminated positions (-26).
TAX EQUALIZATION BOARD		
General Fund:		
General Government Operations	-6	Eliminated positions.
TRANSPORTATION		
General Fund:		
Rail Freight and Intermodal Coordination	-2	Eliminated positions.
Motor License Fund:		
Aviation Operations (R)	-3	Eliminated positions.
Safety Administration and Licensing	-60	Eliminated positions.
Highway and Safety Improvements	-23	Eliminated positions.
Highway Maintenance	-18	Eliminated positions.
General Government Operations	-23	Eliminated positions.
Welcome Centers	-6	Eliminated positions.
Motor License Fund Total	-133	
DEPARTMENT TOTAL	-135	
GRAND TOTAL	**-2,622**	

Statistical Data

This section contains historical data for various Pennsylvania economic indicators. Data is obtained from published sources noted on each page. Additional data is available from the Penn State Data Center through their homepage at (www.pasdc.hbg.psu.edu/).

SELECTED DATA ON THE COMMONWEALTH OF PENNSYLVANIA

General

The Commonwealth of Pennsylvania is one of the most populous states, ranking sixth behind California, Texas, New York, Florida, and Illinois. Pennsylvania is an established state with a diversified economy. Pennsylvania had been historically identified as a heavy industrial state. That reputation has changed over the last thirty years as the coal, steel and railroad industries declined. The commonwealth's business environment readjusted with a more diversified economic base. This economic readjustment was a direct result of a long-term shift in jobs, investment, and workers away from the northeast part of the nation. Currently, the major sources of growth in Pennsylvania are in the service sector, including trade, medical, health services, education and financial institutions.

Pennsylvania's agricultural industries remain an important component of the commonwealth's economic structure, accounting for more than $5.2 billion in crop and livestock products annually. In 2007, agribusiness and food related industries had export sales surpassing $1.3 billion in economic activity. Over 58,000 farms form the backbone of the state's agricultural economy. Farmland in Pennsylvania includes over four million acres of harvested cropland and three million acres of pasture and farm woodlands - nearly one-third of the commonwealth's total land area. Agricultural diversity in the commonwealth is demonstrated by the fact that Pennsylvania ranks among the top ten states in the production of a variety of agricultural products. Agriculture exports have grown by more than 5.3% since 2003.

Pennsylvania's extensive public and private forests provide a vast source of material for the lumber, furniture, and paper products industries. The forestry and related industries account for 1.5% of employment with economic activity of nearly $5 billion in domestic and international trade. Additionally, the commonwealth derives a good water supply from underground sources, abundant rainfall, and a large number of rivers, streams, and lakes. Other natural resources include major deposits of coal, petroleum, and natural gas. Annually, about 77 million tons of anthracite and bituminous coal, 168 billion cubic feet of natural gas, and about 3.6 million barrels of oil are extracted from Pennsylvania.

Pennsylvania is a Mid-Atlantic state within easy reach of the populous eastern seaboard as well as a gateway to the Midwest. A comprehensive transportation grid enhances the commonwealth's strategic geographic position. The commonwealth's water systems afford the unique feature of triple port coverage, a deep-water port at Philadelphia, a Great Lakes port at Erie and an inland water port at Pittsburgh. Whether by air, rail, water, or road, Pennsylvania is easily accessible for both inter and intra state trade and commerce.

Population

The commonwealth is highly urbanized. Of the commonwealth's 2008 mid-year population estimate, 79 percent resided in the 15 Metropolitan Statistical Areas ("MSAs") of the commonwealth. The largest MSAs in the commonwealth are those that include the cities of Philadelphia and Pittsburgh, which together contain almost 44 percent of the state's total population. The population of Pennsylvania, 12.4 million people in 2008, according to the U.S. Bureau of the Census, represents a population growing slower than the nation with a higher portion than the nation or the region comprised of persons 45 or over. The following tables present the population trend from 1998 to 2008 and the age distribution of the population for 2007.

Population Trends
Pennsylvania, Middle Atlantic Region and the United States
1999-2008

	Total Population In Thousands			Total Population as a % of 1999 base		
As of July 1	PA	Middle Atlantic Region[a]	U.S.	PA	Middle Atlantic Region[a]	U.S.
1999	11,994	38,334	272,690	100%	100%	100%
2000	12,285	39,714	282,171	102	104	103
2001	12,284	39,863	285,039	102	104	105
2002	12,298	40,007	287,726	102	104	106
2003	12,317	40,138	290,210	103	105	106
2004	12,335	40,257	292,892	103	105	107
2005	12,351	40,322	295,560	103	105	108
2006	12,388	40,395	298,362	103	105	109
2007	12,419	40,502	301,290	103	106	110
2008	12,448	40,621	304,059	104	106	112

[a] Middle Atlantic Region: Pennsylvania, New York, New Jersey
Source: U.S. Department of Commerce, Bureau of the Census

Population By Age Group — 2007
Pennsylvania, Middle Atlantic Region and the United States

Age	Pennsylvania	Middle Atlantic Region[a]	United States
Under 5 years	5.8%	6.2%	6.8%
5-24 years	26.2	26.8	27.4
25-44 years	25.8	27.4	27.9
45-64 years	27.1	25.9	25.3
65 years and over	15.1	13.7	12.6

[a] Middle Atlantic Region: Pennsylvania, New York, New Jersey.
Source: U.S. Department of Commerce, Bureau of the Census

Employment

Non-agricultural employment in Pennsylvania over the ten years ending in 2007 increased at an average annual rate of 0.6 percent compared with a 0.7 percent rate for the Middle Atlantic region and 1.0 percent rate for the U.S. The following table shows employment trends from 1998 through 2007.

Non-Agricultural Establishment Employment Trends
Pennsylvania, Middle Atlantic Region and the United States
1998-2007

	Total Establishment Employment In Thousands			Total Establishment Employment as a % of 1998 base		
Calendar Year	PA	Middle Atlantic Region[a]	U.S.	PA	Middle Atlantic Region[a]	U.S.
1998	5,495	17,535	125,930	100 %	100 %	100 %
1999	5,486	17,946	128,993	102	102	102
2000	5,691	18,324	131,785	104	104	105
2001	5,683	18,274	131,826	103	104	105
2002	5,641	18,087	130,341	103	103	104
2003	5,611	17,999	129,999	102	103	103
2004	5,644	18,108	131,435	103	103	104
2005	5,702	18,278	133,703	104	104	106
2006	5,756	18,446	136,086	105	105	108
2007	5,796	18,607	137,623	105	106	109

[a] Middle Atlantic Region: Pennsylvania, New York, New Jersey.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Non-manufacturing employment in Pennsylvania has increased in recent years and reached 88.6 percent of total employment by 2007. Consequently, manufacturing employment constitutes a diminished share of total employment within the commonwealth. Manufacturing, contributing 11.4 percent of 2007 non-agricultural employment, has fallen behind both the services sector and the trade sector as the largest single source of non-governmental employment within the commonwealth. In 2007, the services sector accounted for 41.1 percent of all non-agricultural employment while the trade sector accounted for 19.7 percent. The following table shows trends in employment by sector for Pennsylvania from 2003 through 2007.

Non-Agricultural Establishment Employment by Sector
Pennsylvania
2003-2007
(In Thousands)

	CALENDAR YEAR									
	2003		2004		2005		2006		2007	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Manufacturing:										
Durable	418.6	7.5	412.2	7.3	412.9	7.2	414.4	7.2	407.0	7.0
Non-Durable	293.8	5.2	278.5	4.9	266.5	4.7	256.0	4.4	250.8	4.3
Total Manufacturing[d]	712.4	12.7	690.7	12.2	679.4	11.9	670.4	11.6	657.8	11.3
Non-Manufacturing:										
Trade[a]	1,108.2	19.7	1,113.6	19.7	1,120.3	19.6	1,125.8	19.6	1,134.5	19.6
Finance[b]	338.5	6.0	336.2	6.0	335.7	5.9	335.0	5.8	332.3	5.7
Services	2,201.8	39.2	2,248.7	39.8	2,300.8	40.3	2,364.4	41.1	2,403.0	41.5
Government	745.6	13.3	744.4	13.2	745.1	13.1	745.6	13.0	744.4	12.8
Utilities[c]	241.6	4.3	242.4	4.3	246.2	4.3	233.5	4.1	239.7	4.1
Construction	246.0	4.4	250.2	4.4	255.7	4.5	261.0	4.5	262.9	4.5
Mining	17.2	0.3	18.0	0.3	19.0	0.3	20.4	0.4	21.2	0.4
Total Non-Manufacturing[d]	4,898.9	87.3	4,953.5	87.6	5,022.8	88.1	5,085.7	88.4	5,138.0	88.7
Total Employees[d][e]	5,611.3	100.0	5,644.2	99.8	5,702.2	100.0	5,756.1	100.0	5,795.8	100.0

[a] Wholesale and retail trade.
[b] Finance, insurance and real estate.
[c] Includes transportation, communications, electric, gas and sanitary services.
[d] Discrepancies occur due to rounding.
[e] Does not include workers involved in labor-management disputes.
Source: US Bureau of Labor Statistics

The following table presents the percentages of non-agricultural employment in various sectors in Pennsylvania and the United States in 2007.

Non-Agricultural Establishment Employment by Sector
Pennsylvania and the United States

	2007 Calendar Year	
	Pennsylvania	United States
Manufacturing	11.4%	10.1%
Trade[a]	19.6	19.3
Finance[b]	5.7	6.0
Services	41.5	38.8
Government	12.8	16.1
Utilities[c]	4.1	3.7
Construction	4.5	5.5
Mining	0.4	0.5
Total[d]	100.0%	100.0%

[a] Wholesale and retail trade.
[b] Finance, insurance and real estate.
[c] Includes transportation, communications, electric, gas and sanitary services.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Within the manufacturing sector of Pennsylvania's economy, which now accounts for less than one-eighth of total non-agricultural employment in Pennsylvania, the fabricated metals industries employed the largest number of workers. Employment in the fabricated metals industries was 13.9 percent of Pennsylvania manufacturing employment but only 0.1 percent of total Pennsylvania non-agricultural employment in 2007. The following table shows trends in manufacturing employment by industry for Pennsylvania from 2003 through 2007.

Manufacturing Establishment Employment by Industry
Pennsylvania
2003-2007
(In Thousands)

	CALENDAR YEAR									
	2003		2004		2005		2006		2007	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Durable Goods:										
Primary Metals…….	44.6	6.3	43.1	6.2	43.0	6.3	43.5	6.5	43.0	6.5
Fabricated Metals…….	89.1	12.5	88.7	12.8	90.1	13.3	90.9	13.6	91.2	13.9
Machinery (excluding electrical)….	56.1	7.9	54.8	7.9	55.6	8.2	57.0	8.5	56.9	8.7
Electrical Equipment…….	25.4	3.6	25.6	3.7	25.8	3.8	26.7	4.0	26.8	4.1
Transportation Equipment….	41.5	5.8	42.7	6.2	43.7	6.4	44.3	6.6	42.8	6.5
Furniture Related Products……	24.4	3.4	24.4	3.5	24.0	3.5	23.7	3.5	22.4	3.4
Other Durable Goods……	137.5	19.3	132.9	19.2	130.7	19.2	128.3	19.1	123.9	18.8
Total Durable Goods[a]…...	418.6	58.8	412.2	59.7	412.9	60.8	414.4	61.8	407.0	61.9
Non-Durable Goods:										
Pharmaceutical/Medicine…	25.6	3.6	22.6	3.3	21.9	3.2	21.9	3.3	22.1	3.4
Food Products……..	74.5	10.5	72.6	10.5	70.9	10.4	68.9	10.3	68.6	10.4
Chemical Products……	57.8	8.1	52.7	7.6	49.2	7.2	46.7	7.0	46.5	7.1
Printing and Publishing……	39.3	5.5	37.7	5.5	37.1	5.5	36.4	5.4	35.5	5.4
Plastics/Rubber Products……	42.0	5.9	40.9	5.9	40.2	5.9	39.8	5.9	38.7	5.9
Other Non-Durable Goods…	54.6	7.7	52.0	7.5	47.2	6.9	42.3	6.3	39.4	6.0
Total Non-Durable Goods[a]	293.8	41.2	278.5	40.3	266.5	39.2	256.0	38.2	250.8	38.1
Total Manufacturing Employees[a]……	712.4	100.0	690.7	100.0	679.4	100.0	670.4	100.0	657.8	100.0

[a] Discrepancies occur due to rounding

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Unemployment

Pennsylvania's annual average unemployment rate was equivalent to the national average throughout the 2000's. Slower economic growth caused the unemployment rate in the commonwealth to rise to 5.7 percent in 2003. The resumption of faster economic growth resulted in a decrease in the commonwealth's annual unemployment rate to 4.4 percent in 2007. As of November 2008, the most recent month for which figures are available, Pennsylvania had a seasonally adjusted annual unemployment rate of 6.1 percent. The following table represents the annual non-adjusted unemployment rate in Pennsylvania, the Middle Atlantic Region, and the United States from 1998 through 2007.

Annual Average Unemployment Rate
Pennsylvania, Middle Atlantic Region and the United States
1998-2007

Calendar Year	Pennsylvania	Middle Atlantic Region[a]	United States
1998	4.6 %	5.1 %	4.5 %
1999	4.4	4.8	4.2
2000	4.2	4.2	4.0
2001	4.8	4.7	4.7
2002	5.6	5.9	5.8
2003	5.7	6.1	6.0
2004	5.4	5.5	5.5
2005	5.0	4.9	5.1
2006	4.6	4.6	4.6
2007	4.4	4.4	4.6

[a] Middle Atlantic Region: Pennsylvania, New York, New Jersey.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table presents the thirty largest non-governmental employers in Pennsylvania:

Commonwealth of Pennsylvania
Thirty Largest
Non-Governmental Employers
September 2007

Company	Rank	Company	Rank
Wal-Mart Associates	1	KMART of Pennsylvania LP	16
University of Pennsylvania	2	Heartland Employment Services	17
Pennsylvania State University	3	The Children's Hospital of PA	18
Giant Food Stores	4	Verizon Pennsylvania	19
United Parcel Service	5	GMR Restaurants of Pennsylvania	20
UPMC Presbyterian	6	Thomas Jefferson Hospital	21
University of Pittsburgh	7	Pennsylvania Blue Shield	22
Weis Markets	8	Comcast Cablevision Corp	23
Merck & Co Inc	9	ACME Markets Inc	24
Giant Eagle Inc	10	Eat'n Park Restaurants	25
Lowe's Home Centers Inc	11	Temple University	26
Home Depot USA Inc	12	Sears Roebuck & Co	27
PNC Bank NA	13	US Airways...	28
Vanguard Group Inc.	14	Hershey Foods Corp	29
Target Division of Target Corp	15	Rite Aid of Pennsylvania	30

Source: Pennsylvania Department of Labor, Office of Employment Security.

Personal Income

Personal income in the commonwealth for 2007 was $82.2 billion, an increase of 5.5 percent over the previous year. During the same period, national personal income increased at a rate of 6.1 percent. Based on the 2007 personal income estimates, per capita income for 2007 was $38,788 in the commonwealth compared to per capita income in the United States of $38,611. The following tables represent annual personal income data and per capita income from 1998 through 2007.

Personal Income
Pennsylvania, Mideast Region and the United States
1998-2007

Year	Total Personal Income Dollars in Millions			Total Personal Income As a % of 1998 base		
	PA	Mideast Region[a]	U.S.[b]	PA	Mideast Region[a]	U.S.
1998.....	$ 330,160	$1,404,640	$7,415,709	100 %	100 %	100 %
1999.....	342,611	1,467,261	7,796,137	104	104	105
2000.....	364,838	1,580,733	8,422,074	110	113	113
2001.....	372,339	1,627,895	8,716,992	113	116	118
2002.....	382,251	1,648,005	8,872,871	115	117	120
2003.....	393,908	1,690,345	9,150,320	119	120	123
2004.....	413,855	1,794,306	9,711,363	125	127	131
2005.....	429,506	1,890,616	10,252,849	130	135	138
2006.....	455,518	2,020,236	10,977,312	138	144	148
2007.....	481,640	2,142,658	11,631,571	146	153	157

[a] Mideast Region: Pennsylvania, New York, New Jersey, Maryland, District of Columbia, and Delaware.
[b] Sum of States.
Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Income
Pennsylvania, Mideast Region and the United States
1998-2007

Calendar Year	Per Capita Income			As a % of U.S.	
	PA	Mideast Region[a]	U.S.	PA	Mideast Region[a]
1998.....	$ 26,961	$ 30,654	$ 26,883	100 %	114 %
1999.....	27,937	31,824	27,939	100	114
2000.....	29,696	34,080	29,845	100	114
2001.....	30,302	34,928	30,574	99	114
2002.....	31,063	35,203	30,821	100	114
2003.....	31,954	35,944	31,504	101	114
2004.....	33,514	38,020	33,123	101	115
2005.....	34,729	39,985	34,650	100	115
2006.....	36,727	42,631	36,744	100	116
2007.....	38,740	45,120	38,564	100	117

[a] Mideast Region: Pennsylvania, New York, New Jersey, Maryland, District of Columbia, and Delaware.
Source: U.S. Department of Commerce, Bureau of Economic Analysis

The following table presents growth rates in personal income and selected components of personal income for Pennsylvania, the Mideast Region and the United States from 2003 through 2007

Annual Growth Rates
Personal Income and Selected Components of Personal Income
Pennsylvania, Mideast Region and the United States

Calendar Year	Pennsylvania	Mideast Region[a]	United States
Total Personal Income			
2003	3.0%	2.5%	3.1%
2004	5.1	6.1	6.1
2005	4.3	5.6	5.9
2006	5.7	6.8	6.6
2007	5.6	6.4	6.1
Manufacturing			
2003	-2.6%	0.1%	1.8%
2004	2.6	3.3	3.4
2005	2.2	0.9	3.2
2006	3.3	2.8	3.5
2007	2.7	3.3	3.3
Trade[b]			
2003	4.5%	3.5%	2.8%
2004	9.6	3.4	4.3
2005	3.8	3.9	5.1
2006	6.7	4.0	5.1
2007	4.0	4.6	4.6
Finance[c]			
2003	4.1%	-0.6%	3.2%
2004	9.6	10.1	8.1
2005	3.8	7.4	7.0
2006	6.7	12.4	7.8
2007	4.0	10.5	6.4
Services			
2003	1.9%	2.0%	0.8%
2004	8.4	8.1	8.1
2005	8.3	6.6	7.8
2006	7.7	7.7	8.8
2007	7.2	7.8	8.0
Utilities			
2003	-2.8%	3.4%	4.2%
2004	1.3	1.9	6.5
2005	-1.3	3.1	4.6
2006	-1.9	2.7	4.6
2007	6.2	5.2	5.2
Construction			
2003	4.8%	3.0%	3.2%
2004	6.5	6.9	8.4
2005	9.3	7.0	9.9
2006	5.4	6.1	7.3
2007	-0.1	1.6	0.1
Mining			
2003	9.2%	-4.6%	14.4%
2004	16.6	17.8	18.1
2005	8.6	7.6	14.5
2006	15.3	13.2	22.5
2007	11.2	11.8	12.9

[a] Mideast Region: Delaware, District of Columbia, Maryland, Pennsylvania, New York, and New Jersey.
[b] Wholesale and retail trade.
[c] Finance and insurance
Source: U.S. Department of Commerce, Bureau of Economic Analysis

The commonwealth's average hourly wage rate of $15.48 for manufacturing and production workers compares to the national average of $17.42 for 2007. The following table presents the average hourly wage rates for 2003 through 2007.

Average Hourly Wages
Production Workers on Manufacturing Payrolls
Pennsylvania and the United States
2003-2007

Calendar Year	PA	U.S.
2003	$ 14.99	$ 15.37
2004	15.16	15.69
2005	15.26	16.33
2006	15.38	16.76
2007	15.48	17.42

Source: U.S. Department of Labor, Bureau of Labor Statistics

Market and Assessed Valuation of Real Property

Annually, the State Tax Equalization Board (the "STEB") determines an aggregate market value of all taxable real property in the commonwealth. The STEB determines the market value by applying assessment to sales ratio studies to assessment valuations supplied by local assessing officials. The market values certified by the STEB do not include property that is tax exempt but do include an adjustment correcting the data for preferential assessments granted to certain farm and forestlands.

The table below shows the assessed valuation as determined and certified by the counties and the market value and the assessed to market value ratio determined by the STEB for real property over the last ten years. In computing the market values for uneven-numbered years, the STEB is statutorily restricted to certifying only those changes in market value that result from properties added to or removed from the assessment rolls. The STEB is permitted to adjust the market valuation to reflect any change in real estate values or other economic change in value only in even-numbered years. This restriction accounts for the two-year pattern of market value changes apparent in the data below.

Valuations of Taxable Real Property
1998-2007

Year	Market Value[a]	Assessed Valuation	Ratio of Assessed Valuation to Market Value[a]
1998	388,146,465,800	204,581,152,222	52.7%
1999	390,136,860,900	208,896,190,899	53.5
2000	420,041,123,600	241,060,798,812	57.4
2001	430,102,389,400	310,111,943,560	72.1
2002	467,311,009,700	325,451,064,697	69.6
2003	478,362,689,800	348,726,965,926	72.9
2004	523,595,339,800	352,014,550,601	67.2
2005	533,700,991,300	378,014,057,174	70.8
2006	605,769,012,300	393,871,997,992	65.0
2007	619,340,351,400	400,430,467,002	64.7

[a] Value adjusted for difference between regular assessment and preferential assessment permitted on certain farm and forestlands.
Source: Annual Certifications by the State Tax Equalization Board July 2005.